

# EIR

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Moscow's efforts to smother the Schiller Institute  
Regan sets up U.S. for a fall at IMF meeting  
The Tenn-Tom: revolutionizing American commerce

**How to fight narco-terrorism:  
Peru's 'Shining Path' exposed**

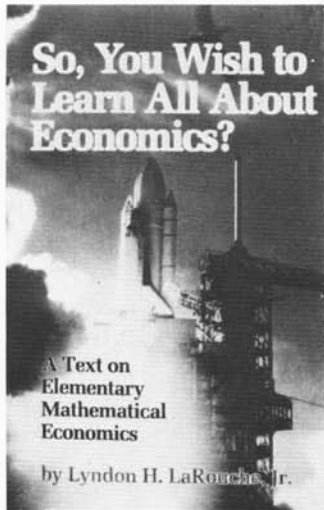


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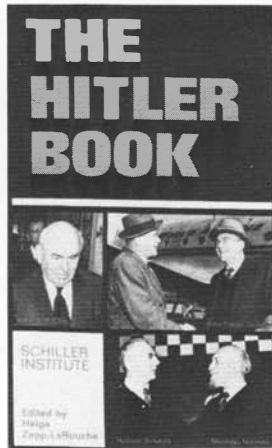
## By Lyndon H. LaRouche

and associates

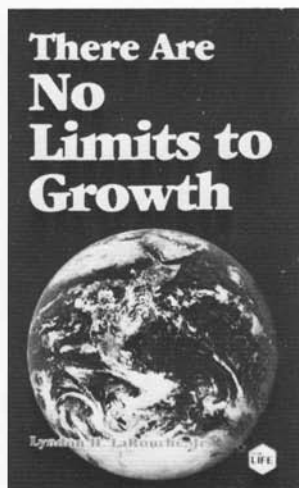
### "The man Kissinger hates the most"



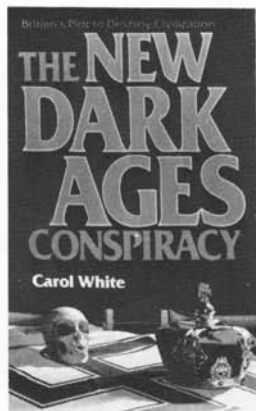
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# EIR

## From the Managing Editor

This week's *Special Report* on Peru's "Shining Path" narco-terrorists, by Gretchen Small and Mary Goldstein, is offered with the following note on our unique authority in this area.

It was eight years ago, back in 1978, that *EIR* first identified the international business we dubbed "Dope, Inc." and proved that illegal drug trafficking and political terrorism were one and the same. Now it has become fashionable to speak of "narco-terrorism," and there are people in the U.S. administration who seriously want to combat it, for whom this report provides the needed information and method.

Others, like Lawrence Eagleburger, who recently left the State Department to become president of Kissinger Associates, Inc., have persuaded the administration that supporting the voodoo-cultist, dope-pushing Jamaican Prime Minister Edward Seaga is a smart way to "fight communism." Seaga happens to be a creature of the Harvard sociologist-anthropologists, the same ilk who created the Nazi-*communist* insurgency in Peru!

Of course, Mr. Eagleburger is not really interested in "fighting communism," anyway; he's one of the Soviet agents-of-influence who push the KGB disinformation line that the Soviet empire is "crumbling," and represents no strategic threat to the West. As this week's *International* lead details, this crowd was willing to expose all kinds of assets in the West parroting the line of the East German party press, in order to slow down the influence of Helga Zepp-LaRouche's Schiller Institute. But the Schiller Institute, which is defending the Western alliance by restoring the cultural principles of the American Revolution and the German Classics, presented half a million signatures collected in Western Europe, Ibero-America, and the United States in support of keeping the alliance and destroying Henry Kissinger, at its Sept. 21-23 international conference in Wiesbaden.

Next week *EIR* will feature an in-depth report on what Walter Mondale fears most, and the reason why he and Kissinger have pulled out all the stops to block the Strategic Defense Initiative: scientific proof that a workable anti-ballistic missile defense system based on directed-energy technologies can be developed and deployed in the *near term*, if the political will is there.

Vin Berg

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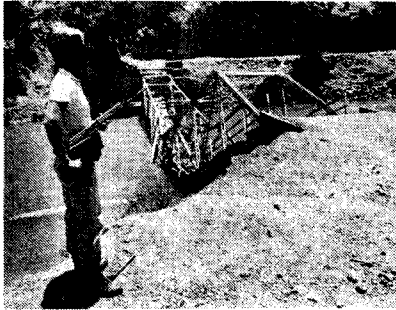
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## Special Report



UPI/Bettmann Archive

The nation of Peru is at war with the "Shining Path" separatist guerrillas, the product of a two-decade experiment conducted by an international grouping of cultists and anthropologists. Here, a bridge was demolished in the Department of Ayachucho, the terrorist stronghold.

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# IMF meeting prepares breakup of the alliance

by David Goldman

As reported last week, the International Monetary Fund's staff report issued a week before its Annual Meeting in Washington warned that a precipitous drop in the dollar, to follow the dollar runup occurring at the time of the meeting, was the most dangerous eventuality facing the world economy. Reports from the "big five" meeting preceding the IMF event indicate that the foreign exchange situation was the major source of concern to attending ministers.

Strategic, not monetary considerations as such, are turning the wheels of the present crisis. The Soviet Union is playing both sides of the foreign exchange market for strategic purposes, driving funds out of Western Europe through direct military threats, and at the same time playing into European efforts toward monetary decoupling from the United States. Its objective is to use monetary crisis conditions to break up the Atlantic alliance, and prepare an ultimate "monetary Pearl Harbor" against the United States. The wild swings in the foreign exchange market the third week of September reflect this. It is not at all clear that the dollar's rise has been broken yet; a few weeks or even months of capital flight from Europe may hasten the planned break from the United States. Former Fed official Scott Pardee, who called attention to Soviet dollar operations last December, maintains this is still Soviet strategy. But the preparations for what the International Monetary Fund recently warned would be a "precipitous drop of the dollar" are in evidence, even if the event occurs late this year or even early next.

Europeans are buying the dollar at a loss in response to Soviet military pressures against Western Europe. The liquidity squeeze in the Eurodollar market, which supported the dollar through the summer, is not the cause of the present rise; on the contrary, the fall of the six-month Eurodollar rate to  $11\frac{5}{16}\%$ , below 12% for the first time in months, shows that capital flight into the dollar has marginally eased Eurodollar market conditions.

This is the script to the drama played out over the wire services. First, on Monday, Sept. 17:

"ENNIS, Ireland—DJ—Finance ministers of the European Community took a number of steps this weekend to strengthen the European Monetary System. . . . The ministers also agreed to ask EC central bank governors to look at a number of other measures to improve the EMS. . . . Possibly increasing the rate of interest paid on official ECUs, a unit of settlement among the central banks, possibly increasing the so-called ECU acceptance level, that is, the amount of ECU-denominated debt a central bank may hold, and possibly removing barriers to the commercial use of the ECU."

The same day, Sept. 17:

"FRANKFURT—DJ—Deutsche Bundesbank president Karl Otto Pöhl, saying he is opposed to massive central bank intervention in foreign-exchange markets, apparently is willing to let the dollar run its course.

"The central bank chief conceded the Bundesbank isn't happy with the dollar rising to 3 deutschemarks, mainly because of concern about imported inflation, but he stressed the futility of trying to batten down the dollar with market intervention."

Then, on Sept. 21, after the dollar rose:

"WASHINGTON—DJ—Finance ministers and central bank chiefs of the five major industrial nations, the U.S., Japan, West Germany, Britain, and France, met here yesterday, and sources close to the meeting said the so-called 'Big Five' voice grave concern over the dollar's recent strong gains."

And again:

"BERLIN—DJ—A member of Deutsche Bundesbank's board said the lack of foreign exchange and interest rate cooperation among major countries threatens to disrupt capital flow and hinder development of national economies.

"Claud Köhler warned that some countries may resort to

administrative restrictions to protect themselves, a method he said wouldn't help international trade.

"Köhler's comments were in apparent contradiction to a hands-off policy laid down last week by Bundesbank President Karl Otto Pöhl."

That is the background to the extraordinary events on the markets on Sept. 21. First,

"In Frankfurt, frenetic dollar-buying early today drove the dollar to its highest fixing since the dollar was floated against other currencies in 1973 dealers said.

"The dollar was set at 3.1624 deutschemarks at the fixing, its highest level at the official setting since Jan. 29, 1973, when it was pegged at 3.1750 marks, according to the Deutsche Bundesbank."

Then,

"FRANKFURT—DJ—The Deutsche Bundesbank sold dollars heavily in the Frankfurt spot dollar market today, dealers said.

"The dollar plunged from nearly 3.1640 marks to around 3.0900 marks in late afternoon trading before recovering to 3.1030 marks near the end of the day.

"The Bundesbank intervened very strongly in the market this afternoon," one dealer said. "Beginning shortly after 3:00 p.m.—local time—they sold over \$500 million," the dealer said."

And,

"FRANKFURT—DJ—The Bundesbank's heavy dollar sales may represent a concentrated intervention by other European Central Banks with the Bundesbank taking the lead role, dealers said.

"There were also unconfirmed reports in the market that the *Soviet Union liquidated a number of large long-dollar positions held through commission houses selling their holdings at about the same time as the Bundesbank's intervention. Market sources estimated the alleged sales by the Soviet Union at \$300 million.*"

It almost appears as if the Soviets and the European central banks were conducting joint intervention operations, a view rejected by Federal Reserve specialists who maintain that the Soviets were simply engaging in smart trading. As far as the day's events are concerned, that is true. However, the Soviets have, since November 1983, conducted quiet negotiations with friendly Swiss and German business groups on the gradual integration of the Comecon monetary bloc into a clearing arrangement with the European Monetary System. European exchange controls and related developments toward a European bloc will tend to push events in that direction.

### Temporary help for U.S. markets

The most striking monetary consequence of the run into the dollar is the fall in Eurodollar rates, which stood the morning of Sept. 21 at 11 $\frac{1}{16}$ % for six-month money, versus 12 $\frac{1}{8}$ % one month earlier. The huge influx of dollars into the Eurodollar market in response to Soviet pressures against West Germany has permitted a general lowering of interest

rates in the dollar sector by roughly  $\frac{1}{4}$ %. Momentarily reduced perception of banking risk due to the Ibero-American debtors' inaction at their Argentine meeting on Sept. 13 and 14 was also a factor in reducing Eurodollar rates.

Toward the second half of the week of Sept. 17, the previous drop in Eurodollar rates was reflected in a somewhat lower Fed funds rate in New York. Although the Fed has aggressively put funds into the market, the flows in and out of the dollar sector, rather than Fed action as such, are the principal determinant of short-term interest rate behavior.

The easing is reflected in all U.S. financial markets, and accounts for the rise in bank stocks in particular during the week of Sept. 16. For example, Manufacturers Hanover has risen four points during September to over \$31 per share. For the past year, since the United States became a net debtor nation, the offshore tail has wagged the onshore dog in the money markets, and the temporary elimination of pressure on the foreign side of the markets has permitted a continuation of the present relatively high levels of securities prices.

The dollar's rise is not hard to understand in the global strategic context. Nonetheless, the dollar's vulnerability, as recounted in the International Monetary Fund's latest annual report (reported in this space last week) and below by New York Fed President Tony Solomon, should be exposed following the U.S. elections.

In a speech in Washington on Sept. 14, New York Fed president Anthony Solomon cited four major elements of the current situation that he termed "unique and troubling."

1) The expansion of the economy has been fueled by an "exceptional" growth of credit running five percentage points above the pace of the average recovery. This, Solomon said, "could have profound consequences for the future and poses formidable problems for policy if interest rate pressures were to intensify."

2) The current U.S. expansion has been supported by an "extraordinary" inflow of savings from abroad, the long-term consequences of which are "unknown."

3) The high value of the dollar is sharpening differences between those who benefit and those who suffer from a strong currency.

4) Continued large federal budget deficits are providing considerable fiscal stimulus.

The overall situation is one in which, in a number of areas, the short-term benefits of various developments are undercut by long-term risks, Solomon said.

If the Soviets choose to militarily invade Western Europe, the dollar's value against European currencies will become infinite. However, if the Soviets achieve their more immediate objective, i.e., to use military threats to make Europe their economic colony, they will have control of the purse strings of the United States. In this context, read recent warnings by New York Federal Reserve president Tony Solomon, former West German Chancellor Helmut Schmidt, and the International Monetary Fund that the dollar will collapse after the election.

# Administration walks into the IMF's trap

by our Washington correspondent

If the extraordinary instability of currencies internationally did not disturb any U.S. banker or politician with half his wits about him, you would think that the ominous warnings of the IMF Annual Report asking that the "dollar fall slowly" would have done so. But the Reagan administration is taking no more serious measures than keeping its fingers crossed, walking unprepared into the IMF meeting trap.

Speaking before the Overseas Writers' Club on Sept. 17, Treasury Secretary Donald Regan said that the world is being led out of the deepest recession in postwar history by the U.S. "recovery," which he characterized as the strongest, and he predicted would be the longest, in postwar history.

Regan denied that the U.S. recovery was based on unwarranted flight of capital here. He said the capital came in because of the stability and freedom of the U.S. markets. "In many of them [sic] Latin nations, and other nations of that sort you can get triple the rates of interest you can here," Regan argued, implying that it couldn't be the murderous high interest rates that are bringing in flight capital.

## Program for disaster

Regan said that the United States would support the following measures at the IMF/World Bank annual meeting:

1) Phase out the extended borrowing facilities, which were the marginal increases in the IMF/World Bank's lending authorities approved last year as a gesture in the direction of alleviating depression horrors in the developing sector. (Regan's implication was that they were no longer necessary due to the "recovery.")

2) Lean against increased distribution of Special Drawing Rights, the special "currency" promoted by the IMF.

3) Discuss Third World debt in World Bank Economic Development Committee as proposed by the June London summit of industrialized nations, in lieu of responding to the call of the Ibero-American debtor nations for dialogue on the debt crisis. Regan explained, "They are calling down there for some sort of dialogue. . . . That is something that has been provided for in the London communiqué." In fact, the London summit simply pointed to the World Bank "Devel-

opment Committee" as the "proper forum for that discussion," thus telling the debtor nations to carry out the discussion with their executioners.

4) Push for expanding equity investment in debtor nations, and demand the lifting of restrictions on imported capital from those countries. "There is an enormous amount of equity investment available from the U.S., Japan, Switzerland, the EC . . . if there are no onerous restrictions placed on them. . . . We will be trying to encourage them to increase the amount of equity coming in."

In short, this is the same "magic of the marketplace" program which has turned the United States against virtually all of its allies, at least on economic policy, and which continues to exacerbate the real economic devastation which will eventually bring the paper prosperity to an end even more dramatically than bankruptcy came to Continental Illinois bank.

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*"Regan proposed the same 'magic of the marketplace' program which has turned the United States against virtually all of its allies, at least on economic policy, and which continues to exacerbate the real economic devastation which will eventually bring the paper prosperity to an end even more dramatically than bankruptcy came to Continental Illinois bank."*

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Asked about the *Wall Street Journal's* characterization of administration policy as "America First," Regan said, "America First, in terms of getting the U.S. economy going first, was an absolute necessity."

The only hint of reality came when Regan was asked about complaints from World Bank officials that the Treasury had asked them to hold down borrowing in U.S. capital markets until after the election—a request geared to preventing the rise of interest rates which could be harmful to President Reagan's reelection. Regan at first denied that he or any administration official had made such a request. Pressed, he said, "Well, we didn't tell them to hold off. We just wanted them to explain why they were borrowing so much here. We asked them what the point of it was."

## Don't gloat too soon

Regan's outlook was mirrored in the Sept. 18 editorial in the *Wall Street Journal* entitled "Three Years from Cancún."



Ignoring the fact that only political awe before the "emperor's new clothes" stands between the international financial system and bankruptcy, the *Journal* congratulates itself on how the industrialized world has avoided concessions to the demands for a "new international economic order" which arose at the Cancún meeting.

Ignoring the fact that in-depth industrialization of the "South" is the only means by which the industrialized countries can escape the impending disasters of full-scale depression and financial collapse, the *Journal* tells the Third World that they got what they deserve. In extolling the "realism" of the IMF austerity "remedies," the *Journal* embraces the system that will bring the United States also to its knees—most likely under the heel of a Swiss-Soviet-IMF dictatorship.

We quote:

"In short, the New International Economic Order that has in fact emerged since Cancún has been precisely the opposite of the one Mrs. Gandhi and her Third World colleagues had hoped for. Some recognition of that fact was evident a year ago when Mrs. Gandhi called a meeting of national leaders at the U.N. to talk, among other things, about what progress had been made in the North-South dialogue that Cancún supposedly had set in motion. The turnout was small and the discussion dispirited. Worst of all, Pierre Trudeau, sensing the changing world mood, ended up telling Julius Nyerere of Tanzania that maybe Third World leaders were to blame for some of their own problems.

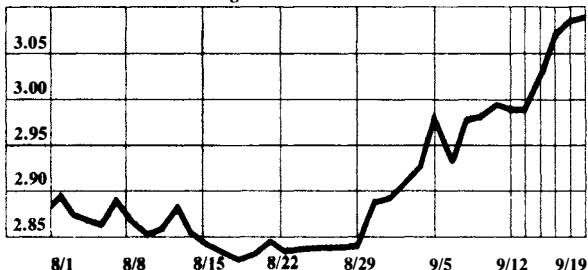
"To be sure, Mr. Reagan last year faced down domestic opposition to an increase in IMF quotas, which laid another \$8.5 billion obligation on the U.S. Treasury as part of the burden of bailing out big Third World debtors. [Read U.S. bankers—ed.] But now that the debt crisis is beginning to ease, there is less political disposition in favor of easy money. The Third World itself is partly to blame. The international politics conducted by the General Assembly majority and the so-called non-aligned nations have hardly been of a sort to endear these countries to Americans. As reality has set in, they have toned down their rhetoric, but it is a little bit late.

"All of which sets the stage for the IMF annual meeting, and the related annual meeting of the World Bank, next week. We have come a long way from Cancún in the direction of dealing more realistically with the problems of world economic development. A lot of people have learned that big helpings of SDRs and soft loans are more of a hindrance than a help to development; they make Third World politicians dependent on international institutions rather than on the latent talents and industry of the people they govern. A successful international economic order can be built only when leaders are forced to create an environment that allows work and investment to prosper. The Common Market [which could not agree on a new batch of IMF Special Drawing Rights for the Third World at its pre-meeting in Ireland last weekend—ed.] is groping toward that realization. We hope further progress will be made next week."

## Currency Rates

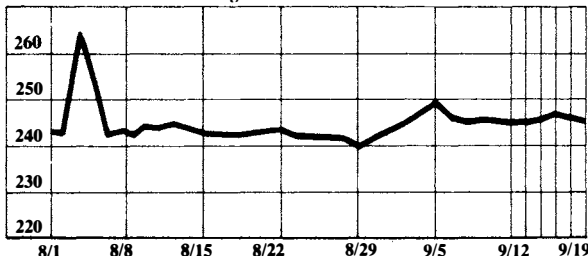
### The dollar in deutschemarks

New York late afternoon fixing



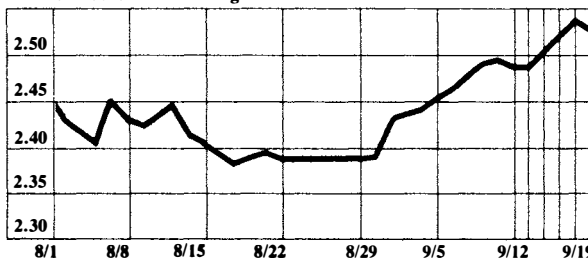
### The dollar in yen

New York late afternoon fixing



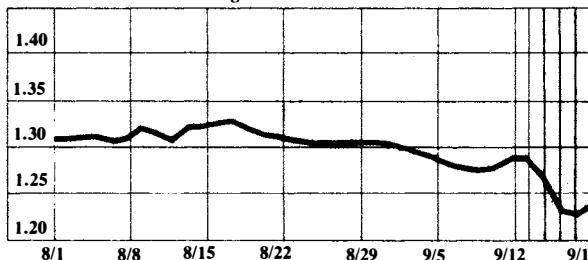
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# The Tennessee-Tombigbee Waterway: revolutionizing American commerce

by Vin Berg

It was about the time Jimmy Carter became President of the United States that the railroad bridge connecting Aliceville, Alabama with York to the south, and then on down to Mobile, collapsed under the wheels of a northbound freight. The train just barely made it. The country was not so lucky.

As virtually his first act in office, Carter canceled 12 vital water projects, centered in the Western United States, essential infrastructure for irrigation, drinking supplies, hydro-power, and water transport. The action was a very large lump-sum addition to the unpaid costs of amortization of America's basic infrastructure—a deficit in essential government spending whose current, formidable proportions are documented in recent editions of *EIR*.

It was one of Carter's most effective attacks on the economic future of the nation, as effective in its own sphere as his appointment of Paul Volcker to head the Federal Reserve three years later: The ensuing rise in interest rates made it increasingly impossible for industry and agriculture to profitably finance operations at then-current levels. But Carter's string-pullers also knew that without infrastructure like that represented by the canceled water projects, America's economy would be doomed to the "post-industrial" decline they planned, even were interest rates at their lowest levels in history, instead of their highest. If Volcker imposed sharp and continuing contraction and bankruptcy on the country's farms and factories, Carter's infrastructure policy ripped away at the economy's very foundations—the availability of cost-efficient energy, water, transportation in its many forms—with results which now confront us as a *reduced potential for economic recovery and growth*.

## The Tennessee-Tombigbee

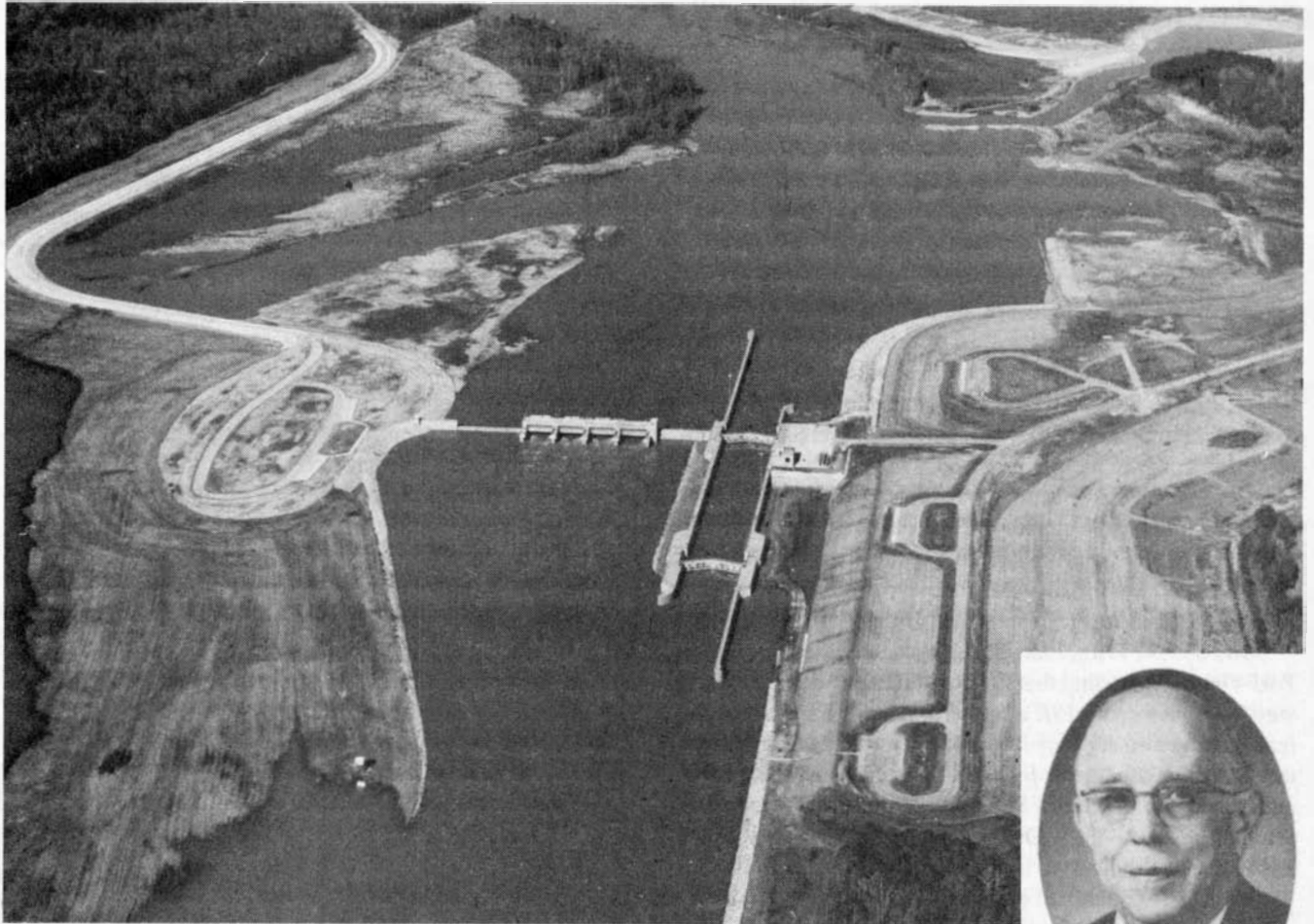
Mayor Roth Hook, City Manager Tommy McKinstry, and other community leaders in Aliceville, Alabama (pop. 3,200) never did get the railroad bridge connecting Aliceville with York rebuilt. A few years ago, government monies were

given to the Louisville and Nashville line for the project, but pleading that financial times were bad, the line got the Federal Transportation Commission to let them pocket the funds. The rail line was ripped up, and Aliceville basically cut off.

And yet, Aliceville, Alabama today is an exception to the rule of depression-ridden pessimism around the country. Times have been tough like anywhere else: Pickens County has lost 50% of its employment in the last three years alone, and many farms have been absorbed into fewer and bigger ones, turned the land over to timbering, or simply shut down. They have felt the sting of the Volcker measures. But—and here's the difference—*this town and the surrounding region escaped the direct effects of Carter's infrastructure policy*.

Aliceville is located in west central Alabama on the Tombigbee River. There is only one major infrastructure project in the last 15 years to escape the budget-cutters' knife: the Tennessee-Tombigbee Waterway. Starting at the Tennessee River in Mississippi, the "Tenn-Tom" slices down through the northeast Mississippi wilderness into the Tombigbee River in Alabama—at Aliceville. The Tombigbee's waters then roll south to the Gulf of Mexico at Mobile. Until now, the water traffic on the 10 principal rivers of the United States has drained into a single river—the Mississippi. But in June 1985, when the President opens the Tenn-Tom in ceremonies at Columbus, Mississippi, the 234-mile navigational channel will provide 14 states served by 16,000 miles of connecting water systems with an improved transportation route bypassing the flat delta land of the south, and increased capital investment which is already following the channel's construction.

One must look back to the Erie Canal of the 1820s, which linked the Atlantic seaboard with the Great Lakes and the Midwest, to appreciate how the Tenn-Tom can transform an entire region—in this case one of the nation's poorest. The Erie Canal not only provided for a vast increase in commerce between East and West, but triggered city-building across



*The lock and dam on the Tennessee-Tombigbee Waterway at Aliceville, Alabama, completed and opened to traffic on Dec. 28, 1979. Inset: Aliceville's Mayor Roth Hook.*

western New York and into the Midwest. Western New York became the nation's breadbasket. Just so, the Tenn-Tom's formal inauguration will not just open a new canal. It will be the opening of an entire river system, changing the geography and commerce of the United States.

As an infrastructure project, the Tennessee-Tombigbee is truly major. Begun in 1971, it is the biggest civil project ever undertaken by the U.S. Army Corps of Engineers. \$1.9 billion in state and federal monies has been expended in its construction. The project's statistics are staggering. One hundred and three contractors were involved; 307 million cubic yards of earth were removed. For construction planning, it was divided into three sections: a 149-mile "river" section running through Alabama at Aliceville and vicinity; a 46-mile "canal" section in the north in Mississippi; and a 39-mile section channeling through the Tennessee Divide, the rise which separates the Tennessee and Tombigbee valleys. The "divide" section is a major engineering accomplishment, requiring the removal of over 150 million cubic yards of earth, and absorbing fully one-fourth of all construction expenditures.

The result is a channel bigger than the Panama Canal, which will cut more than 875 miles off the present, Mississippi River transport route down from the industrial Midwest to the Gulf of Mexico—with an enormous savings in freight transportation time and costs. It will now be possible to ship steel from Pittsburgh or industrial parts from Chicago, or crushed stone from Louisville, all the way to the Gulf Coast on a streamlined route to Mobile.

A 1976 study by Kearney Management Consultants, under Army Corps contract, evaluated traffic patterns on existing river systems and concluded that over 28 million tons of traffic would use the waterway *in the first year alone*, at savings exceeding \$55 million. The majority of its traffic is expected to be coal, but Kearney found that much grain currently transported by rail to New Orleans and Mobile would instead use the Tenn-Tom at substantial savings—mainly wheat, soybeans, and corn. Other commodity producers who would greatly benefit from the Tenn-Tom include pulp and paper products, chemicals, ores, clay, and concrete. And, as it provides those advantages to the nation's industrial and agricultural heartland, it establishes the basis for indus-

trialization of an entire inland region in the heart of the American south.

"We figure that's why the railroad didn't want to rebuild that bridge," Aliceville's Mayor Hook told *EIR*. "They couldn't compete with what's coming our way."

### The battle for the waterway

But the financial interests behind the railroad weren't out of the picture. Precisely because of the benefits Tenn-Tom will bring, a major effort was set in motion by the Eastern Establishment financier families, using the press, the railroads, "environmentalist" front operations, and the best senators and congressmen money could buy, both "fiscal conservative" and KGB "liberal"—all devoted to killing the Tennessee-Tombigbee Waterway. The Louisville and Nashville railroad took the point in the court battles, which lasted for 12 years, until finally they were forced to drop one last appeal in mid-1983, and the President signed the final appropriations.

On Feb. 17, 1981, John Oakes wrote an op-ed in the *New York Times* demanding that President Reagan stop the waterway. Interviewed by *EIR* afterward, he was frank about the reason: "I got most of my information for that editorial from the *Global 2000 Report* [of the Carter administration, proposing the elimination of hundreds of millions of people in the Third World—ed.]. Overpopulation in the Third World and overindustrialization in the industrial world are the gravest threat to our national security."

Or, as Brent Blackwelder of the Environmental Policy Center put it, his outfit opposed all major federal water projects because they "do tend to foster population growth."

Of course, during argument of law suits, they didn't come right out and tell the judge that the Tenn-Tom conflicted with their general policy of genocide and deindustrialization. "The environmentalists argued that the frogs and tadpoles would become extinct—the snail darter and such things in the Tennessee River," reports Aliceville's McKinstry. "The railroad said they have to pay taxes and own property, but no one would have to pay for the Tenn-Tom—basically that it was a boondoggle and they couldn't compete." The railroad also attempted to argue that the waterway would "destabilize the ecosystem" and cause acid drainage problems, while maintaining that with the federal money the Tenn-Tom is receiving, they could expand their facilities to do whatever the Tenn-Tom would.

In fact, there is an important place in the U.S. transportation grid for combining high-speed rail lines and bulk commodity barge shipping. Even if railroads were given assistance to expand and modernize—and they should—rail would not replace, but complement water shipping. Rail's advantage lies in speed. But barge carriers are bulk freight haulers; one barge is able to carry 1,500 tons and travel in a tow of up to 20 others. The average tow of 15 barges carries 22,500 tons, more than twice the tonnage of the average freight train.

Barges get about 514 ton miles to the gallon, while trains get only 202. Hence, water shipping is the most efficient for bulk shipments not requiring particular speed in delivery.

Some of the project's opponents argued in typical "fiscal conservative" fashion against "big government spending"—as if big government spending on infrastructure were not responsible for the greatness of the United States from Alexander Hamilton's time on. By fostering agro-industrial expansion, which means broader state and federal revenue bases, such "big government spending" on infrastructure does not spend a net penny. The government "makes money" on the deal. As West Virginia Democratic Jennings Randolph put it during a 1977 Senate floor debate, "It is not an expenditure. It is an investment in the area and the country." And in truth, the Tennessee-Tombigbee represents exactly the kind of project which strengthens the economy of the nation as a whole. Even the locality it will serve encompasses 16 states.

Some other project opponents argued that it would merely redistribute investment from one area of the country to another, diverting traffic from the Mississippi, depressing that area to the benefit of the Tenn-Tom region. In fact, as McKinstry



The Tennessee-Tombigbee waterway (dotted line) shortens the route to the gulf by 875 miles.

and Hook were quick to point out, the Tenn-Tom, 375 feet across, can handle 8-barge tows, but nothing larger, while the Mississippi has never confronted a tow too big for it—the record being 82 barges. Even the Port of New Orleans publicly supported the project so that some of the pressure on its own facilities, which operate most efficiently handling larger tows, would be relieved. Meanwhile, the Tenn-Tom's "slack water," in contrast to the powerful currents of the Mississippi, will save the smaller-tow tugboats large amounts of fuel.

Malthusian Republican "conservatives" actually led the Senate fight against Tenn-Tom. Senators Alan Simpson (Wyo.), otherwise author of the racist Simpson-Mazzoli anti-immigrant bill, and Pete Domenici (N.M.) under the tutelage of the London School of Economics' Hal Brayman, introduced a measure in March 1981 proposing that the Budget Committee delete 1982 funds for Tenn-Tom. Blackwelder's and other environmentalist groupings backed the effort. Simpson also tried to introduce a measure declaring the Tenn-Tom's 1946 authorization null and void.

Fortunately, the chairman of the Water and Energy Development Subcommittee of the House Appropriations Committee was Alabama Democrat Tom Bevill, who fought the hardest for the Tenn-Tom and finally managed to push through the final funding by attaching an amendment to a different 1982 appropriations bill. "If he hadn't had the foresight to do that," reports McKinstry, "we never would have made it."

In a 1981 interview with *EIR*, when success was far from assured, Bevill summarized the character of the opposition: "I am glad that these groups didn't get organized for 200 years, because if they did, we'd not have been the most advanced country in the world, we would not have had the highest standard of living, and we wouldn't have been the wealthiest in the world. I have never seen as much misinformation as in the press on Tenn-Tom. The *New York Times* copied misleading information. None of the papers even bothered to call the Army Corps of Engineers. . . ."

## Development of a region

What the Tenn-Tom means for the already-major industrial centers, like Birmingham and Mobile, is clear. They have already attracted a flurry of industrial ventures. The steel center of Birmingham, which has been in steep decline thanks to the Volcker measures, has suffered the additional burden of pollution controls requiring the mills to obtain higher grade coal at prohibitive cost. The Tenn-Tom means sharply reduced coal shipping costs. The city will also become a north-south port. Mobile has invested \$80 million in state-docks expansion, just to handle anticipated coal exports. Chattanooga and Knoxville have also created new port facilities.

What might the Tenn-Tom mean for the smaller towns on the waterway, like Aliceville? Opponents eliminated funds

supplemental to the Tenn-Tom's construction—for town port development, for recreational areas along the waterway, and so forth. Nevertheless, Aliceville's Mayor Hook, McKinstry, and others like them throughout the region, aren't quitters.

As McKinstry reported, "Seven years ago, our industrial development chairman, Carl Chandler, proposed a port be built by the town. We had a local businessman who wanted to build a slit as a private venture, something that could handle just four barges. We said, fine. He built it, and it worked, since some barge traffic has been open to our area for several years. We have already attracted one new industry, Energy Resources Import-Export, which ships wood chips to Scandinavia.

"But we now have other, bigger industrial prospects, including a boat manufacturer, and a tugboat facility. That's just the beginning. We began to see that this little slit wasn't big enough to accommodate. So we went back to Mr. Chandler's idea. He and I negotiated for three months and purchased 523 acres of property for \$600,000—and with bigger firms interested in locating if we had the property and could develop a port, Mayor Hook and the council had what they needed to get support for the expenditure. The private businessman agreed to be given a facility within the larger port.

"Next, we went to Congressman Bevill, and told him we had prospects for real development if we could find the funds to develop a port, but we had to move rapidly. Bevill had co-sponsored the legislation creating the Appalachian Regional Commission. Aliceville is at the very bottom of what is defined as Appalachia, and so, with his help, we got the ARC to tag \$2.5 million onto their 1983 appropriations to build a port in Aliceville—the largest single appropriation they'd ever done.

"The original Tenn-Tom proposals included recreational areas, camp grounds, and boat launches. Congress cut these in 1982. I talked to Bevill's office, and they sent me to Senator Stennis. Mayor Hook and I met with him and went over what it would mean. We hadn't yet thought of the port, so getting a recreational area in Aliceville seemed the more important. At the time, Congress was about to pass an emergency jobs bill. That's how we got \$2 million for a recreational park.

"Now, we're trying to buy more property, and have a \$3 million application in with the Economic Development Administration. We have also filed for another \$1.3 million with ARC, for water and sewage system development for industrial sitings."

Who might want to locate in Aliceville at this point? "Anybody who wants to produce anything and ship it anywhere," Mayor Hook replies. "The water now goes all the way up to Chicago. And in the other direction, down through Mobile to anywhere in the world. Aliceville is going to be on the map."

# Sir James Goldsmith, Kissinger, and the Hardwicke bankruptcy scam

by David Goldman

British financier Sir James Goldsmith, protégé of Edmund de Rothschild and high-living takeover specialist, used a variety of British and American puppets to create an elaborate cash-laundering network in the United States between 1981 and 1983, an *EIR* staff investigation shows. Despite numerous complaints to the Securities and Exchange Commission, Goldsmith and his associates were never formally charged with suspected crimes which range from violation of currency laws to possible fraudulent bankruptcy in the case of Hardwicke Corporation.

Since Goldsmith is also the long-time employer of Gen. Vernon Walters, Henry Kissinger's chief protégé in the current State Department, the investigation also raises questions concerning the finances of the political network broadly associated with Kissinger Associates, Inc. Walters was the chief executive officer of Goldsmith's firm Basic Resources, Inc.

Hardwicke, a New York-based operator of restaurants, discotheques, and Canadian border duty-free stores, went bankrupt at the end of 1983, a year after Goldsmith operatives staged a successful stockholders' fight to place their own people on the Hardwicke board. According to former Hardwicke board members who watched the fight closely, the bankrupt company, whose assets include New York's trendy Tavern-on-the-Green, went under after its officers looted at least \$15 million from Hardwicke.

Although the Hardwicke case was examined by the Securities and Exchange Commission, no charges were brought against its former chairman, Charles Stein, or against Stanley Mann, a Delaware-based oil distributor whose career as a fast-track stock manipulator ended with Hardwicke's demise.

## Shady dealings

According to sources close to Stein, the funds obtained from Hardwicke, a classical "skimming" operation, are on deposit at the Union Bank of Switzerland in Zurich. Stein allegedly employed the funds illegally obtained from Hardwicke, a majority of whose revenues were hard cash, to take over an obscure coffee distributor called Portinax. Portinax, whose interests also include stockholdings in Canadian oil and gas companies, is now the subject of an investigation by

the Dutch and Belgian financial authorities, who believe that the stock value was artificially manipulated. Portinax, whose shares are registered in London, stopped trading in July after the Dutch newspaper *Het Financieel Dagblad*, on the prompting of the Dutch finance ministry, denounced manipulation of its share price.

Charles Stein's reputation for shady dealings, which began with the New Jersey casino gambling scramble in 1976, was heightened when he was linked to an internal investigation of corruption in the New York section of the Drug Enforcement Administration. But his, and Hardwicke's, downhill slide into bankruptcy came after Sir James Goldsmith's agents bought their way into Hardwicke's board of directors in June 1982.

According to the *New York Times* of Feb. 23, 1981, the Drug Enforcement Administration censured its New York regional office for failing to produce sufficient confiscations and arrests, citing in particular the malfeasance of Regional Supervisor John Fallon.

"The investigators are also examining allegations that Mr. Fallon personally ordered DEA agents stationed at Kennedy International Airport to expedite customs clearance and provide other courtesies—such as confirming connection flights—for numerous private citizens," the *Times* wrote.

"Records indicate that Mr. Fallon arranged this special treatment for more than 40 people, ranging from friends and relatives to Charles H. Stein, chairman of the board of Hardwicke Companies, Inc., a New York-based entertainment conglomerate. Almost 20 times between 1978 and 1980, according to records, drug agents at the airport, acting on orders from Mr. Fallon, arranged the special welcome for Mr. Stein."

Stein's relationship to suspected corruption at the New York DEA regional office occurred at a time when the U.S. Customs Service had already targeted for investigation Hardwicke's huge network of duty-free stores on the U.S.-Canadian border. Customs agents believed at least as early as 1979 that Hardwicke was a major channel for narcotics moving into the United States. The duty-free stores owned by Hardwicke were to figure prominently into takeover games played by operatives for Sir James Goldsmith.

Goldsmith's London solicitor Eric Levine became a virtual exile in New York after the collapse of the London Capital Group and the conviction of its chairman, former Labour Minister John Stonehouse. Stonehouse went to jail in 1976 after Eric Levine, the group's attorney, helped him cover up bum loans made to the group's directors.

Now in New York, Levine played Svengali to a Delaware oil distributor named Stanley Mann, leading Mann through a stock-market steeplechase that brought him onto the board of Hardwicke. *Forbes* magazine of June 22, 1981, wrote that Levine was "a close adviser to Sir James Goldsmith, whose companies control the Grand Union supermarket chain. Recently, Levine has been a frequent visitor to this country on business of his own. That has included persuading businessman Stanley Mann to buy a 16% interest in Howard Machinery, a British farm machinery company that last year lost money on £72.7 million in sales."

### Financial support

Goldsmith's financial backing came from Britain's Keyser Uhlmann Bank, 10% owned by Goldsmith's friend Edmond de Rothschild. Keyser Uhlmann was saved from bankruptcy in 1976 by massive financial support from the Bank of England. The bank shifted its most important operations to Switzerland, acting as a shell for corporate takeovers in the United States. In 1981, Keyser Uhlmann was accused in a U.S. lawsuit of illegally concealing stock positions by participants in the takeover of Gulf Resources, Inc.

Financier Guy Naggar and Alan Clore, son of the late Sir Charles Clore, are the principle current figures in Keyser Uhlmann Geneva, and both are close Goldsmith associates. The elder Clore is the subject of exhaustive British intelligence documenting that he helped shift Nazi funds into safe Swiss havens after World War II.

Goldsmith attorney Eric Levine hooked up with Shea and Gould partner Arnold Jacobs, the prominent New York attorney who had represented Goldsmith, for a reported \$2 million fee, in his multi-million dollar takeover of Diamond International. According to former associates, Levine and Jacobs persuaded Stanley Mann to buy what finally amounted to 11% of Hardwicke by 1981. After a colorful "dissident shareholders'" fight, Mann joined the board in June 1982.

Ronald Saypol, chairman of now-defunct Lionel Corporation and a Stein intimate, negotiated Mann's position on the Hardwicke board. Lionel, a toy and electronics manufacturer, was the vehicle through which Roy Cohn and Gen. John Bruce Medaris launched Permindex (Permanent Industrial Expositions), the firm investigated by New Orleans District Attorney Jim Garrison in the context of the John F. Kennedy assassination.

Levine's target, insiders report, was Hardwicke's duty-free stores on the Canadian border, the same suspected drug outlet investigated by U.S. Customs starting in 1979. "Shortly after [the Howard Machinery takeover in 1980]," wrote *Forbes* in the cited article, "Levine and a group of other

British investors tried and failed to buy control of Mann's \$77 million [assets] Oxford First Corp., a U.S. financial services group traded on the Amex."

According to well-placed sources, Levine persuaded Stanley Mann, a director of Aaron Gould's Oxford First Corporation, to arrange the sale of the border stores for \$15 million, with the intention of putting the stores into Oxford First when Levine took it over. Former associates of Mann allege that Levine sweetened the deal for Mann by offering him insider stock in British-listed firms, and proposing a real estate transaction which would have guaranteed Mann a \$7.5 million profit.

However, Oxford First was already running into financial trouble. The firm's accountant, Coopers and Lybrand, announced it had qualified its opinion for the 1979 and 1980 annual reports, a qualification not removed until early 1983. Oxford First finally stabilized its position in March 1983 through a \$13 million financing from First National of Boston. Possibly because of the firm's financial trouble, Goldsmith's scheme to take over Oxford through Eric Levine, and employ it as a shell to absorb Hardwicke's duty-free stores, fell through.

Instead, the Goldsmith crew employed Stanley Mann to muscle their way onto the board of Hardwicke, to which Charles Stein acceded in mid-1982.

The problem was that by the time Mann won his board seat at Hardwicke, he was bankrupt. His heating-oil business, which earned a few million per year at best estimates, was losing money in the recession, and his efforts to recoup his position by playing the commodities market were disastrous. In late 1981, he told Victor Posner's attorney Martin Rosen that he would have liked to have bought the bloc of Hardwicke shares then sold by the British casino group Coral Leisure, but could not raise the \$3 million. In early 1982, Mann broke up Racz International, a small brokerage house he had funded, in order to reclaim \$500,000 in capital he had invested.

In an Aug. 1, 1984 letter to George Butler, First Pennsylvania's chairman of the board, stockbroker Andrew Racz wrote that Mann "began to play the heating-oil futures market on a scale that at some stage . . . in the fall of 1981 led to a \$4 million loss in a single day and on a particular instance in early 1982 there was a one-shot loss of somewhere between \$13 million and \$17 million."

Mann had pledged expensive New York and Florida homes as collateral for loans at First Pennsylvania. After the 1981 losses, First Pennsylvania threw him out, and associates of Eric Levine brought him to First National of Boston. Although Mann's losses exceeded both his income and his visible assets, neither bank foreclosed on his homes, suggesting that Mann had a hidden source of income, or a bailout from friends. Some associates of Mann speculate that the funds reportedly looted from Hardwicke and deposited in Switzerland might have accounted for the multi-million-dollar discrepancy.

# Laser irradiation research promises breakthroughs for plant development

*Research on the role of light energy in plant growth is proceeding in a number of centers around the world. At the University of Illinois, experiments have been conducted on how to utilize the induced light sensitivity of plants for the purpose of making weeds self-destruct. Early in September the university and the National Science Foundation announced the discovery of a "laser herbicide"—a chemical to be applied to weeds, which induces them to produce light-sensitive structures overnight, which in turn destroy the plant through laser action activated by the morning sun.*

*An article in the Aug. 30 issue of Krasnaya Zvezda reports on Soviet experiments with lasers in agriculture. The underlying conceptual notion is that there is a state of matter in living organisms called "bioplasma," where the accumulation of energy and the transformation of energy from one form to another takes place. Plants have a characteristic frequency of vibration which electromagnetic waves can influence. Lasers can thus reinforce the energy of the plant, producing bigger crops, etc. An introductory section states: "Under the new conditions of economic management, in which intensification and faster introduction of the achievements of scientific and technological progress in agricultural production are acquiring crucial significance, the role of science is being increased. This was discussed at the May [1982] Plenum of the Central Committee of the CPSU, which adopted a National Food Program, and at the All-Union Economic Conference on Problems of the Agro-industrial Complex, which took place this past spring in Moscow.*

*"In solving the tasks posed by the Party, an important role belongs to bio-engineering. The following article reports on certain achievements in this area by the scientists of Kazakhstan."*

*Excerpts of the article, by Professor V. Inyushin, Doctor of Biological Sciences, follow.*

The effect of the increase in biological activity under the influence of light energy in nature is remarkable. In the Pamirs [mountain range] in a high-mountain botanical garden,

where the level of solar radiation is 50 times higher than at sea level, apple trees produce two harvests during the brief summer, and potatoes reach a weight of four kilograms. But would it not be possible to achieve similar results by artificial means?

Several years ago a set of agro-engineering methods were worked out on the basis of using an optical quantum generator laser. These include the pre-planting processing of seeds, laser illumination of the vegetative organs of plants (stalks, leaves and flowers) directly in the field, irradiation for the purpose of raising the resistance of plants to various diseases, and the "activation" of water by laser beams. Laser agro-engineering assumes the control of the processes of life activity taking place in the plant at all stages of development, something that predetermines the fate of the harvest.

It is well known that light impulses produce a number of stimulating effects in plants: speeding up the growth, intensity of photosynthesis (creation of complex organic substances out of inorganic matter), and intensification of various biochemical processes. As a result of work carried out under the leadership of Professor A. Shakhov, an entire field of investigation was defined: that of light-impulse irradiation of plants. The scientists arrived at the conclusion that seeds can absorb photons of concentrated sunlight, turn their energy into chemical energy, and then store it and subsequently expend it on further growth and development. Biophysicists were interested in the question of how the tissue of the seeds accumulate the light energy and whether it would be feasible to produce an energy (photon) "pumping" of the seeds?

There is now scientific proof of the possibility that there exists a special state of matter in living organisms—bioplasma. It is also the accumulator of the energy which is necessary for life activity. It is through the bioplasma that the redistribution and transformation of energy from one form into another takes place.

Each plant has its own frequency of vibration, dictated by the processes of cell division (generation) and dying. If two identical plants are placed side by side, then their frequency of vibration induces a resonance phenomenon. It is



well known that resonance of sound in the mountains or in the woods produces a loud echo. Something similar takes place in the world of plants. Under conditions of biological resonance, the process of formation of new cells is speeded up in weak plants. Resonance phenomena also include the influence of electromagnetic waves on plants. Here, every plant has its own "favorite" frequency (and, correspondingly, a color as well). For instance, radishes prefer dark blue, onions red-orange, and sunflowers a near-violet. Under the influence of "its own" color, the biological activity of the plant is heightened. Thanks to this kind of selectivity, wise nature has guaranteed the variety of the world of plants on our planet.

Scientific investigations permit us to conclude that plant seeds acquire the greatest energy potential as a result of processing by a laser beam, in which the energy density per square unit of area is tens of thousands of times higher than the energy density of sunlight of a similar wave-length. Biophysicists have determined that seeds "respond" best of all to irradiation in which there is a coincidence (resonance) of the frequency of the laser and the internal vibrations. This phenomenon has been termed resonance biostimulation.

According to the program laid down by nature, life also continues in the seeds. In the course of oxidation-renewal processes during the winter, a part of the seed is "burned up," and the best grain is significantly depleted by the spring sowing. Even under favorable sowing circumstances, much grain does not have an adequate reserve of bioenergy to ensure the germination and development of the sprout. With the aid of laser irradiation, it is possible to increase this reserve.

The first laser-processed seeds were sown at the East Kazakhstan Agricultural Station and in the "Alma-Ata" state farm. Around 2.5 tons of cucumber, tomato, cabbage, onion, watermelon and carrot seeds were processed. All of the crops sprouted, blossomed and matured earlier than the control plants and produced additional yields of from 13% (cabbage) to 45% (cucumbers). The following year 120 tons of laser-processed spring barley was planted. Under conditions of severe drought, the yield was one-third greater than the control crop.

It is well known that per-hectare winter-wheat yields are around 500-600 kilograms greater than spring wheat yields, but it sometimes happens that the winter wheat is destroyed by frost. Would it not be possible to increase its resistance to frost by means of laser processing? Winter wheat grain of the "mironovskaya-808" type was subjected to photon "pumping." Soon after sprouting, before the beginning of winter, the buds of the plants already contained more sugars than the control plants. Moreover, the processed seeds put down significantly deeper roots. As a result, the yield was increased by 450 kilograms per hectare, with an increased gluten content in the grain, which determines its flour-milling and bread-making properties.

Over the course of several years, field trials in planting laser-processed spring wheat were conducted in six state farms in Northern Kazakhstan. As a result of photon "pumping" of the seeds, the growth of the plants was significantly speeded up and the length of the ears and the number of grains per ear were increased. The increase in yield was also significant. Experience in a number of farms showed that the use of pre-planting processing of the seeds by laser beams is economically advantageous: the increase in net income per ruble of expenditures ranges from 1.6 to 3.96 rubles.

One of the elements of laser agro-engineering is the illumination of the vegetative organs directly in the field. It stimulates the growth processes, especially in the leaves, where the formation of pigments is intensified, and it speeds up the maturation of fruits by several days. If the illumination takes place at the point of blossoming, then the fertilization capacity and the viability of the pollen is heightened, which leads to the formation of a greater quantity of ovaries and fruits.

In the Alma-Ata district, production experiments in illumination of corn, soybeans, and alfalfa were conducted on 300 hectares. As a result of the activation of the crops, the quantity of grains per ear was increased by 21%, and the per

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*"Plants have a characteristic frequency of vibration which electromagnetic waves can influence. Lasers can thus reinforce the energy of the plant, producing bigger crops."*

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hectare yields for soy and alfalfa amounted to several hundred kilograms.

The illumination of plants in greenhouses is particularly promising. A device for illumination was constructed on a mechanized freight-carrier which can move about freely in the greenhouse. Passing by the plant-beds, the laser light irradiates each plant. They develop into stocky and heavy plants with thicker stems and well-developed foliage, and they are disease-resistant. And this, it is well known, is a guarantee of a high yield.

Now, the third element of laser agro-engineering. Hard smut has long been considered one of the most vicious diseases of grain cultures. Chemical methods have been used to combat it. They are effective, but their use on a large scale may lead to undesirable consequences. Agriculture was faced with the practical task: to find another, less environmentally toxic method of combatting these diseases. And once again the laser came to their aid.

# IMF holds Marcos to a no-win game

by Linda de Hoyos

After more than 11 months of negotiations, Philippine Prime Minister Cesar Virata, who also functions as finance minister, arrived in Washington Sept. 18 to sign a letter of intent with the International Monetary Fund. In October of 1983, the country's creditor banks refused to finance the Philippines' \$26 billion debt and demanded that the Marcos government gain the seal of economic approval from the Fund. For 11 months, that approval has not been forthcoming.

But now, according to bankers and Philippine officials, an agreement is about to be reached, "knock on wood," as one banker put it. The outlines of the letter of intent are reportedly as follows: a floating peso, a decrease in imports, and a curbing of the domestic money supply. But the Philippines still has several hurdles to go through before it will receive the \$8.6 billion loan package it is seeking. The letter of intent must go before the IMF Board, led by director Jacques de Larosigere, where specifications on industrial and trade policy will be hammered out. The Marcos government must then begin talks with the banking consortium, led by Manufacturers Hanover and the Bank of Tokyo, for new credits and agreement on debt restructuring.

The critical points of the concessions wrung out of the Marcos government are not to be found in the letter of intent, but in the timing of, and the political assumptions embedded in, that agreement.

The Oct. 11, 1983 withdrawal of bankers' credit from the Philippines was a direct response to the upsurge against Marcos in the wake of the Aug. 21 assassination of opposition leader Benigno Aquino. In exchange for a 90-day moratorium on its debt payments, the IMF imposed a 20% devaluation of the peso, which caused a 30% jump in food prices. Factories were forced to shut down for lack of foreign exchange for the import of supplies, and the country's remaining development projects ground to a halt.

There was no push on either side to gain an agreement prior to the May 14 parliamentary elections. According to congressional sources, both the Fund and the State Department informed Marcos that the opposition had better receive 30% of the vote, or else. For his part, Marcos had no intention of imposing an even harsher austerity package on the Filipino population before the elections, but on May 16, the government announced a 5% cut in spending and a 3% hike in fuel

prices, measures which sparked rises in consumer fuel and food prices.

Still, the IMF refused to budge. The Fund's real demand is to break the back of the ruling power base in the country, the so-called Marcos "cronies" who run the sugar and coconut monopolies. Marcos has a choice: He can either go after the crony system himself or be swept aside in his refusal to do so. These monopolies were originally set up in the mid-1970s as a protective mechanism against cut-throat competition which caused the country to undersell its products. No matter what abuses the crony system has since introduced, its destruction now upon the order of the IMF and the creditor banks is designed to open up the Philippines to wholesale looting and "vertical integration" into multinational agribusiness.

Taking the point on behalf of the IMF in the Philippines has been Prime Minister Virata and central bank head José Fernandez. On Aug. 27, Fernandez announced measures for streamlining the Filipino banking system, including the prosecution of bank managers for "mismanagement" and permitting the central bank to act as a broker to arrange buy-outs, mergers, and acquisitions.

These measures will be used to target the cronies. For example, the central bank is now targeting the Republic Planters Bank run by sugar baron Roberto Benedicto, a crony. With the commodity price of sugar 8-9¢ below the 12-14¢ cost of production, the Republic Planters Bank has run into deep trouble, with liquid assets falling 50% since June and total deposits dropping nearly 24%. A presidential order last year decreed that the bank's overdrafts be treated as loans; now Fernandez says that Republic Planters must abide by the normal rules.

According to Fernandez, this is one of the items contained in the program negotiated with the IMF. Of course, by the same criterion most of the Philippines' creditor banks in the United States backing the IMF in this demand, would be declared bankrupt.

Fernandez has not pushed through this program without opposition from the President. But Marcos's agreement may have been forced by the Aug. 7 denial of agreement by the U.S. Treasury for a \$150 million World Bank agricultural loan to the Philippines. In a loud and clear warning to Marcos, Treasury claimed that it did not believe the money would be used effectively.

There is talk within the Marcos administration and the opposition of joining the Ibero-American debtors cartel as the only way out. As with the Ibero-American countries, the signing with the IMF will not solve the crisis but deepen it. Both politically and economically, Marcos is being asked to attack his own power base, while simultaneously carrying out measures that will decrease the standard of living even further for a population that already suffers at least 50% malnutrition. As even bankers and U.S. liberals will admit, the only force to benefit from that proposition is the fast-growing Soviet-backed New People's Army.

## The framework of housing crumbles

*High interest rates are bringing down the rafters on the housing market, despite more Regan talk of recovery.*

**H**ome construction plunged for the second consecutive month in August, as interest rates, like the rock of Gibraltar, refused to budge.

Keeping up the talk for the party faithful, who have temporarily taken up residence in Wonderland, Treasury Secretary Donald Regan, told a Conference Board businessmen's luncheon Sept. 20, "Despite the high interest rates, the recovery is going strong." What Mr. Regan doesn't like to talk about is that home mortgage rates briefly touched 15% this summer, and are currently still above 14%. With a tightening of the issuing of Adjustable Rate Mortgages (ARMs), home buyers will find mortgage money hard to come by.

Perhaps, if Mr. Regan read housing, farming, and steel-making out of the economy, the recovery would be unaffected, but there are signs that credit lending to corporations has dried up, which means that production will soon shrivel on the vine.

Housing starts fell to 1.537 million in August, a drop of 12.8%, to the lowest level since December, 1982. Most alarming is the drop of single-family housing starts, from 984,000 in July to 904,000 in August, well below the first-half rate of 1.2 million, and the rate is likely to decline steadily. The biggest fall, 19.6%, occurred in the Southeast, where building had been most active. Many home builders had overbuilt an inventory of homes, which now can't be sold. U.S. Homes, the largest home builder in the country, began unloading 250 slow-

moving housing units, accepting \$27,000 for some condominiums priced at \$82,000. It will attempt to liquidate a 6,000-unit, \$300 million inventory by the end of the year. Not all home builders are so-overstocked, but they could find themselves liquidating homes as well.

However, the other component of the housing market, multi-family units, may be even more sharply devastated. The multi-family housing (apartment) market makes up a hefty 40% of total home construction, its highest level in years. The market depends heavily on real estate tax-shelter money. Starts of buildings of 5 or more units tumbled 19.4%, to a 517,000 rate. This could be related, as we warned in an earlier article, to the recently passed tax codes, which close some tax-shelter loopholes.

Home mortgage rates continue to stay poised at the 14% rate. Also, there has been some recent tinkering with adjustable-rate mortgages by the savings and loan industry that will tighten the mortgage credit flow. Many ARMs offer the first year of a mortgage loan at a very attractive (teaser) yield-rate, with the rate to go up in the loan's subsequent years. But often home buyers can't afford the increases that begin even during the second year. Agencies such as the Federal Home Loan Mortgage Corporation (Freddie Mac) are insisting that borrowers be qualified to pay the rate that reflects the cost of the mortgage over time, not the initial discount rate. Freddie Mac, a large purchaser of mortgages on the

secondary market, can affect this tightening of lending requirements because of its size.

Beyond the housing collapse is the frayed state of the general economy. The flow of credit into corporations in general has passed from a mighty torrent into a feeble stream. In May, the rate of bank short-term lending to businesses—90-day business loans and commercial paper—grew by 34%. But by August, this had contracted to a 15% rate, and in September, the rate seemed to be flat. What corporations are now borrowing is financing inventory stock-piling; inventories grew by 0.8% in August, a nearly 10% annualized rate.

The U.S. economy continues to live off imports of manufactured goods and the surging dollar. In July, the U.S. trade deficit was \$14.1 billion. Based on projections of the first seven months of this year, exports will rise from \$200.5 billion in 1983 to \$215.7 billion this year, but imports will rise from \$269.9 billion in 1983 to \$342.2 this year. The growth of imports will send the U.S. trade deficit to \$126.5 billion this year, \$57 billion more than last year.

Most of the imported goods are manufactured items, feeding the enfeebled U.S. economy. Last year, the United States ran a \$20 billion trade surplus with Europe, but this year, based on the flood of imported manufactured goods, Europe will run a \$14 billion surplus, a \$34 billion swing.

The United States is now the number-two export market for Germany and the number-three market for France.

As long as the strong dollar loots the rest of the world, Mr. Regan has fed his illusions of a "recovery." But the housing framework on which his illusions rest is fast fading from existence.

## Farm debt packages worse than useless

*Electoral time-buying measures won't do a thing to stop the food shortages about to hit.*

**F**armers didn't take any comfort from the debt reorganization plans announced this past week by both President Reagan and the grain cartel's favorite, Democratic candidate Walter Mondale.

Apart from the shameless politicking involved in the announcement of the packages, as both President and contender struggled to put their proposals out first, neither package addresses any of the underlying conditions propelling the nation into a rapidly emerging food crisis.

We have warned of a nationwide foreclosure wave to hit the farm sector, and in particular, the independent producer in the \$40,000-\$100,000 bracket this fall. What we warned about is happening. But on this question, as we shall show again, the President listens to the same gang of criminals who make policy for the Mondale candidacy. And therefore, over perhaps the month from Sept. 15 to Oct. 15, the independent food producer in the United States is going to be put into a crisis from which he may not recover.

Apart from certain demagogic features of the Mondale plan announced on Thursday, Sept. 13 in Iowa, and blacked out of the national press until almost a week later, the two packages are identical in their principal features, if not the detailed modalities. Mondale's demagoguery encompassed a 180-day moratorium on farm foreclosures, a meaningless gesture given that the crisis is upon us now.

Otherwise, both put together for-

mulas designed to permit liquidity-strapped farm-sector banks to write off minute portions of farm-sector debt, while simultaneously seeming to ease up on FHA debt collection practices. The third feature both packages share is to form "sensitivity groups" among farm lenders and farmers to "discuss" farmers' "problems."

Concretely, the President's package would urge bankers to write off 10% of farm debt, while providing federal guarantees on the other 90%. The princely sum of \$150 million is available as of now for this bank bailout. Farm debt is officially recognized to be over \$215 billion, nearly as much as Ibero-America's debt. Secondly, the President would permit the FHA to forgive interest payments on one-quarter of loans in danger of default, up to a pathetic limit of \$100,000, for five years.

The Mondale package involves a combination of interest rate reductions, and so-called debt stretch-outs, which would come to approximately the same cost level as the Reagan plan.

Both packages were endorsed by members of the Iowa congressional delegation, such as Senator Jepson, who have taken a national lead to push a farm debt reorganization plan prepared by Iowa State University Professor Neal Harl. It is Harl who is imputed to be the author of key features of both plans. No stranger to what is called agricultural economics, the professor, whose plan was endorsed by Mondale at the Iowa State fair in August, has joined Democratic na-

tional chairman Charlie Manatt to buy up foreclosed farm land in Iowa dirt cheap.

What then will the effects of the plans be? Since it is the one that was pushed by the President that will go into effect, it is that one that has to be considered. Here, we would have to say that someone panicked at the realization that a farm credit collapse is on, and decided to put together a political package, to try to hold things together until after the election. What will be held together? The farm banks, maybe, but not the farmer.

The package is designed to permit the foreclosure wave in the farm sector to proceed, while minimizing the attendant consequences among the nation's rural banks. The federal government is trying to put a floor under those banks to prevent their collapse before the November elections. But the measures won't help those bankers either. They have extended loans to farmers, with land as surety, which have in the past kept food production going. For the last three years, farm land values have gone into a free-fall collapse, back to below the levels that prevailed prior to the price rise in the 1970s. The fall has wiped out assets for farmers and bankers alike.

The question that is not answered by these kinds of political time-buying measures, designed to keep up appearances in this great Potemkin village our country is becoming, is one which more city folks should be thinking about right now. How on earth is next year's food production going to be financed? Winter wheat has to be planted right about now, before the frosts begin to hit. That's a problem that can't be solved by electoral time-buying measures. And if it isn't solved, this year's shortages in dairy and citrus products will pale before the debacle that will be upon us.

## The animal rights cultists

*They are attacking both biomedical research and the nation's food supply—on a basis provided by Jeremy Bentham.*

**A**nimal research forms the basis for the development of much of modern medical treatment, from drug evaluation to newer surgical techniques. Consumption of animal protein is characteristic of societies with higher standards of living and longer average life spans. Recently, a number of militant "animal rights" groups have launched increasingly virulent attacks on both the medical research and agricultural fronts.

In May of this year, the Animal Liberation Front (ALF) destroyed 10 years worth of research at a head-injury research laboratory at the University of Pennsylvania. More recently the same group stole 13 animals from a laboratory studying sleep disorders at Penn's veterinary hospital. The group has been active primarily on the East and West coasts and has been involved in acts of vandalism at UCLA-Harbor Medical Center in Los Angeles, Howard University in Washington, D.C., and several Miami fur stores.

The ALF raid was the subject of a feature in the Aug. 28, 1984 *Philadelphia Inquirer*, which interviewed an ALF member and the researcher whose laboratory was vandalized in the usual "balanced coverage" format. What emerges from the interview with the ALF member is the profile of a Young Urban Professional seeking fulfillment and thrills in some nonproductive cause, and who considers animals more important than children. The researcher, on the other hand, while conceding points she needn't have, at least recognizes that people are of

higher value than animals.

These animal rights groups have political impact, as witnessed by the House Agriculture Subcommittee hearings sponsored by Rep. George E. Brown, Jr. (D-Calif.), who, if he's not on the KGB payroll, is getting jipped. Brown is chairman of the Subcommittee on Department Operations, Research, and Foreign Agriculture and chief sponsor of H.R. 5725 to improve protection standards for laboratory animals. Brown's other contributions to improving U.S. research include co-sponsorship of the Brown-Coughlin resolution banning testing of anti-satellite weapon systems and active involvement in every piece of legislation to oppose or hamper development of directed energy weapon systems.

On the food side, a number of groups, such as the Farm Animal Reform Movement (FARM) and the International Alliance for Sustainable Agriculture (IASA) are pushing elimination of food animal production and the substitution of labor intensive agriculture. FARM describes itself as "a national, non-profit, educational organization dedicated to alleviating and eliminating animal abuse and other adverse effects of animal agriculture." The *Farm Report* contains a melange of environmentalist, vegetarian, and meat-industry muckraking. One of the more interesting of these reports is a study, funded by the anti-animal-protein "nutritionist" Nathan Pritikin, which forecasts a total depletion of soil and groundwater by the year 2030 because of animal agriculture. Another

target of FARM is the use of antibiotics in animal agriculture.

IASA is based out of the University of Minnesota in Minneapolis, home of the Cargill Grain Company and the Hubert Humphrey Institute, the food shortage scenarists running the Mondale campaign. The primary sponsor is the Third World Institute of the Newman Center of the University of Minnesota.

The common genesis of these movements is philosopher Peter Singer, an admirer of the British East India Company's Jeremy Bentham. Singer's 1973 book, *Animal Liberation*, is the Bible of the anti-vivisectionists and the radical vegetarians. Singer was awarded the "Vegetarian Ethic Award" at a 1983 "Action for Life" conference and brainwashing session in Montclair, New Jersey, which also focused on a campaign to provide meatless alternatives at fast food restaurants.

Bentham's philosophy posited that man is ruled by pleasure and pain, just as an animal, and hence "The question is not, Can they reason?, nor can they talk? but, Can they suffer?" "A full grown horse or dog is beyond comparison a more rational as well as a more conversable animal than an infant of a day or a week or even a month old."

As a lawful consequence of this preference for animals over children, Bentham was an overt and vigorous advocate of pederasty and conducted a vicious campaign against William Jenner for developing smallpox vaccination, because it interfered with the natural order of things. Bentham argued against provision of minimal hygiene for the lower classes of England and for slave-labor in the "poor houses." It is this bestial philosophy which is in fact the basis of the animal-rights cults' attacks on medical research and the food supply.

# Business Briefs

## Corporate Strategy

### British takeover of Hughes Aircraft?

General Electric Corporation (GEC) of Britain, the firm headed by Peter Lord Carrington from 1982 until June of this year when he became secretary general of NATO, has launched a \$600 million attempt to buy a dominant share of Hughes Aircraft, a major U.S. missile and satellite manufacturer.

The new chairman of GEC, Lord Weinstock, is a longtime associate of Carrington.

Carrington has just completed a trip to the United States during which he worked with his close collaborator Henry Kissinger's circle at Georgetown University in Washington, D.C., to sabotage the Strategic Defense Initiative, which has been targeted by Moscow to be wrecked.

A British, Carrington-linked takeover of Hughes Aircraft would have extremely dangerous implications for U.S. defense, since Carrington is determined to undercut U.S. defense and Hughes is a key defense corporation. It is probable Hughes would play a major role in beam-related technology under a crash beam-weapon defense program.

According to the *Sunday Times* of London on Sept. 16, the attempt by GEC to buy up to 20% of Hughes "would face fierce suspicion from the Pentagon, sensitive over the export of American technology, even to a close ally." What the *Times* fails to say is that Carrington is no ally and has, in fact, since becoming NATO secretary general, done everything possible to make sure the United States is undefended in the face of the growing Soviet threat.

## International Trade

### U.S. trade war a blow to farmers

China may cease import of U.S. grain in retaliation against new U.S. regulations on textile imports that will significantly hurt the Chinese textile industry. This announce-

ment came from U.S. Agriculture Secretary John Block, who reported that American farm groups are protesting the new textile regulations. The National Association of Wheat Growers has released several studies arguing that the Chinese grain trade has been important to American farmers. Without exports to China over the last four years, the studies estimate, wheat prices would have averaged 28¢ lower per bushel.

Block says that the Chinese threats to stop the grain trade are "unjustified because they haven't been victimized yet" by the new textile import regulations. But in fact, the new regulations would hand over the textile export business to Hong Kong and other countries whose export-limiting quotas to the U.S. are much higher than China.

## Agriculture

### Citrus-canker outbreak threat to food supply

In mid-September, the infestation of trees by a strain of citrus-canker virus was reported in Florida. The disease causes lesions in the fruit, twigs, and leaves, eventually killing the tree. The Florida outbreak is turning into a national food-supply disaster because of the inability of growers to absorb the costs of damages to the groves and because of the lag in R&D for treating the disease. The only treatment is burning the trees.

The disease has been absent from Florida since 1927. Now it appears to have turned up in January 1984 at a tree nursery. Since then, it has been confirmed in four more nurseries, which have all been burned. All suspect seedlings and tree stocks are being traced, a process which will take weeks.

The rumor in Florida is that the source of canker virus may be a deliberate or inadvertent grafting of an infested twig by a "gypsy budder"—the low-paid itinerants who graft citrus stock. The opportunity for sabotage is very great.

On Sept. 13, the USDA announced an embargo on all citrus from the state, the quarantine of 32 other nurseries, and other emergency measures. Later, the embargo was rescinded, and Florida fruit can now be

shipped, after treatment, to non-citrus producing states.

Growers report that the State Department has for some years protected the special interests of United Brands and other cartel companies that import fruit from areas of the Caribbean, and impose arbitrarily harsher production standards here to constrain independent U.S. production—measures enforced by cartel food channels in the USDA.

The canker outbreak has triggered speculation on orange juice concentrate and juice futures. The orange crop harvesting will begin in a few weeks.

Last winter, Florida was hit with the worst frost in years; an estimated 10 million citrus trees were killed. Since then, growers have gone on a crash tree-replacement program, but the canker outbreak means that it may take 10 years to restore the state citrus output to its recent level.

## Operation Juárez

### 'Civilization depends on debtors' cartel'

Speaking at the opening of the Mar del Plata meeting of the debtor countries in Argentina, Argentine President Raul Alfonsín blasted the international banks that are destroying the less-developed nations and pointed out that unity is crucial for the survival of Ibero-America and civilization. "The international financial situation of our countries, confronted with the policies practiced by the great lending centers, tax our capacity to grow and our prosperity. They threaten the future of our people and compromise our independence to implement the decisions that will ensure peace, progress, and justice in our countries."

Alfonsín brought up the argument of Shakespeare in the *Merchant of Venice*, pointing out that debt repayments mean impoverishment and destruction of the productive apparatus of nations. "Default has only been averted through the impoverishment of our nations." He asked how is it conceivable that the banks will only act according to the

## Briefly

letter of the contracts, not taking into account that "what is at stake is the global stability of Latin America, the security of a whole hemisphere, the preservation of a civilization and a way of life."

The debt problem cannot be solved through bilateral means between debtor nations and creditor banks, Alfonsín said: "A constructive dialogue must start between all parties concerned. . . . The debtors' strategy must be common, even if tactics differ. . . . There is only one way for that: Latin America united must meet to unite."

### *Economic 'Recovery'*

## World bank reports uneven economic growth

Africa, Ibero-America, and southern Europe suffered "severe" economic setbacks in 1984, while many Asian nations posted "impressive rates of growth," the World Bank announced on Sept. 16.

But the overall global economy "improved somewhat" in the past year, mainly because of the stronger-than-expected recovery in the United States, the bank lied in its analysis of the fiscal year ending June 30, 1984.

"There remain, however, serious concerns in several areas," said the report.

Despite the fact that world trade did not respond to a resumption of growth in the industrial countries, that commodity prices declined, and that there was mounting concern over the ability of Third World countries to pay off their tremendous foreign debts, the report anticipates "an expansion of developing countries' exports and increases in commodity prices" as the U.S. economic recovery gains momentum and spreads to more industrial countries this year.

"For some countries—in low-income Africa, in southern Europe, and Latin America—1983 brought economic hardships more severe than the year before. On the other hand, low-income Asian countries . . . posted high rates of growth.

"In Latin American countries, income dropped steeply, as high interest rates and

reductions in external finance necessitated severe cutbacks in imports and restrictions on domestic demand. . . .

"China benefited from a series of internal reforms designed to make its economy more responsive to price signals, and India enjoyed a good harvest relative to the drought-plagued one in 1982," the report continued.

Frank Vogel, the bank's director of information and public affairs, described the past fiscal year as "successful" for the institution, which he said had tried to be "as flexible as possible in assisting . . . developing countries to adjust to the dramatic situation in the global economy."

Vogel, speaking at a news conference prior to the report's release, said the year was marked by "exceptionally volatile interest rates, slumps in exports, and a sharp decline in commodity prices."

### *Technology*

## New x-rays mean better, safer cardiac diagnosis

Coronary angiograms, which require insertion of catheters into arteries, with occasional serious complications, are performed on some 500,000 Americans each year, most of them survivors of previous heart attacks. Now a new technique, utilizing x-rays from a synchrotron, promises to enable doctors to visualize the arteries of the heart in a way never before possible.

By the end of next year, Stanford researchers will begin human tests of the new technique which takes advantage of the high intensity of the synchrotron x-ray beam to produce clear, precise pictures of the coronary arteries without the necessity of injecting concentrated dye directly into the arteries. With the new technique, the dye can be injected into a peripheral vein, eliminating the need for catheters and the potential risk of producing a heart attack by the injection. The new technique eliminates the complications, including death, and the high cost, including two days in the hospital, of present coronary angiography.

● **ISRAEL'S** new coalition government has lost no time showing what it is unified for: austerity against the Israeli population. In less than a week since it took office, the unity cabinet has announced a 4.5% budget cut and devalued the shekel by 9%. The government announced on Sept. 21 that it plans to increase income taxes over the next four months which will cost Israelis \$80 million and cut consumer purchasing power. The new tax will take 8% to 10% off the top of all incomes.

● **LOS ALAMOS** National Laboratory scientists, using a new doping compound, cesium electride, have developed a plastic that is 100 times more electrically conductive than any other doped polymer. Although conductive plastics are still far from commercialization, researchers anticipate applications such as paper-thin rechargeable batteries and shielding for electronic equipment.

● **PERU'S** creditor banks, just six months after Peru signed a standby agreement with the IMF, have been forced to announce that Peru has fallen more than 90 days behind in meeting interest payments on its foreign debt. Several creditors, among them Citicorp and Bankers Trust, must begin to write off some of its loans as "non-accruing" beginning this quarter. The IMF cut-off Peru from standby credits because the Belaunde government failed to reduce public spending to genocidal levels.

● **CARDINAL SIN** of the Philippines, who purports to organize against the Marcos government in order to defend "the people," announced on Sept. 21 that, although the Philippine population is up in arms against the International Monetary Fund—which has destroyed the country's industry and standard of living—he "supports the IMF and the World Bank because they give us loans for our factories." Sin was also asked if he is, therefore, opposed to the Ibero-American debtors' cartel, to which he replied: "Yes, definitely."

## Peru's 'Shining Path' exposed: How to fight narco-terrorism

by Gretchen Small

At a private seminar of diplomats and intelligence personnel in Washington, D.C. on Sept. 20, *EIR* released a new Special Report, "The Gnostic-Bulgarian Connection to Narco-Terrorism in Ibero-America," a groundbreaking dossier summarizing the interlocking network of cults, financial interests, and citizens "above suspicion"—in East and West—who protect, sponsor, and direct that expanding, murderous, "business."

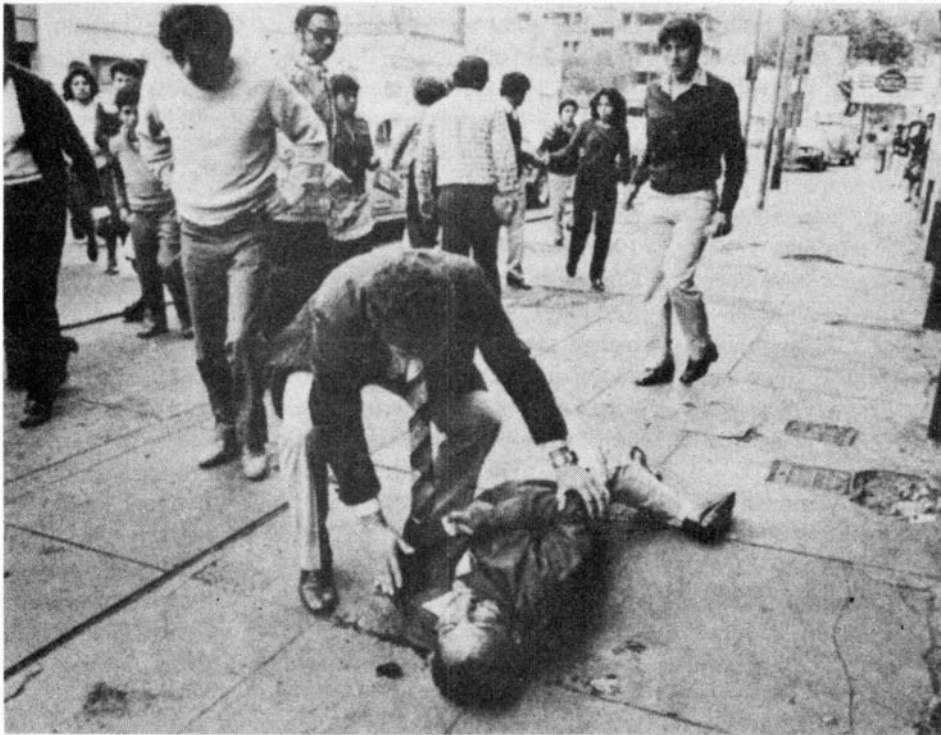
The dossier could be a vital tool in the hands of those government leaders, intelligence agencies, and law enforcement officials who are committed to a war against drugs. For without the unique methodology which has characterized our counterintelligence investigations for over a decade, no war on drugs can succeed. In the case study presented here, we use this method to unravel the secrets of Peru's *Sendero Luminoso*, the "Shining Path" narco-terrorist guerrilla gang which is proceeding to tear that nation limb from limb.

*EIR* Contributing Editor Lyndon LaRouche outlined the needed approach in a February 1984 Research Memorandum entitled, "The Influence of Gnostic, Sufi, and 'Nativist' Cults in Recruiting and Controlling Terrorist and Separatist Insurgencies." LaRouche wrote:

To combat the evils deploying terrorism and separatist insurgencies against civilization today, it is indispensable that we learn to know our enemy and his methods much better. . . . It is necessary to map the networks of anthropologists, sociologists, missionaries, and others who operate such sufi networks among designated "pre-Columbian" varieties of "blood and soil" cult-stocks in Latin America as a whole, to be able to target counter-operations and appropriate cultural-warfare countermeasures against all of these cult-operations, not merely the *Sendero Luminoso*.

The Shining Path terrorists are a far cry from the defenders of the "indigenous" Quechua-speaking Indians of the southern highlands that their international fellow-travellers depict them to be. Their leaders are French-speaking graduates of the Sorbonne University—the same institution that produced the butcher of Kam-





A victim of Peru's "Shining Path" guerrillas. The Peruvian government has attempted to launch a war on the narco-terrorists, but has so far failed to comprehend the deeper level of cultural warfare on which this battle is being waged. The "Shining Path" was created as a project by anthropologists to destroy the nation-state.

puchea, Pol Pot, and the Iranian "Islamic revolutionary" Abolhassan Bani-Sadr!

The Shining Path was created deliberately, in a decades-long project by anthropologists, sociologists, and erstwhile missionaries. One of these, the proclaimed father of Peruvian "ethnology," theosophist-cultist Luis E. Valcárcel, penned an article in 1960 titled, "Peru, Paradise for the Anthropologist."

The epithet were better engraved upon a tombstone, and placed upon the mass grave of the 15 children found in August of this year—their throats slit by Shining Path murderers.

### Soustelle and the Nazi-Communist alliance

One of the principal anthropologist-godfathers of the Shining Path turns out to be none other than France's **Jacques Soustelle**, president of the Société des Americanistes and a leader of the Secret Army Organization (OAS) networks that attempted more than 30 assassinations of former French President Charles de Gaulle. Soustelle's followers at the Sorbonne trained the leadership of Shining Path, both at the Sorbonne and at the University of Huamanga, in the southern Peruvian city of Ayacucho during the 1960s and 1970s.

Soustelle is smarting under this scrutiny, and is now scrambling to cover up his ties to the narco-terrorists, going so far as initiating a lawsuit against *Nouvelle Solidarité*, the weekly newspaper published in France by collaborators of LaRouche.

But the power of the Shining Path does not come only from kooky "action anthropologists." They are the intellec-

tual controllers; but the Nazi International's drug-and-weapons trade provides the logistics and protection; the International Monetary Fund and allied financial interests create the conditions of misery and desperation upon which terrorism and separatist insurgencies can thrive; and the Soviet Union encourages the guerrillas in order to hasten the demise of the nation-states of the Western world.

By analyzing the belief-structure of the cults, LaRouche wrote in the cited memorandum, the full extent of this outside sponsorship can be discerned:

It is necessary to do this to discover where to cut the fabric, with a few well-selected cuts, to cause the larger net to unravel. Once the map is developed, the Nazi-Soviet connection into these "nativist" insurgencies is more precisely defined: Without the Nazi weapons-drug-running networks, even Soustelle's anthropologists could not have developed and deployed a capability such as *Sendero Luminoso*. Without intersecting that latticework, the Soviets could not operate effectively.

### The Peruvian government fights back

Peruvian officials have identified aspects of the threat that their nation faces. President Fernando Belaunde Terry coined the term "narco-terrorism" in 1983 to identify the drug mafia-financed terrorist assault against the nations of Ibero-America. In late August of this year, the President and Interior Minister Percovich charged that an "international conspiracy" is behind the terrorist destabilization of Peru, an accusa-

tion backed by the entire cabinet and the Catholic Archbishop of Peru. President Belaunde stated that there is abundant proof of this international conspiracy, and that it involves drugs, counterfeit money, and yellow journalism by “pseudo-reporters,” “the jacket-and-tie accomplices of terrorism,” who are building an international climate to topple the government, through a campaign of lies about “human rights violations” allegedly perpetrated against the terrorists.

A few foreign and “native” anthropologists have been arrested for brief periods, and a few—albeit important—international agencies have been named as part of the foreign support apparatus. Most recently, Belaunde aptly compared the conspiracy against the country to the subversive measures used by the Nazis during World War II to try to destroy Great Britain from within.

But what remains is for Peru and allied governments to grasp the deeper level of the cultural warfare that is being waged here, and to take their war on drugs to the next stage, ruthlessly prosecuting those “citizens above suspicion” whose dossiers we present below.

## The origins of Shining Path

Shining Path is too often described as “mysterious” in origin and structure, a secretive group of fanatic communists waging a “messianic” battle with a new style of guerrilla warfare—turning equally upon authority and the population in whose supposed name “liberation war” is waged.

No investigator can avoid, however, the singular beginning of the group: The experimental University of San Cristóbal de Huamanga in Ayacucho, in the desolate south-central highlands of Peru, was its incubator. Investigating the implications of that evidence pulls a vital thread upon the “mystery” of Shining Path.

Over the course of a decade and a half, the leadership of Shining Path was recruited out of the student body and teaching staff of the University of Huamanga—most from the *mestizo* or *criollo* urban culture which Shining Path vows to destroy.

From 1963 to 1978, several leading members of Shining Path held key posts at the university. The rector of the university from the late 1960s through late 1970s, Osman Morote Best, was briefly jailed as a suspected “intellectual author” of Shining Path in 1983—and now argues that “government repression” justifies Sendero’s actions. Two of his children, students at the university during the 1960s, are now reported to be leading underground operations of the group.

The original *Sendero Luminoso* group began as a branch of the Cuban-modeled Ejército de Liberación Nacional (ELN) in 1962-63, founded at the University of Huamanga by **Abimael Guzmán Reynoso**, a philosophy professor who joined the university’s education program in 1962. Guzmán had been a member of the pro-Moscow Communist Party of Peru until he sided with pro-Mao factions in the wake of the Sino-Soviet split. Still identified today as the head of Shining Path,

Guzmán is known to his followers as “Comrade Gonzalo, the fourth sword of Marxism” (following Marx, Lenin, and Mao).

By 1964, Guzmán reportedly had some 50 followers. In 1965, his “Huamanga command” of the ELN split with the national group over the issue of opening guerrilla operations in the highlands, choosing the long-term Maoist strategy of base-building in the countryside over the “Cuban model.” By 1966, Guzmán and his group had joined the Maoist Partido Comunista del Perú-Bandera Roja (Communist Party of Peru-Red Flag). After two years of factional in-fighting, the Huamanga group split from the PCP-BR in 1970, thereupon adopting the name of Partido Comunista del Perú en el Sendero Luminoso de Mariátegui (Communist Party of Peru in the Shining Path of Mariátegui), a reference to the statement of **José Carlos Mariátegui**, the founder of the Communist Party in Peru and theorist of “Indian communism,” that “Marxism-Leninism will open the shining path to revolution.”

Already by 1971, the Shining Path group was controlling an area near Ayacucho, with sufficient strength to keep out “intruders,” like two agrarian reform officials they killed, and to begin to levy taxes, including a “transit tax” on drug trade through their zone.

When the radical Left lost elections at the university in 1978, most of the top Shining Path figures, including Guzman, went underground shortly thereafter. Two years later, Shining Path broke into the public eye, when dogs wearing placards accusing the “dog” Deng Xiaoping of betraying the tenets of Mao Tse-tung were found hanging from lampposts. Escalating in violence and scope of activity over the next four years, by 1984, Shining Path had expanded out of the Ayacucho region to reach directly into the capital city of Lima as well.

## The Huamanga experiment

The key to Huamanga’s role, however, is not Guzman, a thug whose idea of politics has always been that of a mafioso. The university itself was designed as an experiment in “leadership” training for poor and uneducated peasant and Indian children sent to the university as guinea pigs. The experiment was designed to manufacture ethnic separatist movements, based on the blood-and-soil nation of “Indian identity,” as a battering ram against the nation state.

Founded in 1677 and one of the oldest universities on the continent, the University of Huamanga had been closed, following the War of the Pacific in 1886, for almost a century. In 1959, the modern University of Huamanga was reopened with great fanfare as an experimental “community outreach” university, whose curriculum was tailored to the “needs” of the majority non-Spanish-speaking Indian population of the area.

Emphasis was put on special programs addressing local problems like health, education, agriculture, as well as on applied anthropology. Since the population of Ayacucho is largely Indian (over 90% of the population speaks only Que-

## The Algerian war scenario of Soustelle and Einaudi

Under Jacques Soustelle's reign as general governor of Algeria in the mid-1950s, the civil war in Algeria reached unprecedented heights of brutality, as his government initiated a prototype of what today is known in Ibero-America as "a dirty war." Hiring anthropological experts on his staff to "profile" the guerrillas and the population's response to them, Soustelle approved the launching of "Operation Bluebird," the creation of ethnic-based commando squads to carry out "partisan-style" war in rebel-controlled territory. The result was the escalation of the war.

In June 1984, U.S. State Department Ibero-American specialist Luigi Einaudi met with Soustelle's anthropologist friends at the Institute of Peruvian Studies in Lima, as

well as with top Peruvian military personnel. Einaudi's advice to the Peruvian military brass was, according to reliable reports, to wage a slash-and-burn campaign to wipe out the Shining Path, precisely the kind of "dirty war" which the *New York Times* and Amnesty International are now inciting to try to destabilize the Belaunde government.

The scion of an Italian oligarchical family which backed Mussolini's rise to power, Einaudi is Henry Kissinger's top Ibero-American man at the State Department, and a long-time Peru specialist. For more than a decade, the Kissinger-Einaudi strategy for Peru has been to sink it into chaos and ungovernability, including through border conflicts with its neighbors, a strategy elaborated in a 1975 Rand Corporation document entitled, *Future U.S. Security Relations in the Latin American Contexts*, by Einaudi's colleague at Rand, David Ronfeldt.

chua), students and teachers from the coastal areas were required to learn the native language, and to study the Indian customs, beliefs, and habits. Emphasis was placed on teaching, and on training local teachers (Guzmán's specialty), and an adult education institute was attached to the university, expanding its "outreach" into the Indian community.

There was a rush of foreign funding, personnel, and anthropologists into the Huamanga experiment. An estimated 30% of the professors was foreign, principally from the United States, France, England, Holland, Denmark, and Belgium. Funds came from the Danish, Dutch, and Swiss governments; the Danish government provided a ceramics laboratory for the school at its founding. Indicative of the international support for the Huamanga project is the story of a local student granted a scholarship to study abroad; the sponsors included the French embassy, the German Catholic Bishops' charity organization, the President of St. Francis Xavier University in Nova Scotia, Canada, and the Canadian ambassador in Lima.

The World University Service picked Huamanga as the place to send student volunteers in the 1960s. Huamanga was one of the four site-projects of the Peace Corps in Peru. Such current Shining Path apologists as State Department Studies Director David Scott Palmer were among the volunteers working at Huamanga. Even after the Peace Corps was thrown out of the university by the radical students, three volunteers remained and a translation department for the Peace Corps was established at the university. U.S. government funds and a Peace Corps volunteer set up and ran the university's radio broadcasting station.

Not surprisingly, the original base of operations of Shining Path in Ayacucho maps precisely onto the villages and

communities where the university had its Community Services projects during the 1960s, through its "Cultural and Artistic Extension Section," which carried out "broadcasting activities," cultural lectures, "self-help" programs in agronomy, and peasant organization efforts—all part of the "social anthropology" projects of the university.

The university's applied anthropological studies were key to profiling the Indian communities targeted for university "outreach," argued one of the founders of the university, **Prof. A. Yaranga Valderrama**, in a 1983 interview with an Ibero-American journalist in Paris. Yaranga, who specialized in "black magic" and "folk medicine" during his years of teaching at Huamanga, is now based at the University of Paris Ethno-Social Studies School.

"We carried out thorough investigations on all the communities of Huamanga and some around Huamanga," he declared. "It was a totally classic study, we studied the location, geography, the number of inhabitants, social, political, religious organization." Yaranga stressed the importance of the Ayacucho region to understanding Peru's Indian populations, because "the area of Ayacucho . . . is the biggest Indian spot of Peru."

Yaranga is a direct product of Jacques Soustelle's French anthropologist friends. Originally trained as an agronomist in Peru, he went into political exile in Paris during the 1950s, where he studied anthropology at the Sorbonne under the leading masters of the French Gnostic cult group, the Société des Americanistes—Paul Rivet, Marcel Mauss and George Dumezil. The results of his profiling work in Ayacucho are now centralized at Soustelle's Musée de l'Homme and the University of Paris library.

Yaranga publicly argues now that Shining Path is not a

legitimate “Indian” movement but a *mestizo* implantation which will destroy “real” Indian culture; but he admits that he is well-informed on all aspects of Shining Path’s organization and activities, including the occurrence of Shining Path secret national strategy conferences. “We anthropologists are like the priests: We see and listen to confessions, but never talk,” he explained.

Yaranga added: “The University of Huamanga was the best anthropological institution Peru ever had.”

### **Valcárcel and the new ‘indigenism’**

The University of Huamanga is only the beginning, not the end, of an investigation into the Shining Path “project.”

Answering the question, who created Huamanga, leads back to the historical roots of Shining Path: the cultural and intellectual current called “indigenism,” the racist promotion of a separate, blood-based “Indian identity” distinct to the Andean peoples.

The use of Indian populations, left in misery and ignorance after the Hapsburg genocide as a weapon of warfare against the nation-state, is not new in Peru’s history. The exemplar of such warfare is the Túpac Amaru Rebellion of 1781, a joint project of the Society of Jesus and the British Crown. In each historic period, the hand of the old continental European oligarchy can be found behind “Indian nationalism.”

The roots of Shining Path must be traced back to the most recent resurgence of European racism in “nativist” garb in modern history, the “indigenist” current beginning at the end of the British-run War of the Pacific in the 1870s, a war which left Peru shrunk in territory and weakened in institutions. “Indigenism’s” advocates seek to replace the historic Judeo-Christian tradition of progress and belief in the sacredness of the individual soul embedded in Peru’s *mestizo* society with a fabricated “Indian” collectivist “soul.” Shining Path, as a specific development, emerges from the second phase of that project, set into motion by a Nazi-Soviet alliance during World War II, and consolidated at the war’s end.

The life and work of **Luis E. Valcárcel**, the man who claims for himself most credit for turning Peru into an “anthropologist’s paradise” in the 20th century, spans both phases of this cultural warfare project—and provides the “French connection” to Peru’s supposedly autochthonous separatist movements.

A practicing theosophist, Valcárcel in his early years joined the intellectual current associated with **González Prado**, the leading anti-clerical, anarchist, Indianist ideologue of turn-of-the-century Peru. Prado, famous for describing Peruvian civilization as a “pus” that had to be wiped out before a healthy society could be built, was the guru for a generation of Gnostic “intellectuals” and politicians, including the founders of Peru’s Communist Party and Socialist Party (APRA), José Carlos Mariátegui and Victor Raul Haya

de la Torre, respectively. Valcárcel came out of a cultish group of Indianists and separatists known as the “Cuzco School,” established in 1910. Valcárcel stated in his recently published memoirs that for 20 years the “Cuzco School” followed the same “program of action”: “an anti-centralist campaign [for] the reconquest of the leading position of Cuzco in the national panorama; economic and cultural regionalism; exaltation of the pre-hispanic past, especially the Incan Empire; and studies of the regional situation and Indian communities.”

Mentor of the Cuzco Group was **Albert Giesecke**, a Croatian-American who took over as rector of the University of Cuzco in 1910. Trained at the Universities of Pennsylvania, Berlin, Cornell, and the Sorbonne in Paris, Giesecke brought into Cuzco the tradition of the “positivist social sciences” developed by that Swiss fascist ideologue, Wilfredo Pareto, with whom Giesecke had personally studied at Lausanne. His research at the British Foreign Office and British Museum, shortly before arriving in Cuzco, were also undoubtedly useful.

Valcárcel became a personal protégé of Giesecke, who remains, in Valcárcel’s words, “his loyal friend and counselor all his life.”

### **Valcárcel, Mariátegui, and Rivet**

In the 1920s, Valcárcel began a collaboration with **José Carlos Mariátegui**, the founder of the Peruvian Communist Party, and the figure to whom Shining Path dedicates its existence. Mariátegui, picked up by the Comintern during a European trip in the 1920s, was a classic Nazi-Communist ideologue, advocating an anarchist, Sorelian socialism according to, as he proclaimed, “the wishes of Nietzsche.”

Valcárcel calls his 1924 meeting with Mariátegui “a decisive turning point in the Indian campaigns,” and soon became the Cuzco distributor for Mariátegui’s first two magazines, *Amauta* and *Labor*, acting as Mariátegui’s source of “on-the-ground” information on the inner workings of the Indian communities. He praised Mariátegui as the man who made the Indian question more than regional or national, but “connected [it] to the universal movement of oppressed classes.”

The collaboration of these two was consolidated with the 1927 publication of Valcárcel’s *Tempestad en los Andes* (*Tempest in the Andes*), which outlines a scenario of a storm of Indian rebellions descending upon the coastal regions. The book “was the summary of the principal concerns of the ’20s: the Indian, indigenism, socialism and Peruvian nationality.” Mariátegui’s introduction called it “the passionate prophecy which announced a new Peru.”

Valcárcel, too, has a classic Nazi-Communist profile. Heading the Association for Friends of Soviet Culture during World War II, he played a leading role at the same time in the Peruvian-North American Cultural Institute—run out of

the U.S. Embassy by his old mentor, Albert Giesecke. Then serving as cultural attaché at the embassy, Giesecke spent the war years protecting various Nazi espionage networks operating under the cover of "archeological investigations" in Peru at the time, including the notorious Swedish Nazi industrialist, **Axel Wenner-Gren**. (Wenner-Gren, reported as a Hitler agent by U.S. military intelligence at the time, went on to found the Viking Fund after the war, the largest private—and quite secretive—foundation funding anthropological research in the world, active today as the Wenner-Gren Foundation for Anthropological Research.)

Early in his studies, Valcárcel joined the Société des Americanistes, that French oligarchy-sponsored institution founded in 1875 to unify "social science" investigation into the "American man." From 1930 onward, Valcárcel became a close associate of the man who headed that institution for decades, **Paul Rivet**, who was simultaneously directing the work of Jacques Soustelle in Mexico. "On a personal level, I was, amongst Peruvians, he who had the privilege of closest friendship with that illustrious Frenchman," Valcárcel reported. The two traveled together throughout the Sierra during Rivet's many visits to Peru during the following decades.

### The postwar expansion

At the end of World War II, the new indigenism project grew rapidly, as Valcárcel coordinated a series of international projects which flooded Peru with international anthropologists.

In 1948, Cornell University, under the direction of Allan Holmberg, bought a "hacienda," and along with it the peasants who belonged to the land, turning the entire community on the estate into an anthropological study for the next 15 years. The stated goal of this Vicos Project, as it was called, was "the introduction of a dynamic concept of leadership." Using that experience in "dynamic leadership" creation, Cornell later was given control over Peace Corps operations in Peru—including those at the University of Huamanga.

The Smithsonian Institution, with funding from the Wenner-Gren Foundation, was given the franchise to investigate the Viru Valley, as a case study in "cultural growth in a geographically bounded area."

Société des Americanistes activists had their own complementary operations. Sorbonne professor Natchan Wachtel began a decades-long effort in Peru to "reconsider the problem of native social structures from the standpoint of the study of the notion of territory," as well as rites, myths, and occupations. A team from the French Institute of Andean Studies, including François Bourricaud, deemed by Valcárcel the "father" of modern sociology in Peru, was also active.

While these anthropologists were studying Peru like a bacteriological growth in a petrie dish, a new generation of Peruvian anthropologists was created. The leading star of that group was **José Matos Mar**. Trained by Valcárcel, Ma-

tos Mar was then sent to France to study under Rivet and Claude Lévi Straus at the University of Paris School of High Studies. In 1948, the Catholic Church's historic archives on Indian cultures were turned over to this crew of "new indigenists." Under the direction of American anthropologist George Kubler, a group of Valcárcel's students, led by Matos Mar, reviewed the church documents, studying "minutely all that related to the Indian idolatries."

In his memoirs, Valcárcel reviews the postwar international anthropological work in Peru which he directed, and summarized it: "In this way, the new indigenism was built through ethnology."

Through the detailed survey of Peruvian territory and peoples, Huamanga was chosen as the critical test site for anthropology's "new indigenism." In 1958, the university reopened.

By 1964, when the gathering of Shining Path's core group has already begun, the work of the new generation of anthropologists was recentralized, with the establishment of the Institute of Peruvian Studies (IEP). Matos Mar was its president; Valcárcel, its honorary President. Represented on its staff were: John Murra, a leader of the Cornell Project, and François Bourricaud of the French Institute of Andean Studies.

In a 1983 interview, Matos Mar described his own work: "Permit me to praise myself. But since Mariátegui, no one has carried out such an effort to study Peru in such detail." More than study, the IEP has assumed as its task to redefine Peru's national identity along Gnostic, indigenist lines. Founding member Díez Canseco specialized in redefining pre-Conquest Andean society as dominated by mother-cults. Linguist José M. Arguedas fostered a rebirth in Indian "magical-realism," a rejection of "over-rationality." Murra's special studies for over a decade: the definition of historic inter-ethnic rivalries amongst Indian groups.

By the 1970s, while the new underground structure of Shining Path was being constructed, the anthropologists' "new indigenism" moved toward the activist phase of "liberation" struggle. Meeting in Mexico City in 1974, the Société des Americanistes issued a battle cry: "We anthropologists, . . . gathered in the city of Mexico on the occasion of the XLIIth International Congress of Americanists, consider opportune to clarify a problem of theoretical definition which implies a political conception for the struggles of liberation of the indigenous populations as part of the liberation projects of the American peoples. On this occasion, we reassert the necessity for specialists in social sciences to commit themselves to support, *at a level of efficient practice*, the liberation struggles of oppressed minorities [emphasis added]. Among the signatories of the document was the Société des Americanistes' treasurer, Jacques Soustelle's wife, Georgette.

In 1977, **Jacques Soustelle**, associated with the Société since his training under Rivet, was named president of the group—a post he holds to this day.

# The Shining Path's Nazi drug connection

by Mary Goldstein

Investigations by Peruvian police have determined that Italian fascist terrorist Stefano Delle Chiaie, wanted for the 1980 bombing of the Bologna train station which killed more than 80 people, is one of the controllers of Shining Path, according to an exposé published in the Italian weekly *Panorama* in September. This highly significant lead conclusively establishes the link between the drug runners of the Nazi International and Shining Path (*Sendero Luminoso*).

"According to a report of the Peruvian police," reports *Panorama*, "Delle Chiaie organized one of the most spectacular actions of *Sendero Luminoso*, the assault against Lima on May 28, 1983. In the northeast of Lima, the government is trying to convince the *campesinos* to drop drug cultivation, and, through the advice of Delle Chiaie, the narco-traffickers merged their forces with *Sendero Luminoso*. According to Bolivian police, the latest action of Delle Chiaie was the coup attempt in La Paz, when President Siles [Zuazo] was kidnapped."

*Panorama* makes reference to the joint U.S.-Peruvian coca eradication program in the Tingo María region northeast of Lima, which was canceled in August following Shining Path attacks. Tingo María is Shining Path's "second front." The joint program involved eradication of 4,000 acres of coca cultivation and aid to encourage cultivation of alternative crops. Shining Path activated a major counterorganizing drive, recruiting an estimated 2,000 people in the valley to support their "right" to grow coca. On July 4, a large band of guerrillas attacked the American AID compound. Five Americans and several dozen Peruvian workers were withdrawn and the project canceled, because the 224-man police strike force trained by the United States was unable to provide protection.

Delle Chiaie is a top operative of the Nazi International who got his start at the University of Rome in the 1960s where he founded a group named the "Nazi-Maoists." He served as "lieutenant" to Nazi Klaus Barbie (the Gestapo "butcher of Lyons," now standing trial in France for his wartime crimes) in running the cocaine trade in Bolivia, where the "cocaine generals" have tried to seize government power more than once.

Bolivian sources had warned *EIR* in 1983 that the cocaine mafias of the Andean region had set into motion plans to organize a region-wide "Indian rights" movement to facilitate

their narco-trafficking operations.

There is no doubt that Shining Path has worked out a deal with the Peruvian dope traffickers: logistical support, money, and arms in return for "protection" against government war-on-drugs operations. Interior Minister Luis Percovich stated on June 4, 1983 that intelligence agencies possessed positive proof of cooperation between cocaine traffickers and Shining Path terrorists, citing as one example Shining Path's 1983 attack on the Ayacucho jail in which the terrorists took care to release all the drug-runners first.

Intelligence experts point to the following patterns of the Shining Path-drug connection:

- Shining Path's base of operations maps precisely onto the major coca-producing area of Peru, in the south-central highlands around Ayacucho.

- Investigators have been unable to locate any outside supply routes for weapons, funds, and other logistics for the terrorists.

- The magnitude of the operation: Shining Path's ability to deploy up to 2,000 terrorists in all corners of a country in which transportation remains a critical problem, indicates a depth and sophistication in logistical capability which only the narco-traffickers possess (e.g., aircraft).

Peru is, with Colombia and Bolivia, one of the big three cocaine producers in Latin America. Its net income from cocaine production is estimated at \$6 billion annually. With a total GNP of about \$20 billion, this makes cocaine the most profitable business in the land.

Shining Path's area of strongest control, its base of operations, is precisely the prime coca-growing region of Peru: the south-central highland Department of Ayacucho, and the Valle de Alto Huallaga, which cuts through the Departments of Huanuco and San Martín. In fact, the areas of Shining Path strength have registered an abrupt increase in production, while other areas have maintained their traditional rates of production. Exemplary is Alto Huallaga, which emerged as a rapidly growing coca producer in the mid-1970s and which, by 1983, was the number-one producing region.

Shining Path's "liberated zone" in the Andean highlands, the desolate and nearly impassable terrain which separates the urban coastal region from the eastern-jungle "drug corridor," provides a tight line of defense against law enforcement actions for the drug-runners.

The Shining Path interface with narco-traffickers probably goes back to the beginnings of the terrorist-cult activities run out of the University of Huamanga. By 1964, the coca plantation of Ayacucho Senator Parodi was reportedly being used as a base for jungle survival training for Huamanga professors and students belonging to the Guzmán cult. Shining Path's first bloodletting operation in 1979 was the assassination of the police stationed along Parodi's access road. It is additionally reported that the Guzman group was collecting taxes on the drug trade moving through their zone of control outside Ayacucho in 1971.

# Death cultists with backing from abroad

by Mary Goldstein

The bodies of fifteen children were found in August 1984, their throats slit by Shining Path murderers. The mother of a mayor who refused to resign his position was tied to a chair and burned alive. Government-run experimental farms have been razed and livestock butchered as part of the terrorists' assaults against "symbols of the bourgeois state." The group carried out thousands of bombings, assassinations, and massacres over 1983 alone—nearly 300 in the capital city of Lima. Its professional-level coordination and skill have allowed it to carry out major simultaneous assaults on the power grids of Lima and other cities.

Shining Path identifies itself as a radical Maoist grouping, following the tenets of Mao Tse-Tung's Chinese Cultural Revolution and the Gang of Four. Its adherents are followers of Kampuchean radical Maoist Pol Pot, the Chinese-run fanatic whose regime, including Sorbonne-educated President Qhieu Samphan, exterminated half the population of Kampuchean in order to wipe out all traces of Western culture, including education, hospitals, teachers, and cities.

The ideology of Shining Path is Mother Earth cultism, based on the alleged superiority of the "indigenous" cultures, at one with nature and naturally "communistic." The magical death cult of the Wari culture, which preceded the Inca civilization in Peru, is part of the belief structure of Shining Path. The Wari lunar calendar, as well as the coca growing season, is used by the terrorist group for planning its guerrilla actions.

While Shining Path's range of actions has spread rapidly to include most of Peru, its base of operations remains the desolate, geographically isolated and difficult terrain of the Andean highlands in the Department of Ayacucho. The group has demonstrated an ability to move quickly and clandestinely around the rugged country—a fact which supports the belief that Shining Path has at its disposal the logistical aid of Peru's narcotics traffickers.

Operations are now spreading abroad, and new Shining Path groupings have recently formed in Colombia and Bolivia. Argentine sources report Shining Path infiltration in the north of that country. Death threats, in the name of Shining Path, were issued in August against three Argentine parliamentarians, supporters of the Argentine-Peruvian nuclear program.

Peruvian Interior Minister Luis Percovich announced on Aug. 30 that "in Spain, England, and France, propaganda pamphlets supporting the subversive Peruvian Communist Party in the Shining Path of Mariátegui are being sold. . . . We are coordinating with the Spanish police to find the people passing out these leaflets, and to establish the possible link with the subversive action in our country. . . . Evidently, it has foreign links, but we cannot establish the magnitude, nor the manner in which they work."

One good lead is the U.S.-based **Revolutionary Communist Party** and its international affiliates. The RCP was represented, together with 20 other groups including hard-core terrorists, at the London founding of the Revolutionary Internationalist Movement (RIM) in 1984. Representing Peru was the Communist Party M-L, which has acted as an above-ground arm of the Shining Path. Shining Path members also participated in a May Day march organized by the RIM in Paris this year. In the United States, the RCP has set up a Committee to Support the Revolution in Peru, which will give forums and organize speaking tours for Shining Path representatives.

West German terrorist involvement in Peru was positively established with the arrest on May 1, 1983 of Renata Herr, a member of the Red Army Fraction (Baader-Meinhof Gang) who is charged with participating in some 25 attacks in Peru since 1980. On Jan. 16, 1984, police arrested two German nationals among Shining Path terrorists captured following a shoot-out in the department of Huancavelica. The German Federal Criminal Bureau (BKA) has reportedly deployed agents to Peru to aid in the investigation.

In addition, U.S. intelligence sources report that members of the Italian Red Brigades used Peru as a safehouse after the 1978 murder of Italy's Prime Minister Aldo Moro.

In June 1983, the Peruvian government began to investigate foreign support and aid to Shining Path, following the first massive strike against Lima. President Belaunde Terry charged on June 4 that international aid and human rights organizations, foreign-financed religious congregations, and international institutions carrying out social research were fomenting and financing Shining Path's activities within Peru. Money given under the cover of "sentimental postures," he charged, is "simply to give tips to intellectualoids who, instead of building [the country], indirectly back discord and death."

Accusations were leveled against five international agencies on July 6: the Canadian Overseas Service; World University Service; International Potato Center; the Convenio por El Taller de Promoción Andino; and the Swiss government's Technical Cooperation Service. Anthropological networks were put under close scrutiny, and a number of anthropologists, Peruvian and foreign, were arrested. But this investigation was dropped almost as quickly as it began—no doubt because of outside pressures on the Peruvian government.

## Moscow's effort to smother Schiller Institute meeting

by Criton Zoakos

The Sept. 22-23 conference of the Schiller Institute in the Federal Republic of Germany was the focus of fierce attention by a certain section of NATO political and intelligence services which wished the conference not to take place. The Soviet government and Warsaw Pact services also had made it emphatically clear that they wanted the conference to be derailed or at least boycotted. A lurid story of harmonious cooperation between Soviet and certain Western services was observed and recorded during the three weeks leading up to the conference.

Though this outrageous collusion failed in its purpose, it is worth reporting and analyzing for the conclusions it leads to. Here are the bare facts:

The Schiller Institute was founded on July 4, 1984 in Arlington, Virginia, on the initiative of Mrs. Helga Zepp-LaRouche, for the primary purpose of defeating the currently unfolding scenario of "decoupling" Western Europe from the United States. Among the main proponents of this decoupling are Henry Kissinger, who presented this scenario in his March 5, 1984 *Time* magazine article, and Kissinger's business partner, Lord Peter Carrington, the secretary general of NATO. The founding conference of the Schiller Institute was attended by more than 1,200 persons in Arlington. Many of its participants and members are ranking active and retired officers from the United States as well as from West European NATO member-countries.

That July 4 development, as was to be expected, drew

special attention both from Moscow and from certain Western quarters which, under the guise of "conservative anti-communism," are concocting the unsavory dish of "decoupling." These circles sounded the alarm when they realized that the Schiller Institute was proposing to restore the spirit of alliance in the West by revitalizing the underlying, commonly shared cultural and scientific foundations which had flourished among leading republican circles in Europe and America during the decades preceding and following the American Revolution.

This basic approach to cultural/political warfare taken by Mrs. Zepp-LaRouche and her husband, Lyndon LaRouche, was virtually instantaneously recognized by Moscow as a very significant threat. Among other items, a *Neues Deutschland* article on Aug. 16, by one Fred Böttcher, an East bloc "journalist" who had infiltrated the Arlington conference, set the tone for the campaign which followed. The article stated that LaRouche had gone on U.S. television for 10 half-hour broadcasts to propagate his "ultra-right-wing ideas," including the demand that the United States expand its armaments in space.

### The administration's shift

Following the Republican Party convention in Dallas, and at the height of Henry Kissinger's efforts (with the help of Secretary of State George Shultz) to arrange a meeting between Andrei Gromyko and President Reagan, the office



of Defense Secretary Caspar Weinberger sent a letter to the Institute in which, while the secretary regretted his inability to attend in person, he communicated his good wishes and support to Mrs. Zepp-LaRouche's stated political objectives. The matter of assigning another defense department spokesman to the Schiller Institute conference was left open for subsequent consideration. Then suddenly, Robert McFarlane's National Security Council (NSC) issued a directive *prohibiting anybody associated in any capacity with the executive branch to attend the Schiller conference*. The prohibition was issued by the National Security Council Secretariat, headed by one Bob Kimmit.

Subsequently, certain known persons inside the offices of Undersecretaries of Defense Fred Ikle and Richard Perle moved with great bureaucratic aggressiveness to extirpate any sympathy toward the Schiller Institute's conference within the uniformed services. The matter acquired the aura of scandal within days. Discipline was imposed by means of Ikle's and Perle's offices invoking the "sanctity" of "civilian rule" over uniformed officers. A rude bottom line was drawn: "I don't care what you think, *nobody* goes to the Schiller conference."

Simultaneously, through channels from the NSC and the State Department, instructions were sent to Western Europe to initiate on-the-ground operations to disorganize the Schiller conference. Two such channels utilized were the United States embassy in Bonn under Ambassador Arthur Burns and the United States Information Agency in Germany. USIA official Thomas Tuch, in particular, contacted the press office of the Bonn Chancellery with urgent requests to put pressure on German nationals scheduled to speak at the Schiller conference to cancel their appearances. Simultaneously, the U.S. embassy in Bonn published and circulated a scurrilous "Wireless Bulletin, No. 106," shamelessly slandering Mr. and Mrs. LaRouche.

### **Soviet moles in Bonn**

Ironically, these Washington-ordered dirty tricks in West Germany ran hand-in-hand with a similar Moscow-ordered operation originating inside the Bonn defense ministry. This involved Gen. Dieter Genschel, who assigned one Colonel Vollert of the ministry's PSV (*Psychologische Verteidigung*) psychological-warfare section to work full time to disrupt the Schiller conference. Both General Genschel and Colonel Vollert are uniquely important, each in a very different way, in helping us understand why the National Security Council and its ancillaries back in Washington are blundering into treasonous behavior so outrageously.

General Genschel, the chief of the "get LaRouche" squad inside the West German defense ministry, is heavily suspect of being an agent of the Soviet secret services. He was born in 1934 in what is now East Germany, and he joined the West German army, the Bundeswehr, in 1956. He was promoted

to the rank of general by the Social Democratic governments of Willy Brandt and Helmut Schmidt, primarily because he helped the Social Democratic Party's (SPD) drive to transform the Bundeswehr into a politically loyal tool of the Social Democracy under the much touted program of "integration of soldiers into society." General Genschel's controller appears to be the parliamentarian Horst Jungmann of the SPD Military Committee, who gained infamy by organizing the "talks" in Schleswig-Holstein during the spring between the West German SPD and the East German Socialist Unity Party, the SED.

General Genschel's "case officer" in the get-LaRouche operation, Colonel Vollert, becomes interesting when seen in the context of the *Psychologische Verteidigung* sector to which he belongs. There appears to be a very influential current of thought within this branch of the Bundeswehr which argues, in terms almost identical to those used by the USIA and Radio Liberty official James Buckley, that the key to "destabilizing" the Soviet Union is the promotion of Dostoevsky-style Russian chauvinism and Berdyaev-style Russian Orthodox Christianity. In short, they argue in favor of promoting the "Third Rome" and *Matushka Rus* (Mother Russia) ideological revival now in full swing in the Soviet Union.

There is a third official inside the West German defense ministry who shared with Vollert the distinction of running anti-LaRouche operations as well as supporting the revival of the Third Rome ideology in the Soviet Union, namely Dr. Günther Wagenlehner, a man whose intriguing history includes a stint in a British POW camp after the war and, mysteriously, a subsequent 10-year stint in a Soviet POW camp, followed by a still unexplained release in 1955. Wagenlehner appears to be in close contact with U.S. conservative think-tanks, including the Hoover Institute, which also shape his enthusiasm for the revival of Dostoyevskian Third Rome chauvinism in the leading rungs of Soviet society today.

### **The issue of the 'Third Rome'**

A close scrutiny of these events surrounding the Schiller Institute conference, arcane though they may appear to the casual observer, reveals that both the Soviet leaders concerned with the "LaRouche phenomenon" and their oligarchical-oriented ideological interlocutors in the West are taking extremely seriously the challenge presented to them by the Schiller Institute in terms of cultural warfare. The issue of LaRouche's Third Rome analysis is pivotal in this whole affair. All the individuals and institutions in West Germany and elsewhere in Europe which became involved in the counter-organizing against the Schiller Institute conference appear to be fervent promoters of the revival of Third Rome chauvinism in the Soviet Union. In a similar way, all the U.S. individuals and institutions which exerted efforts to

derail the Schiller conference had been previously identified by this review as promoters of Third Rome Russian chauvinism as, presumably, preferable ideologically to "communist ideology." These include such Kissinger-associated individuals as Lawrence Eagleburger and the "Project Democracy" which he spawned. From the NSC and its immediate collaborators, they include Dr. John Lenczowski; Ambassador Jack Matlock, a Kissinger appointee from the Foreign Service; NSC consultant Jan Nowak; and National Security Adviser Robert McFarlane. And from other government agencies: Richard Burt and Mark Palmer of the State Department; Fred Ikle and Richard Perle of the Defense Department; James Buckley of Radio Liberty and Radio Free Europe.

We have reliable reasons to believe that the Soviet embassy made the unconditional demand to the White House that in order for the Gromyko-Reagan meeting to proceed, LaRouche's Schiller conference must be "derailed." However, more is involved in the matter than that meeting by itself.

The meeting was arranged by Kissinger and Carrington as part of a conditioning process designed to accustom President Reagan and the Reaganite constituencies to a new era of "arms control" deals which will be quite different from those of the 1969-77 period. Kissinger and Carrington preside, directly or indirectly, over a set of think-tanks and institutions which are peddling the dangerous idea that American diplomacy should facilitate the promotion of Third Rome chauvinism in Moscow. Influential analyses are being put forward which argue that the "Soviet Empire is crumbling." As evidence, they present the true fact that institutional and ideological "communism" is receding drastically in the Warsaw Pact countries. However, they cleverly edit out the additional fact that this decline of communism in the Soviet bloc is a fully integrated aspect of Soviet government policy. Indeed, as *EIR* has repeatedly argued, the decline of "communist" forms of domestic propaganda and their replacement with chauvinist, Dostoyevskian Third Rome exhortations, is the domestic component of the Soviet leadership's drive for world domination.

Should Reagan and the Reaganite constituencies be able to eventually see through this problem and should they abandon the foolish belief that the supremacy of Third Rome chauvinism over "communism" is good news for the West, then they might manage to extricate themselves from the treacherous path of "arms control" negotiations that Kissinger and Carrington are about to inaugurate with this contrived Gromyko-Reagan meeting.

Since the Schiller Institute is the best representative of the method and approach required to see through this web of "crumbling empire" deception, Gromyko had no choice but to demand that "derailment" of the Schiller conference be a precondition for his meeting with President Reagan. He is attempting to protect the assumptions upon which that meeting is occurring. The trouble is that immoral fools and traitors in the NSC are doing his work for him.

## 'Hitler-Stalin' revival

by Konstantin George

In mid-September the Soviet Union internationally distributed a Tass wire written by Tass Deputy Director Krasikov, and simultaneously, a major article in *Sovietskaya Rossiya*, the newspaper of the Russian Republic of the U.S.S.R., both praising the Aug. 23, 1939 signing of the Hitler-Stalin Pact. That pact certified the outbreak of World War II nine days later, but the Soviet publications praise the pact as "necessary" to "gain time" for the Soviet Union.

The statements and articles are timed less than two weeks before the Reagan-Gromyko summit in Washington Sept. 28, and include the current Soviet "Big Lie" that U.S. President Ronald Reagan and West German Chancellor Helmut Kohl are "neo-Hitlerites" and "Nazis." This establishes beyond any doubt that the Soviet statements are a signal to Henry Kissinger, his business partner, current NATO Secretary-General Lord Peter Carrington, and allied Western oligarchs and appeasers that the Soviet Empire is ready to "negotiate" another "Hitler-Stalin" pact, a redrawing of the East/West line of division or "New Yalta" that would incorporate all of continental Europe into the Soviet sphere.

The substance and the tone of the Tass commentary, appearing in the midst of what the Soviets themselves proclaimed in early September to be the "most dangerous period in Soviet-U.S. relations since the end of the Second World War," is ominous and menacing. Tass says pointedly that Stalin and Molotov were "compelled to sign" a non-aggression pact to "gain time" to prepare for war, and, most chilling of all, Tass emphasized that the "lessons" of that time are still "applicable" today. Tass commentator Krasikov stated that the Soviets were "not fooled by Hitler" and knew exactly what they were doing. Krasikov then quotes from the *Pravda* editorial of Sept. 15, 1939, which directly preceded and signaled the Red Army's stab in the back of Poland, reeling under the Nazi onslaught, and Soviet occupation and subsequent annexation of 40% of pre-war Poland. That editorial called for a full alert of all Soviet armed forces, "so that rapidly developing events cannot catch us unprepared."

The following Tass passages demonstrate unassailably that Russia is putting out feelers for big changes on the map: After referring to the "criminal plans of the Nazi first-strike theoreticians and practitioners," Tass cites those who today talk of "first strike," "crusade," and "way of life" (referring to the "Nazi Way of Life" then and the "American Way of Life" now), making the "case" for a "New Yalta" explicit. If anybody missed the point, it was spelled out even more explicitly in the *Sovietskaya Rossiya* article; "Do President

# presages war

Reagan and Chancellor Kohl realize that they, by stuffing Europe full of nuclear weapons and by revising the wartime and postwar agreements of the anti-Hitler coalition, are merely repeating the slogans and methods of Hitler? . . . The present wave of anti-Sovietism in the West is strongly reminiscent of the eve of World War II."

The message and the Soviet blackmail on Europe are brought to a head by *Sovietskaya Rossiya's* blunt warning that Europe "under the leadership of the United States" is being "drawn closer and closer to war." This is the Soviet ultimatum and the Gromyko-Kremlin agenda for the Sept. 28 meeting with Reagan: "Surrender Europe to Russia or face war."

Independent Democratic candidate for President of the United States, Lyndon LaRouche, after being briefed on these ominous Soviet developments, commented publicly at a Seattle, Washington press conference; "The Soviet press is reporting the Reagan-Gromyko meeting as the equivalent of a modern-day Hitler-Stalin Pact. This means that the time for war is very close." LaRouche further commented on how precarious the European situation is; "West Germany is on the verge of going under a Soviet-controlled government. It could go any time," and regarding the Soviets' aggressive posture: "We're in a strategic crisis, the Soviets have picked up these Alaska fishermen, and no contact with them has yet been reported." He delivered a warning to the American and European populations: "If the Soviets take Europe, the U.S. will become a third-rate power. . . . This crisis could mean the end of 2,000 years of Judeo-Christian civilization."

## Ogarkov promotion: 'preparing for war'

While White House policy under the influence of Henry Kissinger and the "palace guard" of James Baker III, Michael Deaver, et al., is to do nothing "anti-Soviet" until after the Reagan-Gromyko meeting, the Soviet Union is intensifying its preparations for war. It is of singular importance that the current Soviet "Hitler-Stalin" gambit was directly preceded by the promotion of Soviet Marshal and Chief of Staff, Nikolai Ogarkov, to head up the Soviet Western Theater Command, one of five theater commands created by Ogarkov's 1983 reorganization of the Soviet Order of Battle as active war preparations intensified. The Western Theater is responsible for all operations that would be undertaken on the European continent and the Mediterranean. With the promotion is maintained Ogarkov's key role overseeing the Soviet crash program for beam-weapon development and deployment,

overall deployment of anti-missile systems, and crash program for manned orbiting space stations.

This context becomes doubly significant in reviewing the "Reagan and Kohl equal Hitler" lying formulation in both the Tass commentary and the *Sovietskaya Rossiya* article, as it was then Chief of Staff Marshal Nikolai Ogarkov who, in a February 1982 essay on military doctrine titled *Vsegda v gotovnosti k zaschite otechestva* (*Always Ready to Defend the Fatherland*), was the first to label President Reagan a "Hitler" and argue that the Reagan administration was pursuing a "Hitlerian course."

Coinciding with the published Soviet defense of the Hitler-Stalin Pact, Soviet television presented a "documentary" film on the years 1938-1941, from the Munich Agreement to the "Operation Barbarossa" Nazi invasion of Russia on June 22, 1941, entitled "Fruits of the Munich Agreement." The film was narrated by Deputy Defense Minister Army General Shabanov, the man in charge of the Soviet armaments and

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*"The Soviet statements are a signal to Henry Kissinger, Lord Peter Carrington, and allied Western oligarchs and appeasers that the Soviet Empire is ready to 'negotiate' another 'Hitler-Stalin' pact, a redrawing of the East/West line of division or 'New Yalta' that would incorporate all of continental Europe into the Soviet sphere."*

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equipment program, who repeatedly drew parallels between the present situation and the days leading up to the Second World War.

As reported in the Sept. 16 newspaper of the Soviet military, *Red Star*, the film portrays "the military threat then raging in Europe [1939-1941], which reached all the way to the Soviet borders in 1941, under conditions of growing war danger," during which time the Soviet Union engaged in a "comprehensive buildup of the economic and defense might of the country." *Red Star* delivers the message for today in loud terms: "The film shows the measures taken by the Soviet state as preparations to repulse fascist aggression. Though talking of the past, the film compels us to think of the present and the future. There is again unrest in the world, egged on from across the ocean [by the United States] while the successors to the Hitlerite Nazis [the West Germans] dream of revenge. . . . We must keep our powder dry . . . and always be prepared to repulse any aggression."

# The real story of Soviet Marshal Ogarkov's 'demotion'

by Luba George

As reports of Soviet Marshal Nikolai Ogarkov's promotion to a new post are beginning to surface, the Kremlin is undoubtedly enjoying a good laugh at the expense of all those "Western experts" who have been writing the former Chief of the General Staff's political obituary.

In its Sept. 22 issue, *Jane's Defence Weekly*, a leading British military publication, writes that Ogarkov has been transferred to command the armed forces in the Western Theater, "a sudden decision, probably in the wake of an extremely important strategic national decision by the Soviet Council of Defense." (See *Documentation*, page 35.)

While most of the Western press has been filled with stories from the ubiquitous "informed sources" that Ogarkov had been demoted and that the move would signal a new "thaw" in Soviet policy toward the West, this report by *Jane's* confirms what we have been saying (see *EIR* Sept. 25, "The Ogarkov shift: the height of Soviet strategic deception?"): that Ogarkov's new assignment had to be a promotion to such a strategic-operational command post as would combine the Soviet war preparations with the drive to develop and deploy beam weapons. Ogarkov is well known as the chief military architect of the Soviet beam-weapon program. It is now absolutely clear that rumors of the Chief of Staff's demise were conscious disinformation from Soviet channels and from the Pugwash disarmament lobby in the West.

On Sept. 6, the abrupt announcement was made in Moscow that Marshal Ogarkov had been "relieved of his duties" as Chief of the General Staff, in connection with his appointment to "another post." He was replaced by Marshal Sergei Akhromeyev, the First Deputy Chief of the General Staff, who got big play in the Western press as a "tankist." This gave rise to wild press speculations that Akhromeyev represented a "Ground Forces' opposition" to Ogarkov's "hard line" and "pro-high-technology factional position" within the Soviet leadership.

The "Ogarkov demotion" lie is directly traceable to the

Pugwash movement, seekers of a strategic accommodation with the Soviet leadership that would deliver Western Europe to Soviet hegemony. Leading public figures associated with Pugwash include former U.S. Secretary of State Henry Kissinger and his business partner Lord Peter Carrington, currently NATO Secretary General. Pugwasher William Jackson, former disarmament adviser to Jimmy Carter, was in Moscow at the time of the Ogarkov transfer, and his talks with "high-ranking Soviet military leaders" were the source cited in many Western press accounts for the disinformation line on Ogarkov.

## Politburo advances Ogarkov's policies

The first weekly meeting of the Politburo after Ogarkov's transfer was held on Sept. 13, and its decisions amply refuted any notion that Ogarkov's policies had been overthrown. The Politburo announced a government resolution to implement a "crash program to develop nuclear energy" and gave directives to the State Planning Commission (Gosplan) and the Energy Ministry to take "immediate measures" to guarantee "a high technology level and adequate quantity of nuclear energy plants."

This call for a crash program to develop nuclear power was one of the key programmatic points formulated by Marshal Ogarkov in his book written while he was Chief of the General Staff. The continuing theme of Ogarkov's writings has been the need for a tightly centralized economy geared to the needs of a military buildup.

Another key plank drawn from Ogarkov's book is also now being implemented, and at an accelerated pace—namely the Soviet beam-weapon and space programs, including the drive to develop manned space stations. The latter is receiving enormous media play, since a front-page picture and article in *Izvestia* on July 27 featured the female cosmonaut Svetlana Savitskaya, as a space-age "Rosie the Riveter," up there in space helping to put together a space station using her electron beam gun. The device used by Savitskaya, writes *Izvestia*, is a "portable electro-beam device," known as the "universal hand tool."

It is by no accident that Savitskaya is the daughter of Marshal Yevgenii Savitskii, who from 1966 until his recent retirement was First Deputy Commander of the Soviet Air Defense Command, which includes the Moscow ABM system and is expected to include anti-satellite weapons capabilities. Marshal Savitskii was promoted in May 1961 by then Chief of Staff V. D. Sokolovskii, the author of the famous *Soviet Military Strategy*, the textbook on strategic doctrine and war-fighting in the nuclear age for a generation of Soviet officers. Marshal Ogarkov, trained in the Sokolovskii-Savitskii-Valintsov military tradition, restated and refined the Sokolovskii doctrine. The Soviets have been preparing for 20 years to fight a full-scale thermonuclear war, to survive it, and win it.

## 'Strategic decision' caused Ogarkov shift

We publish here excerpts from "The 'demotion' of Marshal Ogarkov: the facts," by Yousser Bodansky, published in the Sept. 22 issue of Jane's Defence Weekly.

Marshal SU N. V. Ogarkov seems to have been nominated to a central combat-operational command post in which he would actively be able to lead the Soviet armed forces, should the need arise, in the strategic military operations which he himself has refined and introduced as the primary type of war of the Soviet Union. Furthermore, there are indications that until the above happens, Marshal Ogarkov might be engaged in the formulation and writing of the new generation of Soviet Military Strategy for the rest of the century. Neither assignment can be interpreted as a "demotion." It seems that Marshal Ogarkov's reassignment has been a sudden decision, probably in the wake of an extremely important strategic national decision by the Soviet Council of Defense. . . .

### Strong leader

Since the late-70s, Marshal Ogarkov has emerged as one of the stronger leaders in the Soviet Union, if not the strongest. Therefore, his removal would require great political manoeuvring and muscle-flexing on the part of the initiating body, ostensibly Chernenko and the CPSU. However, even a brief examination of the top Soviet leadership shows that this could not have been the case.

The current situation in the Soviet military establishment further indicates a smooth transfer of power and a promotion for Marshal Ogarkov. Assuming that his removal has been politically oriented, it is inconceivable that his most loyal and trusted lieutenant, Marshal Akhromeyev, would take over his post. Since 1977, Marshal Ogarkov was the leading figure in the formulation of contemporary and future Soviet Military Science and Art of War. The magnitude and overall significance of this evolution has been considered by the Soviets to be comparable with the introduction of artillery to the Russian Army some 600 years ago. These doctrinal refinements were labelled by Marshal Ogarkov as "a Revolution in Military Affairs," and are therefore comparable to the significance of the Soviet acquisition and operational absorption of nuclear weapons. . . .

The adoption of the contemporary strategy has been followed by the most thorough post-war reorganization of the

Soviet armed forces, by the development and operational absorption of greatly refined operational art and tactics, and by the fielding of new generations of weapons systems. One of the most significant by-products of the development of the contemporary and future Soviet Military Science and Art of War has been the emergence of Marshal Ogarkov's "think tank". . . .

It is possible to define the basic circumstances surrounding the new nomination of Marshal Ogarkov: he was promoted, in line with the further pursuit of the course he had formulated. The reassignment was a result of a military-political development that called for a sudden national-strategic decision and its prompt execution. . . .

The two possible assignments for Marshal Ogarkov do not contradict each other. Most Soviet students and faculties of the military academies have emergency assignments in case of a war or a major crisis. Thus, in peacetime, Marshal Ogarkov could concentrate on the writing of his *Military Strategy*, still fully ready to become the senior representative if necessary. Since it is highly likely that Marshal SU V.I. Govorov will become the Chief Inspector, this post is not available to Marshal Ogarkov. Furthermore, there exist two other key events which ought to be taken into consideration: these are the meaning of the sudden decision, and the reason for the large-scale disinformation campaign launched by the Soviets to present Ogarkov's reassignment as a politically-oriented demotion.

### Senior command post

Marshal Ogarkov is likely to be nominated to a senior command post in the European part of the U.S.S.R., as the ultimate goal of his command is total victory against the West. In peacetime, Soviet senior commanders carry territory-related titles. Thus, TVD [theater of military operations] and front commanders, as well as their senior aides, have peacetime positions in military districts or groups of Soviet forces. . . . A senior officer in Marshal Ogarkov's position should also have a regional-related title. The Soviet war which Marshal Ogarkov will have to conduct if required to, will be fought in many TVDs and GTVDs. The overall control-management towards the attainment of the national-strategic objectives and goals will be conducted in a theatre of war. Since the main geographical direction of the Soviet attention is the West, it is safe to assume that the title of Marshal Ogarkov would be Commander-in-Chief of the Western Theatre of War. The essence of the role is that of a supreme representative of the "Stavka" [headquarters] of the Supreme High Command.

As the Commander-in-Chief of the Western Theatre of War, Marshal Ogarkov is entrusted with the actual conduct of the Soviet War. Therefore his assignment ought to be considered as a promotion and a demonstration of ultimate trust by the supreme Soviet leadership.

# France target of terror as separatists tighten ties to the 'Islamic' crazies

by Paolo Serri and Thierry Lalevée

Since late August France has been hit by a major terrorism wave. This targeting of France, just before West Germany is expected to become the next victim of terror and sabotage acts around the annual fall NATO maneuvers on its territory, coincides with the resurfacing and upgrading of "separatist" groups throughout Europe. At the root of the new terror wave is a development French and other European law enforcement agencies have feared for some time: the institutional link-up between local terrorist groups and separatist movements, Islamic "fundamentalists," and international terrorists of the Irish Republican Army and Armenian ASALA type.

French intelligence and security forces leaked to the press in mid-September that there was a general alert in France, especially at airports, given precise information in their possession that "in the next days new terrorist actions" might take place. French sources reported that a TNT-type of explosive would be used, and would be placed in brown and blue imitation-leather suitcases, produced by the "Stractic" company and labeled "made in Paris."

On cue, during the night of Sept. 17 six bombs exploded throughout Paris against religious and government centers. No one has yet claimed responsibility for a series that recalled the 1983 "blue nights" wave of explosions organized by the Corsican National Liberation Front (FNLC), but the Islamic-French Action Directe connection is under scrutiny.

In fact, since August, the Iranian Embassy in Paris has a new commercial attaché with a worrisome background: Ali Reza Mo'ayeri. He was involved in the 1979 takeover of the U.S. Embassy in Teheran as well as the bloody takeover of the Mecca shrine in the same period. In 1982 Mo'ayeri was the commander of the first contingent of Pasdaran (Revolutionary Guards) fanatics to reach Baalbek, in the Bekaa Valley in Lebanon, the initial deployment of what later become the kamikaze terrorists. A founder of the Savama, Khomeini's bloody intelligence and secret police, Mo'ayeri is known to have established new contacts with both the Corsican FNLC and the Brittany Liberation Front (FLB).

## Stepped-up arms smuggling

The type of explosive, TNT, gives another lead. During the week of Sept. 9, French intelligence and police sources

reported to the press on a major terrorist attempt which took place on Aug. 23 when Action Directe (AD) placed a car full of 23 kilos of TNT in front of the West European Union building at President Wilson Avenue in Paris. The bomb did not explode, either due to a malfunctioning detonator or because it was only meant to be a warning. Set to go off at 9:00 a.m., the bomb could have caused the worst massacre in French postwar history, possibly destroying the entire building. The explosives came from a stock of 800 kilos stolen on June 3 from the Ecaussines town of Belgium, north of Brussels.

Previously, during the last week of June, French police had broken up an Islamic arms-smuggling ring operating between Belgium and Paris, coordinated by the Iranian ambassador in Bruxelles, Hoveda. At the center of this network, which supplies both Action Directe and the Islamic fanatics, is a Paris-based Algerian fundamentalist leader working at Unesco, Rashid Bin Issa.

On Aug. 8, French police arrested five individuals in a car which just crossed the Swiss-French border in the town of Bonneville. Fifteen guns and some machineguns were found in the car. Interestingly, the driver, still known only by his first name Philippe, has been a bodyguard of the Islamic fundamentalist leader Ben Bella. According to French police this trip was part of a regular smuggling ring between Geneva and Lyon. The coordination for the smuggling was under a man named Boukhari, a close associate of Ben Bella.

Also, during the week of Sept. 9, police in eastern France arrested two German individuals from Hamburg, Martina Bick and Peter Schoenwiese, who had been living under false identities in the village of Allarmont, in the Vauges mountains area. Involved in financial crimes, the couple was reputed to be close to the RAF apparatus.

As *EIR* has documented in the past, AD has been transformed recently from a French version of the terrorist Italian Red Brigades and Autonomia groups, into a coordinating center for terrorist groups internationally, especially for the West German RAF (Red Army Fraction), the Italian Red Brigades, and Islamic groups. Sometimes AD operated as a kind of "mafia," carrying out their criminal actions on behalf of and on a contract basis for other terrorist groups.

The reactivation of terrorism in France has immediate

implications for Italy, as Prime Minister Bettino Craxi confirmed in an official paper on security and terrorism questions delivered to the Italian parliament in early September. Craxi warned against a relaxation of the fight against terrorism which still enjoys international support, above all in France. The Italian premier also exposed the close ties between traditional terrorism and the peace and environmentalist movement, and reported on at least 70 documented cases of terrorists caught disguised as "pacifists."

Since the kidnaping of American NATO General Dozier and the murder last winter of U.S. diplomat Leamon Hunt in Rome, the Italian authorities have detected a shift in the "ideological justification" for terrorist acts, toward a more direct anti-American thrust, coherent with the "peace movement." The same development was noticed by French authorities around AD in the last two months when AD announced "American imperialist" personnel and installations in Europe as their targets.

### **'The separatist international'**

This overall pattern of terrorist escalation goes together with a strong activation during the summer of "separatist" and so-called "national liberation" terrorist groups and their support apparatus. Again in France, this time in Marseille, a secret meeting of the Irish IRA, the Armenian ASALA, the Basque ETA, and the Corsican FLNC groups reportedly took place in August. This Marseille event was the secret side of a more public gathering in Pamplona and San Sebastian in Spain, the so-called "summer university," with the participation of the Corsican FLNC, the French Basque group Herri Falde, its Spanish counterpart, Herri Batasuna, the Irish Sinn Fein, as well as Armenians and Kurds of the Kurdish Democratic Party of Iran. These "summer universities" have been ongoing since 1982 as the gathering point for contacts of the "legal" branch of what the French daily *Le Figaro* has termed "the nationalist international."

In July at the University of Corte in Corsica, a seminar for the "self-determination of struggling peoples" organized by Corsican separatists, provided the cover for members of ETA, IRA, ASALA, and Kurdish groups to meet. Later in August, a "Summer Seminar of the Oppressed People" in Prades close to the Spanish border gathered the same groupings and more ethnic and separatist organizations. At the same time, Ciemen, the international separatist organization of Barcelona, held its yearly seminar at the abbey of Saint Michel de Cuxa to discuss the "linguistic problems of minorities."

At the same time, the "separatist" question was reactivated in South Tyrol (Trentino-Alto Adige) in northeastern Italy. The detonating point was the 175th anniversary in Innsbruck, Austria of the Tyrolean victory over Napoleon, celebrated on Sept. 10. At the parade of the 35,000 Tyroleans before all the Austrian authorities, a large contingent of South Tyroleans participated, who are Italian citizens. Among the delegation was a large group of so-called "Schützen" (shoot-

ers), the extremist separatist fringe, with many old and neo-Nazis among its ranks, who were responsible in the '60s for many spectacular terrorist actions against the Italian government. Many banners and leaflets with the slogan "los von Italian" (breakaway from Italy) were visible at the parade. This resulted in increased tensions between the Austrian and Italian governments.

On Sept. 11, the well-known South Tyrol leftist separatist, Alexander Langer, an associate of the German Greens and linked to Libya's Colonel Qaddafi, wrote an article for the Rome daily *La Repubblica*, under the headline "Before the Ethnic Hatred Explodes." Attacking both the Italian government and the German-speaking right-wing community, Langer claims that a "new conflict, which has been incubating for more than five years, threatens to explode in a worse way than in the '60s: then the clash was between the Tyrolean minority and the Italian government, while the next one will counterpose one local ethnic community against the other."

Other sources reported that in late July meetings were held in Barcelona between representatives from the ETA, the IRA, Action Directe, and Iranian Pasdarans. A week later, Spanish police dismantled a Pasdaran-run network in Barcelona and Madrid which was setting up a wave of assassinations. However, in early August, fundamentalists of the Al Jihad al Islami terror groups shot at the director of a Kuwait newspaper in Marbella, and the same group shot to death a Saudi engineer on Sept. 15, also wounding his friend, a Saudi oil executive.

### **French government softness**

As a result of such actions, general anti-terror alerts have been launched in France, West Germany, and Italy by police forces, often against the will of their governments. Indeed, there is no doubt that the information continuously leaked to the French press on the terrorist danger has been made public to force the hand of a government which has given the terrorists freedom of action. The new French interior minister, Pierre Joxe, known as a Marxist ideologue, lost no time last August in telling police forces that he wanted their operations severely curtailed, even ordering surveillance of individuals to be approved by him personally before being implemented—a decision which would leave France wide open to all terrorists, if actually followed.

Benefitting from such laxity, it is known that several Middle Eastern-based terrorists networks have been able to easily reach French territory in recent weeks, laying the ground for new operations aimed at Iran's enemies either in the Middle East, like Iraq, or directly against American interests. A potential link-up of these new Iranian-sponsored commandos with the sabotage actions led by the peace movement in West Germany against NATO maneuvers is not ruled out. Indeed, we have previously documented how Cologne has for years been the European headquarters of the Pasdarans under the complicity of West German Foreign Minister Hans-Dietrich Genscher.

# Soviets up pressure on Afghan issue

*Recent moves in Afghanistan betray a sense of tactical urgency vis-à-vis the Subcontinent, writes Susan Maitra from New Delhi.*

The recent bombing of Pakistani villages by Soviet-controlled Afghan jets and the subsequent deadlock of the U.N.-sponsored indirect talks between Pakistan and Afghanistan in Geneva have thrown the Afghanistan issue to the forefront of the international scene once more. The increased propaganda activity of the Soviets justifying their position, however, suggests that a sense of urgency has developed in Moscow to resolve the issue—through further negotiations or, if necessary, by force.

Successive Afghan raids into Pakistan's border areas had sealed the fate of the third round of Geneva talks before it began. Pakistan was visibly rattled, but nonetheless refused to budge from its earlier demands. Most analysts have written off the possibility of holding another round of talks, at least not before the November U.S. presidential elections.

While it is no secret that the Soviets have hardened their attitude globally and would like to find an opportunity to draw out the Reagan administration, it is not clear what triggered the Afghan jet raids into Pakistan. It is particularly baffling since Pakistan had earlier sent clear signals indicating flexibility and a willingness to meet Soviet demands. The Zia administration is, furthermore, seeking Soviet economic assistance to build up some of the country's industrial plants, and in this the Soviets have themselves shown interest.

While the collapse of the Geneva talks and a step-up of physical pressure on Pakistan through Afghanistan could create a fundamental crisis in Pakistan, it is an extremely high-risk tactic which would not in any case guarantee Moscow the gains eluding it in the subcontinent. In the first place, a Soviet push toward actual hostilities with Pakistan would bring in the United States rather immediately—as Ambassador Deane Hinton indicated recently in Islamabad, to the official protest of Soviet diplomats there. It would also terminate permanently any hope of Soviet influence in Pakistan, and would tend to profoundly alienate those other nations of the region seeking a genuinely non-aligned relationship to both superpowers—India first among them.

On the other hand, there is little doubt that with patience and persistence, the Soviet Union could get a solution in Afghanistan, even from the Zia government, so why the rush?

The reckless urgency on the part of Moscow in the subcontinent is most likely a by-product of the crisis Moscow apprehends in its global policy, inasmuch as it has been

pivoted entirely on the removal of President Ronald Reagan and the defeat of his Strategic Defense Initiative centered on the development of beam-weapon defense systems. Now, with Mr. Reagan's re-election in the cards, as even Soviet sources are said to acknowledge, Moscow is compelled to "make a mark" now, staking new claims in a bid to beat the Reagan administration into a stance of withdrawal and retreat, as in the Lebanon debacle of February of this year.

A recent incident in New Delhi demonstrates the point. When Soviet Foreign Ministry Secretary General Yuri Fokin, here for consultations on issues before the coming U.N. General Assembly, met the press and explained the Soviet concern about the militarization of the Indian Ocean, he was challenged. An Indian journalist pointed out to Fokin that it was superpower rivalry that was responsible for the problem. Fokin snapped back: "You do not expect this notion to be introduced into our thinking and approach. We are not in the Indian Ocean to match the United States' increasing presence there. I wish the Non-Aligned countries would call a spade a spade. The Soviet Union does not like to be treated on an equal footing in this matter with the United States, which has a military base in the Ocean with definite designs."

Fokin's visit is part of the Soviet Union's courting of India as its long-time friend and, more specifically, as chairman of the Non-Aligned Movement. But it indicates the Soviet urgency to rally the Non-Aligned ranks behind it on the Afghanistan issue, the Iran-Iraq war, disarmament, nuclear freeze, nonproliferation, nuclear free zones, and other issues that will figure in the agenda of the United Nations General Assembly.

In the subcontinent, the Soviets view Pakistan, Bangladesh, and Sri Lanka as political allies of the United States where, if things do not change before President Reagan is re-elected, they will face an uphill battle for influence. Furthermore, General Zia and Bangladesh's General Ershad are liable to legitimize their rule in promised elections in the coming months, further consolidating their relations with Washington.

## **The case of Pakistan**

In Pakistan, the Soviets want the military to be removed and a populist regime installed. Besides the Pakistani military's U.S. ties, the Soviets are greatly concerned by the Zia



administration's increasingly substantive ties with a newly outward-oriented China. In mid-August, a 12-member Chinese Air Force delegation visited Pakistan, just one of many such high-level military exchanges that have taken place recently.

The most powerful lever the Soviets have against Zia is Afghanistan. While Pakistan has internationalized the refugee issue and received a significant amount of arms and financial aid from Washington on this account, the refugees remain a crushing burden on Pakistan's fragile economy. In point of fact, the efforts to unite the rival rebel leaders for effective counteraction against the Soviet occupation have failed. More importantly, the increased unemployment among Pakistanis as refugees flooded into the job market, the enhanced heroin and other drug trafficking and consumption, and the general social chaos prevailing in Peshawar and neighboring areas in the Northwest Frontier Province have not helped the government one bit.

The United States has neither put any real pressure on the Kremlin nor helped Islamabad reach a settlement in its own right with the Babrak Karmal regime. Recently, the Karachi-based *Defense Journal* complained that the United States was only interested in "bleeding the Soviet Union to the last Afghan." The *Defense Journal* stated that the United States and Saudi Arabia had threatened an aid cut-off should Pakistan fail to cooperate.

The Indian press indicates that a group of Pakistani intellectuals—largely associates of the Bhutto group when Bhutto was using the socialists to gain power—are now openly attacking the Zia administration's handling of Afghanistan. Cited is an article in the Pakistani *Muslim* by Sajjad Hyder, Pakistan's one-time envoy to Moscow and New Delhi. Hyder ridicules the government's policy, stating that its response to the Afghanistan problem was to play the role of a "drumbeater" for the rights of the Afghan people both at the U.N. and the Islamic Conference. "The more Pakistan beats the drum, the more the refugees pour in," Hyder said.

Developments over the past nine months in the Pakistani exile community centered around the Pakistani People's Party (PPP) give a clue to other shifts in the country. Soon after Benazir Bhutto's departure from Pakistan and her visit to Washington and London, where she remains, the radical pro-Soviet wing of the PPP engineered a split in the overseas party against Benazir and her mother, the head of the party. The issues were Benazir's support for U.S. aid to Pakistan and her refusal to include recognition of the Karmal regime in the party platform.

It is significant that the radicals felt confident enough to move against the Bhutto women, whose name has been synonymous with the party. But now it is the pro-Soviet, ideological wing of the party that controls the grass-roots base and party apparatus in Pakistan. This, and the trump card of the two Bhutto sons, self-proclaimed revolutionaries harbored in Kabul and Tripoli, is the most likely basis for the radicals' strength.

The PPP base, and related organized networks among the provincial separatist movements in Sind and Baluchistan, orchestrated the mass movement that rocked Zia one year ago, and the Soviets would like to put these forces into action again. It may already have started. Recently two publishers, the heads of the Soviet-backed Peoples' Publishing House and Vanguard Publishers, were arrested, reports AFP, as part of an effort to abort a growing leftist propaganda drive.

## The India angle

The most cynical aspect of the Soviet game is Moscow's open incitement of India to move into Pakistan and do its dirty work, in that way obviating direct confrontation with the United States. Moscow is trying to capitalize on India's very real difficulties with Pakistan, prompting India to teach Pakistan a lesson, install a government in Islamabad that will negotiate with the Soviets without discussions beforehand with Washington, and eventually bow to the Soviet occupation of Afghanistan.

Although only Indian intelligence can document the facts, it is apparent that Pakistan was involved in some way with the Sikh insurgency in Punjab. In Kashmir also, there is a nest of Pakistani saboteurs who had become extremely active during the regime of Dr. Farooq Abdullah, the chief minister recently removed by Delhi.

Moreover, in recent weeks, a number of clashes between Pakistani and Indian troops have been reported in the Kargil and Nubra valley sectors in the Indian part of Kashmir. During the clashes a number of Pakistani soldiers were killed when the Indian army opened fire to prevent the troops from sneaking into Indian territory.

A phalanx of high Soviet officials and commentators have meanwhile been supplying *Pravda* and Tass with statements about Pakistan's alleged destabilization of the subcontinent and Pakistan's design in collusion with the United States to cut India into pieces. It is not that the Soviets want to stop the Brzezinski crowd's dirty fundamentalist separatist game on the subcontinent; they merely want to use it for their own ends, a la Iran.

The pro-Soviet mouthpieces in India are echoing everything dished out by Moscow on these matters, in an effort to garner popular support for New Delhi to take "strong measures" against Pakistan. Some of these Soviet lobby members privately confide that India should be done with it and annex Pakistan.

In the case of Bangladesh, the Soviets have a hand in the trouble fomented to dislodge General Ershad by the two bordering Indian state governments ruled by the CPI-M, the Maoist communist party. Within India, the pro-Soviet propaganda mill is churning out accusations about a Bangladesh-Chinese plot to destabilize northeast India. The Chinese angle cannot be ignored, but there is little or no evidence of any Bangladesh involvement. General Ershad himself has stated recently that Congress governments in the two border states would solve the problem.

# Behind the ETA Basque terror gang

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Part Two of Katherine Kanter's series on the cultists and linguists who built a separatist movement to destroy Spain.

*In the first article of this series (EIR, Sept. 18), the author attacked the myths deliberately fostered by press organs such as the New York Times or Washington Post, according to which the Basque separatist-terrorist organization ETA is merely the "activist" expression of perfectly legitimate political sentiments. As we showed, what is today known as ETA was, in fact, created in the late 19th century by the Carlists, who used Basque folklore, ethnology, and linguistics as a battering ram against the unity of the Spanish nation.*

*The Carlists—so-called because in the aftermath of the 1815 Congress of Vienna they supported the pretensions of Don Carlos de Bourbon-Parma against the ruling Bourbon dynasty—were responsible for three civil wars in the 19th century, by means of which the industrial and population growth of Catalonia and the Basque provinces were nearly destroyed. Behind the political actors, covered in deepest shadow, stood the self-same noble families and churchmen of these families who had unleashed the Inquisition upon Europe in the 12th century. A strikeforce was created by them in the Basque provinces, known as the Requetés, which prefigured, in their sadistic cruelty and cultish irrationality, the Nazi SS and the ETA terrorists of today. In this installment, we take up the story of the Carlist Sabino de Arana.*

*Jaungoikua eta lege zarrak.* If that sounds like gobbledygook, you are not far from the mark. In Basque, it means "God and the old laws." This was the slight but meaningful change introduced into the Carlist slogan, "God and our feudal privileges," by Sabino de Arana y Goiri, whose name today is identified with the Sabinists, an allegedly conservative faction of Basque separatists. Sabino was the author of the first published work in favor of Basque separation from the Spanish state: *Bizcaya por su Independencia* (*Vizcaya for Its Independence*); it was written in Spanish, of course; otherwise no one would have been able to read it. Among native Basques today, not more than 20% can understand or speak Basque, and less than half of those can read the language.

Sabino's concept, which many Americans might see as a form of religious fundamentalism, implies a return to the

laws of our fathers, a form of ancestor worship cunningly promoted by its author, as in the 19th century there subsisted among the rural Basque populations vestiges of pagan ancestor worship and a belief in the plurality of the heavens. Such a world outlook is intrinsically hostile to the advancement of universal truths, embodied in the concept of the nation.

Sabino de Arana was born in 1865 into a family headed by a wealthy Basque shipbuilder, who was also an arms trafficker to the Carlists. The Carlists' power base was the Basque country, and Portugal, a country which since the 15th century has served Genoese and Venetian banking interests under the most politically backward forms of government.

Sabino's entourage was, through the Benedictine order, very closely tied to the old Italian black nobility, from whom they acquired remarkable skills in cultural warfare. These skills were put to immediate use on the South American Indian populations across the Atlantic, for the Carlists were utterly intent on the overthrow of those republics.

Sabino was a deep racist, a fact which most authors dealing with this little-explored topic prudently cover with a thick layer of blotter dust. Among his pearls of ancestral wisdom: "Could we choose between a Bizcaya peopled with darkies speaking only Euskera, and Bizkainos speaking only Castillian [Spanish], we would choose the latter, it being preferable to have the Bizkayan substance, with exotic features that can be eliminated and replaced by natural ones. . . ." (From his *Complete Works*, Buenos Aires, 1900.)

"Everything which is Spanish, is darkie to us. . . . The physiognomy of the Bizkaino is intelligent and noble, that of the Spaniard, inexpressive and dull. . . . If the darkie, entering your house, steals away your sons and daughters, the former from their wholesome life, the latter for prostitution, be ye forewarned. . . . Let everything we see around us be Basque. . . ." (From his proposal for apartheid between Basque and Andalucian workers in the Basque provinces.)

The term "darkie" is used to translate Sabino's invention of the word *maketo* from the French *metèque* or *mestizo*. This he used to refer to the southern laborers who had "sullied blood," a term first coined during the Inquisition in the 13th

century to refer to the semitic racial admixture in Spain.

In 1894, Sabino created the Euzkaldun Batzokija, a center to which voting rights were granted only to those whose names were purely Basque by parents and grandparents. Its founding principles were: self-determination for the Basque provinces, the return to the pre-1839 feudal privileges, and Basque racial purity.

Out of this center, which managed several publications, including two daily newspapers, sprang the Partido Nacionalista Vasco (PNV) in 1894, which, lamentably, until this day rules the Basque provinces. Subversive activities spread out from it to such an extent that in 1895, the Madrid government attempted to shut down the center and its publications, and Sabino was thrown into jail. In 1899, the Silvela regime was driven to suspend all constitutional rights in the province of Vizcaya, a measure which the separatists no doubt ardently desired, as repression fanned the flames of their cause.

### Oligarchs reject industrialization

The Basque separatists were used by the oligarchy to counter an industrialization effort that threatened to take off at the end of the 19th century. Only two provinces in Spain had direct contact with European ideas: Catalonia, ruled by the all-powerful Benedictine Monastery of Montserrat, seat of the gnostic Holy Grail Cult, and the Basque provinces, under the sway of an alumnus of Montserrat: Ignacio de Loyola, founder of the Society of Jesus. All attempts to industrialize these provinces in collaboration with, especially, the French, met with ruthless opposition, in both "right-wing" and "left-wing" disguise.

These oligarchical forces had long understood that industrial and material progress called for great intellectual leaps by the population and an increasing investment in the quality of labor power. This they resolutely opposed, and the Carlists' policy is best exemplified by the condition of Andalusia today, where grasping landowners who have for centuries paid their laborers by the day (*Jornaleros*) leave hundreds of thousands of acres of land untilled in a starving world, while they traffic in narcotics with the Muslim fundamentalists and the Bulgarians. Mora y Aragon, Hohenlohe, de Zulueta are a few of the family names which come to mind. Andalusian, Catalan, Portuguese, and Basque oligarchs intermarry and support a truly bizarre collection of Mediterranean and American separatist movements more or less indifferently.

Partly due to pressure from British steel industries, in the halcyon days when Britain still had both steel and industries, and partly due to the healthy nationalism of leaders like Joaquim Costa who were well-versed in the American System economists such as the Careys and Friedrich List, a gigantic effort to industrialize the Basque provinces was launched in the late 19th century. The movement was led by such men as Pablo de Alzola, the arch-enemy of the separatists, whom he recognized as feudal reactionaries. He was

president of the Industrial League of Producers, an industrialist who sought to develop the country on the North American model of rising living standards for the working class.

Unfortunately, Sabino de Arana and his clique had a better grasp of psychological warfare techniques than the pro-industry faction; in particular, they readily grasped the ideological importance of language in large-scale social manipulation. To this end, in 1886 Sabino launched a series of works on the Basque language: "Basque etymologies," "An elemental grammar of Bilbaino Basque," "Basque orthography lessons," etc. What interested him was not the language as such—a duller, poorer subject could not be found—but the artificial fabrication of a difference between Basques and other Spaniards: "It is not the fact of speaking one or another language, but the difference of language, which is the *God-sent means of preserving us from contagion of the Spanish*

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*"Sabino de Arana readily grasped the ideological importance of language in large-scale social manipulation. . . . What interested him was not the language as such—a duller, poorer subject could not be found—but the artificial fabrication of a difference between Basques and other Spaniards."*

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*and of avoiding the admixture of the two races. . . . [emphasis added]."*

A differential orthography was then formed, the sole purpose of which was to look bizarrely un-Spanish—hence the words Bizkaya and Gipuzkoa instead of Vizcaya and Guipuzcoa—and the Basque provinces were to be named Euskadi, "where those of the Basque race live," instead of Provincias Vascongadas. These are the terms used today by the Etxarras and their friends.

The leading disciple of Sabino de Arana today is the historian, ethnologist, and linguist Julio Caro Baroja, a member of the Spanish Royal Academy of History and one of the founders of ETA. His works include detailed anthropological studies of the Basques, treatises such as "Basque Witchcraft," "Witches and the Inquisition," and "From Superstition to Atheism: Anthropological Meditations." Caro joined forces with the psychotic priest José Miguel de Barandiaran, to launch ETA terrorism as a witchcraft-dominated cult.

*To be continued.*

# The Kra Canal

and the

## Industrialization of Thailand

A Conference Sponsored by

The Communications Ministry of Thailand

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Executive Intelligence Review Limited Partnership, Bangkok

Oct. 31–Nov. 1, 1984

Dusit Thani Hotel Bangkok, Thailand

Wednesday, October 31

**9:00 a.m. Opening and Keynote Address**

His Excellency Minister Samak  
Sundaravej, Minister of  
Communications, Thailand

**9:45 a.m. The Economic Feasibility of the Kra Canal**

Panel Chairman:

Dr. Chitti Wacharasindhu  
Deputy Permanent Secretary of the  
Communications Ministry of Thailand

Panelists:

Dr. Nimit Nontapunthawat  
Vice-President, Chief Economist, and  
Manager, Economic and Marketing  
Research Center, Bangkok Bank

Sattaporn Tavitanun  
Deputy Secretary General of the Board  
of Investments of the Office of Prime  
Minister

Dr. Uwe Henke v. Parpart  
Director of Research, Fusion Energy  
Foundation

**2:00 p.m. Advanced Technologies for Canal Construction**

Dr. Milo Nordyke  
Lawrence Livermore Laboratories,  
California

Harry Ekizian  
T.A.M.S., New York

Pongpol Adireksarn  
Member of Parliament, Thailand

Thursday, November 1

**9:00 a.m. High-Technology Industrial Development in the Canal Zone**

Dr. Svasti Srisukh  
Former Secretary General of the Office  
of Atomic Energy for Peace, Thailand

Ramtanu Maitra  
Editor, Fusion Asia  
Douglas Headley  
Engineering specialist, Pacific  
Engineers and Constructors, Taiwan

**2:00 p.m. International Policy—Regional Development and Cooperation**

Pakdee Tanapura  
Fusion Energy Foundation, Thailand  
Representatives from the nations of  
ASEAN  
Pacifco Castro  
Deputy Foreign Minister of the  
Philippines

Admission: \$50.00

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# The Socialist-Soviet deal to wreck Africa

by Thierry Lalevée

On Sept. 17, French Foreign Minister Claude Cheysson announced that an understanding with Libya's Muammar Qaddafi had been reached, and by Sept. 25, Libyan and French troops would begin to withdraw from Chad. What is involved is not a diplomatic settlement over Chad, but a political deal with Qaddafi of the same nature as that which pushed Morocco into a suicidal political "merger" with Libya at the beginning of the month.

The breakthrough, as Paris likes to call it, was brought about by the apparatus of the Socialist International and several countries of the East bloc, including the Soviet Union. Chad is only the first country to be dealt with as part of a broader political deal between the Socialist International and Moscow.

## The Socialist International

At the core of the negotiations were two leading luminaries of the Socialist International, former Austrian Chancellor Bruno Kreisky and Greek Prime Minister Andreas Papandreou. Papandreou, who is leading his country away from NATO into the Soviet orbit, will be the first Western diplomat to visit Tripoli after the agreement—on Sept. 23-24. He will discuss not only Chad, but a "nuclear free zone" in the Mediterranean.

Similarly, Kreisky, in an interview on Sept. 18, reported that the agreement was finalized at the beginning of September while he was in Madrid, where he was visited by Mitterrand's special emissary, Roland Dumas, with a new message for Qaddafi. What Kreisky did not mention was that he was in Madrid attending a Socialist-sponsored conference on "international development" whose leading speaker was E. Primakov, of Moscow's World Economic Institute, and the Oriental Institute of the KGB. Last spring, Primakov was in the United States negotiating a deal over Asia with associates of Henry Kissinger within the administration, resulting in the cutting of military aid to the Afghan resistance movement. Kreisky also revealed that he was involved in quiet negotiations for Israel and the Soviet Union to restore diplomatic relations!

Backing up Kreisky and Papandreou was the weight of both Yugoslavia, which signed a defense cooperation treaty with Libya last August, and Bulgaria, whose technical expertise in all fields is much appreciated in Tripoli. On the

French side was "journalist" Eric Rouleau of *Le Monde*, a former member of the Egyptian Communist Party now associated with the U.S. Eastern Establishment who was in Libya for weeks, perhaps months, holding continuous private talks with Qaddafi. In the Sept. 18 *Le Monde*, Rouleau described at length the "crucial role played by quiet and secret diplomacy over months."

## The destruction of Africa

Looking at the small print on the contract signed by French Foreign Minister Claude Cheysson and Libyan Foreign Minister Ali Treiki Sept. 16 in Tripoli, there is no doubt that Chad is being sacrificed. Qaddafi's verbal commitment that Libyan troops would also leave beginning Sept. 25, provided the face-saver Paris needed. That this doesn't solve the Chad problem, with President Hissein Habre still challenged by the rebels of Goukouni Weddei backed by Libya, is no more Paris's concern.

Indeed, French politicians on the right and on the left have unanimously, cynically been saying now is "the time for Chadian reconciliation"—the more cynical in that France's neo-colonialist Cotton Chad firm has been funding a rebellion in southern Chad, to create a separate, cotton-dominated state. More than a million Chadians are now reported to be starving thanks to the civil war and to increased cotton production at the expense of agriculture.

There is little doubt that in a matter of weeks, Hissein Habre, abandoned by France, will be overthrown, and a new government will officially request that the Libyans return to provide "technical assistance." Official communiqués from Tripoli are already stressing that there were "no Libyans troops, but only technical advisors" in Chad.

Hence, Qaddafi has been given Chad, as he was given Morocco, even if the Moroccan leadership deludes itself that their decision to unite with Libya provoked Qaddafi's "outburst of moderation" over Chad. Qaddafi can be moderate in words for sometime still. Ultimately, he will get everything he wants. France will renew military contracts with Libya, including sales of Mirage jets.

Flushed with this "success," Paris now plans a new Middle East initiative which, it thinks, will receive Soviet support. Complementary to Kreisky's efforts between Jerusalem and Moscow, Mitterrand has offered to mediate between Israel's Shimon Perez and Jordan's King Hussein. The offer was presented to Hussein on Sept. 15 by French Defense Minister Hernu, just as Hussein was confirming he would go to Moscow in mid-October for an official visit. Meanwhile, messages were sent to Cairo concerning Mitterrand's July proposal for an international conference on the Mideast to be discussed at an upcoming session of the U.N. General Assembly.

Nowhere in such initiatives is the United States ever included, leaving no doubt as to the speed and extent of the process of decoupling of the Socialist International's Europe and Washington.

# The Vatican sends contrary signals

by Augustinus

Three major events since late August have sent out contrary signals from the Vatican: the injunction against the priests in the Sandinist government of Nicaragua; the condemnation of Liberation Theology; and the Boff case.

Put together, the evidence suggests that the recent, much-publicized Vatican attacks on the Theology of Liberation may have more to do with a political agreement between Henry Kissinger and the Vatican State Secretariat, than with concern for Church doctrine.

Kissinger's crowd is agitating to pull U.S. military forces out of Western Europe and send them into Central America for a "showdown" with the "communists." But, as was underlined by then Kremlin chief Andropov in an interview with the West German newsweekly *Der Spiegel* in April 1983, according to the "New Yalta" deal the Soviet Empire would get control of Europe and the Middle East, and the United States would be left with control of the Pacific, Caribbean, and Ibero-America. The Vatican's potential role in this is pointed up by the fact that almost half the world's Catholics live in Ibero-America.

With the document on the Theology of Liberation (see *EIR*, Sept. 25, p. 45), prepared by the Congregation for the Doctrine of the Faith (ex-Holy Office), the Vatican reasserted its doctrinal and hierarchic hegemony over the countless centrifugal thrusts characterizing the Church in the Ibero-American countries. The many messages of support which have arrived from all the bishops' conferences, as well as the General of the Jesuits, Father Kolvenbach, have assured this operation a good probability of success.

Shortly before the Vatican document was issued came the injunction to the Sandinist priests of Nicaragua, ending the 1981 compromise between Vatican Secretary of State Agostino Casaroli and the Managua government.

A high-level Sandinist delegation rushed to Rome to negotiate the question of priests who are also government ministers, who include: Miguel D'Escoto of the Maryknoll missionaries, foreign minister; Ernesto Cardinal, a Trappist monk, culture minister; and Fernando Cardenal, Ernesto's brother, a Jesuit and minister of education.

The delegation stayed in Rome for nearly one week, and had numerous meetings with the "Kissinger of the Vatican," Mons. Achille Silvestrini. When these talks were over, they met just once with Cardinal Casaroli. Significantly, they were *not* received by the Pope himself, who did grant an audience to the president of the Nicaraguan conference of

bishops, Bishop Pablo Antonio Vega, who informed the Pope on the atrocities committed by the Sandinists, comparable only to the previous Somoza regime.

Interviewed by journalists while en route to Canada on the fate of the priest-ministers of Nicaragua, the Pope responded, "We will act according to the procedures of canon law," which in fact prohibits members of religious orders from taking on political duties: an immovable position on the part of the Church of Rome.

The foreseeable consequences will be the suspension *a divinis* of the rebel priests, who certainly will not accept resigning from their political offices. This break with the Church will facilitate the plans of those U.S. forces plotting an armed intervention into Nicaragua.

According to well informed diplomatic sources, Monsignor Silvestrini regularly meets with CIA and State Department representatives to discuss the strategic situation. The Vatican has become a major consultant of the State Department, so much so that President Reagan asked permission from the Holy See before lifting the embargo against Poland, and the Nunzio to Washington, Mons. Pio Laghi, is in very close touch with the administration. As a quid pro quo, Laghi intervened with the Catholic hierarchy of America to end their criticisms of Reagan. This is the context of the American church's repeated attacks on the Mondale-Ferraro team.

## The Boff affair

How little doctrine may count when it comes to tightening hierarchical control in Ibero-America was signaled by the Boff affair. Boff, a Franciscan monk from near Venice and a noted Liberation Theologian, was called into the Vatican for his writing, "Church: Charisma and Power," considered dangerous to the faith.

On Sept. 7, Father Leonardo Boff was received by Cardinal Ratzinger in the Sacred Congregation for the Doctrine of the Faith to be "tried." To the general surprise he instead had a cordial talk with the cardinal. Questioned as he came out by journalists as to whether he had actually been tried, Boff smiled and calmly said, "Oh no, Ratzinger is a personal friend of mine." He added that they had discussed Liberation Theology and the Cardinal told him: "We are preparing the second document on the subject; we will treat the praiseworthy and positive aspects of that theology and will consult the bishops and also all the theologians of Ibero-America."

Boff himself said in a subsequent interview: "For certain the future of the Church is not in Rome. The Pope is intelligent, he listens carefully. The Church is thinking in centuries, in millennia. . . . The Pope is within our fundamental option, as we are in his. We are moving together toward the year 2000."

The head of the Holy Office, Cardinal Ratzinger, comes from the same ranks of "rebel" theologians as Karl Rahner, Hans Küng, and Yves Congar. During Vatican II he acted as a point man of the "innovators" group. As usual, the rebellions are the products of the Inquisition!

## **Andreotti plants a bomb under NATO**

*The foreign minister's attacks on "Pan-Germanism" are having reverberations throughout the Western alliance.*

**T**he Soviet Union received full support for its anti-German, Goebbels-like propaganda from Italian Foreign Minister Giulio Andreotti on Sept. 13, when, speaking before 2,000 Communists at the Italian Communist Party's Unità Festival in Rome, he stated that the Soviet Union is indeed justified in its fear of a new "Pan-Germanism," since the danger of Pan-Germanism does exist, and therefore Germany must remain split into two states.

The Italian ambassador in Bonn, Luigi Vittorio Ferraris, was immediately summoned into the West German foreign ministry for urgent clarifications, opening the way for a major clash within the Atlantic alliance.

"I do not want to be the public defender of the Soviet Union," said Andreotti, whose speech was often interrupted by applause. "I am not against good relations between the two Germanies. But I think that it is necessary to use a great deal of caution in these things. . . . We must recognize that 'Pan-Germanism' must be overcome. There is a risk, a temptation of 'Pan-Germanism' today. It must be defeated. There exist two German states, and two must remain!"

Andreotti was referring to the scheduled and then abruptly canceled visit of East German leader Erich Honecker to Bonn. "I think that someone, on one side or the other, attributed too much importance to this meeting. And I want to underline one point: To revive discussion of the re-

lations and the borders between states is a very serious danger—in my opinion, more serious a threat to peace than nuclear arsenals!"

In reality, Andreotti knows very well that the psychological warfare game around the announced visit of Honecker, is aimed at provoking the destabilization of the Federal Republic of Germany and the Atlantic Alliance. Accusations of "Pan-Germanism" and even "Nazi revanchism" have been launched by Soviet press and Soviet spokesmen, in the context of a war buildup against NATO countries and against Germany in particular.

The Italian minister also stated that the Soviets are right in insisting that British and French nuclear missiles be counted in arms-control negotiations. "I too believe that in defining the strategic equilibrium, one must take the British and French missiles into account. It is necessary realism, required in order to negotiate. Andropov some time ago made a realistic proposal. Why did no one take it up?"

Andreotti also had some critical remarks for NATO's Gen. Bernard Rogers, whom he accused of taking too tough an attitude toward Soviet expansionism. "As for Rogers, I think he is a good technician; better he took care of military technology rather than strategy!"

While the Andreotti scandal was exploding all over Europe, the Soviet press praised him to the skies, and *Neues Deutschland*, the organ of the

East German communist party, headlined on its front page: "Giulio Andreotti for Peace and Cooperation, for the Creation of Mutual Trust"!

Andreotti, who left immediately after his speech for Gedda, Saudi Arabia, was attacked by the president of his Christian Democratic party, Flaminio Piccoli, in an editorial in the party paper *Il Popolo*. "An intervention from the outside on the issue of unification—which sounds like eternal condemnation—is a wrong-headed suggestion made by one who does not realize that this could become the breeding ground for a real tragedy. Pan-Germanism does not exist, although Pan-Sovietism never ceased in the East." The secretary of the Italian Social Democratic Party (PSDI), Pietro Longo, stated that what Andreotti had done jeopardized the survival of the Italian government, while another PSDI leader, Luigi Preti, asked for an immediate statement by the Italian prime minister "to make clear to the government of the allied German nation that the Italian government does not share the personal opinion expressed by Andreotti, who forgot that he was our foreign minister, by damaging the credibility of Italy vis-à-vis the allies." At the same time, representatives of the German Christian Social Union party requested the resignation of Andreotti from the position of chairman of the European Union of the Christian Democrats.

Andreotti managed to find some supporters, like the secretary of Italian Christian Democracy, Ciriaco De Mita, and the leadership of the West German Social Democratic Party. And although after a meeting between the Italian foreign minister and his German counterpart (and fellow "decoupler") Hans-Dietrich Genscher, the crisis was officially "solved," yet what Andreotti has set into motion remains one of the most dangerous "mines" inside the alliance.

### East Germans reach the Rhine

*At meetings in Bonn, the Social Democrats are discussing a rapprochement with their Communist comrades from the East.*

A high-ranking delegation of the East German Socialist Unity Party (SED), led by that party's foreign policy expert, Hermann Axen, arrived in Bonn on Sept. 20 to meet the West German Social Democrats, who were represented by their top defense and disarmament spokesmen, Egon Bahr, Karsten Voigt, and Hermann Scheer.

The official agenda listed "talks about the chance to ban chemical weapons"; but the real subject of discussion was more far-reaching and ominous for the future of the Western alliance: the "rapprochement" between the socialist and communist sections of the German labor movement.

The importance attached to the discussions was shown by the fact that the SED sent Central Committee member Hermann Axen and the SPD its key operative for East-West contacts, Egon Bahr. A hint of the behind-the-scenes discussions was dropped by Bahr himself several weeks ago, in an essay published in the communist theoretical magazine *Problems of Peace and Socialism*, published in Prague under Soviet editorial control. Bahr called for "trans-European collaboration between Social Democrats, Socialists, and Communists for disarmament in Eastern and Western Europe."

This collaboration—under Moscow's watchful eye—is aimed to oust the United States from Europe and to prevent the realization of the U.S. Strategic Defense Initiative. Voigt and Scheer, who both already met the SED in East Berlin on July 2-3 and are now

doing so again in Bonn, have accused the Reagan administration of "trying to impose the Strategic Defense Initiative under thread-bare pretexts."

Another ranking member of the SPD and deputy in the European Parliament, Heidemarie Wieczorek-Zeul, claimed that "the U.S.A. is spreading a pattern of international militarization . . . which will destroy all European and socialist values, if the Europeans and socialists don't put up decisive resistance and alternatives to it."

And when the first official meeting between the SED and SPD took place in the northern German state of Schleswig-Holstein on April 27-28 (see *EIR*'s "Report from Bonn" of May 5), "far-reaching agreement was found that the U.S. Euromissiles be withdrawn, that nuclear-free zones be established in Central Europe, and that the American GIs be pulled out of Europe."

Numerous prominent SPD spokesmen have accused President Reagan of "verbal aggression against the East," but have protested only rather vaguely against the verbal aggression from Moscow directed against the alleged "rise of German revanchism."

The most dramatic public statement of the SPD-SED gameplan came from Princeton-educated Social Democrat Horst Ehmke, who addressed the East German parliament on March 10 with the following revealing remarks, regretting the altercation between the German Communists and Social Democrats during the period of Hitler's rise to power:

"As a Social Democrat, I address here in the first place the split in the German and European labor movement, without which fascism would never have succeeded in gaining influence in Europe, and Hitler never would have succeeded in gaining power in Germany. Without Hitler, Germany would never have been partitioned."

Ehmke emphasized that he regretted that the German socialist movement remained split into SPD and SED today, and indicated that the present partition of Europe into two military blocs was a result of this historic split in the socialist labor movement. In other words: Overcome this partition, and you can also overcome the partition of today's Europe.

Ehmke's speech to the East German parliament was the first official contact on the parliamentary level between the SPD and SED since 1946. Also in March, SPD leaders Hans-Jochen Vogel, Bahr, Voigt, and Scheer went to Moscow for meetings with ranking Soviet officials, then on to Leipzig and Pankow in East Germany. Vogel and Bahr met for a full five hours with SED chief Erich Honecker, while Voigt was received by Egon Krenz, the head of the SED's youth organization and Honecker's "crown prince."

Since those meetings in the spring, the rapprochement between SED and SPD has proceeded apace, including the discussions between the two parties in Schleswig-Holstein, under Bahr's direction.

On Sept. 20, the SED advanced its political influence further to the West—to the capital city of Bonn. It is time that those who are committed to preserve both the Western alliance and West German membership in it pull out their dossiers on the socialist merger across the Iron Curtain, before it is too late.



## Pax Russica in the Levant

*Austria is playing a key role in implementing NATO Secretary-General Carrington's anti-American policy.*

The Greek missile-carrying frigate Lemnos armed with Harpoon surface-to-surface missiles, "Sea Sparrow" PDMS and two ASW helicopters, sailed into the naval base of the Soviet port of Odessa in mid-September, paying a courtesy visit. The Greek ambassador to the Soviet Union was in Odessa, where he held a special dinner in honor of the Commander of the Soviet Fleet in the Black Sea, Rear Admiral Nikolai Klitny. The Soviet destroyer Krasnii Kavkaz was designated "sister ship" of the Greek frigate, officers exchanged visits, and the Soviets were given ample opportunity to examine in detail the latest NATO anti-submarine warfare equipment.

At approximately the same time, the entire government-controlled Turkish press launched a ferocious and unprecedented anti-American propaganda campaign. Reacting to a U.S. House of Representatives resolution in support of the Armenian minority, the Turkish parliament is now debating a bill to proclaim Sept. 24 "American Indian Genocide" memorial day. The Turkish government has suddenly raised numerous serious jurisdictional issues over the status of United States military facilities in Turkish territory. Turkey has now joined Greece in anti-American hysteria; Ambassador Strauss-Hupe left post haste to Washington for consultations.

As he left, two very significant visitors arrived in Greece and Turkey, respectively: Austrian President Kirchschräger to Athens and the pro-Soviet Saudi Prince Abdullah to An-

kara. The two men's message to the two NATO countries was essentially the same: We have the means by which you can construct a reliable, long-term anti-American foreign policy.

President Kirchschräger occupied the headlines for over a week, presenting to the Greek political parties, public, and government, a thoroughly worked out perspective for a long-term Austrian-Greek partnership in foreign policy, away from the United States and under the "benign" shadow of the Soviet Union.

"Austria," President Kirchschräger said, "is a nation whose leadership has understood all the dimensions of the great conflict between the two superpowers. And I must emphasize, Austria's role, in the great problem of this superpower confrontation, is becoming, in the European domain, every day more and more weighty and significant. . . . It was successful during these difficult years for the continent of Europe to maintain high rates of economic growth, to modernize its technology, and to develop a truly social policy. This leads me to the perspective of close cooperation between our two countries, not only in the domain of the common struggle for world peace, but also in the field of economic and technological cooperation. . . ."

Kirchschräger, more importantly, urged the Greek government to move fast to accept a settlement of the Cyprus crisis along the lines of a plan presented last month by U.N. General Secretary Xavier Pérez de Cuellar.

"The de Cuellar Plan," Kirchschräger said, "was authored in Vienna and was given to de Cuellar by his predecessor, Kurt Waldheim."

In fact, it was Lord Carrington, secretary-general of NATO, who first prompted Waldheim to develop the plan. When de Cuellar received it from Waldheim, he proceeded to Moscow to get approval. After obtaining the Russian "yes," he went to Turkey, Cyprus, and Greece, and, with pressures from Carrington's NATO and Moscow, he rammed it down the throats of all parties concerned.

Right now, the Vienna-authored plan is in its last stages of negotiation between Greek Cypriot President Kyprianou and Turkish Cypriot leader Denktash at United Nations headquarters in New York. This deal is the basis upon which not only Greece but also Turkey become bastions of anti-Americanism as Lord Carrington had envisaged. Its final approval will inaugurate a new era in the Eastern Mediterranean which can best be described as "Pax Russica." A similar satrapy-like arrangement is in its advanced stages in the Gulf, involving Kuwait's recent tilt toward the Soviet Union and Saudi Arabia's preparations in the same direction; and in the Maghreb involving the "union" of Morocco and Libya; and in Chad involving the latest French-Libyan deal there.

Kirchschräger's Austria is acting on the world arena as a special diplomatic capability of Lord Carrington's plan to create a new set of satrapies and satrapy-like relations which will facilitate the administration of Russian hegemony in those parts of the world where the Ottoman and the Austro-Hungarian Empires once ruled.

Papandreou's Greece has just been recruited to this "Great Game." The frigate Lemnos went to Odessa to commemorate the occasion.

## *Svenska Dagbladet* shows its colors

*Why one of Sweden's leading newspapers is joining the East German press in attacks against the Schiller Institute.*

The Schiller Institute's campaign to strengthen the Western alliance has not only drawn blood from those in NATO countries who want to decouple Europe from the United States. The "conservative" daily *Svenska Dagbladet* in the neutral country of Sweden is apparently also upset by the formation of the new institute. "The Schiller Institute," said the paper in a Sept. 9 front-page attack, "views the Soviet Union as an aggressive, expansive state which has to be stopped by a stronger defense and closer Swedish relations with the Western alliance."

Since when is a stronger defense against Soviet expansion a crime in the eyes of Swedish conservatives? Judging from the broad-based support that organizers for the Schiller Institute have found within these layers, it clearly is not. In recent weeks, the campaign for Sweden to join the Western alliance, co-sponsored by the Institute and the European Labor Party, has found conservatives and Social Democrats alike fed up with Prime Minister Olof Palme's policy of appeasing Russia, as well as with the soft opposition to Palme by the conservatives in Sweden's Moderate Party.

What seems to have upset this press mouthpiece of the Swedish oligarchy is that the campaign for closer Swedish relations with the West threatens to wreck the policy for a neutral but well-armed Sweden, co-existent with what is seen as the stronger superpower, the Soviet Union.

The article, titled "ELP: Sect with Hard Discipline," includes a large front-page picture of a European Labor Party campaign placard, comparing Sweden in 1984 with Finland in 1939, when that neutral country was assaulted by the Red Army.

Perhaps it is the growing recognition among the Swedish population that neutrality may not save them from Soviet attack—catalyzed by the campaign for closer relations to the West—that caused *Svenska Dagbladet* to mimic the editorial position of *Neues Deutschland*, the official outlet of the East German ruling party. The East German paper on Aug. 16 denounced the Schiller Institute as "right-wing."

The Swedish daily's affinity to *Neues Deutschland*, however, may be more profound. Last June, the Swedish paper praised Palme's spectacular visit to East Germany, when in the middle of the largest Soviet military maneuvers in East Germany since the war, "peacenik Palme" arrived at the Peenemünde military airbase. *Svenska Dagbladet* not only covered the visit, but its editor-in-chief, Ola Gummesson, was granted an exclusive interview with East German party chief Erich Honecker. Honecker liked the interview so much that he had the text reprinted in *Neues Deutschland*!

The Palme visit to East Germany had followed by just two weeks Swedish Defense Minister Anders Thunborg's trip to East Germany, a visit Thunborg described as designed to

"further develop the cooperation between the two states and their armies."

Exactly what kind of army cooperation Thunborg was speaking of has never been elaborated. It is known that Honecker's masters in Moscow have demanded that Sweden prove its capability to shoot down Western cruise missiles passing through Swedish air space on their way to Eastern targets. And it was Thunborg who, in the fall of 1983, announced that tests designed to demonstrate such a Swedish capability had been concluded. The announcement was favorably greeted by Radio Moscow.

As early as a September 1982 speaking engagement in Stockholm, Kremlin leader and Palme Commission member Georgii Arbatov stated that "Sweden must pursue a more active policy of neutrality," a code-word for Swedish acquiescence to Soviet demands. Hosting Arbatov was the "*Svenska Dagbladet* Executive Club."

Returning evil for good, the paper of the Soviet Journalists' Association, *Za Rubezhom*, in a recent issue charged Sweden's meek Moderate Party with "proposing that Sweden should abandon its neutrality" in favor of "a mutual assistance treaty with NATO," and adding the fallacious statement that "in its propagandistic fervor, *Svenska Dagbladet* is particularly outstanding . . . [its] anti-Soviet baiting sometimes exceeds the limits of all even elementary decency."

These charges are not to be read literally, but are Moscow's way of communicating that its assets will be held accountable for any deviation within their ranks. While providing the Moderates and *Svenska Dagbladet* with an anti-Soviet cover, the Soviets are communicating that unless the Schiller Institute campaign is thwarted, the deal that Palme and the oligarchy imagine to be on with Moscow might be suddenly called off.

## Nuremberg Tribunal against the PAN

*U.S. Ambassador Gavin's blatant defense of the Nazi PAN is clearly worse than "imprudent."*

**O**n Sept. 6, shortly after U.S. Ambassador John Gavin visited the northern state of Sonora and flaunted a conspiratorial meeting with the leaders of the PAN (National Action Party) and the Catholic hierarchy, an anti-fascist tribunal was formed in the state which declared the PAN to be a Nazi-fascist entity, subject to the Nuremberg Code.

The tribunal came out of a meeting called in the Sonora capital of Ciudad Obregón by the well-known local journalist Mario Vázquez Jiménez. A large group of citizens met at the City Library, where, after reviewing the documented charges of the Mexican Labor Party, they concluded that "whereas the proposals and program of the PAN are openly Nazi-fascist, they must be judged in the same way as the Nazis were after the Second World War. PAN exponents such as J. A. Conchello, Carlos Amaya Rivera, Adalberto Rosas, M. J. Clouthier and others know, or ought to know, that they are involved in a genocidal project against Latin America.

"We as patriotic citizens have come together to constitute an Anti-Fascist Popular Tribunal which would judge the PAN under the same criteria as the Nuremberg Code, not only for betraying the country but for crimes against humanity."

The tribunal pledged to mobilize nationally and hold hearings in every state of Mexico. It also vowed to send an energetic protest to the U.S. Republican Party for having embraced the fascist cause of the PAN, some of whose leaders were invited guests at

the Dallas convention. Instead, the tribunal proposed to promote a true U.S.-Mexican alliance, like that of Lincoln and Juárez.

The Nuremberg Tribunal's proof that the PAN is Nazi makes Ambassador Gavin's situation more untenable than ever. As this column has documented, Gavin flouted Mexican law by plotting the outcome of the 1985 election with the PAN and the clergy in Sonora. He went from there to the border city of Tijuana, where he threw out a string of legalistic arguments to defend the PAN from charges of being foreign controlled. According to the newspaper *El Universal* of Sept. 1, Gavin sneered, "What do they [the ruling PRI party] say about the presence of PRI representatives at the convention of the Democratic Party—nothing, right?"

"And what do they say about the presence of the Mexican ambassador to the United States, [my friend] Jorge Espinoza de los Reyes, at the convention of the Republicans? Also nothing, right? I understand that Espinoza de los Reyes attended as a representative of the Mexican government, but also as a PRI official. I call that half-truths. The PRI should tell the people the whole truth, since it could fall into the trap of being practically like the Nazis, i.e., telling a lie thousands of times to make it finally seem like the truth."

Gavin's crude provocations dumbfounded not only the PRI leaders, but the government as a whole, already stunned by the breakdown of

relations since Kissinger took over White House foreign policy. However, most of the opposition parties, except obviously the PAN, support the statement by PRI president Lugo Verduzco, who said, "The PRI firmly rejects any intervention in our country's politics by ambassadors accredited before the Mexican government.

"Some of Ambassador Gavin's declarations have been imprudent. I am convinced that the ambassador does not yet understand the idiosyncrasy of the Mexican people and our profound nationalistic feelings and our respect for other countries. . . . I have the impression that the ambassador does not know our political system sufficiently as a product of our historical experience and our own national reality," Lugo Verduzco said.

Incidentally, Gavin is exposing himself to the application of Article 33, which expels foreigners who interfere in Mexican politics.

The same risk is run by the U.S. embassy's military attaché, General Beul, who took part with Gavin in the conspiratorial talks with the clergy and the Nazi PAN. Beul told a Ciudad Obregón reporter that Mexico's problem is the PRI government. "Mexico should change its laws on foreign investment," he said. After attacking two ex-Presidents for having "plunged Mexico into crisis," he said that he disagrees with the foreign policy of President de La Madrid, "because it harms the interests of the U.S.A." "The best policy for Latin America is the one Kissinger is proposing, especially for Central America. . . . This is the only solution."

Beul broke U.S. law as well, by slandering independent U.S. presidential candidate Lyndon LaRouche, whom he had the nerve to call a "Nazi, a radical who wants to throw everybody in the United States in jail. . . . He is crazy."

# International Intelligence

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## ***Soviets developing beams for 20 years***

The London *Times* has once again editorially endorsed the U.S. beam weapons program, warning against letting the Strategic Defense Initiative become the subject of space disarmament talks while "the Soviet research program has proceeded unchecked . . . since well before the 1972 U.S.-Soviet Anti-Ballistic Missile Treaty."

"It is hardly surprising," says the Sept. 19 editorial, "that the Soviet authorities reacted negatively to the Reagan announcement [for the U.S. to develop defensive weaponry] in view of the fact that Soviet scientists have been working on the possibilities of beam weapons for nearly 20 years."

"Marshal Sokolovskii discussed an 'anti-rocket screening system' in a book in 1962 and by 1971 the Lebedev Institute in Moscow had succeeded in generating 300 billion watt pulses from a high energy laser, the kind of intensive power which, to judge from all other frontiers of Soviet scientific research, would be initially pursued and evaluated for military usage."

In 1982 a Soviet battleship fitted with a high-energy laser shot down a pilotless aircraft, while American intelligence has evidence that Soviet lasers have been used successfully to bring down incoming missiles. There is a military thrust behind all Soviet developments in high temperature physics."

The *Times* editorial also cites a recent Rand Corporation report which says that Soviet researchers have managed to invalidate the theoretical limits on the control of high temperature set by Western scientists.

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## ***Seaga makes drugs part of official economy***

Jamaican Prime Minister Edward Seaga, the man Kissinger Associates president Lawrence Eagleburger called a true champion of democracy (*EIR*, Sept. 25, 1984, p. 38), officially incorporated the proceeds of

the drug trade into Jamaica's legal economy the third week in September. He announced he was instituting a tax on the major drug dealers, and admitted that his revenue service has already sent tax bills to 28 known smugglers.

Although Seaga couched his proposal in anti-drug rhetoric, most observers recognize that this is simply another move toward legalizing the "world's biggest business." As one of Jamaica's opposition parties noted, a true attempt to wipe out the drug trade would require confiscating the drug dealers' assets, not taxing their proceeds.

In his first official act upon becoming prime minister in 1980, Seaga—with the blessings of the International Monetary Fund—ordered Jamaican banks to accept deposits from drug dealers "no questions asked."

Seaga is also involved in discussions to receive proceeds from a slush fund put together at the initiative of former National Security Council head Richard Allen to "promote democracy."

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## ***Pope demands cultural war on euthanasia***

In a statement made in early September, Pope John Paul II asked for a total commitment of all the international organizations, the mass media, and single individuals, against the Nazi-modeled euthanasia movement, because "further delays and negligence could be translated into the suppression of an incalculable number of human lives, and in a further and serious degradation to ever more inhuman levels of all of society and human cohabitation."

Referring to the dominant culture which tends to accept euthanasia, the Pope said, "The believer must acquire ever greater awareness of the intangibility of every innocent human life and give proof of inflexible firmness in the face of the pressures and suggestions of the environment and the dominant culture, by showing decision in opposing every attempt to legalize euthan-

asia, just as in pursuing the struggle against abortion."

The Pope stressed the importance of this cultural battle: "In such a social-cultural context it is more than a simple condemnation of euthanasia, or the simple attempt to impede the path to an eventual spreading of it and its successive legalization. The fundamental problem is above all how to succeed in helping the men of our time to become aware of the inhumanity of certain aspects of the dominant culture, and to discover the more precious values which are obfuscated by it."

The Pope's declaration came in response to a conference on "The Value of Life" at Rome's Catholic University, where Prof. Adriano Bausola had sounded the alarm that euthanasia has now become "entertainment," referring to the case of German Dr. Julius Hackethal, whose "mercy killing" of a patient was broadcast on television in West Germany, France, and Italy.

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## ***Soviet-run terrorists hit Japan's party headquarters***

Terrorists carried out a flame-thrower attack on the headquarters of the Japanese ruling Liberal Democratic Party Sept. 19, heavily damaging the party headquarters and wounding one.

Two different groups have claimed responsibility for the firebombing: A group unknown to the police called Save the Nation and another group that has recently claimed credit for firebombing Tokyo's Narita Airport called the Middle Core Revolutionary Army. The terrorist groups in Japan are for the most part either Soviet-controlled "greenies" or North Koreans.

The attack appears to be in reaction to two diplomatic visits in September which will help Japan to resist Soviet expansionist pressures. One was the Sept. 6-8 trip of South Korean president Chun Doo Hwan, around which the Japanese carried out one of the

biggest security mobilizations in history against the threats of terrorism from North Korea, the South Korean opposition, and empire-extremists in Japan. The Chun trip to Tokyo has consolidated a positive economic and strategic partnership between these two major countries in Northeast Asia against Soviet expansionism.

The other event was independent Democratic presidential candidate Lyndon LaRouche's trip to Japan in the second week of September. LaRouche urged Japan to embark on beam-weapon defense development and to take a bigger and more independent role in the development of Asia.

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### **Mexican governor vows to stop pushers**

"I will sweep out this garbage, even if that means facing the bullets and the machine guns," the governor of Sonora, Mexico, Dr. Samuel Ocaña, told a group of his constituents Oct. 15, in explaining his vow to drive the drug dealers operating in the state out.

He told the gathering he needed their help.

"Some of us could fall, but not all of us will fall. I know it is dangerous, but a united people is strong and we will no longer allow Sonora to be destroyed by these criminals. . . ."

He explained that the only way Sonora would remain standing was for "1,700,000 Sonora citizens to take care of this state and to help me sweep out the garbage. . . . This means drug trafficking; it means combatting the filth through the attorney general of the Republic, the army, and the judicial police of the state."

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### **Iranian publication exposes 30-year lie**

A new book, published in Farsi and written by a former member of various governments under the Shah, has exposed the lie that Kermit Roosevelt and the CIA were responsible

for the overthrow of the Mohammad Mossadegh government in Iran in 1953.

As permanent undersecretary at the foreign ministry of Iran from 1952 to 1954, His Excellency Abdul Hossein Meftah states that the events during the three fateful days in August 1953 which saw the departure and subsequent return of the Shah to Iran were instigated by the two most influential ayatollahs of that time, namely Ayatollah Brudjerdi and Ayatollah Kashani.

In the book, *Truth Has No Colour*, the writer claims that in his capacity at the foreign ministry he had tried several times to warn Mossadegh of the destructive consequences of policies which were directed by Tudeh (Communist) Party members within his government working within the Jebbe Melli (National) Party.

In exasperation, he visited Ayatollah Brudjerdi in Qom with His Excellency Abdullah Entezam (who subsequently became foreign minister in General Zahedi's cabinet). Together they stated their case that Tudeh policies were overwhelming the government and that if the mosques were not mobilized against Mossadegh's government, the Tudeh elements would be successful in creating a revolutionary situation in which the monarchy would lose Iran to communism.

Convinced by the argument put forth, Brudjerdi agreed to mobilize the vast mullah network and ordered the start of mass movements which eventually resulted in the overthrow of Mossadegh's government.

Although the CIA was running a parallel operation against Mossadegh, its efforts were not the cause of the mass pro-Shah movement. It seems that Mohammad Reza Pahlevi was never allowed to be made aware of the real situation and always believed that he owed his throne to Kermit Roosevelt's activities.

A spokesman for the author explained to *EIR* the motivation for the release of the book at this time: "It is hoped that Reza Pahlevi, the present heir to the Iranian throne and future Shah, will not allow himself to be hoodwinked in the same fashion by believing the Henry Kissinger crowd who at present have him distanced from his people."

## Briefly

● **HUNDREDS** of women from across Europe are gathering Sept. 22 to mark the third anniversary of the Greenham Common peace camp. Organizers for the peacefest estimate it will be the biggest protest ever against U.S. Cruise missiles.

● **LYNDON LAROUCHE**, in a Sept. 21 press release on the occasion of the opening of the conference of the Schiller Institute in West Germany, reported that institute founder Helga Zepp-LaRouche's "message is that the Americans and Germans must rediscover their spiritual affinities in the shared traditions of Franklin's American Revolution, and found a restoration of the U.S.-Germany alliance upon no lesser shared commitment than that deeply personal spiritual affinity. Together, Germans and Americans must join to spark a revival of what Franklin and the American Revolution meant during the 18th century. . . ."

● **A PENTAGON** advisory committee of 15 persons is trying to torpedo U.S.-Japan cooperation on beam defense by arguing that the United States should cooperate with Japan only for the purposes of containing Japan's defense-technology advances, the *Christian Science Monitor* reported Sept. 10 issue. The method of containment recommended is to force Japan to "share" its military technology.

● **BRITISHMPs** on the floor of the House of Commons in late August endorsed the terrorist Muslim Brotherhood in attempting to dismember India. The Indian Muslim Federation, which is funded by the Brotherhood and Libya's Qaddafi, complained to the MPs that the Indira Gandhi government was committing genocide against Muslims. Replied Labourite Martin: "The problem faced by Indian Muslims is like that faced by the Jews in Germany or blacks in South Africa. Anything we can do to help you in your problem, we will do."

## Mondale-Gromyko meeting seeks U.S. backdown on SDI

by Kathleen Klenetsky

Speaking at a Rio de Janeiro press conference Sept. 19, Henry Kissinger informed reporters that he believes the United States and the Soviet Union will start “serious negotiations” after or even before the American presidential elections. Asked to comment on the significance of the Sept. 28 meeting between President Reagan and Soviet Foreign Minister Andrei Gromyko, Kissinger replied: “I think it is very likely that at least after our election, and maybe before then, serious negotiations between the United States and the Soviet Union will start. Both sides have important reasons to do it.”

Kissinger had every reason to gloat. Just a few days earlier, Walter Mondale had announced that he, too, would be conferring with Gromyko in New York Sept. 27. That highly unusual meeting had been arranged, *EIR* has learned, by two prominent Kissinger associates, David Aaron and Dr. Barry Carter. Both men worked closely with Kissinger at the National Security Council in the early 1970s, specifically assisting him in selling U.S. national security down the river via the SALT I and ABM treaties; and both now occupy leading positions in the Mondale campaign apparatus.

### Kissinger, Mondale, and Gromyko

By helping to set up the Mondale-Gromyko tête-à-tête, Aaron and Carter were simply playing their assigned roles in a scenario authored by Kissinger. Acting on behalf of the American Eastern Establishment and its Western European counterparts, Kissinger is helping to negotiate a so-called New Yalta deal with the Kremlin to wreck the U.S. beam-defense program—termed the Strategic Defense Initiative by the administration and “Star Wars” by its detractors. The Mondale-Gromyko meeting is part of that.

According to the “New Yalta” advocates, the Reagan-Gromyko meeting is supposed to serve as the occasion on which Reagan will agree to significant concessions on the SDI, supposedly in exchange for some vague Soviet promise to reopen the stalled START and INF talks. Reagan is being urged to give up the SDI—the only military system with the potential for deterring a Soviet nuclear strike against the United States and/or its allies—by his political advisers, led by the treacherous White House Chief of Staff James Baker III, who are claiming that it will help the President politically.

There are myriad signs that such a deal is in place. In a recent interview with the *Christian Science Monitor*, chief U.S. arms negotiator Edward Rowny said it is possible that the United States, having demonstrated the feasibility of missile defense, might agree not to deploy beam-weapons, in exchange for reductions in the Soviet Union’s large and accurate ICBMs.

In his Sept. 13 column, William Safire also suggested that the administration is preparing to give away the SDI. Safire writes that Gromyko will focus on getting concessions on the SDI from Reagan—specifically, an agreement that the U.S. won’t proceed with the space-defense program—as a precondition for reopening the stalled START and INF talks.

Safire says that while Reagan has “wisely refused till now” to agree to such preconditions, “Mr. Reagan has recently hinted that pre-election picture-posing would be accompanied by the kind of disguised precondition that Mr. Gromyko could triumphantly brandish before Politburo friends and foes. Watch for weasel phrases like ‘in the context of’ or ‘in the expectation that.’ They will mean that we are halting our defense initiative in return for the pleasure of Soviet

company at the table, something we said we would not do. . . .”

A similar story is coming from the Brookings Institution—home base of Kissinger clone Helmut Sonnenfeldt. In a discussion with a reporter today, Brookings director of foreign policy John Steinbruner reported that it was “inherently possible” that the Gromyko-Reagan meeting would produce “some sort of limited breakthrough in the area of weapons in space. Reagan should agree to a temporary ban on U.S. ASAT testing,” said Steinbruner, who is close to the Mondale camp and frequently meets with Soviet emissaries to the U.S. thinktank circuit.

## Subverting the SDI

Although Mondale has issued solemn assurances that his upcoming tête-à-tête with Gromyko does not represent “meddling” or “interference” with the administration’s meetings with the foreign minister, that is patent nonsense.

The Soviets deliberately set up the Mondale-Gromyko meeting to increase political pressure on Reagan to negotiate away the U.S. missile-defense program. Indeed, within hours of the announcement of his meeting with the Soviet foreign minister, Fritz took to the stump with renewed assaults on “Star Wars.” In a speech to a Sept. 17 gathering of 100 American Jewish leaders, Mondale declared that he intends to “make war and peace a major issue” during the final weeks of the campaign, and pledged to stop Reagan’s anti-missile beam defense program even before it gets started.

“Four years of Ronald Reagan has made this world more dangerous,” intoned Mondale. “Four more years will take us closer to the brink. No wonder the globe has the jitters. U.S.-Soviet relations have not been this tense since the Cuban missile crisis.”

Mondale accused Reagan of being “obviously hell-bent to get started” with an anti-satellite program. . . . We can stop this trillion-dollar madness before it impoverishes us and moves us toward the final disaster.” Fritz promised his audience that, if elected, he will put arms control talks at the head of his foreign policy agenda, and impose a temporary moratorium on testing anti-satellite weapons in space—ostensibly to “lure” Soviet negotiators to the bargaining table.

Significantly, Mondale’s Sept. 17 remarks bore a remarkable similarity to an “Open Letter to American Jews” issued by the Soviet Novosti News Agency in November 1983. Nominally written by 50 Soviet Jews, it called on “influential circles of American Jews” to stop the SDI.

Two days later, Mondale told a rally at the University of Southern California that Reagan is “risking a headlong anti-satellite race” with the Soviets. “It’s clear what Mr. Reagan is up to,” Mondale asserted. “He is risking a headlong anti-satellite race with the Soviets—even though we’re more dependent on our satellites than they are on theirs. He’s lax about Soviet compliance with the ABM Treaty—because he intends to tear it up. He intends to commit America to a Star

Wars scheme . . . a full-scale, \$1 trillion effort with no scientific basis for it.

“That will create a dangerous new defensive arms race,” he ranted. “It will destabilize the globe. It will divide us from our allies. . . . It will put crisis on a hair trigger.”

Mondale cited a litany of what he called “needless baggage” Reagan will bring to his session with Gromyko, charging that the President has “opposed every arms control agreement that every President of both political parties has ever reached,” and has “virtually abandoned efforts to stop the spread of nuclear weapons around the globe.”

“On Nov. 6,” Mondale solemnly concluded, “we face a fateful choice. If Mr. Reagan is reelected, the arms race on Earth will be extended into the heavens.”

## ‘I’m no agent!’

Aside from inducing in Reagan a false sense of euphoria over the Soviets’ apparent newfound willingness to negotiate, the Kremlin wants to get specific results from the Gromyko-Reagan talks.

One key goal is to wring an agreement from the President to delay tests of the U.S. anti-satellite weapon scheduled for this fall, as a precondition for resuming American-Russian arms talks. If that doesn’t pan out, the Kremlin plans to set its American assets—including most emphatically Walter Mondale—yammering about how the “failure” of the Gromyko-Reagan talks “proves” that the President isn’t “sincere” about reaching an agreement with the Soviets.

This scenario is now circulating widely among Washington “insiders.” Syndicated columnist Joseph Kraft, a long-standing member of the New York Council of Foreign Relations and a regular mouthpiece for Henry Kissinger, wrote Sept. 11 that should the Reagan-Gromyko meeting fail to produce results, “arms control would emerge as a live issue in what has so far been a dead campaign.” Mondale’s proposal to impose a six-month moratorium on weapons in space, including ASAT testing, would begin to “look like a real starter.”

Judging from past performance—notably, the May 1983 meeting in Minneapolis where KGB agents handed out marching orders to Mondale and his advisers to conduct an anti-beam weapons crusade—Fritz will emerge from his conference with Gromyko with a new round of attacks on Reagan and the SDI. Mondale has publicly stated that the main aim of his discussion with Gromyko is to “stress the importance of resuming serious and businesslike negotiations between the United States and the Soviet Union to ease tensions and halt the nuclear arms race.”

So much for Mondale’s pious protestations that he isn’t concerned Moscow will try to “use” him or play him off against Reagan. “They won’t be able to use me,” Fritz told CBS-TV. “I’m tough and I know what I’m doing.”

Neville Chamberlain said much the same thing as he left for his meeting with Adolf Hitler in Munich.

# Greenies join KGB's 'peace movement'

by Nancy Spannaus

Over one hundred environmental and arms-control groups have agreed to a common course of action "to influence national security policy over the next two years," announced spokesmen for the Second Biennial Conference on the Fate of the Earth on September 19. The conference, which will take place in Washington, D.C. for five days, not only concerns national security—it is a danger to the security of the United States itself!

Speakers at the conference include such pro-Moscow individuals as a leader of the KGB-supported Green Party of West Germany; Khomeini and terrorist supporter Richard Falk; Physicians for Social Responsibility leader Helen Caldicott; and prominent spokesmen for the Club of Rome-linked depopulation lobby, including Lester Brown of the Worldwatch Institute and Marshall Green of the Population Crisis Committee. The conference's platform, which was worked out primarily by the supporters of genocide at the Global Tomorrow Coalition, amounts to a program for destruction of the entire non-Soviet world through the nuclear freeze and "population control."

Soviet representatives were invited—but have so far not found it necessary to show up.

## Bertrand Russell's program

The preamble to the Policy and Action Statement for the conference outlines the premises of this Soviet-backed program—premises that come explicitly from international socialists Bertrand Russell and Aurelio Peccei. The program points adopt virtually word for word the Soviet propaganda for U.S. military and economic surrender.

The Preamble begins with a bow to Bertrand Russell, the British author of the Pugwash movement which used the theme of "disarmament" to advance the cause of depopulation and destruction of the nation state.

"In 1955, ten years after the first nuclear bombs killed a quarter of a million people in Hiroshima and Nagasaki, Albert Einstein and Bertrand Russell, along with seven other Nobel laureates, urged the people of the world to recognize that nuclear weapons threatened the continued existence of humankind and to renounce these weapons forever: 'We ap-

peal, as human beings, to human beings: Remember your humanity and forget the rest. If you can do so, the way lies open to a new paradise; if you cannot, there lies before you the risk of universal death.'"

The document goes on to the second part of Russell's program—destruction of the non-white populations of the earth, and of the technologies that sustain them. "If our expanding multitudes continue pursuing economic growth without a concomitant regard for environmental sustainability, we may all soon have to cope with large-scale food shortages, pollution disasters, severe climate perturbations, and social instability."

To underline the point, the conference Preamble quotes the late Aurelio Peccei, founder of the Club of Rome. Peccei is quoted saying that "violent conflict" must be stopped "in the relationship between human society and nature." In translation, this means that mankind must stop technological progress—the only means for preventing mass destruction of the world's population.

There is no question but that the backers of this conference hope to implement the legislative program which follows from these goals. Numerous representatives of the Mondale wing of the Democratic party are participating in the conference—including former Sen. George McGovern, fresh from his visit in Moscow, Sen. Ted Kennedy, California Rep. George Brown, and others.

Like Mondale, these individuals adopt the Soviet propaganda about how nuclear war will cause a "Nuclear Winter" and make their major push against the one strategy that can end nuclear MADness—strategic defense. On the economic side, their program is strictly derived from the fraudulent *Global 2000* of the Carter administration, which demands that mankind deal with shortages of resources by reducing its technological means of providing new resources, and killing people so there will be less mouths to feed.

The first section of the program is entitled "Restoring Rationality to National Security" and begins with the following two policy goals:

- 1) Eliminate all strategies for limited nuclear war, and replace them with "non-nuclear, purely defensive deterrents."
- 2) Eliminate all weapons that would defend against nuclear warheads, including "space-based particle beam weapons."

From there, the program proceeds progressively to total disarmament, and then the adoption of world federalist legislation that would de facto establish Bertrand Russell's One World Government against nation-states.

Under the second heading, called "Promoting a Sustainable Global Economy," the conference outlines its genocide plans. Liberal rhetoric aside, the crucial policy point is the second one: "We support policies seeking to *reverse the growth rate* of the global human population, which is now expanding by more than 200,000 people per day."



# Eagleburger confirms role as Soviet agent

by Mark Burdman

Proof that Henry Kissinger and associates are acting as Soviet agents of influence was presented to the public on Sept. 16 at a press luncheon briefing at the Overseas Press Club in New York given by Kissinger Associates president Lawrence Eagleburger.

Eagleburger, who resigned as number-three at the State Department earlier this year to become chief of Kissinger's "risk analysis" company, exposed his Soviet-agent role both in what he said and what he did *not* say.

Billed by the Press Club organizers as a "specialist in European affairs," Eagleburger spoke for 20 minutes without so much as mentioning the word "Europe" or referring to the European situation. When he referred to "deleterious" Soviet behavior, or speculated on areas of crisis the United States might be faced with in the times to come, he mentioned, in order, Central America, Afghanistan, the Middle East, and southern Africa.

This would conform to a tee to the kinds of disinformation the Soviets would want spread through the Western media at a time when they are actively preparing for a military "smash-and-grab" strike into West Germany, and when they have been carrying out the most massive military maneuvers in Central Europe in postwar history. By treating Europe as strategically non-existent, Eagleburger was effectively admitting that Europe has been conceded to the Soviet sphere of influence, as per the late Soviet leader Andropov's famous April 1983 formula in *Der Spiegel* magazine that the Soviets must be granted sovereignty over Europe in return for Soviet toleration of American military actions in Central America.

Eagleburger's omission of Europe in fact demonstrates that the global strategic situation has deteriorated to the point where he no longer felt the need to refer to his statements earlier this year about how the United States in the future would phase out its European commitments and redeploy attention to the Pacific region.

## What he did say

What Eagleburger *did* emphasize was equally revealing. Focusing primarily on U.S.-Soviet relations and the

planned Reagan-Gromyko talks, Eagleburger stated: "Dealing with the Soviet Union is like reading the entrails of sheep. Nonetheless, it is unwise to think they are in anything but deep trouble. . . . We are seeing the continuing deterioration of the Soviet central decision-making process. . . . It seems to me that we are beginning to see a Soviet Union that sees itself in serious trouble at home and abroad. That *dialectic* in Moscow defines the decision for Gromyko to deal with Reagan [emphasis added]."

The style and content of Eagleburger's comments are most revealing. As he was putting out this story of the "crumbling" Soviet situation and the "dialectic" in Moscow, the Soviet press was succinctly referring to the Reagan-Gromyko talks as a new round of "Hitler-Stalin" discussions, in which the Soviet Union would use the occasion to lull the U.S. into somnambulism while preparing for World War III!

Eagleburger's attempts to deceive the press in attendance was addressed by this reporter during the question and answer period. The question was posed, "Since you are billed as a European specialist and you never mentioned Europe once in your presentation, I would like to ask you a question about Europe. It is now admitted even by [former West German Chancellor] Helmut Schmidt, in his Sept. 15 *New York Times* magazine interview, two years after *EIR* first broke the story, that Moscow's policy is dictated by the ambition for Moscow to become the third and final Roman Empire, after Byzantium. The behavior of yourself and Dr. Kissinger in advocating the United States decoupling from Europe is therefore even more extraordinary. Since your policies toward Europe are encouraging the Soviets in active plans to invade West Germany, and since the Kissinger circle is trying to disrupt a conference of the Schiller Institute from taking place in West Germany to mobilize people against this impending threat, how do you deny *EIR*'s charges that you and Henry Kissinger are operating as Soviet agents of influence?"

After a brief pause, Eagleburger (who had admitted to taking three kinds of pills a day for high blood pressure), sputtered mechanically, "I deny. I don't even know what a Soviet agent is. I didn't know I was an agent. I didn't know I was influential. Next question."

When the next question came, from a reporter from the Taiwan *China Times*, on Eagleburger's Pacific policies, the Kissinger Associates president, evidently disoriented, went to extraordinary lengths to disassociate himself from his own stated positions that the importance of the Pacific in U.S. thinking would draw the United States increasingly out of Europe. "It's a complicated process," he concluded.

Following the luncheon seminar, Eagleburger was presented with a copy of *EIR* editor LaRouche's recent feature on "Soviet 'Diamat' and KGB 'Moles' in U.S. National Security Agencies" (see *EIR*, Sept. 18, 1984), and advised that he would learn what a Soviet agent was by reading that document.

# 1984 election campaign must reverse the moral crisis in American society

*Independent Democratic presidential candidate Lyndon H. LaRouche, Jr., gave a press conference in Seattle, Washington on Sept. 17, en route back to his home in Virginia from a week-long trip to Hawaii and Japan. We excerpt here his discussion, in his introductory statement to the press, of the most fundamental problem of American political life today: immorality among the political parties and among the citizens who tolerate an immoral leadership. LaRouche gave equally extensive consideration to the economic and military-strategic crisis facing the nation today, which space prevents us from covering here.*

The defeat of Mr. Mondale would be a cause for great celebration; however, the victory of President Reagan might not be such a great thing. That's our problem.

You see, Mondale is a Soviet agent of influence. There's no question about that, except in the minds of some people who don't want to face reality and simple facts. If you want a sleaze factor, take the case of Geraldine Ferraro, and she is a smutlord, she is a slumlord. She was an officer as well as a partner in her husband's firm, on which she failed to conform with federal law and failed to file and she *did* do the things *actually* of which Rep. George Hansen was accused and was sent to federal prison. And *she* belongs in federal prison, not in elective office, according to the law. And the fact that she pretends and bulls it out and covers it up, and the Democratic Party leadership attempts to cover it up and bull it out, indicates the morality of the Democratic Party's leadership, with which I'm otherwise familiar.

This is not unusual on the part of the Manatt leadership of the Democratic Party or the Tip O'Neill leadership of the Democratic Party. They are *immoral*, which is why they seem to be so sensitive about the discussion of morality, and religion in government. We may be rid of them, but, unfortunately, the re-election of President Reagan does not automatically bode well for the United States. The fact that Mondale and Ferraro are disasters does not mean that Reagan and Bush are paradise. Quite the contrary—this is where our campaign comes in, the campaign of myself, Billy Davis, and

those who are campaigning on the same slate with us, chiefly in the Democratic Party.

There are several crises facing the country. . . . Now the problem in Washington, and the Reagan administration admits it, is that the Reagan administration is self-declared to be insane. That is, there's a sign hung over Washington which says, "We're crazy until Nov. 7 of this year. Reality does not exist for us until *after* we have won the election." . . .

[Here Mr. LaRouche discusses at length the Soviet threat to Europe and the fraud of administration claims that an economic "recovery" is under way.]

On top of this, we have a moral crisis. There has been a great to-do—a lot of Gnosticism and hypocrisy—about religion, ever since Geraldine Ferraro, that famous slumlord and smutlord, started talking about morality the day before she got nominated at the recent Democratic Party convention. Now the Reagan administration admittedly has been more moral personally than any administration in the last 25 years; that has to be granted. On a number of issues which were important, but weren't too dangerous politically, Reagan has reacted from personal moral commitment on those issues. However, *that ain't much*.

There is no such thing as morality in government; it doesn't exist in Washington. You may find a fellow here and there who's moral, but there is absolutely no morality. Now Ted Kennedy said this rather plainly the other day, on this question of morality and religion. Ted said there's no morality in government. That's what Cuomo said; that's what Geraldine Ferraro said. They're against morality in government; they say it ought to be forbidden. Ted said that one's personal morality should not be brought into government in a system of government—ours, he said—based on social contract in a pluralist society.

Well, that is not the United States. Ours is not a social-contact form of government, or if it is, somebody ought to be shot for treason. Nor is it a pluralist form of government.

We celebrate today the anniversary of the signing of the U.S. Constitution. Our Constitution was based on the principles of natural law, the establishment of a republic under

which certain principles were held to be sacred, sacred to the point that no legislator, no executive, and no judge could deny these principles—a set of principles higher than any man, any legislature, higher than any court, higher than any President, a set of principles which the majority of the people themselves could not violate or repudiate. That is our morality. We rejected explicitly any social-contract form of government. Pluralism was something brought in by the British, brought in by the Harvard liberals, by Williams James at the beginning of the century. It is something which our founding fathers abhorred—both the social contract and what we call liberalism, or British pluralism today. It's what we fought against.

Now, in our system of government, every public official is accountable morally and personally for the consequences of those policies which that public official fosters, implements, or merely condones. If the President of the United States supports a policy which results in the death of millions of people in Africa, the President of the United States is morally a mass murderer—that is our morality. If the President of the United States says, because he believes in “the magic of the marketplace,” that mass unemployment and suffering in the United States must be tolerated, then the President is personally responsible in principle for the suffering of our people caused by that belief in this superstitious nonsense of the magic of the marketplace. Government is accountable for the condition of every citizen of the United States. Government is accountable for what our policies mean overseas, in the world, and every official in government must be personally accountable. And the thing we have to look at, in putting people into public office, is their morality. . . .

That's the real crisis in our society, and it's not only a crisis of the politicians, of the parties. The parties are totally immoral. The Republican Party is immoral, don't kid yourself. The Democratic Party leadership presently is just more obviously immoral.

But the problem lies not merely with the politicians or the parties or government. The problem lies with you; not you necessarily as individuals here, but the people. If the people do not enforce morality . . . by hounding out of government every person who is not moral, and holding every politician morally and personally accountable for the results of his decisions or non-decisions, then the citizens are responsible for what has come of our society. . . .

### **Threat to Western civilization**

We are in the kind of crisis—this may seem incredible to people who don't watch it—but we're in the kind of crisis where this year, next, or the year after, 2,000 years of Judeo-Christian civilization could be gone and gone forever. We are *at that point*. We're at the point where the Soviet Union could, within almost any period of time, establish in effect a world empire. The minute Germany falls to the Soviet stra-

tegic political sphere of influence, all continental Europe goes under Soviet influence . . . [and] the United States becomes a third-rate power which then lives almost at the permission of Moscow. . . .

Now that's an ugly reality. That's not the worst of it. The worst of it is that the morality, the culture, the Judeo-Christian culture which we've represented for the past 200 years, the culture on which the United States was founded, the culture on the basis of which we are supposed to be—whether we are or not—a leading beacon in the world, a temple of liberty and beacon of liberty for civilization—all of that will be wiped away and we and Western civilization, our Judeo-Christian civilization, would disappear as finally or more finally than the Roman Empire or the Assyrian Empire. *We're at that point*.

It is possible to say that our political institutions and our politicians have brought us to this point. Certainly, the U.S. Congress is something as bad as the legislature of ancient Rome under the Caesars. But really, since we are constitutionally a democratic republic, this could not have happened to us, by means of any politician or any party, unless *we the people* had become so corrupt that we allowed it to happen.

And how have we become so corrupt? Well, 70% of us at least are still moral in our dealings with our family, our friends, and our immediate community, but we are *not moral* when it comes to things on a national scale or a world scale, and we are not moral over a very long period ahead. We don't take responsibility when it comes to things on a larger scale, over a longer period of time or a generation ahead. . . . It's that prevailing attitude within our own citizens which has caused those citizens to permit our institutions and our government to take us to the brink of collapse of civilization.

Now therefore it's necessary for this slate, this movement within the Democratic Party to cleanse the Democratic Party of that bunch of scoundrels who've temporarily taken it over, typified by Charles Manatt and the Mondale-Ferraro sleaze factor—that this movement of candidates, of citizens which I have the honor to lead at the moment as the leading candidate, that this movement go forward at this time. No one in the Democratic Party or who supports the Democratic party has a thing to lose by not voting for Mondale and Ferraro. As of now, it's pretty well defined that Mondale and Ferraro are going to lose anyway. They're going to make George McGovern look like a big winner back in 1972. That's what the polls are saying. The important thing, since Reagan seems assured of victory, is how much can we muster as a registered vote of rejection both of what Mondale and Ferraro represent, and also a vote against the indifferentism and “magic of the marketplace” superstition which befuddles and grips the Reagan administration. Maybe we can do something in that direction. If enough turn out, maybe we can tilt the situation. I don't see that we have any course of action but to do just that. . . .

## Kissinger Watch by M.T. Upharsin

### Declared *persona non grata*

Kissinger thought he had it made.

Although large and raucous demonstrations had prevented him from leaving the presidential palace after a meeting with the Argentine head of state, and caused the cancellation of his appearance at the Argentine Council on Foreign Relations, Kissinger had accomplished a good deal of what he had come for. Thanks to his threats, the Argentine President did cower to him, agreeing to have Kissinger mediate with the bankers when he comes to New York City on Sept. 27.

Above all, he avoided the embarrassment of having the Chamber of Deputies act on a motion by the Peronist Party to have him declared *persona non grata*.

But just as he was leaving Argentina for Brazil on Sept. 15, it happened. The governor of the Argentine state of Rio Negro called in the press corps to say, "In the feelings of the Argentine people and the Latin American people, he [Kissinger] is *persona non grata*."

The governor, Osvaldo Alvarez Guerrero, is not an insignificant person. He is secretary of the national council of President Alfonsín's Radical Party.

### His bill was expensive

Clearly, Kissinger's trip was considered of prime strategic importance by his principal backers in the Eastern Establishment. Up front in their minds

was the fact that President Alfonsín had met with Independent Democrat Lyndon LaRouche in July.

We have it on good authority that the Argentine nationalists who had met LaRouche were thinking that way. "LaRouche's number one enemy is here," went the word around town.

But Kissinger, who put out an article on "solving the debt crisis" in *Newsweek* in 1983, as part of his "credentials" to mediate the crisis, had a point to prove. Marcelo Capurro of the Argentine daily *La Razon* put it this way:

"[Kissinger came] to prove to the financial circles in the United States, that he could, if he so wished, get a meeting with President Alfonsín, and his two principal ministers, Dante Caputo and Bernardo Grinspun."

"It may seem surprising that Kissinger could have such humble aspirations . . . [but] Reagan had not shown any interest in the former Secretary of State; his star was on the wane. . . ."

"[Now] Kissinger has returned triumphant. Kissinger, the good cop, accepted in Buenos Aires the thesis that the debt problems should be seen from a political viewpoint, but he insisted that we must sign [with the International Monetary Fund]. . . ."

"Now, he can enjoy his triumph in New York. Point out to the bankers that he is the only valid mediator accepted by the Peronists, the Radicals, and the government—the only one who knows how far the Argentinians can be squeezed without exploding. He shall offer his measured and wise counsels to the American bankers, overwhelming them with information and proofs of his connections. But indeed, his bill, as usual, is expensive."

Just how expensive will be shown in the degree of austerity Alfonsín tries to implement in pursuit of a deal with the IMF—a deal which Kissinger's bosses will probably never deliver. It

is Argentina's lot to be the "lesson" to the rest of the Ibero-American nations—and Henry Kissinger is part of the administration of that lesson.

### The soft cop

On then, to Brazil. Kissinger arrived over the weekend, and immediately began to make pronouncements about the debt crisis. As usual, he lied through his teeth.

Speaking in the Brazilian tourist center of Foz do Iguazu, Kissinger declared that "prolonged economic austerity imposed on the debtor nations of Latin America threatens the political democratization process in the region." He then urged a "more political and less technical" solution to the debt crisis and declared that he fully supported the conclusion of the recent Mar del Plata debtors' conference—which called for negotiations between the Ibero-American debtors and the advanced sector nations.

Kissinger further lied that the "intransigence" of the Reagan administration toward the Ibero-American debtors, which had led the U.S. government to decline joint discussions before the ink was dry on the Mar del Plata resolution, "would change after the November elections."

Kissinger's visit appears to have been organized by the Sao Paulo businessmen, who gave him 17,000 scarce U.S. dollars to address the leaders of Villares Industry, in hopes that he would get them a "deal" with the IMF and U.S. banks. He also met with leaders of the Industrialists Federation of Sao Paulo.

But all was not rosy for Henry on the Brazil leg of his trip. Despite the fact that he met with four of his military ministers that day, Brazilian President João Figueiredo canceled his scheduled meeting with Kissinger, for reason of "ill health."

# Elephants and Donkeys

by Kathleen Klenetsky

## Sierra Club endorses 'greenie' Mondale

At a time when Andrei Gromyko seems to be the only person who wants to have anything to do with Walter Mondale, two of America's most zealous opponents of industrial development and population growth have endorsed Fritz's flagging presidential campaign.

The Sierra Club, 92-years-old and 340,000 members strong, joined with the newer, smaller, but no less rabidly anti-growth Friends of the Earth, to announce their endorsement at a San Francisco press conference Sept. 19. Neither group had ever endorsed a candidate before.

In announcing their decision, Sierra Club head Michele Perrault repeated the usual environmentalist litany of charges against the Reagan administration, claiming that "since 1981, Ronald Reagan has managed to subvert every agency and law designed to protect the environment.

"We need a President who'll make living in America a pleasure, not a health hazard," said Perrault, who explained that the group had broken its tradition of non-partisanship because "America's environment is at stake."

In response, Mondale solemnly vowed to "end the lawlessness that's destroying our environment" and to "take polluters to court. . . . We have no right to poison, to eat up, to chew, to pollute this wonderful country of ours," said Mondale. "We are required to save it and purify it and protect it. And that's why the Sierra Club has endorsed me, along with the Friends of the Earth, for the first time in history."

## Pandas, not people

It's not surprising that Mondale should win the political support of the most

influential force in the environmentalist lobby. His record has brought tears of joy even to the most determined back-to-the-cavers.

Mondale's commitment to the ecology ethos is best demonstrated by his ardent support for *Global 2000*, the Carter-Mondale administration report which argued that the world's environment was being overtaxed by population increases. The report, prepared under the direction of Secretary of State Cyrus Vance, now an adviser to the Mondale campaign, bluntly stated that 2 billion people, primarily in the developing sector, would have to be eliminated by the year 2000 so that the rights of pandas would be protected from the deprivations of human beings.

That report enjoyed the backing of the Sierra Club and Friends of the Earth—who have also recently embraced the KGB's nuclear freeze.

## Freezing with Fritz

Mondale was no latecomer to the Malthusian cause, however. As a senator, Mondale positioned himself as a champion of the environment, just as the ecology movement began to get off the ground in 1970.

That year, Mondale played a pivotal role in securing passage of the landmark Family Planning Services and Population Research. In a speech at the time, Mondale declared that "our hopes for peace are threatened by the twin forces of runaway population and escalating poverty" and called for "fundamental changes in our economic habits, social values and national priorities in order to solve the environmental crisis." The root of this crisis, claimed Mondale, is "a culture which seems to value quantity above quality; self-interest and expedience above the beauty and mystery of nature."

Mondale has also bitterly opposed nuclear power (he recently demanded

that California's Diablo Canyon nuclear reactor be closed), insisted that Americans severely restrict energy consumption, and fought against important infrastructure projects, like the Tennessee-Tombigbee water project, on the grounds that they might interfere with local flora and fauna.

## Courting the gay vote

Garnering the Sierra Club/Friends of the Earth endorsement wasn't the only "first" Mondale chalked up this week. Fritz also became the first presidential candidate in U.S. history to appoint an official liaison to the homosexual community.

According to the Sept. 19 *Baltimore Sun*, Mondale has named Sandra Gillis, a member of his campaign staff, to carry out a "strong but quiet" effort to win the gay vote to the Mondale-Ferraro ticket. Gillis says that if this bid is successful, it could win the election for the Democrats, because gays are such a significant political force. The gay voting bloc "ranks right up there with blacks and labor," says Gillis. "It's probably larger than 17 million."

Homosexual groups "are very well organized and very astute politically," says Gillis. But homosexuals haven't normally voted as a bloc. "That's why we're involved in education and outreach," Gillis explains. "We are in the process of talking to every gay activist in the country."

Mondale's courtship of the gay vote dates back to no later than fall 1982, when he keynoted the first gala fundraiser sponsored by the Human Rights Campaign Fund in New York, a homosexual lobbying group. His running-mate isn't shy about her position on the issue, either. As chairman of the Democratic platform committee, Ms. Ferraro helped place a pro-homosexual "civil rights" plank into the party platform.

## Key House members push Soviet line on SDI

Both the chairman of the House Foreign Affairs Committee and the chairman of the Subcommittee on Europe and the Middle East have raised the Soviet propaganda line that development of a strategic defense for the United States will force the decoupling of Europe from America. In Sept. 14 remarks placed in the *Congressional Record*, committee chairman Dante Fascell (D-Fla.) declared that the Strategic Defense Initiative (SDI) "could well lead to the decoupling of Europe from the U.S. strategic nuclear umbrella."

"The thrust of the SDI is to someday make the transition from offensive to defensive forces. . . . Without a U.S. strategic offensive force, however, the United States could no longer provide a credible deterrent for Europe. . . . The allies view the SDI as presenting the Soviets with another opportunity to drive a wedge between the United States and its allies. The fact that the SDI debate will continue for some time to come just aggravates the division and ironically serves one of the Soviet Union's primary foreign policy objectives: to create discord and dissension within the Western alliance."

Fascell, who has heard Administration witnesses testify time and again that the SDI is to include the defense of Europe, appears to be taking lessons in Soviet disinformation tactics.

Fascell's colleague Lee Hamilton (D-Ind.), who chairs the key subcommittee on Europe, reprinted in the Sept. 6 *Congressional Record* similar comments of Andrew Pierre, who heads the Project on European-American Relations for the Council on Foreign Relations: "The SDI could ultimately lead to the real decoupling of Europe and the United States. There is nothing that, if not handled well, could be

more destabilizing to American-European relations, not to mention Soviet-American relations." Pierre added, "In my view, the Alliance will not support the SDI."

## Congress avoiding issue of banking crisis

Senate consideration of banking deregulation and a House Committee examination of the failure of the Continental Illinois Bank, America's eighth largest, have both been, at best, exercises in avoiding the real issues facing the U.S. and international banking system. At worst, the two respective bodies are debating methods to restructure a post-crash, cartelized banking system.

The Senate, under the leadership of Senate Banking Committee Chairman Jake Garn (R-Utah) is tilting toward allowing a deregulated "free market" route to cartelization. The House Banking Committee, meanwhile, would prefer to allow for a regulated monopolization of the industry.

Hearings were held in the House Banking Committee on Sept. 18 and 19 to review the events which lead to the massive government bailout of the bankrupt Continental Illinois Bank. Focusing on testimony from bank examiners, federal regulators and one of the bank's own loan officers, the hearings treated the Conti failure as an isolated incident of over-aggressive lending and too-lax banking regulation, rather than the tip of the iceberg of an international banking and debt crisis which threatens the entire world economy.

Committee chairman Fernand St Germain (D-R.I.) stressed the failure of the regulators, criticizing U.S. Comptroller of the Currency C. Todd Conover for taking on "more the role of a cheerleader for the industry rather

than . . . a regulator." St Germain, the author of the notorious 1981 Garn-St Germain bank deregulation bill who has always safeguarded the interests of the international banking elite, has suddenly been converted to bank regulation: "I am firmly convinced that we must start sending a stronger and clearer message about the need for non-nonsense, hard-nosed regulation of financial institutions that utilize government insurance and enjoy other federal subsidies."

St Germain's remarks were echoed by Rep. Buddy Roemer (D-La.) in a Sept. 12 floor statement. Roemer pointed out that federal government policies aimed at preventing disruptive bank failures meant that deregulation could not work: "If some banks cannot fail, all banks must be regulated; fairly and with common sense, but regulated."

The Senate spent the first two weeks of its September session debating the Financial Services Competitive Equity Act (S.2851) before tabling it. The deregulation legislation, pushed by committee chairman Garn, was opposed by many senators who actually support deregulation but who found the bill seriously flawed. Capitol Hill observers have suggested that Garn brought the bill up for preliminary skirmishing this year, in order to better prepare for a serious effort in 1985.

## Congress defeats legalized heroin bill

NORML and the rest of the drug-lobby suffered an important setback on Sept. 19, when the U.S. Congress killed a bill that would have legalized the use of heroin for terminally-ill cancer patients. The bill, supported by the *New York Times* and such liberal congressmen as Rep. John Dingell (D-

Mich.) and Henry Waxman (D-Calif.) would have allowed the use of heroin for pain relief in cancer patients.

The 355-55 vote came after an emotional, day-long debate in the House. Supporters of the bill claimed that heroin sometimes may be the only way to stop pain associated with cancer, whereas opponents argued that other painkillers are available and even the slightest legalization of the drug would lead to more abuse.

"We'll just let another serpent out of the box," said Rep. Harold Sawyer (R-Mich.), while another foe of the legislation, Rep. Clay Shaw (R-Fla.), predicted that if the bill were passed, "The supply of heroin will increase. It will increase in the streets."

Rep. Charles Rangel (D-N.Y.), who also voted against the proposal, said that the bill would confuse U.S. allies who have agreed to cut drug production.

Waxman, besides being a proponent of the legislation, also pushes the argument that high-technology medical care is more costly than human lives are worth. Commenting on the defeat of the bill, he said, "People were afraid to vote in any way, shape or form for anything that sounded like legalization of heroin. They were afraid they would be campaigned against on the issue."

## **C**ongressional destabilizers turn sights on Philippines

Hearings before the Senate Foreign Relations Subcommittee on Asia, held on Sept. 18, featured an outburst by Sen. John Glenn (D-Ohio) directed against the Marcos government in the Philippines. Glenn declared that "we have to get agreement with the Philippines government before putting more taxpayer dollars in there."

While the content of Glenn's

blackmail threat is not yet clear, the anti-U.S. opposition in the Philippines is waiting for the United States to decrease the amount of aid to the country, as the signal that Washington is letting Marcos go. It is known that on the same afternoon as the hearings, Senator Glenn was scheduled to attend a private meeting of a new Pacific Basin-oriented organization led by Richard Sneider, Jimmy Carter's Kissingerian ambassador to South Korea. On Sept. 2, the Reagan administration voted against a World Bank loan to the Philippines.

On Sept. 20, the companion House Foreign Affairs Subcommittee on Asia and the Pacific held similar hearings on the Philippines. That subcommittee is chaired by Rep. Stephen Solarz (D-N.Y.), an implacable opponent of Marcos and a leading proponent of the international anti-growth lobby.

Testifying at the Senate hearings was Undersecretary of State for the Far East Paul Wolfowitz, who reported that the United States and the IMF are working together to force the restructuring of the Philippines' economy, "especially the agricultural sector where monopolies and other distortions have prevented the full exploitation of the nation's potential."

## **O**'Neill kills MX, with help from Kissinger

On Sept. 20, the Reagan White House capitulated to the demands of House Speaker Tip O'Neill (D-Mass.) and to the Soviet military junta, and postponed production on the next round of MX missiles until sometime in the second half of 1985. But the White House collapse may mean the death of the vitally needed strategic system, as O'Neill gloated following the negotiations between himself and Senate Majority Leader Howard Baker. O'-

Neill characterized the "compromise" as "a victory for the House. . . . For all purposes, it is my belief the defeat of the MX is well at hand. . . . In my opinion, the MX will never be deployed."

The administration apparently felt that it had garnered a small but symbolic victory in the negotiations by gaining a defense bill spending figure of \$297 billion, close to its final request of \$299 billion. However, the appropriations bill will only total \$292 billion, which is the ceiling at which money can actually be spent. The administration will also be able to carry out two tests of its anti-satellite (ASAT) system, down from the five it wanted but more than the House-imposed moratorium. In addition, the administration will not be precluded from deploying sea-launched cruise missiles, another target of House anti-defense forces.

The kind of negotiating strategy which the White House adopted would have done Henry Kissinger proud, and, indeed, Kissinger's friends in the administration and the Congress must have played a major role in convincing President Reagan to sacrifice the MX, which was the major target of Moscow's fellow-travelers.

Under the compromise, the production of the next round of 15 MX missiles will now be postponed until next April, at which time both the Senate and the House must vote to proceed with the missile. O'Neill is confident that he can kill the missile in the House at that time. President Reagan had originally requested 40 new MX missiles for production this year.

O'Neill and his allies in the Senate, such as Kissinger-crony Sen. Sam Nunn (D-Ga.), had been holding the defense authorization bill, the defense appropriations bill, and a congressional budget resolution hostage to their position on the MX.

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# National News

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## Graham stage show hits beam defense

"Right-winger" Gen. Danny Graham of High Frontier arrived 50 minutes late for a Capitol Hill debate on beam weapons Sept. 17, and announced, "I apologize for being late, but I was over getting money. I had all those fat-cat Republicans cornered and I didn't dare leave them."

Graham, a professional liar who has previously tried to con Republicans by portraying himself as the author of the President's Strategic Defense Initiative, attacked the Reagan program to develop anti-missile beam weapons based on "new physical principles" as a plan "that means a few billion for Lawrence Livermore." He pushed his own "High Frontier" plan to hurl "space junk" at missiles, which such scientific authorities as Dr. Edward Teller have flatly stated will not work.

His debating partner, "left-wing" beam-opponent Carol Rosin, declared, "We are friends with the Soviet Union except for the few top people who are maybe making big bucks on it. I can't speak for the Soviet Union, but you know they're practically at the negotiating table already."

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## Elliot Richardson's Tuesday night massacre

Liberal Republican Elliot Richardson suffered a stunning defeat in his bid for the U.S. Senate on Sept. 18. Richardson was defeated in the Massachusetts Republican primary by a whopping margin of 25%, losing to conservative self-made millionaire Ray Shamie by 62% to 38% of the vote. Shamie will now face Lt.-Gov. John Kerry, a liberal Democrat close to the Kennedy machine, in the general election.

Scion of a Boston Brahmin family, Richardson held four cabinet-level posts in the Nixon and Ford administrations. He garnered national attention when he resigned as attorney-general in 1973, after refusing to

fire special Watergate prosecutor Archibald Cox in Nixon's so-called Saturday Night Massacre. He also served as the Ford administration's ambassador to Britain, and as U.S. representative to the Law of the Sea conference.

The primary results were all the more dramatic given that Richardson had been considered a sure winner during most of the race. Until a few weeks ago, polls gave Richardson a consistent 20-point lead over his opponent. Moreover, Richardson had the backing of the Massachusetts Republican Party, as well as the unofficial support of White House politicians James Baker III and Richard Darman, a Richardson protégé.

A member of the Club of Rome, Richardson has been a consistent supporter of neo-Malthusian policies, including the Carter-Mondale administration's notorious Global 2000 report. He has also loudly supported deep cuts in U.S. defense spending, and has attacked the Reagan administration's space-defense program. Richardson is chairman of the United Nations Association, which sent a delegation to Moscow this summer to discuss the "problem" of the U.S. Strategic Defense Initiative.

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## Lamm: fewer doctors, no more immigrants

Colorado Gov. Richard Lamm told a convention of doctors meeting in his state Sept. 21 that he would reduce the number of physicians and hospitals as one way of cutting medical costs.

Lamm, who caused a national furor last spring when he told a meeting of lawyers that the elderly and terminally ill are consuming precious resources and should "die and get out of the way," offered an eight-point plan for reducing medical care costs to the Colorado Medical Society's annual meeting.

The society's House of Delegates gave Lamm an ovation for his comments despite statements that legislation should be passed limiting the number of doctors practicing in the United States. "More doctors have only added to the dramatic increases in health

care costs," asserted Lamm. The Democratic governor, who formerly headed up the state's Zero Population Growth chapter, proposed several other "cost-cutting" measures. Citing figures that 28% of the Medicare budget is spent on 5.9% of terminally ill recipients, Lamm urged that these patients be cared for in hospices or in their homes, rather than in more expensive hospitals. He also called for greater reliance on health-maintenance organizations. Society "cannot continue to promise unlimited health care to each and every citizen," he said.

Lamm also emerged the second week in September as a leader of a newly formed "Emergency Coalition" aimed at securing enactment of the racist Simpson-Mazzoli Immigration Reform and Control Act. Co-chaired by Lamm and ex-President Gerry Ford, the group includes former Defense Secretary Robert S. McNamara; former Secretary of State Cyrus Vance; Father Theodore Hesburgh, president of Notre Dame University; and General (rt.) Maxwell Taylor, an outspoken advocate of "population wars" in the developing sector.

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## Lance says Democrats too 'far out'

Bert Lance, the short-tenured chairman of the Mondale-Ferraro campaign, says the Democratic Party will have to become more conservative. "The problem with the Democratic Party has been that it's not moving in the same direction as the voters," Lance told the Chattanooga chapter of the National Association of Accountants Sept. 20.

"If the Democratic Party is to be viable in 1984 and 1988, then it has to begin to move to the center," he said.

The former budget director in the Carter administration told the accountants he believes the Democratic Party's future leaders will come from the South.

"The reason for the South being so important is because of the fact that you are the mainstream of our nation. If you talk to the average person in the South, you will find pretty well where the concerns of the country are."



## Is Canale on ADL's payroll?

Jewish Defense League member Michael Canale has been ordered to stand trial for threatening to blow up the San Fernando Valley home of the director of a group that claims the Germans did not murder millions of Jews during World War II. According to a UPI wire, Canale was a member of the Nazi Party before joining the JDL.

Canale, 36, who left the American Nazi Party earlier this year to join the Meir Kahane's terrorist organization, was ordered to trial Sept. 20 for making a false bomb threat against George Ashley, director of the Torrance, Calif.-based Institute for Historical Review. Ashley said his institute claims historians are wrong when they teach that millions of Jews were murdered in Nazi Germany concentration camps.

Prosecutors said Canale telephoned Ashley in July and threatened to blow up his San Fernando Valley home. Court records show that Canale has been arrested more than 20 times from 1964 to 1984, including an arrest and conviction for setting fire to a Los Angeles area synagogue.

While this story might seem remarkable to some, *EIR* has documented that one organization has agents in both the Nazi Party and the Jewish Defense League—the Anti-Defamation League of B'nai B'rith. For example, using a pseudonym, one of the leaders of a riot-provoking series of Nazi Party marches in the late 1970s in Skokie, Illinois was Jimmy Rosenberg, who was on the payroll of the ADL at the time.

## Constitution-bashers convene in Washington

The Committee on the Constitutional System (CCS), formed five years ago to "reform" the U.S. Constitution, is meeting in Washington the weekend of Sept. 21-22 to hammer out a series of specific recommendations for getting the United States to adopt

the essential features of the British parliamentary system. The group's purpose: to eliminate the deadlocks which now exist between Congress and the President by eliminating the presidency as we know it.

According to syndicated columnist Richard Strout, a member of the Constitution-bashing group, the group's recommendations will focus on how to end the constitutionally mandated separation of powers between the executive and legislative branches of government. Strout writes that some CCS members "look longingly at Canada" as a model for what the U.S. political system should become.

The group includes such well-known figures as former Treasury Secretary C. Douglas Dillon, former Democratic senator from Arkansas William Fulbright, former Democratic congressman from Wisconsin Henry Reuss, and Lloyd Cutler, who was counselor to the Carter-Mondale White House.

The views of the group were first made explicit by Cutler in an article he authored for the fall 1980 issue of *Foreign Affairs*. Cutler argued that the American political system as presently constituted is too susceptible to constituency pressure and, given the levels of economic austerity that would soon be necessary, it was essential to make the system more resistant to popular demands.

## Calif. bases on alert for terrorist attack

Military bases in Northern California have been threatened with a terrorist attack, the FBI said on Sept. 21. Officials remain tight-lipped on the details, but one Air Force base reported beefing up its security.

In Washington, D.C., an Air Force spokesman at the Pentagon said the FBI warning applied to "all government facilities in Northern California," not only to military installations.

"I won't comment on where or when the threats came from," said FBI agent Steve Keller in Sacramento. "We have turned over information to the military and it's a military situation."

● **HENRY WAXMAN** (D-Calif.) has introduced a bill in the House to establish a National Council on Medical Technology Assessment, which would be empowered to rule on the "appropriateness" of developing new medical technologies based on "cost-effective" criteria. Waxman told the B'nai B'rith *Messenger* earlier this year that, while he disagreed with the way in which Richard "Let 'Em Die" Lamm called for terminating health-care to the elderly and handicapped, he fully supported the policy options embraced by the Colorado governor.

● **LAROCHE** Democrats took 20-40% of the vote in Washington state races Sept. 18, a state with one of the most corrupt liberal Democratic machines in the country. In the 4th C.D., LaRouche Democrat Rob Dupuy was officially accredited with 44% of the vote. Dorrie Wolfe, in the 8th C.D., won 20% of the vote running against quack economist and nuclear-freezenik Bob Lamson. Three LaRouche Democrats won nominations to the state legislature unopposed, and eleven more received in the range of 20-40% of the vote. Bill Jennings, running as an independent for state land commissioner, received sufficient votes to be placed on the ballot in November.

● **EIR** Counterintelligence Editor Jeffrey Steinberg, co-author of the best-seller *Dope, Inc.*, addressed a Washington, D.C. gathering on Sept. 21 to announce the release of a new *EIR* special report on "Narco-Terrorism." In attendance were representatives from Capitol Hill, the Pentagon, and Customs, five police-force attachés from Peru, and representatives from other Ibero-American embassies. Steinberg told the gathering: "We are now facing a wholesale outbreak of Gnostic insurgencies which are challenging not only the authority of the nation-states, but the entire basis of Western civilization."

# Reagan, Gromyko, and Beirut

First, President Reagan agreed with the White House palace guard that a crash program for beam-weapons development would not be "good electoral politics." Then, President Reagan agreed that the program should be kept in a "research only" phase. He did not agree to send a representative to the Schiller Institute's West German conference to save the Atlantic alliance. Now, we fear, President Reagan has agreed to make major concessions to Soviet Foreign Minister Andrei Gromyko on the beam-weapons program—if the Russians will return to the arms-control talks which Reagan has agreed *would* be "good electoral politics."

Step by step, Ronald Reagan has become a practitioner of appeasement in the name of "good electoral politics." And step by step, this encourages the Russian drive toward war. They are behaving toward West Germany in every respect the way Hitler behaved on the eve of the Polish invasion—even portraying the Gromyko-Reagan meeting as the equivalent of a Hitler-Stalin pact, which preceded the Polish invasion by nine days. Despite months of brazenly provocative "biggest ever" Soviet military dress rehearsals for a European blitzkrieg, Reagan has not put content into his words about America's commitment to defend Europe. His abstention from the Schiller Institute campaign is as chilling to our allies as it is relished in Moscow.

Appeasement, in the name of "good electoral politics" or any other, leads to war or to surrender. The Russians have responded once again as Hitler would have: with a brutal bombing murder of over a score of Americans at the Beirut embassy in Lebanon, a rerun of the attack on the embassy more than a year ago. A crazed fanatic from the Islamic Jihad group, loyal to the bestial Islamic Revolution of the Kremlin's Geidar Aliyev, Zbigniew Brzezinski, and Ruhollah Khomeini, drove an explosive-laden truck through the entrance to the embassy compound, and attempted to crash into the building.

The terrorists responsible have now threatened the President's life. The attack comes as part of a general upsurge of religious warfare in the area, as Russian diplomacy moves to consolidate regions being trans-

ferred into its sphere of influence through the treachery of Western oligarchic Trojan Horses like Britain's Lord Carrington, Austria's Bruno Kreisky, and Italy's Giulio Andreotti.

More significantly, the attack once again confirms what Lyndon LaRouche has often repeated to be the guiding maxim of Russian diplomacy. Prostrate yourself before this kind of thug, and he will kick you in the teeth. This Russian kick answers the Reagan administration's capitulation to Carrington and Kissinger in Washington the week of Sept. 10.

There is talk about retaliation. But that would require defining what would be effective, and that means defining the relation of Moscow to the killers.

A few "objective" facts: Iranian "kamikaze" terrorists are trained by North Korean "spetsnaz" professionals under Soviet GRU command; Politburo member Geidar Aliyev's Oriental Institute in Tashkent intersected and took control of the "Islamic fundamentalism" network at large from Lord Carrington's helpful "Arab bureau" boys; virtually every mullah in Iran was trained in Russia.

The more important facts are "subjective." "Islamic fundamentalism" is a Sufi, Gnostic-cult belief structure, indistinguishable in its axiomatic features from the "Christianity" of the Russian Orthodox Church, whose prophetic "Third and Final Roman Empire" underlies Soviet strategic policy—not communism and Karl Marx. As such, it is also indistinguishable from the Gnosticism of Scottish Rite Freemasonry and the Church of England, whose recognition of affinity with Russian mysticism lies behind the collaboration of the Anglo-American Liberal Establishment, Kissinger's masters, with the Kremlin for the destruction of the United States.

It is not to be ruled out that the United States could take some military action against the perpetrators of the Beirut atrocities. But any military action must be preceded by driving the Kissinger-Bundy gang out of our foreign policy and defense establishment—the people who have made the appeasement "deal" to let Moscow take over the Middle East *and* Western Europe.

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