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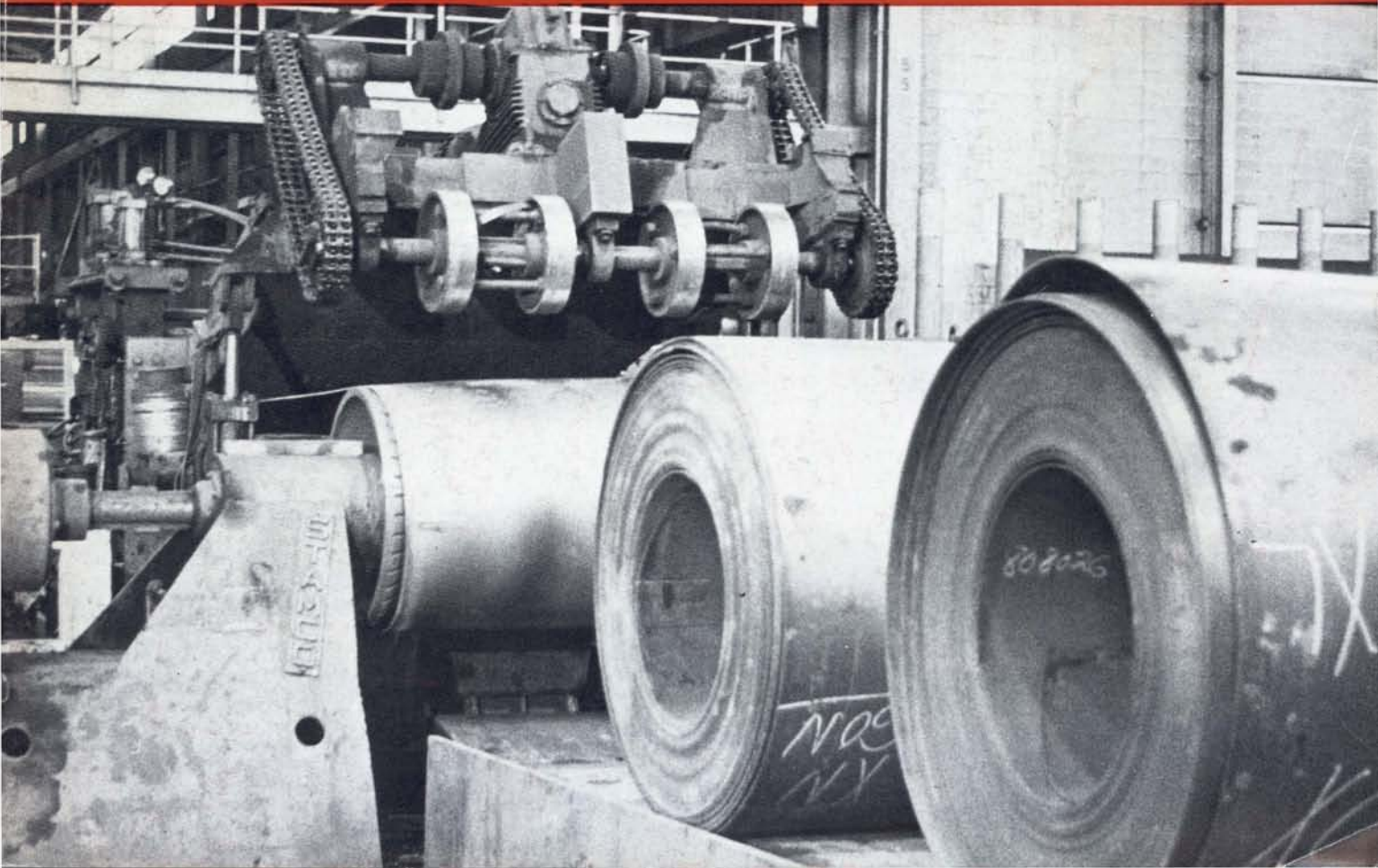
Executive Intelligence Review

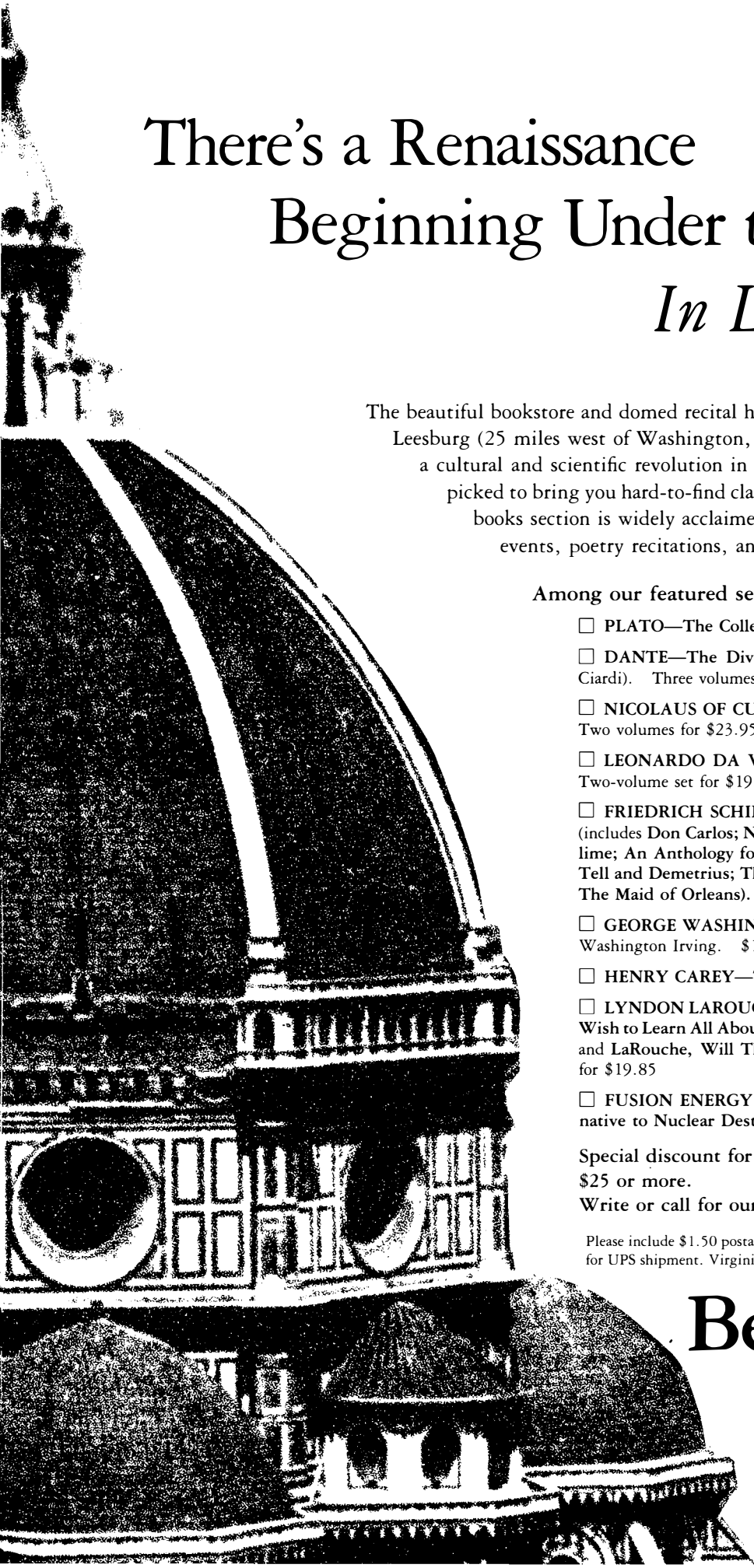
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Exclusive: Soviets create wartime high command
IMF cuts off Sudan, American ally in Africa
Drug gangsters prepare for coup in Venezuela

**Stop the plot to blow up
America's blast furnaces**





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EIR

From the Editor

Leading the *National* section is a report on a story we expect to unfold in a big way over the next days and weeks: The revelations that Bank of Boston's dirty connections include not only the laundering of over \$1 million in drug-tainted money *per day* for the last five years, but terrorism as well.

As many of you know, the U.S. Attorney for Massachusetts, William Weld, let Bank of Boston plea-bargain for a fine of \$500,000, about half-a-day's take, in the original case. This same William Weld took it upon himself to persecute Lyndon LaRouche, the founder of *EIR*, and wage financial warfare on LaRouche's 1984 presidential campaign in the form of a so-called investigation. Evidence is mounting up that Weld has been simply protecting his family's Swiss drug-money ties.

That puts Weld in the same camp as the Cisneros family of Venezuela, which ordered the expulsion of *EIR*'s four correspondents there early last month to stop the distribution of the Spanish edition of the book, *Dope, Inc.* (For the update on the drug mafia's plans against Venezuela's President Lusinchi and every other nation that is waging a war on drugs, see *International*.)

The cover feature is in *Economics*: the shocking truth about the plot to blow up the American steel industry. We think you'll agree that Soviet "spetsnaz" forces could not do better to industrially incapacitate the West.

This week's *Special Report* responds to a need that West German Christian Democratic Union defense expert Jürgen Todenhöfer identified in *Die Welt* of Feb. 21, when he warned, "The Soviet Union will try to undo the American SDI plans by launching the biggest propaganda campaign of the postwar period," and wrote, "Against this propaganda offensive, only a widespread offensive information policy of the West will help." The *Special Report* exclusively documents the Warsaw Pact war preparations to stop the Strategic Defense Initiative.

It's only a small part of the intelligence we have. Fuller information on any of these topics is available to subscribers to the *EIR* Alert Service, and in Multi-Client Special Reports obtainable from our Washington and Wiesbaden offices. Newly published in French is "Les Verts: une cinquieme colonne neo-nazie à la solde de Moscou," priced at U.S. \$250 (French Francs 2,500).

Nora Hamerman

EIR Contents

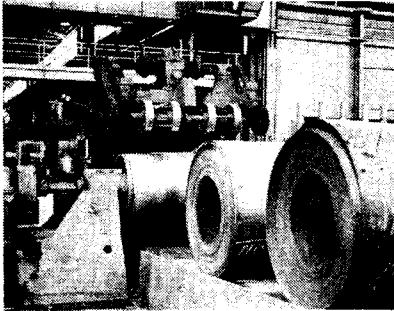
Departments

- 24 Science and Technology**
Spheromak charts new beam potential.
- 25 Medicine**
Artificial heart progress continues.
- 42 Report from Bonn**
On to confrontation.
- 43 Report from Italy**
Pertini's re-election in doubt.
- 44 Northern Flank**
The 'King Canute Memorial Conference.'
- 45 Report from Paris**
Shades of Edouard Daladier.
- 46 Middle East Report**
Peres
- 47 Investigative Leads**
The Mossad and American Express.
- 48 New Delhi**
Sri Lanka: a fast-deteriorating situation.
- 49 Dateline Mexico**
Self-imposed genocide decreed.
- 64 Editorial**
The next hurdle.

Economics

- 4 Stop the plot to blow up America's blast furnaces**
- 9 Debt explosion looms as IMF drives the world economy into bankruptcy**
- 10 'Remove all barriers to the private sector'**
- 12 IMF cuts off economic aid to Sudan, American ally in Africa**
- 14 Blue Nile River irrigation will make Sudan a breadbasket**
- 15 Debtors evade action against the IMF**
- 17 European usurers cut U.S. food production**
- 18 Currency Rates**
- 19 *Financial Times* prints EIR editor's article**
- 20 Debt crisis behind the dollar's rise**
- 21 Domestic Credit**
IMF official asks harsh U.S. austerity.
- 22 Foreign Exchange**
Widening foreign deficits?
- 23 International Credit**
Mexico: new ratchet of IMF genocide.
- 26 Business Briefs**

Special Report



NSIPS/Chris Lewis

A steel plant in Pennsylvania. Over 15 factories in the U.S. "steel belt" are slated for demolition immediately.

28 Soviet military creates a wartime High Command

An *EIR* exclusive: Four new High Commands have been created, but not announced, and the 400,000-strong Soviet army in East Germany has undergone a major reorganization to boost the effectiveness of the forces which would spearhead a surprise attack and breakthrough to the Rhine and beyond.

Documentation: New commanders for 11 military districts.

32 Reorganization of the Soviet forces in East Germany for a *Blitzkrieg*

34 Who to watch for in the military brass

International

36 Drug gangsters prepare coup for Venezuela

The expulsion of *EIR* correspondents for revelations concerning the esteemed Cisneros family is only a small part of a plot in which Robert Vesco and David Rockefeller figure prominently.

38 Colombian drug king backs Nazis, Greens

A profile: Carlos Lehder Rivas.

39 Greens are Nazis: Many are now echoing Schiller Institute's charge

But the brownshirts in Green are trying to take the Institute to court.

50 International Intelligence

National

52 Boston dope bank coverup and Attorney William Weld

U.S. Attorney for the District of Massachusetts William Weld and his family have made their fortune by financing international drug traffic throughout the 90-year existence of the family firm, White, Weld, and Co. *EIR* Editor-in-Chief Criton Zoakos invites Mr. Weld to refute, resign, or sue.

56 The Hemlock Society's drive for murder with a liberal face

By Marianna Wertz, Vice-President, Schiller Institute.

58 The travails of the girl from Grantham

By our London observer.

60 Congressional Closeup

62 National News

Stop the plot to blow up America's blast furnaces

by Richard Freeman

On Feb. 18, one hundred trade unionists, farmers, ministers, and elected officials, including the mayor of Medford, Pennsylvania, rallied under the banner of the Schiller Institute in McKeesport, a suburb of Pittsburgh to stop the biggest threat to American national security since the Japanese bombing of Pearl Harbor. These forces rallied to spearhead national resistance to the blowing up of over 15 steel blast furnaces in America's steel heartland—Chicago, Pittsburgh, Cleveland—and in California.

The rawest recruit in the Red Army's officer training school could reach the conclusion: Shut down America's steel-making capacity and it can build nothing. Blow up America's blast furnaces, and its economic power—as well as its ability to mobilize for war—are irrevocably destroyed.

But it is not terrorist commando squads deployed by the Soviet General Staff that are blowing up the blast furnaces—it is the steel companies themselves! Three American companies are now involved in demolishing their own plants: Bethlehem Steel, Republic-LTV, and U.S. Steel. Slated for immediate demolition are:

- **Republic-LTV, Campbell Works, Youngstown**—four furnaces;
- **Bethlehem Steel, Lackawanna-Buffalo**—According to Bethlehem headquarters, the company will be demolishing four or five blast furnaces sometime during the next three months, after having demolished one in November 1984;
- **U.S. Steel, McKeesport**—four furnaces;
- **U.S. Steel, Duquesne**—the Dorothy Six furnace;

● **U.S. Steel, Chicago**—A temporary restraining order against demolition has been obtained by the union.

● One report from U.S. Steel indicates that the former Kaiser plant in Oakland, California is facing demolition. According to sources in the building trades, the modern steel facility in Fontana, California, may be dismantled and sent to China. The pattern may extend to the Cleveland and Warren, Ohio plants of LTV-Republic.

A matter of national security

The rally's organizers stated that emergency measures must be taken, as in a war, to counteract this crime of blowing up two centuries of American growth. The historical precedent exists for this, since when President Truman in 1952 directed the secretary of commerce to take possession of the steel plants and to keep them running, his Executive Order stated: "A continuing and uninterrupted supply of steel is also indispensable to the maintenance of the economy of the United States, upon which our military strength depends." Truman described steel production as necessary for the supply of weapons and materiel as well as for carrying out programs to develop the peaceful uses of nuclear energy.

Schiller Institute chairman Helga Zepp-LaRouche has called upon President Reagan to use his authority immediately to stop the demolitions. An expanding steel productive capacity is, after all, critical for the success of the Strategic Defense Initiative, as it is for the health of the economy as a whole. If Reagan were to initiate an emergency defense mobilization for the SDI based on the 1939-44 model, he could

follow the explicit policy mandate of the Defense Production Act, which authorizes “the expansion of productive capacity and supply level beyond the levels needed to meet the civilian demand, in order to reduce the time required for full mobilization in the event of attack on the United States.”

The plan to destroy steel production

Who could possibly have proposed a suicidal policy to blow up blast furnaces? The plan was devised by the oligarchical families of Europe and their American confreres, with the aim of smashing industry, reducing wages, and ushering in a feudal, “post-industrial” society. It has been proceeding, step by step, for at least 25 years.

In 1970, the European Commission’s industrial commissioner, Guido Colonna di Paliano, authored a plan for cartelizing and shutting down over 50% of Europe’s steel-making capacity. Colonna is a representative of one of the most powerful and evil oligarchical families of Italy, tracing its lineage back 2,000 years. The “Colonna Report” has today evolved into the EC’s infamous Davignon Plan, named after Colonna’s successor, Viscount Etienne Davignon. It has set the conditions for trade warfare, for nations to accuse each other of producing too much steel and dumping on each others’ markets. Lost in the mutual recriminations is the plain fact that there is not too much production, but too little to meet the world’s real steel needs in industrializing Africa, Ibero-America, Asia, and in rebuilding America.

The Colonna-Davignon plan set specific quota limits on steel production by 1980: If a European country produced “too much steel,” its steel companies would be heavily fined. The plan took another step, when it was agreed in 1981 that by the end of 1985, all state subsidies to European steel industries would cease. Since steel subsidies in Europe, where steel companies are at least partially state-owned, represent the margin for capital investment, cutting back on subsidies means cutting back capital formation and leveling future and current production.

And while America’s steel company owners howl about the “unfair trade practices” of state subsidies of the European steel companies, helping Davignon close down capacity in Europe (a U.S. Commerce Department suit was enforced against European steel subsidies in 1982), Europe’s and Japan’s “threat” of “dumping” steel is used to discipline American steelworkers and rationalize U.S. steel output. Steelworkers’ wages are held hostage and slashed “to keep up with the competition.”

While the United States is not officially subject to the provisions of the Colonna-Davignon Plan, its participation was undoubtedly secretly agreed upon, and we are seeing now the implementation of its final phase in America’s steel belt. The American “Davignon Plan” was drawn up in two steps: Phase I was the cut-off of all capital investment to the steel industry, and Phase II, once the steel industry had been made outmoded, was its destruction through economic warfare.

The favorite think tank of the British Royal Household, the Royal Institute of International Affairs, affiliated to the New York Council on Foreign Relations, heralded the secret existence of an American “Davignon Plan” as early as 1982. In a July 6 interview that year, RIIA steel expert Michael Hodges proclaimed brazenly: “America does not need a steel industry. It can import steel from the newly industrialized countries and produce steel from electric furnaces by recycling scrap.”

The policy was amplified several weeks later by Peter Anker, steel analyst for the Boston Brahmin/organized crime money-laundromat, First Boston Securities Corp. Anker dictated: “U.S. steel-making capacity will be reduced by 32-40% over the next several years, and 25% of the 1978 workforce will never be rehired. The union doesn’t know what is going on, or else it knows, but doesn’t want to tell its members.”

Finally, the steel analyst at American Express-Shearson-Lehman stated: “[Federal Reserve chairman] Paul Volcker has created the market conditions that are forcing the American steel industry to make changes that will reduce capacity. You will get the ‘market’ to do the work for you. This is not a recession in America, it’s a restructuring. . . . We’re going to have to have the steelworkers’ wages cut by 20% and a further reduction in workforce size.”

Thus, the spokesmen for the combined forces of London-Geneva-Zurich-Wall Street and their allies in Moscow had come to a collective decision. And the means chosen to implement it were purely American, catering to the American “free market” ideology. A “free market” version of the plan was instituted under the stern “invisible hand” of the American steel industry management—the evil Mellons, Morgans, Harrimans, and Moores—who implemented Phase I, and Volcker, whose deadly high interest-rate program initiated Phase II.

Deliberate obsolescence

The American steel industry is the product of Jonathan Logan’s and Benjamin Franklin’s industrializing faction in Pennsylvania, Alexander Hamilton’s network which developed cannon out of the bog iron in the Pine Lands of New Jersey, and the spread of iron- and steelmaking capacity westward. The genius of that early steelmaking, as of all American industrial prowess, was based on the dirigistic approach of real American System economics—which has nothing to do with “free enterprise”—under which cheap and abundant credit was funneled into mining, manufacturing, farming, energy production, and construction. The result was exponential growth. Already by the time of the American Revolutionary War, the 13 colonies produced one-seventh of the world’s iron.

By the time of Abraham Lincoln’s sweeping reforms, taken under the exigency of the Civil War, and extending that period through the end of the century, America had become the world’s leading steelmaker.

But two centuries of development were undone in 25 short years.

The effect of the first phase of the American Davignon Plan can be appreciated by comparing America's obsolete steel industry with the Japanese. This illustration also demolishes the argument that Japanese dumping causes American steel production to drop.

The owners of the U.S. steel industry follow the dictum of former U.S. Steel President Speer, who announced in the mid-1970s that "the objective of U.S. Steel is making money, not making steel." If that comment seems to reflect the warped thinking of a banker, look no further: U.S. Steel is not a company, but a corporate fiction. It is actually a branch of the House of Morgan, which set up U.S. Steel in 1901 after buying out the Carnegie Works and merging them with the Moore Works. Five members of U.S. Steel's current board are members of Morgan or a Morgan company, including former Morgan Guaranty Trust chairman Walter Hines Paige III. The Mellons, the Harrimans (National Steel), and other junior oligarchs of the East Coast Establishment run the steel industry as a plaything. Under the whip of President Roosevelt during World War II, the steel companies were ordered to produce and add 11 million tons of capacity—which they did.

But since 1950, the steel barons maneuvered to allow only two greenfield integrated steel plants (plants encompassing the entire production process from coke facilities and limestone to iron and steel blast furnaces and rolling or extruding mills) to be built in the United States: U.S. Steel's Fairless Works in eastern Pennsylvania and Bethlehem Steel's Burns Harbor plant on Lake Michigan. U.S. Steel shelved its plans to build a 4-million-ton facility in Conneault, Ohio in the mid-1970s.

America's record on new technologies shows that the steel barons left the United States technologically backward and at a disadvantage even to the rest of the world's declining industry. In 1969, the United States had 2.9% of its steel continuously cast, while Japan had 4.0%, and Italy had 3.1%. Continuous steel casters produce semi-finished steel shapes from hot liquid steel, eliminating the time, energy, and raw steel wasted in producing ingots and then reheating the metal and rolling it into the desired shapes.

According to American Iron and Steel Institute information, today Japan has put continuous casting into four-fifths of its plants; Italy three-fifths; but America does not have continuous casting in even two-fifths of its plants.

Further, 43.0% of America's open hearth furnaces are more than 30 years old; 40.8% of its plate mills are more than

Who's shutting down the steel industry?

by Warren J. Hamerman

It is by no means accidental that the new "industries" slated for former steel towns such as Pittsburgh and Buffalo are casinos. Organized crime is intending to move into "post-industrial" areas in a very big way.

Cui Bono? 1) The old family oligarchs of Europe and America's Eastern Establishment who wish to impose their "post-industrial society" program upon the West; 2) the Soviets and their allies who oppose Reagan's Strategic Defense Initiative; 3) the organized-crime and Dope, Inc. profiteers themselves.

In short, the enemies of American national security are the forces behind dynamiting the blast furnaces.

A U.S. Department of Commerce official with oversight of the steel industry recently admitted: "We will see a net contraction of the steel business, a net shutdown of another 10 million tons, probably within the next few years through the end of the decade. . . . In any case,

there is significant *overcapacity* of steel, in terms of *need* for steel. The world economic situation is stunted. . . . You have to start from the premise now that there is too much damned steel-making around."

The London magazine *The Economist*, associated with the **Rothschilds** and the notorious asset-stripping bankers **Lazard Frères**, ran a major policy story the week of Feb. 18 headlined: "Should steel be helped? Answer: No." The article announced: "The only lasting remedy for Europe's state-owned dinosaurs and America's private-sector disasters is more surgery and innovation, not more protection from reality."

The Economist, traditional mouthpiece for the British oligarchy, argues that "the steelmakers of Europe and America can start by recognizing reality." The magazine praises as "showing the way" Luxembourg's Arbed and the Republic Steel-Jones & Laughlin merger which was recently arranged by the notorious **Crédit Suisse**-connected **First Boston Corporation**, a New York-based investment bank associated with the Weld family fortune. Corrupt U.S. Attorney William Weld of Boston is the son of the chief executive at White Weld who, before his death 14 years ago, arranged a merger with **Crédit Suisse** in London.

According to a senior First Boston official, "We were the first ones to get this reduction-capacity going. . . .

30 years old; and 54.1% of its cold strip mills are more than 20 years old.

The technological obsolescence is nowhere more evident than in the fact that between 1957 and 1976, the United States and Japan spent an equivalent amount of funds on steel investment, but the Japanese added 100 million tons of new greenfield capacity, while the United States added only 11 million tons, spending most of its money on squeezing the last ounce of usefulness out of old mills which should have been modernized from top to bottom. The result: In 1964, an American worker produced 81 tons of steel per hour; a Japanese worker produced 39 tons. In 1980, the American worker produced 97 tons of steel per hour, while the Japanese worker produced 136 tons.

And please don't blame wages: When corrected for the real Consumer Price Index, as adjusted by *EIR* and put in 1979 real dollars, the 1981 take-home pay of a Japanese steelworker was \$5.65 per hour, while that of an American is \$6.85. Since that time, American steelworkers have taken 5 to 10% cuts in pay.

Phase II: Destroy markets

In 1979, Phase II of the plan began. The Trilateral Commission put Paul Volcker into office as Federal Reserve Board chairman. Volcker had gone on record the year before, en-

dorsing the Council on Foreign Relations' concept of "controlled disintegration"—the destruction of economies through hikes in the oil price, interest rates, and other manipulated "shocks."

In October 1979, Volcker sent interest rates into the stratosphere, never to come down below double-digit levels since. The international and domestic market for American steel and steel-products collapsed. The destruction that was wrought throughout the steel belt can be seen in the following figures:

The American steel workforce collapsed. From 339,000 hourly production workers in 1978, the workforce plunged, by June 1982, to 226,704. Through further mass layoffs, today the steel workforce is only 170,694, a halving of the workforce in a little over six years.

Raw steel capacity collapsed. In 1975, the United States had 157.4 million tons of raw steel-making capacity. Today, the American Iron and Steel Institute claims that there is 135.3 million of "usable capacity." Were all the announced blowing up of blast furnaces to occur, capacity would shrink below 110 million, and effective, real capacity would be much less.

Finished steel output collapsed. In 1979, the United States produced 100 million tons of finished steel-products. In 1984, the year of the supposed recovery, finished steel-products still totaled only 73 million tons, down by more than

There will be capacity shutdowns, we'll lose another 20 million tons of iron-making capacity, more blast furnaces will be demolished. The steel industry is being restructured, and we've been in the middle of it since the beginning, because we advise many steel companies."

Asked whether this amounted to an American version of the Davignon Plan whereby European steel capacity is being curtailed, he said, "Look, the Davignon Plan has to hustle quite a bit to get as far as *we're* getting in the U.S. We have less political constraints, we're moving faster than they are!"

Lazard Frères, in fact, has a hands-on approach to the destruction of the steel industry since it has been involved in the financial reorganizations of various steel plants (brought in, ironically, by the steelworkers' union, USWA)—such as the National Plant in Weirton, U.S. Steel's Duquesne Works, and Wheeling-Pittsburgh Steel Company's plants in West Virginia. The particular trademark of Lazard is to include "planned shrinkage" and destruction of production facilities.

The attorney involved with Lazard in arranging the package at the Weirton Plant was none other than **Kenneth Bialkin**, the head of the organized-crime linked Anti-Defamation League of B'nai B'rith. Bialkin was fined \$35 million for helping organized-crime kingpin **Robert Vesco** loot a bank in New York. Bialkin is also the attorney

considered to be the leading expert in the United States for foreign takeovers of U.S. corporations.

The fact that organized-crime-linked laundering experts such as Bialkin and First Boston are involved in gutting steel is by no means tangential. According to U.S. Steel headquarters in Pittsburgh, none other than **George Stevens Moore**, the international adviser to the **Cisneros** financial empire, is a key individual in the steel picture. The powerful Cisneros banking family of Venezuela is tied into financing and facilitating Swiss, Soviet, and Cuban drug-running activities. The Cisneros international financial empire or Organization Diego Cisneros (ODC) holding company is *headed by* the same George S. Moore.

Moore was appointed an adviser to U.S. Steel on May 4, 1964, by stockholder vote, and stayed on until "retirement" on May 2, 1977. A U.S. Steel official revealed to an anti-drug investigator that Moore has "stayed on as director of one of our subsidiaries in Spain; he's a director to this day."

In 1964, Moore had been the chairman and chief executive officer of First National City Bank, later to be Citibank, at the time Laurance Stillman Rockefeller was president of the bank. Moore played a key role in building up Citibank-Citicorp into a major international lending operation in new (laundering) spheres, a shift from earlier policy.

25%. The fall in steel production gives the lie to the argument that imports are closing American mills. In 1979, imports totaled 17 million tons, the same as in 1984. But production fell 27 million tons in that period. If imports didn't change, why did steel production fall? A zero change in imports cannot displace 27 million tons of U.S. production! The answer is that Volcker's policies, not imports, are the cause of the problem.

Capacity utilization collapsed. Steel capacity utilization has plunged to 67.6% in 1984.

And today, amidst the "recovery," steel output has fallen for seven straight months and capacity utilization plummeted to 60.9%.

What the Schiller Institute's planned actions are intersecting is the end-game scenario of the American Davignon Plan: after having killed the steel industry, simply blow up the furnaces.

What does U.S. Steel Corporation care? It has already long since moved out of steelmaking: While in 1978, 74% of the company's revenues still came from steel, today more than 70% comes from oil, real estate, financial investments, etc. U.S. Steel has become a financial supermarket. Along with Jones Laughlin-Republic and Bethlehem, it wants the last remains of steel capacity to be detonated.

Is it any wonder that *The Economist* magazine of London, associated with the Rothschilds and the notorious asset-stripping bankers Lazard Frères, ran a major story in mid-February headlined: "Should Steel Be Helped? Answer: No."

Rebuild the steel industry!

There is not too much steel production! The world is dying for lack of steel; the world, including the United States, has to be industrialized. There are two ways to understand the problem. First, consider the per capita steel consumption in the world. American consumption of steel is roughly 500 kilograms per person per year. That figure represents a certain standard of living, in which each American utilizes machine tools, cars, power stations, all having a certain amount of steel content. But 3 billion of the world's population uses only 0.5 kilograms of steel per year. This is a standard of living appropriate to open-fire cooking, minimal tools, and travel on foot. In today's world, that means starvation. To get the world up to America's levels of steel use, world steel output would have to be at minimum quadrupled for the next generation of 25 years. World steel output in the West is roughly 500 million metric tons per year, of which the United States, Japan, and other OECD countries produce four-fifths.

Second, look where the steel is needed. The Schiller Institute has identified 13 Great Enterprise Projects which are absolutely essential and would produce shockingly high second-derivative rates of productivity growth. Among these are:

- The construction of a second sea-level Panama Canal, as well as a canal through the 170-kilometer-long Isthmus of Kra in Thailand. These will open up great volumes of trade.

- The creation of an African central lake. The flow of the Congo River can be controlled by building a dam to create a vast lake in the Congo and Chad regions of central Africa, to improve natural and farming conditions in the area.

- Indian water management, including a series of projects involving hydroelectric power development in the Himalayas, on the upper reaches of the Brahmaputra River system; canal systems in the Punjab and other zones, utilizing monsoon rain reservoirs and radial wells. Sea barrier systems are projected for the huge Ganges-Brahmaputra delta, to retard flooding salinity.

- The North American Water and Power Alliance project (Nawapa), which would divert southward the huge volume of runoff water now flowing northward from Canada and the Yukon into Hudson's Bay. The project would provide 130 million acre-feet per year for U.S. irrigation, 100 million acre-feet per year for Canada and Mexico, and supply 50,000 megawatts of hydroelectric power.

These programs will end the African drought, feed the world, provide water for transport, industry, and mining. Each of these projects consumes 30 million tons of steel in piping, gates, the building of the construction equipment used on the project, the girders, etc.

But that is just the start of what is needed. America and the world need energy. To build one light-water nuclear reactor of 1,000 megawatts electrical generating capacity requires approximately 47,900 tons of carbon steel, 4,870 tons of alloy steel, and 2,030 tons of stainless steel (among nuclear technologies, light-water reactors are mid-range in steel usage). The United States will need 1,000 new 1,000 megawatt plants, which will require 47.9 million tons of carbon, 4.9 million tons of alloy, and 2.1 million tons of stainless steel. The Third World's need of 1,500 such plants will require 71.85 million tons of carbon, 7.31 million tons of alloy, and 3.04 million tons of stainless steel.

Building nuclear power plants alone would tie up two full years of America's steel output!

Now consider the railroad tracks, the bridges—50% of America's are structurally unsound today—the merchant ships, houses, highways, work places that have to be built in America. Now consider what has to be built in the places where people live on 1/1,000th of the per capita yearly steel intake of America.

In the United States, steel capacity will have to be expanded to 225-300 million tons per year. The existing capacity, a majority of which is obsolete, will have to be overhauled. Leaps in technology, such as plasma-fusion steel-making, which produces a batch of steel in a few seconds, will have to be introduced.

Forget what the "economists" say. They are the ones shutting down the steel industry. Look around the world and see the need for steel! Anyone who accepts the blowing-up of blast furnaces would show himself to be as insane as he is suicidal.

Debt explosion looms as IMF drives the world economy into bankruptcy

by Christopher White

Momentum is now building up to the point that a massive crisis will be unleashed, perhaps during the month of March, over how world debt levels are to be refinanced this year. Prominent players included among the forces preparing to unleash such a crisis are:

- The International Monetary Fund, and its allies in the U.S. Department of State.
- David Rockefeller, fronting for the commercial banks associated with the IMF in the creditors' committee known as the Ditchley Group.
- The drug-based political interests of especially Peru, Colombia, and Venezuela, such as the Cisneros family, with which both the above are interfaced.

Aspects of the looming crisis were designed at the annual meeting of the International Monetary Fund in Washington in September of last year, to exploit the vulnerabilities of the present administration on economic policy, and derail the Strategic Defense Initiative.

The IMF fired off the warning shots when it abruptly suspended agreed-on credits to Brazil. Jacques de Larosière, the director of the Fund, was reported to have said that he was "fed up with Brazil." In quick succession, it was announced that the Fund was "not satisfied with Mexico," and that the IMF's agreements with Argentina were "in jeopardy." Crises began to heat up around the Peruvian, Venezuelan, and Colombian debt renegotiations. Then, Argentina was pulled into the fray with the resignations of the country's central bank governor and economics minister.

The IMF had set Ibero-America afire from one end to the other. And as it did so, David Rockefeller was paraded around the countries which were being targeted to announce, imperial style, his terms of settlement, which he did in Venezuela, Ecuador, and Brazil. Dismantle the state sector and open up to private foreign investment, were his marching orders. Rockefeller's public display provided flanking cover for the more surreptitious deployment of Henry Kissinger into Mexico.

Rockefeller, of course, defended the policies of the IMF to the hilt, while insultingly remarking that it was the policies of his host countries which were at fault. He was echoed by his and the IMF's allies inside the Reagan administration. George Shultz's Department of State tried to do to Africa what the IMF and the stooge David Rockefeller were doing to Ibero-America.

On Feb. 17, State announced that Sudan was being cut

off from \$114 million in aid funds because the country was deemed incapable of meeting IMF conditions. The United Kingdom and the Federal Republic of Germany were reported to have joined the State Department in this action. Although the White House forced the State Department two days later to announce that not all funds would be cut off, IMF intent toward the Sudan was now clear.

Such brutality against Sudan typifies what is at stake, directly and indirectly. There, a cut-off, in the first place, ensures the spread of the genocidal conditions so widely reported in Ethiopia. There can be no elimination of such murderous conditions until the IMF is eliminated.

But second, the IMF is in fact determined to hand Sudan over to Qaddafi's Libya, and directly challenge President Reagan's newly revived policy towards the Middle East. The point was underscored when Shultz made the same kind of démarche to Israel, delaying economic aid until Israel changes its economic policy in ways he approves of. Qaddafi meanwhile offered to make good any funds Sudan loses.

The United States is being told that it can have no foreign policy, and no economic policy, independent of what the IMF dictates. The abominations threatened against Sudan are the case for Ibero-America, too. Where the United States does move to develop an independent policy, the IMF and its backers promptly act to undercut it.

Target: the SDI

What is actually being challenged here? The answer should be no surprise. It is the very existence of the President's Strategic Defense Initiative.

The moves reported here were actually pre-planned at the end of September 1984, during the IMF's annual gathering in Washington, D.C. At that time, agreements were reached with the leading Ibero-American debtor nations, and arrangements were set in motion to organize a conference on monetary policy this spring, led off by the Interim Committee meeting of the IMF in April.

At that time, bankers involved in the IMF discussions reported that the agreements concluded should not be taken too seriously. Such agreements, it was said, were of a temporary nature, and would all come unstuck before the month of March. At that time, Brazil, Mexico, and Argentina were cited as exemplary. IMF agreements with those countries would be scrapped to set the stage for a crisis they thought would erupt in March.

And who did these megalomaniac fools think they were

targeting? Why, none other than the government of the United States, and President Reagan's Strategic Defense Initiative. Such a crisis would force a change in policy toward the U.S. dollar, and toward the budget deficit, especially the defense budget.

The developments in Ibero-America in the recent period fit with the timetable laid out last fall. But other parts of the picture must be taken into account.

The farm debt-bomb

Last fall, the U.S. farm sector was in the initial phases of financial collapse, reflected in the collapse of farmers' earnings vis-à-vis the increasing tribute demanded in the form of debt service, and the collapse of land values, wiping out the equity of farmer and farm banker alike. That collapse is now fully on, and is to hit the Federal Credit Administration during March.

The debt associated with the U.S. farm sector is as large as the that of Mexico and Brazil combined, and in falling on the government-backed credit administration, aggravates, with perhaps fatal consequences, the financing of the federal budget deficit.

Associated with this is the fate of the dollar. While many in the United States are concentrated on preventing a dollar collapse, they overlook the reality that the rise of the dollar is accomplishing the same thing as its collapse would. It is the single most powerful lever in the Russians' political warfare armory for breaking up the Atlantic alliance.

As long as the present bankrupt monetary and credit arrangements, derived from the supranational power of what the IMF represents, are allowed to remain intact, the alliance with Europe is going to be undermined, despite the virtual reconstitution of the Atlantic alliance around official West German support for the SDI.

A high and rising dollar beggars the allies to the benefit of the supranational coupon-clippers who are compounding the U.S. national debt. A dollar collapse is the signal that national bankruptcy proceedings have begun. Both force the issue of reorganizing monetary policy on an administration that is still, as the behavior of Shultz shows, compromising its policy initiatives and impulses on the basis of a deal concluded with the forces represented by David Rockefeller and the Eastern Establishment he is part of.

There are some within the administration who claim that all this has been studied by an inter-agency task force, and that as long as the oil price does not fall below \$25 a barrel, damage sustained as the crisis unfolds will be minimal. Such idiots argue that Ibero-America can be "handled," that the farm sector is irrelevant because "it will not set off a systemic crisis." They think that the consequences of destabilizing about three-quarters of a trillion dollars worth of debt, in the first phase of a crisis now uncorked by the IMF, can be separated out and not have a devastating impact on the system as a whole. Reality is going to shatter those illusions in the weeks ahead.

Council of the Americas

'Remove all barriers to the private sector'

The following interview with a source at the Rockefeller-run Council of the Americas was provided to EIR by a journalist. The current U.S. ambassador to Venezuela, George Landau, will be taking over as director of the Council this year.

Q: What new programs will George Landau bring to the Council?

A: He is the best man to continue our tight relations with the private-sector institutions in each country, like the Argentine Chamber of Commerce. That is the linchpin of our strategy toward the year, what you could call our "Alternate Development Model." We began it as a new program in September with a conference in Washington, then a second in Panama in January, and a third coming up in the Southern Cone, probably Argentina, in April. At each of these conferences, the business organizations of the major Latin American countries are working directly with us to work out private development models.

Q: What types of new programs?

A: First, we want, of course, freer trade. We want to have countries remove barriers to foreign investment and let foreign investors in. The bellwether for this is Argentina, the oil industry. I was just in Argentina to discuss this with business and government leaders. The government must let foreigners develop their oil resources, foreign oil exploration and production in Argentina. We'll tell Argentina that this is the only way they'll become a net oil exporter. We have President Alfonsín coming to New York for a Council luncheon on March 21, it's open to reporters.

Q: Would this lead to eventual privatization of the Mexican state oil and Brazilian state sector companies?

A: I don't think that can be done right away or maybe not at all, but that's the idea. Perhaps private companies won't be able to take over existing government oil companies, but they could certainly open up new ones in Argentina. At least mining and mineral companies more broadly should not be government owned, and private companies should be allowed in to develop those.

Q: What does your group want Venezuela to do?

A: Ambassador Landau finds the private sector very strong in Venezuela, and we think we can accomplish a lot. First, of course, they do have some foreign reserves, more than

most, based on oil earnings, and we want access to foreign exchange to repatriate profits by foreign firms. Then, as I said, there is the food question. The drop in Venezuela's foreign-exchange earnings will force Venezuela to stop importing so much food, and to raise food prices at home to encourage their own farmers to produce.

So they must also cut their government spending on price supports for food. Let food prices rise, then the domestic producers will have ability to make money, and they can import even less.

Q: What other new programs do you have?

A: We want to put down all bars against the private sector in these countries. We want to repeal the distinctions against foreign investors and companies having access to local sources of credit. Foreign business should be able to borrow from the private sector in these companies without government interference.

Then, we want to get access to foreign exchange for remittances for foreign companies and investors operating in Latin America. We think foreign companies should have the ability to get dollars to repatriate earnings and make payments and so on. Then, in general, we want an end to tariff barriers like the Andean Pact tariffs for foreign companies and investors.

Q: And you say this can all be done without a debt blowout this year?

A: We think they can handle it using austerity for this year. Of course in the long run, we must have a better enlightened policy on reorganizing the debt. IMF austerity by itself isn't enough, as Dr. Kissinger has been pointing out recently. We need to get the U.S. administration more involved in debt extensions. James Baker at Treasury is much more open to this, and Shultz at State.

Q: But what about major political instability arising from all this austerity? What about Mexico, for example, can the [ruling party] PRI just keep squeezing?

A: I don't see any major political destabilization in 1985. But after that, it gets dicey. The PAN is growing significantly in the north, they will really be gaining in 1985, and could take over the north by 1986. Mexico may be pulled apart. The north is more prosperous, they are linked to the U.S. by legislation, by the lucrative U.S. markets. People in the north feel cut off from Mexico City's bureaucracy and resent their austerity demands. They don't want to have to subsidize the south.

Q: You mean the PAN would secede from the government? Won't the PRI crack down?

A: The PAN increasingly is presenting the PRI with a serious political problem. The PRI can squeeze and take harsh measures as in Sonora—but that will backfire against the PRI, as it did in Sonora. It won't work.

Who should not be Who



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Reagan
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EIR's newest special report is an essential reference work for anyone who wants to understand who's who in the on-going faction fight within the Reagan administration over the President's strategic defense initiative.

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IMF cuts off economic aid to Sudan, American ally in Africa

by Thierry Lalevée

Between Feb. 17 and Feb. 20, relations between Sudan and the United States went from “bad” to “deteriorating rapidly” to . . . “excellent.” What happened?

On Feb. 17, a *Washington Post* article announced that because of Sudan’s violations of human rights and economic mismanagement, the United States had cut \$114 million in economic aid under the Economic Support Fund program. The announcement caused a furor, forcing the State Department to release a statement to the effect that “relations between the United States and Sudan are excellent” and “most of our assistance activities are continuing without any interruption.” The \$114 million, however, is still “frozen,” according to the State Department Sudan desk, until the Numeiry government accedes to the loan requirements of the International Monetary Fund, the so-called “reform program” which includes the cutting of food and fuel subsidies to the Sudanese population.

The announcement of the frozen monies came just before a scheduled visit to Sudan by Vice-President George Bush on March 3, on the first leg of an African trip leading him to Niger and Mali, too. It was under pressure from the White House that the State Department was forced to issue its disclaimer that relations between Sudan and Washington are “excellent.”

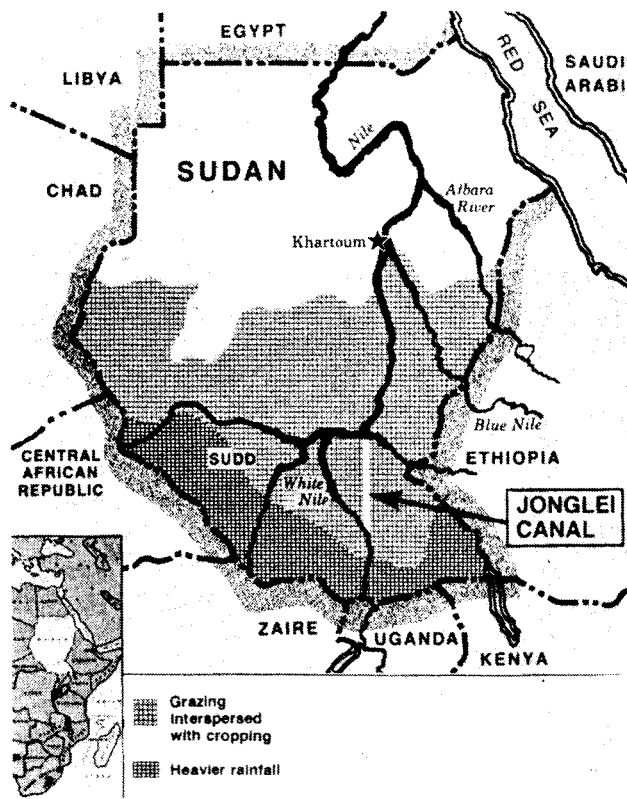
But the reality remains: George Shultz’s State Department and international “Dope, Inc.” elements, now attempting to pull coups and impose dictatorships of “cocaine colonels” in Ibero-American nations to allow the International Monetary Fund to impose the austerity that is destroying those nations, is undertaking the same against African nations.

Islamic law and the IMF

Continuing human rights violations in Sudan, in particular the Jan. 16 hanging of moderate opposition leader Mohammed Taha, were used as a justification by the State Department in its Feb. 18 statement confirming the cut-off of some \$200 million in aid. But the argument does not stand up. The State Department had informed the Sudanese that aid would be cut *last December*.

There is also Numeiry’s insane imposition of Islamic law in September 1983 and the subsequent public floggings and cutting off of hands.

But there is little doubt that the imposition of Islamic law was encouraged by Sudan’s creditors—in particular, the IMF



The proposed construction of the Jonglei Canal in Sudan could make the deserts of Africa bloom, but the IMF and the State Department are determined to prevent it.

and the World Bank. What better way to impose IMF austerity on the Sudanese population? And since Islamic law was imposed, the Sudanese pound has been devalued endlessly and subsidies for basic commodities removed step by step. But for the growing flow of Ethiopian and Chadian refugees fleeing drought-ridden areas and creating a vast new burden on Sudan’s economy, Numeiry might have gone on meeting IMF demands for a while longer.

The IMF and State Department bureaucrats have been perfectly aware of such developments. They have also known that many essential development projects in Sudan have been halted at the instigation of such institutions as Prince Philip’s World Wildlife Fund. Especially important is the Jonglei Canal, crucial to the future of Sudanese agriculture. The World Wildlife Fund argued that it would destroy a certain

precious species of mosquito!

The project received no international credit. Sudan, the potential breadbasket of Africa with enough arable land to feed much of the Middle East as well, was deliberately kept underdeveloped.

Kissinger and the drug mafia

The actual reasons behind the State Department's attempt to cut off aid are now clear: Its policy is to force Sudan into the arms of Libya and the Soviet Union.

Within 48 hours of State's aid-cutoff announcement, the Libyan news agency JANA ran a declaration by Muammar Qaddafi proclaiming himself "deeply disgusted with American attempts to interfere in the religious beliefs of the Sudanese Muslim people. Libya . . . will pay the cost, no matter how much the financial burden."

However, it turns out that back in December, when the State Department first revealed its decision, Khartoum began

Between Feb. 17 and Feb. 20, relations between Sudan and the United States went from 'bad' to 'deteriorating rapidly' to . . . 'excellent.' What happened?

a series of negotiations with Tripoli. The first meeting was held in late December in Milan between Sudanese Vice-President Omar al Tayeb and a high Libyan official. Another was held in Paris in late January between the two countries' intelligence chiefs.

At the center of such negotiations, making all necessary arrangements, was Saudi "businessman" Adnan Kashoggi, an oil and arms dealer with business interests throughout Africa, the United States, and Ibero-America.

Kashoggi is one of the rare Middle East friends of the Thurn und Taxis family. His name has been mentioned in connection with everything from the P-2 Freemasonic lodge in Italy to the "Bulgarian connection" in attempts on the life of the Pope. More recently, according to the French weekly *l'Express*, Kashoggi entered into a tourist-resort partnership with two Israelis, Ja'acov Nimrodi, an arms dealer to Khomeini's Iran, and Al Schwimmer, former director of Israel Aircraft known for his arms-for-drugs deals in Ibero-America.

Kashoggi's direct interest is twofold. Last September, Kashoggi's Sygma International, Ltd. signed an agreement with Numeiry giving him a 50% share of all oil exploration and drilling operations in southern Sudan. He thus cheaply purchased a monopoly over Sudan's main future source of foreign earnings.

Last July, at the initiative of Kashoggi, a special intelligence group was set up in Sudan, involving many of his Sygma partners and Miles Copeland, 1950s CIA station chief in Cairo who now lives in Britain and is a member of Kissinger Associates, Inc. The group's supposed purpose is to guarantee Numeiry's personal security and provide intelligence on southern Sudan, the fiefdom of the "Sudanese Popular Liberation Army" rebels, with whom Kashoggi is now negotiating through Libya.

This is where the oil resources are located. It was explored until recently by Chevron Oil Company. Chief advisers to Chevron's Sudanese operations have been Henry Kissinger and his Kissinger Associates. Kissinger's advice to Chevron last year was to stop building a pipe-line between southern Sudan and the Red Sea, and to instead build toward Monbassa in Kenya. Yet, such a pipe-line would require as much work and be nearly as long as one toward the Red Sea. It becomes essential, however, if southern Sudan, with a predominantly Christian animist population, is to become a state separate from the Muslim north!

America's policy

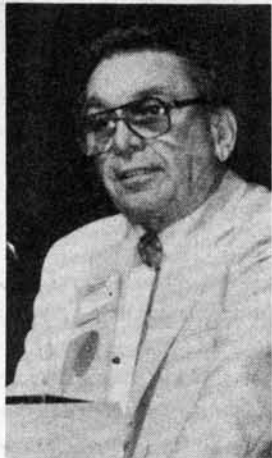
This is the framework in which the State Department sought to drive Numeiry into Qaddafi's hands, in full knowledge that this would lead to the break-up of the country and the creation of an independent entity in the south ruled by Dope, Inc.'s Kashoggi and his partners.

What does this imply about American-Egyptian relations? However short-lived, a Libya-Sudan axis—complementing Libya's relation with Morocco—would realize Qaddafi's dream of controlling all of central Africa, isolating Egypt and in the process destroying President Reagan's Middle East peace efforts. Sensing the danger, President Mubarak was quick to call on the United States to resume economic aid to Sudan, and will certainly discuss the issue when he comes to Washington in March. Egypt's own economic situation is rapidly deteriorating. Cairo can in no way implement the demands of the IMF to cut food and other subsidies.

Meanwhile, the same officials at Foggy Bottom are now questioning America's economic aid to Egypt, since Cairo has not met recent interest payments on its military debts—more than \$450 million this year.

Will Cairo be given the same treatment? What about the other African countries?

When George Bush goes to Sudan, Mali, and Niger, and addresses the U.N.'s March 11 emergency conference on Africa in Geneva, he will be expected to clarify America's African policy. Is it that of the State Department, or is it the "Food for Progress" program of President Reagan which, however limited, represents a step in the right direction? Whatever really happened in Washington policy-making circles between Feb. 17 and Feb. 20, aid to Africa cannot be cut off—unless it be all forms of aid to Qaddafi, Kashoggi, Kissinger, and friends.



Blue Nile River irrigation will make Sudan a breadbasket

by James C. Romer

James C. Romer is a rancher, farmer, and feedlot operator with 30 years experience as an agricultural engineer and nutrition consultant. He is a charter member and past president of the American Society of Agricultural consultants who recently returned from Kenya. This article is edited from his address to the Fourth International Schiller Conference on Jan. 12.

Sudan has the land, the water, and the people to produce food for millions of people. All that is needed is capital and management. The wealth of Sudan can be greatly increased from the export of food products, and the balance of payments can be improved as well. From a personal survey I made in Sudan in 1981, five million acres of desert land are available for irrigation from the Blue Nile River.

I designed the Blue Nile Project to use 100 agriculturally trained Sudanese to develop the first 100,000 acres. Each Sudanese trainee would have the opportunity to become owner of 1,000 acres of fully developed irrigated land at the end of 10 years, by working and proving his management ability. Schooling and training classes would be available to help each trainee reach his ownership goals. At the end of 10 years, the balance of the acreage not earned by the trainees would become a joint-venture operation by the trainees. Schools and housing would be constructed on the farm for all employees, with emphasis on continuing adult education for all who want to advance in management and production skills. Fifteen experienced agriculture producers from the United States are available to manage the project and train the Sudanese. A \$100 million 10-year loan is all that is needed to proceed with the development.

Fifty million dollars would be used to purchase John Deere, GMC, and Caterpillar equipment in the United States for the building of the operation. The other \$50 million would be for developing the project over a four-year period.

The project would include housing and schools for all involved. Equipment is available right now to rapidly produce rammed-earth building blocks that are weather-resistant and very substantial.

The Blue Nile Project will be located southeast of Khartoum, east of the Blue Nile River between Khartoum and

Ethiopia, near the highway between Khartoum and Port Sudan. This area is an ancient lake bed and basically level. The project is designed to use the biggest 4-wheel-drive tractors tilling a 60-foot swath. One man and a big tractor can replace 22 men on 25 HP tractors, thereby producing food economically instead of being merely a scheme to employ people.

Water will be pumped from the Blue Nile River by Detroit Diesel engines manufactured in the United States with a total lift of 20 to 30 feet to enter the Canal and Pipe irrigation system.

The fields are designed long and narrow with the effect of having many fields end to end so that waste water from the rows in one field enters the top of the next field and the water is moved across a series of fields with no waste. The big tractors can go from one to two to four miles before turning around and coming back, because the big turn rows waste a lot of space and are inefficient. Underground delivery pipes for the total area would allow farm cleaning and avoid ditch maintenance and weed contamination.

Underground irrigation water supply lines between each long field would supply the gated irrigated pipe used to apply a specific amount of water to each row from supply valves placed on each side of the narrow field. The width of the field is designed so that half the field can be reached by a single run of gated pipe. This system avoids opening and closing gates to the rows and spreads water to the total width of the field at one time. Valves are placed at correct distance to control the length of run and the amount of penetration desired. Service roads between each long field make for easy access to the irrigation valves, for servicing any equipment in the field, and for transportation of produce from the field. Water for livestock is piped to all locations for the grazing of fields when desired.

To save shipping costs, the gated pipe would be built on the site from fiberglass materials. This will reduce the total cost of the project and create a new manufacturing industry in Sudan. This new industry can also manufacture many products for the homes and industry from fiberglass products.

Meat, milk, grains, fruits, vegetables, and flowers would be produced for sale. Foreign exports will help the balance of payments for Sudan. Export of fresh produce and fresh meat can be accomplished by the use of dormavac hypobaric

containers. These humidity-controlled vacuum refrigerated 40-foot containers, designed by the engineers who built the lunar landing module, allow shipment by water transportation rather than air freight. Refrigerated life of products can be extended four-to-six times by the use of the dormavac container.

At the end of 10 years, the total project would be owned and operated by the Sudanese, fully paid for by their own efforts and production. Forty-nine more identical projects could be started as soon as loan funds were available and the total 5 million acres could make Sudan the garden spot of the world, with 5,000 independent Sudanese producing for profit.

Food and housing are the greatest tools available to help keep peace and democratic societies in developing countries. Funds from the United States should be directed toward the development of land and water to produce food on a continuing basis rather than a one-shot expenditure for relief funds.

A planeload of supplies into Africa today is kind of like putting a bandaid on open heart surgery. It does a little good, but we need a lot more.

Here's a proposal that I wrote in 1981, after visiting Sudan, and presented to the Saudi Arabian government. And in it we have the Encouragement of Investment act of 1980; Sudan wrote this law to encourage agricultural development, similar to our old Homestead Act in the United States.

We detailed a project out in 1981, including every part, piece of equipment, the timing, and all that it would take to do the project. We even gave the Saudi government a bar chart showing what field would be farmed at what time in the 48-month development. We would be on the last six months of this project at the present time. That 100,000 acres is capable of feeding 1 million Ethiopians today, if we had started with \$100,000 in 1981.

The reason the Saudi government gave for turning down the project—and they had \$1 billion for development—was this: The government of Sudan is not stable, and it's dangerous to make an investment there.

But at the same time, in going over the land maps of Sudan, Prince Khaled, son of King Faisal, had a grant of 5 million acres. And Kashoggi, the arms dealer, had another million acres laid out. I don't know how much development was going on, but I understood that they had contracted with the Campbell Soup Company to come and advise them on how to do something. And I would suppose that they would employ some Sudanese, but the ownership and the profit would go to the Saudis, who would end up owning the land.

A loan from the United States to a joint venture of Americans and Sudanese, even if it came from the military budget, in 20 years could have that 5 million acres producing \$5 billion of food products annually, which would be enough to feed 50 million people. Do you think that these 5,000 capitalist Sudanese, who would be running these 5 million acres with employment of 50,000 other people because of their efforts, would add enough stability to the government of Sudan?

The Cartagena Consensus

Debtors evade action against the IMF

The Cartagena Consensus of Ibero-American nations was first convened in July 1984 in order to formulate a common strategy for debtor nations to deal with the problem of international debt. Although the resolution which emerged from the meeting strongly attacked the contradictions between usurious and destructive IMF policies and the development needs of the developing nations, the consensus unfortunately limited its action to "requesting" further IMF aid as a solution to their nations' problems.

The statement which emerged from their recent meeting in Santo Domingo, Dominican Republic which ended on Feb. 9, is far stronger than that of July, but represents a compromise, the result of a failure of the delegates to arrive at agreement on common strategy on the debt. The debate was between those who wish to force a confrontation with the creditor nations on a unified basis and those who favor a nation-by-nation negotiation process, the same method used successfully so far by the IMF to prevent unified Ibero-American action. The resulting document, although emphasizing the social and political upheavals caused by IMF austerity policies in the past and warning of more serious social explosions in the future, fails to set a date for the proposed "dialogue" with the IMF, which means the group will wait until after the April 18 meeting of the IMF. Further, no mention was made in the final communiqué of two important issues, the setting of a limit to "foreign profit repatriation" and for the percentage of the total of exports that can be used to pay foreign debt.

The following is an English translation of the text of the Santo Domingo Declaration signed on Feb. 9 by the countries of the Cartagena Consensus, as published in El Universal:

The Foreign and Finance Ministers of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Peru, Dominican Republic, Uruguay, and Venezuela, meeting in Santo Domingo on Feb. 7 and 8 at the Third Ministerial Meeting of the consultation and follow-through mechanism established by the countries signing the Cartagena Consensus, reviewed developments registered since their meeting in September 1984, in Mar del Plata, with a view to carry forward and update the joint action strategies contained in the Cartagena Consensus and the Mar del Plata Communiqué.

They received with deep interest the expressions of His Excellency the President, Dr. Salvador Jorge Blanco, rec-

ognizing the concerns of his government and the importance to the economy and people of the Dominican Republic of the issues pointed out on the occasion of this Third Ministerial Meeting.

I. New Considerations

1) Over the last few months some Latin American countries have concluded foreign debt restructuring programs with the international financial community. It is necessary that the terms and conditions incorporated into those restructurings be extended to countries which are in the process of renegotiating their debt and that they constitute minimal conditions for new negotiations to take place, in keeping with the directives assembled in the Cartagena Consensus.

2) Nonetheless, these debt restructurings are not enough, and only postpone the problem, since negotiation with the commercial banks, of its very nature, does not provide the opportunity to take up matters of greater scope, such as the co-responsibility of debtors and creditors, the symmetry of adjustment, the implications for the development of the debtor countries and the evolution of the economy, international commerce and finances, which could make possible a permanent solution to the problem of indebtedness.

3) The persistent application of severe adjustment programs generally continued to signify a drastic reduction of material standards of living and welfare within the great centers of the Latin American population. In many of the countries unemployment could not be reduced, and the level of domestic activity declined. Social tensions reached critical heights, due to the magnitude and speed of the adjustment processes applied. In many cases the efforts of coming years will only make it possible to again reach levels of per capita production and income and quality of life which had already been achieved a decade ago.

4) The economic recovery of the industrialized countries has not spread to the countries of Latin America, and instead, the application of protectionist measures and the restriction of trade and financing in the former have intensified. The transfer of financial resources again became negative for this region, in the estimated amount of 55 billion dollars over recent years. Interest rates have come down recently, but this tendency has not consolidated, since in many countries credit demand increase and inflationary pressure factors persist which may produce a new rate hike.

II. Political Dialogue

The Ministers consider it indispensable to firmly reiterate their conviction that there shall be no stable and permanent solution to the foreign indebtedness problem unless the governments of debtor and creditor countries agree on an adequate political framework for the entirety of these questions. Therefore, it is indispensable to overcome certain reservations expressed by some governments about making the political dialogue concrete. If dialogue is ignored, the entire region will incur the serious risk of instability not only finan-

cial and economic, but social and political as well. In keeping with these statements, they decide on the following course of action:

1) To present at the upcoming meetings of the interim and development committees of the International Monetary Fund and the International Bank for Reconstruction and Development, the 17th and 18th of April, on the basis of what was agreed in Santo Domingo, a joint position which shall be divulged and presented at the aforementioned forums after communicating it to the Group of 24.

2) To address the governments of the main creditor countries after those meetings, for the purpose of formalizing the invitation to a political dialogue.

The statement which emerged from their recent meeting in Santo Domingo, Dominican Republic which ended on Feb. 9, is far stronger than that of July, but represents a compromise, the result of a failure of the delegates to arrive at agreement on common strategy on the debt.

3) To jointly address the industrialized countries participating in the upcoming Bonn meeting, and present them with their [the Ministers] proposals to deal with the foreign debt problem in its various aspects.

4) To begin as of now to call the attention of international public opinion to the magnitude of the problem and to the grave consequences which could derive from failing to deal with it in an adequate political framework.

5) The content of the proposed political dialogue goes beyond aspects exclusively related to the refinancing of the debt, and must cover as well the proposals contained in the Cartagena Consensus. To this end, the studies and subjects to be submitted to their consideration shall be undertaken and stated.

III. Follow-Through

1) The assessment of these actions and the launching of others shall be undertaken at a new meeting of the Cartagena Consensus, whose date shall be determined by consultation immediately after the meetings of the interim and development committees of the IMF and the IBRD next April.

2) As of this meeting, the secretariat pro tem will be the responsibility of the Republic of Uruguay.

European usurers cut U.S. food production

by Christopher White and George Elder

EIR investigations have uncovered the network of continental European-based insurance and financial interests behind the destruction and reorganization of U.S. food production capabilities.

At present, these European interests are:

1) Funding farm-sector demonstrations through the Minnesota-based Communicating for Agriculture and other groups.

2) Organizing in Congress, state legislatures, and constituency groups for solutions to what they call "the farm credit crisis," solutions guaranteed to deliver the coup de grace to U.S. agriculture as known in the post-war period.

3) Setting up farmers to lose the land which is their prime asset and the basis of the nation's food production, and have them thinking they're better off without it.

Within the United States, the entry to unravelling the conspiracy was discovered in the KGB-infested state of Iowa, the home of land speculator and former National Democratic Party chairman Charles Manatt. The key was provided by the activities of the Cedar Rapids Mid-America division of the national insurance syndicate, Life Investors, Inc., whose board of directors includes such Democratic Party luminaries as Robert D. Ray, former governor of Iowa. This company controls the foundation which dispenses funding to organizations like Communicating for Agriculture. Here we also find Jimmy Carter's farmer-busting secretary of agriculture, Bob Bergland.

Communicating for Agriculture is interfaced with the notorious University of Minnesota, home of the Hubert H. Humphrey Institute and its project on the Future of the North American Granary. Backed and financed by the Cargill company, the Humphrey Institute is one of the central institutions in the planning of a world food shortage, designed by the race supremacists who backed the Mondale presidential campaign, to eliminate black, brown, and yellow populations around the world.

Communicating for Agriculture

Communicating for Agriculture, formed in 1978 to market insurance to farmers, is now emerging as a key conduit

for farm-sector policy in the nation's capital and state capitals, through its connections to Cargill's Mondale-Manatt wing of the Democratic Party.

Communicating for Agriculture was set up on an initiative out of Denmark by interests associated with the corrupt Danish monarchy and the Royal Danish East Asian Company, a survivor of the nexus defined by the old British East India Company imperial drug-runners. The Danes sponsored the establishment of a Minnesota creamery, and subsequently branched into the business of selling life, health, and other insurance to farmers. Now, Communicating for Agriculture additionally provides computer-generated farm programs for a suitable payment. These programs may well be spawn of the Cargill-backed Granary Project at the University of Minnesota.

Life Investors of Iowa, along with its Democratic Party participants, is the U.S. subsidiary of a Dutch based insurance group, AEGON, the result of the merger of two other Dutch insurance companies, AGO and Ennia Insurance. AGO in Dutch stands for Eight Great Organs, Ennia for Netherlands Insurance. The merged company maintains operations in Britain, Spain, Scandinavia, and Italy. In Italy, the companies are interfaced with the drug-running port authority of Palermo, Sicily, and that island's warehousing authority. Are the drug interests driving farmers out of business and preparing to buy up their land?

AEGON in turn is a front for two consortia of European insurance companies, one going by the acronym GAIN, the other, the Compagnies Internationales d'Assurances et Rasseurances.

Through AEGON, the tracks lead back through Norway, France, and Germany, into the Swiss and Italian financial interests, which, along with the British monarchy and its holding companies, control what is called the international grain cartel.

For example, the Dutch group is in partnership with the notorious Swiss reinsurance company SwissRe. The significance of this is not lost to anybody who knows anything about the crisis in world food production.

The economist for the Swiss insurance group headed by SwissRe is Mr. Giarini, who is also the economist for the Club of Rome. In recent years, Giarini has worked closely with old Swiss Nazi and Gnostic Denis de Rougemont to prepare a world food program. De Rougemont is head of the European environmentalist umbrella Ecoropa, and prominent in the Venice-based Cini Foundation's European Society for Culture.

As opposed to a sane program, that of Giarini-de Rougemont assumes that the United States, the world's major food producer for export, will no longer be either a major food producer or a major food exporter. De Rougemont and company favor small-scale collective production modeled on the monastic communities of the Middle Ages, like the French-based counterculture collective at Longo Mai—which has been linked to terrorism.

Not surprisingly, Communicating for Agriculture is also interfaced with the interdenominational farm activist group Shalom, organized by the Benedictine order. Shalom works closely with monastic communities in North Dakota and elsewhere. The same Benedictines, out of St. John's Minnesota, are also the string-pullers of the Cargill-funded University of Minnesota.

The 'program'

What are the enraged sheep organized by Life Investors, Inc. and Communicating for Agriculture demanding?

Farmers, legislators, and others have been organized around the idea that today's food crisis is caused by, of all things, overproduction. Are they Marxists or what? They reconcile themselves to farmers being driven out of business by appealing to the suicidal and immoral doctrine of "supply management," acreage conservation, and reduction, and so on, to raise prices. These tactics will indeed cause prices to go back up to levels which could sustain production—after they are out of business.

Many of the same people will be found going into bleeding-heart liberal postures about starvation in Africa, while simultaneously arguing that the U.S. farm sector should be "restructured" and production curtailed. These silly enraged sheep are simply acting out a script that was written for them in the research departments of the financial interests who control the so-called grain cartel from the mountains of Switzerland and elsewhere. The idiots don't demand that production be expanded to feed people, they demand that someone else's budget and the nation's defenses be cut.

The world is desperately short of energy-dense animal proteins, meat and dairy products. The areas of the nation's agriculture under attack from the identified financial interests are precisely the core of present world capabilities to produce protein-rich sources now in such short supply.

But look at Governor Perpich of Minnesota, and Governor Sinner of North Dakota. They have launched a movement to change state laws to permit companies, rather than farmers, to own land in farm states. They are acting for exactly the same financial interests. Who is going to end up owning the farm land, as the nation's farmers continue to be dispossessed? Some will be taken over by the government, and put into a conservation reserve to reduce base acreage, permanently.

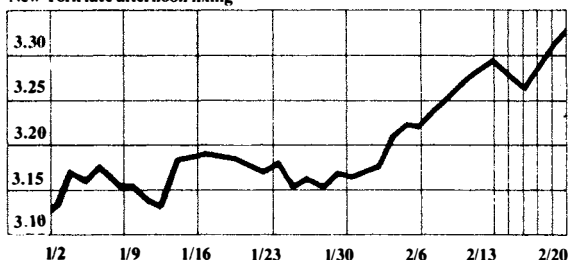
Another portion, the prime land, will be taken over by the same companies who are now funding farmer demonstrations and pushing programs designed to bankrupt the industry as a whole: Dutch, Swiss, and Italian insurance companies, who are interfaced with the same interests that control the international drug trade.

It shouldn't be necessary to ask where that will leave the nation's and the world's food supply. If this kind of user-backed political manipulation is not stopped, a lot of people will shortly be discovering that, contrary to what they think right now, food really doesn't grow on supermarket shelves.

Currency Rates

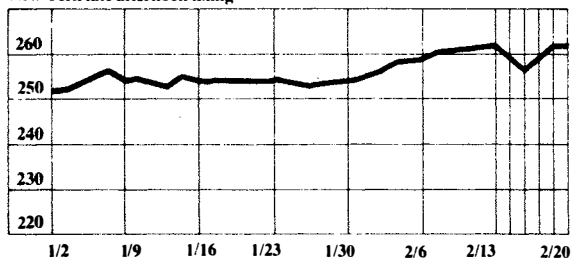
The dollar in deutschemarks

New York late afternoon fixing



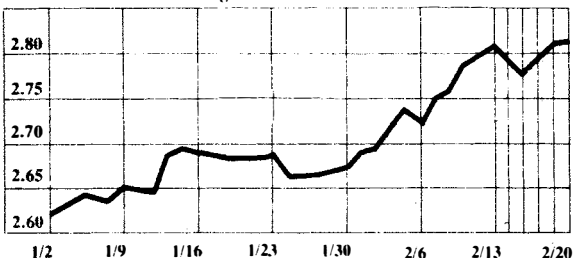
The dollar in yen

New York late afternoon fixing



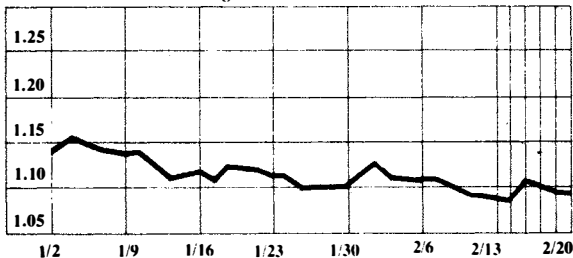
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Financial Times prints EIR editor's article

by Nora Hamerman

EIR has made no secret over the years of its rigorous opposition to the monetary, financial, and economic policies led by the City of London, its clearing banks, and merchant bankers. Our attack against the City's banking policy was and is grounded in our rejection of their 18th-century British East India Company colonial policy of looting the raw materials wealth of developing nations rather than fostering economic growth.

This well-known opposition, which has often provoked the ire of the powers that be in the "Square Mile" of London, makes it all the more remarkable that the City's principal mouthpiece, the *Financial Times*, published on Jan. 23 an op-ed by our European Economics Editor Laurent Murawiec, excerpts of which appear below. The article, "World Debt: Why Donkeys Thrive on Great Projects," has introduced in the public discussion of the debt issue in Britain a new factor, one not coincidentally dismissed or omitted in all previously published treatments of the matter appearing in the British media: the real economic basis of the debt crisis, and its necessary solution.

No less remarkably, the German central bank, the Bundesbank, reprinted the same article *in toto* in its "Excerpts from Press Articles" of Jan. 28, a weekly publication used by the Bundesbank to draw attention to subjects and contributions it deems worthy of interest. Since the Bundesbank has been on the forefront of the same monetarist policies of extreme austerity and enforced "adjustment" for debtor nations, the "signal" value of the article's appearance shows that those solutions to the debt crisis outlined in the article—which bear the hallmarks of Lyndon LaRouche's 10-year campaign to reorganize world debt in a way conducive to Third World development—may not provoke unbridled enthusiasm on the part of the London bankers and the Frankfurt central bankers, but have entered the landscape as an option too important not to be considered.

Excerpts of the article follow:

"The French philosopher of the Middle Ages had a story about the man who wanted to reduce his donkey's food intake. He gradually diminished the quantities, and just as the unhappy animal was 'just about getting used' to do without food, it unfortunately died. The parable can be applied to debtor nations: Any local banker knows that the indebted industrialist must be able to produce in order to break even,

make a profit, repay his debt and plough whatever remains back into the company's expansion in the form of investment, labor, and overhead costs.

"The policy of 'adjustment' however, usually associated in the speeches of central bankers and others with the adjective 'painful,' has the opposite aim. Debtors have not only slashed their level of outright consumption since 1982, but also the very foundations of any future growth: Infrastructure projects in water management, energy generation, transportation as well as investment in industrial capacity have been drastically reduced. Further, the brutal cuts in standards of living in countries where many live at or below the breakeven level required for a productive activity endanger the demographic fabric of their economies.

"An endless series of proposals for financial reorganization has been floated in the last two years. The defect in all such proposals is their common assumption that the donkey is 'just about getting used' to the now chronic austerity affecting it. But, it is the debtor nations' *capital*, rather than their *current* income, which is being eaten up in debt repayment.

"The pathway to a productive outcome of the crisis lies in combining financial reorganization with large-scale infrastructure projects capable of raising the productivity of the economies involved."

[The article then sketches the "Global Infrastructure Fund" (GIF) proposal of Mitsubishi Research Institute head Nakajima, and the included great projects, the Kra Canal in Thailand, etc.]

"Mr. Nakajima's idea is *not* a Keynesian 'pump-priming' exercise, nor a simple 'public works' approach to depression. The GIF was inspired by old lessons in economic growth, such as were demonstrated by railway development in Europe and North America. The development of ports, railway lines, townships around them, modern agriculture, water desalination through use of nuclear energy, would seem to be the most self-evident way to re-establish the indebted economies.

"'Who will pay for all these nice projects?' ask voices in the background. There it is that the coupling of the financial and the economic facets becomes the decisive factor. While the 'New Deal' did nothing substantial to stop the depression of the 1930s, building the war machine under Roosevelt in 1939-43 not only mopped up the Great Depression in record time, but presided over one of the greatest waves of economic growth in history. The secret lies with credit policies."

[The author next outlines the Hamiltonian, dirigistic credit policies used at the time to power the economy, and concludes with a summary of Lyndon LaRouche's proposals for central rediscounting of old debt against fresh credits tied to productive projects. He stresses that the emergence of a "debtors' cartel—not a cartel to default but a cartel to act jointly, whatever the action will be," has created a new, political situation which defines any possible solution to the debt crisis.]

Debt crisis behind the dollar's rise

by William Engdahl

The cause of the relentless upward climb of the U.S. dollar against other currencies over past months, according to the usual commentary in the financial press, is that President Reagan's defense spending has created a budget deficit whose financing requirement is sending the dollar through the stratosphere. The President himself is being lied to by his economic advisers that the dollar rise—now topping 3.30 deustemarks from a range of 2.60 a year ago, up more than 25%—reflects the “strength of the U.S. recovery” compared to Europe.

Nonsense. The dollar rise at this juncture bears no relation to the U.S. economy. The dollar rise is a simple manifestation of the global debt crisis.

The extraordinary foreign-exchange demand for dollars is the central feature, and is directly proportional to the rise of interbank transactions on international banking markets over the 15 years since the Aug. 15, 1971 decoupling of the dollar from gold.

According to a study carried out by Ivor Pearce, George McKenzie, and S. H. Thomas at the University of Southampton in England, the global volume of foreign-exchange transactions grew 2,500% between 1970 and 1984. During the same period, world trade increased only five-fold. Estimates today are that barely 5% of international foreign-exchange transactions are generated from trade and investment. The remaining, approximately 95% are principally interbank transactions necessitated by the requirements of maintaining some \$3 trillion in international debt (including interbank debt).

Behind the ‘magic of the market’

The daily value of foreign-exchange transactions is estimated by the Pearce group at \$300 billion dollars, equal to the world's entire spendable stock of dollars. Why do international banks carry out such a phenomenal scale of daily currency trade? The answer lies in the usurious nature of the international banking system.

No ordinary increase of loans against sound productive investment would, by itself, provoke such an avalanche. The crux of the problem lies in what the Pearce group calls “maturity mismatch.” Put simply, over recent years, a pyramid of hundreds of billions in dollar-denominated international debt has had medium-term maturities, say 5 to 10 years. But most of these loans are financed by three-month bank depos-

its. In other words, the bank must refinance that portion of its loan portfolio every three months.

Multiply this process on an international scale and the present problem of the soaring dollar begins to become demystified. The cluster of recent dollar rises at the end of financial quarters is indicative.

The Pearce group has done calculations which show that fully one-third of the total international debt of \$2,900 billion dollars could fall due for repayment in one to eight days, or \$100-120 billion dollars *per day* to feed the debt payment demand of the banking system! The international banking system has become one global chain-letter scheme.

So, any crisis of non-payment of sufficiently large scale, such as the Continental Illinois case, threatens the entire dollar-denominated debt structure with domino-style collapse.

As debtors' terms of borrowing and terms of trade have deteriorated, “roll-overs” have ballooned the debt, and the demand for dollars to refinance it has grown exponentially. By direct policy intent, key financial institutions in New York, London, and Basel have imposed policies such as IMF “conditionalities” which destroy productive long-term investment and trade in favor of short-term dollar obligations. Thus, the gap between the debt and the payments base in industrial and agricultural production has grown exponentially.

International banks, short of declaring bankruptcy, must come up with the money to refinance short-term debt obligations regardless of what they must pay in interest. Otherwise, the entire monetary system crashes down on a scale dwarfing the 1931 Austrian Kreditanstalt collapse.

U.S. Comptroller of the Currency C. Todd Conover told a meeting of international banking regulators in Rome last September that the controversial U.S. government bailout of Continental Illinois was done to prevent the entire international banking system from collapsing, not merely one bank. During the peak of the run on Conti last summer, the U.S. government pumped money into that bank at a rate equal to the financing needs of the entire U.S. federal budget deficit!

Now, compare the daily need to come up with some \$100-120 billion simply to keep banks' doors open, to the U.S. budget deficit, which requires \$500 million per day—less than 0.5% of the total for the international banking system! So much for the defense-budget cutters.

The roots of this latest “dollar crisis” internationally lie in Paul Adolf Volcker's October 6, 1979 Federal Reserve “revolution,” which launched what Volcker himself had earlier characterized as “controlled disintegration of the world economy,” imposing unpayable borrowing costs onto nations, farmers, and industries.

The collapse of the dollar in this context would most likely occur when the Fed drastically reverses policy to flood the banking system with liquidity in a default crisis. Otherwise, only emergency executive action by the President to reorganize the impossible world debt burden will resolve “the dollar problem.”

IMF official asks harsh U.S. austerity

The International Monetary Fund plans on U.S. internal bankruptcies, and wishes Stockman's power were "absolute."

The International Monetary Fund (IMF) is planning on a rash of production and banking bankruptcies inside the United States this year to weaken America's credit structure and leave the nation open to international demands that the United States itself undergo an IMF program like other debtor nations.

The IMF is backing OMB Director David Stockman and Federal Reserve Board chairman Paul Volcker in their demands for harsh austerity and cuts in the U.S. budget for agriculture, defense, health, and other vital spending. Such cuts themselves in vital productive sectors would lead to, or exacerbate, bankruptcy throughout the economy.

The IMF, for example, is urging Stockman to deal with the imminent bankruptcy of \$215 billion in U.S. farmers' debt by letting farmers and their local banks simply fold. A top official of the International Monetary Fund told a reporter on Feb. 15, "Let the farm sector banks go down. We've been supporting them too long. They'll collapse. We need to continue to cut agriculture and cut it again. We've been supporting it too long. I wish David Stockman had absolute power."

The IMF official offered a version of the additional cuts he wants in the U.S. budget:

Cut the MX missile program in half. "[Defense Secretary] Weinberger is just negotiating when he calls for a strong defense. He will compromise, he will have to compromise,"

the official predicted. "There is nothing that can't be cut. They'll cut the ICBM program." The MX missile, he said, will only be slashed, not shut down as the IMF would like, because "they can't eliminate the program. But they will reduce it, reduce the number of missiles produced," perhaps by half.

"But we may be able to replace the B-1," he said, "which could save money. What David Stockman said about cutting the military pensions is a good place to start."

Although the IMF official was too politically shrewd to say that President Reagan's current favorite program, the Strategic Defense Initiative, ought to be slashed, an executive at the Bipartisan Budget Appeal had no such compunctions. The Budget Appeal is effectively the private-sector arm of the IMF. It is run by former World Bank chief and top IMF collaborator Robert McNamara (known for having wrecked the U.S. Defense Department in the 1960s by his "body count" approach), and the "gang of four" former treasury secretaries close to the IMF: Henry Fowler, W. Michael Blumenthal, C. Douglas Dillon, and Peter Peterson.

The group, the source said, is meeting and working closely with Stockman, and is leaking information to the press to force deeper cuts in the budget and strengthen Stockman's hand.

He denounced the SDI as "no effective deterrent," claimed it would lead to a "non-ending arms race," and

praised the ABM Treaty to the heavens. The Bipartisan Appeal's statement on defense transmitted to Stockman, he revealed, was written by Robert McNamara and former Jimmy Carter Secretary of State Cyrus Vance, a close collaborator of Moscow on arms-control issues.

Vance and McNamara are also leaders of the "Save the ABM Treaty" group, which is explicitly organizing against the beam weapons plan on grounds of defending arms control.

In general, the IMF official insisted, "You can make large savings in defense procurement, things like munitions. But procurement is only \$60 billion of the defense budget. There are other things, like payroll, salaries, pensions, operations. These can all be cut."

Otherwise, the IMF official ticked off a number of areas of the U.S. economy which had to be cut back, in addition to our national defense.

"Medicare is going to go through a funding crisis very soon, though nobody is talking about it, just like Social Security. Medicare won't be solvent. Medicare benefits will have to be cut, and contributions to the system raised."

"Reagan should renege on his campaign promise not to cut Social Security. He should do what [former Council of Economic Advisers chairman] Martin Feldstein suggests. Limit the increase in the social security cost of living adjustment to 2 to 3%.

"The Congress must enact a tax on consumption to bring in more revenues. It would have to be some consumption tax. The government will also have to hold up on some of the tax reform adjustments. They will have to slow down on the implementation of the cutback of the accelerated depreciation system.

"This could hurt any business that depreciates heavily," he laughed.

Widening foreign deficits?

The International Monetary Fund may be toying with a "strong dollar, weak economy" option for America.

A top official of the International Monetary Fund predicted in mid-February that the U.S. foreign debt will boom over the next few years, as it has since 1983, consolidating the United States' position as a net debtor nation, vulnerable to foreign-creditor and thus IMF demands.

According to the official's story, which may or may not be the IMF's real thinking on the matter, IMF studies show that the U.S. foreign-trade and overseas current-account deficits will grow wildly. The current-account deficit, the IMF has predicted in private studies, will grow for five more years. The official stressed that this means continued U.S. importation of capital from abroad, which is the only way a foreign deficit can continue to grow.

This means that the IMF is predicting that the U.S. dollar's foreign exchange rate will continue to benefit from foreign hot money, while the U.S. economy is destroyed.

The overseas current-account deficit could "stay at this level over the next few years," he said. The United States is projecting a trade deficit this year above \$150 billion. "We think that the United States will have a widening current account deficit through 1990."

He emphasized: "I mean a widening deficit. There are two reasons. First, because imports are already larger than exports. That's what the trade deficit means. If both imports and exports start at the same level, and grow at the same rate, the imports will get larger by an absolute amount and

the trade deficit will grow. The U.S. economy will continue to take in imports."

He explained that this will happen partly because the United States will continue to import capital, and because the United States will increasingly pay out more in debt service to its new creditors than it used to earn from its existing debtors.

"The second reason is that the services account, the interest, and debt service earned by the United States, will become increasingly negative. The U.S. used to earn money on interest and debt service," net, paid by foreigners to U.S. creditors. "But as the U.S. runs up debt on its trade account, it will be paying out interest and debt service. The negative interest payment will become worse and worse."

If the official is telling the truth, at least about the IMF's own predictions, this means that the IMF is preparing a vicious trap.

As dozens of IMF and bank officials, from IMF Executive Director Jacques de Larosière on down, have pointed out since Mexico went bankrupt in 1982, a nation can only run a foreign deficit if its creditors are willing to finance it. Until 1982, the IMF and the banks force fed foreign credits to Mexico and other countries, allowing them to run up large foreign deficits. The Mexican peso was strong because capital flowed in each year from 1976 to 1982.

Suddenly, using the May 1982 Malvinas War as an excuse, the banks decided to pull money out of Mexico, and, since 1983, have forced Mexico

to run a foreign surplus each year, with the surplus funds Mexico earns going to pay back its debt.

The IMF is saying that foreign creditors may be willing to treat the dollar as they did pre-1982 Mexico—for a while yet. They will let the United States run ever larger foreign deficits, which means borrowing and taking in higher amounts of funds into the dollar for as long as the deficits are allowed to rise by the creditors.

That means, arithmetically speaking, that the creditors would allow the dollar to maintain certain heights, in return for the much larger, more vicious process of thoroughly indebting the U.S. economy to the point of drowning it.

The IMF official ended by predicting that this would cause trade war between America and the rest of the world, working into Soviet hands by destroying relations with allies. The Senate, grouped around Club of Rome member Charles Danforth (R-Mo.), will use the trade deficit to sponsor bills that place tariffs on all imported goods, he predicted. "The sentiment to support such bills will grow as the U.S. continues to run trade deficits. If the U.S. current account worsens for one or two more years, this will be serious. The effect of Danforth's and other bills on the Third World would be devastating. It would destroy their trade.

"And just imagine what will happen with America's Japanese and European friends. Of course, they'll say, 'This legislation is wonderful, thank you so much,' and we'll have trade war. People at the Special Trade Representative's Office are worried about this. Some of the bills on tariffs before the Congress make some provisions to exempt some heavily indebted Third World nations, but it won't stop protectionist war."

Mexico: new ratchet of IMF genocide

The government has agreed to measures, as a consequence of falling oil prices, which will mean mass starvation.

When lower oil prices were first rumored last December, Mexican President Miguel de la Madrid stated publicly that "if prices go down, the economy will unravel."

And this is precisely what is happening. Mexico has seen itself forced to lower its price per barrel by \$1.25 in U.S. dollars, thus losing \$4.5 billion a year in revenues. If we add to this the rise in LIBOR interest rates, the rates at which the Mexican foreign debt is being renegotiated, the suspension of gas exports to the United States (another \$300 million), and the reduction of our daily production of crude oil (\$300 million more) agreed to at the penultimate meeting of OPEC, Mexico has accumulated more than \$1.3 billion dollars in losses.

Immediately after the President returned from his trip through India and Yugoslavia, he called an emergency meeting of the economic cabinet, where, in the face of this economic unraveling, he opted to adjust the economy to the scale of the new income levels. That is to say, the economy was slashed by \$1.2 billion officially (\$1.6 billion unofficially)—more than 260 billion Mexican pesos. This cutback comes on top of the budget cuts already programmed for this fiscal year.

Although the planning and budget secretary vowed that this will not have repercussions on the levels of consumption and employment of any Mexican, nobody believes that one can cut 250 billion pesos without having consequences on Mexicans' consumption and employment. The cut-

back measures are as follows:

1) The federal government will proceed to cancel all unfilled jobs and prohibit the creation of new job places. With this, 45 billion pesos will be saved.

2) Reduction of current subsidies and of administrative costs in general. The savings is calculated at 60 billion pesos.

3) Non-priority investment projects will be eliminated, with a savings of 100 billion pesos.

4) Liquidation, transferral, and sale of 236 partially state-owned entities.

5) through 8) deal with simplifying the process of accelerating exports.

9) The policy of setting prices and fares in the public sector will be conducted by means of formulas which affect price increases less—i.e., the consumer will pay.

According to the Planning and Budget Department, these new measures will obliterate 80,000 jobs in the state sector.

Besides the rise in the unemployment rate, Mexico is facing a situation of famine, with scarcity in food production and price increases which are making food inaccessible for the great majority of Mexicans. One of the few measures on which the government had resisted the pressures of the international banks was food subsidies. But now, it has initiated the process of dismantling the subsidies, which could truly set off a bombshell.

The subsidy policy announced a few days before the emergency economic cabinet meeting (which means

that further "adjustments" can be expected) stated that the 1985 budget would be focused on "reducing operating losses." These cuts include reducing the annual purchases of Conasupo (government-owned department stores) to 9 million tons of grain, down from a level of 14.5 million tons the previous year; of these 9 million, 4.8 million tons would be of domestic origin and 4.2 million tons of imported grain.

The entire deficit in internal grain production can be covered with imports or purchases from private sources, which, of course, have already announced that "there will certainly be grain, although it will cost more." Moreover, Conasupo will increase its prices to the consumer by 126% for corn for tortilla dough, 30% for rice, and the same amount for wheat flour. These are what make up the staple diet of a Mexican.

In 1985, starvation looms over the country. The government opted to adjust to the IMF program at this critical political moment in which the National Action Party (PAN) is in open insurrection. What occurred in the state of Coahuila, where the PAN kidnaped and tortured an elected official of the ruling PRI party in December, is nothing but the beginning of this campaign. Now the second phase is being organized in Sonora, another northern state which faces crucial mid-term elections this summer and where the PAN is trying to grab the governorship. The campaign is based on trying to capitalize on popular discontent in the face of this "adjustment" of the government to the demands of the International Monetary Fund.

The bitter irony is that the same private international bankers who run the IMF are the ones who are running an international campaign of support for the PAN.

Spheromak charts new beam potential

by Charles B. Stevens

Researchers at the Princeton Plasma Physics Laboratory in New Jersey report that they have achieved the initial goals set for their S-1 spheromak experiment. Despite some initial mechanical problems, the S-1 has now reached true plasma operation with temperatures above 1 million degrees Celsius (100 electron Volts) and energy confinement times of ca. one-thousandth of a second. These results further confirm the scientific principles of the spheromak which were first demonstrated on the Los Alamos CTX spheromak. The spheromak is the most promising advanced concept for economic and compact magnetic-fusion reactors. In the nearer term, spheromaks have numerous potential applications to the development of pulsed power and directed-energy-beam technology.

The S-1 success is particularly significant because it proves that an entirely different kind of spheromak than that of the Los Alamos CTX works.

Self-organized magnetic plasmas

To achieve fusion, hydrogen gas must be heated to 100 million degrees Celsius while being contained and thermally insulated to maintain the gas energy flux density. At these high temperatures, ordinary matter becomes "electrified"—ionized—and is called plasma. Ionized plasmas interact strongly with magnetic fields such that the plasma can be stably confined and insulated within a properly designed configuration of magnetic fields—a "magnetic bottle."

The most successful magnetic confinement designs have used copper coils which generate the magnetic bottle as electric current is passed through them. In the tokamak, the magnets are placed around a donut-shaped vacuum chamber into which the hydrogen fuel is injected.

The spheromak, and, more generally, the compact torus (CT), improves on this type of approach by having the confining magnetic fields generated by electric currents within the plasma itself. By eliminating external copper coils, the plasma donut can be made much smaller and efficient. In particular, because plasmas can be held together by electric currents, they can sustain much higher current levels than conductors made out of ordinary materials. As a result, the spheromak offers an efficient and economical means to achieve

the high energy flux densities which are essential for both fusion and directed-energy beams.

Because the spheromak is a self-organized magnetic plasma, it can be physically removed from the formation chamber and moved about. In fact, because the spheromak actually contains a very small amount of mass (a few millionths of a pound) confined within an intense magnetic field, it can be easily accelerated to hypervelocities in excess of 10,000 kilometers per second.

Such "translation" experiments have been carried out on the FRC compact torus at Los Alamos and other spheromak translation experiments are being pursued at Lawrence Livermore National Lab in California. For power reactors, the ability to transport the fusion plasma around can dramatically decrease both engineering problems and capital costs.

In terms of directed-energy beams, the hypervelocity spheromak is extremely potent. Because the spheromak has only a small mass and contains most of its energy within its confining magnetic field, it offers one of the best means of readily achieving energy densification. The plasmoid can be easily compressed and/or accelerated to high velocities near the speed of light with just a few yards of a simple, metal electrode shaped in the form of a funnel. The spheromak enters one end and is accelerated and compressed by an electric current which is passed through the conical (funnel) electrode. As a result, the plasmoid is compressed.

The plasmoid self-confining magnetic field plays two important roles in this energy-compression process. First, it insulates the metal electrode from the heat of the plasmoid. Second, most of the energy amplification is taken up by the "compressed" magnetic field. The magnetization of the compressed energy provides many versatile methods of its later conversion to useful electrical energy such as the acceleration of charged particle beams.

Traveling at a significant fraction of the speed of light, the plasmoid could deliver a power flux on target in excess of 10,000 trillion watts per cm². Alternatively, a highly compressed or accelerated spheromak represents a versatile technology for power amplification for driving other types of particle beams, lasers, and microwave generators. Livermore is currently pursuing concepts for compression of electromagnetic waves with high velocity spheromaks to produce trillion-watt microwave bursts.

The S-1 represents a qualitatively different approach to spheromaks than the Los Alamos CTX. The CTX is dynamically created by a plasma gun. The S-1 is statically generated by a complex magnet core system. Success with both systems represents a substantial rate of progress in the science of compact tori. In the near future, Princeton researchers will be attempting to decrease the size of the S-1 so that higher plasma electric current densities can be achieved. They will also be exploring the use of the dynamo effect found on the CTX, which could permit the spheromak to be sustained in a steady-state mode of operation.

Artificial heart progress continues

Despite the successes of improved artificial-heart surgery, attacks continue on the "economics" of the treatment.

In spite of the carping of Colorado Gov. Richard Lamm, who is upset about it, the word is out: The artificial heart can extend the life of people dying of heart disease. Humana Heart Institute, which had previously resisted making that claim, has now done so in the wake of the success of their third artificial-heart implant.

The operation on 58-year-old Murray Haydon took only 3½ hours, 3 hours less than the operation on William Schroeder and 4½ hours less than that on Barney Clark, who lived 112 days with his Jarvik-7 heart. Haydon's rapid recovery and excellent post-operative course can be at least in part attributed to the shorter period of surgery and to the experience acquired by the health-care team in the care of the two previous implant patients.

The Clark implant provided experience for the medical and nursing staff in how to care for a heart-implant patient after the operation. William Schroeder's implant built on that experience and extended to training the family in the maintenance of the drive units. Thus Haydon's recovery is more indicative of what will occur as the operation becomes more common and operative and post-operative techniques are refined.

Dr. Robert Jarvik, developer of the Jarvik-7 heart, thinks that, in the Haydon case, artificial heart technology has passed the experimental stage. Commenting on the case, he said "In this patient, this is a treatment. This is

not a medical experiment. What's at stake [in the Haydon transplant] is his whole life."

The most likely candidates for an artificial heart implant, according to Jarvik, would be victims of massive heart attacks who cannot wait for transplants. These tend to be younger people, in their 40s to 50s and frequently without other significant disease, so that the life-prolonging potential of cardiac implants is quite significant. Haydon, at 58, and Schroeder, at 53, are typical of this type of patient.

After three implants the following conclusions have been established:

The artificial heart can extend the lives of people dying of heart disease. The findings of numerous animal experiments, that it is possible to survive and gain strength after a heart implant, are now confirmed in humans. Both Clark and Schroeder have lived longer than they would have without the implants, and Schroeder is now recovering rapidly from a post-operative stroke, compounded by a bout of influenza.

The artificial heart has the ability to react to a patient's activity by increasing blood flow. While the heart beat is set at a fixed rate, increased activity causes more blood to flow back to the heart, which then pumps out the increased volume with each beat. It is this ability to increase the quantity of blood ejected with each heartbeat, known as the stroke volume, which enables the heart to increase the vol-

ume of blood flow to the body, without increasing the pulse rate as would occur in a regular heart.

The portable power unit, the Heimes driver system, is very efficient, giving the patient good mobility. This is a significant development for the future of the artificial heart as a treatment for heart disease and not merely an interesting medical experiment.

As the scientific developments in the program become more manifest, the attacks on it are increasingly focusing on so-called economic criteria. In addition to Governor Lamm, who seems determined to balance the budget on the bodies of those who have the temerity to become old or seriously ill, Arthur Caplan, associate director of the Hastings Institute, is concerned that "the economic impact of the [artificial heart] device, if it proves successful, could be very large, running into the billions of dollars."

Ironically, a planned review of the medical ethics of the Schroeder implant by the National Academy of Sciences has been canceled due to lack of funds. Dr. Frederick Robbins, president of the Academy's Institute of Medicine, said that the academy was unable to obtain the public or private money to finance the review.

Dr. William DeVries, the surgeon who performed the three implants, has called for a national debate on the ethics of the program. While there are certain problems inherent in such a debate, it would serve as an opportunity to confront the underlying premises of the "cost containment" and "cost-benefit analysis" advocates of reduced medical care for the "post-industrial" United States. The result of such a debate could well be a prognosis for the survival of the idea of progress embedded in Judeo-Christian civilization and the United States Constitution.

Business Briefs

Agriculture

John Deere reports heavy quarterly losses

John Deere & Co., the world's largest farm-implement maker, reported on Feb. 19 a \$28.2 million first-quarter loss, citing a 20% drop in sales.

Deere chairman Robert Hanson said that 1985 looked like a "lean year" for his company, particularly because of the "serious financial difficulties" being experienced by farmers.

He said that conditions throughout 1985 would be "extremely difficult," and that the company would be rationalizing operations to cope with the problems.

The Invisible Hand

Resorts lawyer: 'I made a boo-boo'

John A. H. Duffus, a well-named lawyer for Resorts International, said on Feb. 14 that he made a "boo-boo" and "an awful mistake" last year when he said money channeled to the prime minister of the Bahamas had been paid "on behalf of Resorts."

Appearing at the New Jersey Casino Control Commission hearing on license renewal for the Resorts International casino at Atlantic City, Duffus testified about one of two payments made by Resorts International that were passed on to Everette Bannister, a close associate of Prime Minister Lynden O. Pindling.

Duffus said that he merely asked Resorts in 1981 for a \$120,000 advance for legal work, and did not tell them that he wanted the money to loan to Bannister. Resorts immediately gave him the money, and Duffus then loaned \$105,000 to Bannister. Duffus said that he had no idea at the time that Bannister had immediately passed on \$91,000 to a contractor building a house for the prime minister.

When Duffus was questioned in the summer of 1984 about the transaction by a law-enforcement official, he says, he was

"in a very highly nervous state," that his mind "was a complete blank. . . . I didn't know what the entry was all about." He checked his records and found entries for \$120,000 from Resorts, his \$105,000 check to Bannister, and an item showing \$15,000 in legal fees to himself. Because the items were listed together, he told the official that the payments "must have been paid to Mr. Bannister on behalf of [Resorts.]"

Duffus reports that he was told by the Resorts International executive who had given him the \$120,000 to "go to the commission . . . and put this matter straight right away."

International Credit

London economic circles warn of coming crisis

Leading City of London investment advisers are privately expressing their conviction that the international monetary system is moving into an unprecedented crisis. One monetary analyst for a leading London stockbrokerage told *EIR* on Feb. 21 that U.S. Fed chairman Paul Volcker's Feb. 20 declaration that the Fed will not "liberalize" further and print more dollars to increase money supply has created a "very nervous market."

This source pointed to the sharply rising differential between the more or less stable interest rate for U.S. Treasury bills and that for three-month Eurodollar deposits, which are the primary source of refinancing for international banks' debts. Three-month Eurodollar deposits, this source noted, have risen from 8 $\frac{1}{8}$ % to 9 $\frac{3}{8}$ % in one week. "I am watching this indicator very closely. We saw a similar rise just before the bailout of Continental Illinois last year," he stressed.

A London adviser to "leading European banks" went further. "After Volcker's announcement yesterday, things look bad. We are facing major liquidity problems triggered by the LDC debt and the domestic U.S. debt problems, especially farm debt. One of our leading clients who has just made a worldwide tour of leading financial capitals says things are 'very critical.' It's cer-

tainly worse than anyone is saying openly. Our private view is that there is a major danger of a debt crisis. But this is a very sensitive thing to talk about."

Ibero-America

IMF shakes up Argentine cabinet?

Argentina's Finance Minister Bernardo Grinspun and central bank president Enrique García Vázquez resigned on Feb. 19 in what was described as a surprise move. The change took place while an IMF mission was in Buenos Aires attempting to exact compliance from the government for strict austerity targets. Grinspun had reportedly asked the Fund to be more flexible in its demands.

The replacement for Grinspun is current Minister of Planning Juan Sourrouille. García Vázquez will be replaced by Alfredo Concepción, currently the interior commerce minister and a friend and business associate of Grinspun. Sources in Buenos Aires say the shakeup was due to internal turmoil in President Alfonsín's Radical Civic Union (UCR) and "the complete failure of the government's economic policy" which both men had helped to formulate. In recent days, leading figures in the UCR had issued sharp criticism of government economic policy.

Juan Sourrouille is the author of the five-year national austerity plan which proposes to revive the Argentine economy through vastly increased agricultural exports. The *Wall Street Journal* on Feb. 19 reported that Sourrouille "accepted the principles of austerity long before others in the one-year old civilian administration of Mr. Alfonsín, and often conflicted directly with Mr. Grinspun. . . ."

Sourrouille told the press on Feb. 20 that there will be no change in policy from that of his predecessor. But many bankers have expressed the hope that the appointment of Sourrouille means the Argentine government is ready for unflinching wage-gouging. The *Wall Street Journal* wrote: "The change at the helm of Argentina's Economic

Ministry should boost the country's efforts to rein in its runaway economy." The same paper also cited a New York banker saying that Sourrouille would be an improvement over Grinspun, because "he is a foreign-trained economist, reads English, talks sense . . . and isn't a Radical Party hack."

Space Technology

Beam program progress advanced by two years

SDI Director Lt. Gen. James A. Abrahamson described in the Feb. 18 *Aviation Week* how the defense program can be accelerated by two years by making use of NASA capabilities, especially the Space Shuttle.

Abrahamson detailed how the previously canceled Talon Gold project is being revamped for beam defense and accelerated. "Talon Gold started in 1976 as an anti-satellite pointing and tracking problem," Abrahamson said. "Our problem is really quite different. We do not have to shoot one thing going by at an incredible pace; what we have to do is move our own system very quickly . . . stabilize and shoot. . . . Before we were going to fly out in late 1988 or 1989. . . . Now, we will start flying in 1987. . . . We have moved the program forward and started a sequence of two flights per year every year on the Shuttle in pointing and tracking."

His staff is also generating a list of experiments that can be done on defense Shuttle missions. He also hopes to "piggyback some of them on commercial or NASA flights without significant SDI security problems."

It is significant that Abrahamson is moving toward utilizing NASA, in opposition to proposals made by the Heritage Foundation for compartmentalization of NASA, SDI, and space commercialization efforts.

Aviation Week also reported that William W. Hoover, assistant secretary of energy for defense programs, said: "The project that is furthest along is development of the an x-ray laser pumped by a nuclear detonation. . . . Demonstration of technology feasibility through underground testing is

complete, but the project still is in the exploratory development phase to determine whether application of the technology to a weapon system is feasible."

International Development

German official says Bonn must go with SDI

German media reported in mid-February a statement from Washington, D.C. by Lothar Späth, governor of the West German state of Baden-Württemberg, endorsing the Strategic Defense Initiative for its technological prospects.

Späth, who represents the second-largest industrial region of West Germany, concluded his talks with administration officials with a meeting with William Taft and Richard Perle at the Pentagon.

Talking to the press afterwards, Späth said he believed the military technological aspect of the program was still "surrounded by a good extent of fantasy. . . . But even if, after the first five years of research, it would prove to be not feasible for defense, the civilian technological aspects of the program will lead to a new revolution in computer, communication, and laser technology as well as to the discovery of new materials for industrial production. I think that Germany as a highly industrialized nation can't afford not to take part in this program. German industries should cooperate with the U.S.A. in working on the SDI." Späth added that the program was "too important to be neglected."

Corroborating Späth's point from a hostile standpoint, Egon Bahr, the German Social Democracy's main strategic thinker and a leading advocate of the "decoupling" of Western Europe from the United States, wrote an article in his party's weekly magazine *Vorwärts* warning, "The SDI program is more than just militarily relevant—there are also aspects of high technology cooperation that would bind European industries even closer to the Americans than before. Creating a European technology cooperation independent from the U.S.A. would then be made impossible."

Briefly

● **BERYL SPRINKEL**, the new head of the Council of Economic Advisers, holds very odd economic theories. He is a super-monetarist, trained at the University of Chicago, and is closely allied to drug-legalization advocate Milton Friedman. He is one of the chief proponents of the "elevator" theory of the world economy: that ups and downs in the money supply are the determining factor in how the economy functions.

● **COLOMBIAN** President Belisario Betancur called on Feb. 19 for dialogue between the debtor and creditor nations on foreign debt. Betancur said that "in many Latin American countries we have adjusted our economies, with severe and reflexive self-discipline, to necessary limits that are politically erosive. To go beyond those limits will have tragic consequences in the streets and in the fields. . . . Where are the new resources needed to retake the pace of development that will allow countries to progress and to pay? Where is the understanding of the international monetary and financial institutions, and of the private international banks? To seek an answer it is necessary that there be a political dialogue between debtors and creditors."

● **JAPAN**, which holds approximately 15% of the foreign debt of underdeveloped nations, will not exclude a politically realistic and constructive dialogue, a source in the foreign ministry reported one day after Betancur's statement. The source added that the debt is not viewed in Japan merely as an economic matter, but that in some countries it had provoked political and social problems.

● **RADIO MOSCOW** on Feb. 18 featured a program on the crisis of the American family farm. It stated that the farm sector has accumulated "over \$200 billion in debts." The crisis in American agriculture, Radio Moscow emphasized, "is reminiscent of the Great Depression of 1929."

Soviet military creates a wartime High Command

by Konstantin George and Clifford Gaddy

The Soviet military newspaper *Krasnaya Zvezda* (*Red Star*), in the obituaries and condolences for Defense Minister and Politburo member Dmitrii Ustinov published on Dec. 22, 1984, dropped an intelligence bombshell. Unofficially, yet unmistakably, the paper confirmed that four wartime High Commands had been created during the latter half of 1984, covering every "Strategic Direction" of the Soviet Armed Forces, and representing the general strategic axes of advance by the Red Army in military contingencies ranging from all-out war to regional and local conflagrations. The intelligence picture which we present below was pieced together by *EIR* researchers, while Moscow correspondents of the Western news media were busy spinning yarns about the demise of Konstantin Chernenko and the alleged likelihood of a Geneva arms deal.

In confirming that these wartime commands are fully operational, *Krasnaya Zvezda* served notice on the West that the Soviet Union considers itself in a pre-war situation, if not in the initial phase of war.

The four new commands are: 1) the High Command of the Western Strategic Direction, by far the most important, headed by Marshal Nikolai Ogarkov; 2) the High Command of the Southwestern Strategic Direction, headquartered in Kiev and commanded by General of the Army Ivan Gerasimov; 3) the High Command of the Southern Strategic Direction, headquartered in Tashkent and commanded by General of the Army Yuri Maksimov; and 4) the Far East High Command, headquartered in Chita and commanded by General of the Army Ivan Tretyak.

All four commanders in chief were appointed during the latter half of 1984, in a restructuring unparalleled in the postwar history of the Soviet armed forces. The Soviet command structure has undergone more changes in the past six months, from the Military District commander level on up, than normally occur in a decade. In 1984 no fewer than 11 of the 16 Military Districts and four "Groups of Forces" (as troops stationed in East Germany, Poland, Czechoslovakia, and Hungary are called) received new commanders in chief, while an approximately equal number of Military Districts and Groups of Forces received new deputy commanders in chief and new Chief Political Officers. In 1983, by contrast, only one Military District commander in chief was replaced.



NSIPS/Uwe Parpart

Unnoticed by the Western news media, the Soviet military is undergoing the most significant reorganization in the postwar period. Shown here are Red Army trucks in Moscow, with the domes of St. Basil's cathedral in the background.

The ordering of signatures under Ustinov's obituary in *Krasnaya Zvezda* included the names and titles of Ogarkov, Gerasimov, Maksimov, and Tretyak, along with the Chief Political Officers appointed to each of the High Commands: Lt. Gen. B.P. Utkin, Col. Gen. V.S. Rodin, Lt. Gen. A.I. Shirinkin, Col. Gen. Mikhail Druzhunin. The listing further confirmed that the most important of these four commands—the Western High Command—is commanded by Marshal Ogarkov, who was chief of the Soviet General Staff until Sept. 6, 1984. The pattern of Ogarkov's appearances since that date—tracked by *EIR* from East German and Soviet media, and from sightings reported by Western intelligence sources—completely coheres with what can be discerned from the Dec. 22 *Krasnaya Zvezda*.

Ogarkov's shift is most reminiscent of the career of Georgii Zhukov, the Soviet Union's star World War II commander. Zhukov, at the time of the Nazi invasion of Russia in 1941, was chief of the General Staff, as was Ogarkov until September. In early July 1941, Zhukov was promoted to "Representative of the Stavka," or wartime High Command—from which post he took direct charge of war-fighting. If war breaks out today, it will be waged and decided on German territory by the troops commanded by Ogarkov, as today's equivalent of the "Stavka Representative." Ogarkov's own writings always stress the historical role of the Stavka, of the institution of "Stavka Representative," and of Zhukov personally.

Ogarkov in East Germany

The latest sighting of Ogarkov, though not officially reported in the East bloc media, occurred in early February,

when he oversaw Warsaw Pact military maneuvers in East Germany staged under harsh winter weather conditions by units of the Soviet and East German armed forces, plus one token unit of battalion strength of the Polish Army. The latter unit was flown in to the Soviet military airfield at the armored troop base and sprawling maneuver grounds at Jueterbog, south of Berlin. The Warsaw Pact forces proceeded westward toward the Magdeburg area, then staged a crossing of the Elbe River north of Magdeburg, with the exercise culminating in the huge Colbitz-Letzlinger Heide maneuver grounds situated between the Elbe and the West German border.

The maneuvers involved a total of 12-15,000 troops, and were also observed by the Soviet commander in chief of the Warsaw Pact forces, Marshal Viktor Kulikov, the commander of the Soviet forces stationed in East Germany ("Group of Soviet Forces in Germany"—GSFG), Army General Mikhail Zaitsev, and the defense ministers of East Germany and Poland, Gen. Heinz Hoffmann and Gen. Florian Siwicki.

Ogarkov's presence, which was confirmed to *EIR* by Western defense-related sources, marked the fourth confirmed time that he has been sighted since his removal on Sept. 6 from the post of chief of the General Staff and his promotion to the wartime post of commander of military actions against U.S.-NATO forces in the strategically decisive theater of Central Europe.

Ogarkov, who named was chief of the General Staff in 1977, has personally been the driving force behind the reorganization of the Soviet armed forces onto a war footing. British intelligence sources were saying in 1983 that the Ogarkov reorganization was scheduled for completion by 1985. The first phase of the reorganization occurred during

1978-81, when the Soviet Air Defense (PVO Strany) structure was revised, consolidating the 10 PVO Air Defense armies into 5 PVO armies, corresponding to five geographical "Theaters of Military Action" (TVDs), with all ground and air forces under one unified command in each Theater. These Theaters are: the Northwest, the Western, the Southwestern (the three taken together form the Western Theater of War), the Southern, and the Far Eastern.

Ogarkov also created the High Commands, for war-fighting purposes. The first move in this direction occurred in late 1978, with the recreation of the Far East High Command, which had ceased functioning in 1953 after the Korean War had ended, and with it the immediate possibility of Soviet involvement in a war in the Far East. The recreation of the Far East High Command coincided with a significant shift by the Soviet Union toward a much more threatening posture toward Japan (see *EIR*, Nov. 13, 1984, "The overlooked Soviet war buildup in the Far East"). That year marked the beginning of a major Soviet military buildup, which in 1984 was considerably accelerated, on Sakhalin and the Kurile Islands, near Japan.

The man first chosen to head the Far Eastern High Command in December 1978 was Gen. Vasiliy Petrov (commander of the Far East Military District from 1972 to 1976), who

later, in the context of a far-reaching armed forces reorganization conducted by Ogarkov in December 1980, became commander of the Soviet Ground Forces. Petrov held that post until Feb. 2, 1985, when *Krasnaya Zvezda* characterized him as first deputy defense minister, replacing Marshal Sergei Sokolov, who moved up to become defense minister upon the death of Ustinov.

After his Sept. 6 "disappearance," widely described as a "demotion" in the Western media, Ogarkov first publicly resurfaced on Oct. 13 in East Berlin (see *EIR*, Oct. 30, 1984, "Ogarkov surfaces in Soviet pre-war mobilization"), where he was received with full state honors by East German Party head Erich Honecker, and held working meetings with the commander of the Soviet troops in East Germany, Gen. Mikhail Zaitsev, and with East German military leaders. The meetings were prominently covered by the East German news agency ADN, though—reflecting Soviet policy to accord no publicity to Ogarkov as a wartime command figure—they were blacked out of the Soviet media. The ADN dispatches mentioned no arrival ceremonies or receptions, indicating that Ogarkov met Honecker after having already been in East Germany or elsewhere in Eastern Europe, working with the Soviet forces stationed there. Ogarkov may have been coming from Czechoslovakia, where on Oct. 9, TASS and the

New commanders for 11 military districts

New appointments are seldom officially announced, so the following up-to-date roster of changes was compiled by EIR through cross-gridding of Soviet military publications.

Kiev—Former commander: General of the Army I. A. Gerasimov. New commander: Lt. Gen. V. V. Osipov. Previous post: first deputy commander of the Byelorussian district.

Far East—Former commander: General of the Army I. M. Tretyak. New commander: General of the Army D. T. Yazov. Previous post: commander of the Central Asian district, 1980-84.

Trans-Baikal—Former commander: General of the Army G. I. Salmanov. New commander: Col. Gen. S. I. Postnikov. Previous post: commander of the Baltic district, 1980-84.

Baltic—Former commander: Col. Gen. S. I. Postni-

kov. New commander: Col. Gen. A. V. Betekhtin.

North Caucasus—Former commander: Col. Gen. V. K. Meretskoy. New commander: Col. Gen. V. V. Skokov.

Siberia—Former commander: Col. Gen. N. I. Popov. New commander: Col. Gen. V. A. Vostrov. Previous post: first deputy commander of the Far East district.

Central Asia—Former commander: General of the Army D. T. Yazov. New commander: Col. Gen. Lobov. Previous post: first deputy commander of the Leningrad district (1981-84).

Turkestan—Former commander: General of the Army Yuri P. Maksimov. New commander: Col. Gen. N. I. Popov. Previous post: commander of Siberian district (1981-84).

Ural—Former commander: Col. Gen. I. Gashkov. New commander: Lt. Gen. N. F. Grachev. Previous post: chief of staff, Carpathian district.

Central Group of Forces—Former commander: Col. Gen. G. G. Borisov. New commander: Col. Gen. Viktor F. Yermakov. Previous post: head of the Military Engineering Command School.

Northern Group of Forces—Former commander: Col. Gen. Yuri F. Zarudin. New commander: Lt. Gen. A. V. Kovtunov. Previous post: chief of staff, Central Asian district.

Czech news agency Ceteka, announced that Colonel General Borisov, commander of the Central Group of Soviet Forces, was being "transferred" out of Czechoslovakia. With Ogarkov's first reappearance, came also the first authoritative Soviet confirmation that he had been promoted to a crucial position.

That same day, Soviet Politburo member Grigorii Romanov, on a visit to Finland, told Western journalists in Helsinki that "Marshal Ogarkov commands the Soviet Union's largest Western forces." Ogarkov then appeared among the obituary signatories for Defense Minister Ustinov in the "coded message" in *Krasnaya Zvezda* of Dec. 22. The next official mention of him was in *Krasnaya Zvezda* on Jan. 25, which reported that he had delivered a speech before the Komsomol (communist youth organization) of the Group of Soviet Forces in Germany, at the Soviet military headquarters in Zossen-Wüensdorf. In that address, broadcast only in excerpted form on the Soviet military station Radio Volga, he discussed the imminence of war. "The situation today is comparable in all respects to that which existed at the end of the 1930s," he said. "The danger from the military threat is growing," with the "Reagan administration . . . making material preparations for war," compelling Russia to enter into negotiations in order to buy time to modernize its armed forces.

Since then, *EIR* has learned from very reliable Western intelligence sources that Ogarkov was spotted in Czechoslovakia soon after the Zossen-Wuensdorf speech.

The war machine under Ogarkov

The concentration of forces now under Ogarkov's High Command shows the Soviet leadership's decision to pour in troops, equipment, and munitions—throughout 1983-84—to bring the forces that would spearhead the invasion of West Germany up to actual war-fighting inventory levels.

Ogarkov's High Command of the Western Strategic Direction is the most important of the four commands, and contains the largest number of troops, aircraft, tactical and medium-range missiles of any "Strategic Direction." He is, minimally, the wartime commander of all Soviet military forces in East Germany, Poland, Czechoslovakia, Byelorussia, the Soviet-occupied part of East Prussia, sandwiched between Poland and Lithuania, and the Baltic Fleet and Marine Infantry.

Under his command are 26 Armored Divisions, 20 Motorized Rifle Divisions, 4 Heliborne-Commando Air Assault Brigades stationed in East Germany, 1 Airborne Division, and 3 Artillery Divisions—a total of at least 50 divisions plus at least 4 Air Assault Brigades. All of these are in "Category I" readiness—fully combat-ready—unlike the normal situation in any other "Strategic Direction." The figure of 50 divisions actually understates the strength of both combat troops and firepower. The norm in categories such as tanks, self-propelled guns, and artillery strength among, for example, the Soviet forces in East Germany, vastly exceeds the

strength existing in the average Category I division elsewhere.

To portray this war buildup in very concrete terms: In contrast to the normal Soviet Armored Division's 270 tanks, the 10 Armored Divisions in East Germany now have at least 415 tanks each, meaning an additional tank regiment has been quietly added during 1984 to each division! Each of the nine Motorized Rifle Divisions of the Group of Soviet Forces in Germany has been beefed up with an additional tank battalion (at least 45 tanks per battalion). In addition, the Soviet Second Guards Tank Army, facing north Germany and Schleswig-Holstein, was strengthened in 1984 with three additional Independent Tank Regiments (an additional 405 tanks) and a tank battalion was added to each of the Army's three Motorized Rifle Divisions (135 tanks).

Under Ogarkov's on-the-scene direction, the tank strength of the two Soviet armies facing north and central West Germany, the Second Guards Tank Army and the Third Shock Army, headquartered at Magdeburg, has risen to at least 1,405 tanks and 1,660 tanks, respectively. Western intelligence sources have recently revised upward their estimates of GSFG tank strength to between 6,400 and 7,000. In addition, there are 1,000 tanks pre-positioned in East Germany, which can also go into immediate action following an airlift of tank crews and troops. Other 1984 firepower increases included large increases in self-propelled-gun strength, and the artillery regiment of each of the 19 Soviet divisions now contains 4 artillery battalions, totaling 72 artillery pieces per division (half of them 152mm and half 122mm). The 122mm multi-barrel rocket-launchers are now being replaced with 240mm "Stalin Organs."

But the increases are not only quantitative. Beginning in late December, the Soviet Union began replacing older tanks among the troops of the GSFG with the T-80, the most modern tank in the Russian inventory. The First Guards Tank Army headquartered in Dresden, and the Eighth Guards Army in Nohra, just outside Weimar in Thuringia, now have the T-80. The Soviets' program to modernize their armies with the T-80 began in late October with the armies of the Far Eastern Military District, opposite Manchuria and Japan. Then in early December, they began equipping the armies of the Byelorussian and Turkestan Military Districts with T-80s (the former constitutes one of the two major army concentrations for the Soviets' second echelon in any attack on West Germany; the latter district faces Afghanistan and Iran).

Nuclear firepower was also massively increased in 1984. By October, 72 SS-22 precision missile-launchers (range: 625 miles) were stationed in East Germany, and 36 more in Czechoslovakia. While this fact was publicized in the West German media, ironically, the parallel deployment of at least 72 SS-22 launchers (probably well over 100) among the two Soviet artillery divisions in Soviet East Prussia, which are preponderantly targeted on West Germany, was not. Also targeting primarily West Germany and the Low Countries are no fewer than 90 SS-23 launchers (300 mile range) in East Germany, stationed there during 1984.

Reorganization of the Soviet forces in East Germany for a *Blitzkrieg*

The 400,000-strong Soviet army in East Germany has undergone a major reorganization—unnoticed by the Western media—to boost the effectiveness of the forces which, in case of war, would play the decisive offensive spearhead role in a surprise attack and breakthrough to the Rhine and beyond. The chart shows this detailed restructuring of the Group of Soviet Forces in Germany (GSFG), coinciding with the top-level command changes of 1983-84.



The information reported here has never before been presented in the public press.

The GSFG is commanded by General of the Army Mikhail Zaitsev, the only commander of a Soviet Military District

designated “commander in chief” instead of just “commander”—a sign of the importance of these forces. Zaitsev is a specialist in the armored offensive, and, before his current appointment in December 1980, he held the rank of colonel general of the Tank Forces.

The chart reveals the following changes:

The strengthening and upgrading of the 2nd Guards Tank Army, headquartered in Fürstenberg. This is the Army facing Schleswig-Holstein in the north of West Germany, between the Elbe River and the Danish frontier. As *EIR* has stressed, this area is one of the most likely targets for a Soviet surgical strike. The front of the 2nd Guards Tank


Army	Late 1970s	ORGANIZATION AS OF:	
		Jan. 1, 1982	June 1, 1984
1st Guards Tank Army Dresden 	6th Guards Tank Div. Wittenberg	Withdrawn	—
	7th Guards Tank Div. Dessau-Rosslau	7th Guards Tank Div. Dessau-Rosslau	Shifted to 3rd Shock Army
	27th Guards Motorized Rifle Div. Halle	27th Guards Motorized Rifle Div. Halle	Shifted to 8th Guards Army
	9th Tank Div. Riesa	9th Tank Div., Riesa	9th Tank Div. Riesa
	11th Guards Tank Div. Dresden	11th Guards Tank Div. Dresden	11th Guards Tank Div. Dresden
			20th Guards Motorized Rifle Div. Grimma
2nd Guards Tank Army Fürstenberg 	—	25th Tank Div. Vogelsang	Shifted to 20th Guards Army
	9th Guards Tank Div. Neustrelitz	16th Guards Tank Div. Neustrelitz	16th Guards Tank Div., Neustrelitz
	32nd Guards Motorized Rifle Div. Perleberg	21st Guards Motorized Rifle Div. Perleberg	21st Guards Motorized Rifle Div. Perleberg
	94th Guards Motorized Rifle Div. Schwerin	94th Guards Motorized Rifle Div. Schwerin	94th Guards Motorized Rifle Div. Schwerin
	—	—	207th Motorized Rifle Div. Stendal

Army has been expanded, with the transfer of the 207th Motorized Rifle Division (headquartered at Stendal, between the Elbe and the West German border) from the jurisdiction of the 3rd Shock Army to the 2nd Guards. In early 1984, three independent Tank Regiments were added to the Army.

The narrowing of the front of the 3rd Shock Army.

The shift of the 207th Motorized Rifle Division from the 3rd Shock Army (headquartered in Magdeburg) to the 2nd Guards transformed the 3rd Shock Army into a pure Tank Division Army. In terms of classical considerations of an armored offensive breakthrough, this gives this critical spearhead Army a maximal armored "punch" on a narrow front.

The strengthening of Soviet forces stationed throughout the northern half of East Germany. This can be seen in the bolstering of the 20th Guards Army, with its divisions based north, east, and south of Berlin. The 20th Guards Army forms the second wave of the first echelon, serving as the immediate back-up Army for the two spearhead Armies facing the northern half of West Germany—the 2nd Guards Tank Army and the 3rd Shock Army. The latest reorganization has increased the strength of the 20th Guards by two Tank Divisions: The 25th Tank Division has been added to it, and the 14th Guards Motorized Rifle Division has been converted into the 32nd Tank Division, based in Jueterbog.

Army	Late 1970s	Jan. 1, 1982	June 1, 1984
3rd Shock Army Magdeburg 	25th Tank Div. Vogelsang	Shifted to 2nd Guards Tank Army	—
	207th Motorized Rifle Div. Stendal	207th Motorized Rifle Div. Stendal	Shifted to 2nd Guards Tank Army
	10th Guards Tank Div. Kramnitz	10th Guards Tank Div. Kramnitz	10th Guards Tank Div. Altengrabow
	12th Guards Tank Div. Neuruppin	12th Guards Tank Div. Neuruppin	12th Guards Tank Div. Neuruppin
	47th Guards Tank Div. Hillersleben	47th Guards Tank Div. Hillersleben	47th Guards Tank Div. Hillersleben
	—	—	7th Guards Tank Div. Dessau-Rosslau
8th Guards Army Weimar-Nohra 	20th Guards Motorized Rifle Div. Grimma	20th Guards Motorized Rifle Div. Grimma	Shifted to 1st Guards Tank Army
	39th Guards Motorized Rifle Div. Ohrdruf	29th Guards Motorized Rifle Div. Ohrdruf	39th Guards Motorized Rifle Div. Ohrdruf
	57th Guards Motorized Rifle Div. Naumburg	57th Guards Motorized Rifle Div. Naumburg	57th Guards Motorized Rifle Div. Naumburg
	20th Guards Tank Div. Jena	79th Guards Tank Div. Jena	79th Guards Tank Div. Jena
	—	—	27th Guards Motorized Rifle Div. Halle
20th Guards Army Eberswalde 	6th Guards Motorized Rifle Div. Bernau	6th Guards Motorized Rifle Div. Bernau	6th Guards Motorized Rifle Div. Bernau
	19th Motorized Rifle Div. Doeberitz	35th Motorized Rifle Div. Doeberitz	35th Motorized Rifle Div. Doeberitz
	14th Guards Motorized Rifle Div. Jueterbog	14th Guards Motorized Rifle Div. Jueterbog	32nd Tank Div. Jueterbog
	—	—	25th Tank Div. Vogelsang

Who to watch for in the military brass

We present here highlights of EIR's biographical dossiers on some of the key Soviet military officers involved in the current staff reorganization. The full dossiers are available to our "Confidential Alert Service" clients on request.

First Deputy Defense Minister Vasilii I. Petrov

On Feb. 2, the Soviet military newspaper *Krasnaya Zvezda* quietly listed Marshal Vasilii I. Petrov as "first deputy minister of defense of the Soviet Union," telling anyone who knew how to read between the lines of the Soviet press that he was no longer deputy defense minister and, in line with that promotion, no longer commander in chief of the Ground Forces. He had been appointed to both of those posts in December 1980.

Petrov fought in World War II, starting out as a battalion commander and rising to chief of section of a division. During 1948-57, he rose to become commander of a regiment and then chief of staff of a division. The year 1957 marked the beginning of his 19 years of military service in the Far East, as a commander of a Motorized Rifle Division (1957-61), chief of staff of an army (1961-64), and then commander of an army (1964-66).

His second decade in the Far East was spent in district-level command positions. From 1966 to 1972, he was first chief of staff, and later first deputy commander of the Far East Military District. From April 1972 to June 1976, he served as commander of the Far East Military District.

From 1969 on, reflecting the extreme tensions with China, the Far East Military District received only what the Kremlin considered to be top-notch combat commanders. Every Far East Military District commander from that time on has risen to very high levels of command following his stint there.

After leaving the Far East in June 1976, Petrov was appointed first deputy commander in chief of the Ground Forces, staying at that post until the end of 1978. Then, following Moscow's decision to recreate the dormant—since April

1953—Far East High Command, Petrov was sent to the new headquarters in Chita in December 1978, as commander in chief of the Far East High Command.

While Petrov was first deputy commander in chief of the Ground Forces, serving under General of the Army Ivan G. Pavlovskii, Petrov was dispatched to Ethiopia to direct the Cuban and Ethiopian ground forces and their supporting Russian and East German fighter and fighter-bomber squadrons, in the successful routing of the Somalian invasion of the Ogaden desert region of Ethiopia. In that period—1977-78—the vast Soviet/Cuban military presence was the key lever in consolidating the Soviet hold on Ethiopia, together with other assets in the region such as Libya and South Yemen, directly across the Perim Straits from the Eritrean region of Ethiopia.

Two years later, in December 1980, in the context of a wide-ranging Soviet command reorganization, Petrov was named commander in chief of the Ground Forces. With his rise to the post of first deputy defense minister, we will certainly be hearing more about him in the months ahead.

Lieutenant General D. A. Volkogonov

A good candidate to replace the 76-year-old Gen. Aleksei Yepishev as head of the Main Political Administration of the Soviet Armed Forces is Lt. Gen. Volkogonov, the current deputy chief of the MPA. The MPA functions as a kind of "priesthood" for the armed forces, molding the belief structure of the military, from top to bottom. This is done through "political education" classes as well as the daily military media, all run by the MPA, bombarding the troops with liturgical, repetitive appeals to such Blood and Soil concepts as defense of "the Motherland" and "the sacred borders of the U.S.S.R."

Volkogonov gained distinction in 1977—the year Nikolai Ogarkov was named chief of the General Staff—for co-authoring the book *War And Army*, a landmark in Soviet military literature which flatly stated that the results of the Soviet military buildup make it feasible to embark upon an expansionist foreign and military policy. It declared the "external function" of the Soviet armed forces—outside the territory of the Warsaw Pact countries—to be "the basic, main one." Phase one in this process had occurred in 1975-76, with the Angolan venture and the North Vietnamese capture of Saigon. By 1977, Phase two was in full swing, with Soviet consolidation of control over Ethiopia. Therefore, Volkogonov concluded, "In contemporary circumstances the external function of the socialist army naturally is becoming broader and deeper. . . . In these circumstances the international obligation of socialist states is to give support and aid to liberated countries in suppressing the imperialist export of counter-revolution." Two years later, this line was employed to justify the invasion of Afghanistan.

Volkogonov has recently been given heavy publicity in the military press—a sure sign that he is on the way up. He hosted Romanian and Hungarian MPA delegations in Mos-

cow on Oct. 6 and 19. On Oct. 25 he was a speaker at the ceremony commemorating the 40th anniversary of Romania becoming a communist state, and on Nov. 16 he addressed representatives of the military press.

The prominence of his speaking engagements has risen markedly through the winter of 1984-85. Volkogonov was one of the main speakers at the funeral for Defense Minister Ustinov, and then a main speaker at the 100th anniversary festivities in January honoring the birth of General Frunze (the famous Soviet defense minister of the 1920s for whom the Frunze Military Academy is named). Finally, Volkogonov recently authored the lead article in *Communist of the Armed Forces*, the MPA's political journal (issue no. 2, 1985).

General of the Army Ivan A. Gerasimov

Named commander of the new High Command of the Southwestern Strategic Direction late in 1984, Gerasimov was born in 1921 and joined the Red Army in 1938. He served in World War II as chief of staff of a Tank Regiment, and later a Tank Brigade. In 1973, he was commander of the Soviet Northern Group of Forces in Poland, and then from 1975-84, commander of the Kiev Military District.

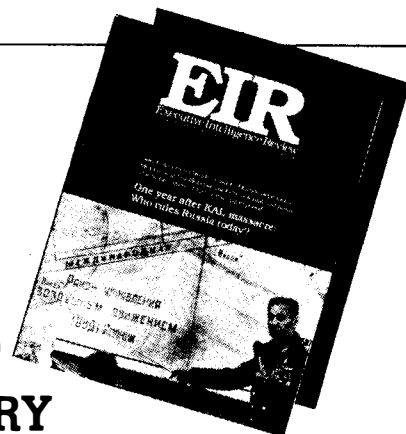
General of the Army Yuri P. Maksimov

The commander of the new High Command of the Southern Strategic Direction is a candidate member of the Central Committee of the Soviet Communist Party, and has played a key role in the Soviet subjugation of Afghanistan. Born in 1924, he served in World War II as a front-line company commander. He spent the past 11-12 years almost entirely in commanding positions in Tashkent, Central Asia. During 1973-76, and then 1978-79, he was the first deputy commander of the Turkestan Military District, headquartered in Tashkent. Just before the 1979 invasion of Afghanistan, he was promoted to commander of the Turkestan Military District, holding this post until late 1984.

In 1982 he was promoted to his current rank and awarded the order of "Hero of the Soviet Union," the highest order possible and awarded very rarely. It could only have been awarded for his commanding role in Afghanistan.

General of the Army Ivan M. Tretyak

The commander of the Far East High Command since July 1984, Tretyak was a candidate member of the Central Committee of the Soviet Communist Party from 1971 to 1976, becoming a full CC member in 1976. Born in 1923, he joined the Red Army in 1939 and was a war combat hero in the Second World War, decorated in 1945 with the Order "Hero of the Soviet Union." He graduated from the Frunze Military Academy in 1949 and the General Staff Academy in 1959. During 1967-76, he commanded the Byelorussian Military District. From 1976 to July 1984, he served as commander of the Far East Military District.



SOVIET MILITARY DEPLOYMENTS FOR A GLOBAL SHOWDOWN

Do you buy the line that the Red Army has been downgraded to make way for a deal at the Geneva talks?

While the Eastern Establishment press spreads such disinformation, *EIR* tells you the real story. How far will Moscow go to stop the U.S. Strategic Defense Initiative? What is the military significance of current terrorist actions against NATO targets? Look how we called the shots on the supposed "demotion" of Soviet Chief of Staff Nikolai Ogarkov:

SEPT. 6, 1984: Soviet Chief of the General Staff Nikolai Ogarkov is officially "transferred to another post."

SEPT. 10: The *Christian Science Monitor* comments: "Suddenly, the man who earlier in the week had been at the side of Defense Minister Dmitri Ustinov had . . . become a nonperson. Most Western analysts are convinced that Ogarkov is at least in limbo, and perhaps in disgrace."

SEPT. 25: *EIR* publishes its evaluation: "The most important economic and military changes in the Soviet Union have been done under the guidance of Ogarkov. It is unlikely that he would have been demoted just at the point that the reorganization process is to be completed."

OCT. 12: Ogarkov resurfaces for a meeting with East German party chief Erich Honecker. Western news services learn that he has been named commander of the Western Theater of War.

- A special dossier is now available of photocopies of the highlights of *EIR*'s exclusive intelligence on Soviet military deployments and policy shifts, for **\$100**.
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Drug gangsters prepare coup for Venezuela

by Gretchen Small

On Feb. 14, U.S. customs officials in Hollywood, Florida seized a Venezuelan Lear jet after a search of the plane, uncovered an undisclosed amount of cocaine hidden in a life-preserver float, *Diario de Caracas* reported Feb. 17. On Feb. 21, U.S. Customs Service officials revealed that the jet belongs to a wholly-owned subsidiary of Pepsi-Cola of Venezuela, whose President is Oswaldo Cisneros Fajardo.

The jet in question is one of a fleet of planes frequently used by Cisneros and his wife, including on hush-hush trips to Cuba where the couple has met with Fidel Castro.

Only two weeks earlier, the Cisneros family went wild over publication by *EIR* of an updated, Spanish-language edition of the bestselling book, *Dope, Inc.*, detailing those "above suspicion" who run the international drug trade. Featured in the book (*Narcotráfico, S.A.*) is the Cisneros family and their ties to the mob's international bankers, with special attention given to Oswaldo Cisneros's reputed ties to Cuban drug networks. Noted is the fact that Oswaldo's wife, Ella Fontanals de Cisneros, is the sister of José Fontanals, a director of the National Bank of Cuba.

Using all the influence that liberal use of their renowned checkbook could buy in the press, judiciary, and police of Venezuela, the Cisneros threatened the government of Venezuela: If *EIR* were not kicked out of the country and circulation of *Narcotráfico, S.A.* stopped, the very foundations of Venezuelan society would be made to tremble, and perhaps collapse. *EIR* was kicked out and the book is currently banned.

Pepsi's coke connections

New evidence now indicates that the Cisneros' violent reaction to *Narcotráfico, S.A.* reflects a larger plot by the

international drug mob to overthrow the government of Venezuela in order to secure that country as a major safehouse for their drug empire.

On Feb. 17, news broke of a plot to sow terror and chaos in Venezuela, financed by Colombian drug king Carlos Lehder Rivas. In this version of the plot, corrupted Venezuelan military layers were to carry out a wave of assassinations of political leaders, including congressmen and the justice minister, creating the conditions of chaos propitious for a coup.

In early February, Lehder announced in a televised interview broadcast to Colombians from "somewhere in the jungle" that he was forming a half-million man "army" to overthrow the government of that country as well. In that same interview, Lehder commented that fugitive financier Robert Vesco, currently based in Cuba and the Bahamas, was one of the "business associates" who helped him make his fortune.

Then, on Feb. 20, a political "gossip" column in *Caracas' El Mundo* reported that Vesco plans to set up shop in Venezuela, and has begun approaching Venezuelan businessmen and politicians with a proposal. If he is allowed "to establish himself on the island of Margarita," a Venezuelan island already operating as a freeport, Vesco promises to bring in "big monetary concessions" and investments in hotels and casinos, and to beat back competitors in the casino business from Aruba and Curacao who want to "become hegemonic in Venezuela."

Vesco's Venezuelan collaborators are not named, but U.S. investigators familiar with the "Vesco file" indicate that the Cisneros family are "good bets" as partners in Vesco's latest deal. It is well-known, as *El Mundo* noted, that Vesco "became good friends with Rodrigo Carazo and Jose 'Pepe'

Figueres during his stay in Costa Rica." Figueres is a charter member of the Rockefeller family's old Caribbean Legion, an organization which gave Gustavo Cisneros his start.

The Cisneros' hysterical reaction to *EIR*'s book brought the family's activities under more intense scrutiny internationally. The U.S. Drug Enforcement Administration's files reportedly already contain much more dirt on the family than has yet become public. In Spain, at least one senator has officially questioned his government on the connections of the Cisneros to drugs, in light of the family's current investments there.

The plane seizure

With the Florida incident, Oswaldo's cousin Gustavo, head of the Organization Diego Cisneros, which centralizes family holdings, is reportedly furious that his cousin's carelessness may soil the clean image wanted for his projected business plans. In the family division of labor, it is said, Gustavo tries to handle only "the bills."

As this publication's spokesman commented Feb. 21, "Cisneros-linked media in Caracas denounced—but never refuted—the *EIR* book's charges, saying that they were so slanderous that they shook the very foundations of Venezuelan society. They carried out a media witchhunt and vilification campaign against *EIR* that led to the deportation of four *EIR* journalists from Caracas on Feb. 7, arguing that *Narco-tráfico, S.A.*'s facts couldn't conceivably be true. Now, a Cisneros-linked airplane has been busted for running drugs. The facts speak louder than words."

U.S. Customs seizure document #85-5203-00049 records the Pepsi plane incident, Customs sources say. According to that report, two female and three male passengers were detained, including pilot Rafael Roman.

The Anti-Narcotics Commission of the State of Florida is investigating the case in order to determine if this is an isolated incident or part of a "permanent drug-running operation," *Diario de Caracas* reported. Customs' public information office in Miami reports that the plane was released Feb. 20 after a \$2,000 fine was paid, and that none of the passengers were arrested because "only 50 grams of cocaine" were found on board.

Another 'cocaine coup'?

The international drug cartel has clearly escalated its war in the Western Hemisphere, including ordering hit squads into the United States itself during February to assassinate or kidnap anti-drug officials here. The mafia knows that to survive, it must break apart any continental coordination of the war on drugs. It also knows that Venezuelan President Jaime Lusinchi, with his close working relations with the presidents of the United States, Mexico, and Colombia, is key to the success of the war on drugs.

From the beginning of his administration one year ago, Lusinchi has fought to internationalize the war on drugs. His

personal efforts led to the declaration by the Andean Pact nations that narcotics trafficking is a "crime against humanity." That declaration was an important setback to those who argue that drug "legalization" might bring economic benefits to these starving nations.

Domestically, the Lusinchi administration drafted and passed one of the toughest bodies of anti-drug legislation on the continent, stiffening penalties for all aspects of the drug trade, including consumption, production, and trafficking.

Next on the government's agenda was passage of laws dealing with the financing and laundering of the profits of this evil trade—the leading activity of the international drug mob in Venezuela. When hearings of the Venezuelan Congress were scheduled for March to study drafts of an "Anti-Mafia Law" which reportedly is to include required "financial transparency" for all investment in Venezuela—forcing any investor to reveal the *source* of his monies—the mafia's bankers knew they had to move quickly, before any such "dangerous" controls on "free enterprise" could be enacted.

One Lehder plot centers around a plan to assassinate a number of leading Venezuelan figures "with the goal of sowing terror and creating conditions for a general destabilization of the system," *Diario de Caracas* reported Feb. 17. The plot has been dubbed the "Plan Machado," the paper said, taking its name from the former director of military intelligence (DIM), Gen. Rafael Arturo Machado Santana, who is accused of maintaining a "private army" in Venezuela and directing the destabilization plot.

Machado, wanted by Venezuelan courts for administrative corruption, currently operates out of several bases in the Caribbean, including Aruba and Miami. According to some sources, Machado traveled to Colombia during February to meet with Lehder's people near the Venezuelan border, there finalizing details for the operation which was to be carried out over the succeeding 90 days. The Colombian mafia reportedly then put out its first payment for the job, some \$250,000.

Diario de Caracas named five people believed to be on the mafia hit list, including the president of the National Congress, Reinaldo Leandro Mora, Congressman Vladimir Gessen, and Justice Minister Manzo González. Government security agencies had already placed increased security protection around Gessen and the justice minister the previous week, after receiving information that the mafia had put out contracts on both their lives.

One person on the mafia list has already been killed. Two days after the Cisneros launched their war on *EIR* (Feb. 7), lawyer Juan Luis Ibarra Riverol was found dead in his office, three bullet holes in his head. Ibarra Riverol was the attorney for a Venezuelan military officer who has charged three former defense ministers with corruption and dealing with arms-traffickers. One of those ex-defense ministers, reports *Diario de Caracas*, has close family and business ties to General Machado.

Colombian drug king backs Nazis, Greens

by Valerie Rush

On Jan. 28, Colombian cocaine king Carlos Lehder Rivas convoked a press conference "somewhere in the Colombian jungle" to announce plans to form a half-million strong army to overthrow the Colombian government. At the same press conference, aired not only in Colombia but on ABC-TV's Nightline program Feb. 19, Lehder declared that "the Colombian people" had murdered Justice Minister Rodrigo Lara Bonilla last April 30 to register their opposition to the extradition of Colombian drug traffickers to the United States. He also threatened the life of President Belisario Betancur.

Lehder's threats are not idle. On Jan. 31, Assistant U.S. Secretary of State Jon Thomas warned that Colombian terror squads had entered the United States with Drug Enforcement Administration agents and Colombian consulates as targets. On Feb. 7, special DEA agent Enrique Salazar Camarena was kidnapped in Mexico.

According to the Caracas magazine *Auténtico*, Lehder's ex-wife and sister were overheard in New York discussing the assassination of Venezuelan Justice Minister Manzo González. On Feb. 14, *Diario de Caracas* reported that Venezuelan seizure of huge amounts of chemicals for processing cocaine "caused a quasi-panic" in the Colombian-Venezuelan mafia, leading to the decision to "liquidate" Manzo González, who called the raid "the most severe blow to narcotics traffic since this administration began. . . . Our preliminary information is that this entire group followed instructions from the Colombia narcotics traffickers Carlos Lehder Rivas and Pablo Escobar Gaviria."

The *Auténtico* story also names prominent Cuban figures, including Castro's live-in lover Nelida Allare, reportedly charged with coordinating the hit, and Millan Chang and José Aztorga, Cuba's U.N. representatives.

Once a car-stealing punk, Carlos Lehder is now the kingpin of the Ibero-American narcotics trade. In him converge several international criminal currents:

- **Nazi International.** Lehder is an outspoken admirer of Adolf Hitler. In his recent jungle interview, he declared: "Adolf eliminated 21 million communists and 6 million allied enemies. He is the greatest warrior mankind has ever had. . . . History is told the way the Jews want the world to see it. . . ."

- **Organized Crime.** Lehder stepped into the big-time through a 1970s partnership with Robert Vesco in the pur-

chase of a private island in the Bahamas called Normans Cay. The island, seized by the DEA in the late 1970s, was a pit-stop for cocaine pilots. It was described as a fortress guarded by German mercenaries and equipped with modern runways and refrigerated hangars.

- **The Green Movement.** Lehder created the "Movimiento Latino Nacional," which compared itself to the Green Party of West Germany, sympathizing with its hatred for industrial civilization. Lehder's newspaper, *Quindio Libre*, was printed in green ink on green-tinted paper and regularly sported coverage of Green leader Petra Kelly's campaigns.

- **Terrorists and separatists.** Lehder is said to have ties to Peru's savage Shining Path terrorists. In a full-page ad in Mexico's *Excelsior* on Dec. 5, he appealed to "the multitude of indigenous races of our land and our destiny" to follow the example of guerrilla-priest Camilo Torres, killed in Colombia in 1968.

- **Soviet networks.** Lehder's partnership with Vesco continues under the auspices of Castro's Cuba, where Vesco reportedly maintains his residence. According to Ernest Volkman in the April 25, 1984 *Family Weekly*: "The Cubans needed Lehder; they were trying to run guns to leftist M-19 guerrillas in the Colombian countryside. Lehder, with his extensive smuggling operation, was perfect for the job, and a deal was struck: Lehder would aid Cuban arms smuggling into Colombia, while the Cubans would provide protection, anchorages, and other help for his drug-smuggling operations into the United States."

Vesco, writes Volkman, set up "a series of small banks in the Caribbean, where secrecy laws make it easy to protect the identities of depositors. Working in concert with corrupt lawyers and accountants in the southeastern United States, Vesco then devised a complex scheme to launder all that drug money through a series of bank transactions that converted cash into holdings in offshore corporations, based mostly in the Caribbean." By 1981, Volkman asserts, Vesco and Lehder "were the most important suppliers of cocaine" to the United States.

Lehder's diatribes against "communism" apparently don't interfere with this "anti-imperialist" alliance.

In the early 1980s, Lehder sponsored the MAS death squad against leftist student and trade-union activists as well as M-19 members and sympathizers. Today, however, Lehder has forged a mutual admiration society with the M-19, which he describes as "nationalist" and "revolutionary." In his jungle interview, he declared: "The M-19 is . . . the only movement that has declared itself against extradition. The M-19 plays a key role before the masses. . . . The call of Ivan [Marino Ospina] in Mexico is a call for the guerrilla movements to join the [drug] bonanza."

M-19 leader Marino Ospina, had not only urged amnesty for drug traffickers so that drug money could "benefit the people," but also endorsed the mafia's threat to assassinate U.S. diplomats and citizens.

Greens are Nazis: Many are now echoing Schiller Institute's charge

by Laurent Rosenfeld

In January, the Green parties of France, the Federal Republic of Germany, the French- and Dutch-speaking parts of Belgium, and the Grand-Duchy of Luxemburg filed a law suit against the Schiller Institute in France. The suit charges that a "Day of Resistance" leaflet against the Greens distributed by the Institute on Oct. 17, 1984 was "slandering and libelous." The five Green parties also sued the Paris daily *Le Monde* and its director, André Laurens, for publishing the Institute's paid advertisement on that date.

In mid-February, it was announced that the German Green Party is suing West Germany's Europäische Arbeiterpartei (EAP) and its chairwoman, Helga Zepp-LaRouche, for the same leaflet.

In the contested leaflet, the Schiller Institute and the EAP called the Greens a Nazi movement with extensive links to terrorists and Soviet bloc intelligence agencies, out to topple the West German Republic and constitution just as the Nazis destroyed the Weimar Republic, and, in the process, destroy the Western alliance.

The Greens claim these charges are slanderous.

The law suits are a risky undertaking for them. The Schiller Institute and EAP have extensive dossiers on the Nazi ideological character of the Greens, on their membership, which is riddled with old and still practicing Nazis as well as a new generation of the same, on the Greens' links to terrorism, and on their East bloc connections. Moreover, the suits are filed as many other voices from all parts of the political spectrum, in many cases otherwise unfriendly to the EAP and Schiller Institute, are also publicly observing the Greens' likeness to Hitler's movement.

Among the personalities who will be called on by the Greens to testify for them is Social Democratic chairman Willy Brandt. This raises an interesting question: Will Brandt claim that the Greens are not Soviet agents? Brandt kept East German agent Günther Guillaume, since convicted, as his personal assistant while chancellor. His government was toppled in 1974 because of Guillaume's discovery. Many wonder about Brandt himself. In any case, he will have some trouble in establishing his expertise on who is and who is not a Soviet or East German agent.

The Schiller Institute and EAP dossiers are in part includ-

ed in a just-issued *EIR* special report. The 180-page report (available in French at US\$250), is built around 185 documents, press articles, statements, quotes, and events which provide a thorough profile of the Green leadership. Among these are the statements of no fewer than five West German federal ministers, three state governors, and 15 deputies in the federal parliament, all characterizing the Green Party in a manner consistent with the contested leaflet.

Greens and Nazis

The report quotes many sources characterizing the Greens as a movement with an irrationalist "blood and soil" ideology similar to that of the *Wandervogel* (Weimar youth movement) and other movements which gave birth to Nazism. The sources include the Greens themselves. Foreexample:

- Bavarian Gov. Franz-Josef Strauss wrote in the *Bayernkurier* (Dec. 1, 1984) that, "the [Green] 'movement' is dominated by forces far away from idealistic people of good will [just as] the Nazi bosses used all the irrationalist currents as their instruments."

- Silvana Konieczny, a prominent Jewish writer associated with Simon Wiesenthal's center in Vienna, wrote in *Welt am Sonntag* (Nov. 11, 1984) that the Greens' "biogenetic worldview is equivalent to the belief in a superior race predetermined by nature. In present environmentalist tendencies, the old myths of blood and soil associated with the demand for living space (*Lebensraum*) are blossoming again. . . . [There is] a historical tendency for the browns to put on green coats."

- At the Hamburg Green Party convention (Oct. 25, 1984), a leading Green Party spokesman, Rainer Langhans, stated from the rostrum: "We can learn certain things from Brother Hitler." Another leading spokesman, Rudolf Bahro, stated, "The rehabilitation of irrationality and of the myth is necessary." In his keynote address at the convention, Bahro also acknowledged "the similarity between the way the Nazis got into power and the Green *modus operandi*."

- On Oct. 23, 1984, law professor Martin Kriele got warm applause from a Green audience after reading a text concerning the right of a population to resist the government;

after this ovation, Kriele added: "I wanted to tell you that what I have just read is excerpted from *Mein Kampf*."

● On Oct. 17, after Green member of the Bundestag Joschka Fischer had shouted at the podium, "You are an asshole, Mr. President," Christian Democratic Deputy Seiters charged: "The methods that you are using have already once led to the destruction of a democracy, the Weimar Republic."

● The Archduke Otto von Hapsburg, member of the European Parliament, in an article published in *Deutschland-Magazin* (December 1984), charged the Greens with "misusing parliamentary immunity according to the cynical words of the young Goebbels when he was first elected to the Reichstag: 'I am not an MdR [member of the Reichstag], but an IdI, that is, the holder of an immunity; I can now do what I want.'"

The *EIR* report quotes similar statements from: Christian-Social Union (CSU) Secretary General Edmund Stoiber, Christian Democratic Union (CDU) Secretary General and federal Family Minister Heiner Geissler, CDU defense specialist Juergen Todenhöfer, CDU parliamentary group leader Alfred Dregger, former Bundestag chairman Rainer Barzel, CDU members of the Bundestag Wissman, Aigner, Fuchshuber, Seiters, and Stratman, as well as leading Jewish newspapers in Israel, Europe, and the United States, the Israeli ambassador to Bonn, and so forth.

A Green calendar was published in Germany and in Switzerland, which, under the cover of "anti-Zionism," made such outrageous anti-Semitic statements as "The Jews have crucified Christ"; it had to be banned in both countries. A Green leader from Cologne, Michael Engelman, stated: "The more foreigners there are in Germany, the more it is polluted."

The Nazi politics of the Greens are a direct historical continuation of Hitler's, not merely a revival. Among the Greens leadership ranks are such figures as Werner Vogel, in charge of race policy in Hitler's Interior Ministry; old Nazi Party official Gustine Johannsen, who praises Hitler to this day; and August Hausleiter, formerly of the SS who was compelled to resign from the Greens' executive when his leadership of an organization banned under anti-Nazi provisions of the West German constitution was revealed.

The Greens are also riddled with neo-Nazis. The Green organization in Berlin was dissolved after it became known that it was completely under the control of members of illegal neo-Nazi organizations. Karl-Heinz Hoffmann, indicted for neo-Nazi propaganda, stated at his trial: "The Greens would have kissed me, had they known how green I am." Said Michael Kühnen, whose organization Aktionsfront Nationale Sozialisten has been banned as Nazi: "I think united fronts [with the Greens] are possible. I remind you of the fact that [neo-Nazi leader Manfred] Röder called for demonstrations against Brokdorf [nuclear plant]. I am in full agreement with that."

Greens and communists

The Green Party and the "peace movement" are also riddled by KGB and East bloc agents and assets, especially in Hamburg. The *Süddeutsche Zeitung* reported on March 3, 1983: "According to the Interior Ministry, the Greens are financing their actions with the help of funds coming from East Germany. The spokesman of the Interior Ministry in Bonn, Wieghard Haerdtl, mentioned . . . links between the DKP [German Communist Party], which is clearly financed by the German Democratic Republic [East Germany], and the Greens." *Die Welt* also reported on the same date that "Interior Minister Friedrich Zimmermann thinks that the Greens are supported financially at least indirectly by communist countries. . . . Zimmermann cannot state that East Germany gives direct financial support to the Greens, but 'it is clear that organizations influenced by the communists are working hand in hand with parts of the Green movement.'" Zimmermann also stated: "The Communists have explicitly included in their action program that the Green movement must be infiltrated. There is a common program between the Greens and the Communists." Zimmermann also stresses, "The DKP has received 100 million marks from East Germany."

Moscow has also cultivated more public connections to the Greens. Green leaders Petra Kelly and Gen. Gerd Bastian have visited Moscow at the personal invitation of Kremlin leaders. On Dec. 17, 1981, the *Frankfurter Allgemeine Zeitung* reported that "Soviet ambassador to Bonn Semyonov has received representatives of the Executive Committee of the Greens. . . . The embassy has made public that Semyonov shares the concern of the Greens concerning the deployment of new U.S. nuclear weapons in Europe." According to *Die Welt* (March 2, 1983), "*Pravda* has underlined that the 'clear and neat positions' of the Greens have made their entry into the Bundestag possible." A Green delegation went to Moscow in October 1983, and praised Andropov's proposal for Geneva. On Oct. 28, 1983, Green spokesman Otto Schily stressed the "identical views" of the Soviet Union and the Greens on the NATO arms buildup.

Similarly, the Green cooperation with East Germany runs deep. *Neues Deutschland*, the official newspaper of the East German Communist Party (SED), wrote in January 1983 in favor of "working together [with the Greens] against NATO, nuclear power stations, and for the defense of democratic principles." On Oct. 31, 1983, the Green leadership met with SED chief Erich Honecker. The content of the discussions was not disclosed. However, on May 16, 1983, Honecker wrote to the Greens: "I can tell you that the government of the German Democratic Republic is in absolute and total agreement with you and with your cause. . . . We are favorable to a nuclear-free zone in Central Europe. . . . As you know, the U.S.S.R. also supports this view." To which the Greens answered on May 25 of the same year, in a letter to

Honecker: "It is necessary to implement a disarmament process. . . . The popularization of nuclear-free zones is such an initiative; we are comforted by the fact that states such as Sweden, East Germany, and the Soviet Union have reacted favorably to these ideas. . . . We recognize that peace and disarmament are the official policy doctrine of the state in the German Democratic Republic."

As a number of West German political figures have observed, the Green anti-nuclear policy "would make West Germany indefensible," which explains why the Soviets praise the Greens so warmly. Not only do they oppose nuclear weapons, the only possible defense against the massive conventional superiority of Soviet forces in Europe, but they demand dissolution of the Atlantic Alliance and of the Bundeswehr, the West-German army. A national Green platform adopted on Nov. 18, 1983 stated: "We must get out of NATO." The same day, Green leader Rudolf Bahro, himself an East German "defector," said: "We must drift away from America whatever the cost."

While no one has ever heard them mentioning the Soviet SS-20 missiles, the Green Party has organized violent actions against NATO maneuvers and against the Pershing missile deployment. In April 1984, Green deputy in the Hesse parliament Schwalbar-Hoth threw blood at an American general; Thilo Weichert, chairman of the Green parliamentary group in Baden-Wurttemberg, said in October 1984: "We live in an occupied country, and the occupiers are the U.S. and NATO forces. The victims are children, house owners, car drivers. The occupants usually do not even speak German, not to speak of the German law. For them, our environment is a big garbage can." He added that U.S. troops are "preparing the extermination of the German population."

Greens and the Constitution

The Greens publicly reject the republican institutions and constitution of the Federal Republic of Germany. As Green deputy Rita Kandemir stated, "Paving stones are also arguments." In the Baden-Wurttemberg parliament, the Greens deputies said: "We are here to break laws." Green leader Otto Schily said to *Der Spiegel* (June 13, 1983): "When crucial questions are at stake, a qualitative minority may have a larger weight than a quantitative majority." Said Green leader Petra Kelly in the Bundestag on May 4, 1983: "In no case will we let courts, leaders, police, or whoever using force have the right to define our notion of violence." In another speech in the Bundestag (Nov. 22, 1983), he said: "When with our non-violent violence and our civil disobedience we violate rules and laws, this is because we found ourselves upon a superior law, the law of conscience."

Their behavior in parliaments to which they have been elected is frequently compared to that of the Nazis. In October 1984, European Deputy Graffe zu Barringdorf walked with his fist raised toward the rostrum shouting at the 80-year

old former mayor of Strasbourg, Pierre Pflimlin: "I am going to break your neck."

Their behavior violates not only laws, but the West German constitution. All Green deputies vote according to the line decided by the Green leaders, which does violate a regulation. There are many such small instances. However, their misuse of parliamentary immunity is a more serious violation of the Constitution's intent. Two Berliners indicted for terrorist acts and propaganda escaped trial through election to the European Parliament on the Green list. Naturally, the party demands abolition of the Office for the Protection of the Constitution (*Bundesverfassungschutz*).

Greens and terrorism

Among current Green leaders and deputies are several terrorists. For instance, Brigitte Heinrich, condemned to 21 months in prison for delivering weapons and explosives to RAF members, is now a Green deputy in the European Parliament. Otto Schily, considered the number-one Green strategist, is a lawyer who has specialized in defending terrorists.

Holger Börner, socialist governor of Hesse, stated in 1982 that he was not going to make an alliance with "a party which has a plane hijacker at the thirteenth spot on its electoral list."

The Greens have consistently supported the demands of hunger-striking RAF terrorists, who demand special consideration as "prisoners of war." Do the Greens consider themselves in a war?

The Greens' links extend to Middle East terrorists, especially the PFLP, the PDFLP, and the al-Amal organization in Lebanon's Bekaa Valley. During a recent trip to the Middle East, a Green delegation met with representatives of these organization, including those involved in the bombing of the U.S. and French compounds in Beirut in 1983. They also keep a close relationship with Libya's colonel Muammar Qaddafi. Qaddafi, who stated once that "Hitler was right to kill the Jews," after a meeting with a Green delegation, stated: "The Greens and myself have the same ideology." Qaddafi also offered them funds. The Greens [officially] refused.

The aim: a dark age

Implementation of the Green program would return the world to the dark ages, or likely, the stone age. And, they know it: Rudolf Bahro stated in January 1983 that he wanted "to turn back 10 thousand years of history." They oppose all aspects of modern industrial civilization—their opposition to science, technology, and industry's presence in the "environment" being based on no facts, but on (fascist) principle.

As some West German politicians and trade unionists have put it, the Greens want a "Morgenthau Plan" for Germany—the Occupation period proposal to dismantle all German industry and keep the defeated nation in a permanent, primitively pastoral condition.

On to confrontation

The Kremlin's orders are delivered, and the Social Democrats and Green Party are preparing riots in the streets.

After Chancellor Helmut Kohl used the Wehrkunde (Military Strategy) meeting in Munich to give his public support to the U.S. Strategic Defense Initiative, it took a while for the significance of this to sink in among SDI opponents. Gradually, it dawned on Social Democrats and others that now, the SDI could not be stopped. What were they to do?

The Social Democratic leaders naturally turned their eyes to Moscow.

The Kremlin, compelled to acknowledge that two years of threats, intimidation, and bribery were all at once undone by Kohl's Wehrkunde statement, decided for confrontation. The Social Democrats went into action.

Yulii Israelian, Soviet arms control chief, told journalists in Geneva, "As long as the U.S.A. sticks to the SDI, there is no hope of a future for the Geneva talks." A day or two later, Egon Bahr, the Social Democrats' strategic thinker, said the same thing.

On Feb. 15, the president of the Soviet Academy of Sciences, Anatolii Alexandrov, said that if the SDI went through, the Soviet "counter-strike" would hit nuclear power plants! Because the West has "a higher density of nuclear energy grids," it is possible to "circumvent any SDI effort" through the presumed effects of just a few such strikes.

Just one day later, Erhard Eppler, the head of the SPD's ethics commission, said in an interview that it seemed "quite logical" to him "that the Soviets would concentrate their efforts on the remaining five percent of the threat

potential most American experts say any missile defense system would not be capable of neutralizing. . . . Concerning West Germany, strikes against just two or four nuclear power plants would make the whole country uninhabitable."

Eppler concluded: The SDI would only protect the U.S.A. (another Soviet suggestion) and make "West Germany a nuclear hostage of the Soviet Union. . . . No defense system whatsoever could protect this country against Soviet medium- and short-range missiles."

The argument that Germany would be turned into a "nuclear hostage" has been heard before: In March 1984, when Bonn was still somewhere between skeptical and hostile to the SDI, some Social Democratic whiz kids around Bahr were forecasting "an eventual escalation around Berlin . . . or, more probable, a return to the policy of the '50s and '60s, making West Germany a strategic hostage of the Soviet strike force."

Several think-tankers in West Germany have come forward in private discussions with other, more precise scenarios. Some say that a Soviet conventional attack, or even a nuclear missile—"accidentally fired"—might hit a NATO base or nuclear power plant, just to remind the West Germans of their vulnerability. Others warned of strikes by either Soviet special forces (spetsnaz) or terrorists against bases or nuclear stations. The well-documented flow of KGB funds into the anti-nuclear movement in West Germany would permit creation of a

street-riot atmosphere to cover such acts of sabotage.

The latter scenario is now a very live threat. At the end of January, terrorists who identified themselves as "belonging to the anti-nuclear movement" blew up the electricity tower of a nuclear plant near Hamburg. Since then, Green Party leaders have stated their "basic understanding of the motives behind these attempts."

The mass movement against nuclear energy has seen a revival, too. The government's decision to build a nuclear reprocessing facility prompted the Greens to accuse the government of planning to build a nuclear bomb, using the best style of Radio Moscow: "the most aggressive project this country has seen in its entire post-war history."

On Feb. 16, 25,000 demonstrators gathered at Schwandorf in Bavaria where the facility is to be built. State Gov. Franz-Josef Strauss and others were called "murderers." With such verbiage, violence and terrorism will follow.

What does Moscow have to do with this? There were no Russians at Schwandorf! Well, a couple of days earlier, *Izvestia* called the Green Party "the only force of hope in Germany." Hope for what?

According to recent government leaks, there is massive evidence of East bloc involvement in the anti-nuclear movement. It seems high time these dossiers were made public. And, coupling these dossiers' contents with the also documented Nazi character of the Green Party, the government should not wait to ban the party under relevant provisions of the Constitution. As the European Labor Party's Helga Zepp-LaRouche has proposed, such action should be taken by not later than May 8—the date of celebration of the end of World War II.

Pertini's re-election in doubt

The President of the Republic has recently acted more like a leader of the opposition to the Republic.

With a few months to go before the election of a new President of the Republic—every seven years—current President Sandro Pertini has accumulated a series of diplomatic *faux pas* which have thrown his re-election into question. The worst gaffe was committed in connection with an invitation to President Reagan to speak at the European Parliament on May 8—anniversary of the Nazis' defeat in Europe.

The Communist Party, the Radical Party, and the German Social Democracy had proposed Pertini as the main speaker. But immediately proclaiming its opposition was virtually every governing party in Europe, in particular the German Christian Democrats, who are keenly aware of the importance of Reagan's visit during that period. Chancellor Kohl has just proclaimed his support for Reagan's defense policy, and now faces growing Soviet-sponsored destabilization as a consequence.

So, European Parliament President Pflimlin invited Pertini to commemorate the 35th anniversary of the Schumann Plan instead.

Pertini's reaction was to cancel his own presence at the May 8 commemoration! "Why should I go to Strasbourg? To play Reagan's subdeacon?"

It was then only ten days before the official visit to Washington of Premier Bettino Craxi, and every party in Italy's governing coalition immediately issued sharp criticisms of Pertini. "Without the country of the deacon Reagan, we would still be subdeacons of Hitler," was the comment of Paolo

Battistuzzi, vice-secretary of the Liberal Party, one of the five in Craxi's coalition. Giuseppe Gargani, head of the justice section of the Christian Democracy, reminded Pertini that Italy had lost the war. If anyone has the right to commemorate the defeat of Nazism, it is America.

Another Christian Democrat, European parliamentarian Adolfo Sarti, emphasized that the German Social Democrats proposed to invite Pertini to Strasbourg deliberately to create problems for Reagan, and "do not represent the majority in the European Parliament, nor in the Federal Republic of Germany."

The only people to endorse Pertini's statement were the Communists and the Radicals. Even if he is 90 years old, Pertini has been considered the most probable choice in the June elections. He has the full support of the Communists, who consider him the only prospective President willing to see a government formed that includes them.

The function of an Italian President is very different from that in the United States. Primarily ceremonial, the presidency mediates in the formation of coalition governments, and gives his official mandate to the premier chosen by the parties. The President also has the function of dissolving parliament when there is a government crisis. That function is constitutionally denied to him, however, during the six-month period preceding presidential elections, known in Italy as *semestre bianco*, white semester.

It is now *semestre bianco*. Yet,

Pertini has been acting more "politically" than ever, going beyond what is expected to criticize the present government or praise candidates for the presidency such as Nilde Iotti, a leader of the Communist Party and former mistress of the post-war Communist leader Palmiro Togliatti.

He has done other favors for the Communists. During a state visit to Spain some weeks ago, Pertini declared: "I am for unilateral disarmament," a stand which not even the Communists dared to take. One year ago, the President took a public stand against President Reagan's Strategic Defense Initiative, calling it "Star Wars" and joining the Communist campaign against "an arms race in space."

His most recent display against Reagan was welcomed by the Communist newspaper *l'Unità*, which had expressed worry at the improvement in relations between Italy and the United States after the endorsement of the SDI by Defense Minister Spadolini during a visit to Washington.

There are other candidates for the presidency. These include Interior Minister Oscar Luigi Scalfaro, a Christian Democrat who is presently involved in increasing Western coordination of anti-terrorist efforts, and Vice-Premier Arnaldo Forlani, also a Christian Democrat. It now appears that one of them will get the support of, not only their own party, but also Craxi's Socialist Party, despite the fact that Pertini is a Socialist.

If Sandro Pertini does not become the next President of Italy, it will be because, over past months, he has not acted like a President of the Republic. He has acted very much more like a member of the opposition—and not just the opposition to the present government, but the opposition to the Republic.

The 'King Canute Memorial Conference'

A Soviet scientist decorated for beam-weapon work announces that beams won't work—it all makes sense in Palme's Sweden.

Five hundred aging peaceniks and terrorist sympathizers gathered in Stockholm on Feb. 15 to hear Swedish Prime Minister Olof Palme, Soviet Academician Yevgenii Velikhov, and U.S. arms-control advocate Herbert Scoville, rail against President Reagan's Strategic Defense Initiative (SDI) in the deluded conviction that the program can still be stopped by political means.

The conference, entitled "The Risks of Accidental Nuclear War: Inevitable or Preventable," was sponsored by Palme's "peace" apparatus. Not only was it preceded by West Germany's official embrace of the SDI, it was followed by British Prime Minister Maggie Thatcher's grudging endorsement, thus signaling an inevitable European united front behind Reagan. But, alas, reality is an irrelevancy in current Swedish political life, exemplified by a "what, me worry?" foreign minister who routinely denies Soviet submarine incursions in Swedish territorial waters.

Hence, it was probably only in Sweden that Palme, Velikhov, Scoville, and company could have gotten away with what they did. The occult phrase, repeated over and over again, was: "The SDI can never work, and no one except President Reagan thinks that it can." That Velikhov himself recently received a top Soviet award for his accomplishments in plasma physics and directed-energy weapons—which he publicly insists will never work—is possibly evidence of

the dialectical process in action.

After agreeing that the SDI will never work, all then agreed—led by Palme—that such systems are *supremely dangerous*, and although they would never work, would give the United States a first-strike capability. You see, a not-working system in American hands is dangerous, but a not-working system in peace-loving Soviet hands will simply not work, or not threaten anybody.

This all makes perfect sense when you are in Olof Palme's Sweden.

Unfortunately for him, some rudely reality-oriented individuals were present. The Fusion Energy Foundation circulated an open letter to Velikhov calling on him to manifest some shred of scientific morality and reaffirm the commitment he made at the scientists' conference in Erice, Sicily in September 1983, to joint U.S.-Soviet work on defensive beam weapons.

Velikhov responded with an inquisition-like attack on scientific optimism, comparing current SDI efforts to the "medieval attempts to find the philosopher's stone" and to "alchemy." He quoted the late Soviet scientist Artsemovich: "High technology solutions become the opium of some governments."

Velikhov continued this assault on science at a press conference, insisting that there was 100% unanimity in the international scientific community that beam weapons won't work. When he was challenged by Stockholm *EIR* correspondent Clifford Gaddy, Veli-

khov went so far as to assert that Edward Teller, one of the intellectual authors of the U.S. beam-weapons policy, opposed Reagan's "space weapons" program. Said Velikhov, Teller *only* supports ground-based, "pop-up" lasers!

But Pugwash Movement member Herbert Scoville took the cake. The day before, Scoville, president of the U.S. Arms Control Association, told a seminar at the Swedish Institute for Foreign Affairs that SDI administrator Lt. Gen. James Abrahamson himself believes that the President's program can't work!

Visiting *EIR* Washington correspondent Susan Kokinda countered by citing chapter and verse from Abrahamson's congressional appearances, and then asked him, in light of the European momentum behind the SDI, if he really thought the program could be stopped. Momentarily forgetting that the SDI won't work, Scoville conceded, "No, unfortunately not." At a press conference the following day, he admitted that *he* won't work: "I must confess that I am impotent to influence the Reagan administration."

Palme, Scoville, and Velikhov also tried the sabotage approach taken by Max Kampelman, the former Mondale adviser who is now Reagan's chief Geneva negotiator. Scoville recently wrote an article denying the feasibility of precisely what the program is directed at achieving, defense of *all* missile targets. Palme declared that, while an ABM capability to protect population centers won't work, the United States could develop limited, point-defense systems to protect missile silos. Echoed by Velikhov and Scoville, he called this a dangerous destabilization of deterrence.

All in all, the trio gave a very creditable imitation of the mythical King Canute's attempt to order the onrushing ocean to retreat.

Shades of Edouard Daladier

Mitterrand's government is bankrupt, but it is being kind to say that his opposition has no de Gaulle in its ranks.

On Feb. 13, the French government announced that it was going to increase its contribution to the notorious United Nations Education, Science, and Culture Organization, to help make up for the U.S. withdrawal from that organization because of Unesco's systematic hostility to Western interests and support of Soviet propaganda efforts.

It was just another instance of the Mitterrand government's own recently displayed hostility to the Western alliance. On Jan. 28, Italian Defense Minister Giovanni Spadolini accused the French of harboring international terrorists, a charge later repeated by Italian Premier Craxi. On Feb. 9, French Defense Minister Charles Hernu made a spectacle of himself at the Munich Wehrkunde (Military Strategy) meeting by parroting the pitiful arguments of Moscow against the U.S. Strategic Defense Initiative, which had just been heartily endorsed by West Germany's Chancellor Kohl.

Wishful thinkers might argue that this situation will fortunately not last too much longer, given that the Socialist Party has virtually no chance of winning the next general elections in spring 1986. True, President François Mitterrand has decided to change the polling system, which might make France altogether ungovernable should the Socialists fail to win. But it is more than likely that the nation's Gaullist opposition will return to power.

"Gaullist"?

The "Gaullist" opposition consists

in the main of three has-beens: former President Valéry Giscard d'Estaing and his two former prime ministers, Jacques Chirac and Raymond Barre. Then, there is the extreme right-wing, racist anti-immigrant demagogue, Jean-Marie Le Pen, who, if he can pretend to no chance of victory, might be strong enough to function as a "spoiler."

So far, Raymond Barre is the front-runner. Barre is the candidate of the Swiss insurance companies. Although claiming to be a political heir of de Gaulle, he supports IMF "adjustment" policies which loot and destroy the Third World, and opposes technology transfer to developing nations. He also advocates an economic policy of ultra-monetarism à la Margaret Thatcher.

He opposes beam-weapon defenses, arguing that "ambitions to neutralize nuclear weapons" are unrealistic. But even worse, Raymond Barre criticizes François Mitterrand for "Atlanticism and anti-Sovietism"!

Two recent incidents are revealing. On Feb. 7, the historian and Communist Party member Philippe Robrieux said that Raymond Barre was Moscow's favorite candidate for the Elysée. This triggered a curiously strong reaction from pro-Barre Deputy François d'Aubert, who stated a day later, "It would be crazy to say that M. Barre is a red mole."

On Feb. 11, Jean Poperen, number-two in the Socialist Party, also attacked Barre's statement about Mit-

terrand's "Atlanticism."

Valéry Giscard d'Estaing, the former President, is otherwise incapable of formulating any original policy—or for that matter, any policy at all. He takes firm stands on the pettiest of issues, but carefully avoids any important question.

Then, there is Paris Mayor Jacques Chirac, the head of a strong and well-organized political machine and chairman of the RPR, the Gaullist party. Although his party recently warned France against becoming technologically outmoded if it abstains from the SDI, Chirac can hardly claim the Gaullist legacy. At a recent meeting of the Club 89, the think tank of the RPR, one party leader stated, "Food aid [to the Third World] is by nature perverse." Club 89's program is otherwise an atrocious mix of monetarism, colonialism, and overt racism.

Personally, Jacques Chirac might not fully share in these views, but he has not had the moral courage to criticize them.

If Mitterrand's government is bankrupt, the opposition has nothing even approximating the "providential man," the de Gaulle whom the Mitterrand disaster makes essential.

In fact, the spectrum of French political leadership is behaving just as did the leaders of the Third Republic in the late 1930s, who ignored the pleas of de Gaulle, and failed to thwart the Nazi danger while there was still time. In their anxiousness to side with whomever seems to have the upper hand in international affairs, they remind one of Mussolini, who deserted his "Western alliance"—with France!—as the Nazis marched into Paris.

Far from de Gaulle in Paris, 1958, today's French opposition leaders, for all their petty disputes, strongly remind one of a different legacy, that of Edouard Daladier in Munich, 1938.

Peres maneuvers for peace

The Israeli prime minister has joined the peace process, and now prepares to deal with the threat posed by Ariel Sharon.

Concluding his two-day visit to Italy on Feb. 20, Israeli Prime Minister Shimon Peres told a Rome press conference, "I am ready to go to Amman myself to meet with King Hussein . . . and I am sure that Israel will be ready to welcome King Hussein in Jerusalem."

Such a declaration, bound to create a wave of reactions in Israel and internationally, is Israel's first serious answer to the Feb. 11 agreement between Palestine Liberation Organization leader Yasser Arafat and Jordan's King Hussein on a new framework of peace negotiations.

Enabling Peres to make such a proposal were two important developments. First, upon his arrival in Italy, Italian Prime Minister Bettino Craxi handed him a personal letter from Arafat, reportedly a detailed briefing on the contents of the PLO-Jordan accord, and on the decision of the PLO leadership council to "exchange peace for territories." Second, on the same day that Peres spoke in Rome, the executive committee of the PLO announced its decision to endorse the Amman agreement, praising "the creation of a confederation between Jordan and Palestine" and underlining the close ties between the two people.

As Peres made his statement, he reminded his audience of the 1977 speech of Egyptian President Anwar al-Sadat in the Knesset, Israel's parliament, saying that Sadat had been able to say "whatever he wanted"! Whether Hussein will answer his offer

to visit Amman positively, and when such an answer will come, remains to be seen. But clearly, Israel has chosen to join the peace process represented by the Amman agreement, and the preliminary negotiations which will reach their climax with Egyptian President Hosni Mubarak's March 12 visit to the United States.

Peres would not have given his answer to the PLO leader's letter on the Amman agreement so quickly were he not prepared to confront, and quickly, those hardliners inside Israel who, within days, had described the agreement as a ploy worth no consideration. Leading the show were Foreign Minister Yitzak Shamir and Trade Minister Ariel Sharon.

Sharon told an American delegation Feb. 12 that "there will be peace once it is realized that Jordan is Palestine"—a statement smacking of direct annexation of the occupied territories. Sharon qualified his statement by saying that the solution "is the autonomy proposal of Camp David," something he had hitherto opposed.

The statement was certainly intended as a warning to Peres and the Labor Party against any new concessions to the Arabs. Peres's proposal to Amman is also his answer to Sharon.

According to Israeli observers, Peres's commitment to the peace process will be elaborated between now and the upcoming election of the Histadrut labor confederation in early May, elections which are considered as important as those to the Knesset, since most of Israel's workforce will

vote. Directly at stake will be the future of the unstable national-unity coalition between Peres's Labor and Shamir's Likud parties. That agreement requires that in some 20 months, Peres surrender his post to Shamir. Though no one is yet publicly advocating an end to the uneasy coalition agreement, both Labor and Likud are busy attempting to rebuild their political base to outflank the other.

According to most recent opinion polls, there is no doubt that despite the economic crisis and the messy ongoing withdrawal from Lebanon, Peres has become a very popular prime minister. In a lengthy feature on Feb. 13, West Germany's *Frankfurter Allgemeine Zeitung* predicted that Shamir will never replace Peres. But the article then cautioned that the growing danger to Peres, and hence to peace in the region, is the possibility that Ariel Sharon will pull a military coup d'état!

The newspaper did not give any hint of how such an unprecedented development might occur. However, Sharon has been making no secret of his wish to become prime minister. His law suit against *Time* magazine, heavily financed by arms smuggler Ja'acov Nimrodi and pornography boss Meshulam Riklis, became a preliminary publicity drive for such a bid. These same circles, revealed the Jan. 18 issue of the *Jerusalem Post*, also organized an alliance between Sharon and the fundamentalist Jewish parties which hoped to collapse the government around a Knesset debate over the racist-tinged issue of "who is a Jew." Meanwhile, Sharon, who had a surprise meeting with former Prime Minister Menachem Begin on Feb. 20, is busy campaigning for the Histadrut elections, too.

But were the Arabs to answer Peres's proposals positively, chances are the Sharon threat would be quickly neutralized.

The Mossad and American Express

The company has provided a full range of financial services, and others, to the Israeli agency.

If reports received by *EIR* are true, moderate Arab diplomatic and intelligence officials may be taking their lives in their hands every time they leave home with their American Express credit cards.

According to a high-level U.S. intelligence source, a classified report circulated among U.S. agencies in 1983 detailed how Israeli intelligence (Mossad) maintained "real time" access to the computer data base of the American Express Company and used that information to develop profiles of Egyptian and Palestinian leaders targeted for assassination by Mossad hit squads.

The report, according to the source, was prepared as part of a Reagan administration reassessment of U.S.-Israeli relations in the wake of Israel's disastrous invasion of Lebanon. Among the other features of the intelligence and evaluation were a series of Pentagon-sponsored fact-finding missions to Lebanon to determine whether Israel had violated the Military Assistance Program by using U.S.-provided weapons for offensive purposes, including precision bombing of Palestinian refugee camps.

According to a Washington source who reviewed the 1983 report, the Mossad has a standing privileged relationship with Amex that includes computer interface through Amex offices in Tel Aviv, Paris, London, and Munich. Through this access, the Mossad has:

- Pinpointed airline reservations, hotel accommodations, rental-car license plates, and favorite restaurants and shops of PLO, Egyptian, Iraqi,

Saudi, and Jordanian officials on Mossad watch lists and, in some cases, hit lists.

- Procured "cover" American Express credit cards and other services for Mossad agents traveling under phony names and forged passports abroad;

- Received logistical backup for special commando operations. In the case of one Israeli commando assault against a PLO compound in Beirut before the full-scale Israeli invasion of Lebanon, through an Amex-linked travel service—according to the source—a fleet of limousines was delivered to a desolate beach-head where Israeli paratroops were dropped in. The commandos drove the cars into the city, carried out the armed attack, and drove the cars to the beach pickup point, leaving the keys in the ignition for later pickup by the rental office. Reportedly, rental cars leased under the false-name Amex agreement have also been used in car-bomb attacks. Amex's reported response? No problem—as long as all destroyed property is paid for in full.

- Conducted financial warfare against alleged enemies of the state of Israel.

A review of recent years' largest purchases of stock in American Express adds credibility to the alleged government report. Up until late 1984, the largest stockholder and chairman of the Amex board was Edmond Safra. A product of the Jewish banking community in the Venetian colony of Aleppo, Syria, Safra's financial empire, now stretching from Geneva to Lower Manhattan to Rio de Janeiro,

has been linked to the Israeli mafia's gold, diamond, and drug-smuggling activities.

Prior to the Safra buy-in, major blocks of Amex stock had been grabbed by Loeb, Rhodes and by Cincinnati crime-linked figure Carl Lindner, an intimate of Max Fisher of Detroit and of the Israeli "Billionaires Club," a collection of dirty-money magnates imposing their financial and political imprimatur on the Israeli state.

All of these transactions were the handiwork of the same New York City lawfirm—Willkie, Farr, and Gallagher—and the same attorney, senior partner Kenneth Bialkin, presently national chairman of the Anti-Defamation League. Bialkin cut his teeth as the attorney for the Sonneborn Institute, the late-1940s Haganah smuggling ring that was the antecedent to the Mossad. Sonneborn Institute arms-smuggling operations were conducted in conjunction with the Meyer Lansky syndicate.

More recently, the ADL chairman and the Willkie, Farr firm gained notoriety when a federal court in New York (January 1980) ordered them to pay \$35 million to the shareholders of Investors Overseas Service for the firm's role in Robert Vesco's \$70-million looting. Vesco's attorney, Bialkin, was found by the jury to have been the legal wizard behind the Vesco theft and laundering of tens of millions of dollars from the IOS-Fund of Funds pyramid. Among Vesco's associates in that effort was the Geneva-based Dr. Tibor Rosenbaum, formerly the chief of finances for the Mossad.

Following the Bialkin-run, Mossad-linked buy-in to Amex, one final dirty player was inserted into the picture: Henry A. Kissinger was added to the international "advisory" board of American Express at an annual consulting fee of \$75,000.

Sri Lanka: a fast-deteriorating situation

India awaits evidence of new government initiatives for a political settlement of the communal crisis.

It is now more than two months since the collapse of the All-Party Conference that was exploring the grounds for a peaceful political settlement to the conflict which has pitted the Tamil minorities against the Sinhala majority in Sri Lanka. The crisis flared up more than a year ago, with bloody riots killing hundreds. Half-hearted efforts by the government to find a negotiated settlement have failed, and virulent Sinhala chauvinists and separatist terrorists on the Tamil side have increasingly conspired to push the situation out of control.

The lack of any new domestic political initiatives from the Sri Lankan government of President Junius Richard Jayewardene is the most disturbing element and is raising many questions here.

Against this backdrop, one development has made Indian officials especially wary—the sudden flood of refugees from Sri Lanka to Tamil Nadu. Official figures put their number presently at 50,000, with thousands of poor Tamils recently flooding across the channel separating the two countries. These refugees contrast with the largely middle-class exiles of the earlier period, and give credence to fears that more trouble may be afoot.

New Delhi has reportedly received independent reports about an effort by sections of the Sri Lankan military in league with Sinhala chauvinist hardliners in the Jayewardene cabinet to orchestrate the exodus of poor Tamilians from the northern provinces, reducing the Tamil popu-

lation drastically and freeing the area for Sinhala settlements. This racist scheme has the smell of the worst Israeli-style tactics, and is not beyond the headline Sinhala chauvinists.

Moreover, Jayewardene, who has been conducting a delicate balancing act between the “moderates” and the Sinhala fanatics all along, has taken up an unusually strident posture vis-à-vis India. On Feb. 20, he reiterated Sri Lanka’s charge that India is training terrorists in the southern state of Tamil Nadu to break up Sri Lanka and create a separate nation, “Tamil Eelam.”

The government of India has repeatedly rejected the charges of training terrorists. While there is no doubt that the government itself is not engaged in, and would not sanction such activities, there are clear signs that terrorist elements and the promoters of “Tamil Eelam” are at work in Tamil Nadu. Some months ago this was documented by the India fortnightly *India Today*, and one fallout of the spy scandal that rocked Delhi in January was exposure of an Indian intelligence report describing the separatist-terrorist networks in Tamil Nadu.

But the actual extent to which these networks are involved in Sri Lanka is open to question. So far, Sri Lankan authorities have not identified the international elements of the terrorist-separatist campaign bent on wreaking havoc in both countries and destroying relations between them.

Yet the Sri Lankan government has increasingly made “Tamil Nadu terrorists” the sole focus of concern, par-

ticularly since the collapse of the All-Party Conference in December. If India really wants to help, Jayewardene has said, it should stem the Tamil “Tigers” operations. He has said in speeches that there is no possibility of negotiating any settlement until the campaign of terror is ended. Intensified Sri Lankan military activities in the Palk Straits have caused several incidents in recent months. In the terrorist hunt, many Indian fishermen have lost their boats and some, their lives.

That India has no quarrels with military-security measures to stop terrorism in Sri Lanka was made clear during the visit of Sri Lankan Security Minister Athulathmudali to Delhi on Feb. 9-10. When a Zairean plane carrying weapons for Sri Lanka’s military was detained after an unscheduled landing in India for refueling, the prime minister himself intervened to have the aircraft released. Still, the recent Sri Lankan proposals for joint naval patrols of the 25-mile wide Palk Straits will be carefully weighed, according to government spokesmen, “in the totality of the prevailing situation in Sri Lanka.”

What India insists is that the Jayewardene government resume political talks with the spokesmen of the Tamil minorities, whose grievances are real and legitimate.

Happily, India has full U.S. support in this approach. This has trimmed the sails of the left lobby and others here gunning for a confrontation with “the U.S. puppet” Sri Lanka. The United States refused to send security personnel or sell military equipment to Sri Lanka. While stressing its opposition to a separate state, the United States has used every occasion to press the Jayewardene government to restart real negotiations and to seek the aid of India in resolving the crisis.

Needed: a joint war on drugs

The State Department has designed a provocation at the border to block vital cooperation against Dope, Inc.

At a point when President Reagan and a key group of Ibero-American presidents, including Mexico's Miguel de la Madrid, have decided to close ranks and wipe out the multinational illegal-drug traffic, the U.S. State Department has ignited an international provocation against Mexico that could sabotage that war on drugs.

On Feb. 19 the *New York Times* boasted that it was the State Department that ordered operation "close the border" with Mexico, as an economic reprisal for the kidnaping of U.S. Drug Enforcement Administration agent Enrique Salazar Caramena on Feb. 7 in the city of Guadalajara, Jalisco.

Strict controls were imposed at the U.S.-Mexican border, allegedly to search for clues on the kidnaped agent. But all the checks have done is worsen the economic crisis and social chaos caused by International Monetary Fund austerity in Mexico.

The point was sensibly made on Feb. 21 by the Bipartisan Budget Caucus of the U.S. Congress, which demanded an end to the exhaustive inspections "paralyzing the border."

The *Times* blamed Mexican "governmental corruption" and, citing a recent State Department report, "Mexican Mafia-type organizations" and "the institutions that manipulate economic as well as political power" for covering up drug trafficking, given that Mexico is "a major supplier of heroin" and marijuana entering the United States.

But the deployment of the U.S. customs police at all frontier crossings, causing up to five miles of waiting lines for the search of cars and

persons passing the frontier, is part of an operation which the State Department, under orders from Shultz and Kissinger, reactivated last year and which plays right into the dope mafia's hands. The aim is to overturn Mexico's government and bring the National Action Party (PAN) to power, starting with the governorships of at least two border states, Sonora and Nuevo León.

U.S. Ambassador John Gavin and the *New York Times* have been overtly boosting the Nazi-communist PAN, which is full of dope traffickers.

The border affair fits into the economic warfare which the same State Department, in collusion with the International Monetary Fund, has unleashed on Ibero-America, to force nations to turn into drug exporters in business with Dope, Inc. This is the context of the recent visit of the repulsive Dr. Henry Kissinger and his traveling piggybank, David Rockefeller, to Mexico. Each met separately on Feb. 18 with President Miguel de la Madrid and Mexican cabinet members—to ensure that Mexico will not only pay the debt, but will continue submitting to the IMF's genocidal conditions.

Quickly making the indignation of the Mexican government and political parties heard, Foreign Secretary Bernardo Sepúlveda Amor gave a wide-ranging interview to press and television. He announced that President de la Madrid had ordered an investigation of the border situation. He added that the Mexican government was not informed by diplomatic channels of the U.S. decision, but only learned of

it as a *fait accompli*.

Sepúlveda pointed out that the legal entry points being laboriously checked are, of course, not the routes taken by illegal drug traffickers. "It does not seem to us that this operation has a justification. . . . On the contrary, it seems to us that it produces serious irritation to the local population," the foreign secretary stated.

He continued, stressing the need for joint action: "Mexico is determined to fight drug traffic . . . to confront the risks involved, and definitively wipe it out. . . . In 1969 we had a similar problem . . . fortunately overcome by creating 'Operation Cooperation' eliminating the notion of interception. . . . Without doubt, drug traffic is a multinational operation . . . which requires multinational cooperation."

A similarly worded diplomatic note from Mexico was delivered to the State Department on Feb. 21.

Nonetheless, this protest is inadequate. If the Mexican government wants to give an effective lesson to the drug-dealing mafia and the State Department on how one really should combat this evil business, it needs to take immediate action against the Dope, Inc. ringleaders that are springing up all over Mexico.

We refer to the "new" members of the PAN noted for their links to narcotics dealing, such as Manuel Clouthier of Sinaloa, accused in various newspapers of having trafficked in marijuana, and Adalberto Rosas López, the PAN's gubernatorial candidate in Sonora, who maintains close relations with Agustín "Chato" Antuñez, one of the state's most notorious drug runners. Moreover, Dope, Inc. has deeply penetrated into the ranks of the late Miguel Alemán's faction of the ruling PRI, the crowd Henry Kissinger runs around with.

International Intelligence

Mexicans say SDI is the hope of mankind

Scientist at the Mexican Institute of Petroleum on Feb. 18 endorsed the Strategic Defense Initiative of President Ronald Reagan. According to the newspaper *Novedades*, the Mexican scientists said that "the SDI project offers mankind hope: It will eliminate the horror of nuclear holocaust, and will bring about enormous material progress."

Referring to the role that fusion energy will play in the development of the SDI, the Mexican experts added that "radioactive materials will become much cheaper to produce, and, at last, humanity will have at its disposal the most formidable energy source ever created, to be used for civilian projects as well as military ones."

Conference on Indian development planned

The Fusion Energy Foundation (FEF), in collaboration with the Economics Club of New Delhi, will be holding a national conference on April 3-4 in New Delhi on a development program for India. The theme of the conference is: "India Must Look East."

The conference will have three panels:

1) The Development of the Ganges River Valley. The control of the Ganges River, in collaboration with Bangladesh and Nepal, would create one of the richest breadbaskets in the world, far exceeding the Punjab where the soil is in fact much poorer.

2) India's Trade: Look East. This will be a regional panel with speakers from Japan and Thailand. For centuries, India has oriented toward the Middle East. But the country's greatest potential and greatest contribution is to be made by looking to its Asian neighbors. This means linking up India scientific manpower with Japanese technology, building up eastern Indian industries in conjunction with the construction of the Kra Canal, and developing the islands of Nicobar and Andaman near Thailand.

3) High Technology for the 21st Century: This panel will focus on two technolo-

gies India desperately needs if it is to become the giant industrial power it is capable of becoming: nuclear power and lasers for an advanced machine-tool industry.

Bruno Kreisky: Greens, Qaddafi not terrorists

In a discussion with a journalist on Feb. 19 from his hotel room in Oberlin, Ohio, former Austrian Chancellor Bruno Kreisky, a key backer of the West German Green Party and of Libyan dictator Muammar Qaddafi, repeated five times: "The Greens are not terrorists, and anybody who says so is misinformed." When pro-terrorist statements by Green Party leaders were read to him, he kept repeating, "I wasn't aware of that." Eventually, he hung up the phone, angrily declaring, "You are very badly informed, it's not worth my time."

Before hanging up, Bruno also "informed" his caller: "Why is Qaddafi a terrorist just because there are terrorists in Libya? There are terrorists in Israel, so does that make Israel terrorist?"

Libya publicly reveals ties to world terror

In a major dispatch of the Libyan newsagency JANA published in the official magazine *Green Revolution*, the Libyan government announced on Feb. 19 that it would be "resuming" its support for international terrorist groups in their fight against the governments of the United States, West Germany, and Britain. Arguing that these governments are still giving protection to "enemies of the Libyan revolution," JANA announced that it will again help the "legitimate fight of the Irish Republican Army and the Red Army Faction (Baader-Meinhof)."

West German radio reports also quoted Tripoli sources saying that Libya intends as well to bolster its cooperation with the French terrorist group Direct Action.

Though Libya never ceased helping such groups, despite its earlier denials, such an announcement now is a declaration of war,

especially against the U.S. and West German governments. There is little doubt that such a decision comes directly from Moscow, which has been blasting Bonn for its support of President Reagan's Strategic Defense Initiative.

SDI defense praised as 'more ethical'

In two separate, but related public statements on Feb. 20, leading West Germany political figures have called upon Europe to join the American Strategic Defense Initiative.

Jürgen Todenhöfer, deputy in the national parliament and his party's strategic defense spokesman, wrote a two-column feature in the daily *Die Welt* in support of the SDI. Apart from the fact that "the Soviets have been working on a space-based missile defense system based on laser and particle-beam weapons" and have spent "a multiple of what the Americans spent" in the research, Todenhöfer emphasizes the ethical aspect of the SDI program:

"A strategy which destroys missiles rather than human beings possesses a higher value. This fundamental notion in Reagan's March 23, 1983, address can be nothing but appreciated. . . . It is quite astonishing to watch the nostalgia with which leading spokesmen of the political left [opposing the SDI] dream of the 'good old days' when peace was still based on the mutually assured destruction of the civilian population by nuclear missiles."

Todenhöfer urged the Europeans to join the SDI program right now, because "non-participation . . . could result in a dangerous military and technological self-decoupling of Europe from the U.S.A."

In an interview on West German national television, Bavarian State Gov. Franz-Josef Strauss, whose state harbors most of the German high-technology aero-space industries, said he does "not quite understand why many Europeans still oppose the SDI, which is a system that will probably not make nuclear missiles totally superfluous, but will reduce their strategic value significantly. I don't see what anybody can bring

up against such a defense policy. After all, with the space weapons we are heading into a new era of defense—the ground combat soldier is being replaced by the weapon-commanding engineer.

"This is a completely new dimension of defense."

Soviet election speeches mobilize for war

Election speeches of Politburo members Mikhail Gorbachev and Nikolai Tikhonov called President Reagan's Strategic Defense Initiative program the "most dangerous adventure" ever undertaken by the United States.

After announcing new "large-scale projects" in the field of energy and food, Mikhail Gorbachev said on Feb. 20 that U.S. actions on the SDI "arouse doubts about real [U.S.] intentions," despite agreements to talk. "Washington's policy of confrontation" is the "source" of the present dangerous world situation, Gorbachev said.

He added: there are "deep differences" between the West Europeans and Americans. He demanded that the Europeans "not allow Europe to be turned into an arena to test the Pentagon's doctrine of the limited nuclear strike."

Tikhonov said on Feb. 21 that "unprecedented steps" are being taken by the United States to build up its military power. Tikhonov singled out President Reagan's "militarization of outer space" as "the most dangerous adventure." If the United States puts up a "barrier" to talks on stopping the militarization of outer space, "[agreements] achieved until now will be canceled and the world will find itself on the brink of a new holocaust."

"As long as the military threats continue, we will do everything to ensure the security of the Soviet Union and its allies. We will never allow the United States to achieve military superiority over the Soviet Union." The "chief obstacle" for the United States is "the defense potential" of the Soviet Armed Forces and of the Warsaw Pact countries, Tikhonov said.

"The lessons of history make it plain that

the struggle against war is waged before war begins," he continued.

Tikhonov also called on the Soviet people to mobilize all the country's "social, scientific, and technological" forces to achieve their goals.

Vietnamese take Khmer Rouge stronghold

A Vietnamese offensive in the hills of Phnom Malai on the Thailand-Kampuchea border during the second week of February has succeeded in taking the stronghold of the Khmer Rouge, the forces of the former genocidal dictator Pol Pot. The Khmer Rouge were unable to withstand Vietnam's artillery assault. Khmer Rouge guerrillas have now gone behind Vietnam lines to harass their supply lines, their families fleeing into Thailand. The Khmer guerrillas going into Thailand are being immediately disarmed by the Thai military.

The question now is the Chinese reaction. The Khmer Rouge have been completely dependent on the Chinese for supplies, and the Thais have tolerated their existence only under pressure from Peking. Prince Sihanouk, whose camps north of Phnom Malai are still intact, on Feb. 16 called on Peking to teach Vietnam "a large-scale lesson." He reported that Chinese leader Deng Tsiao Ping had promised him that, if the Khmer rebels' existence were threatened, China would invade Vietnam. On Feb. 16, it was reported that Chinese troops on the Vietnam border are on alert, and the Chinese foreign ministry stated that it would stand by the Khmer Rouge "in all ways." But foreign diplomats in China report that they see no serious preparations for a Chinese offensive against Vietnam.

The Vietnamese are determined to destroy the Khmer Rouge and pursue negotiations from a position of military strength. Should the United States not move quickly with a positive economic policy toward Southeast Asian countries, they will be thrown toward China as their last protector against Soviet-puppet Vietnam—creating an even more unstable political situation in the region as a whole.

Briefly

● **ITALIAN** Interior Minister Oscar Luigi Scalfaro confirmed on Feb. 18 that Premier Bettino Craxi's name is on the hit list of the West German Red Army Faction (RAF) terrorists, as was indicated by some cards confiscated in Frankfurt and Karlsruhe, West Germany. According to Scalfaro, there are "some other Italian names" on the hit list, including a person "linked to NATO."

● **REGIS DEBRAY**, a terrorist-supporter, is leaving his position as adviser to President François Mitterrand, according to French government sources on Feb. 17. Although Debray denied that there is any political reason for the decision, the resignation is viewed as a gesture of appeasement to the U.S.A. as well as the French army and intelligence services. Debray, however, is also said to have mediated secret agreements between Paris and Moscow, for example, to oppose the U.S. Strategic Defense Initiative.

● **NEWTIMES**, the Soviet weekly (No. 6), attacked the Pope and the Vatican by defending the schismatic "Concilium" group. Author V. Gushkin wrote: "The Papal Curia has stigmatized all, who, though devout, did not see eye to eye with the Vatican on matters of faith. 'Holy criticism' was leveled at those in Latin America who . . . had fallen under the sway of a 'rebel liberation theology,' and at the many Western theologians grouped around the prestigious international religious journal *Concilium*. . . ."

● **MOONIE** Gen. Gustavo Alvarez, the former strongman of Honduras, has been accused of plotting a coup against the government of President Suazo Cordova. Alvarez, who ran Honduras until he was ousted last year because of his ties to the cult of Rev. Sun Myung Moon, is a leading member of "Causa International," a Moonie "anti-communist" front.

Boston dope bank coverup and Attorney William Weld

Special to *EIR*

On Feb. 21 at 10:30 a.m., *EIR*'s Editor-in-Chief Criton Zoakos held a press conference at Boston's Meridien Hotel before newsmen and cameras from three Boston television stations, in which he charged that U.S. Attorney for the District of Massachusetts William Weld and his family have made their fortune from financing international drug traffic throughout the 90 years since the founding of the family firm, White, Weld, and Co. Mr. Zoakos detailed certain aspects of the Weld family's business relations with the Swiss banking giant *Crédit Suisse* and argued that Mr. Weld is in violation of the Code of Federal Regulations pertaining to "conflict of interest" matters for not having disqualified himself from participating in the investigations of Bank of Boston's illegal money-laundering activities.

A second charge of "conflict of interest" was made in relation to the fact that Mr. Weld, during his 1978 electoral campaign for attorney general of Massachusetts, had received campaign contributions from at least two Bank of Boston officials, William C. Mercer, honorary director, and Peter M. Whitman, senior vice-president. Mr. Zoakos, charging that the U.S. attorney for Massachusetts is deliberately covering up for drug money laundering going on between *Crédit Suisse* and Bank of Boston, characterized Mr. Weld as a "dope pusher" and challenged him either to resign or to disprove the charges or to "sue for libel" if he believes himself unjustly characterized.

Subsequent to that press conference, one of the attending

TV camera crews reportedly went to Mr. Weld's office to record either a rebuttal or some other kind of response and, according to their own account, was gruffly shown the door. Three hours later, Bank of Boston chairman William L. Brown held a press conference in which he said that the investigations by the government (i.e., by Weld) had found nothing "unsavory" in his bank's "international currency transactions" and subsequently tried to draw public attention toward the matter of the indicted organized crime Angiulo family of Boston and away from Switzerland.

The Bank of Boston is currently being investigated:

- By Peruvian authorities for extending "credit lines" to a leading left-radical politician with close ties to the terrorist "Shining Path" (*Sendero Luminoso*) organization and the leadership of the Peruvian Communist Party.
- By the Irish justice minister for conduiting millions of dollars to the terrorist wing of the Irish Republican Army.
- By the U.S. Senate for laundering billions of dollars of drug money with Panama and Switzerland.
- By at least two committees of the U.S. House of Representatives for laundering billions of dollars of drug money with Panama and Switzerland.
- By the U.S. Department of the Treasury for having for years failed to comply with federal reporting regulations and for large-scale laundering of drug money.
- By the U.S. Department of Justice for similar reasons and also for facilitating the financial transactions of the New

England “mob” around the notorious Angiulo family.

- By the Securities and Exchange Commission, respecting the bank’s dealings with the Angiulo family.

Weld and Crédit Suisse

As this worldwide barrage of investigations was underway, back on Feb. 7 the Bank of Boston negotiated with U.S. Attorney Weld a “guilty plea” in one particular area of criminal activity, as a result of which, the bank was released from “any further liability.” The case involved dirty money laundering with Crédit Suisse, the bank with which Mr. Weld’s family has maintained a lucrative business association for approximately 50 years. Weld claims to have no knowledge of the Bank of Boston’s conduiting funds to the terrorist IRA or extending “credit lines” to Peruvian terrorists. He is attempting to draw the public’s attention away from the larger issues raised by the bank’s overall behavior—and especially away from the most unsavory Bank of Boston-Crédit Suisse connection—by focusing on the sensationalism of the relatively unimportant case of the already indicted Angiulo family’s finances.

Of all the potentially criminal activities for which the Bank of Boston is being investigated, the gravest is that which involves money laundering with the Swiss banks, including the Weld family’s partner bank, Crédit Suisse. In describing the laundering of approximately \$1.22 billion, Assistant Secretary of the Treasury for Enforcement John Walker declared: *“The patterns that we saw, which were small bills coming back from Switzerland and large bills going out to Switzerland, are consistent with money laundering going on. There was definitely money laundering in the air.”*

This evaluation of Mr. Walker’s became known to the public after U.S. Attorney Weld had agreed with the Bank to stop prying into this money laundering with the Swiss in exchange for a \$500,000 “fine,” a transaction which more accurately should have been described as a “bribe.” Mr. Walker’s subsequent characterization of “money laundering” was probably released to the public to signal Treasury Department disapproval of Mr. Weld’s decision to allow the Bank to “cop a plea.” Undaunted, the Bank of Boston went away waving the plea agreement before the public like some kind of trophy. On Feb. 11, Executive Vice President Eugene M. Tangney boasted: “The Plea Agreement releases the Bank and its employees from any further liability relating to the reporting by the Bank of currency transactions that were the subject of the investigation. As far as we are concerned, therefore, the case is closed as to the Bank.”

Again on Feb. 21, chairman of the Bank of Boston William L. Brown released the following statement to the press: “The government has investigated the Bank’s compliance to date with the Currency and Foreign Transactions Reporting Act. As a result of that investigation, *the government has determined not to bring any charges against the Bank other than those relating to the international transactions. The*

Bank negotiated a plea agreement that releases the Bank and its employees from any further liability relating to the reporting of currency transactions that were the subject of the investigation.”

What Mr. Brown describes as “the government” in this instance is of course William Weld, the man who “determined not to bring any charges against the Bank other than. . . .” There is good reason to believe that the investigations into the Bank announced by the Senate, House, IRS, etc., after Feb. 7, the date of the Plea Agreement, are all votes of no-confidence in the way Weld has handled the case.

The lack of confidence in the man is well founded, and here are the reasons: Crédit Suisse/White Weld.

Parenthetically it should be noted that Weld is the same prosecutor who has conducted months-long grand jury proceedings targeting the 1984 presidential campaign of Lyndon LaRouche with allegations of “credit card fraud.” The First National Bank of Boston (also known as the Bank of Boston) is the same bank which teamed up with NBC-TV affiliate WBZ and Weld to smear LaRouche and “bootstrap” an investigation on the basis of media coverage last fall.

Was Weld rewarding First National Bank of Boston for its role in the attempt to frame up the LaRouche campaign? Or is there an even more sinister explanation?

Apparently, simultaneously with the Angiulo investigation, Organized Crime Strike Force personnel, on orders directly from Washington, D.C., had been looking into another set of illegal money transfers, this time from Swiss banks depositing cash in bills up to \$50, and then withdrawing these deposits in denominations of no less than \$100. The total amount of money from Swiss banks laundered in this way was reported to be \$1.22 billion. Assistant Secretary of the Treasury John M. Walker characterized the transactions as “consistent with money laundering.” According to the *Boston Globe* of Feb. 8, the leading Swiss bank involved in the matter was Crédit Suisse.

Crédit Suisse, it appears, was in possession of “dirty” money, perhaps street drug money, which it deposited at First National Bank of Boston, much in the same fashion as the Angiulo brothers.

At a certain point in these investigations, William Weld intervened to facilitate an arrangement whereby First National Bank of Boston would plead guilty to violating federal reporting requirements and pay a \$500,000 fine; in exchange, Weld would drop any further investigation into the nature of the money-laundering operations with the Swiss banks.

A misled national press at the beginning of this affair hailed the \$500,000 fine as the “largest ever” levied in a case of this kind, and praised Weld as a “tough prosecutor” who “is not afraid to take on the big banks.” But when Assistant Treasury Secretary Walker made his remark characterizing the affair as “consistent with money laundering,” Weld appeared to have some egg on his face. After Walker’s remarks, the Angiulo investigation began to attract public attention, at which point Weld’s face began to resemble a five-egg omelet.

He finally muttered something to the public to the effect that despite the plea bargain with First National Bank of Boston, he might continue the investigation anyway.

It was at that point that people in the press and in official law enforcement positions began wondering whether Weld was perhaps attempting to cover up for First National Bank of Boston. After all, why should investigations into drug trafficking and organized crime be stopped for a mere guilty plea and a \$500,000 fine? It would appear that the people behind a \$1.22 billion drug deal were bribing the U.S. government with a mere half-million so that it would look the other way.

Those who speculate that Weld is running cover for First Bank of Boston are missing the point. In all likelihood, Weld is trying to prevent the investigation from reaching into *Crédit Suisse*, his family bank! It will be entertaining to see whether Weld, before this sordid affair is over, will choose to have the First National Bank of Boston take the rap in order to protect *Crédit Suisse*. Is Weld, the scion of a centuries-old Boston Brahmin family, more loyal to the First National Bank of Boston or to *Crédit Suisse*?

William Weld's little family secret is that *Crédit Suisse* has been his family bank since the time of his father, David Weld, who had been general partner of the investment house known as **White Weld** since 1948. *White Weld Securities* is the basis of the family fortune which our good U.S. attorney for Massachusetts will inherit. It is his family *fondo*. Now what about *Crédit Suisse*? The Weld family fortune's biggest venture at this time in the international markets of "high finance" is a "prestigious" outfit in London called **White**

Weld Securities, the Eurobond syndication subsidiary of **Crédit Suisse First Boston, Ltd.** of London. Until 1978, this outfit was known as **Crédit Suisse White Weld** and its stock was owned as follows: *Crédit Suisse* 46%, *White Weld* 31%, and an "unknown Swiss foundation" 23%.

In 1978, First Boston, Inc. (a different entity from First National Bank of Boston) was brought in as a partner with *Crédit Suisse* and the London branch of *White Weld* continued as a partner in charge of all Eurobond operations of the group. Today it is known as the *White Weld Securities* subsidiary of *Crédit Suisse First Boston* and it dominates the \$100 billion-a-year Eurobond market. Another portion of the Weld family wealth, **Valeurs White Weld** of Paris, is a "wholly owned subsidiary of *Crédit Suisse*."

In its 90 years of existence, *White Weld*, a *privately* held company, has not once disclosed its holdings, wealth, and activities on the grounds that, not being a publicly held corporation, it is not obliged by law to report. To wrap itself more tightly with a protective shroud of secrecy, *White Weld* decided to throw in its lot with *Crédit Suisse* of Zurich, to thus be further protected from any prying eyes, behind the legendary banking secrecy laws of Switzerland.

What is the terrible secret that William Weld's family has for all these years tried so carefully to conceal from public scrutiny? And why choose the impregnable walls of secrecy afforded by *Crédit Suisse*? What is *Crédit Suisse* hiding for the Weld family? Maybe the attempted coverup in Boston, maybe our Massachusetts federal prosecutor's odd behavior will provide the clue.

Why did Weld slyly suggest the plea bargaining in return

Bank of Boston's ties to dirty money, terrorism

At a closed-door meeting of Boston-area law-enforcement officials in mid-February, James Harmon, counsel-general of the President's Commission on Organized Crime, revealed that 41 U.S. banks are now under investigation by federal authorities for "legitimizing crime by accepting tainted money." This is just part of the growing troubles for the Bank of Boston:

- Connections between the bank and the Shining Path terrorists of Peru (*Sendero Luminoso*) have come to light. Miguel Angel Mufarech, the "strong man" of the United Left party, the local Communist Party-associated leftist coalition, was quoted in the Peruvian press in mid-February saying that he "could get from the Bank of Boston account a credit line in foreign exchange that could fund a good part of the campaign." Mufarech is a Lebanese-Peruvian millionaire who has used his political base in the

Ayacucho region to demand that the government "negotiate" with the Shining Path terrorists.

- The Irish High Court in Dublin announced Feb. 20 that it was seizing \$1.64 million in funds that it said belonged to a secret IRA fund transferred from outside the country, reaching Ireland "via Switzerland and the U.S.A., where it was held for a time in Boston." Intelligence sources had alerted the Irish authorities to a coming major transfer of money to the flagged IRA account in the Bank of Ireland. The money moved from London to the Bank of Boston and then to Dublin. Justice Minister Michael Noonan said that the money had been obtained by the IRA through "kidnapping, death threats, and robberies."

On Feb. 21, the *Boston Globe* described the reaction of U.S. Attorney Weld to the Irish charges: "U.S. Attorney William Weld, asked about reports that U.S. law enforcement officials tipped Irish authorities to the alleged IRA funds and that at least some of the money came from a Boston bank, said, 'I'm not familiar with that.' Weld said he would have known if U.S. officials had made such a contact. 'I would have thought I would have been famil-

for dropping further investigation into the money laundering? What was so "dirty" about Crédit Suisse's \$50 bills that they needed to be laundered at the First Bank of Boston laundromat? Was it drug money? And why should a U.S. attorney wish to cover up for drug money? Is his reason for hushing up a drug money investigation today the same as the reason his father and grandfather had for so meticulously concealing their financial affairs? Is William Weld hiding Crédit Suisse's dirty drug money because Crédit Suisse is hiding his family's own drug money?

William Weld's grandmother, David Weld's mother, was a lady named Margaret Lowe White, of the A.A. Lowe family which used to build clippers in New England for use in transporting opium. Another ancestor of our federal prosecutor, one Theodore White Weld, was an agent of the British East India Company, which launched and conducted the famous Opium War to impose the drug habit on China. William Weld's family is a drug-running family and his family wealth is drug money. This is what he is hiding in the vaults of Crédit Suisse.

The mysterious 1978 transactions

During the spring and summer of 1978, a fascinating sequence of transactions took place between White Weld, Crédit Suisse, Merrill Lynch, First Boston, Inc., and others, which to this day baffles even the sharpest Wall Street operators. Initially, Merrill Lynch appeared to have purchased White Weld for the sum of \$50 million. Subsequently, Crédit Suisse purchased from Merrill Lynch White Weld's stockholders' "stake" for \$25 million. Afterward, Crédit Suisse

bought into First Boston, Inc. and First Boston bought into White Weld Securities of London. By the time the transaction was completed, the tangle became impenetrable. To this day it is difficult for specialists to discern who owns what or how much and who preserves what options over whom. A disentanglement of the whole matter is still theoretically possible, if the records of these matters are still preserved at the offices of the Comptroller of the Currency and if the contents of these documents are eventually subjected to the rigors of a court-supervised discovery proceeding.

At the end of such an inquiry—and only then—will it be possible to evaluate the veracity of the financial disclosure statement which William Weld submitted when he first was appointed to public office in 1981.

Meanwhile, there is a theory respecting the real reasons why the complicated 1978 sale of White Weld stock took place. Why did the Weld family wish to "shed" after 85 years of successful and lucrative business? Was it a sale of stocks or was it laundering of stocks? Consider the fact that 1978 was the year in which William Weld first ran for public office. Had he won his bid for attorney general of Massachusetts in the November 1978 election, he would have been obliged, in one way or another, to make some kind of public disclosure of his wealth. This would have been the first time in its history that the Weld family would have permitted the prying public to take a peek into its financial affairs. Hence, if disclosure were to be made in November 1978, April and May of 1978 was the right time to bury the skeletons. Was the 1978 transaction a "sale" or was it "laundering?"

Stay tuned.

iar with it and I am not," he said."

- Rep. Carroll Hubbard (D-Ky.), chairman of the House Subcommittee on Banking General Oversight and Investigations, announced on Feb. 18 that it was "very possible" that the House Banking Committee would hold hearings to examine the Bank of Boston. Rep. Fernand St Germain (D-R.I.), chairman of the House Banking Committee, has asked Comptroller of the Currency C. T. Conover for information on all examinations conducted on the First National Bank of Boston since 1975. He has also requested all reports dealing with the bank's compliance with the 1970 Bank Secrecy Act.

- In the Senate, Republican Warren Rudman of New Hampshire, vice-chairman of the Senate Permanent Subcommittee on Investigations, announced that the subcommittee will begin looking into Bank of Boston's cash transactions and ties to companies controlled by the Angiulo family. "We'll look at all large institutions and their cash transactions," Rudman declared. "The Bank of Boston is only part of what may be a larger picture."

- Three investigators from the U.S. Senate Perma-

nent Subcommittee on Investigations arrived in Boston in mid-February to look into Bank of Boston's dirty-money misdoings.

- The Senate Investigations subcommittee has already investigated the Bank of Boston International in New York, a Bank of Boston Corp. subsidiary. The subcommittee discovered that \$1 billion was funneled from the Banco Nacional de Panama through the Federal Reserve Bank to the Bank of Boston International in 1982-83. According to the October 1984 report of the President's Commission on Organized Crime, "The cash flow from Panama to the United States is the most significant recorded flow of currency that is likely to be drug money."

- The Securities and Exchange Commission announced Feb. 20 that it was opening an examination of both the Bank of Boston and Provident Institution for Savings in connection with transactions by the Angiulo organized crime family. The SEC is particularly focusing on the Bank of Boston, which, unlike Provident, actually provided special exemptions for large cash transactions made by Angiulo family members.

The Hemlock Society's drive for murder with a liberal face

by Marianna Wertz

On Aug. 21, 1980, a group of fanatic death worshippers formed a small cult under the leadership of British subject Derek Humphry, a self-avowed atheist and former London *Times* columnist who got into the euthanasia business by poisoning his wife, a cancer victim. Humphry was assisted by Gerald Larue, a "humanist counselor" and professor of thanatology and geriatrics at the University of Southern California, and by Ann Wickett, a British novelist whom Humphry married one year after murdering his first wife. In the leftist milieu of Santa Monica, California, the group was considered just another kooky bunch by its neighbors.

Their stated purpose was to legalize euthanasia, the Nazi crime, in the United States. They gave their cult the name "Hemlock Society," to dignify their criminal effort by associating it with the death of the great philosopher Socrates, who died not by suicide, but was murdered with hemlock by a corrupt Athenian court. And they published the only book available in the United States with explicit instructions on how to commit suicide, giving it the catchy title, *Let Me Die Before I Wake*.

Under normal circumstances, such a bizarre undertaking would die its own natural death within a year or two. But under conditions of worldwide genocide being caused by the austerity policies of the International Monetary Fund, the Hemlock Society has grown and flourished. Just five years later, Humphry and the Hemlock Society are a major focus of favorable press attention, what one newspaper recently called the "torchbearer" of a burgeoning death lobby in the United States. Humphry has appeared on virtually every talk show in the nation; the Society boasts \$60,000 profit in 1984 alone from sales of the book; and Hemlock now claims 11,000 members worldwide.

Last month, on Feb. 9-10 in their home-base of Santa Monica, the Hemlock Society held its Second National Conference on Voluntary Euthanasia, attended by more than 250 individuals from the United States and Western Europe. The conference was titled "Good Life, Good Death, Through Control and Choice," the motto of the Society. It featured such panels as "Some Essentials of Suicide," "Memorial Societies and Funeral Prearrangement," and "The Sexual Needs of the Terminally Ill Person." Featured speakers included Dr. Julius Hackethal of West Germany, famous for his videotaped murder of a cancer patient with cyanide, and

the presidents of the euthanasia societies of both Great Britain and Holland, in which country euthanasia is legal.

Also at the conference were dozens of picketers and demonstrators from the Club of Life and the Schiller Institute, organizations founded by Lyndon and Helga LaRouche to defend the inalienable right of all people to full and productive lives. The demonstrators served "Jonestown Kool-Aid," aptly comparing the Hemlock Society's proceedings to the mass-suicide in Guyana in 1978. "There's no such thing as the right to die. Take them to Nuremberg and hang them high," they chanted, referring to the American Tribunal at Nuremberg, Germany following World War II, where the crime of euthanasia was declared to be a "crime against humanity," and perpetrators of this Nazi crime were hanged.

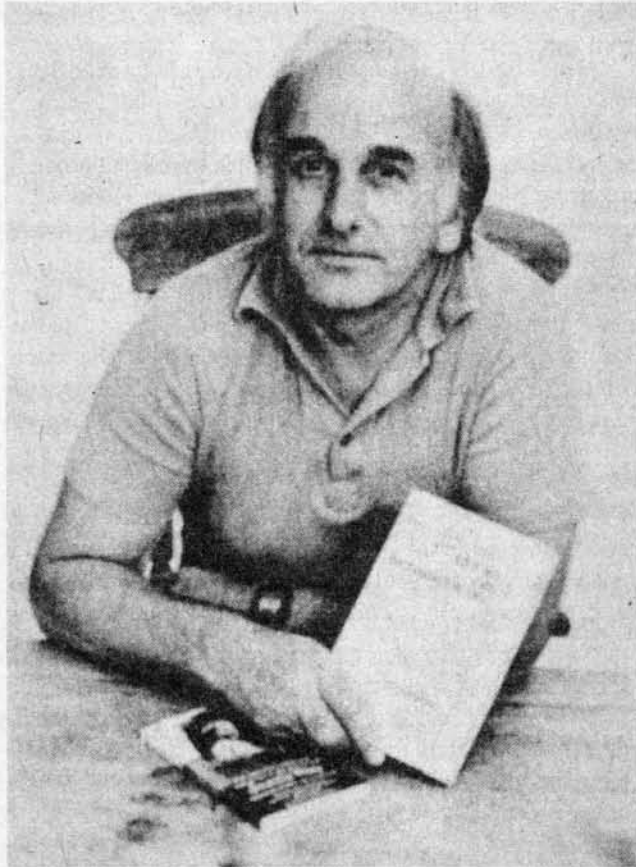
Illegal conference

The Hemlock Society's proceedings were entirely illegal under section 41 of the California penal code, which outlaws assisted suicide. The conference was also in violation of both the Constitution of the United States, under which all men and women are equal before the law, and of the international precedent set by the American Tribunal at Nuremberg. Members of the Club of Life and the Schiller Institute brought this fact to the attention of every authority with jurisdiction in the state of California, as well as President Reagan. But no law-enforcement officer was willing to act to cancel the conference. Indeed, so "respectable" had this ghoulish undertaking become, that the Los Angeles District Attorney's Office was actually represented in "debate" on one of the conference panels.

This paralysis of law enforcement in the face of mounting public pressure for the alleged "right" to die, is Hemlock's aim. Through their campaign for active voluntary euthanasia, Humphry and the Hemlock Society are out to undermine the fundamental values of the American population which underlie positive law. "We are the first organ in the U.S. to say that many times assisting a suicide is a decent thing and it ought to be lawful," Humphry told an interviewer for the Associated Press. Humphry is subverting the Judeo-Christian conception of the innate value of human life, best expressed as the notion of *the filioque*—the doctrine that the Holy Spirit flows from both the Father and the Son—and attempting to substitute for it the British conception of utility as the basis

for judging the value of human life.

"We believe in the right of the individual to choose to do with their body what they wish. We believe in choice," Humphry told the International Hemlock Society Conference. This utilitarianism, a British liberal doctrine, was the ethical basis of the Nazi concentration camps. This Jesuitical conception of free will, which asserts that suicide is the ultimate freedom to dispose of oneself, is precisely the state of mind of a concentration camp victim who willingly walks into the gas oven. In the context of a dying global economy, where



Derek Humphry: He poisoned his wife and now he wants to finish off the rest of us.

an elderly person feels the weight of his medical treatment as a burden on his loved ones, Humphry's "ethics" are precisely the brainwashing required to convince the victims of a global depression to seek what Hemlock calls "self-deliverance."

Indeed, the New Jersey Supreme Court in the case of Claire Conroy, an 84-year-old nursing home patient, recently applied this conception of "freedom" to all nursing home patients, who, under this decision, are now "free" to have their feeding tubes pulled if what the New Jersey court called the "burdens of living" outweigh the "benefits" of death.

Surgeon General C. Everett Koop, speaking four days before the Hemlock Society Conference to a Christian World

Affairs conference in Washington, D.C., identified the most recent historical precedent for this philosophy: "The seeds of Germany's holocaust were planted before Adolf Hitler came to power with the corruption of the medical profession—which planned euthanasia of the elderly, the insane, and people with tuberculosis and amputations—and corruption of the law."

Hemlock vs. Club of Life

Since its inception, the Hemlock Society has been strenuously opposed by the Club of Life. Page one of the *Hemlock Quarterly* of January 1983 identifies the Club of Life as its "extreme" opponent, but dismisses that opposition as "antics" because, as the *Quarterly* notes, "the television media, which normally reports every tiny demonstration in Los Angeles . . . entirely ignored the Club of Life. . . ."

Not so any longer. When Humphry appeared on Chicago's WBBM-AM all-news radio station Feb. 4 to plug his upcoming conference, Club of Life U.S. chairman Nancy Spannaus was there, placed on the show as a result of public demand, to counter his ravings. "This conference and the big effort to revive euthanasia is a test of the American population. Under Hitler, euthanasia was carried out quietly, without daring to tell the population, because the Nazis feared an uprising. In the United States, it is being carried out openly, under the banner of killing off useless people. If the American people don't reject the leaders of the euthanasia drive, they will have shown themselves to be worse than the Nazis were," she said.

Humphry responded by bragging that "hundreds" have killed themselves with the aid of his book.

Last week in Colorado, where Gov. Richard Lamm freely espouses his own version of Nazi euthanasia policy, the largest radio talk-show in Denver invited Humphry to preach his poison in support of a recently introduced "right to die" bill there. The Club of Life and the Schiller Institute demanded equal time. Humphry refused to appear anywhere in their proximity.

The Club of Life's effective opposition to the Hemlock Society's euthanasia conference itself drew extensive, positive press coverage, including a powerful indictment of Humphry by the *Sacramento Bee* in a Feb. 19 article referring to this writer: "Had Marianna Wertz chosen to die three years ago, few would have questioned her decision. Had Derek Humphry known her, he might have said it was the only thing she could do."

The article explains that by deciding to fight disease and death, I am able today to lead a normal life. Had Humphry been my counselor, I would be dead, one of hundreds of victims already claimed by the Hemlock Society's Jim Jones cult. Humphry once said that he differed from the Nazis in that they "discriminated" in who they killed. American justice is blind, or should be, when it comes to carrying out the law. The Hemlock Society should be prosecuted for murder.

The travails of the girl from Grantham

by our London observer

Some wag once pointed out that British prime ministers are chosen more for their acting ability than for any other reason. So it was with poor old Maggie Thatcher. Like her predecessors, Callaghan, Wilson, and Macmillan, she had been chosen, above all, to project a certain kind of image into the United States. Actually, the most important part of the job of being a British prime minister, in the postwar period, has been the managing of the current President of the United States.

Look how quickly they gave Clem Atlee the old heave-ho when Eisenhower replaced Harry Truman, and how Harold Macmillan was kept on past his retirement, because it was thought R. A. Butler wouldn't handle JFK quite so well. Harold Wilson had Hubert Humphrey as his contact man inside the LBJ regime. And then Carrington and Heath were brought in to manage Nixon, and we all know what that led to.

Maggie, the shopkeeper's daughter from Isaac Newton's hometown of Grantham, had something of the synthetic quality of a Jimmy Carter, of course, compounded with the brittleness of character that flows from what you have to be to achieve what they call upward mobility in Britain these days. Not too pretty, but it was expected to find an echo of sympathy in the neo-conservatism created for the colonial cousins in the 1970s. Adam Smith and all that. Free enterprise unleashed against the evils of state and communist collectivism. A voice for the kind of routine the Heritage Foundation branch of the Fabian Society plays out for the KGB.

Somehow, if the Malvinas wasn't bad enough, she did seem to go right off the rails when she got re-elected. Came over here for her Winston Churchill Award, and gave a speech that Bertrand Russell would have been proud of. She kept away for a while after that, but look how often she's coming back now. Haven't seen anything like it since Macmillan's negotiations with Kennedy over Polaris, and that kind of thing, before the missile crisis. Her main job obviously isn't going so well.

You know though, if there are those who see her coming back almost every other week, saying the same things, and not really getting anything except an attempt at education, they shouldn't start to sympathize with those who think she's incredibly stupid. They should go back, and look again at that old speech. That speech gave the lie to those who dismiss her as unbelievably stupid. They should ask instead why she acted, and has continued to act, in such an incredibly stupid

fashion. Then, you know, they could do something. What is it, they should ask, that brings out the paranoia, that is the content of the opportunism of the upwardly mobile girl from Grantham?

Well, in the play she's part of, the directors do tend to do rather unpleasant things, when the actors speak out of turn. Sometimes they even kill. It all depends what they think the consequences are. Harold Macmillan, something of a critic of Thatcher himself, could probably have said a thing or two about that kind of matter. They do say that in his time he was quite close to the decisions that were made about Kennedy. Now though, he's a bit old and frail, but he still reflects those who do make those kinds of decisions, like he did a week or two ago.

They say it's quite a small group really, the government within the government, the people who pull the strings from behind the scenes. And to watch Maggie flying back and forth over the Atlantic, is to get some idea of what's stirred

The most important part of the job of being a British prime minister has been the managing of the current President of the United States.

up among those types, when doing whatever they do over the weekend, at whomever's country estate, they eventually get round to expressing their distaste about what Reagan and his friends are up to in the United States.

There's a handful of them you know, people like the permanent secretary to the Queen at the Palace, the cabinet secretary, the permanent secretary at the Foreign Office. And where you find one who's something like a Gordon-Lennox, or a Percy, or a Cecil, or a Charteris, watch what they do in the evenings, and especially at weekends, out there in Gloucestershire, or Wiltshire, or up in Scotland, or wherever they happen to go. Especially when they're out on the moors, or fields, away from the ladies. Ministers and governments come and go, they stay on. They have their purpose and their mission, compounded from the same special mixture of blood and soil, that every other kind of racial supremacist thinks is god-given to his people or group alone.

"The Russians are just like us," was one of the things Macmillan noted down at the time of his discussions with Kennedy.

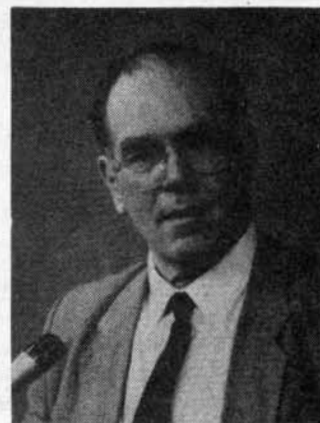
Those types, the younger, less sedentary ones, the majority among what passes as a British elite, they actually are as mad as the doctrine Bertrand Russell created for them, but they are thinking that way again.

Books from Franklin House

By Lyndon H. LaRouche

and associates

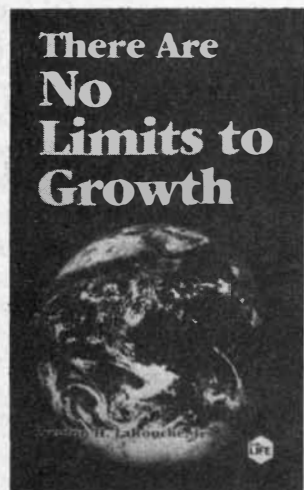
"The man Kissinger hates the most"



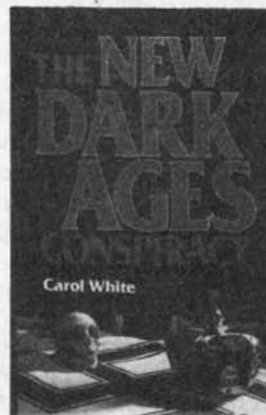
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Armed Services Committee gets lesson on SDI

Gen. James Abrahamson, director of the Strategic Defense Initiative Office, teamed with Undersecretary of Defense Fred Ikle Feb. 21 to tell a key Senate panel that the SDI must proceed without delay and to warn that any cuts imposed by Congress in the program's budget for FY 1986 would imperil U.S. efforts to match Soviet ABM capabilities.

Testifying before the Senate Armed Services Committee, some of whose members, including Sam Nunn (D-Ga.) and Ted Kennedy (D-Mass.), are among the leaders of the hard-core Capitol Hill opponents of the program, Ikle emphasized that the SDI is "not an optional program, on the margin of our defense efforts. It is central." Terming the SDI "a program of extraordinary long-term importance" and the "key for overcoming the relentless and repugnant competition in offensive arms," the Pentagon spokesman added, "The one and one-fifth percent of the budget that it requires for the coming fiscal year will build the very core of our long-term policy for reducing the risk of nuclear war. . . . It would be derelict in the extreme were the United States not to pursue the SDI," especially in the context of an impending Soviet break-out from the ABM Treaty.

In response to questions from Sen. Carl Levin (D-Mich.) on whether the administration would be willing to negotiate with the Soviets on space defense once the SDI is proven feasible, Ikle replied: "We would never give the Soviets a veto over the program. We are prepared to discuss [SDI] with the Soviets, but not from the standpoint

of not deploying it."

General Abrahamson provided the committee with a detailed summary of the structure and goals of the program. He stressed that President Reagan's goal of rendering nuclear weapons obsolete is eminently feasible. "I am a technical optimist who believes that our people" can achieve this objective, he said, noting, "The Soviets believe we can do it. That's why they returned to Geneva." Abrahamson termed the SDI "the most human program we have," one which will "help improve the chances for survival of humanity."

In his prepared statement, Abrahamson stressed to the panel that the Soviet Union has had "a large SDI-equivalent program of its own for some years," noting ironically, "They obviously appreciate the vast potential of the technologies and the bold objectives."

Both Ikle and Abrahamson were faced with a string of hostile questions from Nunn and his cronies—although the net effect on an observer was more sound and fury than actual content. Perhaps the most amusing exchange took place between Nunn and Abrahamson, when the senator, a self-proclaimed military expert, launched into a perfervid paean to High Frontier, the unworkable, obsolete defense system pushed by former DIA head Gen. Danny Graham. Reading from a High Frontier pamphlet describing the space-based kinetic energy system proposed by Graham, Nunn demanded to know why the Reagan administration was insisting on spending \$26 billion on the SDI to explore "far-off technologies" when the technology proposed by Graham already exists.

Abrahamson's reply was especial-

ly instructive to those many persons misled by Graham and others into thinking of High Frontier and the SDI as the same thing. While acknowledging that the SDI research team is investigating systems similar to those of High Frontier, Abrahamson emphasized that such systems could never be used alone and would be potentially useful only as part of a far broader strategic defense system incorporating more advanced technologies.

Abrahamson told the senators that his main concern is to ensure that whatever the defensive system finally developed and deployed by this country, it will be invulnerable to Soviet countermeasures. High Frontier alone is incapable of meeting this criterion. "We can't rely on a single system," he emphasized. "That would send absolutely the wrong signal to the Soviets. If the Soviets were able to overcome it, that would be highly destabilizing. If I were to advocate [deploying a single system like Graham], I would be responsible for leading the U.S. down the wrong road."

Cranston to lead fight against 'Star Wars' funding

Sen. Alan Cranston (D-Calif.), one of Adolf Hitler's earliest American admirers, and fellow California Democrat Rep. George Brown, announced in the *Congressional Record* Feb. 5 that they intend to lead the fight against full funding for the SDI and for a ban on anti-satellite (ASAT) weapons testing.

Cranston announced that he opposes the "testing and deployment of Star Wars," and agrees with "Paul Warnke that 'the testing and deploy-

ment of such systems would be fatal to prospects of controlling and reducing strategic nuclear warheads.'" Cranston also said that he believes that the United States should extend the moratorium on ASAT testing imposed by Congress last year. It expires March 1.

The senator added that his position is identical to that of Representative Brown, who supports "limited, prudent research, but who will work for cuts in the massive spending proposed by the Reagan administration." Brown became the focus of an international scandal last May when Democratic presidential candidate Lyndon H. LaRouche went on national television to document the fact that Brown was a key member of a group of congressmen whose anti-SDI legislation had been drafted with the aid of the Soviet embassy in Washington.

In his *Congressional Record* statement, Brown called on the President to extend the ASAT moratorium. His office has disclosed that he will shortly send a formal letter to Reagan reiterating this demand; he expects to have over a 100 congressional co-signers.

Soviet delegation visits during defense debate

Led by House Speaker Tip O'Neill (D-Mass.), a group of congressmen are calling in some heavy reinforcements in their assault on the Reagan administration's program to restore American military capabilities.

At O'Neill's personal invitation, a top-level delegation of 25 Soviets, headed by Politburo member Vladimir Scherbitsky, leader of the Ukrainian Communist Party, will descend on

Capitol Hill during the second week in March for a series of private meetings and consultations with various members of Congress and key congressional panels, including the House Foreign Affairs and Senate Foreign Relations committees.

In addition, the Russians will meet with President Reagan and Secretary of State George Shultz, and will make stops in Dallas and Austin, Texas, and California.

The timing of the visit couldn't be more propitious—from the Kremlin's standpoint. Not only does it intersect the opening of U.S.-Soviet arms talks in Geneva; it also comes smack in the middle of the pitched battle raging between Congress and the Reagan administration over the Pentagon's budget for FY 1986. Moreover, the visit occurs on the eve of a crucial Congressional vote which will determine the fate of the MX missile.

Moscow is well aware that the U.S. Congress represents one of the more promising "cards" it can play against the administration on the issue of defense spending in general, and on the Strategic Defense Initiative and the MX missile in particular.

The Soviet visit is part of an exchange program which Moscow has had going with Congress since the late 1970s. Last year, under the aegis of this program, a group of American congressmen went to the Soviet Union for "consultations."

Upon returning to the United States, they began issuing denunciations of the Reagan administration, echoing Moscow's charges that the breakdown in U.S.-Soviet discussions was the fault of the United States and singling out the SDI as the number-one obstacle to improved U.S.-

Soviet relations. Shortly thereafter, a delegation of Soviet scientists came to Capitol Hill to lobby against the SDI. The results of these combined efforts were well worth the Soviets' efforts: a multi-million-dollar cut in the beam-defense budget, plus deep reductions and immobilizing restrictions on the MX program.

The Kremlin intends to wrack up similar successes this year through its careful cultivation of dupes and traitors on the Hill. A spokesman for Rep. Tom Foley (D-Wash.), head of the bipartisan group which is sponsoring the trip, reported, "We expect the Soviets to raise the U.S. defense budget and the SDI in meetings with Congress. We think this will be a fruitful set of discussions."

Other sources report that the Soviet delegation will try to spur on the anti-Pentagon lobby on the Hill by telling their Congressional pals that if they can defeat the administration's defense budget and cripple the SDI, a new arms-control treaty will be assured.

The congressmen involved in this operation include liberal Democrats like Rep. Martin Frost (D-Tex.), who is coordinating the delegation's March 8-9 tour of several Texas cities, and Representative Burton (D-Calif.), who will be doing the same in her home state, as well as "conservatives" like Jack Kemp (R-N.Y.), who styles himself the "New Right" standard-bearer on the Hill. Also part of the group are Rep. Dick Cheney (R-Wyo.), a pal of Henry Kissinger; Rep. Charles Diggs (D-Mich.); and Tom Downey (D-N.Y.), a world federalist who has carved out a congressional career as an arch-enemy of all measures to shore up U.S. military capabilities.

National News

Thatcher in U.S. calls for 'peace in our time'

British Prime Minister Margaret Thatcher claims to support President Reagan's Strategic Defense Initiative. However, at a press conference on Feb. 21, the last day of her U. S. tour, she insisted that such defensive weaponry are "many, many years, far off in the future. It will be many years before there will be any thought of deployment of these weapons system. Of course, under the ABM treaty, which has no terminal date, there will have to be negotiation before any deployment can take place."

Thatcher next proceeded to endorse the currently favored method of wrecking the program: She insisted on massive "deficit reduction" programs for the United States. She had elaborated on this theme in great detail in an address to a joint session of Congress the day before. She invoked the colonialist notion of a "union of mind and purpose between the English-speaking peoples," to demand that the United States mirror the "adjustment" policies of the International Monetary Fund in Africa and Ibero-America. "We cannot preach economic adjustment to them [the developing countries], and refuse to practice it at home. . . . We support so strongly your efforts to reduce your budget deficit."

One of Mrs. Thatcher's more memorable statements, in concluding her remarks to Congress, was the historical notion that the United States was created out of a "common heritage" with the United Kingdom, which overlooks, among other things, that the American Revolution took place at all.

AFL-CIO embraces defense freeze

It became exceedingly clear in Bal Harbour, Florida in mid-February that the leadership of the AFL-CIO has lost its moorings. It broke with its 30-year history and called for

a freeze on military spending if domestic spending is cut or frozen, and it released a report "accepting" the thesis that the United States is moving into the "post-industrial society."

The AFL-CIO Executive Board described its actions as "historic."

The first clue to the body's disorientation occurred in the opening session, when the 35-member executive council, presided over by plantation-owner Lane Kirkland, rose to give a standing ovation to the man walking through the entrance door. It was Walter Mondale.

The discussion that then ensued was focused around around what might have been. William Wynn, president of the United Food and Commercial Workers Union, made the remarkable point that Mondale would have won the election if the whole country had thought like the membership of the AFL-CIO.

To explain its organizing shift to the new "sunset industries," the board released a report on Feb. 22 titled, "The Changing Situations of Workers and Their Unions." The report says that the federation must in the future appeal to the "white collar service sector," since this is the "fastest growing" sector of the economy. Upon releasing the report, Kirkland said: "Now the growth is in services, and we're facing up to that."

A day earlier, the body called for a defense freeze. Kirkland said that organized labor still supports increased defense spending, but "only if it is equitably paid for. . . . We strongly oppose the proposition that the security of this present generation ought to be paid for by future generations or that the security of the affluent classes in our society ought to be paid for by further stripping the neediest classes in our society."

Southern Democrats boycott Kirk meeting

An open revolt is surfacing among southern Democrats against new Democratic National Committee Chairman Paul Kirk, who was muscled into the chairmanship by the same

crowd that gave the party Walter Mondale. Democratic leaders from 13 states were scheduled to meet with Kirk in Atlanta, Georgia on Feb. 16, but at the last minute, key southern Democratic leaders refused to attend.

In declining the invitation, Alabama Gov. George Wallace said: "The party's got to get away from some of the ultraliberal positions that they advocated in the platform during the last election if they ever hope to carry the state of Alabama again." Wallace's assistant, Jimmy Knight, who did attend the meeting, took a swipe at the party's lax attitude toward homosexuality. Mississippi's Democratic leadership boycotted the meeting altogether, while Virginia Gov. Charles Robb sent a delegate but stayed away himself.

Kirk's first policy move was to revive, under a new name, the notorious Democratic Advisory Council (DAC), through which Democratic Party policy would be made *outside* the party structure by Eastern liberal elitists. Hardly had Kirk spoken, however, when Governor Robb announced that he was forming a Democratic Leadership Council (DLC) that would fight to bring the Democratic Party back to the "moderate" mainstream. Robb stressed that this committee would strive to draw its numbers from up-and-coming leaders *within* the party structure. He said he had support for his initiative from Arizona Gov. Bruce Babbitt and other party moderates.

Farm-state senators stall Meese confirmation

Prompted by the devastation sweeping the nation's agricultural sector, a group of farm-state senators led by Sen. Boren (D-Okla.) launched a filibuster on Feb. 22 against the confirmation of Ed Meese as U.S. Attorney General. The Boren group has vowed to hold up Senate action on Meese until the administration agrees to adopt the major elements of a 12-point program aimed at providing some emergency relief to debt-strapped U.S. farmers.

Briefly

In the main, the program consists of various band-aid measures, including allowing agriculture banks to write off their 1985 losses over 10 years, instead of one, increasing the 90% loan guarantee program from \$650,000 to \$4 billion, etc. An aide to Boren reported that the senator specifically wants an agreement from the administration to back rapid passage of a farm-credit bill incorporating the major elements of the package.

Despite frantic negotiations between Senate Majority Leader Bob Dole (R-Kan.), who had promised rapid action on Meese's confirmation, and the White House, no satisfactory compromise had been reached as EIR went to press.

The President, still held hostage by economic advisers like David Stockman and by his own belief in the "magic of the marketplace," insisted at his Feb. 21 press conference that the farm problem will be solved once the government starts eliminating farm support programs—a move that will put the final dagger in the heart of the most productive agricultural sector in the world. Reagan didn't help matters at all when he termed the filibuster "nonsense" shortly after it began.

The administration's wrongheadedness on the agriculture issue has created a situation in which the valid concerns of Boren et al. are being deftly manipulated by Sen. Howard Metzenbaum (D-Ohio) and other drug-mob-linked legislators who want to prevent Meese from taking over the Justice Department at all costs. Unable to muster sufficient forces themselves to veto Meese's confirmation, Metzenbaum and his gang are hoping that the Boren group will provide enough muscle to do the trick.

Skowcroft report warns of 'overpopulation'

Since President Reagan has refused to accept the usual Malthusian line of the genocide lobby, the Eastern Establishment media is trying another approach. The Feb. 17 issue of the *Washington Post* attempts to warm over a 1974 document, written by then-National Security Adviser and current Kis-

singer Associates director Brent Skowcroft, which argued that political stability in the Third World "will require that the President and the Secretary of State treat the subject of population control as a matter of paramount importance." It calls for "urgent" measures to "reduce fertility."

The *Post* article, written by Hobart Rowan, bemoans the fact that "the advice, however sound, is being ignored."

The President must be convinced that "population explosion leads to political instability in the Third World, which, in turn, creates security problems for the United States," Rowan writes. According to him, the Skowcroft report is being revived by the Washington, D.C.-based Population Institute.

Some Washington sources think the real security threat to the United States is that the nation's capital is overpopulated with *Washington Post* reporters.

Cowling announces for Texas farm commissioner

Noel Cowling, National Democratic Policy Committee leader and Texas farmer, announced to press on Feb. 19 that he would campaign to unseat Texas Agricultural Commissioner Jim Hightower.

Cowling told reporters from the *Dallas Morning News*, *Daily Texan*, the Hart-Hanke chain, Austin radio station KVET, and Long News Services that he was announcing his campaign now, more than 15 months before the primary, in order to wage a campaign to save millions of lives in Africa and protect the dwindling numbers of farmers in the United States.

Cowling labeled Hightower a "radical environmentalist," noting that his first act as agriculture commissioner had been to ban the pesticide Mirex against Texas fire ants, which cause serious problems for Texas farmers. He called Hightower a "frontman for the grain companies" who shares Budget Director David Stockman's line on the agricultural question, i.e., the problem is "overinvestment" by farmers.

● **PRESIDENT REAGAN** expressed "sympathy" for debt-ridden farmers on his nationally syndicated radio program on Feb. 23, but warned, "Taxpayers must not be asked to bail out every farmer hopelessly in debt. . . ." He said that the administrations five-year plan to phase out farm supports will mean that "government will stop purchasing commodities, stop trying to manipulate supply and demand, refrain from quick-fixes and extravagant new farm legislation and move aggressively to expand markets for American farm products. . . ."

● **WHAT** was Richard Devereux Hill, just retired chairman of the board of First National Bank of Boston and a former director of United Fruit Company, doing in New York City on the night of Feb. 20?

● **LOUISIANA** sources report a strange pattern of shut-downs and/or redeployment of sugar mills out of Louisiana. One known destination is Haiti. The other is reported to be Cuba.

● **JULIUS HACKETHAL**, the German doctor who killed a female patient with cyanide in the spring of 1984, videotaping the death, is now considering moving to southern California. In Germany, he is faced with the possibility of losing his professional license and being charged with murder. He will "leave the country because there are too many legal problems here."

● **SECURITY** measures were stiffened at the main Pentagon entrances Feb. 19 to thwart terrorist actions. The new restrictions are aimed at making it less likely that an automobile or truck laden with explosives could get close enough to the Pentagon to cause serious damage.

Editorial

The next hurdle

In the eyes of the Russians, the Western oligarchs, and their lackies such as Henry Kissinger, 1984 was intended to be the year of decoupling Western Europe from the United States. It began with U.S. Ambassador to Bonn Arthur Burns making the announcement, and was intended to take off from there.

It didn't happen that way, of course. Emerging to stop the decouplers was the Schiller Institute, an international think-tank for republican foreign policy established in the spring by Helga Zepp-LaRouche. The Institute's self-appointed task was to provide the conceptual basis to prevent the destruction of the Western alliance. That basis, the Institute said, was nothing less than a resurgence of cultural optimism around the project of the Strategic Defense Initiative. Any maneuvering within the framework of Mutually Assured Destruction would not work.

When Chancellor Helmut Kohl gave his speech endorsing the SDI at the Wehrkunde Society meeting in Munich early in February, it was clear that the Schiller Institute had achieved its goal. Not only is the solidity of the Western alliance greater than a year ago, but the glue holding it together is the new strategic doctrine which President Reagan put forward on March 23, 1983—the Strategic Defense Initiative.

It is instructive to note how this was achieved. The Schiller Institute held three international conferences during 1984, and another on Jan. 12-14, 1985, all of which included an emphasis on building international support for the SDI. Over a hundred Americans traveled to West Germany in September to express their commitment to defend Europe with the new doctrine. Military professionals were organized on both sides of the Atlantic to take a more active part in the discussion of strategic possibilities.

Complementing the behind-the-scenes activity was public agitation around the SDI as the basis for saving the Western alliance. Nearly 800,000 signatures were collected from citizens in Western Europe, the U.S.A., and Ibero-America during 1984 on a petition that calls for dumping arch-decoupler Henry Kissinger from the policy-making of the U.S. government and rebuilding

the Western alliance on the basis of the SDI. Major rallies have been held in all the major capitals involved, including 500 citizens in Bonn, and 10,000 in Washington, D.C.

Finally, the political climate was shaped sufficiently. President Reagan and Secretary of Defense Weinberger underscored again their unshakeable commitment to the defense of Western Europe with the SDI, and their desire to bring Europe actively into the program. Kohl's speech at the Wehrkunde meeting was a dramatic sign of acceptance.

Having accomplished its primary objective, however, the Schiller Institute does not expect to rest on its laurels. Looming on the horizon is a new strategic crisis that threatens to wipe out the accomplishments of the last six months. We refer to the economic offensive of the International Monetary Fund, an offensive which has the world on course for the biggest financial blowout in world history. President Reagan has stubbornly resisted all advice to break from the IMF, which is dictating austerity conditions that threaten to shatter every U.S. ally under its authority. If he doesn't break from the IMF, the SDI commitment could disappear overnight.

There is hardly an area of the world where the IMF is not working to undermine U.S. strategic interest. In Europe, it is bringing unemployment to levels not seen since the 1930s, leaving more trade with Russia one of the only options for starved European industry. In Africa, it is spreading Islamic fundamentalism and famine—creating a cauldron in which only anti-U.S. political chaos and epidemics breed. In Ibero-America, the IMF is pushing drugs, feeding the power of the mafia potentates who have vowed to kill our government officials, as well as poisoning our youth.

This same IMF has vowed to cut the SDI budget line in the defense budget itself—in order to “balance the budget.” The kind of radical policy shift which the Schiller Institute accomplished in six months in 1984 must now be accomplished in the next six weeks in 1985. To save the SDI, our nation, and civilization itself, tell Reagan he must break with the IMF!

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