

# EIR

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Gorbachov: Ogarkov's end-game to grab Europe  
Senate dupes applaud drug-pusher William Weld  
What Reagan's SDI means to West European security

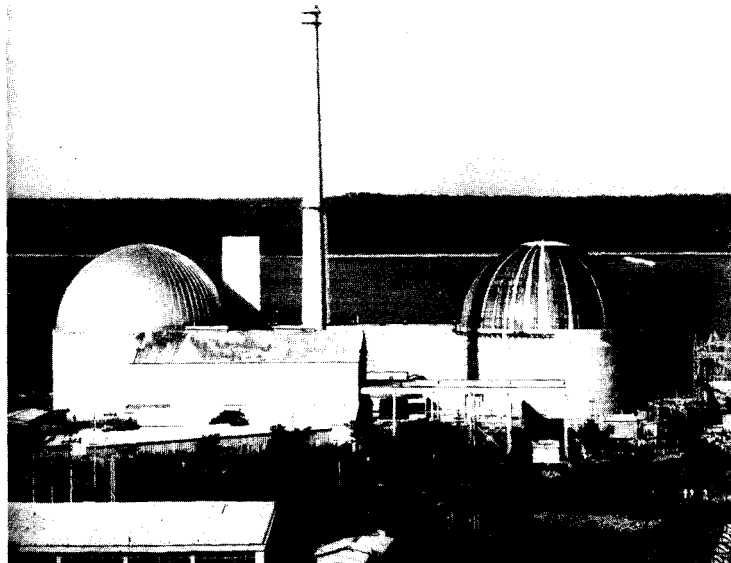
**Kissinger and the calculated  
failure of U.S. policy in Asia**



# INDIA 1985-1995: STRATEGY FOR ECONOMIC BREAK-OUT

Sponsored by *Fusion Asia*  
April 9-10, 1985

India International Centre  
Lodi Estate  
New Delhi, India



## April 9 I. Development of the Ganges River Valley

A program for turning this great river valley into a breadbasket that could feed all of Asia, a project to be carried out in cooperation with Nepal and Bangladesh.

### Speakers:

J. T. Paniker, head of the Civil Engineering Department of Indian Institute for Technology, Bombay  
Ramtanu Maitra, editor *Fusion Asia*  
Dr. Mahfuzul Haq, former energy consultant to President Zia Rahman, Bangladesh

## II. India's Trade: Look East

With its traditional orientation toward the Middle East and the West, there is a great potential for Indian trade with Asia yet to be realized. This panel focuses on India's potential role in the East, especially in conjunction with the construction of the Kra Canal in Thailand.

### Speakers:

S. A. Dave, executive director of the Industrial Development Bank of India, Bombay  
Pakdee Tanapura, Fusion Energy Foundation, Bangkok  
R. K. Hazari, former deputy governor, India Reserve Bank  
Uwe Henke v. Parpart, director of research, Fusion Energy Foundation  
K. L. Dalal, ambassador of India, retired  
Dr. Norio Yamamoto, executive director, Mitsubishi Research Institute

## April 10 III. High-Technology Requirements: Lasers and Nuclear Power

To realize the government's goal of bringing India into the 21st century requires a concentration on nuclear power plant production and the use of lasers for creating a modern machine-tool industry.

### Speakers:

D. K. Ghosh, head of laser division, Indian Institute for Technology, Bombay  
Dr. N. Tata Rao, chairman, Andhra Pradesh State Electricity Board  
Mr. S. G. Ramachandra, consultant, Bangalore

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The U.S. State Department is heralding a new era of "Pacific cooperation," and if you believe Secretary of State George Shultz, all is well in U.S. relations with the nations of Asia. But our *Special Report*, prepared by a team of researchers under the direction of Uwe Henke v. Parpart, demonstrates how far this is from the truth, and how the current political instability and economic crisis in the Pacific region is the result of the pernicious grip on foreign-policy making of Henry Kissinger and the U.S. liberal Eastern Establishment.

The dossier was compiled by Linda de Hoyos and David Hammer, with the help of EIR correspondents in Bangkok and New Delhi.

The *Economics* report leads with the continuation of our report on the suppressed reality of the U.S. economic collapse. Next week, EIR will feature a study that explodes the myth of the "crumbling Soviet empire" and shows that the United States, under the impact of the British "free trade" and "free enterprise" policies the American Revolution was fought against, is crumbling a lot faster than the Soviet empire. The industrial collapse of the West is the main danger to implementation of the Strategic Defense Initiative, as we shall prove.

Also upcoming: a survey of the economic spinoffs of the SDI, prepared by EIR's economics staff and the Fusion Energy Foundation, the scientific organization that has been in the forefront of the beam-weapons defense program for many years; and the report back from EIR's international conference on the war on drugs on March 13 in Mexico City, featuring Lyndon LaRouche's proposal for a truly "military" approach to wiping out the narcotics trafficking armies, in cooperation with our sovereign neighbors in the Western Hemisphere.

*Nora Hamerman*

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## U.S. production collapse a national security threat

by the EIR Economics Staff

For the last three years we have been regaled, on a weekly, and monthly, basis with fresh news about the growing strength of the U.S. economic recovery. The news reports are based on indexes, and other data series prepared by the Federal Reserve under Paul A. Volcker, the Department of Commerce, and the Bureau of Labor Statistics in the Department of Labor.

The same government departments also have available data series which do not attract so much attention. These are data series of physical-goods production in the United States economy. Official silence about this kind of data, over the same time frame that it is said the recovery has been in effect, is perhaps the best evidence to support the thesis that there is some other political motivation behind the recovery hoax. For these numbers show that there was no recovery at all.

Contrary to the myth-making of Donald Regan and his accomplices, the U.S. economy is careening toward disaster. National security interests are being threatened by the extent to which the officially approved myth about "the recovery" blinds all other aspects of thinking.

We present here some of the evidence, in the form of selected tables of data, to demonstrate the thesis that the recovery did not happen, and that the productive potentials of the U.S. economy are being undermined to the point that national security is threatened. The tables presented here are a representative sample from a broader data base, of hundreds of industrial production items.

The tables are in two forms: first, reported production data for the United States and major allied nations, for the years from 1972 to 1982; second, per-capita productivity,

production of each class of goods per capita of the total population for the same time period. Thus, in the first series, the charts present an absolute decline in physical production, in terms of numbers of units, such as machine tools, automobiles, or tractors, or gross tonnage (metric tons) of production, for example, steel and cement. The second series presents the production decline relative to the increase in population over the same time period.

We have been told we are "recovering." We are not told what we are recovering from, or what we have lost that we should get back again.

As far as the United States is concerned, it will be seen that, with the exception of energy consumption and machine-tool production, 1972 is the high year of production for each of the items considered. Thus, the production levels reached in 1972 are a fair enough indicator of whether we have recovered anything, and if so, how much. But only in approximation.

The per capita data presents this in another way.

In 1972, the high year of production, the population was smaller, the labor force was smaller, even though the goods-producing labor force was about the same as it is now. A better comparison than the simple absolute numbers, is the relative productivities of 1972 and the years of the recovery.

### Are we recovering to 1972 levels?

The last year in the charts is 1982. That is when it is considered that the U.S. economy "bottomed out." There is an upturn in production since then.

For example, energy consumption was 17,986 trillion





NSIPS/Chris Lewis

*U.S. Steel's National Tube plant in McKeesport, Pa. is demolished, to make way for the "post-industrial society."*

kilocalories in 1983, rising to 18,892 trillion kilocalories in 1984; cement rose from 61,215 thousand metric tons in 1983 to 70,748 thousand metric tons in 1984; raw steel rose from 75,662 thousand metric tons in 1983 to 83,031 thousand metric tons in 1984; machine tools rose from 150,837 units in 1983 to 164,590 units in 1984; and automobiles rose from 6,781,184 units in 1983 to 7,773,332 units in 1984.

If the increased production of the last two years is set against the production levels of 1972, it would seem at first glance that we have bounced about half way back to where we were then. If productivities for the last two years are compared with the productivities of 1972, however, it will be seen that we have not even come so far.

For example, if we had produced in 1984 at the same per-capita productivity of the total population as we did in 1972, we should have consumed over 20 trillion kilocalories of energy, and produced nearly 84 million tons of cement, 135 million tons of steel, nearly 290,000 machine tools, nearly a quarter of a million tractors, and over 10 million automobiles.

Looked at in these terms, U.S. productivity has been declining at 1.5% per annum over the entire period since 1972.

If the accumulated deficit in infrastructure spending, the lack of maintenance and improvement of transportation and energy production systems, is included in this, estimated at \$3 trillion over the period since 1972, the annual rate of decline would have to be almost doubled.

But this is still deceptive. The so-called "recovery" was the by-product of a political deal between Donald Regan, Paul Volcker, and the international banking community to

stem accelerating collapse in the United States at the expense of the rest of the world. Take the figures for the automobile recovery reported here. Midwest experts estimate that imported foreign parts make up one-third of every automobile produced in the United States. If one-third is knocked off the automobile production number for 1984 to compensate, our domestic production capabilities are still at the level of 1982, the year "the bottom fell out."

Steel production domestically is significantly dependent on imported foreign scrap, which is melted down in electric arc furnaces. Tractors, and tractor parts, are imported from Japan. And so it goes on. If the margin provided by imports is knocked out, it is arguable that there was no recovery at all from the "bottoming out" levels of 1982.

But then what happens if the international credit and currency arrangements that were rigged, beginning in 1982, to finance the imports at the rest of the world's expense are changed, by the very people who did the rigging in the first place? Or, what happens if Volcker does what he has been threatening to do since the latter part of February and begins to tighten interest rates again in order to maintain an inflow of foreign originating looted funds and imports?

At no time in the period between 1978 and 1982, when Volcker wreaked havoc on the U.S. and world economy, was the United States so vulnerable to the identified kind of shift as it is now. A shift in either direction would send the economy careening down until a new plateau of collapse was reached, and that would be well below the so-called "bottoming out" levels of 1982. If that is permitted to happen, there may not be any U.S. economy left to recover.

**Cement output** (thousand metric tons)

	1972	1976	1980	1981	1982
<b>World total:</b>	627,203	678,692	764,061	766,984	756,977
<b>Specified</b>	323,797	326,453	364,575	356,328	340,744
<b>Canada</b>	9,091	9,898	10,340	10,152	8,136
<b>USA</b>	74,930	67,581	69,589	66,163	58,369
<b>France</b>	30,245	30,614	29,104	28,229	26,141
<b>W. Germany</b>	43,146	34,152	34,551	31,498	30,079
<b>Britain</b>	18,048	15,780	14,805	12,729	12,962
<b>Italy</b>	33,459	36,327	41,862	42,094	40,245
<b>Mexico</b>	8,753	12,691	16,398	18,173	19,343
<b>Brazil</b>	11,382	18,675	25,880	24,886	25,440
<b>Argentina</b>	5,454	5,707	7,289	6,913	5,818
<b>Egypt</b>	3,822	3,362	3,638	3,432	4,260
<b>India</b>	15,785	18,516	17,803	20,908	22,653
<b>Thailand</b>	3,390	4,438	5,359	6,323	6,612
<b>Japan</b>	66,292	68,712	87,957	84,828	80,686
<b>Other</b>	303,406	352,239	399,486	410,656	416,233

**Cement output per million persons**

	1972	1976	1980	1981	1982
<b>World avg:</b>	213,768	214,822	225,073	221,869	215,031
<b>Specified</b>	232,423	218,781	229,345	220,715	207,858
<b>Canada</b>	416,597	429,880	429,580	416,646	329,940
<b>USA</b>	356,986	309,954	305,673	287,909	251,612
<b>France</b>	584,998	578,813	541,862	523,156	482,119
<b>W. Germany</b>	699,604	555,037	561,202	510,651	487,994
<b>Britain</b>	321,986	281,022	263,387	226,289	230,239
<b>Italy</b>	614,919	646,767	733,880	735,947	701,621
<b>Mexico</b>	160,364	204,795	235,090	253,056	261,664
<b>Brazil</b>	113,420	168,073	211,576	198,738	198,501
<b>Argentina</b>	223,625	221,975	269,583	252,566	210,005
<b>Egypt</b>	111,101	88,793	86,695	79,795	96,690
<b>India</b>	27,304	29,297	26,010	29,955	31,831
<b>Thailand</b>	87,917	103,404	113,868	131,387	134,390
<b>Japan</b>	618,510	609,310	753,172	721,032	681,239
<b>Other</b>	196,902	211,279	221,311	222,881	221,281

**Raw steel output** (thousand metric tons)

	1972	1976	1980	1981	1982
<b>World total:</b>	587,541	637,752	643,680	633,593	566,602
<b>Specified</b>	359,436	370,714	360,779	356,717	298,157
<b>Canada</b>	11,695	13,123	15,684	14,637	11,762
<b>USA</b>	120,875	116,121	101,456	109,614	67,656
<b>France</b>	23,637	22,822	22,811	20,891	18,083
<b>W. Germany</b>	43,154	41,848	43,300	41,096	35,414
<b>Britain</b>	24,847	21,784	10,904	15,264	13,360
<b>Italy</b>	19,574	23,207	26,253	24,777	24,009
<b>Mexico</b>	4,383	5,224	6,981	7,426	6,910
<b>Brazil</b>	6,518	8,050	10,098	8,289	7,580
<b>Argentina</b>	1,884	2,198	2,516	2,369	2,731
<b>Egypt</b>	230	457	800	900	1,000
<b>India</b>	6,836	9,250	9,355	10,617	10,834
<b>Thailand</b>	182	275	450	300	300
<b>Japan</b>	95,621	106,355	110,171	100,537	98,518
<b>Other</b>	228,105	267,038	282,901	276,876	268,445

**Raw steel output per million persons**

	1972	1976	1980	1981	1982
<b>World avg:</b>	200,250	201,863	189,611	183,282	160,951
<b>Specified</b>	258,005	248,443	226,957	220,956	181,880
<b>Canada</b>	535,927	569,945	651,599	600,714	476,986
<b>USA</b>	575,880	532,579	445,650	476,987	291,645
<b>France</b>	457,186	431,491	424,698	387,164	333,505
<b>W. Germany</b>	699,734	680,112	703,310	666,255	574,548
<b>Britain</b>	443,284	387,947	193,986	271,355	237,308
<b>Italy</b>	359,736	413,178	460,239	433,187	418,566
<b>Mexico</b>	80,301	84,300	100,083	103,406	93,475
<b>Brazil</b>	64,951	72,449	82,553	66,195	59,144
<b>Argentina</b>	77,247	85,492	93,054	86,551	98,577
<b>Egypt</b>	6,685	12,069	19,064	20,925	22,697
<b>India</b>	11,824	14,636	13,667	15,211	15,223
<b>Thailand</b>	4,720	6,407	9,561	6,233	6,097
<b>Japan</b>	892,153	943,114	943,390	854,557	831,796
<b>Other</b>	148,033	160,174	156,724	150,272	142,713

**Machine-tool output** (number)

	1972	1976	1980	1981	1982
<b>World total:</b>	1,202,814	1,380,800	1,465,197	1,445,561	1,258,475
<b>Specified</b>	883,863	1,016,876	1,143,921	1,101,276	931,678
<b>Canada</b>	213	321	510	509	535
<b>USA</b>	256,107	272,204	322,610	300,180	189,857
<b>France</b>	36,276	25,964	19,317	17,781	11,888
<b>W. Germany</b>	337,228	414,202	367,384	384,078	364,183
<b>Britain</b>	47,317	64,361	52,575	30,435	22,739
<b>Italy</b>	0	0	0	0	0
<b>Mexico</b>	0	0	0	0	0
<b>Brazil</b>	0	82,632	154,357	154,357	154,357
<b>Argentina</b>	0	0	0	0	0
<b>Egypt</b>	0	0	0	0	0
<b>India</b>	0	0	0	0	0
<b>Thailand</b>	0	0	0	0	0
<b>Japan</b>	206,722	157,192	227,168	213,936	188,119
<b>Other</b>	318,951	363,924	321,276	344,285	326,797

**Machine-tool output per million persons**

	1972	1976	1980	1981	1982
<b>World avg:</b>	409.95	437.05	431.61	418.16	357.48
<b>Specified</b>	634.44	681.48	719.61	682.14	568.33
<b>Canada</b>	9.76	13.94	21.18	20.88	21.69
<b>USA</b>	1,220.16	1,248.44	1,417.08	1,306.23	818.41
<b>France</b>	701.64	490.89	359.64	329.52	219.25
<b>W. Germany</b>	5,468.08	6,731.59	5,967.31	6,226.74	5,908.41
<b>Britain</b>	844.16	1,146.19	935.33	541.05	403.90
<b>Italy</b>	0.00	0.00	0.00	0.00	0.00
<b>Mexico</b>	0.00	0.00	0.00	0.00	0.00
<b>Brazil</b>	0.00	743.68	1,261.91	1,232.68	1,204.40
<b>Argentina</b>	0.00	0.00	0.00	0.00	0.00
<b>Egypt</b>	0.00	0.00	0.00	0.00	0.00
<b>India</b>	0.00	0.00	0.00	0.00	0.00
<b>Thailand</b>	0.00	0.00	0.00	0.00	0.00
<b>Japan</b>	1,928.73	1,393.91	1,945.23	1,818.44	1,588.30
<b>Other</b>	206.99	218.28	177.98	186.85	173.73



<b>Agricultural tractors output</b> (number)					
	1972	1976	1980	1981	1982
<b>World total:</b>	1,449,566	2,058,789	1,744,265	1,665,370	1,602,210
<b>Specified</b>	767,842	1,211,157	934,088	853,434	763,774
<b>Canada</b>	0	0	0	0	0
<b>USA</b>	218,213	213,154	118,480	119,787	66,873
<b>France</b>	109,300	166,700	123,500	113,000	113,400
<b>W. Germany</b>	84,237	125,152	94,587	88,869	93,382
<b>Britain</b>	134,295	136,500	103,300	85,100	86,600
<b>Italy</b>	68,604	128,217	127,023	109,027	92,838
<b>Mexico</b>	6,229	11,574	17,893	18,898	15,714
<b>Brazil</b>	31,438	59,178	50,238	34,309	25,531
<b>Argentina</b>	14,408	24,098	3,618	1,100	3,974
<b>Egypt</b>	0	0	0	0	0
<b>India</b>	18,308	36,675	67,517	84,317	67,488
<b>Thailand</b>	0	0	0	0	0
<b>Japan</b>	82,810	309,909	227,932	199,027	197,974
<b>Other</b>	681,724	847,632	810,177	811,936	838,436

<b>Tractor output per million persons</b>					
	1972	1976	1980	1981	1982
<b>World avg:</b>	494	651	513	481	455
<b>Specified</b>	551	811	587	528	465
<b>Canada</b>	0	0	0	0	0
<b>USA</b>	1,039	977	520	521	288
<b>France</b>	2,114	3,151	2,299	2,094	2,091
<b>W. Germany</b>	1,365	2,033	1,536	1,440	1,515
<b>Britain</b>	2,395	2,430	1,837	1,512	1,538
<b>Italy</b>	1,260	2,282	2,226	1,906	1,618
<b>Mexico</b>	114	186	256	263	212
<b>Brazil</b>	313	532	410	273	199
<b>Argentina</b>	590	937	133	40	143
<b>Egypt</b>	0	0	0	0	0
<b>India</b>	31	58	98	120	94
<b>Thailand</b>	0	0	0	0	0
<b>Japan</b>	772	2,748	1,951	1,691	1,671
<b>Other</b>	442	508	448	440	445

<b>Automobile output</b> (thousands)					
	1972	1976	1980	1981	1982
<b>World total:</b>	27,835	28,921	28,994	27,756	26,818
<b>Specified</b>	25,173	25,332	24,841	23,936	22,967
<b>Canada</b>	1,155	1,137	847	803	808
<b>USA</b>	8,975	8,498	6,376	6,253	5,073
<b>France</b>	2,993	3,388	3,488	2,953	3,086
<b>W. Germany</b>	3,514	3,548	3,530	3,590	3,771
<b>Britain</b>	1,921	1,333	924	955	888
<b>Italy</b>	1,732	1,471	1,445	1,254	1,296
<b>Mexico</b>	170	229	316	369	324
<b>Brazil</b>	437	527	629	605	686
<b>Argentina</b>	202	141	218	138	110
<b>Egypt</b>	0	0	0	0	0
<b>India</b>	52	32	30	42	43
<b>Thailand</b>	0	0	0	0	0
<b>Japan</b>	4,022	5,028	7,038	6,974	6,882
<b>Other</b>	2,662	3,589	4,153	3,820	3,850

<b>Automobile output per million persons</b>					
	1972	1976	1980	1981	1982
<b>World avg:</b>	9,486	9,154	8,540	8,029	7,617
<b>Specified</b>	18,069	16,976	15,626	14,826	14,010
<b>Canada</b>	52,928	49,381	35,189	32,955	32,766
<b>USA</b>	42,759	38,975	28,006	27,210	21,868
<b>France</b>	57,890	64,056	64,940	54,726	56,915
<b>W. Germany</b>	56,978	57,661	57,336	58,201	61,179
<b>Britain</b>	34,271	23,739	16,438	16,977	15,773
<b>Italy</b>	31,831	26,189	25,332	21,924	22,594
<b>Mexico</b>	3,114	3,695	4,530	5,138	4,382
<b>Brazil</b>	4,354	4,742	5,142	4,831	5,352
<b>Argentina</b>	8,282	5,484	8,062	5,041	3,970
<b>Egypt</b>	0	0	0	0	0
<b>India</b>	89	50	43	60	60
<b>Thailand</b>	0	0	0	0	0
<b>Japan</b>	37,525	44,586	60,266	59,278	58,105
<b>Other</b>	1,727	2,152	2,300	2,073	2,047

<b>Energy consumed</b> (trillion kcals)					
	1972	1976	1980	1981	1982
<b>World total:</b>	56,340.75	63,323.09	69,869.67	69,521.79	69,547.41
<b>Specified</b>	34,570.33	37,326.28	39,607.28	38,914.80	38,270.62
<b>Canada</b>	2,061.51	2,320.47	2,566.68	2,543.12	2,461.74
<b>USA</b>	18,097.25	18,998.73	19,255.63	18,781.86	18,010.43
<b>France</b>	1,780.95	1,891.69	2,188.43	2,168.81	2,123.97
<b>W. Germany</b>	2,608.39	2,754.62	2,876.66	2,823.50	2,795.41
<b>Britain</b>	2,202.35	2,147.16	2,141.73	2,054.87	2,098.76
<b>Italy</b>	1,258.00	1,429.14	1,450.16	1,390.39	1,327.62
<b>Mexico</b>	516.58	712.62	1,037.14	1,091.37	1,179.02
<b>Brazil</b>	913.92	1,238.26	1,541.46	1,513.87	1,581.98
<b>Argentina</b>	655.52	766.63	904.66	875.63	909.24
<b>Egypt</b>	102.32	144.11	200.98	229.40	232.62
<b>India</b>	1,271.07	1,510.14	1,763.36	1,870.24	1,975.77
<b>Thailand</b>	147.68	187.32	215.15	224.02	239.67
<b>Japan</b>	2,954.72	3,225.34	3,465.19	3,347.66	3,334.33
<b>Other</b>	21,770.42	25,996.80	30,262.39	30,606.99	31,276.79

<b>Energy consumed per million persons</b>					
	1972	1976	1980	1981	1982
<b>World avg:</b>	19.20	20.04	20.58	20.11	19.75
<b>Specified</b>	24.81	25.01	24.91	24.10	23.34
<b>Canada</b>	94.46	100.78	106.63	104.37	99.83
<b>USA</b>	86.22	87.13	84.58	81.72	77.63
<b>France</b>	34.44	35.76	40.74	40.19	39.17
<b>W. Germany</b>	42.29	44.76	46.72	45.77	45.35
<b>Britain</b>	39.29	38.23	38.10	36.53	37.27
<b>Italy</b>	23.12	25.44	25.42	24.30	23.14
<b>Mexico</b>	9.46	11.49	14.86	15.19	15.94
<b>Brazil</b>	9.10	11.14	12.60	12.08	12.34
<b>Argentina</b>	26.87	29.81	33.45	31.99	32.81
<b>Egypt</b>	2.97	3.80	4.78	5.33	5.27
<b>India</b>	2.19	2.38	2.57	2.67	2.77
<b>Thailand</b>	3.83	4.36	4.57	4.65	4.87
<b>Japan</b>	27.56	28.60	29.67	28.45	28.15
<b>Other</b>	14.12	15.59	16.76	16.61	16.62

# The plot to deliver Israel to Dope, Inc.

by Mark Burdman

In a neat division of labor, the U.S. State Department, the International Monetary Fund, and the Anti-Defamation League (ADL) of B'nai B'rith have worked out an arrangement to hand Israel's economy over to the Dope, Inc. narcotics-trafficking cartel.

The arrangement is being expedited on the ground in Israel by leading agents of the dope interests there, such as Minister for Commerce and Industry Ariel Sharon and his patrons among the mafia's financiers.

The immediate strategic purpose is to undermine efforts by the Reagan administration and leading Arab states to incorporate Israel into a regional plan for development and peace. That plan's success would depend on a multi-billion dollar scheme for high-technology development of the Israeli economy in the context of ambitious "Great Projects" in the Middle East-Africa region.

The U.S. State Department and its partners are consciously undermining a U.S. ally, Israel, to the ultimate purpose of transforming the Middle East into a Soviet satrapy and transforming Israel itself into a satrapy of an expanded "Greater Syria" in the region.

In a more fundamental sense, the gameplan is to once and for all wreck the development of Israel as an outpost of advanced scientific and technological development, thereby smashing the basis in Israeli society for Western cultural values, and replacing these with a bizarre combination of irrationalist religious extremism, dissemination of the mysticism of the "Kabbala," increasingly open usage of drugs, legalization of casino gambling, and other mafia-run activities.

"We are becoming the Vaduz of the Middle East," an Israeli source commented March 8, referring to the capital of the hot-money principality of Liechtenstein, the mini-Switzerland of Europe.

Historically, it might be more precise to recall the combination of cultism and religious irrationalism brought into ancient Israel under the reign of King Solomon, the culture of "Solomon's Temple" so worshipped by today's Freemasonic mystics in London, Switzerland, and Venice. It is a replay of the age-old attempt by the worshippers of the Phoenician-Assyrian god Baal to destroy the progressive, scientific culture of Yahweh, the god of Abraham and Moses.

Should Israel's economic-policy architects want to counterattack at this late moment and restore Israel to the path that brought the country one of the highest economic-growth rates in the world and rapid technological progress in its first two decades as a state, they would have to send the ADL dope merchants packing and adopt a forceful approach to the "Great Projects" program for the region. That Israeli Economics Minister Ga'ad Yaacobi and Israeli Finance Minister Yitzhak Modai both went on record in interviews with *EIR* (June 19, 1984) expressing interest in or support for the Great Projects approach, but are now playing with the ADL's dope-runners, underscores the dimensions of the Shakespearean tragedy now unfolding in Israel.

## Mr. Wallis, Global 2000, and the IMF

From all available evidence, the State-ADL-IMF combine put the finishing touches on their final solution for the Israeli economy during the trip to the United States by Modai during the week of March 4. Following heavy arm-twisting in personal meetings with Secretary of State George Shultz, Modai emerged to announce March 8 that progress had been made toward Israeli acceptance of State Department demands to impose much greater levels of austerity to deal with its 1,000%-plus inflation rate and \$25 billion-plus foreign debt.

During Modai's stay, the State Department dropped its bombshell in testimony by Undersecretary of State for Monetary Affairs W. Allen Wallis before the House Foreign Affairs Committee on March 6. He reported that the administration had decided to "defer" additional aid to Israel pending further austerity measures taken there. Wallis's statement is worth reprinting at some length, given the nature of the beast:

"We have indicated our willingness to provide extraordinary assistance in support of a comprehensive Israeli economic program that deals effectively with the fundamental problems of the economy. We have made clear our view that without a comprehensive program, additional U.S. assistance would not resolve Israel's economic problems, and, indeed, could help to perpetuate them. Moreover, without effective economic adjustments, Israel will become even more dependent on U.S. aid in the future, which neither the U.S. nor Israel desires. . . .

"The administration believes, and many Israelis agree, that further progress is necessary to restore Israel's economic health and put the economy back on a self-sustaining growth plan. Our economic assistance can be helpful in promoting this process of recovery if it is coupled with a comprehensive Israeli program. But in our view, Israel has not yet reached the stage in the evolution of its recovery program where additional U.S. support will be helpful.

"Accordingly, the administration intends to defer for the time being a response to Israel's request for supplemental economic aid. . . .

"There are really three main problems. One is the budget control. Another is control of money supply. Another is in control of exchange rates, and a fourth, failure to make the adjustments that will re-employ the people now being used inefficiently. . . .

"The basic problem is that they're consuming quite a lot more than they are producing. . . . There is a tremendous drop in productivity. . . . What caused that is basically a political problem. *Their political organization makes it very hard to grasp and deal with this type of problem.*

"At this time, the plan they have . . . won't do the trick. And if we give them \$800 million of supplemental aid as the plan now stands, we're convinced that will disappear and their economy won't be any better off, and they'll face bigger problems later on, they'll be back for more money, with worse problems. The longer they delay, the worse it's finally going to be [emphasis added]."

Never mind the fraud about "consuming quite a lot more than they are producing": As *EIR* studies on the American economy are graphically demonstrating, *the United States, in particular, is producing nothing anymore*, but exacting tribute from the rest of the world (see page 4). This pious-sounding attack on Israel is a charlatan's trick. More interesting, given the source, is the complaint on the "political organization."

W. Allen Wallis has been around a long time. In the early 1930s, he presented a study paper before the Harriman family's racist bluebloods at the American Museum of Natural History, who were all avid supporters of Hitler-Nazi race-superiority ("eugenics") policies. Wallis's theme: "The Statistical Distribution of the Nordic Race." From roughly that moment to the present, he has maintained his Nazi economic proclivities as a scion of Milton Friedman's "Chicago school," the crowd that brought the world Pinochet's Chile and advocates drug legalization in the name of "free enterprise."

Shultz, Wallis's patron who assigned him to be overlord for the Israeli economy, plans to name Thomas Pickering, the current ambassador to El Salvador, as the next U.S. ambassador to Israel. While at Carter's State Department, Pickering was the chief architect of the *Global 2000 Report's* plan for global genocide.

A New York Federal Reserve research assistant, Larry Masro, succinctly spelled out the Shultz-Wallis policy in a

March 7 letter to the *New York Times*:

"The austerity measures the United States supports are similar to those that would be mandated by the International Monetary Fund. To begin, Israel should cut government expenditures, adopt a realistic exchange rate and put its monetary policies in order. There are difficult adjustments ahead. . . . The unprecedented decline in Israel's economy must be arrested through dramatic changes in economic policy."

### **Enter Bialkin and Dope, Inc.**

As the orchestrated game goes, the State Department blackmails Israel, and then the ADL dope-merchants come in with a scheme to make Israel financially "independent" of the same United States that is doing the blackmailing!

The scheme, given the Orwellian name "Operation Independence," was first put forward publicly by Economics Minister Ya'acobi during November-December 1984. Ya'acobi revealed then that "the nucleus of a task force" for this "Operation Independence" had been created, consisting of the ADL's chairman, attorney Kenneth Bialkin, United Brands magnate Max Fisher, and liquor magnate Charles Bronfman.

An Israeli investigator informed *EIR* at the time that the impetus for the plan, which nominally involves infusions of finance capital directly into Israeli firms, came from Tel Aviv University's Prof. Haim Ben-Shahar, who handles certain of the more interesting financial affairs in Israel of Occidental Petroleum's Armand Hammer, the good friend of the Soviet leadership and of Libya's Muammar Qaddafi.

In mid-February 1985, according to Israeli sources, Bialkin, Fisher, Bronfman, and others spent some days in Israel, calling themselves the "Millionaires Economic Conference," an apparent re-creation of a late-1960s entity managed by the British-Swiss Clore family, for whom Bialkin has done some dirty-work in recent years.

Bialkin's involvement by itself conjures the image of rolling dice and sniffing cocaine. As a senior partner at the prestigious New York Willkie, Farr, Gallagher law firm, Bialkin and/or his law partners since the 1960s have provided legal management for the crime empire of Robert Vesco, the drug-smuggler now variously reported to be in Cuba, Panama, or points in the Caribbean. It was Willkie, Farr which managed Vesco's notorious scams within Bernie Cornfeld's Investors Overseas Services (IOS) operation; so vast were Vesco's bilkings of IOS customers and so extensive was Willkie, Farr's involvement that the firm itself was fined \$35 million. Bialkin swore under oath in court that he had known Vesco in the early 1960s prior to his rise to notoriety.

Two senior partners at Willkie, Farr arranged the secret meeting with mobster-financier Meshulam Riklis at which Vesco took over IOS, buying Riklis' shares. Riklis is the chief financial patron of Ariel Sharon.

Since Vesco has recently been making stabs at takeover

of key casino-resort areas, such as the island of Margarita off Venezuela, Bialkin's appearance in Israel would be grounds enough for suspicion.

According to Israeli sources, the "fix is in" for Israel's southern city of Eilat, bordering Jordan and Egypt, to become a "free port" in which casino-gambling would be legalized. This would be the lead edge of a wider effort to legalize casino-gambling in Israel. One of the chief bankrollers for this move, according to an Israeli investigator, is a certain Cyril Stein, the bigshot of gambling in Great Britain. Stein has reportedly put money into at least two hotel ventures in the Eilat area.

The same Stein, it turns out, is one of the chief fundraisers of the "Temple Mount" organization terrorist-infrastructure in Israel. These are the crazies who want to blow up the Mosque of Omar on the Temple Mount in Jerusalem, so as to "rebuild Solomon's Temple" on that spot.

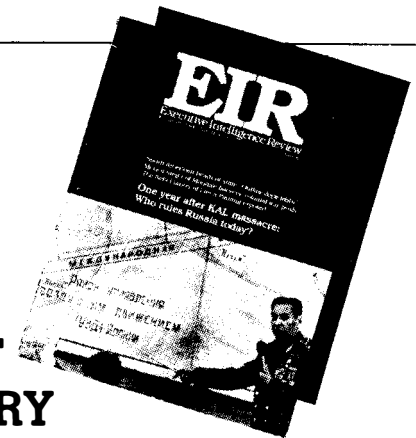
As indicated, the mix of casinos and religious-fundamentalist crazies would reasonably recall the combination in the time of King Solomon for which Solomon was so roundly castigated by Yahweh!

### Sharon, Khashoggi, dope, and terror

The political signal that this whole crime push was "Go!" was a speech by Minister Sharon before a meeting of Israel's Herut Party on Feb. 9, in which he demanded that Israel adopt a "free-enterprise" system, by phasing out the public sector and bringing the black economy to the surface by making it "legal." When the Friedman-Allen Wallis mafia says "free enterprise," they mean making dope and the dope economy legal.

Sharon's speech broadly coincided in time with a private visit to Israel by Max von Thurn, head of the Mont Pelerin Society, the headquarters for the dope-pushers' "free-enterprise" lobby and a member of the extended family of Bavaria's Prince Johannes von Thurn und Taxis, the "Mr. Big" behind Dope, Inc. Thurn told this correspondent during a phone discussion from his Jerusalem hotel that in the next years, drug-derived dirty money would be the fastest-rising component of the world economy, and that the "black economy" would increasingly be the foundation of national economies.

Where the Thurn und Taxis clan and Sharon meet is through Albanian-born Saudi moneybags Adnan Khashoggi, a friend of Prince Johannes and a business partner of Sharon patrons Riklis and Jacob Nimrodi. Over recent years, Khashoggi has consolidated deals in real estate and in other areas with some of the shadier Israeli financiers. Since the same Khashoggi maintains very neat high-level connections into the regime of Libya's Qaddafi and the Muslim Brotherhood organization, it is in this nexus that the investigator would find the Middle East financial link of the dope trade and terrorism which must be demolished if there is to be any chance for peace and development in the region.



## 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**.
- A companion dossier, "Who Really Rules Russia Today?" is also **\$100**.
- Or, you can order both for **\$150**.

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# Magnetic fusion program slashed

by Charles B. Stevens

This year's cuts in the Department of Energy's magnetic-fusion research budget herald a major shift of the U.S. program away from the realization of commercial energy production. The contraction in the size of U.S. fusion projects, as well as funding cuts, will now put the Japanese and European programs almost a decade ahead of the formerly leading U.S. effort.

Ironically, it will also derail major advances in plasma and fusion science: The large, commercial-power-oriented experiments are about to produce entirely new fusion plasma regimes of immense scientific importance.

The excuse for these budget reductions is to increase the scientific productivity of the program by emphasizing low-cost, small experiments. Ostensibly, the directing concept is to focus on small, high-power-density fusion systems that would appear to best meet the short-term needs of the beam-weapon program (Strategic Defense Initiative). High-power-density fusion systems lead to the direct generation of forms of energy needed to drive beam weapons, for example, x-rays to pump excimer and x-ray lasers. But because high-power-density systems involve much greater engineering difficulties for commercial power production, where capital cost and reactor lifetime are factors, the commercial fusion research emphasis has been on lower cost, longer lasting low-power-density systems.

In the case of powering beam weapons, issues such as reactor lifetime and reactor capital cost are not primary. For example, in powering beam weapons, a fusion reactor would only have to last upwards of one hour.

## The FY 1986 budgets

Besides the complete massacre of the inertial-confinement (e.g., laser) fusion budget with a 54% cut from \$154 million in 1985 to \$70 million in 1986, the magnetic-confinement program is being cut from \$437 to \$390 million, with most funds being deleted from operation of large experiments such as the Princeton Tokamak Fusion Test Reactor (TFTR) and the Lawrence Livermore National Lab MFTF-B Tandem Mirror. The Princeton PLT tokamak and any significant planning for large-scale fusion-ignition test reactors will be ended.

This will have the following results: 1) The TFTR demonstration of actual breakeven and net energy production

with deuterium-tritium fusion fuel will be delayed until 1989, thereby giving the lead to the European JET. 2) Tandem mirror research will be essentially shelved, despite the existence of a very large and potentially productive facility. 3) JET will achieve fusion plasma ignition before the United States has even completed plans for constructing an ignition device. 4) Extremely important applied and fundamental work on plasma-wave heating, current drive, and control will lose their primary research facility, Princeton's PLT.

While gutting main-line research, \$2 million will be added to the exploration of advanced fusion concepts such as reversed field pinch and compact tori.

This trade-off is based on a falsehood. It is true that the smaller systems offer great potentials for compact, high-power-density fusion reactors. Over the past decade, significant progress has been made with these advanced concepts. But it is the large, main-line experiments which have been the workhorses of continuing progress in plasma and fusion science. It is only from the firm base established by these devices that more advanced concepts have arisen.

Thus, the linear, "limited resources" method of research management now being introduced will produce the opposite effect to that intended.

From almost every type of scientific measurement, it has become increasingly evident that the size of a magnetic plasma determines its operating capabilities. The reason for this is that small plasmas are almost transparent to x-ray radiation generated by plasma electrons and ions. And this means the plasma is not truly isolated from external factors. These small plasmas are dominated by what should be only edge effects. With the larger machines like the TFTR, the edge effects are removed from the interior of the plasma and only dominate a thin layer of the outer skin.

Scientifically, almost all magnetic-confinement schemes are not fully understood. The tokamak has achieved the best results to date and will certainly succeed in producing net-energy fusion plasmas. But these large tokamaks promise to also illuminate the nature of true magnetic plasmas for the first time. By penetrating this frontier, entirely new possibilities for creating fusion plasmas and other applications will emerge.

In sum, when the President's science advisor, Dr. George "Jay" Keyworth, demands less emphasis on large experiments like the TFTR and more on smaller, more "scientific" experiments, he is arguing that you cut off your head to increase the blood flow to freezing hands and feet. Both the large and small experiments are essential to the realization of economical fusion power. The large tokamak experiments uniquely provide the plasma volumes needed to enter the realm of true plasma dynamics.

Simply diverting this research into what appears to be the best configurations for high-power density based on our current knowledge of plasma and fusion processes is not the best route to high-density fusion.

# Space and the revolution in materials-processing

by Marsha Freeman

In 1977, when the first Space Shuttle had not yet come off the production line, the McDonnell-Douglas Astronautics Company began designing an apparatus to separate biological materials in the microgravity of space which could revolutionize the medical treatment of chronic diseases.

Now, eight years later, the company's Continuous Flow Electrophoresis (CFES) experiment has flown several times in Shuttle orbiters, demonstrating a 716-fold increase in flow production rate, and a 4-fold to 5-fold improvement in purity over use of the same technology on Earth. McDonnell Douglas and Johnson & Johnson have indicated that the materials could potentially cure, not just treat, diseases such as diabetes, hemophilia, and dwarfism.

Over the next decade, other industrial concerns and universities will be designing and testing materials-processing technologies in space, taking advantage of the near-zero gravity and the near-perfect vacuum. In the Space Shuttle, experiments can be run for up to 10 days. As the space station comes into operational use in the early 1990s, longer-duration testing will become possible.

With a permanent manned space station, free-flying space-materials-processing factories can be launched. They will be man-tended for delivery of raw materials to be processed and recovery of the finished product. They can be repaired or technologically renovated from the space station, when improvements become available.

On the heels of the dramatic success of the McDonnell-Douglas/Johnson & Johnson CFES program, in which animal and then human testing of the new pharmaceuticals could begin later this year, a number of other agreements have been signed with the National Aeronautics and Space Administration to fly materials-processing experiments on the Space Shuttle.

NASA offers a program, called a Joint Endeavor Agreement, in which companies can get a free ride on the Shuttle if they are testing a new technique. When the technology is proven effective, the factories will be launched on a pay-as-

you-go basis, like any other commercial payload.

If Shuttle prices are not increased—which would prematurely kill industrial investment in space processing—new and improved materials will emerge in the biological sphere, and in metal alloys, crystals, glass, and other areas.

### Growing crystals in space

The 3M Company, Minnesota Mining and Manufacturing, has planned a series of 72 experiments to be flown in the Space Shuttle over the next decade, to investigate the growth of crystals in space.

Their first experiment, which flew last November, was designed to grow organic crystals in microgravity. The Diffusive Mixing of Organic Solutions (DMOS) equipment used consists of six chemical reactor units, each with individual heaters, thermocouples, and electrical motors which control each experiment.

Unlike similar experiments performed on Earth, when the crystals are formed out of solution, they do not fall to the bottom of the chamber or touch the walls. They remain suspended in the liquid under ideal conditions, allowing them to grow in size with exceptional purity.

The Shuttle experiment mixed urea dissolved in a methanol solvent, with toluene to form urea crystals. Salts and other undisclosed, proprietary materials were also mixed in crystal-growth experiments.

3M is interested in studying the photo-optical, magnetic and other properties of the crystals, to see how they might be used in advanced-generation products in electronics, videotapes, and computers. The company's second Shuttle experiment, scheduled for this spring, will also involve the growth of organic crystals, but will attempt to arrange them in a thin film over a substrate material.

A third experiment, this summer, will test the effects of microgravity and the space vacuum on the directional growth of microcrystals in thin organic films. It will be the first in the series of experiments in which the material is carried outside the orbiter in the payload bay, allowing the experiment to be exposed directly to the space environment.

Reporting on the results from the first Shuttle experiment, 3M's Vice-President of Research and Development Dr. Lester C. Krogh said that the experiment was "99% perfect, an unqualified success."

He reported that there were hundreds of crystals obtained from the experiments, and that 3M scientists would be conducting x-ray, laser, and other tests of the crystals' photo-optical properties. Twenty-four scientists and specialists have worked on the project.

3M's materials-processing in space program has already changed the way the company does research on Earth. For the space experiment, 3M scientists designed six football-sized stainless-steel chemical reactors in which to grow the crystals. When the laboratory apparatus was tested on Earth, these reactors already produced larger and more perfect crystals than were obtainable with their previous technology.



3M has announced the formation of a new Space Research and Applications Laboratory, with a research staff of 15 scientists. The company will also be assisting NASA in developing a chemistry laboratory for the space station.

### Protein crystals for medical research

In February, a number of large universities and drug companies signed agreements with NASA to fly hundreds of experiments that will grow protein crystals in space, to provide biology researchers with crystals that are large enough to be used to study the multi-dimensional atomic structure of protein molecules.

During the Spacelab flight in November 1983, West German scientist Walter Littke grew one type of protein crystal that was 1,000 times larger than the control crystal on the ground, and 30 times larger than his ground crystal grown using the space-designed process.

Using x-ray crystallography, pharmaceutical companies will be able to determine the precise geometric structure of the large space-grown proteins. With that knowledge, they can genetically engineer, for example, proteins with the same structure but a different chemical composition, to block disease-causing agents.

They could also use genetic engineering to produce a gene to duplicate the fine structure of a needed protein, which could be used to supplement the natural production of the protein in someone who has a specific deficiency.

Research in this protein crystal growth area is so promising that the experimental program will begin on the next Space Shuttle mission. The next flight will include the first 36 crystal-growth experiments, which will be supervised by Charles Walker of McDonnell Douglas, who will be making his second trip into space with the electrophoresis equipment.

In August, a Space Shuttle mission will carry 100-200 additional protein-crystal experiments into space. The three-year agreement signed in February will be broadened to include more experiments and institutions.

Also in February, the Grumman Corporation of New York signed a memorandum of understanding with NASA for a research program in space-materials-processing. Grumman will focus on the production of gallium arsenide and other semiconductor crystals, and various metal alloys for magnets and electrical motors.

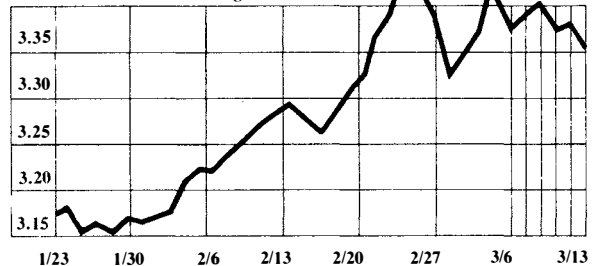
The process will involve directional solidification, using precisely controlled temperatures to melt and then solidify a material. During the process, the material's crystalline structure or molecular geometry is aligned so as to virtually eliminate any imperfections in the compound. This could lead to higher-speed electronic devices that consume less power, and are even more miniaturized than today's microcircuit chips.

Materials processing is the area of private industry investment in space which promises to yield the greatest returns over the next two decades, because it will produce new materials which can cure disease and will create new industries on Earth.

## Currency Rates

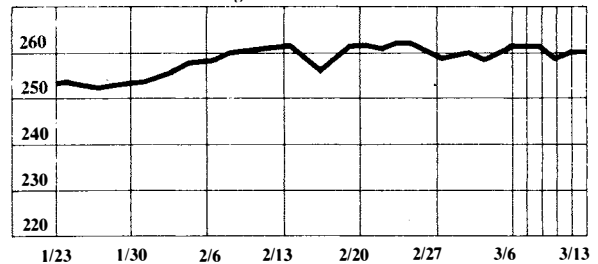
### The dollar in deutschemarks

New York late afternoon fixing



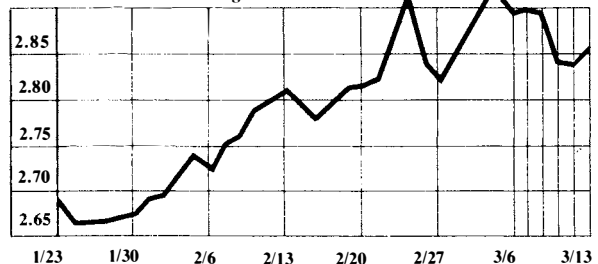
### The dollar in yen

New York late afternoon fixing



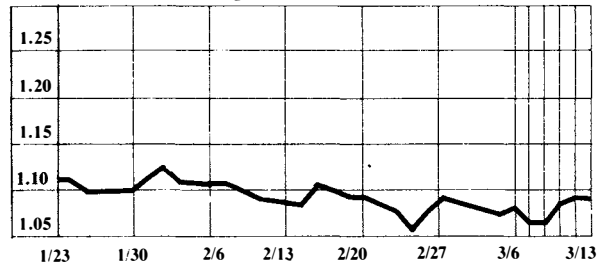
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



## **'Keep the Third World primitive'**

*The vile little senator from Minnesota argues for U.S. competitiveness, but means Third World genocide.*

**I**t is absolutely essential that what we do in the 1985 Farm Bill be of such a nature that we do not encourage the building of the infrastructure in other nations. . . ." These are the words of the senior senator from Minnesota, Rudy Boschwitz (R), spoken in the halls of Congress on Feb. 26 on the occasion of the arrival of the legislature of South Dakota in Washington to appeal for help for U.S. farmers.

Boschwitz, in effect mocking the farmers present, used the argument that the artificially high U.S. price of grain (a lie) allows the Third World to export cheaper grains to the United States, thus making money and developing their infrastructure for more exports—a threat to U.S. interests, he insisted. "It is absolutely imperative that we do not allow Third World agriculture exporters to develop shipping infrastructure."

Because of the lack of shipping infrastructure in Africa, the U.N. Food and Agriculture Organization this year even lowered the tonnages of food aid it called "needed" for Chad and some other parts of the starving continent, since "logistical constraints" made provision of more food impossible.

Boschwitz was arguing, not for competitiveness, but for genocide, and he knows it. It is well known that the senator from Minnesota is a "helping hand" to the interests of Cargill, Inc.—the Minneapolis-based giant that dominates U.S. grain exports and a high percentage of the world's grain trade. But such vile sentiment and evil

intent have been little displayed before—even among the current crop of weeds on Capitol Hill.

Earlier this year, Boschwitz called hearings on the issue of Cargill importing wheat from Argentina into the United States. The proceedings were conducted to show that Cargill was merely responding to what its chairman, Whitney MacMillan, called the "inflexible farm programs" in the United States that supposedly prop up U.S. grain prices and make foreign grain cheaper. MacMillan said Argentine wheat at Gulf ports was \$144.70 per metric ton (12.7% protein), compared with \$150.50 f.o.b. gulf ports for 11% protein U.S. hard winter wheat, and \$157 f.o.b. gulf ports for 13% protein U.S. spring wheat.

The policy perspective of Cargill, Inc. and the club of other international food cartel companies (Continental, Bunge, Louis Dreyfus, André) is straightforward genocide: Africa and other regions are to be depopulated through starvation and pestilence; the remaining, formerly advanced nations are to revert to a neo-feudal condition of farm production.

In front of a packed hearing room Feb. 26, Boschwitz pounded the desk with venom and hissed, "You have to understand. We have an extraordinary infrastructure in this country . . . and it is absolutely essential [pounding hard] that this farm bill that we pass—that the bill that is written for 1985 and thereafter, prevents the infrastructure of the rest of the world from begin-

ning. Oh, not beginning, but improving. I mean, is it a real pleasure to deal with the Argentines? Hell, no! The Argentines are not particularly efficient as producers or particularly efficient as shippers."

The case of the cartels in Argentina is clear. Some 20 years ago, the food production and shipping potential of Argentina was outstanding. This nation could alone be feeding all of South America. The productivity of the pampas and the natural benefits of the de la Plata River are enormous. Engineers regard the port site of Buenos Aires as one of the best in the world.

Instead, the development potential was sabotaged by the cartels. Cargill, Inc. dominates much of the grain and all of the poultry production of the nation. Cargill has built its own export terminals, and sabotaged independent capabilities. This has been accomplished in close collusion with the East bloc.

Senator Boschwitz specifically cited the 1959-1973 period of worldwide port and shipping infrastructure improvements as a bad era that must be prevented from ever recurring. During that period, independent U.S. innovators attempted to collaborate with Third World interests to develop modern port and infrastructure facilities, for example, the original Sea-Land Corp. in New Jersey. The company pioneered ocean-going containerization and worked in the 1960s to develop advanced shipping depots throughout the world.

However, the company was bought out by Reynolds Co. after being financially undermined by the Kissinger-Soviet 1973 grain and shipping protocols that opened all U.S. ports to Soviet merchant vessels. Moscow offered huge discount freight rates, and undercut and bankrupt independent shipping lines.

## Citibank raids into Maryland

*Donald Regan and Walter Wriston's deal to carve up U.S. banking becomes a reality.*

Leading with Citibank's brash invasion of the state of Maryland this month, the bank cartelization of the United States by the top ten megabanks is becoming a reality.

Maryland Gov. Harry Hughes, his arm still smarting from Wriston's hammerlock, told a shocked press March 7 that Citicorp will be allowed to open a full-service bank in the state, in return for bringing 1,000 jobs into the depressed Hagerstown area.

Citicorp is also expanding into Fairfax, Virginia and is obviously engaged in a major invasion of the entire Washington, D.C. area, hoping to dominate banking in the capital and all the Eastern United States.

Citicorp also announced on March 4 that it will attempt to buy the American State Bank of Rapid City, South Dakota, which would allow it to open a huge insurance business nationwide under South Dakota's state-chartered bank rules. Citicorp already operates a bank in Maine and S&Ls in California, Illinois, and Florida.

Behind the cartelization jump is a dirty deal cut by Merrill Lynch's Donald Regan, the U.S. Treasury Department, Citibank's Walter Wriston, his successor chairman John Reed, and Chase Manhattan's Willard Butcher to carve up the U.S. banking system for Dope, Inc.

In 1983, at the height of the Mexican and Brazilian debt crises, then Treasury Secretary Donald Regan convened a private meeting with IMF Director Jacques de Larosière, Wriston, Butcher, and the top 10 bankers. Regan's ostensible purpose was to get

the banks to lend new funds to those countries to avert a blowout before the 1984 election.

A "secret compact" was drawn up, my sources say, in which Citi, Chase, and the commercial banks were given regional "zones of expansion," fiefdoms into which, regardless of law or regulation, they would be allowed to expand and take over all banking activities. Citibank and Chase drew the Eastern seaboard.

In exchange, Regan got what he really wanted for Merrill Lynch and its friends at White Weld, American Express, and other investment banks. The commercial banks agreed to give investment banks expanded powers to enter the banking business.

Last year, the Treasury Department, one of the biggest strongholds of Dope, Inc. in the U.S. government, approved interstate bank cartelization when Comptroller C. Todd Conover announced that Citicorp, Chase, and other megabanks could set up over 200 "non-bank banks" in over a dozen states. Non-banks are normal banks except they are not supposed to take deposits—they do so anyway under numerous loopholes. As my Washington sources laughed at the time, "There is nothing 'non' about non-bank banks. They are banks."

On March 11, Conover got a boost when a Washington federal court ruled in his favor on a suit brought by the Independent Bankers of America against non-bank banks. The court ruled that Conover "correctly and within the jurisdiction of his office" may issue a charter to Colorado's Di-

mension Financial Corp. to operate a non-bank in Florida. By extension, the court gave carte blanche to Conover's 200 other pending interstate non-banks.

Now, Citicorp has forced its way into Maryland, by offering to build a huge credit-card processing center in the depressed Hagerstown area, desperate for jobs. In return, Governor Huges is allowing it to set up a complete New York-style bank, take deposits, and have branches anywhere in the state. Citicorp already has a non-bank, Citibank Maryland N.A., in Towson, Maryland.

The move blows to bits the 13-state "Southern Comfort Zone," the protected banking zone which the southeastern states from Florida to Maryland had hoped to set up, in which regional interstate banking would be allowed in a protected environment which would exclude the New York giants.

Under the new arrangement, Citicorp, alone, of all megabanks, would be allowed in to take "first pickings" in Maryland! The other states in the south may "decide to deal Maryland out" to avoid having Citibank at their door, William K. Weaver, executive Vice-president of the Maryland Bankers Association, said March 8. This "would have a devastating effect on us. If Governor Hughes brings Citicorp in here, we're dead," he concluded. Robert Tardio, chairman of Suburban Bancorp of Maryland, called Governor Hughes' deal "an appalling example of behind the scenes wheeling and dealing."

Citicorp, as reported here, also recently won a suit against regional banks in New England who had been trying to set up a New England area banking zone which would have excluded banks from other states. This leaves Citi free to move into New England proper.

# Business Briefs

## World Agriculture

### USDA issues revised world forecasts

The United States Department of Agriculture (USDA), notoriously "optimistic" in its forecasts, has revised upward its 1984-85 world wheat output projections to 513.5 million tons, according to a Feb. 11 estimate. The main increases, the department claims, are expected from Australia and Eastern Europe.

Total world grain output for 1984-85 is now forecast at 1.624 billion tons, with the internationally traded portion of this totalling 238.2 million tons. The total surplus stock is estimated to be 213 million tons at end of 1984-85. This compares with 1983-84 figures of 1.486 total grain production; 225.1 million tons traded; 186.2 million tons 'carried over,' i.e. in stockpile.

Soviet maize (corn) imports are up nearly 100% for this season to 17.9 million tons, nearly twice the 1983-84 figure of 9.5 million tons. This would put the U.S.S.R. well ahead of Japan as the world's largest corn importer. Japan will import 14.1 million tons. Both buy mainly from the United States, though Japan also buys from Thailand, and the U.S.S.R. from Argentina.

The European Community pattern has been to displace maize used for animal feed mixes with cheaper grain and imported cereal substitutes. Most imported maize is used for industrial processing. EC purchases of corn are expected to drop a further 700,000 tons to 4 million tons.

## Technology

### Economic spin-offs of SDI expected to increase

According to an article in the March 11 *Philadelphia Inquirer*, defense contractors and related firms view the Strategic Defense Initiative as an economic "cornucopia" which has the potential to provide thousands of jobs as well as government funds for research and development. The article quotes Maj. Peter Worden, a special assistant to SDI director Lt. Gen. James Abrahamson, who estimates that SDI contracts already

account for about 50,000 jobs. The figure is expected to increase to about 150,000 in the next five years.

These figures are more modest than those quoted by Defense Secretary Caspar Weinberger himself in testimony to Congress. He had suggested that about 35,000 jobs are created by every \$1 billion in defense purchases. According to the article, if Weinberger's formula is applied to the SDI program, it would suggest that as many as 129,500 jobs might be created by next year with the eventual total for the \$26 billion program far beyond that.

## Foreign Exchange

### BIS congressmen demand U.S. rein in dollar

Representative Connie Mack (R-Fla.) proposed on March 6 that the United States either join the European Monetary System or set up a similar international financial system dominated by the Swiss-based Bank for International Settlements (BIS), which would "regulate allowable fluctuations among the dollar and European currencies."

Mack's proposal took the form of a discussion at a House Budget Committee hearing with Fed chairman Paul Volcker, a BIS partisan, who replied that studies should immediately be made on "a consensus about managing the international monetary system."

Mack, a former banker, is part of a "new right" group of BIS congressmen led by Rep. Jack Kemp (R-N.Y.) who want to implement austerity here by having America cede national sovereignty to the central banks of the BIS. In a Jan. 14, 1982 press release, Kemp called for "the convening of an international conference like the Bretton Woods conference of 1944" to implement "U.S. support for a proposal by the chairman of the Bank for International Settlements, under which major central banks would coordinate monetary policy to stabilize the price of gold within an agreed range."

Kemp referred to the September 1981 speech at the International Monetary Fund's annual meeting by then-BIS President Jelle Zjilstra, who called for fixing exchange rates under "Bretton Woods-type arrangements" of "fixed but adjustable rates of exchange,"

which would be managed not by governments but by the BIS central banks. Zjilstra stated that the purpose of currency control was to enforce "harmonization of economic policies," i.e., force budget cuts upon the United States.

## Famine

### OTA proposes more starvation for Africa

A recent congressional Office of Technology Assessment report on food supplies for Africa ("Africa Tomorrow: Issues in Technology, Agriculture, and U.S. Foreign Aid," GPO no. 052-003-00984-6, Jan. 31, 1985) calls for more of the same enforced backwardness that has produced the current famine on the continent.

Prepared for Reps. Mickey Leland (D-Tex.) and Cooper Evans (R-Iowa), who, as one observer put it, "probably don't know what they're doing," the report calls for "low-risk, low-input" approaches to technologies for farming and transportation on the African continent, "suitable for the small farms, small businesses, and small incomes in Africa."

An OTA press report says, "The United States can contribute with appropriate agricultural education and research. However, many attempts to use U.S. agricultural technologies directly in African food production have been unsuccessful, because they generally are not suited to the needs of low-resource producers."

## Banking

### Bank cartelization wars beginning

New York's banking market is about to be divided up into two huge cartels—Citicorp and everyone else.

The chase is on between New York's Citicorp and the other eight largest New York banks as to who will dominate the city's 2.5 million consumer deposit accounts. Particularly desparate to grab some consumer business away from Citibank is Manufac-

turers Hanover, Citi's main competitor in the electronic banking business which has taken large losses recently and which Citicorp would like to see eliminated.

On March 6, eight banks including Manufacturers Hanover, Chase Manhattan, Chemical Bank, Marine Midland, and Britain's Barclay's Bank set up the New York Cash Exchange (NYCE), an automated bank-teller network which will allow anyone with an account at any member bank to make cash withdrawals and account information inquiries at the machine of any other bank on the network.

Leonard E. Malkins, vice-president at Manufacturers Hanover, is chairman of NYCE. More than 75 other banks in the New York, New Jersey, and Connecticut area have signed letters of intent to join the group, he said March 6. NYCE's founding banks operate more than 800 teller machines at 650 locations in New York. By the end of 1985, the group intends to service 3.5 million customers of 100 banks with 1,000 teller machines in the tri-state area.

## International Credit

### **U.S. financial firms expanding in Europe**

As part of the ongoing reorganization of U.S. banking, U.S. banks and brokerages generally are expanding massively in the Euro-bond and Eurodollar markets. This is the subject of a full-page *Wall Street Journal* feature, which notes that Bank of America is taking business away from British clearing banks, etc. "American firms finance trade and orchestrate mergers, acquisitions, and divestitures. They manage individual and institutional investment portfolios. They sponsor the bulk of Europe's venture-capital industry."

Donald C. Roth, chairman of Merrill Lynch in Europe, echoed the rationale of Henry Kissinger and others at American Express when they said they wanted AMEX to expand into Japan. London is part of a trio of world capitals with New York and Tokyo, he said, with the best time zone for "an increasingly global capital market. . . . This is the only place in the world with a favorable time zone and sophisticated communications where you can do business the same

day with every other financial center around the globe."

Europe's big banks created the \$230 billion Eurobond market, but in 1984, for the first time since the market took off in the 1970s, U.S. firms arranged the biggest bonds and four of the five top dealers are in the United States.

## The Invisible Hand

### **Chase tied to drug-laundering bank**

Officers of David Rockefeller's Chase Manhattan Bank were instrumental in setting-up the First Interamericas Bank, the bank shut down on March 1 by Panamanian authorities after the Drug Enforcement Administration discovered that it was laundering Colombian drug money.

The bank, whose major stockholders were known Colombian drug-traffickers Jorge Ochoa and Gilberto Rodriguez Orejuela, was chartered in 1973 by officers of Chase Manhattan, (on whose international board sits Henry Kissinger). The Chase Manhattan officers later passed it on to Ochoa and Rodriguez.

The founders of First Interamericas include: *Alberto Luzarrage B.*, at the time vice-president of Chase Manhattan, N.A. and now vice-president of *American Express*; *Burton A. Adams*, member of the U.S. law firm of Paul, Landis & Beiley, and president of the Interamerican Lawyer Federation; *Donald Burgess*, at the time a Chase Manhattan, N.A. vice-president, now president of *Florida International Bank*, and *Antonio Carpele*, an administrative assistant of Chase Manhattan, N.A.

In early March, the opposition daily *La Prensa* excerpted a chapter from the *Executive Intelligence Review* publication, *Narcotráfico, S.A.* on "The Cash Connection," drawn largely from a 1984 report of the White House's Organized Crime Investigating Commission, which details the role of the National Bank of Panama in the laundering of drug funds. *La Prensa's* story produced an immediate outcry from several banks including the National Bank, which is charging "disinformation," and "slander" with the intent of destroying Panama's off-shore banking center.

● **FARM PRICE** proposals by the European Community's agriculture commission for 1985-86 have met with strong opposition from the European Parliament. The opposition has declared that the program, a virtual price freeze with up to a 3.6% cut for grain producers, represents a "declaration of war on the farming community."

● **CITIBANK** is being drawn deeper into the London markets. Citicorp International, the European merchant bank of Citibank, acquired Secombe, Marshall & Campion PLC, a London discount house on Feb. 24 for \$7.65 million, making it the first non-British concern to control one of the Bank of England's nine agents in the U.K. money markets.

● **S&L REGULATORS** at the Federal Home Loan Bank Board are asking Congress to let them dun the S&Ls for an additional \$10 billion in interest payments for the FSLIC (their FDIC) since the S&LS are so bankrupt that their insurance fund is going under. The Board wants to charge 3,200 thrifts 1% of their assets of almost \$1 trillion, i.e., \$10 billion. The FSLIC's usable reserves dropped from \$6 billion to \$4.7 billion in 1984. FSLIC has plans to shore up the system which will cost S&LS so much money that many will just go under.

● **BRAZILIAN** Police Chief Paulo de Magalhaes Pinto has announced that the mop-up operation against the drug mafia launched on Feb. 27 succeeded in breaking up a band of 150. The surprise factor was decisive: "They underestimated the Brazilian police. They never imagined that they would see any kind of reaction by the government, given our few resources and the size of our territory."

## **Henry Kissinger and the calculated failure of U.S. policy in Asia**

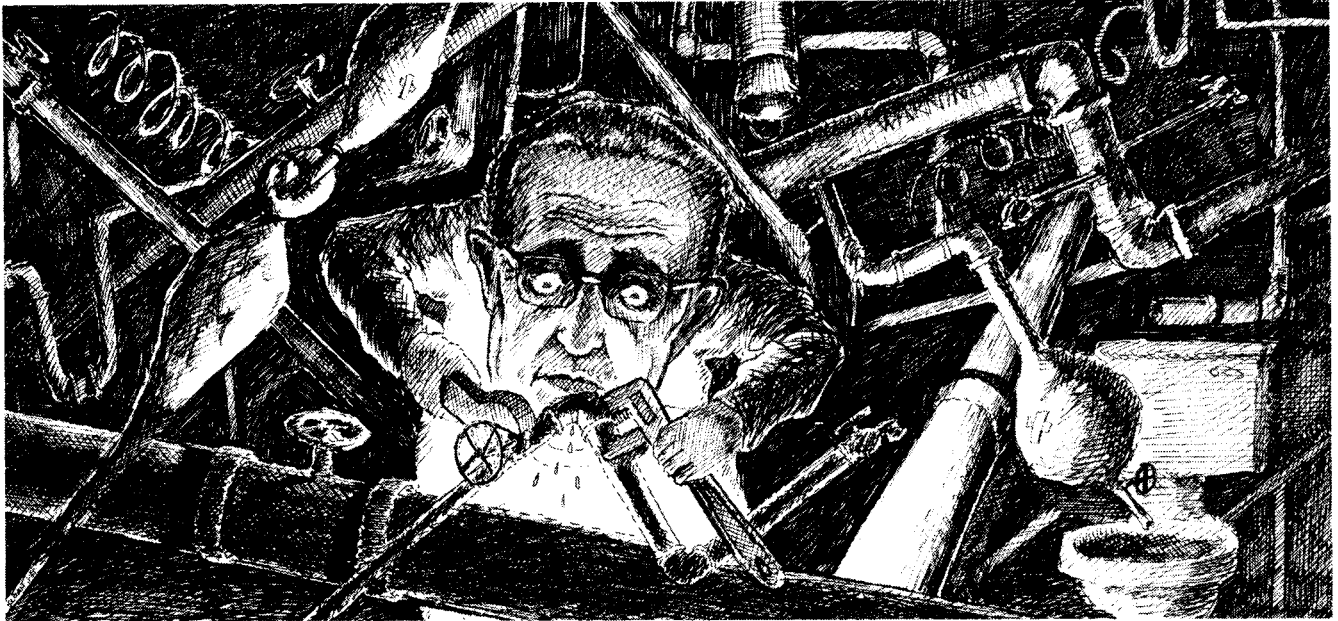
by Uwe Henke v. Parpart

In September of 1984 a new private organization to promote "Pacific cooperation" was launched at a White House reception attended by President Reagan, Vice-President Bush, and Secretary of State Shultz: the U.S. National Committee for Pacific Economic Cooperation. On the face of it, this seems a useful effort in a worthy cause, and if one reads a recent San Francisco address (Feb. 21, 1985) by Secretary Shultz to that same committee, the impression is that there could not be a more propitious time to give firm institutional expression to U.S. commitment to expansion of economic relations among the Pacific rim nations. According to Shultz, aside from the "Philippine problem" and certain forms of correctable Japanese misbehavior, all is well economically and otherwise in the Asia-Pacific region.

Two years ago there might have been some justification for such an argument. Today, as the survey articles below compiled from reports by *EIR* correspondents in Bangkok, New Delhi, New York, and Washington amply demonstrate, wishful talk of political stability, military security, and economic vitality in the Pacific basin is dangerous folly. Moreover, the deterioration on virtually all fronts documented by our correspondents, is in large measure due to Mr. Shultz's own State Department's policies, which in several cases, most notably Korea and the Philippines, are running counter to President Reagan's explicit policy directions. The newly formed Pacific Cooperation Committee will not contribute to a reversal of the past years' trends and policies. Credibility as a "U.S. National Committee" required a certain degree of ideological diversity and catch-all characters in the constitution of the group. Still, its leadership and most prominent members not only represent the same kind of thinking as that of the State Department bureaucracy; they are its principal designers and strongest proponents. The cumulative effect of their policies, contrary to stated purposes, is that we find the United States on the retreat and faced with imminent further devolution of its strategic position everywhere in the Asia and Pacific region.

There are two easily identifiable root causes for this situation, one of global, the other of more immediate regional significance.





First, globally, continued subordination of U.S. foreign economic policy to World Bank, International Monetary Fund (IMF), and associated banking-interest dictates prevents formulation and execution of a coherent economic development policy representing the mutual interest of the United States and its developing and developed sector partners. Exclusive emphasis on debt collection and production for short-term export gains at the expense of urgently needed infrastructure and in-depth agricultural and industrial development has produced a human catastrophe in Africa, economic disaster and political instability in Latin America, and is now predictably beginning to affect Asia in similar fashion. It is also dangerously distorting the export and industrial production structures of Japan, Western Europe, and the United States.

Second, in the absence of a coherently formulated policy to counter it, the consequences of the 1969 Kissinger/Nixon “Guam Doctrine”—withdrawal of U.S. military forces from Asia and assignment of security responsibility to surrogate states—are continuing to be played out, mainly in the form of *ad hoc* modifications of the Kissinger/Brzezinski “China Card” illusion, and even more threateningly undermine vital U.S. security interests and strategic positions in Southeast and Northeast Asia and the South Pacific.

### **The failure of economic policy**

The grave threat to U.S. national security resulting from U.S. abrogation of the conduct of its foreign economic policy to supranational banking institutions has been documented in the pages of this magazine on numerous occasions. Time and again the United States has come to the verge of or crossed

the line to military intervention or hurried redeployment in ill-founded efforts to stave off the worst political and security consequences of Zurich-, London-, and Wall Street-made financial and economic policies that can in no way be construed to represent any conceivable U.S. national interest. The ongoing devolution of the situation in the Philippines and the direct threat to essential U.S. military installations there is an obvious case in point. Still, IMF pressure on this long-standing U.S. ally is permitted to continue unabated and the State Department blames all on the “corrupt Marcos regime.”

Similarly, the political stability and security of Thailand, a friend and later ally of the United States since the time of King Rama IV and Abraham Lincoln, is presently threatened more severely by the consequences of last year’s 20% devaluation of the national currency, the baht—a measure highly recommended and applauded (but, of course[!], not imposed) by the World Bank and the State Department—than by the widely publicized danger of Vietnamese invasion of its northeastern provinces. However, if the baht devaluation produces Philippine-type circumstances of domestic turmoil and greatly weakens Thailand internally, a full-scale military conflict with Vietnam will become more likely, and along with it the possibility of high-risk U.S. military involvement. Arguably this is a worst-case scenario. But it brings into necessary focus the danger inherent in the misdirection of present U.S. global economic policy. Even if the worst does not come to pass, two reliable U.S. allies have been undermined and exposed to greater threat instead of being assisted—in our mutual interest—in their drive for economic advancement.

Gross economic policy failures have the consequence just described. However, economics is neither an independent nor the dominant variable of the overall strategy. Rather it functions as a kind of litmus test revealing the essentials of strategic purpose and method.

What then is U.S. Asia-Pacific strategy; what kind of philosophy (if any) and method is it based on; and why, despite all the growing talk of a “new Pacific era,” is the United States in a position of retreat—partly withdrawing on its own accord, partly being pushed out—from this crucial strategic arena?

### **Kissinger’s ‘Guam Doctrine’**

As indicated above, to find an answer to these questions, it is necessary to go back (at least for a first approximation) to the 1969-73 period and examine Henry Kissinger’s “Guam Doctrine” and “China Card” policies. But let the reader be assured that the reason for focusing on Kissinger’s policy design is not this writer’s regard for that former secretary of state’s (he rather likes to refer to himself as “minister”) intellectual and moral acumen. It is a sad and unfortunate necessity arising from the fact that the policies of this latter day self-styled “Fürst Metternich” have not been superceded by alternative Reagan administration policies and that he is able to refer to himself with impunity as “a friend of President Reagan’s and a friend and supporter of all his associates in the National Security area.” (Henry A. Kissinger, keynote speech to the 1983 Hong Kong Trade Fair Conference, Oct. 28, 1983, p.2). Thus the obvious message is conveyed: “I am not speaking in an official capacity, but I am in with the President and I can let you in on what U.S. policy really is.”

The so-called Guam Doctrine was first spelled out by President Nixon at a press briefing in Guam in July 1969. The essence of it, quoting from the *Congressional Record*, is this:

“The United States is going to encourage and has a right to expect that defense will be increasingly handled by, and the responsibility for it taken by, the Asian nations themselves. . . . [Military involvement and aid] will recede, [but economic aid] will be adequate to meet the challenge as it develops.” Implementation of the doctrine, overseen by Kissinger and his principal NSC aide Alexander Haig, took the form of propping up Lon Nol in Cambodia and of “Vietnamization” of the war in Vietnam—with the well-known results. But with U.S. military withdrawal from Southeast Asia, how was the regional “balance of power” to be maintained? Enter the “China Card.” After Mao’s 1964 break with the Soviet Union, the failed Chinese-inspired 1965 communist takeover attempt in Indonesia and the end of the turmoil of the “Cultural Revolution” (bringing with it the down-scaling of China’s Vietnam involvement) the P.R.C. began to look increasingly like the appropriate power with which to strike a deal, both as a global counterweight to the Soviet Union and for potential future regional policing functions.

First high-level musings of this kind apparently are due to Robert McNamara (cf. *Pentagon Papers*, New York 1971, p. 583). But it was Henry Kissinger, true to his 19th century role-models Metternich and Castlereagh, to whom the temptation of inaugurating a Pacific “balance of power”-game became too great to pass up, nevermind whether China was prepared or able to play on his terms: “The essence of statesmanship is to act on the basis of assessments you cannot prove true when you make them. When the scope of action is the greatest, the knowledge on which to base that action is at a minimum.” (1983 Hong Kong speech, p. 4).

Aside from his fascination with the opportunity of foisting upon a reluctant United States—“there has been and continues to be an enormous [American] reluctance to think in terms of power and in terms of geopolitics” (Hong Kong speech, p. 2)—his cherished Austro-British 19th-century foreign policy approach, Kissinger had a second reason for pursuing the China opening, a reason more directly implied by the Guam Doctrine of disguised retreat. Again emulating the aging, burnt-out Metternich, he is profoundly pessimistic and cynical about the future role of the United States in the world political arena. The United States since the end of World War II has lost much of its internal strength and vitality and irrevocably declined, both in absolute and relative terms, as a world power. Concomitantly, the “American System” of economic development and republicanism has lost its attraction as a model for development in most of the world. Under these dismal but allegedly real circumstances, all we can do is cut our losses and retreat to the status of a hemispheric power, leaving in our wake (as an optimal outcome) a complex protective “balance of power” arrangement which only a statesman of the quality of a Metternich, Palmerston or Bismarck, or, of course, a Henry Kissinger can administer. And nevermind the morality of such a course of action. In foreign policy moral commitments only interfere with the efficient execution of the “balance of power” game. Most deplorably there are still groups in America who “think that relations amongst peoples and amongst states are like relations amongst individuals and that there is some impartial jury that judges the moral merit of our actions. . . . Some people are arguing that we have lost our moral advantage in the world. If we had such an advantage that could be translated into operational policy, I confess it was well hidden from me. . . .” (Hong Kong speech, p. 2-3).

Such are the principles and methods of Mr. Kissinger’s foreign-policy approach and the premises on which the “China Card” policy as the keystone of U.S. Asia-Pacific strategy is based. With some minor qualifications, they are shared by most of the present State Department bureaucracy and emphatically endorsed by the majority of the State Department’s academic and “consultants” entourage, i.e., the leadership body of the new Pacific Cooperation Committee.

In the first 18 pages of Kissinger’s 1983 Hong Kong speech concerned with foreign policy and security matters, I

counted eight occurrences each of the term “balance” (of power) and “equilibrium.” In addition, there are “center of gravity,” “frictions,” “[military] machines,” etc.—and one might also recall other terms such as “linkage” and “destabilization” which Kissinger made famous. And if the reader should be inclined to think that Kissinger stands alone with his preference for Newtonian mechanics-vocabulary in policy analysis, I invite him to do a word count of a recent authoritative reader on *The Future of U.S.-China Relations* (John Bryan Starr, ed., New York and London, 1984), featuring an all-star cast of U.S. China and Asia experts.

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*I imagine Kissinger standing in front of a world map with various size scales drawn in—large scales, small scales, with all sorts of weird, complex mechanical linkages—carefully distributing weights on each, probabilistically assigned, anxiously watching whether equilibrium is attained. And if something goes out of whack? Well, pull a lever, drop a country, destabilize another—some things must be off-balance for everything to be in balance.*

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Trained as a physicist with some knowledge of the history of science, I am reminded of Maxwell’s nightmarish attempt to model the dynamics of the electromagnetic field with the oddest collection and assembly of mechanical devices and linkages. Only reduction of electromagnetic field action to a strictly mechanical system was to count as a satisfactory explanation.

And so it is with the worldview of Mr. Kissinger. Utterly unable to discover a soul in himself, he cynically derides “those who think foreign policy is a subdivision of psychiatry and others who believe that foreign policy is a subdivision of theology.” (Hong Kong speech, p. 2). I imagine the man standing in front of a world map with various size scales drawn in—large scales, intermediate-size scales, small scales, with all sorts of weird, complex mechanical linkages—carefully distributing weights on each, probabilistically assigned, anxiously watching whether equilibrium is attained. And if something goes out of whack? Well, pull a lever, drop a country, destabilize another—some things must be off-bal-

ance for everything to be in balance overall.

This evil little plumber in the employ of David Rockefeller and American Express and dedicated to their greater purpose has been in charge of American foreign policy, either *ex officio* or in an unofficial capacity for the last decade and a half. It should not come as a surprise that some things have gone frightfully wrong in that period. We shall now survey some specifics of the Asia-Pacific region.

### **The ‘China Card,’ Vietnam, and Cambodia**

Let us assume for the time being that a principal purpose of the “China Card” policy was to enlist Chinese support in denying the Soviet Union added strategic access to Asian Pacific regions in the face of the U.S. military disengagement mandated by the Guam Doctrine. (Caveat: In light of Kissinger’s “New Yalta” propensities of negotiating with the Soviet Union “equitable” worldwide spheres of influence, this may be a chancy assumption.)

Then consider the following sequence of events leading to the present situation of massively increased Soviet military presence (including major naval and air base facilities) in the Pacific—with the Soviet Pacific Fleet having grown into the largest component of the Soviet Navy.

1) April 1975—Fall of Saigon—the predictable result of the Guam Doctrine-derived “Vietnamization” and Kissinger’s Nobel Peace Prize-winning 1972-73 Paris performance.

2) July 1977—Vietnam-Laos Treaty of Friendship and Cooperation (a Vietnam-Soviet initiative).

3) December 1977—China-Japan \$20 billion trade agreement (a Chinese initiative).

4) July 1978—Vietnam joins Comecon (a Soviet initiative).

5) August 1978—China-Japan peace treaty, including “anti-hegemony” clause (a Chinese initiative).

6) November 1978—Vietnam-U.S.S.R. Treaty of Friendship (with major military implications—a Soviet initiative).

7) December 1978—China-U.S. diplomatic relations (a Chinese initiative).

8) December 1978—Vietnamese invasion of Cambodia. Ouster of China-supported Pol Pot regime (a Vietnamese-Soviet initiative).

9) February 1979—Chinese attack on Vietnam, immediately after Deng’s return from the United States (a Chinese initiative).

10) Vietnam grants Soviet fleet access to Cam Ranh Bay (a Soviet response).

(Tabulation in part drawn from Bernard K. Gordon’s contribution to *The Future of U.S.-China Relations*, pp. 122-23.)

The record shows not a single significant U.S. initiative in the entire period. The only one playing any “card” was the P.R.C. playing the “U.S. card” vis-à-vis Vietnam and Japan (to the extent that Japan would not have agreed to diplomatic

and trade relations with China without U.S. assent). The Vietnam War was a defeat and a set-back for the United States. But its presently evident major strategic consequences were by no means the inevitable result of the 1973-75 Indochina events. It was the "China Card" illusion that compounded the 1975 failure, leading to the present circumstances. And to the extent that it remains the magical key-stone of U.S. policy in the area, it prevents any constructive U.S. initiative in *the U.S. national interest* in the region.

A sober evaluation of U.S. policy opportunities with regard to Indochina and Southeast Asia, unperplexed by fears of Chinese rebuff and blackmail (cf. ongoing high-level Chinese negotiations with the Soviets), would indicate the following: Since the summer of 1984 and a major Le Duan address to the Central Committee on domestic and foreign policy (followed by Le Duan's visit to India) there is evidence that the Vietnamese have settled several internal disputes and have embarked on a firm course of domestic economic reconstruction. There are indications as well that they realize that this will be possible only in an improved foreign policy environment, implying the need, in particular, of moving in the direction of a regionally and globally acceptable Cambodia settlement. In this context, Vietnamese Foreign Minister Nguyen Co Thach has stated recently that he would welcome a higher-profile U.S. role in the region. A certain recent flexibility on the MIA issue underlines the point. Of course, such talk can be dismissed as merely tactical and deceptive. But what prevents the United States from exploring this opportunity *in its own interest* of perhaps arresting (if not reversing) further Soviet gains in Southeast Asia? As in 1975, the answer is: the "China Card." The P.R.C., for its own reasons, is firmly committed to its alliance with the Khmer Rouge (Pol Pot) forces in Cambodia, and for fear of negative Chinese reactions on other fronts, the United States will not rock the boat. In the meantime, Thailand, not able to count firmly on a U.S. regional commitment, is drawn closer into the Chinese orbit, in turn causing grave difficulties in the ASEAN alliance.

The policy recommendation at this point should be an obvious one: In the U.S. national interest, let us explore whether the Vietnamese overtures have a solid core and let us ask at the same time whether the U.S.-Chinese relation is based on something more than mutual blackmail. There is nothing to lose but dangerous illusions. And at least to this writer, it is inconceivable that, both in the light of longer-term Asian history and almost 45 years of Vietnamese resistance to foreign (Japanese, French, U.S.) domination, Vietnam is now simply content with becoming a Soviet satrapy.

### **China, Japan, and the United States**

Kissinger-type "balance of power" practioners are mesmerized by China's size and mystified by Japan's economic success and political purpose. Thus, they latch onto the former, unseen and uncomprehended, and try to bully the latter

into conforming to their mechanistic strategy-game. But if we resolutely abandoned that immoral and destructive (to all) Newtonian balance and levers policy approach, U.S. relations with neither of these two great Asian nations need be overly complicated or difficult. Since there is no room here for more detailed historical analysis, I will discuss the matter only in the form of some brief policy recommendations. China's problems are obvious: A large and growing, mainly poor peasant population, no infrastructure to speak of to facilitate rapid industrialization, and as a result of the "Great Cultural Revolution" insanity, only the thinnest layer of skilled manpower and of an educated, technical, scientific, and managerial elite. Japan's problems—and we will focus on these rather than joining the chorus of the "Japan as number one" crowd—are equally straightforward. After successful and, in terms of industrial structure, properly executed postwar reconstruction, Japan in the 1970s and '80s has been increasingly forced into the role of a consumer goods (automobiles, electronic gadgets) exporter to the *advanced-sector* nations and at the same time, become increasingly insecure regarding its raw materials and energy supplies. This is directly the outcome of post-1971 U.S.-supported IMF and World Bank policies toward the developing-sector nations, ever more restricting "Third World" capital goods demand, or rather import ability. Japan is forced into the advanced-sector consumer goods market, its industrial structure is increasingly distorted in that direction, and then we turn around and complain about it! And the Japanese know full well what is happening, resent it, but at least in fundamental terms, don't buck it.

But now consider China from the standpoint of its real needs, and not from the standpoint of the mutually destructive "China Card" idiocy.

China needs first and foremost infrastructure. Japan and the United States should collaborate to supply it on a large scale. China needs industry. Japan and the United States should supply the capital goods to build it. Such U.S.-Japan collaboration not only with regard to China, but encompassing Southeast Asia including Indochina, is the proper basis for U.S. Pacific policy. Failing this, China, under the weight of its population pressure and with the future consequences of the inverted population pyramid resulting from its insane and abhorrent present population policy, will once again internally collapse. Chinese history will replay itself, but this time with the gravest worldwide consequences.

**Postscript:** I suspect that the U.S. National Committee for Pacific Economic Cooperation has a different policy vision. Why not dispatch a retired Lee Kwan Yue economic adviser to Peking and turn all of China, or at least its coastal cities, into a great Singapore? Several hundred million Chinese could then one day compete with the Koreans, Thais, the Japanese, and whomever else for the U.S. textile and consumer electronics market. If the dollar continues to go up, we should have no trouble affording all of it.

# U.S. 'malign neglect' of ASEAN allies opens the way for Soviet domination

by Linda de Hoyos

In a speech to the Hong Kong Trade Fair in October 1983, Henry Kissinger reaffirmed his commitment to a strong alliance with the People's Republic of China as the pivot of U.S. policy in the area. He then made the following remarkable statement: "Southeast Asia has, as far as the United States is concerned, governments that are neither allies nor are they—considered strictly—countries with which we have a very friendly relationship." The evaluation was made just two weeks before it was announced that President Reagan would forego his scheduled visits to the Philippines, Thailand, and Indonesia, and visit only Japan and South Korea on his early November trip to Asia.

There is no reason in the world of the sane why the United States should eschew its relationship to the countries of the Association of Southeast Asian Nations (ASEAN, comprised of Thailand, Philippines, Malaysia, Indonesia, Singapore, and now Brunei). The ASEAN countries, which have registered a continuing healthy economic growth rate over the 1980s, with the exception of the Philippines, are staunch allies of the United States and strongly want their relationship to Washington to improve. Kissinger's assertion of American neutrality toward ASEAN, however, as the events of the past year have borne out, was a signal of a shift in U.S. State Department policy: The United States is bowing out of Southeast Asia, leaving the region as a sphere of influence to China. The blackmail chip for this policy—a policy which all but Singapore would resist—is the Soviet military buildup in Cam Ranh Bay.

In the spring of 1984, then U.S. ambassador to the United Nations Jeane Kirkpatrick made a trip to Bangkok, where she declared that China, not the United States, should be the security guarantor of Thailand. In July 1984, Secretary of State George Shultz furthered the shift in a speech before the ASEAN foreign ministers meeting. Attempting to calm ASEAN fears of growing U.S.-China military cooperation, Shultz noted that the U.S. "military relationship with China is in its early stages and focuses on defensive matters and does not pose a danger." Then, Shultz uttered this inanity: "Our relations with the ASEAN countries are the cornerstone of our policy in Southeast Asia."

By the time of Vietnam's offensive on the Thai-Cambo-

dian border in December 1984, it was clear what the shift was leading to. Speaking at a Singapore conference on security on Jan. 17, Kissinger colleague Elliott Richardson, a former defense secretary, urged ASEAN to take on a "bigger role in maintaining regional security." ASEAN, he said, can deal effectively enough with regional disputes and ensure that the superpowers, China, and Japan do not get dragged into Southeast Asia.

On his own visit to Asia in January, Kissinger visited only two countries—the Confucian states of Singapore and Hong Kong, making only a two-hour stopover at the Bangkok airport. To the fact that Vietnam was now banging loudly at Thailand's door, Kissinger responded that the U.S. bases in the Philippines were all that anyone needed for security—that is, no assurance at all.

In February, the United States turned a deaf ear to ASEAN calls for international aid to the Khmer rebels, whose headquarters were being systematically knocked out by the Vietnamese. On Feb. 26, Undersecretary of State Paul Wolfowitz went to Peking to discuss the regional military situation. He then went to Jakarta where he attempted to impress upon President Suharto that the Chinese have changed, with their new-found turn toward capitalism, and want to be friends with their neighbors.

After Wolfowitz and his counterpart in the Defense Department, Richard Armitage, had made a quick trip to Bangkok earlier in February, a high-level Thai military officer told *EIR*: "We know the United States is not interested in this area. The U.S. is withdrawing from the region. The only thing we can do is stick together." Looking at the map from Bangkok to Tokyo, a Thai intelligence source waved his hand in disgust: "The worst thing is what is happening in South Korea," he said, referring to the Feb. 8 hubbub around the return of opposition leader Kim Dae Jung. "How could the U.S. let this happen? You work with a friend and the friend turns into an enemy." The source reported a lack of cooperation from the United States on all matters, even counterintelligence on terrorism.

The concern of the ASEAN countries is not strictly military. More importantly, the United States has displayed a policy of malign neglect toward the region's economic growth.

After Shultz's speech praising free enterprise at the ASEAN foreign ministers meeting in July, the U.S. Commerce Department in August closed the loopholes in the textile quota system, wounding the economies of Malaysia, Taiwan, Indonesia, and Thailand.

One by one, the ASEAN countries are being thrown into the barrel. First was the Philippines, now undergoing full-scale destabilization; next is Thailand, where the International Monetary Fund has managed a 30% devaluation of the currency; then Indonesia, where the drop in oil prices is threatening the economy and communist-directed Islamic insurgents have begun a terror campaign; and London outlets such as the *Financial Times* are beginning to moot the eventual upset of the Mahathir government in Malaysia. Only in Chinese-dominated Singapore, run by Kissinger pal Lee Kuan Yew, does stability appear to reign.

### **Military implications of economic policy**

In November, the International Monetary Fund, with the cooperation of the Thai finance ministry under Sommai Hoontrakul and Wharton School disciple Virapongsa Ramangkura of the National Economic and Social Development Board, forced through a floating devaluation of the Thai baht. At the time, *EIR* warned that the devaluation, unnecessary by any normal standards, would begin a process of social unrest in the country and have grave effects on the country's military preparedness.

Those projections have been borne out. The baht has fallen from 23 to 30 per dollar, well past the 28 baht benchmark. Government funds created to soften the blow have already dried up. Hardest hit have been farmers. Thailand is the world's largest rice exporter, and the devaluation pushed the rice price through the floor, leaving the Hong Kong and Singapore middlemen to enjoy far greater profit margins. In January, farmers led by the opposition Chat Thai businessmen's party rallied in the streets in protest, but to no avail. The cost of imported goods, especially fuel, has also risen, producing strikes of transport workers in the cities.

The devaluation was but the opening shot in a campaign to re-vector the Thai economy away from industrialization toward a service-based, export-oriented economy—exactly the process that has been imposed on the now-collapsing economies of Ibero-America. On Jan. 17, Finance Minister Sommai announced that the Sixth Five Year Plan would concentrate on maintaining financial stability and decentralization, with a new emphasis on “quality rather than quantity.” The goal of the Five Year Plan, to be launched in October 1986, will be to bring down the country's external debt service ratio from its current 20% of foreign-exchange earnings to 9%.

The Council of Economic Ministers approved the creation of a high-level committee dedicated to correcting the trade deficit with Japan through a new emphasis on exports. Reducing the trade deficit is also the focus of the third “struc-

tural adjustment loan” Thailand received in early February from the World Bank. The Bank makes the loans, in the range of \$175.5 million, contingent on carrying out “reforms” demanded by the Bank in its characteristic violations of national sovereignty. This is Thailand's third “structural adjustment” loan. The first concentrated on the elimination of export taxation, improvement of “incentives” in agriculture, and changing of land-use policy. The second focused on forcing changes in government management. The World Bank carried out a similar campaign in the Philippines; today, World Bank and IMF officials, not Filipinos, collect the country's taxes.

The government has also announced that it will prepare a “zero-plus” budget for 1986. That means a zero-growth budget with certain exceptions, such as debt service. Finance Minister Sommai has also formed a “debt committee” which will pass judgment on any new projects begun by other ministries—a body modeled on the bankers' Emergency Financial Review Board in New York City. The budget and the debt committee are expected to have the most damaging impact on the country's infrastructural projects—those projects that would have greatest impact on increasing economic productivity and vectoring the economy toward industrialization. It could halt plans for an eastern seaboard development project and also for the construction of the Kra Canal, the latter project a pet peeve of Henry Kissinger.

Accompanying this emphasis on a (cheap) exports orientation, the NESDB of Virapongsa has announced that it is going to concentrate on “human resources development.” This phrase was the watchword emerging from the recent round of Pacific Economic Basin conferences, organized by George Shultz et al. in Southeast Asia. It is code for pooling cheap, unskilled labor for foreign investors.

There is furthermore the danger that certain interests in Japan may promote the same kind of orientation. A delegation from the Keidanren, the leading Japanese economic association, came to Bangkok in February and argued that Thailand should focus on services and exports of agricultural goods. The message was: Thailand has missed the boat on full-scale industrialization, and should concentrate on exporting what it has.

The devaluation, and the whole basket of measures accompanying it, have placed Thai security in jeopardy—both in the long and short term. First, it has turned the population and many of the political parties against the government of Prime Minister Prem Tinasulomond, creating a growing government crisis. With no party putting forward a clear conception of how to deal with the economic and social crisis, it has reopened the possibility that the military will lose patience and step in directly.

The devaluation has hit the military hard, reducing the budget by close to 33%, given that the key component of that budget, the purchase of military equipment, involves sales from abroad, mostly the United States. The devaluation oc-



curred only one month before the Vietnamese offensive on the Thai border, the most serious since the 1979 Vietnam invasion of Cambodia.

The devaluation has also nearly scrapped any possibility that Thailand will buy the F-16A jet-fighter from the United States. Thailand had finally won approval in September for the jet, which would match the MiG-23s placed at Cam Ranh Bay in November. The Thai Air Force announced on Feb. 22 that given the situation on the border, it was willing to slash other areas of the military budget in order to acquire the F-16.

But assuming Thailand is able to weather the current Vietnamese onslaught on its border, the most serious implications on security of the Thai baht devaluation are long-term. The process of development that alone can maintain a country's stability has been decreed stopped, at a point when U.S. economic and military interest in the region are at an all-time low. Control of the country's finances has been seized by the Thai equivalent of U.S. Federal Reserve Chairman Paul Volcker. The process thus launched has made Thailand all the more vulnerable to Soviet-backed insurgent and Vietnamese pressure.

As Kissinger and company could only have anticipated, in the last month, major steps have been taken to bring Thailand closer under China's wing. In the first week of March, Chinese President Li Xiannan arrived in Bangkok for a five-day stay heading an official delegation of 70 people, and another 25 unofficial participants. Purpose: business.

The same week, the Chinese deputy defense minister arrived in Thailand to confer with the Thai military on counter-operations to Vietnam on the border.

### **Philippines: calculated failure**

"The original justification for the maintenance of the Philippine bases has now been extensively undermined," declared the liberal *éminence grise* George Kennan in 1977 in spinning out the implications of Henry Kissinger's "Guam Doctrine." "The American response to the situation that now exists should be, surely, the immediate, complete, resolute, and wordless withdrawal of the facilities and equipment they contain, leaving to the Philippine government the real estate and only that."

Kennan's statement, given his considerable influence on foreign policymaking, prompts the question: Is it possible that the possible removal of the U.S. bases from the Philippines, instead of being the result of the overthrow of the Marcos government by the most radical of the opposition, is itself an objective of certain factions in the United States?

There is no question but that the White House and the State Department have different policies toward the Philippines and its government right now. In his second television debate on Oct. 21, President Reagan stated his firm support for President Marcos, whose government is under siege by forces controlled by the same apparatus in the United States

that overturned the Shah of Iran, led by Princeton University Prof. Richard Falk, former Attorney General Ramsey Clark, the Jesuit order's Theologians of Liberation, and the Soviet-dominated World Council of Churches. It is this gang that is behind the most radical opposition, led by Agapito Aquino and José Diokno, which is demanding the removal of the U.S. bases.

The next day, the State Department, whose policy toward the Philippines is handled by former ambassador to Manila Michael Armacost, challenged the Marcos government to carry out democratic reforms. This specifically included the prosecution of Chief of Staff of the Armed Forces Gen. Fabian Ver for his alleged involvement in the murder of opposition leader Benigno Aquino.

The State Department wants a smooth transition from the Marcos regime and says it is looking toward building a credible "democratic" opposition. At the same time, the U.S. is backing up the takeover of the country by the International Monetary Fund. For more than a year, the Fund has held the Filipino economy hostage, as its commercial creditors refused to lend unless the Marcos government won the IMF seal of approval. The signs of anti-Marcos demonstrators in Manila read: "Down with the U.S.-IMF-Marcos dictatorship."

Step by step, the World Bank and the Fund have taken over full direction of the economy. The Fund demanded that Marcos break up the sugar cartel that held the floor under sugar prices. This was done, with the result that sugar prices were forced to 25% of the cost of production. This policy was forced upon the Philippines in order to raise foreign exchange to pay the debt. Wealthier farmers are attempting to diversify into other crops, but many, driven out of business, are joining up with the New Peoples' Army, the communist guerrilla force that is making significant inroads, especially on the island of Mindanao.

Among the funders of the NPA, reports an official at the Wharton School branch in Washington, are the multinationals, who give money for "protection." This is indicative of an on-going process: The Filipino "cronies" of President Marcos are being cleaned out, while other foreign investors, among them Swiss companies, are coming in to buy up the Filipino economy at rock-bottom prices.

The World Bank projects that the Filipino economy will not rebound back to pre-1983 levels until sometime into the 21st century. This would be the result if the Philippines follows the prescriptions of the World Bank's "structural readjustment." This is a recipe for social chaos and devolution. In this regard, the Philippines shows the road for all of ASEAN if the United States does not immediately stop upholding the genocidal policies of the IMF. For the financial interests behind the World Bank and the IMF, the need to remove U.S. bases follows from the fact that in the next decades, Soviet, not U.S. military might will enforce the looting of Asia, because the United States is supposed to get its turn in the barrel as well.

# ANZUS treaty wrecked in bid to oust United States from Pacific

by David Hammer

Since the Aug. 21, 1983, assassination of Benigno Aquino at Manila airport, the United States bases at Clark Field and Subic Bay have been jeopardized by a growing insurgency attacking the "Marcos-U.S. dictatorship." At least since the fall of 1983, it is known, the State Department has been seeking alternative sites for the bases, an objective that has become more and more difficult. In the past two years, a nuclear disarmament movement has run amok on the island territories between Hawaii and the Philippines that provide the U.S. with crucial military installations.

A related campaign coordinated by the British Commonwealth of Lord Peter Carrington has succeeded in destroying the ANZUS treaty between the United States, New Zealand, and Australia.

Viewing the map from Hawaii to the Philippines, the conclusion must be drawn that the United States is being backed out—step by step—of the South Pacific. As the accompanying map and caption show, if the current trend continues, the United States will soon become completely vulnerable on its Pacific flank.

On March 4, the Australian Labour Party government of Robert Hawke announced that it was indefinitely postponing the annual meeting of the ANZUS pact. The ANZUS treaty is a "dead letter," Hawke declared from Canberra, since the crisis precipitated by New Zealand's refusal to allow port-of-call to a U.S. warship. The New Zealand government of Labourite David Lange was elected on the platform of banning all nuclear-carrying and/or nuclear-fueled ships from New Zealand. The United States does not specify whether a ship is nuclear or not. When the United States asked that the USS Buchanan take port in New Zealand, the Lange government refused.

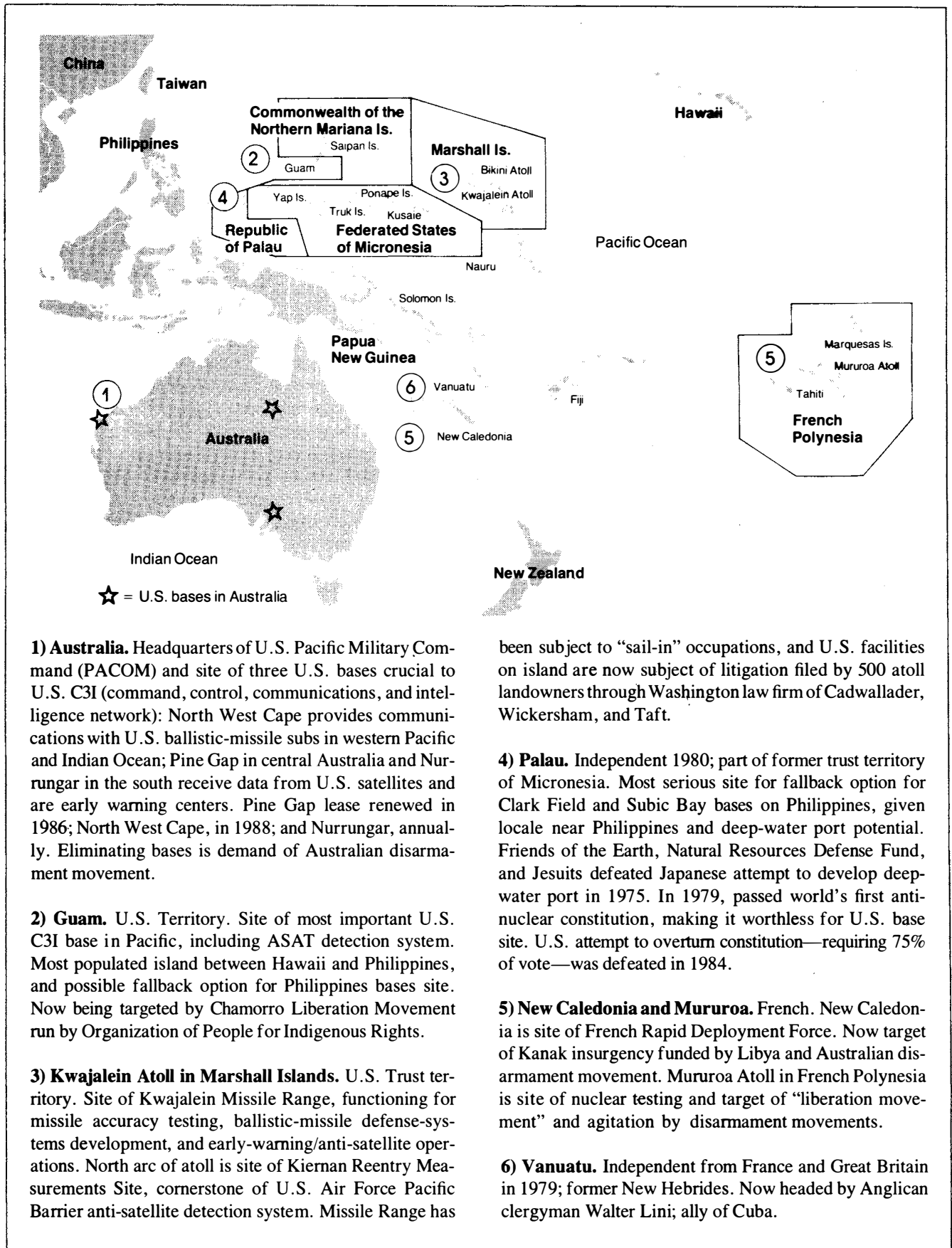
For the Lange government, the rejection of nuclear-powered or nuclear-carrying ships is the first shot in creating a "nuclear-free South Pacific." The idea was endorsed in July in a meeting of the South Pacific Forum, composed of Australia, New Zealand, Fiji, and 11 other islands of the Pacific. And in 1980, the island of Palau, just east of the Philippines, upheld its "anti-nuclear constitution," adopted in 1980, against attempts by the United States to create a Free Compact Association.

Yet, amid all the noise against the United States, there has been no word about the Soviet military buildup in the Pacific, especially since 1975. There are now four submarines with nuclear warheads at Cam Ranh Bay, and at least 16 MiG-23s. In the past five months, the Soviets have furthermore lobbed test nuclear missiles into the South Pacific, issuing warnings to ships to clear out. The attitude toward the Soviet buildup is exemplified by Walden Bello, head of the Pacific Resources Center in Washington, D.C., which has had major input into the disarmament drive in the Pacific: "Far from being the aggressive threat described by American military apologists, the Soviet military machine in the Pacific is weak and vulnerable."

The same stance was taken by New Zealand Prime Minister Lange in justifying his government's refusal to grant port-of-call to U.S. ships: "There is no sense in inviting these ships into waters where no imbalance exists, to deter an enemy that does not exist." Instead, Lange lashed out at U.S. countermeasures: "To force a country to accept nuclear weapons against its will is to take the moral position of totalitarianism!"

The ANZUS treaty was created in 1951 at the request of New Zealand and Australia who wanted protection from the United States in the wake of Great Britain's military withdrawal from the region. The destruction of ANZUS has been fostered by the Commonwealth forces centered around former British Foreign Minister and Kissinger Associates board member, Lord Peter Carrington, now NATO secretary general, that are in the process of carrying out a New Yalta deal with the Soviet Union. No sooner had the Australian and New Zealand governments' shown the United States the door, than Australian Foreign Minister Bill Hayden announced March 4 that Soviet Deputy Foreign Minister Mikhail Kapitsa had accepted his invitation to visit Canberra this month.

The effective end of the ANZUS treaty has broken the dam in the South Pacific. Without a clear-cut reversal of current U.S. foreign policy—Secretary of State George Shultz reportedly asked Hawke to cancel the ANZUS meeting—there is no obstacle to the actual creation of a "nuclear-free Pacific"—that is to say, the ceding of the region to Soviet military power.



**1) Australia.** Headquarters of U.S. Pacific Military Command (PACOM) and site of three U.S. bases crucial to U.S. C3I (command, control, communications, and intelligence network): North West Cape provides communications with U.S. ballistic-missile subs in western Pacific and Indian Ocean; Pine Gap in central Australia and Nurrungar in the south receive data from U.S. satellites and are early warning centers. Pine Gap lease renewed in 1986; North West Cape, in 1988; and Nurrungar, annually. Eliminating bases is demand of Australian disarmament movement.

**2) Guam.** U.S. Territory. Site of most important U.S. C3I base in Pacific, including ASAT detection system. Most populated island between Hawaii and Philippines, and possible fallback option for Philippines bases site. Now being targeted by Chamorro Liberation Movement run by Organization of People for Indigenous Rights.

**3) Kwajalein Atoll in Marshall Islands.** U.S. Trust territory. Site of Kwajalein Missile Range, functioning for missile accuracy testing, ballistic-missile defense-systems development, and early-warning/anti-satellite operations. North arc of atoll is site of Kiernan Reentry Measurements Site, cornerstone of U.S. Air Force Pacific Barrier anti-satellite detection system. Missile Range has

been subject to "sail-in" occupations, and U.S. facilities on island are now subject of litigation filed by 500 atoll landowners through Washington law firm of Cadwallader, Wickersham, and Taft.

**4) Palau.** Independent 1980; part of former trust territory of Micronesia. Most serious site for fallback option for Clark Field and Subic Bay bases on Philippines, given locale near Philippines and deep-water port potential. Friends of the Earth, Natural Resources Defense Fund, and Jesuits defeated Japanese attempt to develop deep-water port in 1975. In 1979, passed world's first anti-nuclear constitution, making it worthless for U.S. base site. U.S. attempt to overturn constitution—requiring 75% of vote—was defeated in 1984.

**5) New Caledonia and Mururoa.** French. New Caledonia is site of French Rapid Deployment Force. Now target of Kanak insurgency funded by Libya and Australian disarmament movement. Mururoa Atoll in French Polynesia is site of nuclear testing and target of "liberation movement" and agitation by disarmament movements.

**6) Vanuatu.** Independent from France and Great Britain in 1979; former New Hebrides. Now headed by Anglican clergyman Walter Lini; ally of Cuba.

## The Pacific Green movement

The breaking of ANZUS is the test case for decoupling from the United States for Western Europe and Japan, and according to its promoters, is designed to escalate anti-nuclear pressure especially in Belgium and The Netherlands, and in Japan, whose government also takes an official stand against the porting of nuclear-fueled and/or carrying ships.

The Pacific anti-nuclear movement is not some indigenous operation which spontaneously sprung up among the local peoples, but the Pacific extension of the same Green-Socialist International operation which is running the Soviet-directed terror campaign against the United States in Western Europe. The headquarters for the operation are New York, Stockholm, and Boston, with regional command posts in New Zealand and Australia.

The overriding policy direction is supplied by the Pugwash Movement, established in 1955 as the back-channel between the British and European "families" and the Soviet leadership, which has since acted as the "brains" handing down strategic doctrine to the U.S. "muscle." Especially active in the Pacific are the Pugwash spinoffs, the Stockholm International Peace Research Institute (SIPRI) and the International Peace Research Association. From these organizations, policy is transmitted to the Labour Party governments of New Zealand's David Lange and Australia's Robert Hawke.

The implementation of the policy is placed in the hands of those best qualified to carry it out—the churches, whose missionaries have dominated the Pacific for over two centuries. As Rev. David Williams, missionary to the area and author of the Pacific Council of Churches *Anti-Nuclear Primer* noted: "Every Pacific Island leader is a church man. . . . The churches are strong throughout the Pacific and invariably you find church people involved [in anti-nuclear, independence work] whatever they are called." Or, as Herbert Feith of the Victorian Peace Studies Association in Australia reports: "In all of our rallies, there is a very important religious element. We have these very large Palm Sunday rallies down here. The services are held in a large cathedral and we move from there to the [disarmament] rally."

The overseer for organizing the disarmament movement under this religious guise is the Soviet front group, the World Council of Churches (WCC), which is officially composed of the Protestant churches of the West and the Russian Orthodox Church. Based in Geneva, the World Council of Churches has been a major international propaganda outlet for the Soviet demand that the United States halt President Reagan's Strategic Defense Initiative.

Concerning the Pacific, the WCC has passed a resolution on alleged "threats to the indigenous Pacific cultural identities" posed by U.S. military facilities on the islands, and intervened, often through its Churches Commission on International Affairs, to support insurgencies in New Caledonia, East Timor, and other islands.

Under the WCC are the various national councils of churches and the Pacific Council of Churches (PCC). The PCC kicked off the disarmament movement in the Pacific in 1969 with a march in Suva organized by churches, trade unions, the Pacific Theological College and University of South Pacific students. In 1974, the PCC executive committee passed resolutions opposing nuclear testing and the testing of missiles and declared itself in favor of a nuclear-free zone in the Pacific. The first Nuclear-Free Pacific Conference was held in 1975 in Suva, organized by a core group of the YWCA and ATOM (Against Testing on Murowa) leaders. In 1978, the PCC followed with a conference on Ponape. As recorded in the PCC *Anti-Nuclear Primer*, "This [latter] meeting also dealt with independence issues, as it was recognized free and independent nations would never permit their lands, their people, or their descendants to be endangered by nuclear contamination."

In 1980, the Nuclear Free and Independent Pacific Movement spawned from the conferences of 1975 and 1978, reconvened for a third conference in Hawaii, out of which was established the Pacific Concerns Resource Center, which is funded by grants and funds from European churches and peace groups. In 1983, the fourth and largest and most heavily advertised "nuclear-free" conference was organized on the island of Vanuatu, which is a self-avowed ally of Cuba. At the 1983 conference, two of the six delegates from the United States were from the terrorist American Indian Movement, while a fourth, Ingrid Kircher, now runs the Nuclear Free Pacific office in Washington, D.C., with Walden Bello. Bello is a protégé of Princeton University's Richard Falk, who played a leading role in orchestrating the downfall of the Shah of Iran and the coming to power of Ayatollah Khomeini. An Austrian by birth, Kircher is the official translator for the separatist-insurgent Kanak Social Party's "foreign minister" on New Caledonia and "is a very trusted part of the whole Kanak movement," according to her co-workers in Washington.

Among the funders of the 1983 Vanuatu conference were the Commission on Interchurch Aid, Netherlands Reformed Church; Interchurch Coordination Committee for Development Projects, Netherlands; the National Christian Council of Japan; the Netherlands Organization for International Development Cooperation; the Opportunity Fund of the Max and Anna Levinson Foundation, United States; the Ruth Mott Fund, United States; the Field Foundation, United States; the Australian Council of Churches; the U.S. National Council of Churches; and the Bydale Foundation, United States.

By August 1984, the Nuclear Free and Independent Pacific Movement had achieved a major success: the adoption by the 14 governments composing the South Pacific Forum of a resolution calling for a "nuclear-free Pacific." The resolution calling for the banning of the production, storage, and testing of nuclear weapons was put forward by Australian

Prime Minister Hawke, although the proposal leaves aside the issue of ports-of-call for warships. The meeting, held on the island of Tuvalu, resolved to create a working committee to draft a nuclear-free zone treaty to be adopted at next year's meeting.

The island nations of Vanuatu and Palau were reportedly instrumental in pushing through the resolution. Vanuatu is run by Anglican clergyman Walter Lini who has led Vanuatu into close cooperation with Cuba, producing speculation that the island could become the "Grenada of the Pacific." Palau has been dominated by the Jesuit order, whose chief on the island, Father Felix, wrote the world's first anti-nuclear constitution.

### **Command posts: Australia and New Zealand**

The British Labour Party circles now in command in New Zealand and Australia provide significant support to the Pacific nuclear movement, especially through the trade unions. The Pacific Trade Union Forum was set up in 1981 with the precise aim of launching an anti-nuclear crusade.

In the summer of 1983, the Australian Federation of Teachers, for example, officially resolved to give funds to the Qaddafi-backed Kanak Socialist National Liberation Front in New Caledonia. Or take the case of John Halfpenny, executive secretary of the Metal Workers Union, and Cliff Dolan, president of the Australian Trade Union Congress, who reportedly channeled up to \$15 million in trade union funds to anti-nuclear "educational work" in the Pacific islands.

The source and reference point for operations in New Zealand and Australia are the Western European anti-nuclear movements with lines of communication running through Great Britain. According to Herbert Feith of the Victorian Peace Studies Association, the foremost disarmament "think tank" in Australia, the movement against ANZUS "really took off in 1980-81, largely in response to what happened in Western Europe and on the Cruise and Pershings, a movement all over the First World, really. It was particularly in response to the [U.S. communications installations at] Northwest Cape, Nurranger, and Pine Gap that the peace movement was targeting." Feith's outfit is calling for Australian "armed neutrality."

Feith founded his think tank with the help of Richard Tanter and Robin Burns of the top Pugwash organization, the International Peace Research Institute, in Great Britain. The objectives of Feith's outfit are threefold: get the U.S. bases out of Australia; work for a nuclear-free Pacific; and halt Australian sale of uranium.

Directing the mass organizing side of the Australian disarmament movement is the People for Nuclear Disarmament founded by Joe Camilleri, a leader of Pax Christi and a graduate of the London School of Economics. Camilleri is fundamentally a deployed agent of Monsignor Bruce Kent of Great Britain, an underling of Benedictine Cardinal Basil

Hume, a crucial brain of the international disarmament movement. Camilleri began his career in Great Britain as the executive secretary of the Catholic "peace organization," Pax Christi.

Ideologically, Camilleri, like many of his "religious" cohorts directing the anti-U.S. movement, is a leader of the Gnostic counterculture against the republican principles of Western civilization. "The disarmament campaign is part of a much larger cultural project. . . . I am thinking of the power of symbolic actions to reinterpret and repudiate existing reality. . . . In a sense, the nuclear weapon is but the most grotesque form of oppressive and quasi-totalitarian control which the modern strategic-industrial complex wields over society."

But it took the Labour Party government of New Zealand to precipitate the crisis that destroyed ANZUS, and it is in this country that the Soviet penetration and direction of the so-called "Nuclear Free and Independent Pacific Movement" are most obvious.

The New Zealand "peace" effort is grouped under the umbrella Peace Movement Aotearoa (PMA). One of the leading figures of the PMA is Owen Wilkes, formerly of Stockholm's SIPRI until Swedish authorities brought him to trial on espionage charges for photographing sensitive military installations. After being kicked out of Sweden "as a likely Soviet spy," in the words of Camilleri, Wilkes brought his talents to New Zealand.

Aside from working with Japanese Buddhist monks targeting U.S. installations in Japan, Wilkes's prime colleagues in New Zealand are Richard and Jackie Randerson. He is the head of the World Development and Justice Committee of the Anglican Church in New Zealand; she is the disarmament activist. According to Richard Randerson, his wife went on a five-week tour of the East bloc in 1984 and came back "with a whole bunch of brilliant ideas. The New Zealand National Council of Churches organized a party of 25 to go to Russia last year. They had an ecumenical party of clergy and lay people who spent five weeks in the East bloc, two-thirds of their time in Russia, the rest in Romania, Bulgaria, and East Germany. They were meeting with the Russian Orthodox Church to talk about the peace question. As a result of that, I am a vicar of a downtown church in Wellington and our church has set up a twin church relationship with a Russian Orthodox Church in Leningrad. We pray for them and they pray for us."

Wilkes's Peace Movement Aotearoa also sponsored a visit to New Zealand of the KGB's World Peace Council last year. As one of the PMA organizers put it, "The visit was reasonably official. The [Soviet] embassy was quite happy about what was going on."

With New Zealand leading the way in the escalating process of forcing the United States out of the Pacific, it is not hard to understand why.

# State Department revives Carter's policy of chaos for South Korea

by Linda de Hoyos and David Hammer

South Korean President Chun Doo Hwan was the first foreign head of state President Reagan met with upon his coming to the White House in January 1981. The meeting was symbolic of President Reagan's commitment to reverse the policy of the Carter administration for the withdrawal of U.S. troops from the Korean peninsula and to reaffirm the U.S. nuclear umbrella over South Korea. The commitment was further solidified by the visit of President Reagan to Seoul in November 1983 and the posting of political appointee Richard Walker, a conservative who could be relied upon to carry through on Reagan's commitment, to Seoul in July 1981.

Now, however, the signals coming from Washington are raising fears throughout the region concerning the U.S. commitment to not only the Chun government, but to South Korea itself. While there is little doubt of the President's feelings on the matter, the ambiguity arises from the State Department and the Reagan administration's attitude toward efforts to throw South Korea into chaos by the same Carterite liberals that produced the Khomeini takeover in Iran and the destabilization in the Philippines.

The destabilization of South Korea was officially begun on Feb. 8 with the return to Seoul of self-exiled opposition leader Kim Dae Jung. South Korea had promised that if Kim, still up for an 18-year sentence for sedition, returned, he would be imprisoned. The State Department publicly demanded that Kim not be jailed and that his safety be guaranteed. Kim, who had been programmed by his mentors at the Harvard Divinity School to think of himself as the Benigno Aquino of Korea, was not to meet the same fate. The State Department heavily implied that if the Chun government could not meet these specifications, then President Chun's hoped-for meeting with President Reagan this spring would be denied. Kim Dae Jung and fellow opposition leader Kim Young Sam are on record as supporting the "eventual withdrawal" of U.S. troops from South Korea.

Kim arrived in Seoul four days before national assembly elections, accompanied by a 38-man delegation led by State Department liberal Robert White, former ambassador to El Salvador; Democratic Congressmen Thomas Foglietta and Edward Feighan; and Patricia Derian, Jimmy Carter's assis-

tant secretary of state for human rights. The "scuffle" which ensued at the airport when the police attempted to separate Kim from the delegation caused a diplomatic scandal, saved only by Ambassador Walker's statement that the delegation had not abided by its agreement with the Chun government. The incident handed the U.S. liberal press the opportunity to demand that if President Reagan wanted to be champion of freedom, then he must attack totalitarianism in South Korea as well as in Nicaragua, and cancel Chun's spring visit to Washington.

The White House refused, but Secretary of State George Shultz showed where he stood in an interview on the NBC-TV Today show Feb. 11: "The main point is whether or not in Korea progress is being made toward a more open society, a more democratic society. And I think there is some progress, *although they're a long way from where we'd like to see them* [emphasis added]."

For the State Department, the Carter policy of strategic withdrawal from South Korea has not been reversed.

## The Woodrow Wilson Center

The center for much of the policy toward the Pacific that makes its way into and out of the State Department is the Asia Program at the Woodrow Wilson Center in Washington, D.C., also the site of the Kennan Russian Studies Center. The Center's Asia Program was set up in 1980 by Ronald Morse, who was a senior Japan analyst at the Bureau of Intelligence and Research at the State Department. The program is the center for the Pacific Basin Cooperation push Shultz considers his own; Shultz is a member of the Center's board of trustees.

In November 1980, the policy now being pursued by the State Department was put forward in a Wilson Center paper by Bruce Cummings and Hahn-Been Lee, "Dilemmas in United States-Korean Relations," which has become the reference point for policy deliberation. The study complained that South Korea, which has built up its own capital-goods industry and is beginning to rival Japan in steel production and shipping construction, has "experienced unbalanced growth." As policy, the Cummings-Lee study proposed:

- The resurrection of the Carter administration's program for the withdrawal of U.S. ground forces from South Korea;

- The negotiation of arms-control measures for the Korean peninsula, including restrictions on the introduction of advanced new weapons systems and possibly the creation of a Korean nuclear-free zone;

- Increased U.S. pressure on South Korea to improve its human rights stance;

- Political liberalization and direct official dialogue between the two Koreas, as well as unofficial cultural, academic, and economic contacts between the United States and North Korea.

This is the essential program of the plethora of Soviet front groups including the World Council of Churches and the American Friends Service Committee which are supporting Kim Dae Jung. There is nothing in this policy to displease the Soviets or North Korea. In October 1980, the North Korean regime of Kim Il-Sung had called for a "nuclear-free zone" on the Korean peninsula, to be echoed a month later by the Woodrow Wilson fellows.

This policy of *decoupling*—parallel to the State Department-Kissinger policy toward Western Europe—is made even more dangerous on the Korean peninsula by the fact that Kim Il-Sung is insane and unpredictable. One would think that the September 1983 downing of the Korean airliner by the Soviets and the October 1983 bombing-murder of most of the South Korean cabinet in Rangoon, Burma, would have persuaded the State Department to place a caution-hold over such policies. Next to West Germany, the Korean peninsula is the next most likely place the Soviets would move for a strategic showdown with the United States.

In the last six months, the Soviets have been preparing for such an eventuality. In December, the Soviets won North Korean agreement for the integration of the North Korean and Soviet defense forces, including moving SS-20 missiles into North Korea and dispatching Soviet military advisers to the country. North Korea also has special forces of 100,000 men under the command of the mercurial Kim Chong-il, the son and successor to Kim Il Sung. Despite the openings from the North toward economic ventures with Japan, bilateral talks with Seoul in late 1984, and its strong ties to Peking, which does not want any conflagration on the Korean peninsula, Pyongyang has been placed within the Soviet Union's military orbit at a point that the Soviets are preparing for war.

### **State Department back channel**

The State Department is oblivious to this reality. Pharis Harvey, director of the North American Coalition for Human Rights in Korea who accompanied Kim Dae Jung to Seoul in February, reports that in early 1984, State Department South Korea desk officer Harriet Isom traveled to Moscow "supposedly on a personal visit, but she met with their Asia

bureau." Isom came back to report that the Soviets "have surprisingly little interest in Korea." Only a few months after the bombing murder of the South Korean cabinet, this is hardly credible. Moscow was the only nation to attempt to justify the atrocity in its propaganda.

Harvey himself claims to have regular contact with the "Korea desk at the State Department, two or three times a week." Kim Dae Jung has endorsed Harvey's North American Coalition for Human Rights in Korea (NACHRK) as "the most important organization and channel through which we can transmit our struggle to the world in general and to our friends in the United States in particular."

Harvey was also involved in back-channel negotiations with the Russians on Korea through the World Council of Churches. In 1984, the Council sponsored a meeting on Korea in Tokyo which he attended. Representing the Soviets was Archbishop Vladimir of the Russian Orthodox Church in Moscow. According to Harvey, the meeting focused on ways to achieve the reunification of the Korean peninsula. Until last year, Moscow has refrained from endorsing "reunification," as demanded by Kim Il Sung.

Kim Dae Jung has also received support from the "human rights" grouping at the Center for International Policy, headed by Donald Renard, Korean desk officer at State until 1974.

As indicated by Harvey's role as a Methodist missionary, the major backing for Kim Dae Jung et al. comes from church-linked operations which focus on organizing South Korea's 10 million Christians into a power base against the government. These groupings, which have won the praises of the North Korean press, include the Quaker-founded Committee for a New Korea Policy in Albany, New York, which is agitating for the pull-out of U.S. troops from the peninsula and a diplomatic dialogue between North Korea and Washington. "Our committee believes North Korea will not start a war," their literature reads. The Church Committee for Human Rights in Asia coordinates with insurgent church outfits in Korea, the Philippines, and El Salvador.

Harvey's NACHRK is run out of the United Methodist Board of Ministries which also houses such institutions as the Population Institute, the Population Resource Center, and Women Action for Nuclear Disarmament. Harvey's own work on Korea, he says, is coordinated with Jesuit Father Bryan Hehir, whose Catholic Conference is heavily involved in the Philippines National Democratic Front, the political arm of the communist guerrilla New People's Army.

On military issues, Harvey recommends the Center for Defense Information, Adm. Gene LaRoque's outhouse for the Institute for Policy Studies' promotion of Soviet policy. But his constant references in discussions to the Woodrow Wilson Center's Cummings-Lee study on Korea make clear that Harvey and his colleagues are carrying out policy dictated from higher echelons, reaching all the way to Secretary of State George Shultz.



# Gorbachov: Ogarkov's end-game to grab Europe

by Criton Zoakos

Mikhail Gorbachev, the man of whom Margaret Thatcher said "we can do business together," is now at the top of the Kremlin's imperial bureaucracy. Promptly, the British oligarchy and their European blood relatives commenced "doing business together." The Russians' and the Western oligarchs' joint immediate objective is to tear Western Europe from its alliance with the United States and resituate it inside an expanded Russian imperial sphere of influence.

NATO General Secretary Lord Carrington and his business partner Henry Kissinger, as a result of these developments, are fast approaching that point of their lives which both men had for years, with great relish, looked forward to as the crowning of their careers: the moment in which, by the stroke of a pen, they can help re-draw the political map of the world for many years to come.

Back in August of 1982, when George Shultz had just been appointed Secretary of State, Kissinger addressed Mr. Shultz at a gathering in a wooded California retreat and instructed him that the great task of American statesmen for the 1980s will be to steer the United States, as painlessly as possible, through a drastic shrinkage of worldwide power and influence to "approximately 25% of the level of worldwide power this country had enjoyed at the end of the Second World War in 1945."

Mr. Shultz, according to reports, seemed thrilled with the idea at the time. To this day, not only has he not expressed any objections, but has taken every public opportunity to display his friendship and admiration for Kissinger. So, wrapped in the sick rationalizations of Kissinger's Metternichean theory of history, our present Secretary of State and the Kissinger appointees at the State Department are working out the betrayal of the United States—to take place this spring and summer.

The principal focus of the betrayal is the Geneva Arms Control Negotiations which began March 12. The principal issue of contention is President Reagan's Strategic Defense Initiative. And the principal weapon to be used by Shultz's oligarchical partners in crime against President Reagan is economic and financial warfare.

Here is how matters had been shaped from early February until Gorbachev's accession to the top of the Kremlin:

Contrary to both popular belief and self-deluded opinion in "highly informed circles," every Soviet diplomatic move and every outward political initiative of Soviet and Soviet-allied political forces is under the control of a grand strategic plan elaborated and implemented by Marshal Nikolai Ogarkov, the ex-Chief of Staff of the Soviet Armed Forces who now heads up the Western Theater of Operations. In its essentials, the plan is simple: The Russian military machine will launch a pre-emptive first strike nuclear attack against the United States not later than the spring of 1989—the time at which, according to Ogarkov's plans, the United States would be ready or about to deploy its first defensive space based anti-missile systems.

However: this war can be avoided if Western Europe and its industrial and technological potential are absorbed into the Soviet sphere of influence early enough (i.e., 1985) for the Russian military leaders to so take advantage of West European advanced laboratories and defense plants as to themselves be able to deploy their space-based Ballistic Missile Defense system before the United States does. The projected war could also be avoided, in Ogarkov's assessment, if the United States is soon subjected to a financial, monetary, and economic crisis of such proportions as to make President Reagan's Strategic Defense Initiative impossible to carry out.

Meanwhile, Ogarkov has so reorganized the Russian and

allied armed forces as to be able to launch his preemptive nuclear assault even before the projected "spring of 1989" deadline, should an acceleration in development of the American SDI program warrant such a decision.

Within these policy parameters, Russian diplomatic and political initiatives have been directed in recent months for the purpose of eliciting and profiling the reactions of all political factions throughout the West. The purpose of this has been to obtain detailed assessments of the West's various political potentials so as to better enable the Russian military leadership to decide which thrusts of their strategy to emphasize. Hence Gorbachev.

When Mikhail Gorbachev visited England back in December of 1984, it had then become known that the leadership of Her Majesty's government was eager to strike any deal with the Russian leadership for the purpose of preventing the success of the American Strategic Defense Initiative and also for the purpose of "reducing America's worldwide power and influence to approximately 25% of its postwar extent," in the words of Henry Kissinger. Whatever promises the British Establishment made to Moscow, the delivery on these promises was somehow associated with the prospects of Mr. Gorbachev becoming the dying Chernenko's successor. Therefore, Chernenko conveniently died the day before the opening of the Geneva Arms Control negotiations.

### **The Genscher visit**

Prior to Chernenko's arranged death, a significant transaction occurred between the Western oligarchs and their Russian interlocutors: The sudden, unscheduled visit to Moscow of West German Foreign Minister Hans-Dietrich Genscher. Despite low key publicity, it was "most significant."

Genscher went to Moscow at the end of highly secret, several week-long behind-the-scenes discussions and negotiations with the Russians. Genscher conducted that affair not as the foreign minister of the Federal Republic of Germany, but as a mediator coached primarily by the British Foreign Office, by NATO General-Secretary Lord Carrington and by U.S. State Department officials who, being close to the British Establishment, are fully committed, first, to stopping President Reagan's SDI and, second, to carrying out Kissinger's perspective of "reducing U.S. power to 25%."

Certain features of Genscher's bargaining operation had been made public in the course of this "back and forth," in several places. One was an early February piece in the *Boston Globe* by Lou Cannon and the second was a similar item in the London press.

Both these published items speculated at the time that the upcoming Geneva talks would offer President Reagan a "tremendous opportunity" to "go down in history" as a "great peacemaker," without even having to carry out his SDI. The Russian negotiators, the published accounts went on, might well make a spectacular offer at Geneva, propose a "radical reduction" of their ballistic missile forces and/or a "radical

reduction" of their intermediate range missiles (SS-20s and the like which are of special concern to the Europeans), in return for an American commitment to abandon the Strategic Defense Initiative. Such an "extremely," "radical," "generous," and otherwise adjectivally decorated Russian offer would give President Reagan, the argument went, the great opportunity to fulfill his dream and "drastically reduce" weapons of mass destruction many years before the uncertain results of his SDI "research and development" project were reached.

This, the British Establishment press proclaimed, would be "an offer the President can't refuse."

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*Contrary to both popular belief and self deluded opinion in "highly informed circles," every Soviet diplomatic move and every outward political initiative of Soviet and Soviet-allied political forces is under the control of a grand strategic plan elaborated and implemented by Marshal Nikolai Ogarkov, the ex-Chief of Staff of the Soviet Armed Forces who now heads up the Western Theater of Operations.*

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Genscher, having been assigned by London and the State Department to fine-tune this trap, went to Moscow for the final touches. What specific transactions were carried out during his brief stay, we do not know. He was immediately followed by French Foreign Minister Roland Dumas, the Arne Treholt of France. Chernenko was mercifully put out of his misery. Gorbachev, with whom Margaret Thatcher "can do business together," was proclaimed emperor and carried on the shields of Marshal Ogarkov's soldiers. The grand slam will now be attempted at Geneva.

### **European 'proletarian unity'**

It is now worth paying attention at certain political developments in Western Europe which accompanied Genscher's brokering efforts: A major leadership conference took place just prior to Genscher's arrival in Moscow between the West German Social Democratic Party, the SPD, which is the flagship of the Socialist (Second) International, and the Italian Communist Party, the flagship of Western Europe's Communist (Third) International. The two party leaderships

announced that “now is the time to once and for all end the historic division of the European labor movement” and move for unity between the “socialist” and “communist” wings of the “labor movement” around a “European program” which includes the separation of Europe from the United States on:

- 1) economic, monetary and financial matters;
- 2) technological and scientific matters;
- 3) military and national security matters; and
- 4) “prevention of militarization of outer space.”

Similar arrangements and mobilizations were observed throughout Western Europe. Suddenly, the distinctions between pro-Western “socialist” parties and pro-Moscow communist parties began disappearing with impressive speed, as they all flocked, as though on “orders from above,” to join hands in their opposition to the SDI.

Marshal Ogarkov’s warroom “somewhere in Byelorussia” must have been rejoicing at the recording of these developments.

Also, while French Foreign Minister Dumas was in Moscow, it became appropriately known that French Socialist President François Mitterrand is about to announce in the near future his “Grand Vision” of Europe, a Europe independent of the United States in all the matters earlier mentioned in the SPD-PCI agreements. In London, the titular chief of the British wing of the Socialist International, Denis Healey of the Labour Party, announced, “If the Soviet Union is ready for deep cuts, especially in Intermediate Nuclear Forces, in return for stopping President Reagan’s Strategic Defense Initiative, we European should say ‘yes,’ and start the biggest row ever with the United States if necessary.

Finally, while Genscher was still in Romania, two major political shifts shook the Western European map on the same day in which Chernenko’s death was announced: Greek Socialist Prime Minister Andreas Papandreou, at the request of the Greek Communist Party engineered the collapse and resignation of the pro-Western President Constantine Karamanlis and opened up this year’s election season on the basis of a new Socialist-Communist partnership whose immediate intent is to get Greece out of NATO during this year.

Secondly, in the elections of the Federal State of Saarland in Germany, the chief anti-NATO spokesman of the SPD, Oskar Lafontaine, led his party to a sweeping victory and himself to the position of Saarland prime minister—an electoral reversal ominous for Germany if it is a portent of things to come in the upcoming May 10 election for the Federal State of North Rhine-Westphalia, the politically crucial state in F.R.G. politics (see page 00).

If Ogarkov grabs Germany, he will have grabbed Europe’s economy. Does he intend to do it by May 10?

It will depend on whether his puppet, Gorbachev, can play his assigned part so well that the deluded idiots at the Foreign Office and the State Department might marshal enough forces to compel President Reagan to accept at Geneva the “offer he can’t refuse.”

## Chernenko’s successor augurs no new era

by Konstantin George

Indicating a collective leadership decision made weeks if not months earlier, Mikhail Gorbachov, 54—in the name of a “unanimous” Soviet Central Committee—was proclaimed Chernenko’s successor as Soviet party chief on March 12, a mere four hours and 15 minutes after the official death announcement. Gorbachov, the youngest to assume the leadership post since Josef Stalin, has been named Kremlin leader in the midst of an ongoing full rehabilitation of and praise of Stalin, “the wartime leader.” The death and the record-time succession coincided with the beginning of U.S.-Soviet arms talks in Geneva.

The media is already filled with rosy forecasts and commentaries, stressing a Gorbachovian “accent on reform,” alleged devotion to “arms control,” to “peace,” the “young man at the helm” signaling a “policy shift.” It all sounds so pleasant and reassuring. The alleged basis for this drivel was the Kremlin announcement that despite the death and funeral, the Geneva talks would begin as scheduled on March 12.

Reality, however, is quite different. Amid the “optimism,” “cautious” and otherwise, one commentary on a West German TV station echoed the reality principle, reminding the audience that “Gorbachov, after all, was a close supporter and follower of Yuri Andropov’s policies . . . and, one shouldn’t forget that it was under Andropov that East-West relations were the worst ever . . . the deepest Ice Age.”

One need not proceed any further than examining the recent words and deeds of Gorbachov himself, in order to document this telling assertion. It was Gorbachov who led a major Soviet delegation to London in December for a week of talks with Prime Minister Margaret Thatcher and Foreign Secretary Geoffrey Howe, shortly before the Shultz-Gromyko meeting Jan. 7-8 in Geneva—the meeting which agreed to begin the Geneva negotiations. During that visit to London, Gorbachov—through Evgenii Velikhov, a member of the delegation and one of the Soviet Academy of Sciences’ leading experts on space-based defense systems—issued the most brutal ultimatum to date against the U.S. Strategic Defense Initiative.

Velikhov was widely quoted in the British press—the

same press which today is filled with “Gorbachov the reformer” fairy tales—warning the United States not to conduct planned anti-satellite weapon tests scheduled for March—or else. Now it is March 1985, and the Politburo author of that ultimatum, Mikhail Gorbachov, is formally installed as Soviet party chief.

Since December, the only other Politburo member (not counting Foreign Minister Andrei Gromyko) deployed to the West—in this case to the U.S.A.—to profile the executive and legislative branches of government and the banking and corporate elites of the United States, has been Ukrainian Party Chief Vladimir Shcherbitskii. Shcherbitskii, the first Politburo member other than Gromyko to visit the United States since 1973, capped his visit by meeting President Reagan and Secretary of State George Shultz on March 8. After these meetings, he declared that the United States must abandon the SDI or the Soviet Union would construct more “both offensive strategic and defensive weapons.”

As with Gorbachov, Shcherbitskii’s ties with the Andropov mafia are well documented. Shcherbitskii took over the post of Ukrainian Party Chief in a May 1972 power play which dumped then party head Pyotr Shelest (one year later, he was kicked off the Politburo as well). Shcherbitskii’s on-the-scene accomplice and hatchet-man for the power play was then Ukraine KGB boss Vitalii Fedorchuk, and of course, KGB head Yuri Andropov.

In the Spring of 1982, as the post-Brezhnev Andropov succession was being prepared, Andropov formally vacated his KGB post to join the Secretariat. His hand-picked successor as new KGB boss was Fedorchuk. After Andropov came to power in November 1982, Andropov cleaned out not only the Brezhnev mafia’s minority holdings inside the KGB, but their majority holdings in the interior ministry. The interior minister, a Brezhnev flunkie, was unceremoniously dumped and later expelled from the Central Committee, and finally, a few months ago, was reported a “suicide.” The new boss at interior ever since Andropov came to power has been—Vitalii Fedorchuk.

### ‘Strengthen the defenses of our country’

That nothing can be further from Gorbachov’s intentions than friendly relations was reflected in the first official statement of the “Gorbachov era.” At 1400 hours Moscow time on March 11 came the official announcement of Chernenko’s death, followed immediately—after the standard eulogy—with a Politburo statement which declared; “The Soviet Union does not threaten anyone. But it will not allow any state or coalition of states to achieve military superiority over the Soviet Union. That is why we shall remain vigilant and continue to *strengthen the defenses of our country*. . . . The Soviet government expresses the firm belief that all the Soviet people will carry out their duty in a state of high awareness and organization and will strengthen the economic and *defense potential of the Soviet Union* [emphasis added].”

## Euroterrorists ready attack against Reagan

American security forces fear that the world economic meeting next May in Bonn and President Ronald Reagan’s appearance before the European Parliament in Strasbourg could be taken by European terrorist groups as an opportunity for an attack on the American President.

The violent disturbances currently being prepared for organizationally and financially by the Green Party and its periphery, would serve as a backdrop for such an attack.

During the first week of March, two conferences took place, one in Muenster, the other in Bonn, which were exclusively devoted to such plans. According to *Die Welt*, the Greens, the evangelical student organizations, the Union of Independent Peace Groups, the Society of International Marxists, the Democratic Socialists, the group Change the Church from Below, and various Central American groups met in Bonn. The East bloc’s front groups discreetly stayed away.

The Bonn gathering resolved to take actions during the economic summit “to hinder, disrupt, and inform” and to hold a “counter summit” in the city hall of Godesberg. The Greens, a Soviet-backed Nazi formation masquerading as “peace-loving ecologists,” will finance the preparations for these violent disturbances, setting up six offices whose sole responsibility will be to organize the actions.

The meeting of the violence-oriented groups in Muenster, where the literature of terrorist groups was openly offered for sale, involved battle-tested Berlin “squatters,” foes of the Frankfurt airport runway, punkers, and others. These groups resolved to get “as near as possible to the events,” in order to test what can “be done in a city, if one goes in with a bit of preparation.”

### From Krefeld to Strasbourg

Obviously, these largely illegal groups are planning actions similar to those which took place in Krefeld in 1983, when direct attacks against Vice-President Bush were made. Security measures at that time rested on an estimate of the nature of the planned disturbances by American and German

security personnel, which was negligently false to say the least. North Rhine-Westphalia Interior Minister Schnoor, who at that time downplayed the threat to Bush, is still in office.

On the American side, the assumption is that the greatest threat to Reagan will be at his planned appearance before the Strasbourg European Parliament. Not only are several so-called former terrorists as well as agents of secret services of the East bloc sitting in the parliament with political immunity, but the Greens and the "Rainbow Faction" have installed a number of co-workers in parliament who only recently were high on the wanted lists of law-enforcement agencies.

Strasbourg has for years been a safehouse for the political underground of all shades, from illegal aliens in France to terrorists. German terrorist groups also seem to have good resources in the region, which they used eight years ago for the kidnaping-murder of industrialist association head Hans-Martin Schleyer. Schleyer's corpse was dropped in a car near Strasbourg, and the supporters in France were apparently not discovered, even though at least one of the leading terrorists is known to have sympathetic relatives nearby.

### **'Blind terrorism'—European-wide strategy?**

The Green Party is not alien to the new rash of brutal terrorist actions which took place over the first ten days of March in Western Europe, mostly under the pretext of "sympathy" actions for the hunger strike of members of the terrorist Red Army Faction (RAF) who are demanding to be treated as "political prisoners" from their West German prison cells. Although some Green leaders have tried to minimize the connection, the Greens are playing a key role in the "sympathy" campaign.

The bombing of the Hertie department store in Dortmund, West Germany left nine injured, some severely. A group called *Christian Klar Action*, after one of the RAF hunger strikers, claimed responsibility for the attack. But it is still unclear whether any members of the RAF itself were involved. Three other bombings were claimed by the Revolutionary Cells, which linked the actions with British mine-workers strike in their propaganda.

The day before the bombings, RAF terrorist Rolf Clemens Wagner announced before the Düsseldorf Court of Appeals that "the revolutionary situation" had created a "breakthrough in Western Europe," and that "the present belongs to the struggle; the future belongs to us." Adelheid Schulz, his co-defendant, called for an armed struggle to emphasize the resoluteness of terrorist murderers already arrested, and to motivate the future strategy for terrorists still at large.

In the Dortmund attack, local security officials hastily came up with the supposition that right-wing extremists were involved, since the "style" was not that of the left wing. But since a number of European terrorist groups announced in

January their future close cooperation, it should not be a surprise that terrorist methods and goals have become assimilated among the various groups. The Irish Republican Army has for years made the most brutal bombing attacks against department stores without offending any of its supporters. Even the "newspaper of record" of the terrorist scene in the Federal Republic, the *tageszeitung* of Berlin, conceded: "Is there anyone who will . . . exclude the possibility that perhaps some overzealous, hate-filled peripheral figure of the 'scene' planted the bomb?"

The most recent attack in demonstration of solidarity with the RAF hunger strike by foreign groups was the attempted bombing of the West German embassy in Athens, committed by a Greek group "Solidarity for Christian Klar" on March 3. Other solidarity actions took place from Belgium and France to Spain and Portugal, Switzerland and the Netherlands to Greece. The distinction between "left" and "right" has obviously no significance in connection with this cooperative work.

### **Greens and the RAF**

Part of the Green Party leadership is flaunting its links to the RAF terrorists, while others are attempting to cover it up. As the terror wave reached a high point in early February with the murders of French General Audran and German industrialist Ernst Zimmermann, two Green parliamentary deputies, Christa Nickels and Antje Vollmer, established contact with the jailed RAF terrorists.

In their letter to the hunger strikers, they declared: "We became very dissatisfied with the discussion carried out in our caucus concerning your hunger strike. We urged in this discussion that the Greens have delayed for a very long time intervening in the controversy over the position of political prisoners in the Federal Republic, that we have too long ignored jailed RAF members, and that it was now, a propos of your hunger strike, high time to have discussions with you. We could not carry the point with this position in the caucus; instead, the well-known statement, as per the majority opinion, was issued which contained, among other things, the demand that your strike be broken off."

The letter, which became public, was criticized by various Greens, including their star lawyer Otto Schily, as "imprudent"—i.e., a tactical mistake and poorly timed. Various spokesmen for the Christian Democratic Union and the Free Democratic Union parties, which are in the ruling coalition, took the letter as grounds for charging the Greens with sympathy for the terrorists.

The almost greater scandal is, however, that Diether Posser, the minister of justice and finance in North Rhine-Westphalia, approved a permit for the Greens to visit jailed RAF member Sieglinde Hoffmann. He did this even though the pro-RAF contents of the Greens' letter had already been published in the press.

# A dangerous advance by Red-Green allies

by Rainer Apel

Oskar Lafontaine, the leading ultra-left demagogue in the Social Democratic Party, who has declared he would like to see West Germany leave NATO and American soldiers and missiles leave Europe, has been elected prime minister of the state of Saarland, Federal Republic of Germany. The Social Democratic landslide victory in the state was the most dramatic outcome in the three state and municipal elections in that nation on March 10.

Lafontaine's victory and the results in West Berlin, where the Green-Alternative list won 11% in state elections the same day, mark a further step toward the creation of a "Red-Green" coalition between the ecological fascists of the Green Party and Moscow's stooges in the Willy Brandt-led left wing of the Social Democracy. This Red-Green alliance is making a bid to replace the ruling Christian Democratic Party in the government in Bonn, possibly as early as this spring.

In every case, the deepening economic crisis and heavy unemployment loomed large in the vote, as the fiasco of the Kohl government's "laissez-faire" approach has left the door wide open to Red-Green subversion.

- In Saarland, the Christian Democrats of low-profile state prime minister Werner Zeyer lost an average of 6.7% of their previous vote and 51 of a total of 52 districts. The Social Democrats (SPD) gained an absolute majority and will form the first Social Democratic government in the state in 30 years.

- In municipal voting in the state of Hesse, the Social Democrats campaigned with a pro-environmentalist program, and managed to take away 0.5-1.5% of the previous Green Party vote, also garnering Catholic "protest votes" against the economic performance of the Christian Democratic government in Bonn.

- The West Berlin state elections resulted in only slight losses for the Christian Democrats, but heavy losses for the SPD against gains for the Free Democrats and the Green-Alternative List. The latter profited from the fact that the national SPD party executive boycotted the campaign of their own slate leader, the more conservative Hans Apel. Apel, former defense minister under Helmut Schmidt, was undermined by the party left wing, which openly favors working with the Greens. In some precincts, the Green-Alternatives took 30-40% of the total vote, surpassing the Social

Democrats.

The defeat of Hans Apel in West Berlin helps Oskar Lafontaine and his mentor, Soviet agent-of-influence and ex-Chancellor Willy Brandt, to come on stage as the "Social Democrats of the future," "those who win."

## Who is Oskar Lafontaine?

Lafontaine once told the French weekly *Le Point* he would prefer to live in Poland or Hungary under Soviet domination than defend West Germany against Soviet aggression with nuclear weapons and risk nuclear war. No wonder his victory was covered as a top news item on Radio Moscow after the election!

Lafontaine also fiercely opposes nuclear-power generation and big industrial projects, and propagates environmentalist policies as radical as those of the Green Party. Saarland has an official unemployment rate of 14.2%, in the industrial regions 17% or 18%; Lafontaine plans to give far-reaching powers to his nominee for environmental affairs minister, Jo Leinen, who is to get "ecology veto rights" on every section of the state's budget and every major industrial investment. There will be no manufacturing activity in the Saarland unless it be "non-damaging to nature." In environmentalist slang, this means the end of traditional industrial activity. Thus, Lafontaine attracted many ecologist votes and kept the Green Party out of the parliament.

But why was a man with that policy able to win an absolute majority of seats—including many votes from workers and even the unemployed? One reason is that, under the ruling Christian Democrats, the state's central industrial facility, the Arbed steel plant, collapsed and was forced to fire half of its workforce during the past four years. The Christian Democrats went the "post-industrial" route, which meant watching 10 workers lose their jobs to have one employed in the "new industries" such as electronics and computers. With steel, mining, and their supplier industries collapsing in the Saar, the state has become the country's poorhouse, and its fate has come to depend on the good will of the bankers to bail out the state and its million inhabitants.

Lafontaine attacked this kind of policy, but he did not make any pledges to create new jobs—he just promised to do what he could "to help stop the increase of unemployment." His record on that issue as mayor of the state capital, Saarbruecken, is poor, however: The official unemployment rate is at 17%, and it was kept that "low" only because of a labor-recycling swindle which puts workers from the welfare line on jobs for one year. The jobs are all "post-industrial"—public sector leaf-raking, social work, neighborhood counseling, and the like. Then, the same worker gets laid off again, but has gained a new claim on unemployment checks. After two years on the unemployment line, he would drop back into the welfare net with 30% less income, or get re-employed—for one year.

# Venezuelan drug king demands dictatorship

by Carlos Wesley

On March 9, Venezuelan drug trafficker Lizardo Márquez Pérez called for the overthrow of the constitutional government of Venezuela, and the establishment of a dictatorship of the drug traffickers whose model is Adolf Hitler. "It is not possible that a President of the Republic cannot solve the problems of a country because a party is opposed. You can't govern like that. To govern is to command," Márquez said. In the interview with *Diario de Caracas* on March 9 from his cell in Florida's Metropolitan Correctional Center, where he is serving a sentence for smuggling cocaine, Márquez added: "Hitler, in a certain way, made Germany great because he told the party, 'I will govern but in a dictatorial manner.'"

Imitating the nationalist posturing of his fellow Nazi, Colombian drug-trafficker Carlos Lehder Rivas, Márquez ranted against the extradition of drug traffickers from Ibero-America to the United States. "If giving away part of national territory is treason to the motherland, what can be said about a government giving up its citizens to a foreign government? There is no justification. That means that there is no trustworthy justice system in the country," he said. "It is absurd. It is as if the U.S. considered itself the policeman of the Americas."

Márquez, a former military officer, also defended Cuba and Nicaragua shipping cocaine to the United States. "If the United States is using bacteriological warfare and chemical warfare, what those countries are doing is using drug warfare." He then said that he intended "to take power by the force of arms—populations like ours, which are politically and culturally immature, must be led. Latin America is proof that democracy does not work."

"These statements could easily be dismissed as the rantings of a madman," declared the Venezuelan Labor Party (PLV) in a press release distributed on March 10. However, Márquez is backed by powerful forces inside and outside of Venezuela, who are hell-bent on stopping the war on drugs being waged by the nations of Ibero-America in collaboration with the Reagan administration.

By his own admission, Márquez is a party to the so-called "Machado Plan," a plot to overthrow the government of President Jaime Lusinchi which was uncovered following the assassination of a prominent Venezuelan attorney last month.

The Plan—named after the former head of Venezuela's Military Intelligence, Gen. Rafael Arturo Machado Santana, a member of Márquez's "movement" and at present a fugitive—was partly financed by Colombian drug traffickers. Besides the murdered attorney, several other Venezuelan functionaries were on the list of intended victims, including Justice Minister José Manzo González, a leader of the war on drugs.

Márquez has ties to the higher levels of the international dope mafia, including Colombian trafficker Carlos Lehder, who shares his admiration for Hitler. Lehder, who also shares Márquez's dislike for the extradition of drug traffickers to the United States—to the extreme that he reportedly ordered the assassination of former Colombian Justice Minister Rodrigo Lara Bonilla—said the following about Hitler in a recent interview: "Adolf eliminated 21 million communists and six million allied enemies. He is the greatest warrior mankind has ever had. What happens is that history is told the way the Jews want the world to see it."

Lehder, like Márquez, has his "movement," Colombia's Movimiento Latino modeled after Germany's Green Party, complete with a newspaper and candidates for public office, and a "right-wing, nationalist" platform that has not stopped Lehder from continuing his partnership with Robert Vesco in the drug trafficking business run through Marxist Cuba and Nicaragua.

Reportedly, Vesco has been collaborating with very powerful Venezuelan families to legalize gambling casinos on Venezuela's Margarita Island. U.S. Sen. Paula Hawkins (R-Fla.) has also obtained evidence of Vesco's drug-running activities in Venezuela. According to the Venezuelan press, Senator Hawkins disclosed that Vesco was transmitting instructions from Cuba to the drug mafias in Venezuela through the Nicaraguan embassy in Caracas. Reportedly, these mafias include Cubans and members of the Palestine Liberation Organization, as well as Venezuelans. The Venezuelan daily *El Mundo* reported March 6 that the U.S. Drug Enforcement Administration (DEA) said that drug trafficking through Venezuela is "super-protected," and that it is run by two "extremely powerful economic groups with foreign links."

The Venezuelan Labor Party has demanded an investigation into Vesco's Venezuelan connections. Noting the connection between Vesco, his Hitler-loving partner Lehder, and the equally pro-Nazi Márquez Pérez, the PLV states: "They are part of the same operation." The PLV also notes that "Vesco has been protected in Costa Rica and Nicaragua. It's been said that he has been in Cuba and that he is now in Panama. From his itinerary, it can be seen that the interests which protect him include the KGB and evil interests in the United States, including among others, Kenneth Bialkin, director of B'nai B'rith's Anti-Defamation League, who has been a friend and lawyer of Vesco. What is most surprising is that Bialkin, a supposed defender of American Jews, is the one who defends a recognized partner of Nazis."

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## Book Review

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# A tale of Benedictine monks, liturgy, and ritualistic murder. . .

by G. Allen Douglas and Pietro Cicconi

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### The Name of the Rose

by Umberto Eco

Warner Books, Inc., New York, 1983

\$4.95 611 pages (paperback)

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During 1983 and 1984, *The Name of the Rose*, a detective novel about a murder in a 14th century Benedictine Abbey, topped fiction best-seller lists worldwide. Without a massive public relations hype, this turgid chronicle would have gone nowhere. However, it is the story behind the story which is truly interesting.

While the fiction described its own series of brutal ritualistic murders, in real life another series of four bizarre murders have taken place among the students and faculty of the institute at the University of Bologna headed by the book's author, Umberto Eco. In each instance the corpse, invariably a homosexual weighing over 200 pounds, has been tattooed with 47 little knife wounds and a plastic rose left on the body. Given this symbolism, it is relevant that Eco is a prominent board member of a recently formed Italian "cultural" magazine, *FMR*, which, besides its overt promotion of sodomy, drugs, and other perversions, has as its chief symbol, a rose.

As to why he wrote his novel, Eco says, "I felt like murdering a monk."

Known internationally as a leading theoretician in the field of semiotics—the study of the structure of language and the use of signs, symbols, etc., to convey meaning—Eco's theoretical work has a very practical application. Like semiotics specialist and linguist Noam Chomsky of MIT, the main application is in the field of artificial intelligence. Since creative intelligence cannot be replicated by machine, artificial intelligence means recreating the formal logical worldview of a paranoid schizophrenic, usually by computer, whose most immediate application has been, and is, brainwashing.

Eco first became famous around 1963 as one of the founders of Gruppo 63, a circle of intellectuals specializing in the "culture of revolution," one of whom, Nanni Balestrini, is currently wanted for terrorism. During several years of preparatory work for the student upsurges of 1968, Eco played a

major role in forming the leftist Situationist gang whose slogan was, "God is dead—now we must free ourselves of the pieces of his stinking body." Backed by powerful oligarchical patrons, reportedly including the Princess Pallavicini, a major benefactress of the University of Bologna, Eco was given an entire faculty, the Department for Art, Music, and Spectacle (DAMS). DAMS rapidly produced the entire "creative wing of the [leftist] movement" which led in 1977 to days of bloody battles with the police and the death of one student.

### The plot of the novel

*The Name of the Rose* is situated in a wealthy Benedictine Abbey in northern Italy in the third decade of the 14th century, containing the most extensive library in Christendom whose use is strictly circumscribed by the rule of the abbot and the labyrinthine design of the tower housing the library. The library guards a great secret, and one after another, many monks die in the attempt to discover it. Following the first homicide, the Abbot entrusts, within limits, the visiting English Franciscan, William of Baskerville, with the necessary investigations. The latter sets to work with the aid of his assistant, a young German Benedictine named Adso, who on his death-bed decades later, records the story for posterity.

William engages in a fierce battle with his antagonist who, unknown to him, is the old blind monk who is the moral and intellectual authority of the abbey. Against the "faith" of the old monk, Eco arms William with Sherlock Holmes-style inductive "reason." However, where the British intelligence specialist and devout spiritualist Conan Doyle had his character solve cases by dint of drug usage and a supernatural, computer-style memory, Eco has William discover the murderer entirely by chance, in spite of his Holmes-like reasoning powers. The discovery itself comes as a bitter failure since the abbey, library and all, is going up in flames.

The message is direct: Since the actual universe is unknowable to man, the procedures of thought which man may employ to attempt to discover its lawfulness are impotent (indeed, the formal method of hypothesis Eco gives William is impotent). The book itself becomes like the library—a



labyrinthine nightmare in which the further the reader proceeds, the more disoriented and demoralized he becomes, a fact which Eco gleefully notes in his sequel, "How I Wrote The Name of the Rose."

Into this abyss, all situated in theological terms for maximum psychological effect, Eco introduces his trump card: the ontological paradox. God cannot possibly be both omniscient and omnipotent, since one excludes the other. If God is all-seeing and sees his acts until the end of time, he can not act differently than what he sees and is therefore impotent. And if he is free to act at any point in any way he chooses, how could that have been foreseen ahead of time? The apparent paradox is a result of formal-logical reasoning in a static universe, but on it, Eco bases his and his Situationists' triumphant conclusion: God is dead, i.e., there is no lawful ordering principle of ongoing Creation. Any apparent ordering (such as William's logical attempts to solve the murder) will be revealed to be just that—apparent. Chaos, like the terrorists Eco spawned, will reign.

### **The Benedictines: liturgical terrorism**

The book's propaganda for a New Dark Age and an irrationalist outlook is clear enough. But the deeper evil of both the novel and Eco's own personal deployments cannot be understood without appreciating his choice of a Benedictine abbey as the novel's setting. The Benedictines, with roots in the sixth century and before, are the self-appointed cultural masters of the Church, and indirectly, of its Protestant church split-offs. While other orders, such as the Dominicans and Jesuits, were spun off by the Benedictines for specific purposes and carry out a rather high-profile activity in the world, the more sedentary Benedictines attempt to steer the long-wave cultural processes determining the outlook and beliefs of the Church as a whole.

Their chief tool for this purpose is the liturgy, that is, the public worship of the church, including the sacraments (marriage, baptism, etc.), the music and poetry of the Mass, to the architecture of the individual church itself. From the Judeo-Christian standpoint, as in the codification of liturgy under Charlemagne's great advisor Alcuin, or Europe's great cathedrals, this can be a profoundly important statement of man's place and duty in the universe in continuing the work of Creation. In the hands of the Benedictines, representing the ancient Gnostic heresies of the East, mediated through the most fanatical Desert Fathers of third- and fourth-century Egypt, it becomes an instrument of profound evil.

As a theoretician of Vatican II, organized by Venetian-run Pope John XXIII to produce the first major changes in liturgy since Charlemagne, put the point: "During Hitler's regime, his equally evil genius Josef Goebbels applied the term [liturgy] to Nazi functions when millions of men stood at attention in the enormous stadium near Nuremberg while Goebbels limped side by side with Hitler through the silent crowds of his followers to an enormous altar-like contraption

at the head of it; Goebbels once referred to the activities as a liturgy in which Hitler was the pontifex. . . ." Or, in the words of another apologist for the Benedictines' "liturgical revolution" of the past two decades, "One is astounded at the sound liturgical sense revealed in modern secular cults—from Comte to Mussolini, Hitler, and Stalin. New symbols are imposed—gestures, vestments, slogans, insignias, uniforms, mass meetings; heroes and saints. . . ."

There is much more here than "sound liturgical sense." Hitler spent crucial formative years at the Benedictine Abbey of Lambach, which, for decades before the Nazis, sported the Buddhist cross—i.e., the swastika. Hitler, referring often to these early years, was explicit, "He who thinks National Socialism is a movement is sadly mistaken; it is a religion." Since the Benedictines are committed to a Gnostic, evil version of Christianity, it is not surprising to see them allied also to the current Russian imperial drive, fueled by the dreams of the Russian Orthodox Church of Moscow becoming the Third and Final Rome. Not only are they crucial leaders of the nuclear-freeze campaign in the West, but throughout the 20th century, numbers of key Benedictines "converted" to Russian Orthodoxy and became prelates serving as representatives in Western Europe of the Russian church branches loyal to the Moscow Patriarchate. Nor is it surprising that many of the Benedictines' liturgical changes designed to facilitate the "reunion" of Eastern and Western churches, are proposed from the world outlook of the Eastern liturgy.

### **Eco of the Benedictines**

Eco is, remember, a semiotics specialist, one who is expert in the manipulation of symbols, emotion-laden signs, slogans, etc. His consciousness of his own place in the 1,500-year history of Benedictine liturgical cult-creation is signaled in several unmistakable ways.

First, the book's title, *The Name of the Rose*, is taken from a 12th-century Benedictine poem, "Contempt of the World," a fitting expression of Eco's own attitude. Second, all activity in the book takes place within the context of the hours of the Divine Office, the liturgical division of the day into the hours of terce, sext, none, etc., at each of which there is a celebration of the liturgy in common. Third, and most important, in the foreword to the book, in a Latin passage aimed at awing the average reader, Eco refers to two of the crucial figures in Benedictine liturgical studies, Dom Mabillon of the 17th-century Maurist Benedictine order which sponsored the Jansenist heresy, and Cardinal Giovanni Bona, the initiator of post-Renaissance liturgical studies. As Eco undoubtedly knows, smiling a sly, evil smile to himself, Bona was sponsored by Cardinal Sforza Pallavicini, ancestor of the Princess Pallavicini who reportedly sponsors Eco himself. He knows his roots only too well, and knows that he stands, with his fellow monks, committed to lighting the fires he hopes will consume the beauty and heritage of Judeo-Christian civilization.

# The Strategic Defense Initiative: implications for West European security

by G.C. Berkhof, Brig.-Gen. RNLA

*EIR is pleased to present the opening speech of Brig. Gen. G. C. Berkhof at a public debate between himself and Christoph Bertram, the political editor of the West German daily Die Zeit. General Berkhof is one of the most active proponents of President Reagan's Strategic Defense Initiative in The Netherlands. An active duty brigadier general in the Royal Netherlands Army, General Berkhof is currently on detached service as a research fellow at the Netherlands Institute of International Relations "Clingendael" at The Hague.*

*Given before a debate sponsored by Militaire Spectator, publication of an association of military officers of the Netherlands on Feb. 13, the general's presentation not only shows an in-depth understanding of President Reagan's SDI but also gives penetrating insight into its importance for Western Europe. Importantly, the general not only demonstrates how the SDI can redress the serious and growing military imbalance between NATO and the Warsaw Pact, but also suggests concrete proposals for implementing an SDI for Europe. One such proposal which bears mentioning here, calls for the establishment of a European space defense command for NATO under an officer of the Federal Republic of Germany.*

*The speech is presented without the extensive footnotes. These are available at the reader's request.*

## Introduction

In a television address to the nation almost two years ago President Reagan told his audience:

Let me share with you a vision of the future that offers hope. It is that we embark on a program to counter the awesome Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base and that have given us the quality of life we enjoy today.

He called upon the American scientific community, "those who gave us nuclear weapons . . . to give us the means of rendering these nuclear weapons impotent and obsolete."

The echoes of this address, termed the "star wars speech" by critics, still resound and one does not need a crystal ball to predict that they will continue to be heard for quite some time to come. This should not surprise us. Defense against ballistic missiles is an important and complex issue and

should be studied carefully and in detail, as should its implications for future arms-control negotiations. West Europeans should take an active part in the analysis of the Strategic Defense Initiative, SDI for short. SDI is a long-term research program from both the technological and conceptual points of view, so suggestions—preferably advanced at an early stage—can and will be taken into account. It is important, however, that they be based on a factual and thorough analysis of the realities of the 1980s, and not on vague premonitions or Utopian views that are far removed from the present strategic situation.

It would be quite wrong to suggest that most West European objections against SDI fall into the latter category. That is not the case. But it cannot be denied that some West European critics of SDI fire their broadsides at the wrong target, either from lack of knowledge, or flawed logic, or both.

Let me give you some examples, starting with one used by analysts of the "heads I win, tails you lose" variety. Their line of reasoning, put simply, amounts to this: First, they will assert that from the technological point of view an effective defense against ballistic missiles is impossible. If you reply that the aim of the research program is to look into new technologies that offer at least the prospect of a viable defense, they fall back on a different argument. "Let us suppose," they say, "just for the sake of argument, that in the remote future an effective defensive system can be deployed; then it will prove to be unaffordable, running into trillions of dollars." If your reply that "effective" surely means "cost effective" they will go on and say, "Yes, maybe, but have you ever considered the point that an effective defense against strategic missiles will mean a 'fortress America,' which would be highly destabilizing and detrimental to the security of Western Europe?" If you counter that argument by saying that one of the options of the research program will be the development of defensive weapon systems against the short-range ballistic missiles which threaten Western Europe, they change ground again. They now retort: "Maybe, maybe, but what about aircraft, cruise missiles or even atomic devices, which can be smuggled across borders in suitcases or rucksacks?" When you point out that these are threats of a different nature, that is usually the end of the discussion. One debater, however, took the argument one step further. "Do you know," he said to me, "that every

ten to fifteen years the Americans come up with some defensive scheme, and that they invariably gave up the effort? The last time was in 1975. Then they deployed the Safeguard ABM system, only to dismantle it four months later. So I do not understand why you are so fascinated by the American plans. SDI? A waste of time!"

### **Soviet disinformation refuted**

This method, without the last twist of course, was also used by Soviet scientists in their "appeal to all scientists of the world" issued on April 10, 1983. This swift reaction to President Reagan's plan came as no surprise to anyone who is even vaguely familiar with the methods used by the "disinformation" branch of the First Main Directorate of the KGB. What was surprising, however, was that a large number of the "concerned scientists" who signed that letter occupy prominent positions in the Soviet defense industry. From the Ministry of General Machine-Building, the ministry which is responsible for the development and production of ballistic missiles, signatories included A. D. Nadiradze, the designer of the SS-16 mobile ICBM and the SS-20 IRBM, V.N. Chelomei, designer of the SS-19 ICBM, and V.P. Makeyev, the chief designer of the submarine-launched ballistic missiles. Others are engaged in research on laser weapons, chemical weapons and anti-ballistic missiles. It could be that these scientists of the Soviet armaments industry are professionally concerned about the work of their American counterparts, but they do not seem to me to be the perfect guides "along the path of curbing the arms race and subsequent disarmament."

Another group of critics uses the "inverted logic method" to denounce President Reagan's plan. They usually reduce the complex strategic reality to a simple formula, and then determine whether SDI—as they see it—fits into it. One such formula is called "mutual assured destruction" or MAD. MAD is a concept which gained some popularity in the early 1970s after the signing of the ABM Treaty. What it amounted to, in greatly simplified terms, was that abandoning the idea of defense against intercontinental nuclear missiles would mean that the populations of the United States and the Soviet Union could be regarded as "hostages for peace." In the absence of strategic defense, no more than a comparatively small number of intercontinental nuclear systems would be needed for this purpose. The deterrence value of offensive weapons then became proportionately greater, offering good prospects for their limitation in arms-control talks. By signing the ABM Treaty, so the reasoning went, Moscow had also embraced the MAD theory and the way was open for a drastic reduction of the offensive nuclear arsenals. Admittedly, leaving aside its moral implication, MAD possessed an abstract and even fascinating logic. It was certainly simpler than the complex counterforce strategies, and in theory offered the prospect of smaller nuclear arsenals. But the theory could only work if

both Washington and Moscow were to regard MAD as the cornerstone of their nuclear doctrine, which they did not.

Washington never used MAD as a basic premise for its strategic analysis. For their part the Soviet leaders never publicly indicated that they countenanced holding the people of Moscow and other major cities as "hostages for peace." On the contrary, they stressed the importance of active and passive defense: They pursued an active research policy on laser and particle-beam weapons technology, upgraded their ABM complexes around Moscow, continued to strengthen the national air defense forces and at the end of 1972, shortly after the ratification of the ABM Treaty, reorganized their civil defense organization: All measures that were a direct negation of the MAD theory. Moreover, American hopes that the combined ABM/SALT treaties would lead to a reduction in offensive nuclear weapons have proved to be somewhat optimistic, to say the least. At the beginning of the 1980s the Soviet nuclear arsenal of intercontinental weapon systems was larger than the original 1972 CIA estimates of the possible ten year growth rate if no SALT Treaty were to be concluded. One of the reasons for this spectacular increase in the Soviet stockpile is that the SALT Interim Treaty contained a loophole which allowed the Soviets to enlarge the payload of their ICBM's very substantially. The so-called "cold-launch technique" used for this purpose was not a de jure violation of the 1972 SALT Treaty, but was decidedly contrary to its spirit. The buildup of offensive nuclear weapons was likewise at variance with the American unilateral statement appended to both treaties. This statement, though not legally binding, concludes that "if an agreement providing for more complete strategic arms limitations is not achieved within five years, U.S. supreme interests could be jeopardized. *Should this occur, it would constitute a basis for withdrawal from the ABM Treaty.*" Yet in 1977, and again in 1982, the United States reviewed the ABM Treaty without pressing for modifications. On both occasions American proposals concerning reductions in the levels of offensive weapons were rejected by the Soviet Union.

So it would seem that MAD bears no relation to the present strategic situation. Nor, as the history of arms control shows, can it be used as a guideline for future arms-control negotiations. To denounce SDI on the basis of MAD by arguing, for instance, that a "leak-proof" defense of cities will be impossible to achieve, is unrealistic. It is true that the defense of cities will be a very difficult undertaking, to say the least. But an attack on cities is not the basic tenet of Soviet military doctrine. And it is this doctrine that SDI seeks to render untenable.

### **How long will negotiations take?**

Before giving you my views on Soviet military doctrine and SDI, I should like to cite one more example of unfair criticism of the defensive research program. Most commen-

tators in the leading Dutch newspapers take the view that SDI is one of the major reasons for the Soviet Union's return to the negotiating table. It therefore constitutes an important bargaining chip. Starting from this premise, the author of the editorial printed in the *NRC/Handelsblad* on Jan. 28 characterized President Reagan's remark that the negotiations could take longer than his last term in office as "shocking." For a number of reasons I consider this a lack of insight into the arms-control process; it falls far short of the standards expected of a quality newspaper. Let me explain why.

Firstly, from the point of view of negotiating tactics it would be very unwise giving away the only bargaining chip you possess without pressing for reductions of the offensive nuclear arsenals. It would be even more foolish, of course, to give it away before the start of the negotiations, as the Soviets demanded in Geneva. This would have left the Americans empty-handed, and as the arms-control record shows, the chance of reducing the number of "heavy" counterforce ICBMs—one of the most destabilizing elements of the Soviet offensive arsenal—would have been zero.

Secondly, as I stressed earlier, SDI is a research program. Actual weapon systems will probably not emerge before the start of the next decade. Of the three major technology areas that are relevant to ballistic missile defense, namely sensor systems, fast computers and directed energy weapons, the United States is ahead in the first two while the Soviet Union leads in laser- and particle-beam weapons research. In Semipalatinsk and Sarysagan the Soviets have constructed prototype installations that are tested against satellites and nuclear warheads.

The Soviet demand that the Americans stop their research program was therefore unfair and was mainly motivated by propaganda reasons. A more balanced proposal would have been to strive for an agreement under which both sides would stop their military research. Such an agreement, however, is no real-world option for two reasons. The first is that there is basically no dividing line between research on military and civilian applications of computer technology. The same is true of research on directed energy weapons, which is closely related to research in fusion energy. As no one has yet come up with a feasible idea for pressing ahead with computer and fusion energy research for purely civilian purposes, while refraining from the results in weapon systems, an agreement to stop military research would be meaningless. The second reason, closely related to the first, is that verification of such an agreement by satellite or other means is out of the question. In my view all that can be done is to draft a "framework treaty" under which both sides agree to maintain strategic stability, report actual deployment of weapon systems and components well in advance, and begin negotiations on the basis of the treaty afterwards. Such "along-the-road" negotiations would most certainly take longer than President Reagan's second term in office.

So even if both sides wish to conclude meaningful and verifiable agreements, negotiations will take a long time and one cannot blame President Reagan for saying so. The editorial writer in question was barking up the wrong tree, to say the least. This was a particularly serious mistake because the Soviet Union, as the letter of the "concerned scientists" shows, uses every trick of the trade to confuse and mislead Western public opinion. Minister Gromyko's insistence on the inclusion of the word "prevention" in the passage in the Geneva final communiqué relating to the "arms race in space" is another case in point. It highlights the American plans for space weapons and conveniently distracts attention from the Soviet ground-based laser and particle beam weapon prototypes that can also be used against satellites, missiles and warheads. The object of this political ploy is clear: to fuel anti-American feeling in Western Europe, drive a wedge between the United States and its West European allies, and induce Congress to cut SDI funds. I believe that the Soviet Union will negotiate seriously if this propaganda effort shows no results. Arms control can contribute to mutual security, but we must first analyse the facts properly, show patience and above all resist propaganda efforts. Arms control would be reduced to a mockery if the signing of treaties, whatever their contents, were to become its sole purpose. It would give us a false feeling of security and ultimately endow the Soviet Union with a "droit de regard" in West European affairs.

I have devoted some time illustrating the lack of knowledge and flawed logic of some of the critics of SDI. I thought it important to demonstrate that the real issues of SDI are more complex than most critics would wish us to believe. I hope I have also made it clear that some of them—probably unwittingly—have echoed the tunes orchestrated by the Soviet propaganda machine. I know perfectly well, of course, that showing some arguments to be wrong is no proof in itself that the SDI is a program which is vital to Western security or one which should be supported by Western Europeans. To do that it is necessary first to view the American space program in its proper perspective.

### **History of space weapons**

It is important, for instance, to note that President Reagan is not the first President to formulate plans for space weapons. The Americans had in fact stepped up their research efforts in the late 1970s, although this decision—taken in direct response to Soviet weapon efforts—did not receive wide publicity at the time. Suspicions concerning the use of directed-energy weapons in an ABM role were fueled in the mid-1970s when the Soviet Union embarked on the construction of the directed-energy test installation in Semipalatinsk in the Kazakhstan military district. Satellite pictures of the work in progress gave rise to a controversy within the American intelligence community that took some years to resolve. Air Force experts believed from the outset that it was a pro-

ton-beam-weapon facility, though others, most notably CIA technical experts, disagreed. The CIA analysts considered proton weapons to be beyond the ken and scope of Soviet science because it implied that the Soviet Union was ahead in seven important beam-weapon technology areas. This debate was still going on when President Carter took office in 1977. At first the President did not seem to take the Soviet efforts very seriously, but within 18 months he modified his views as satellite information confirmed the earlier reports of the Air Force. This evidence convinced President Carter that the Soviet Union had moved into the lead in beam-weapon research and that steps had to be taken to redress the balance. By Presidential Directive No. 48 he ordered an expansion of the research effort, mainly to prevent a possible Soviet "break-out" from the ABM Treaty. Funds for the programs were practically doubled. Of course a more generous allocation of funds does not produce immediate results, especially in hi-tech research projects. But with their usual flair for improvisation and extensive copying from Soviet programs, the Americans succeeded in establishing a firm research base.

This was the situation in 1981, when President Reagan was inaugurated as the 40th President of the United States. The President, who had previously shown a keen interest in ballistic-missile defense, at first charted a course that seemed to be in line with his predecessor's policies. But on July 4, 1982, he formulated a national space policy, whose basic aim was to promote research in order to safeguard the U.S. lead in space technology, to enhance security and to boost the economy. This low-key policy, though in a way a continuation of President Carter's space policy, was in fact a stepping stone to what we now know as SDI.

Why the President decided almost a year later, on March 23, to shift the emphasis from an extensive but low-key research program to a major strategic policy objective is not clear. The wording of his statement suggests that the decision was probably based on moral grounds than on the results of ongoing studies. The President seemed to be repelled by a doctrine that relied solely on nuclear retaliation, and to prefer a strategy designed to "protect the people, not to avenge them."

On the other hand it is obvious that the President also sought to enhance the technological level of American industry as a whole. General Abrahamson, the director of SDI, had this in mind when he wrote recently, "we must continue to strive to make the [SDI] program visible, affordable and, as much as possible, to make the benefits of our research available for the public at large, essentially creating a return investment for the American taxpayer that provides benefits beyond enhanced deterrence. . . . This is not a unique idea. . . . On a wide range of matters, including electronics, air transport, and data automation, military investment has been a catalyst to the flexible, adaptive, and innovative elements of our industry. The space program has yielded—and

it will continue to yield—substantial benefits to the American nation. . . . In conjunction with other programs . . . SDI could be the nucleus of a new space renaissance, the 21st-century renaissance."

### **Lever to boost the economy**

It is not to be wondered at that the Reagan administration should use military investment in research in high technology as a lever to boost the economy. President Reagan shows a keener interest in the economic dimension of the long-term competition with the Soviet Union than any postwar President—with the possible exception of President Eisenhower. There are indeed reasons for concern. Although budget comparisons of NATO and the Warsaw Pact can only be based on estimates, most analysts agree that NATO spends more on defense than the Warsaw Pact countries. However, while agreeing on the fact that NATO outspends the Warsaw Pact, they also agree that as far as "classical" military equipment is concerned the Warsaw Pact outproduces NATO by a wide margin. In 1983, for instance, the Soviet Union, only marginally assisted by the other Pact countries, produced twice the number of tanks, twelve times as many artillery pieces, nine times the number of surface-to-air missiles and five times the number of ballistic missiles—to mention but a few items—than all NATO countries together. This is partly attributable to the fact that NATO personnel costs take a larger share of the defense budgets, leaving only 30 to 40% for investment (R&D, procurement and construction). In the Soviet Union the reverse situation obtains. Owing to low wage costs, more than 60% of the Soviet defense budget is available for investment. Another important point is, of course, standardization. Pact forces use equipment that is predominantly manufactured in the Soviet Union. As the Pact countries all have cadre/militia-type armies and are trained according to Soviet tactics, equipment is not only standardized but also specially designed for use by conscripts; that is to say rugged, relatively cheap and easy to handle. This reduces the costs of maintenance and training. All these factors are conducive to a higher growth rate than in NATO. Growth rates are important because they permit both modernization and enlargement of the inventory as older models are phased out and replaced by a greater number of advanced weapon systems. It is perhaps for this reason that after a period of growth of more than 15 years no concern was felt in the West until the mid-1970s. As one analyst noted, "it was not the rate of growth per se that was alarming, but the levels attained by the process."

Before going further into this point, I want to indicate a serious weakness of the Soviet armaments industry, namely its lack of vitality in the development of advanced electronics. This is hardly surprising in view of the fact that in the Soviet Union work in advanced electronics is largely restricted to the military sphere. For obvious reasons, personal computers and other data display systems are anathema to the

rulers of a closed society. Moreover, the excessive secrecy surrounding military production precludes the dynamic interaction of the civilian and military use of electronics that we know in the West. The Western research base for advanced electronics is consequently both broader and more creative, and there is no reason to suppose that this will change in the future. "Emerging technologies" can thus buttress NATO's conventional defense and at the same time yield a cost-effective defense against ballistic missiles, thereby offsetting the Soviet advantage of a higher production rate in ballistic missiles and "classical" weapon systems.

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So the SDI research program is more than simply an expansion of the Carter program. It represents an effort to boost the American economy and a bid to change the strategic equation with weapon systems using the strong points of the Western industrial base. The fact that these weapons systems stress defense rather than retaliation, gives them an added moral advantage in the President's eyes.

After the March 23 address President Reagan issued National Security Study Directive 6-83, ordering an evaluation of technologies to counter ballistic missiles. Closely coordinated studies were conducted from June to October 1983. Dr. James Fletcher headed a team of scientists that reviewed the technologies and weapon systems for ballistic missile defense. The team concluded, amongst other things, that it

was best to aim for a defense consisting of multiple layers. They did not recommend the development of a specific system. Such decisions could probably not be made before the end of the decade. It would, however, be possible to conduct technology demonstrations at an earlier date. The team completed their work in a spirit of optimism, concluding that the scientific community might indeed give the United States "the means of rendering the ballistic missile threat impotent and obsolete."

The implications for defense policy, strategy and arms control were studied by two groups: an interagency group led by Franklin C. Miller and a group of outside analysts headed by Frank Hoffman. If the Fletcher teams considered technological demonstrations to be markers along the path to be followed by research, the Hoffman group viewed intermediate options as important in their own right. One of the intermediate options the Hoffman panel considered was an Anti-Tactical (Ballistic) Missile (ATM or ATBM) system. Such a system would combine advanced mid-course and terminal tracking systems and ATBM weapons against the shorter-range missiles threatening Western Europe and could conceivably be available in the medium term. Deployment of the system would not violate the 1972 ABM Treaty, which only limits weapons and radars against Strategic intercontinental missiles.

After the reports had been combined in one interagency report, President Reagan endorsed most of their conclusions on Jan. 6, 1984 by National Security Decision Directive (NSDD 119). He called for the initiation of a program to demonstrate the technological feasibility of enhancing deterrence and thereby reducing the risk of nuclear war through greater reliance on the defensive strategic capability. All SDI programs are to be managed by a single project manager—Lt. General Abrahamson—who is directly responsible to the Secretary of Defense. For the 1985-89 period approximately \$26 billion will be needed for the SDI program. Without President Reagan's initiative an estimated \$15 to \$18 billion would have been necessary to fund the ongoing program.

So the President's initiative constitutes a substantial increase in the pace of ABM research. But above all it means a marked change in the direction of U.S. policy. The question is whether or not West European allies will benefit from this change. This question can only be answered if the military threat to Western Europe is viewed in the proper context. ABM weapon systems cannot be judged in isolation; they are closely related to other nuclear, chemical, and conventional weapons and are thus an integral part of the total force structure.

### **Balance of power has shifted**

At an earlier stage I referred to the fact that higher growth rates in the "classical" weapon systems permitted the Soviet Union both to modernize and expand its military forces. The

balance of military power has consequently shifted in favor of the Soviet Union. At the strategic nuclear level the deployment of a new generation of ICBMs, and especially the "heavy" SS-18, is seen as a direct threat to the American Minuteman force. A fifth generation is now in process of development. As some of these missiles are mobile, the vulnerability equation will be yet more disadvantageous to the United States.

The same trend is apparent in the theatre nuclear forces. Although the deployment of the longer-range SS-20 missile and Backfire bomber has received most publicity in the West, what is really happening is an across the board modernization. Since the mid-1970s some 15 new weapon systems have been introduced, including supersonic cruise missiles. In comparison, the Western record on Tactical Nuclear Forces (TNF) modernization can be described as patchy at best. As a result of both the Soviet modernization program and the Western reluctance to introduce new systems, the long-time Western lead in TNF has been lost, and in most cases the Soviets have achieved a clear-cut superiority. The result is that the former "balance of imbalances" in which superiority in the nuclear forces compensated for NATO's lack of conventional combat power, no longer exists.

This is doubly serious in view of the fact that in the conventional field another "balance of imbalances," namely quality versus quantity is slowly eroding, partly because of the high cost of military equipment induces many NATO countries to phase out older equipment at a slower rate than before.

The consequences of this continuing shift in military power are serious, for it undermines the credibility of NATO's strategy of deterrence and flexibility in response. Owing to the favorable "correlation of forces" on the nuclear level Soviet strategists consider an early use of nuclear weapons by NATO to be highly unlikely. They feel this gives them an opportunity to escape the nuclear dilemma, especially as they believe their conventional forces could achieve a speedy victory. Surprise is considered to be the key to such a victory, one of the major elements of which is a massive attack with shorter-range ballistic missiles (SS-21, SS-22 and SS-23) armed with *conventional* or chemical warheads. A barrage attack with these tactical missiles could cripple NATO's communications network and air defense system, particularly if the missile attack were to be followed up with successive waves of air attacks. Such an attack could reduce NATO's ability to control the battle to the point where the defenses could collapse at an early stage.

Thus I believe it to be essential for Western Europe to support one of the intermediate options of the SDI program, namely a defense against tactical ballistic missiles. An alternative means of reversing the disadvantageous force trends, for instance increasing NATO's offensive nuclear potential, does not seem to be a viable option. The Soviet Union has

shown that it can face up to competition in this area, and probably with less financial and political difficulty than that experienced in the West. The same is true of the second possible solution of increasing NATO's conventional forces to a level enabling them to withstand any form of conventional attack. This would be unaffordable. This does not mean that an improvement in the conventional forces is not called for. It most certainly is, but it must be done in a way that is cost-effective. The minimum requirement would be to ensure that the prospects of success of a high-speed conventional offensive would dwindle in the eyes of Soviet planners to the point where the eventual use of nuclear weapons by NATO would seem almost certain.

By shoring up conventional defense, NATO would thus bolster the credibility of its nuclear deterrence. Viewed in this light, a defense against shorter range tactical ballistic missiles is a critical element in the credibility of NATO's agreed strategy.

A combination of American early-warning surveillance and tracking satellites and weapons against shorter-range missiles for the defense of essential assets would seem to offer the best solution. To ensure allied cooperation the weapons could be of West European design. For such a "strategy denial"-type defense against aircraft and missiles a separate aerospace defense command could be set up within NATO. In view of the role the F.R.G. would have to play in this type of defense such an organization should preferably be headed by a West German officer.

To sum up, I personally support SDI for the following reasons:

- 1) SDI is an effective counterweight against Soviet military doctrine and thus reduces the chances of war.
- 2) One of the early options of SDI, a defense against tactical ballistic missiles, is of vital importance for West European security.
- 3) SDI makes the long-term competition with the Soviet Union more manageable because it concentrates on technology areas in which the West is ahead. SDI thus offsets the Soviet advantage of high production rates for "classical" weapons and nuclear missiles.
- 4) SDI is likely to have a profound influence on American industry as a whole. By adopting a "wait and see" attitude, Western Europe would "decouple" itself from the United States not only on the security level, but probably on the technological and economic levels as well.
- 5) SDI is the main American bargaining chip in the coming arms-control talks. It could lead to a reduction of the "heavy" counterforce ICBMs which constitute the most dangerous component of the Soviet offensive nuclear forces. If defensive systems which are cheaper than offensive nuclear forces could be developed, as seems likely, the competition between the two alliances could gradually change from an offensive emphasis to a more defensive one.

## Syria's scheme for an 'Islamic Republic'

by Thierry Lalevée

Underlying the recent terrorist bombings in southern Lebanon and Beirut is the rapid transformation of the region into a fundamentalist Islamic Shi'ite Republic modeled on Khomeini's Iran, as well as Syria's drive to finally grab "its share" of the country.

This process was demonstrated when the Israelis withdrew from the southern Lebanese port of Tyre a few weeks ago. After a few hours of euphoria as the Lebanese Army entered the town, life in the city quickly turned into a nightmare that some compared to the 1975 takeover of Phnom Penh by the troops of Pol Pot: The Iranian Shi'ite mob of the Hezbollah (Party of God) had arrived. First blending in with the cheering crowds and ephemeral display of national unity, the Hezbollah quickly turned to impose their own law. Less than 48 hours after the Israeli withdrawal, the inhabitants awoke to the noise of shop windows being smashed, restaurants and cinemas being destroyed, and the all-too-familiar rattle of machine-guns executing "Israeli collaborators."

### The Israeli dilemma

The Israelis realize by now that they are paying dearly for a policy imposed on the country by Ariel Sharon in 1982. It is no secret that, in complicity with Syria's President Hafez Assad, Sharon and his advisers played the "Shia card" against Yasser Arafat's PLO. Under the pretext of creating a security buffer-zone against Palestinian guerrillas, they first fostered the development in southern Lebanon of the Shia militia of Nabil Berri. According to Sharon's way of thinking, local Shi'ites were to be considered "anti-Palestinian Lebanese nationalists." This strategy fell apart when Sharon and his associates allowed Iranian Shi'ites to grab control of the region, as part of Sharon's drugs-for-arms deal with Teheran. Two years later, Israel is now faced with a region which is free from Palestinian followers of Arafat, but swarming with Iranian Shi'ites and radical Palestinian "rejectionists" of the Habash, Hawatmeh, and Abu Musa variety.

Is it a coincidence that this mob went into a full frenzy of "holy war" terror activities against Israel only after the new Labor-dominated government of Shimon Peres came to power, and when the Israeli decision was made to withdraw?

Indeed, Israel's withdrawal is a disturbing factor for Pres-

ident Assad of Syria who, as PLO chairman Arafat underlined in an interview with the Paris-based weekly *al Watan al Arabi* March 8, had been negotiating with the Sharon crowd a quiet partition of Lebanon. Assad is disturbed because an Israeli withdrawal will mean a closer relationship between Egypt and Israel, and a bigger chance for success of the peace initiatives launched by Egyptian President Mubarak and Jordanian King Hussein. Syria's Foreign Minister al Sharah told reporters in Tokyo on March 6, "Syria is opposed to any peace process as long as the balance of forces has not changed in the Middle East." Damascus wants another Middle East war, wants to be recognized as the principal power to be reckoned with in the region, and wants to eliminate its challengers before imposing a *Pax Syriana*.

Damascus has therefore decided to create an Islamic Republic in Lebanon, at least in the south, and is giving military and logistical aid to the Hezbollah of Sheikh Mohammed Hussein Fadlallah, provided the group sticks to its own assigned zone of influence. The Hezbollah are to be given the south, and a free hand to fight the Israelis and to eliminate their rivals—as they did March 4 when the Mosque of Maraakah exploded, killing the local chieftains of the Amal militia. The Hezbollah blamed the bombing on Israel, prayed for the martyrs, then moved swiftly to fill the vacuum of military leadership left by the death of Mohammed Saad of Al Amal. But they will have to accept the stipulation that Beirut is Syria's own province. The bombing of the Shi'ite mosque in Beirut on March 8 may have been a Syrian reminder not to forget what belongs to whom.

Beirut is already part of Greater Syria. Abandoned by many so-called friends, especially the United States and those Europeans who had boasted of privileged relations with the country, the Lebanese government of Amin Gemayel and the main Christian political parties has to bow entirely to Damascus's demands. A spectacular demonstration of this was the first visit since 1978 of the head of the Falangist party, Karameh, to Damascus at the beginning of March. This was an acknowledgement that decisions implemented in Beirut have to be made in Damascus, and that Syria's mafia-style protection is the only guarantee, however fragile, that the Christian community will not be massacred by the Hezbollah.

This has a price, of course, as shown by the Lebanese government's support for Iranian terrorist actions against Israel, with Lebanese state radio on March 10 hailing the terrorist who killed 12 Israelis as a "national hero," who died in a "Lebanese patriotic war against the Israeli occupiers"; or the decision of the Falangist party on March 12 to expel those who protested against the Lebanon-Syria alliance.

As Syrian Vice-President Abdul Halim Khaddam discussed in Beirut on March 8-10, Lebanon's "national reconciliation" is on the way to being achieved—provided that Gemayel accepts the role of local Syrian satrap of a province whose size is rapidly dwindling.



### The 'dual command structure'

*The Social Democrats are using old assets in the army and government to sabotage participation in the U.S. SDI.*

What would the headlines look like if Jimmy Carter marched into the Pentagon nowadays for "closed door discussions" with General XYZ on the Joint Chiefs of Staff—perhaps a general who owes his stars to the Carter administration—and then gives a press conference to say that the general is "skeptical" about the Strategic Defense Initiative, and President Reagan should drop the whole thing? That is just what West German Social-Democratic Party chairman Willy Brandt has done with General Inspector of the Bundeswehr Altenburg—and the West German minister of defense, Manfred Woerner has uttered not a peep.

Since Chancellor Helmut Kohl endorsed West German participation in research for the SDI at the Wehrkunde (Military Strategy) conference in Munich on Feb. 9, many people in Bonn are thinking through what kind of research organization West Germany and Europe require to get the job done; others are thinking hard about such detailed matters as how to design systems for defense against Soviet medium- and short-range missiles in Europe, where the warning time would be 3½ to 4 minutes.

But the Social Democrats under Willy Brandt, Egon Bahr, Horst Ehmke, and Andreas von Buelow have issued executive committee proclamations that the SDI itself, and any German participation in the SDI, has to be rejected. Furthermore, the Social Democrats' weekly newspaper, *Vorwärts*, says that Chancellor Helmut Kohl's endorsement of West Ger-

man participation in the SDI would be "complicity in a crime."

That sort of language is dangerous in West Germany, where it is tantamount to naming targets for terrorist attacks. So, when other spokesmen of the SPD in the past weeks began using the Soviets' own propaganda verbiage, alarm bells rang.

A defense-policy spokesman of the SPD parliamentary group, Hermann Scheer, claimed recently that "the SDI will militarize research to an extent not seen since the days of Hitler." The chairwoman of the public-sector trade union, OETV, Wulff-Matthies, chimed in that "40 years after Hitler, all workers know that the militarization of space has to be stopped."

This is the kind of language the Soviets use to threaten an "intervention" into West Germany; and it is the kind of language used by terrorists who claim to be the "freedom fighters" and "resistance" against totalitarianism.

Party insiders say that there were pitched battles within the SPD before the Brandt/Bahr wing decided to go on an all-out offensive against the SDI. No one denies that the Soviet Union agreed to go back to the Geneva negotiating table after walking out primarily because they know they have to take the strategic defense strategy of the Reagan administration seriously. So, several people in the SPD argued that the party should not undermine the main incentive for the Soviets to negotiate.

For a party whose base at least was in the trade-unions, the rejuvenation

of West German industry, the industrial spin-offs of the program, and West German participation in the program, would have been heavy ammunition against the anti-technology, environmentalist faction of the SPD that is making deals with the fascist Green Party wherever possible.

The problem for the Bonn government, however, is not merely that the SPD has launched a rabid Jacobin campaign against the SDI. The real problem is that the SPD still pulls the strings of many government officials, including ranking military officers.

This problem has been discussed within the West German Army since the Kohl government replaced the Social Democratic/Free Democratic Coalition under Helmut Schmidt: The military command is concerned about a "dual government command structure," which can paralyze decision-making in a crisis.

So, when Willy Brandt met with General Altenburg the first week of March, and took it upon himself to report that General Altenburg is "more sympathetic with SPD ideas about a nuclear-free zone than the government," the real shock in Bonn was that the SPD was openly flaunting the existence of such a "dual command structure."

Not a few leading officers frowned at the new demonstration that Defense Minister Woerner does not seem to have a grip on his ministry of defense. Even before Willy Brandt met with General Altenburg, the chairman of the SPD parliamentary faction, Jochen Vogel, visited Brussels and likewise reported that he found "much more sympathy for SPD ideas about a nuclear- and chemical-free zone in Europe than in the Bonn government."

Some sources indicate that a shake-up in the Bonn defense establishment may be coming.

## Mitterrand's unpopularity confirmed

*The first round of the county elections also undermined Le Pen's fascist National Front, and creamed the Greens.*

The first round of the French "cantonales" (county) elections on Sunday, March 10, confirmed the collapse of the present governing coalition: The Socialist Party and the Movement of Left Radicals (MRG) polled together only slightly more than a quarter of the votes (26.35%). In June 1981, in the aftermath of Mitterrand's presidential victory, these two parties had won 37.51% of the votes in the first round of the national elections and a comfortable absolute majority in the National Assembly (similarly to what happens in a U.S. presidential election, the two-round polling system in France tends to favor the winner, so that 37% of the votes may be sufficient to obtain more than 50% of the seats). Compared to the results four years ago, the March 10 elections show how the policy followed in the last four years by the Socialist government induced a sharp fall of popularity for Mitterrand's allies.

The picture looks even dimmer for the "left wing" if the results of the Communist Party (PCF), which supported Mitterrand's candidacy but since left the coalition, are added. The PCF fell from 22.46% of the votes in the last similar elections of 1979 to 12.51% this time. Together, the parties which made Mitterrand's victory thus fall from about 53% four years ago to 37.86%, or slightly less than 40% with the addition of miscellaneous political formations in between the left and the right, but believed to be rather on the left side.

At the same time, the right-wing

opposition managed to poll almost half the votes (49.05%), without counting Jean-Marie Le Pen's extreme right-wing fascist and racist Front National (which received 8.5% of the votes, down 3 points compared to the last European elections of June 1984). This means that, contrary to the propaganda campaign run by the left, the right-wing opposition might well be able to rule after next year's parliamentary elections without having to rely on the support of Le Pen's movement. Thus, Le Pen would likely fail to perform his spoiler's game or to impose some of his views in exchange of his support in the house.

This is what the leaders of the traditional right wing parties have understood: After having been very cautious on the issue throughout the campaign, they sacrificed a few county seats, and perhaps the majority in one or two departments, by openly stating their refusal to ally with the National Front for the second round on March 17.

The opposition managed to defuse most of the dangers of the National Front time bomb that the left-wing government was hoping to set off on them. Knowing that it will lose the next general elections, the government is planning to change the polling system, going towards a parliamentary representation that is more (or completely) proportional to the votes. This would make a majority impossible in the parliament and leave much more maneuvering room to President Mitterrand (the next presidential election

is two years off in 1988); at the same time, this modification of the polling system was aimed at allowing the Socialists to say that the right wing could rule only with the alliance of the National Front, a party many moderate right-wing voters would refuse to support. The breadth of the opposition's votes now allows its leaders to reject clearly this argument, since they have already showed this week their refusal to ally with Le Pen and they are likely to obtain a majority in parliament without having to rely on Le Pen's deputies.

The elections brought two other interesting results. First, the French Greenies, who oppose nuclear energy and nuclear weapons alike, got only 0.7% of the votes nationally, and are thus relegated to the rank of an insignificant force. At the same time, the only French party which wholeheartedly supports Reagan's SDI program, a development program for the third world and a change in economic policy away from the International Monetary Fund, Jacques Cheminade's Parti Ouvrier Europeen, emerged as an increasingly important force. Although financial reasons forced the POE to run in only 50 counties and prevented it from running a big campaign where it had candidates—the POE thus had to limit itself to national issues in an election where local questions are very important—the POE more than doubled its score from its previous campaign in the 1984 European elections, from 0.4% to more than 1%—more than the Greenies. Although still low, the result is encouraging for a young party which had no local personality and little financial means. Jacques Cheminade, the POE secretary-general, stressed on the day after the elections that these votes represent a support for ideas, disregarding local political maneuvers.

### Show of strength in the Gulf

*Iran has launched another "final offensive," but the war may yet go on a while longer.*

**T**he announcement on March 10 in Teheran that Iran would launch a "final offensive" against Iraq should be taken with a pinch of salt, even though it was followed on March 12 by a ground-forces' offensive in the southern sector of the front with Iraq. That this communiqué was made in the name of Ayatollah Khomeini does little for its credibility: Rival factions have now mastered the art of putting into Khomeini's mouth what they want to hear.

However, the new ground offensive followed more than a week of mutual air raids against Iraqi and Iranian cities including Teheran, Baghdad, the Iraqi oil center of Kirkuk, and Iran's second largest city, Esfahan. Such renewed military activities, claiming many civilian victims on both sides, have little to do with the Gulf situation per se and much more with the ambiguous relationship both Iran and Iraq have with Europe and the United States.

Khomeini has hardly become a moderate and is likely to approve military plans for a full-scale offensive against Iraq, a military deployment made possible by more than six months of relative peace on the front which allowed Teheran to buy large stocks of weapons. One such new weapon, never used by Iran before, was experimented with on March 11 as ground-to-ground middle-range missiles were unleashed on Kirkuk. China, North Korea, and the old Israeli connection running through Kuneitra and Damascus were the sources of supply.

However, the last few days of fighting showed that Iran's primary weakness, its lack of airplanes, has not been resolved. Only two Iranian fighters could reach Baghdad to strafe Iraqi workers with machine-guns in the early hours of the morning, fleeing quickly before Iraqi jets could scramble. That did much to encourage Iran's President, Ali Khamenei, as well as Parliament Speaker Hashemi-Rafsanjani to call on the United Nations to mediate with Iraq on ending the bombardment of civilian targets.

Iran may be armed to the teeth—except for its lack of an air force—but it is also economically exhausted. Many a mullah fears that Khomeini's death will unleash such an internal factional fight that either through internal strife or external military threats from Iraq and the Soviet Union, their power will crumble to nothing.

Hence, for mullahs like Rafsanjani, Khamenei, and a few others who are more committed to their Swiss bank accounts and their lucrative export of pistachio nuts to Israel than to ideology, hopes lie with the Kissinger faction in the United States, French Foreign Minister Roland Dumas, and West German Foreign Minister Hans-Dietrich Genscher, who have all warned recently against "destabilizing Iran." This, they say, would be an invitation for a Soviet invasion of the northern part of the country. The conclusion Kissinger drew in a *Los Angeles Times* article was that the Gulf war should be kept going "with no winner or loser."

The decision reached by Dumas and Genscher, as underlined by a stream of articles in the French press recently, is to bring about a reconciliation with the mullahs' regime and to have Europe organize a "smooth transition of power" when Khomeini dies. Dumas's and Genscher's choice for such a transition is none other than their old friend Sadegh Tabatabai, Khomeini's son-in-law, whom they hope will become the next prime minister. As Genscher and Dumas know well, business, in a concrete sense, can be done with Tabatabai. Not only was he once arrested for drug trafficking in Germany. According to *L'Express* of Paris, Bonn is now completing the construction of six submarines for Iran!

Last winter, French President Mitterrand proposed a "European peace initiative" by Paris and Bonn which, via the good offices of Syria's Assad, could negotiate an actual cease-fire. The key to such a deal was Mitterrand's astounding promise that the United States—not consulted, at least officially—would release some \$4 billion in Iranian assets held in American banks. Though there were no official negotiations with the Soviets, Moscow let the matter proceed as long as it went through its Syrian ally, Assad, whom Mitterrand met in late November to discuss the Gulf situation.

However, the renewed fighting these days may be the end of the European role. It is at least a reminder from Baghdad, which has a fast-developing relationship with Washington, that it is the primary factor when one thinks of making deals with the mullahs. Baghdad knows that its attacks on Iranian cities have the decisive consequence of strengthening the Iranian warmongers, making any compromise difficult. For all of Iran's "final offensives," the war may yet last quite a while longer.

## Palme's brother sells Soviet cars

*Claes Palme is the new chairman of the Soviet car sales company in Sweden.*

Would you buy a used Soviet car from Olof Palme's brother? Not many other people would, either. Yet, the Swedish Premier's "conservative" elder brother, lawyer Claes Palme, was recently elected chairman of the board of Matreco, the Soviet trading company dealing in Russian-built Fiat cars in Sweden. The vast network of some 70 Matreco retailers and service shops all over Sweden bear no correspondence to the miniscule volume of Soviet car sales. Among informed circles, it is well-known that the dumping of some 3,000 Russian Fiat cars per annum on the Swedish market is a cover operation for maintaining a large espionage army of civilian non-diplomatic Soviet citizens formally employed by the company in Sweden.

Several Russians in the company have been identified as KGB or GRU intelligence operatives. In 1976, Matreco tried to expand its office in the sparsely populated far north of Sweden, to open what would have become the first Soviet permanent exhibition of cars to the west of the Iron Curtain! The Russians were denied permission specifically because the company was regarded as a security risk, and the area they applied for was militarily sensitive. The commander-in-chief of Sweden's armed forces at the time, Social Democrat Stig Synnergren, said that Matreco was a suspicious firm.

In the late 1960s, the Matreco branch office near the city of Gävle, on the east coast of central Sweden, erected huge antennas capable of radio communication with Soviet ships

in the Baltic Sea. The chief of the Gävle branch office, a Swedish citizen, said about one of the Soviet "car specialists" deployed to that office: "He knew nothing about cars, and even less about how to service them."

Matreco is also the general agent for 14 Soviet foreign trading companies. Three of these companies are known to have been involved in illegal technology-smuggling from the West: Metallurgimport, Sudoimport, and Tekhmashimport.

That is the company which has now named the Swedish Prime Minister's brother chairman of its board. He had only joined the board on Sept. 26, 1984.

The timing is intriguing, as the months of August and September 1984 represented a peak of anti-Soviet sentiment among the Swedish population. On Aug. 9, a Soviet Su-15 jet-fighter, the same type of combat plane that shot down the Korean airliner, simulated shooting down a Swedish civilian airliner deep inside Swedish air space over the large Baltic island of Gotland—an incident which became known to the public on Aug. 25, and which remained the subject of heated controversy throughout September.

Unlike Olof Palme, big brother Claes, ten year older, is not known for sympathizing with the reds. Active in the Stockholm local of the "conservative" Moderate Party, Claes Palme occupies the family's chair on the board of the large Skandia insurance company, which historically ties the

Palme family to that of Volvo's Pehr Gyllenhammar, Henry Kissinger's pal and business partner. In the late 1960s, Claes Palme was also the founder and chairman of the notorious Center for the Study of International Relations, an oligarchical think tank which has been linked to Dope, Inc., the international drug business.

With such a "solid" right-wing biography, Claes Palme's role as one of the three top lawyers for the Soviets in Sweden could perhaps be explained in terms of strictly professional commitments. A glance up the branches of the Palme family tree, however, reveals that there is much more to Claes's conservative image: "You see, I am both older and wiser than my brother," as he told an interviewer in August 1983.

The sons of Baltic nobility, both Claes and Olof spent their childhood and youthful summers at their family's baronial estate, Skangal, in Latvia in what is today the Soviet Union. The father died in 1933. They were raised by Uncle August von Knieriem, a chief executive of I. G. Farben, the infamous Nazi company that ran Hitler's Auschwitz extermination camp. This casts the anecdotes about Claes's vicious anti-Semitism in a new light.

The Palmes' affection for Latvia in no way ceased after the Soviet occupation in 1940. Boasting and bragging about how well he knows "the God-damned Russians," Claes Palme described his recent visit back home to Skangal in a 1983 interview. "Of course, I'm a VIP in Russia nowadays," Claes blurted, telling about how he was received by the Russian soldiers at the estate "with a lot of saluting." He noted that the place seemed to be well run, and jokingly told his hosts that if it isn't as well run the next time he returns, "then, I will take back my estate!"

# International Intelligence

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## ***Will Washington back Mubarak's peace bid?***

Egyptian President Hosni Mubarak met with President Reagan in Washington, D.C. on March 12, to try to secure U.S. backing for his plan for direct U.S. talks with a joint Jordanian-Palestinian delegation, as a first major step in launching a Mideast peace process that would bring Israel to the bargaining table.

The initiative Mubarak brought to Washington is based on the Feb. 9 Amman agreement between King Hussein of Jordan and PLO leader Yasser Arafat, and is backed by Saudi Arabia, Algeria, and Iraq. It is opposed by the Soviet-backed terror axis of Syria, Libya, and Iran—and by Israeli strongman Ariel Sharon. The U.S. State Department, which prefers a deal with Syria, is also opposing the Mubarak proposal, and insisting that Washington will never deal directly with the PLO.

The Amman accord, Mubarak told President Reagan, is a "golden opportunity for peace. It is a major development that cannot be discounted. We cannot afford another missed opportunity for peace." A U.S. role in aiding the Palestinian people to find a homeland, he said, "is a stand consistent with the American heritage."

For his part, President Reagan called the Amman accord "a promising beginning" which he hopes will "open the path to direct negotiations with Israel."

Any loss of momentum in the peace effort now, however, will give the State Department, the Arab radicals, and the Israeli faction of Henry Kissinger's friend Ariel Sharon, the time and maneuvering room to dynamite the negotiations. The recent outbreaks of terror in Lebanon demonstrate the lengths to which Mubarak's enemies are prepared to go.

The State Department and the International Monetary Fund have joined forces to squeeze both Israel and Egypt economically, sabotaging the efforts of Mubarak, Saudi King Fahd, et al. to shape an economic

package that could underwrite a peace settlement. Mubarak came to Washington with a request for \$850 million in additional U.S. aid, which has so far not been decided upon.

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## ***Pope hits drug pushers and anthropologists***

Speaking to an audience of Colombian bishops at the Vatican on March 9, Pope John Paul II condemned the drug-traffickers and anthropologists who are sabotaging the Church's mission in Colombia. He denounced "the narcotics traffickers in Indian regions, who disturb the life of the communities which they want to drag into the immoral drug trade."

He also criticized "those individuals and groups who from false anthropological positions pretend to deny the Gospel its right to penetrate into all cultures in order to uplift them," and said that "they forget that missionary activity also has an intimate connection with human nature itself and with its aspirations."

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## ***Soviet testing of laser weapons revealed***

According to evidence gathered by U.S. intelligence services, reported on March 11 in the London *Daily Express* and the Italian *Il Giornale*, the Soviet Union has begun testing lasers in space, through the Salyut 7 manned space flight, and has been systematically engaged in a buildup of a massive space- and ground-based ABM system.

The *Daily Express* writes, "The latest close-up photos by U.S. spy satellites over the Soviet Union will play an intriguing and significant role in the Geneva arms-control talks."

The intelligence picture presented includes the following details:

- Soviet cosmonauts on board the Salyut 7 space station have been engaged in a

laser program, similar to one planned by the Americans, to knock satellites out of the sky.

- A huge "phase-array" radar system has been built at Krasnoyarsk in central Siberia as part of a ground-based anti-ballistic missile system.

- A mobile, high-altitude surface-to-air SA X-12 missile is being developed for deployment throughout the Soviet Union. It has already been successfully tested against Soviet intermediate-range missiles.

- 10,000 surface-to-air missiles—previously deployed as anti-aircraft weapons—are now being upgraded to shoot down ballistic-missile warheads.

- A high speed interceptor missile called SH-08, which can destroy intercontinental missile warheads when they enter the atmosphere, is on the way.

- A research center at Sarishagan, in Soviet central Asia, is experimenting on laser and particle-beam systems capable of hitting targets in orbit.

- The Soviets are pumping massive funds into microwave weapons which would destroy the electronic circuitry of space vehicles.

Already in the 1960s, writes the *Daily Express*, the Soviets developed a "fractional orbital bombardment system" which used an orbiting nuclear warhead.

On the conventional side, fuel pipelines are being laid from east to west across Warsaw Pact territory as part of a huge buildup of military strength.

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## ***European support grows for beam-defense plan***

Growing numbers of European leaders and defense experts are calling for the governments of Western Europe to cooperate wholeheartedly with President Reagan's Strategic Defense Initiative (SDI)—or risk being "decoupled" from the United States politically, and left behind economically.

Lothar Späth, the Christian Democratic

## Briefly

governor of the West German state of Baden-Württemberg, wrote an article for *Der Spiegel* magazine dated March 11, following a three-week tour of the United States. "Do Europeans really know what they would risk if they do not decide to push for participation in the SDI, and at the same time finally make serious steps toward creating an integrated research policy?" he asked.

"With one blow," he declared, "the SDI has made the order of magnitude of the issue clear. Moreover, Europe's deficit in efficient research infrastructure, covered up but not alleviated by a few spectacular individual projects, has been hung on the wall for all to see. . . . I can only draw the conclusion that we must urgently discuss the 'how' of participation in this research, and that the question of 'whether' has to be beyond any doubt."

Leading West German military commentator Adalbert Weinstein, in a March 10 editorial in the weekly *Welt am Sonntag*, called on Europe to join the SDI:

"But the Europeans in the first place ought to take the chance for cooperation the Americans are offering them. For one, because the realization of the SDI is not too far away. Remember, Kennedy's NASA program took the United States to the Moon in 10 years. Second, there is a real danger of 'decoupling,' if the old continent does not take every step to produce space-based defense against the small cruise and the medium-range missiles on its own. America, which faces the gigantic task of having to also include the skies in her strategy, necessarily has to concentrate on weapons which can destroy intercontinental weapons."

From London, *The Times* published an editorial on March 9 calling on Europe to stop believing Moscow's pre-Geneva propaganda, and to reject Prime Minister Thatcher's research-but-no-deployment line on the SDI:

"Moscow has only decided to resume the talks, not so much to dissuade the United States from pursuing its program of strategic missile defense, as to exploit the signs that West Europe is not yet convinced of the soundness of that defensive philosophy. . . .

"If defensive measures against incoming missiles can be developed, it would be extraordinary—indeed it would be immoral—not to exploit them simply because the strategic and scientific intelligentsia had become wedded to a system of deterrence based only on the threat of retaliation. . . .

"The European governments may unite behind Mrs. Thatcher's formula. But since that will not prevent Moscow from exploiting these evident transatlantic differences, Europe should be more positive. As a defensive alliance, NATO should be seen to welcome and work for a realistic defense against nuclear threats, and not regard it as negotiable."

### *Labour leader calls for deal to scrap the SDI*

Britain's "shadow" Foreign Secretary and former Labour Party Defense Minister Denis Healey has come out for a deal favored by the Soviets whereby, in return for presumed Soviet reductions of offensive nuclear weapons, the United States would scrap the Strategic Defense Initiative.

In a statement on British television March 10, Healey said: "If the Russians offered to trade deep cuts in the offensive missiles against an embargo on the 'star wars' system, I think Europe should then be prepared to have an almighty row with the United States. . . . I would say to the Americans that if you go ahead with testing components in the 'star wars' system, the Russians are bound to go ahead in building offensive missiles. . . . and we will not support you if you persist in this path."

The Soviets are offering Western Europe another kind of bait to reject the American program: In an interview published in the March 11 issue of the West German weekly *Der Spiegel*, a group of young Soviet think tankers, including the son of Georgii Arbatov (head of Moscow's USA & Canada Institute), says that Moscow would agree for the first time to "on-site inspection" to verify arms-control treaties.

● **IS REGIS DEBRAY**, the special adviser to French President Mitterrand, working with Cuban-backed separatist networks to destabilize the French Caribbean territory of Guadeloupe? The island has been hit recently with terrorism and a truckers' strike. Mme. Michaux-Chevry, the governor of the territory, has charged Debray and his "Cuban friends" with fueling the trouble. What was Debray doing in Tashkent, U.S.S.R. a few months ago, visiting the Soviet center for manipulation of religious and ethnic minorities?

● **BRITAIN'S MI-5** intelligence service will soon get a new chief—rumor has it that it will be Sir Anthony Duff, the current chief of the Joint Intelligence Committee, a close confidant of Prime Minister Thatcher. He is expected to deal with the problems created by recent scandals over "irregularities" in investigative procedures. Sir John Jones, the current MI-5 chief, is retiring.

● **LORD BRIDGE** of Hawick will soon release a report from Britain's Security Commission recommending changes in MI-5's recruitment procedures, to better detect political and sexual weaknesses of prospective agents. The agency has been hit with numerous scandals recently, including the case of a middle-level MI-5 official accused of rape and other sex crimes. British television is playing up the case of ex-MI-5 agent Cathy Massiter, who complained about the agency's illegal investigation of communist infiltration of the British disarmament movement.

● **VENICE'S CINI** Foundation met early in March to map out plans to make Venice "the key city in Europe, from the Atlantic to the Urals, by 1986," Italian newspapers report. The meeting was addressed by Soviet Ambassador Alexander Lunkov, and Italian Foreign Minister Giulio Andreotti sent greetings.

# Senate dupes applaud drug-pusher William Weld

by Martha Quinde

Now that everyone, including the President's Commission on Organized Crime and the U.S. Treasury Department, is pointing the finger at Crédit Suisse as the bank of the world narcotics Mafia, why has Congress not caught on?

At hearings on Capitol Hill on March 12, the Senate Permanent Investigations Subcommittee (SPIS) of the Committee on Government Affairs declined the chance to expose the coverup of the connection between Crédit Suisse and Boston U.S. Attorney William Weld in the investigation of Bank of Boston. The focus was on currency transfer reporting violations of the Bank of Boston and other banks as an administrative problem of enforcing proper auditing procedures.

Weld, who allowed Bank of Boston to "plea-bargain" for a mere \$500,000 fine when it was indicted in February for \$1.2 billion in illegal money laundering, testified that it was merely "lower level" officials of the indicted bank who had encouraged the massive flow of illegal transactions. Yet, Senators D'Amato, Roth, and Rudman praised Weld for his role in bringing the Bank of Boston to justice despite alleged lack of cooperation from the office of the Comptroller of the Currency, the agency which audits the national banks.

As *EIR* has previously reported (March 5, 1985, pp. 52-55), under "conflict of interest" statutes Weld had no business handling the Bank of Boston case at all. The Weld family funds were accrued by the White, Weld securities empire under Weld's father David Weld, in association with Crédit Suisse from the 1930s up through the early 1980s, when White, Weld was dissolved into numerous pieces under the overall control of First Boston, Crédit Suisse, and New York's Merrill Lynch.

The 1978 divestiture of the Weld family fortune was done for one reason: to protect William Weld from legally oblig-

atory financial disclosures about his connection to drug pushing, when he was first running for public office. The issue is Crédit Suisse and William Weld's partnership with Crédit Suisse.

Informed European sources told *EIR* that Crédit Suisse has been, since at least the 1960s, the most cited European bank in investigations of organized crime. Following Castro's closing of Havana gambling, drugs, and prostitution after 1959, the Meyer Lansky mob moved its center to Las Vegas through a complicated courier system moving funds from there to Switzerland. "The bank most frequently mentioned as the recipient of Mafia funds was Crédit Suisse," the sources said.

In 1980, Crédit Suisse was named as a prime suspect in "Operation Greenback" launched in Florida by the Drug Enforcement Agency, the IRS and the FBI. Florida was targeted as the entry point for Latin American cocaine, estimated to be worth \$35 billion to U.S. dealers, mainly the Mafia. The Miami branch of Crédit Suisse in the first week of Operation Greenback was subjected to no fewer than three rounds of currency transfer checks by U.S. officials.

## SPIS skirts the issue

Although SPIS staffers had access to the information of Weld's background and ties, only three of the 13 senators on the committee were present, and none asked about the apparent conflict of interest in Weld's taking the case, or why he let the bank off with so small a fine. Weld himself used the March 12 hearings to call for new guidelines which include allowing federal prosecutors to bypass certain Internal Revenue Service and Treasury regulations for the protection of financial information about individuals and institutions.

Weld told the committee that "in all fairness to the banks, speculation of a possible connection between the \$1.2 billion in international transactions that were not reported and organized crime has been overdone." Weld even said that he had heard that lower level bank officials, "and I emphasize lower level," say that the best way to drum up business is to put out the word that a branch is not stringent about complying with federal regulations.

Nonetheless, the opening statement presented by committee chairman William Roth indicated the potential for a serious inquiry. The Delaware Democrat said, "There is no question in our minds that the Bank Secrecy Act is an indispensable link in the prosecution chain of crimes; particularly those involving organized crime, drug traffickers, and major frauds." He pointed out that the IRS has 188 ongoing Title 31 (Bank Secrecy Act) investigations involving 41 banks. Fifty-three of the 188 cases are located in the Northeast.

"These are very disturbing statistics," Roth said, "more so because of the types of banks represented."

William L. Brown, chairman of the board of the Bank of Boston, simply said that his bank did not know the regulations. He seemed perplexed when Sen. Warren Rudman (R-N.H.) said, "Mr. Brown, how could it be that someone comes into your bank with, literally, bags of money and no one takes note?" "I've been asking myself that same question, Senator," Brown said, "I just don't know!"

### Swiss banking exposed

On March 12, the same day as the hearings, the *Wall Street Journal* reported on the study of the President's Commission on Organized Crime, quoting Rudolph Giuliani, U.S. Attorney for the Southern District of New York, saying that the Crédit Suisse bank of Zurich, Switzerland was at the center of the \$1.65 billion in narcotics money-laundering operations of the "pizza connection" drug networks broken up in New York last year. *This is the same Swiss bank named as one of the major recipients of laundered money from the Bank of Boston.*

"A key bank of the network's operations was Crédit Suisse. . . . They point to a number of accounts there, including 'Wall Street 651' and 'estate 386' used at various times by defendants in the pizza case. . . . A Crédit Suisse spokesman declined to comment because the matter is still under investigation by Swiss authorities."

The President's Commission named the following financial institutions under suspicion in the "pizza connection" story: E.F. Hutton; Merrill Lynch & Co.; Crédit Suisse's Bellinzona branch near the Italian border; the Bank of Butterfield in Bermuda; and Banca della Svizzera Italiana in Nassau. "In addition to Hutton," financial institutions alleged by a presidential commission to have been used for laundering include Chase Manhattan Bank, Irving Trust Company, Great American Bank of Dade County, Florida, and the foreign exchange and precious-metals dealer Deak & Co."

## Judge rules against bank, for LaRouche

by Suzanne Rose

Judge Harold Ackerman ruled in federal court in Newark, New Jersey on March 11 that First Fidelity Bank of New Jersey had illegally seized \$170,000 of Lyndon H. LaRouche's presidential campaign funds just before the November 1984 election. The loss of the funds prevented LaRouche from making an Election Eve broadcast on CBS national television, part of a scheduled three-network blitz that night to educate voters on the crucial issues of strategic defense and monetary reform.

Judge Ackerman's decision is the first ruling on the merits of one of three cases stemming from an outbreak of financial warfare during the closing days of the 1984 election, when the campaign and organizations connected to Lyndon LaRouche were targeted by some of the country's largest drug-connected banks for destruction.

- William Weld, U.S. Attorney from Boston and scion of the White Weld investment banking family, announced an investigation into LaRouche's campaign committees for credit card fraud on the heels of "exposés" provided by Boston's NBC affiliate, WBZ. Weld's family bank is in a partnership with the notorious Crédit Suisse in London and Paris, and Weld himself was recently caught covering up for his family interests by refusing to prosecute Bank of Boston officials found laundering drug money to Crédit Suisse.

- First Fidelity Bank in New Jersey shut down LaRouche's campaign accounts, wreaking havoc on the campaign's ability to pay its debt to contributors and vendors alike. First Fidelity, led by "civic leader" Robert Ferguson, made New Jersey the second state to bring drug-money laundering capabilities onshore in the United States in a big way by legalizing casino gambling. First Fidelity not only used its clout to promote legalization against strong opposition in the state, but it provided Resorts International, founded as a front for mobsters Vesco and Lansky, with \$11 million to fund their casino.

- The third bank to jump into the "shut down LaRouche campaign" was New York's Chemical Bank, which followed First Fidelity's lead in seizing the funds of organizations connected to Lyndon LaRouche. One branch of Chemical Bank has been cited for drug-money laundering in the President's Task Force Report on Organized Crime. It was also



the first bank to be indicted under the Bank Secrecy Act for drug-money laundering.

The intention of these circles has been to undermine the financing of a LaRouche-led movement for strategic defense and economic reform and to eventually indict LaRouche, after charging his supporters with fraud.

### What First Fidelity did

First Fidelity's illegal actions, which involved shutting down the accounts of both LaRouche campaign committees, seizing their funds four days before the election, and refusing to issue a check for the CBS broadcast, were prompted by a telephone call from the Boston branch of the FBI on Nov. 1. The campaign committees—The LaRouche Campaign and Independent Democrats for LaRouche (IDL)—immediately sued First Fidelity for breach of contract, conversion, and \$10 million in damages. Another suit was filed against Chemical.

Weld, Bank of Boston, and the FBI were similarly treated. A suit against them was filed to enjoin them from continuing to harass the political supporters of Lyndon LaRouche through a lawless investigation which has involved numerous visits to contributors and smears conducted throughout the banking community and media.

At the March 11 hearing on *LaRouche v. First Fidelity*, Judge Ackerman focused strongly on First Fidelity's brazen seizure of the money deposited with them. "Why did you take \$200,000 of their money? What gave you the right to do this?" he asked First Fidelity's counsel at the very start of the hearing. "Campaign committees represent a time-honored tradition in this country," the Judge asserted, "giving anyone the right to support a candidate of his choice. I don't think Mr. LaRouche thought he could defeat Reagan," Judge Ackerman said, "but then Mondale didn't do so well either."

Robert Epstein, First Fidelity's lawyer, attempted to defend the bank's actions by appealing to "economic realities." The bank had cleaned out LaRouche campaign funds to prevent the committees from simply emptying the accounts without meeting debts, once the election was over, Epstein asserted.

The bank also tried to justify breaking the law by the *post hoc* argument that the volume of chargebacks against the campaign accounts since the election had exceeded the funds the bank seized. Judge Ackerman was not impressed. He outlined the agreement between the bank and Independent Democrats for LaRouche, stating that the bank accepted the risk of chargebacks when it opened the account, and were compensated for the risk by its charges for each credit slip.

A spokesman for Independent Democrats for LaRouche, Sanford Roberts, commented that the bank's attempt to justify seizing the money by citing excessive chargebacks was totally self-serving. "They created the chargeback issue to justify shutting down the account in time to prevent the CBS broadcast on Election Eve. After the account was closed, the

FBI and the bank created the kind of bad publicity about the campaign that caused contributors to panic and charge back, fearing that they would never get repaid the money they loaned to the campaign." He added, "The campaign has found that several of the biggest drug-connected banks in New York and Boston have been involved in foisting chargebacks onto the campaign."

### 'Self-help' banking

Ackerman made light of the cases First Fidelity cited to try to justify its actions. The first, the F.I.N.N.E. case, concerns a bank which seized the account of a person who had forged a check. Judge Ackerman found no analogy. He also asked First Fidelity's lawyer, "To prevent a person from bouncing a check, you seize their account?" The Judge deplored this "self-help" method of banking (a phrase originally used by the Bank in its own brief). The other case First Fidelity cited in self-justification occurred in the 1920s and, as the Judge observed, banking practices have changed a lot since then.

Epstein's attempt to brazen it out, declaring summarily that there was nothing wrong with the bank's seizure of funds, which he called perfectly consistent with banking practices, did not succeed either. The LaRouche campaign committees must have thought there was something wrong, the Judge said, and certainly let the bank know it with leaflets charging First Fidelity with grand larceny.

### Breach of contract

Judge Ackerman ruled that, contrary to First Fidelity's contention, it had only terminated its contract with IDL on Nov. 2, when it sent a telegram to the campaign committee. Therefore, the bank's refusal to process \$112,000 in credit slips deposited by IDL Nov. 1 constituted breach of contract. These funds were slated by the campaign committee to pay for the CBS election eve broadcast.

Ackerman's decision granted summary judgment to Independent Democrats for LaRouche on two of the three contract issues involved in the case, a sharp reversal for First Fidelity. The bank had moved for partial summary judgment against LaRouche and the campaign committees, but the Judge ruled in favor of the LaRouche counterclaim.

A third count of the LaRouche counterclaim—whether First Fidelity was legally bound to issue a check against deposited funds on Nov. 2 to pay for the CBS broadcast—Ackerman deferred to trial. Also deferred to trial is the issue of damages.

Judge Ackerman's rulings are an important precedent for the case of *Campaigner Publications v. Chemical Bank*, which is now pending in New York. The decision and the Judge's denunciation of First Fidelity's outrageous seizure of funds may do much to undercut the libel action the bank has filed against IDL for distributing leaflets and posters throughout New Jersey, charging the bank with grand larceny.

# The *New York Times*' 125-year political vendetta against Mexico

by Anton Chaitkin and Roger Maduro

*New York Times* reporter Alan Riding has written a book, *Distant Neighbors*, that constitutes his contribution to the *Times*' much broader campaign of journalistic terrorism directed at Mexico. Riding's book is a blueprint for civil war and the overthrow of the Mexican government. The *Times* prints articles day after day on "tyrannical" and "unstable" Mexican leaders, demanding that Mexico admit the neo-Nazi PAN party to power or suffer dire consequences. This thunderous rhetoric and slander reflects a desire that the banking cartel led by the International Monetary Fund should be given free rein to starve Mexicans and to seize raw materials in order to collect debts.

This is not a new campaign. From the first months of the paper's existence in the early 1850s, the *Times* began calling for the conquest of Latin America for the extension of the plantation slavery system. With the *Times*' loud support, New York-based military adventurers John A. Quitman and James Bulloch attempted to seize Cuba; they went on to lead the creation of the Southern secessionist movement against the American Union.

But the destruction and looting of Mexico in particular has been an obsession with the *New York Times* now for at least 125 years.

We will let the *Times* speak for itself; the quotes presented here are available to readers in the *New York Times*' micro-filmed records in major public libraries throughout the United States.

On Dec. 20, 1860, following the election of Abraham Lincoln to the presidency, a rump convention in South Carolina declared that that state had seceded from the United States. Six days later, Dec. 26, 1860, the *New York Times* lead editorial responded:

## Shall We Have Mexico!

... There are many obstacles to the adoption of the policy of a protectorate over Mexico, which the dissolution of the Union would remove. . . . Ignorant and degraded as they are, the Mexicans cherish a wholesome prejudice against an institution which would reduce them to the level of slaves. . . . A strong repugnance exists among the masses to the Southern

portion of this Union. But they would regard the people of the free North as benefactors and deliverers from anarchy and revolution. . . .

A protectorate will be the initiatory measure, accompanied with free trade, and a right of Colonization. . . . After a few years of pupilage the Mexican states would be incorporated into the Union. . . .

The trade of that most misgoverned country is even now valuable to the commercial nations of the world, and especially England. . . . But this trade, under the reign of anarchy which has lasted for forty years past [since Mexico's independence], is as nothing when compared with what it may become when Anglo-Saxon energy, intelligence and freedom shall have brought order out of chaos, and have converted the Guerrilla bands . . . into industrious laborers.

When Mexico belonged to Spain . . . for three centuries . . . she derived fabulous wealth. The Mexican silver and gold mines for ages yielded millions. . . . Her mines have ceased to turn out untold millions, because the hand of industry has been paralyzed by anarchy. . . .

The secession of the Southern States would still leave the Federal Government intact. . . . The Slave States could do nothing to resist the Northern protectorate over Mexico. England and France, and all the commercial nations would thank us for the service we should do the cause of civilization and commerce. . . . [The takeover of Mexico] opens up a limitless field of enterprise . . . much as disunion is to be deprecated on grounds of patriotism and national honor, it would not essentially and permanently injure the commercial and industrial prosperity of the North.

The *New York Times* management, incredibly enough, belonged to the same political party (Republican) as did President-elect Lincoln, who refused to sanction the destruction of either the United States or the Mexican republic. But the principal owner of the *Times*, Leonard Jerome, belonged to what may be termed the "Austrian" wing of the party. Having previously luxuriated in Europe as an American consul to the Austro-Hungarian Empire, Jerome and

his family had become intimate with the Hapsburg Emperor and with Archduke Maximilian. Emulating the Hapsburgs and revelling in the court life, Jerome had moved on to Paris, attaining the same intimacy with French Emperor Louis Napoleon, his court, and his officers.

While the U.S.A. was tied up fighting the Southern Confederacy in the Civil War, the British, French, Spanish, and Austrian armies invaded Mexico and installed the Hapsburg Archduke Maximilian as "Emperor." During this insane adventure, Maximilian signed a decree for the death penalty for anyone who opposed his rule. The pretext for the invasion was the refusal of Mexico to pay debts to Swiss and other bankers. As war raged on both sides of the border simultaneously, President Lincoln allied himself and America with the cause of President Benito Juárez, leader of the Mexican patriots against the colonial invaders.

Following the victory of the American Union, the Mexicans also defeated their enemies, with the help of pressure on the invaders from the American government. Maximilian was executed. The *New York Times* responded in its lead editorial of July 2, 1867:

### **The Murder of Maximilian**

. . . Maximilian has been shot by the Republican government of Mexico which first bribed one of his officers to betray him. The Austrian embassy at Washington seems to have received official advices to this effect.

There is not a man anywhere, with a spark of honorable feeling in his nature, who will bear this news . . . without sympathy for this noble and gallant young prince, and detestation for the monsters who have glutted their vengeance in his blood. . . . Nothing could be more manly or more honorable than the conduct of Maximilian through the whole of this most unhappy adventure. His personal bearing has been beyond reproach. . . .

Those who remember only the political mission of the Austrian Prince, should in justice also recall the circumstances under which he entered upon it. He did not come unasked—he was invited by Mexicans, who, he was told, represented the real sentiment of the nation, to aid in its deliverance from anarchy and ruin. He sought, not the conquest, but the regeneration of the country to which he had been invited. . . . He believed, sincerely and truly, that foreign intervention was absolutely essential to the redemption and regeneration of the Mexican nation.

His death will convince more than half the world, before incredulous, that he was right. It is hard to believe that men capable of such a crime are capable of self-government, or to be entrusted with authority. . . . The brutal instincts—the thirst for blood—are uppermost in their natures. The hour of victory is with them . . . for insolent defiance of . . . the public

sentiment of the Christian world.

The murder of Maximilian . . . bodes ill for the Republican government of Mexico. It deprives it of all sympathy from other nations, and brings upon it the distrust, the scorn, and the hatred of them all. . . .

This breathtaking assault is then compounded by the concoction of the most audacious lie, putting words into the mouth of a Mexican general, in a second, July 4, 1867 editorial:

Gloating on the mangled corpses of his victims, Escovedo declares himself resolved upon an indiscriminate slaughter of the foreign residents [!]. "I have," says he, "by the execution of these master traitors made terror the order of the day everywhere. I have imposed large contributions upon the rich, and confiscated their property, and their all. . . . I hope, before closing my military career, to see the blood of every foreigner spilt that resides in my country."

In its lead editorial of July 9, 1867, the *Times* declared that the Austrians might declare war on Mexico, and that the United States must not interfere if they did. The *Times* then proposes how this may be avoided:

We want . . . a plan that will secure the permanent establishment of order and regular government in Mexico, and which at the same time will prevent her from becoming the prey of foreign powers. We believe Mexico is incapable of effecting this for herself, and we believe it can only be done through American influence or domination.

A month later, on Aug. 11, 1867, the *Times* carried the following editorial:

### **Mexican Petroleum**

. . . In no part of the world are so many of the rarest productions of nature lavished upon so wretched and undeveloped a population and no where else is there so enterprising and ingenious a nation in close neighborhood to immense natural resources in the hands of incapable possessors. The wealth of the vegetable and the mineral kingdom is wasted upon guerrillas and peons within a few days sail of marts and manufactories which it scantily reaches. If it was worth our while to go round the world to force open Japan, it will be far easier and more profitable to win our way into the barred treasurehouse that lies close at our doors. The nations of Europe have retreated from the task, giving up even the debts for the sake of which they professed to assume it, and they will thank us for either course we may take with their insolvent enemy—whether to extinguish her national existence by war or to regulate her internal affairs and create a commerce out of her splendid materials by peaceful aid.

The editorial goes on to discuss Mexico's huge deposits of petroleum, and the need to have them out of the ground.

From the *New York Times* editorial of April 28, 1868 on the subject of Northwestern Mexico:

. . . Fleeced by officials, plundered by robbers, and the prey of revolutionary leaders, in what is anarchy so much better than annexation? Chihuahua, Sonora, Sinaloa, and Lower California would find themselves far better off in the American Republic than in the Mexican Republic. . . .

But Mexico maintained its nationhood. For most of the next three decades, the United States continued Abraham Lincoln's economic and foreign policies. Then, the British international banking conglomerate known as the House of Morgan consolidated a vice-grip over the industries and over the policy of the United States. Morgan also took over the *New York Times*.

The *Times'* tradition of war to the death with Mexico continued. United States armed forces intervened in Mexico in 1914 under President Woodrow Wilson, over the nominal issue of an insult to an American national. When time came for the withdrawal of the troops, the *Times* demanded that the troops remain—to take care of other business.

From the *New York Times* editorial, Sept. 16, 1914:

### No Time for Withdrawal

In view of the complications arising out of the seizure of the National Railways of Mexico by the temporary Constitutionalist Government, it seems that President Wilson's order for the removal of our troops from Vera Cruz is ill-timed. While [Mexican political leader Venustiano] Carranza can scarcely intend to repudiate the bonds of these railways . . . there will surely be difficulties to overcome in the readjustment of the finances which may lead to many serious disputes. . . . Our troops should remain until there is a clear prospect of settlement of the country's difficulties. Carranza cannot take the property of Americans [American banks serving European bondholders], Englishmen, Frenchmen, and Germans without paying for it.

From the *New York Times* editorial, Sept. 18, 1914:

### New Danger in Mexico

. . . The so-called seizure of the National Railways system . . . an act that savors of repudiation of a huge debt held in Europe . . . cannot be countenanced by the United States Government. In the circumstances, while the [troop withdrawal] order of President Wilson will stand, of course, we hope there will be no undue haste in removing from Mexican soil the influence of our armed forces. . . .

The danger lies in the large holdings of the National Railways' securities in Europe. It will be bad

for Mexico and for us if the Europeans lose not only faith in Mexican promises, but in our ability to protect their interests, and, after their present troubles are over, [if the Europeans] take the course followed by France, Spain, and England when Juárez stopped paying interest on foreign debts [and attempted colonial reconquest]. It seems necessary for Washington to make Carranza understand that he cannot, with our consent, take any measures which will anger Europe, and thus lead to dangerous complications. . . .

From the *New York Times* lead editorial, Sept. 20, 1914:

### Mexico's Just Debts

. . . We have practically given notice to Europe that we are willing and able to protect legitimate foreign interests in Mexico. The extent to which such interests may be fairly regarded as legitimate is an open question, but there is no doubt that money borrowed in Europe to finance the National Railways represent a debt which cannot be safely repudiated.

Given the evidence, in the plain words of the *New York Times*, decade after decade for more than a century, Mexico may well consider it a measure of national self-preservation that personnel of that newspaper be deported and barred from entry as dangerous individuals.

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## Investigative Leads

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# 'Rocker' cycle gangs and the drug traffic

On a sunny Sunday in the summer of 1984 in the beautiful city park of Sydney, Australia, while families with their children picnicked and enjoyed "Father's Day," a bloody shootout suddenly erupted between rival motorcycle-gangs. One 8-year-old girl and two of the gunmen died. What had happened on this bloody Sunday was a battle to dominate the illicit amphetamine market in Australia.

The winner, a gang called the Bandidos, sent representatives to the United States two years ago to ask the U.S. Bandidos mother-gang for status as a chapter. The U.S. Bandidos agreed at once, obtaining advantage over their rivals in the amphetamine market. In Australia, some of the necessary substances to produce this drug are not illegal. A friendly chapter from Australia could easily smuggle the much needed substances into the United States.

The main business of all U.S. motorcycle gangs of the type Europeans call "Rockers"—Hell's Angels, for example—is drug-trafficking. According to a 1984 report of the Drug Enforcement Administration: "America's motorcycle gangs are involved in every conceivable criminal activity, not least of all drug-trafficking," says the report. "They control the entire methamphetamine market in the Northeast. In fact, they could be in control of up to 50% of the illicit methamphetamine distribution system." The report names four leading gangs: the Hollywood-sponsored Hell's Angels, the Pagans, the Outlaws, and the Bandidos, all with chapters in the United States, the first and the last having chapters in Australia, New Zealand, Germany, Denmark, the Netherlands, and Sweden.

The report continues: "Currently the Bandido organization is the fastest growing outlaw gang and potentially the most dangerous threat to law enforcement. . . . State and local authorities feel the Bandidos are heavily involved in synthetic drug manufacturing, contract murders, interstate theft, weapon trafficking, and prostitution."

On July 19, 1984, 20 members of the Pagans, including its top four leaders, were indicted on federal drug-trafficking and racketeering charges in Philadelphia. In a 12-page press release, U.S. Attorney-General William French-Smith com-

mented: "We are charging the Pagans with trafficking of hundreds of pounds of methamphetamines and hundreds of pounds of killerweed—parsley laced with phencyclidide or PCP." The indictments charged that the 20 "used force and violence, including without limitation, beatings, and assaults." The violence, the government says, was used "to protect drug supplies, eliminate competition in drug manufacture and distribution, and to enforce discipline among Pagan members."

Another government authority made quite clear that the international connections of the motorcycle-gangs serve mostly to smuggle a substance called P2P, illegal in the United States, from other countries where it is freely available such as Australia or France. Since 1984, amphetamine-smuggling from the Netherlands increased about 800 times in comparison with 1983. Amphetamines will soon conquer the West German drug scene and substitute for heroin, creating a genuine addiction that is feared by experienced drug-therapists much more than heroin addiction. It is noted that Hell's Angels have some very powerful chapters in the Netherlands.

The leading drug-consumer worldwide is Germany, where, next to Frankfurt, Hamburg has the leading role in drug traffic because it has the country's largest harbor with a "free zone" attached. Last year, the Hell's Angels' chapter there was designated a "criminal union," permitting arrest of individuals who belong to the group without having to prove a specific crime. Hundreds of policemen raided the gang's headquarters. The whole leadership was later indicted, including Mario Amtmann, twice accused of murder who escaped both times to California for safe-housing by the mother-gang. One of the American leaders of the Angels is still sought in Germany for killing a man during a visit.

Leaping to the defense of Hell's Angels were the German Green Party and extreme leftists. Not only is every prominent green-left lawyer in Hamburg in on the trial, but counterculture and pro-terrorist newspapers such as *tageszeitung* came out in support of the right-wing, swastika-wearing "Rockers." After one month, the lawyers succeeded in stopping the trial on technicalities, holding up all proceedings in Hamburg for nearly two months.

Even more illustrative, before the Angels' trials, Green lawyers defended the uncrowned king of organized crime in Hamburg, Wilfrid Schulz. Whoever has been in Hamburg knows that the "Godfather of St. Pauli," as he is nicknamed, is one of the leading mobsters in Germany.

The pattern that presents itself is a net from America, where the DEA and investigative agencies have documented the motorcycle-gangs' role in drug trafficking, to Australia, where a young girl became the victim of the bloody drug-war, from where substances are supplied for manufacturing in the United States and sales there and in Europe. As one of history's jokes, the brutal fascist "Rockers" are supported by the Greens, the communists, and the Godfather of St. Pauli.

## The ASAT test capitulation

*The postponement of the first U.S. anti-satellite missile test amounts to acceptance of a Soviet ultimatum.*

On Feb. 26, a short item in the *Washington Post* quoted unnamed "administration sources" to the effect that the planned testing of the first U.S. anti-satellite missile system had been postponed from March until June. The *Post* commented: "The Soviet Union last year demanded a moratorium on such tests as a condition for resuming arms negotiations.

"The administration refused, but sources said the test had been put off for 'technical reasons.'"

Despite such assurances, the postponement of the test amounts to the acceptance by the United States government of a blackmailing Soviet ultimatum issued some weeks earlier.

The Soviet ultimatum had been delivered in London during the first half of December, during the visit of then Kremlin golden boy and current Soviet party boss Mikhail Gorbachov to London. At that time, Gorbachov had put the finishing touches on the present strategic arrangement between Queen Elizabeth and the British oligarchical faction for which Lord Peter Carrington is the spokesman, on the one hand, and the Ogarkov-Aliyev-Romanov combine in the Kremlin, on the other. Gorbachov had been accompanied on that London junket by Evgenii Velikhov, the Soviet academician who oversees the Soviet beam-weapon program. Gorbachov and Velikhov announced that if the planned March ASAT test were not postponed, all arms-control negotiations between the United States and the Soviet Union would come to an

end, and all existing treaties would become inoperative.

That ultimatum had raised eyebrows.

It was one of the most blatant threats to come out of Moscow since the days of madman Nikita Sergeyevich Khrushchev's infamous Berlin ultimata of the late 1950s, when the Russian dictator had threatened to terminate the rights of the Western allies in Berlin if they did not agree to sign a peace treaty with his East Berlin satrap, Walter Ulbricht.

That ultimatum led directly into the great Berlin crises and into the geometry of thermonuclear confrontation.

This time the Soviet ultimatum has been quietly accepted.

Administration spokesmen protested too much in their responses to questions on the subject. Pentagon spokesman Mike Burch confirmed that the delay was indefinite, possibly going up to three months. Asked about the ultimatum, he responded: "I can assure you that the delays are for technical reasons having to do with the ASAT only and that there is no political motivation behind this whatsoever."

A similar cover story was offered by National Security Council chief Robert McFarlane when he appeared for a speech to the Overseas Writers Club on March 7, denying that there was any connection between the Gorbachov-Velikhov ultimatum and the delay of the ASAT test.

In reality, the ASAT test delay is

the product of a complex web of international intrigue. Prominent in that web is the decision of the Carrington faction of the British oligarchy to bet on Gorbachov as the personable, Westernized young man who can keep Marshal Ogarkov and his military cohorts under control—a delusion that Gorbachov, of course, did nothing to dispel. The delay of the ASAT test must be interpreted in the Kremlin as a signal validating whatever monstrous iniquities were agreed upon during the Gorbachov London junket.

And that, in turn, must have solidified the Ogarkov group in its resolve to place Gorbachov in the position of public figurehead and spokesman for a combination that is much more complex than Gorbachov alone.

The specific mechanics of this intrigue in Washington are more than a matter of mere speculation. A participant in the plotting is likely to have been one Carol Rosin, the would-be Mata Hari who heads the phantom "Institute for Security and Cooperation in Outer Space." Rosin was observed hobnobbing with Rhode Island Sen. Claiborne Pell and Cable News Network's Ted Turner at the Smithsonian Castle dinner given in honor of visiting Soviet Politburo member Shcherbitsky.

In an interview June 5, 1984, Rosin had talked about her techniques of sabotaging such exercises: "There was a very high-level group of people in the Pentagon who are very concerned about the weaponization of space. . . . One of them told me that if I could get the Soviets to make a statement about ASATs, then they would be able to stop the ASAT tests."

This tried-and-true mode of intrigue has now procured a delay in a vital test, and has sabotaged the intent of the President's policies.

Will no one in the building blow the whistle on those responsible?

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# National News

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## Chatham House sets up shop in Washington

Concerned that the Anglo-American "special relationship" may be losing its cohesion, a group of prominent Anglophiles has decided to establish an informal branch of Britain's most influential policy institute, the Royal Institute of International Affairs (Chatham House), in Washington, D.C. Boasting a board of directors which includes Averell Harriman, Boston Brahmin Elliot Richardson, John Brademas, president of New York University, and Thornton Bradshaw, president of RCA Corporation, the new think tank will be formally inaugurated on June 24.

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## FEC in court battle with LaRouche Campaign

A federal judge on March 8 denied a motion for a preliminary injunction being sought by The LaRouche Campaign (TLC) against the Federal Election Commission's ongoing harassment of campaign contributors. The lawsuit, *Spannaus v. FEC*, was filed when the FEC began contacting contributors in an effort to intimidate them into dropping their support for his candidacy.

It was revealed at the hearing that the FEC had already taken a deposition of a LaRouche contributor, without notifying TLC attorneys. Such backhanded violations of both contributors' and candidate LaRouche's civil rights are precisely what is complained of in the lawsuit, filed in January in U.S. District Court in New York City.

While Judge Gerard L. Goettel did not find sufficient evidence of bad faith or irreparable harm at this time to grant TLC's request for an injunction, he indicated that he regarded the claims in the suit to be meritorious enough to expedite the case for trial as soon as possible. In the Judge's words, "The relief sought here is extraordinary and sweeping. However, I am prepared to give

this matter a priority in preparing for trial on the merits. As soon as you tell me you're ready, I'll put it on the calendar." The practical effect of his ruling is that TLC can immediately begin pre-trial discovery against the FEC.

During the hearings, an FEC attorney admitted that former presidential candidate Walter Mondale was able, in effect, to buy a cover-up of his campaign's acceptance of illegal contributions. "Mondale asked for conciliation . . . and was willing to pay \$350,000," he said.

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## Offensive in Congress against MX missile

Five members of Congress who hold key positions on committees affecting U.S. military policy are attempting to blackmail President Reagan into gutting the MX missile program and the Strategic Defense Initiative (SDI). On March 6, the five—House Armed Services Committee chairman Les Aspin (D-Wisc.), Rep. Norm Dicks (D-Wash.), Sens. Sam Nunn (D.-Ga.), William Cohen (R-Maine) and Albert Gore (D-Tenn.)—emerged from a meeting in Nunn's office announcing that they had agreed to support a much-scaled-down version of the MX program provided the President agrees to a gesture of "good faith" at the arms talks in Geneva—namely, abandonment of the SDI.

Their announcement took place just days before the opening of the Geneva talks. As the *New York Times* gleefully put it, this "strategy assures that the President's arms-negotiating team . . . will be under close watch from Capitol Hill for evidence of flexibility, especially on the central issue of space weapons."

The *Times* quotes one member of the Nunn-Aspin gang stating flatly that the administration will have to give ground on "Star Wars": "I personally believe that if the Soviet Union is willing to make concessions, as it has not in the past, on its heavy missiles, and if they suggest a tradeoff that offered radical reductions in their heavy missile force, that we would be willing to stop the development of SDI."

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## General Dynamics under scrutiny

The Navy's chief of shipbuilding has charged General Dynamics, the nation's largest defense contractor, with breaching security regulations after the unauthorized release of an internal company financial report containing 19 highly sensitive photographs of the Trident ballistic-missile submarine. The color photographs were included in a dozen or more copies of a quarterly financial report on the submarine-building division of General Dynamics Corp.

In a letter to General Dynamics, Vice-Adm. Earl B. Fowler, chief of navy shipbuilding, accused the company of showing a "cavalier attitude" and losing control of information "damaging to the national security."

A copy of the report which contained the sensitive information was provided to the Justice Department by P. Takis Veliotis, a former general manager of Electric Boat and a General Dynamics Board member. Veliotis, now living in Greece and considered a fugitive, is cooperating with federal investigations into General Dynamics.

Defense Secretary Weinberger has called for an investigation into the security clearance of one Lester Crown, a board member of General Dynamics, who was indicted by an Illinois grand jury in 1973 and granted immunity in exchange for his testimony.

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## A busy agenda for Henry A. Kissinger

As we go to press, Henry Kissinger has a busy week of trips and meetings, including a luncheon with President Reagan on March 13. Topics are not known, but the meeting comes in the midst of major international developments: the death of Konstantin Chernenko, the Geneva talks, the Mubarak visit to Washington, and more.

Then, again, Ibero-America, debt, and drugs should feature high on Kissinger's agenda. After all, many of his friends are

being apprehended in the war on drugs: Italian P-2 businessman Francesco Pazienza was arrested in New York on March 4, and Henry's own security guard in Mexico came under suspicion concerning the kidnapping and murder of Drug Enforcement Administration official Camarena. Kissinger is scheduled to be off to Brazil on or about March 14, to attend the inauguration ceremonies for Brazil's new President, Tancredo Neves.

On March 12, Kissinger addressed a businessmen's luncheon in Houston, where he was greeted by a boisterous crowd of demonstrators. During the question period, a reporter grilled Henry about his unsavory intelligence connections: "As you know, there is a major trial under way in Norway, in which Arne Treholt, a top government official, has been revealed as a KGB agent recruited by Papandreu. Several other names have been revealed as well, such as your friends Willy Brandt and Olof Palme. Given your long historical association with British intelligence and the fact that British intelligence has been thoroughly penetrated by the Soviet KGB, aren't you afraid that your name will come up next?"

A furious Kissinger replied, "That is a LaRouche person! It is not a serious question. I have no historical association with British intelligence! Next question?"

## Mob lawyers are under investigation

James D. Harmon, general counsel of the President's Commission on Organized Crime, is declaring war on "mob attorneys." On March 11 in Washington, under the auspices of the Commission, a symposium was held to discuss the role of "attorneys who are involved in criminal conspiracies." A 54-page staff report was presented at the symposium, citing particularly the case of Pennsylvania attorney Kevin Rankin, who helped expedite heroin and cocaine deals.

According to the *Philadelphia Inquirer*, "thousands of such cases" were reported by Stephen Trott, assistant attorney general in charge of the criminal division of the Department of Justice.

Symposium participants attacked "renegade attorneys" involved in helping launder money, and Judge Irving Kaufman of the 2nd U.S. Circuit Court of Appeals, who is overseeing much of the Commission's work in this area, said these lawyers "contaminate the bar."

One participant revealed that there are at least 30 mob attorneys in New York and Chicago, with a lesser concentration in Miami, Philadelphia, Detroit, Atlantic City, and Las Vegas.

It is not known at this point if the report mentioned Roy Cohn, who is the designated attorney for the five leading mafia families of New York.

## Safire: MAD is dead, SDI is unstoppable

In an op-ed in the March 10 *New York Times*, columnist William Safire is forced to admit that "the new strategic reality" is the fact that the doctrine of Mutually Assured Destruction (MAD) is "dead." He writes:

"The decade that led to the Russian superiority in offensive missiles and battle-management radar protection of those missiles has ended; the decade of defense has begun." Although many Americans still resist that reality, some with silly scorn at "Star Wars," others with reasoned arguments against the abandonment of MAD, in the end most Americans are forced to acknowledge that Reagan was elected to be responsible for nuclear strategy and that's exactly what he is doing.

"MAD is dead," states Safire. "It started to die exactly two years ago in March of 1983 when Reagan first proposed to leapfrog the Soviet Union's strategic advantage." The "new idea made possible by technology . . . is now unstoppable. . . . This galls the Russians who spent 20 years catching and passing the Americans in nuclear offensive power. Strategic dominance was in sight; now here they are, either obliged to compete in an expensive space-defense race, or forced to settle for permanent nuclear equality. No wonder they bluster and glower at the new reality."

## Briefly

● **ARMAND HAMMER** had nothing but praise for Max Kampelman, the new U.S. chief negotiator in Geneva. Interviewed on a Washington news show March 6, Hammer said Kampelman "is very pragmatic, very resourceful, and the Russians respect him. He's a great negotiator."

● **RICHARD BURT**, now under consideration to replace Arthur Burns as U.S. ambassador in Bonn, comes from a family heavily involved in Anglo-Soviet mining interests. His father, Wayne Harper Burt, is a top executive of the Newmont Company of New York—operating in copper and gold mining and energy in South Africa, Peru, Chile, Canada, Australia, and the United States. Newmont is headed by Russian wheeler-dealer Plato Malozemoff; it helped fund the South African gold interests of the Oppenheimers' Anglo-American Corp.

● **DANNY GRAHAM** has embarked upon a fundraising idea as bizarre as his High Frontier concept itself—a "Star Spangled Sweepstakes." In a letter sent to thousands of Americans soliciting contributions to High Frontier, Graham writes: "Here's how everyone can win the grandest prize of all." The letter offers a \$1,000 cash giveaway and "137 other valuable prizes," which have been made available through the "help and generosity of a group of special friends" who want to remain anonymous. Prizes include \$5,000 in gold coins, a Mercury Lynx, an RCA home entertainment system, and Polaroid cameras.

● **JAMES CICCONI**, a top aide to former White House Chief of Staff James Baker III, has departed the Reagan administration to take a job with Democratic Party bigwig Robert Strauss's law firm. The move comes as no surprise to Washington insiders, since Strauss and Baker, both Texans, are longtime allies.



## Editorial

### *March 23—two years later*

It is now two years since President Reagan's historic announcement of the shift in military doctrine now known as the "Strategic Defense Initiative," on March 23, 1983. Since that time, Andropov died, Chernenko died—and a new figurehead for the Soviet military dictatorship has just been installed in the Kremlin.

In Western Europe, the Social Democracies are working with the Soviets and their Communist parties to bring the ecological fascists known as the Greens into power—precisely as *EIR* warned at the end of 1980, when we caught the Washington-based "conservative" Heritage Foundation in on the plot. In Ibero-America, the illegal drug mafia, backed by such "respectable" institutions as *Crédit Suisse*, the partner of scandal-ridden Boston U.S. Attorney William Weld's family firm and of Donald Regan's Merrill Lynch, is openly bidding for power.

The President is clearly committed to the Strategic Defense Initiative and the war on drugs. His greatest weakness is that we are on the edge of a new general financial collapse like that of the 1930s, and that the White House's "economic advisers" are owned by the foes of the SDI and the war on drugs.

The man who shaped the doctrine behind the SDI, Lyndon H. LaRouche, Jr., showed in a Nov. 5, 1984 election eve television program that the President's own SDI is the way to cut the Gordian Knot. We quote:

"First, we must abandon the insane doctrine of nuclear deterrence, as the President proposed on March 23 [1983]. Second, we must develop rapidly a first generation of strategic ballistic missile defense capable of destroying not less than 40% of all the Soviet missiles which might be launched against the United States or our allies, and must continue to develop and deploy improved systems which will destroy over 95% of all such missiles. Third, we must change our monetary and economic policies toward both our allies and toward developing nations generally. We must promote rapid technological progress in agriculture and basic industry among all those nations which are either our

military allies or merely friendly republics. We must build a wall of steel, a great wall of powerful economic progress, around the Soviet Union. If we take these three sets of measures, we still have time to survive. We must rebuild our economy today as President Roosevelt rebuilt our economy during the period 1939 through 1943. If we do not take such measures, the United States will not survive much past the present decade, at best. . . .

"The best estimate of the cost of the deployment of a first generation system of strategic ballistic missile defense, is between \$200 and \$250 billion over a period of approximately five years, an average of about \$50 billion a year. . . .

"We can, and we must, reopen 3 million jobs for operatives in manufacturing, mining, construction, transportation, and energy production. That would mean more than 5 million total jobs in industrial firms. If we can bring this up to a total of about 8 million added jobs in total, the entire present federal budget deficit will disappear. About \$250 billion invested in strategic ballistic missile defense over the coming four to five years will be a great stimulant for new investments and new workplaces in all categories of basic industry, providing new employment for operatives in steel, in the automobile industries, in mining, in energy production, and in all categories of high technology industries. Just as NASA's new technologies spilled over into civilian industries to give us the greatest rates of growth of productivity during the postwar period, so the spillover of beam-weapon technologies into civilian production will mean that the average operative produces much more than today, and that that average operative employed has an improved standard of living."

"If we get back to the way we used to run our economy in the two decades after President Roosevelt's war-time economic recovery, we will begin to be able to afford an adequate defense and also many of the other things, such as good schools, which we have foolishly made ourselves too poor to afford during recent years."

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