

EIR

Executive Intelligence Review

November 22, 1983 Vol. 10 No. 45

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Moscow raises the security stakes in East Asia

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EIR

From the Managing Editor

The Jimmy Carter era of abandonment and betrayal of U.S. allies is finally ending, it seems. That was the upshot of President Ronald Reagan's visit to Japan. In this issue, Washington bureau chief Richard Cohen provides extensive background on the questions at stake in Reagan's Asia trip. As we go to press, Mr. Reagan has called for "an alliance for good" in Tokyo, a special relationship second to none between Japan and the United States, and noted that Japan is at the center of "the most exciting region of economic growth in the world today." The way is now open to set aside the "Jap-bashers" whose intent is to de-industrialize Japan, not to strengthen America, and to launch the grand infrastructural projects in the Pacific-Indian Ocean Basins which, as *EIR* has described over the past months, will fuel development and trade around the globe.

Our Special Report covers a second flank, showing the new potential for real U.S. alliances based on a foreign and economic policy of military-industrial strength: the emergence of a faction within the European NATO members which recognizes Western Europe's defenselessness against the Warsaw Pact under the Mutually Assured Destruction strategy and which is pressing for defensive energy-beam systems. The Rome conference on beam weapons co-sponsored on Nov. 9 by this journal and the Fusion Energy Foundation, and attended by leading military and diplomatic personnel, was a benchmark in this process.

Our National section includes not only Part II of *EIR*'s exposé of Walter Mondale's implication in the pre-Oct. 23 Grenada buildup against the United States, but a report on the Nov. 8 elections around the nation, focusing on the fact that the wing of the Democratic Party led by *EIR* founder Lyndon H. LaRouche made strong gains against the unilateral disarmament advocates.

EIR carried an exclusive report last month on the fact that all the candidates for the Democratic presidential nomination, with the conspicuous exception of LaRouche, support the International Monetary Fund quota increase and the IMF's austerity policies. In future weeks we will present a "body count" of what the Fund has done to the Third World, to the detriment of the strategic security of the West and of humanity in general.

Susan Johnson

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Executive Intelligence Review (ISSN 0273-6314)
is published weekly (50 issues) except for the second week
of July and first week of January by New Solidarity
International Press Service 304 W. 58th Street, New York,
N.Y. 10019 (212) 247-8820. To subscribe, call (800) 223-
5594 x 818 toll-free, outside New York State.

In Europe: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstrasse 164, 62 Wiesbaden,
Tel: (06121) 44-90-31. Executive Directors: Anno Hellenbroich,
Michael Liebig

In Mexico: EIR, Francisco Días Covarrubias 54 A-3
Colonia San Rafael, Mexico DF. Tel: 592-0424.

Japan subscription sales: O.T.O. Research Corporation,
Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo
160. Tel: (03) 208-7821.

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All rights reserved. Reproduction in whole or in part without
permission strictly prohibited. Second-class postage paid at New
York, New York and at additional mailing offices. 3 months—
\$125, 6 months—\$225, 1 year—\$396. Single issue—\$10
Academic library rate: \$245 per year

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Schroeder-Münchmeyer: a banking Sarajevo?

by David Goldman

West German bankers from Hamburg to Munich are protesting a bit too much that the last-minute rescue operation for the Schroeder-Münchmeyer-Hengst Bank (SMH) prevented “a crisis which would have made the 1974 collapse of the Herstatt Bank look like a Sunday picnic by comparison,” as one Frankfurt banker said. The ripples on the surface betray the undersea volcano. SMH was West Germany’s most powerful political center for Eastern and Arab connections, an alliance of some of the country’s oldest and nastiest families. Its demise, and the disgrace of its principals, have punched a hole in the side of the “de-coupling” faction in West German politics and finance. Well-placed observers in Hamburg banking circles attribute the bank’s de facto failure to the latest in a pattern of Washington-directed economic warfare operations, including the prosecution of commodities dealer Marc Rich.

SMH ran to West Germany’s central Bundesbank for help on Nov. 1 after American and British banks yanked DM 900 million (about \$330 million) out of the bank’s Luxemburg branch, opening a can of worms that horrified the West German financial world. Almost half of the bank’s DM 2.2 billion in assets had been lent out to the huge, loss-making IBH construction equipment firm, along with other dubious loans. At a much-publicized meeting lasting until 2:00 a.m. on Nov. 2, and a second, totally secret meeting on Nov. 4, the West German banks gathered at the Bundesbank’s headquarters in Frankfurt, and coughed up the DM 900 billion withdrawn by the Americans.

According to sources associated with the Munich Finance Club, a conglomerate of old oligarchic fortunes including such names as Wittelsbach, Thurn und Taxis, and Hohenlohe, everyone in West Germany knew for months that SMH and its principal customer, the IBH construction machinery firm, had been in trouble. Leading West German financiers insist that the bank’s failure was the result of the personal blunders of Ferdinand Count von Galen, the jet-set financier whose connections to the now-bankrupt IBH firm proved fatal. They cited the calming of the West German stock exchange and currency markets, where the German mark, after falling from about 2.62 to the dollar before the SMH bombshell hit, stabilized Nov. 8 at around 2.67.

Other sources suggest that the Schroeders and Muenchmeyers and other oligarchs were planning to get out of banking, by shifting deposits secretly into the U.S. and Luxembourg—much as Johann Phillip Beithmann did when he sold off his interest in his 200-year-old bank earlier this year—and planning to stick American creditors to SMH with an empty shell. Is it possible that Schroeder and Muenchmeyer had been siphoning off their deposits into Swiss and American accounts, and replacing them with American interbank loans? The German oligarchic clan of Thurn und Taxis, along with many British families, are increasingly placing their money in gold and real estate outside Europe, as well as bank accounts outside Germany.

Although SMH was in big financial trouble, Hamburg banking experts believe that the contacts of men like Alwen

Münchmayer, the banker who designed former Chancellor Willy Brandt's *Ostpolitik* ("opening to the East"), were good enough to rig a quiet bailout from other German banks, who wanted nothing less than a public confidence crisis. American banks knew for weeks that SMH was in big trouble; a month earlier, SMH had raised \$30 million in New York by liquidating its 10 percent share in U.S. Trust, an investment firm with close ties to British elite circles through the American Ditchley Foundation. Von Galen, the senior managing partner of Schroeder-Münchmayer, sat on U.S. Trust's board until the November events forced him to resign.

The total asset size of SMH is trivial relative to the weight of the West German banking system, and the direct financial side-effects were, indeed, dampened by Bundesbank action. But the SMH affair may well be remembered as the Sarajevo in a global banking war. As *EIR* warned two weeks ago, the danger of global financial crisis centers on the trillion-dollar interbank market, where literally hundreds of billions of Eurodollars change hands daily. European banks owe, net, about \$100 billion on the interbank market, where the principal net creditors are American (and also Arab) banks; although the West German banks are not as a group exposed on the interbank market, the SMH bank had nonetheless obtained almost 40 percent of its total resources there.

A wave of European bankruptcies

IBH, it should be recalled, was the world's third largest construction equipment manufacturer, after Caterpillar in the United States and Komatsu of Japan. Its bankruptcy is bigger in some respects than the collapse of West Germany's AEG or Braniff International in the United States, because although IBH was a pyramided scheme, it centered on basic industrial goods, rather than either consumer goods (half of AEG's business) or services (Braniff's business). Also in West Germany, the virtually bankrupt Arbed-Saarstahl steelmaker, which will receive a loan of DM 50 million, is extended by Bonn to meet Nov. 10 bills, and a total of DM 186 million should be made available in the next 14 months. Funds for the Thyssen-Krupp merger were withheld, however, and layoffs will result.

In France, a "surge of corporate collapses caused by shrinking demand and financial costs," as the *Financial Times* termed it, includes the bankruptcy of the bicycle manufacturer Mercier. The large conglomerate Creusot-Loire, which manufactures the Framatome nuclear power plants, has threatened to file for bankruptcy should the French government and the nationalized banks fail to improve the terms of an \$800 million rescue package negotiated over the last few months. As the package presently stands, Creusot-Loire would have to shed 4,000 of its 30,000 workforce. The company's principal shareholder, Schneider, would in turn have to sell off its highly profitable engineering, consulting, electronics, and other subsidiaries in order to participate in the Creusot-

Loire bailout. The large arms manufacturer Manurhin, located in Alsace, has also threatened to file for bankruptcy within days, if the government-owned Foreign Trade Bank does not rescind its opposition to a FF550 million rescue package. The company lost close to a billion dollars in 1982.

This is the pattern of collapse that is sweeping Western Europe as a whole.

Political maneuvers

West Germany is now a battleground for the future of the Western alliance, in which the Bonn government's attack against the American move into Grenada is the principal surface manifestation. Bavarian governor Franz-Josef Strauss's public denunciations of West German Foreign Minister Genscher, who is privately supporting the idea of a neutral, "nuclear-free" Germany, are another (see Special Report). High-ranking administration sources in Washington say that the White House wants Genscher out before he permanently damages American interests in West Germany. Willy Brandt's Social-Democratic party has become Genscher's major prop in the West German Bundestag.

It may not be coincidental that Willy Brandt's principal financial adviser, Alwen Münchmayer, was brought down at the moment that the Bonn-Washington policy crisis peaked. Münchmayer, the honorary chairman of SMH, had long ago left day-to-day business to his son Hans-Hermann Münchmayer and the bank's Frankfurt chief, Ferdinand Count von Galen, but his role as chief contact-man for the bank continued. During the 1960's, Münchmayer, in his capacity as chairman of the German Bankers Association, led every major financial delegation to Moscow, and accompanied former Chancellor Willy Brandt on every key trip eastward.

Münchmayer was only one such figure in the Hamburg "Kompanei," or financial mafia; together with the aging Erich Warburg, he ran financial *Ostpolitik* under Helmut Schmidt between 1974 and 1982. Warburg's partner Christian Brinckmann, who superintended the Warburg bank in Hamburg after 1938, was the chief West German figure in relations with Iran—which Genscher has preserved under the Khomeini regime, to the point of permitting Iranian terrorist networks to operate in West Germany. Brinckmann's son is the current chief of the German-Iranian Chamber of Commerce in Hamburg.

"Now all these people are hysterical," commented West German banking analyst Paul C. Martin, "because they know that the Hamburg banking center is finished for the next 100 years." The impact on West German politics is barely imaginable to those who look only at the surface mechanisms of German parliamentary life. Tiny in terms of assets, the German *Privatbanken*, or private banks, control an untoward number of members of parliament (the Warburg bank in Hamburg, for example, has an employee too lowly even to report to the partners, who is otherwise a Bundestag member for the Free Democrats, Genscher's party).

The power of the private banks lies in the *Vermögen*, or private funds, of German oligarchic families, invested through these institutions. With DM 10 billion in such trust funds, Schroeder-Münchmayer was the most powerful of the private banks. It represented an alliance between the senior line of the Schroeder family, which kept the slush fund for Adolf Hitler's campaign in 1932, and whose English cousins founded the present Schroeder Bank of London and New York; the Münchmayer family; and the von Galen family, a power in Münster for generations. Apart from German family fortunes, SMH also invested heavily for Arabs and Iranians; its failure now threatens a delicate set of domestic and international financial relationships upon which political ties depend.

Friends of the Münchmayer family now bitterly accuse Count von Galen of having covered up his blundering financial relationship with the IBH construction firm. "Hans-Hermann Münchmayer didn't know the half of what von Galen was up to," said one leading Hamburg private banker. "Now he is broke, and his father is a broken man, after seeing everything that he had built up fall to pieces."

The principal of one of Germany's best-backed private banks, Prince Johannes von Thurn und Taxis—reportedly the banker for postwar Nazi funds—commented, "Count Galen really didn't have the means to conduct the sort of business he was doing. He had a big house in Frankfurt, and was a very social man, and had a socialite wife, and everybody went there to have dinner with him. So people gave him their money on this basis."

Financing the Soviets

The "Halloween Massacre" in Hamburg coincided with a crucial set of negotiations between West German banks and the Soviet Union, which has thus far not appeared in the daily press. A delegation of West German bankers was told in Moscow in late October that American banks were refusing to renew medium-term credit lines to the Soviets—apparently under political pres-

sure—and were restricting their Euro-dollar lending to Soviet financial institutions to extremely short-term lines. The Soviets, anticipating a credit crunch on the Eurodollar market, are anxious to rebuild their access to medium- and long-term credits, West German bankers say.

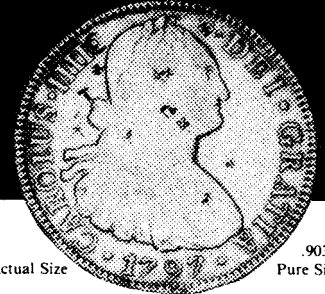
At the beginning of November, West German bankers were still considering the Soviet offer favorably, banking sources report. The country's best-known specialist on Soviet trade, Prof. Heinz Machowski of the German Institute for Economics in Berlin, argued that "the Soviets are the best debtor the German banks have; it is good business, and the banks will be happy to expand it." Other bankers were not so sure. "The saying around here," said one, "is that the Soviets will either pay, or show up in person."

The week SMH went down, the German banks decided not to extend medium-term loans to the Russians—an unreported, but important, decision. There is enormous pressure on West Germany to finance the Soviets and their satellites, especially East Germany, whose representatives are now sounding the West Germans for a new DM 1 billion loan. A similar loan granted last July by West German banks went to repay bank debt coming due. Banking sources report that exporters to East Germany are factoring their 90-day trade paper for half of its face value, setting up a gigantic payments bubble for the end of the year.

German banks' negative decision respecting new Soviet credits, occurring simultaneously with the destruction of Alwin Münchmayer, the banking figure most prominent in German financial connections to the East, may not have occurred as a matter of coincidence. Some friends of the East here are sure that the American banks' sudden move against Münchmayer was deliberate, and bitterly accuse the United States of having sabotaged their quiet game with the Soviet Union. "You cannot possibly explain this on financial grounds alone," Professor Machowski said. "This had to have a political background."

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Brazil's Congress finally accepts IMF wage cut

by Mark Sonnenblick

Just before dawn, after a 10-hour filibuster, the Brazilian Congress finally endorsed a wage-reduction program acceptable to the International Monetary Fund (IMF) on Nov. 9. Decree Law 2065, a slightly tempered version of the two draconian wage reductions previously defeated by the Congress, passed both houses. This measure, combined with austerity-minded adjustments in the cost of living index, means annual reductions of real wages by close to 30 percent. By such means, the IMF plans to take \$40 billion out of living standards and reallocate it to debt service over the next three years.

Despite this crucial signal, European, Japanese, and U.S. regional bankers are balking at their part of the deal cut at the September IMF meeting. By the Nov. 10 deadline set by IMF managing director Jacques de Larosière, they had committed only \$4 billion of the \$6.5 billion in new money required to keep Brazil from defaulting at the end of the year. Bank spokesmen expected enough to dribble in to satisfy the IMF directors at their Nov. 18 meeting.

Having forced Brazil's Congress to back down, the IMF is likely to press for further tax increases and spending cuts. Some banks are determined to take advantage of Brazil's continuing inability to service its \$100 billion debt to gain control over the subcontinent's choice assets. A leading British banker confided to *EIR*, "You don't have any trouble with them when they're on their knees. . . . Everyone down there is so scared that they won't really fight, not at the moment. But there is no reason to believe that blue-collar workers in Brazil, or peasants, are going to sit down and accept a 12-year austerity program."

On news of the congressional action, 60,000 auto workers walked out in São Paulo. Further labor resistance can be expected. But the really uncontrollable factor is the increasing desperation of the mass of the hungry rural and urban poor. This is reflected every day in looting of slum supermarkets, in the smashing and burning of broken-down trains, and in the epidemic of violent crime gripping the cities.

The income reductions will result in an expected \$6.3 billion trade surplus this year and \$9 billion next year. But still, Brazil cannot keep up with its snowballing debt service, which next year will approach \$20 billion. Another arduous renegotiation early next year is inevitable. A battered Brazil may then yield more to creditors, or a sovereign Brazil could wield its considerable leverage to force better conditions.

That leverage is augmented by the challenge to the legality of the debt structure, described below in an interview with

Congressman Alencar Furtado, chairman of the Parliamentary Inquiry Commission on the origins and nature of the debt.

INTERVIEW: Alencar Furtado

'Brazil is paying what it does not owe'

This interview was conducted in the congressman's Brasilia office by EIR Ibero-American editor Dennis Small.

EIR: What is the aim of the Brazilian Congress's hearings on the debt?

Sen. Alencar Furtado: The Parliamentary Inquiry Commission on internal and external debt and the agreement with the IMF intends, first, to discover the nature of the debt; second, its causes; third, who is responsible for it; and fourth, its destination—where did so much money go? It is a real Himalaya: \$100 billion. And we know nothing about it. In 1964 Brazil's debt was around \$3.2 billion. In 19 years this debt grew to \$100 billion. We have to know what and where this money is. We are now concerned with collecting data about the IMF agreement. National sovereignty has been bent to the international interests of the bankers and the Monetary Fund in the letters of intent, which are commitments. All this—the Brazilian debt and the IMF agreement—all this has been done behind the back of the National Congress. The National Congress until now has not had knowledge of the Brazilian debt, because it was not put under its supervision. The so-called IMF-Brazil agreement was also made without knowledge of the National Congress.

Thus Congress now is taking the bull by the horns with this checking on the debt and this investigation of the effects of the IMF agreement.

EIR: How have the IMF agreements affected Brazilian sovereignty?

Sen. Alencar Furtado: For example, in the letter of intent,

Brazil for the first time in its history abdicated jurisdiction over any questions which arise on its foreign debt. The courts which today have been chosen, by imposition of the IMF, are the courts of New York, the courts of the creditors. We are thus giving up one of the important principles of national sovereignty.

In the letter of intent, we almost have a pact, almost a commitment by the Brazilian government to encourage foreign investors to buy up state enterprises, and we know that they are looking at buying up Vale do Rio Doce and Petrobrás, for which the Brazilian people fought and made great sacrifices. For us, this is a terrible thing which is being plotted, to rob these sectors which are so important to the Brazilian people. That is why they are now cutting the state company budgets so that their performance will be poor. This is a well-organized campaign to demoralize the companies.

Also on the sovereignty question: There is a clause in this letter of intent written by the Brazilian government for the IMF which expressly states that the Brazilian government abdicates sovereignty in respect to any doubt or dispute on the Brazilian debt. That is an official declaration, right there in black and white; clearly it is no longer a secret. Thus these aspects of sovereignty are, to my thinking, derived from the so-called "national development plan," which is a plan implemented by international forces inside Brazil. Today, inside the Brazilian territory, we are living through a process of economic denationalization, a process of cultural denationalization, in a territory most of whose wealth has been taken over by international forces.

EIR: In other Latin American countries, such as Argentina, the nature and possible illegitimacy of the foreign debt are being investigated. In the case of Argentina, Judge Anzoátegui is now investigating \$15 of the \$40 billion in foreign debt, which he does not know is real or false. Would you say that the question of the legitimacy of the foreign debt of Latin America in general is in doubt?

Sen. Alencar Furtado: Exactly. When I just said that up to now the National Congress could not supervise the so-called "Brazilian debt," I was saying at the same time that it was being manipulated by a half-dozen highly privileged citizens, who arrogated to themselves the powers of the republic. We understand, for example, that we are paying today more interest than the debt itself. And the news brought to us now, which we are carefully analyzing, is that we are also paying, in addition to the interest, the U.S. inflation incorporated into the Brazilian debt. Therefore the Brazilian population is paying what it owes plus what it does not owe—insult with interest.

EIR: The IMF policy in Brazil and in every other country where they apply these conditionalities is to shrink the productive apparatus in order to pay the debt. What to you think of the IMF and its proposals?

Sen. Alencar Furtado: The Monetary Fund has been a step-

father to us. The government of Juscelino Kubitschek already rejected the IMF's acting as godfather for Brazil's business because it would be the same thing as the debtor giving his creditors control over his debt. We know that numerous countries including Brazil are members of the Monetary Fund. But this is an insignificant, merely formal detail. It is run by the big international bankers who take advantage of us in every way in their deals. And I maintain that the debt problem is not only the debt in itself. The debt is only a component of a larger plan. This plan involves our national wealth, the political manipulation of our governments. It is a plan which organizes financial policy under an adopted model, a model in the interest of those foreign forces squeezing out the wealth of the developing or poor countries. For example, we have submitted ourselves to a plan which has proven itself to be a failure. It failed because, after 20 years of it, we have uncontrollable inflation. This year we are going to have 200 percent. When Mr. Delfim Netto first became minister [in 1979] inflation was 40 percent and he promised 20 percent. But we are going to 200 percent! Our cost of living is out of control.

Today we have the world's greatest army of impoverished; we have almost 50 million people in absolute misery. And the so-called plan of development turned into an externally oriented development. There is no development; that is, there is no policy with either social concern or social justice. The policy is one which benefits certain national and international groups, which have become partners. To make things worse, the Brazilian government is protecting these groups through these policies.

Therefore, the IMF plan is obviously part of a larger plan. And they even stimulated Brazil to go over its head in debt so that Brazil would have tourniquets applied to it today. And they put on the tourniquets willfully to advance their own interests. Therefore we have been turned into white slaves, ruled by a master out of tune with us, named the International Monetary Fund.

EIR: What is going to happen in Brazil if it continues implementing the IMF recommendations?

Sen. Alencar Furtado: I believe that the impositions of the Fund will bring more recession, more unemployment, more social problems. And I believe that if we don't turn to the development route to help the people, I believe there could be disorderly outbursts, spurred by the despair of those who are hungry and who are unemployed. The policies being followed are every day digging the social grave that is burying the hopes of the people deeper.

EIR: Could Brazil pay its foreign debt? If so, how?

Sen. Alencar Furtado: Brazil is not able to pay that foreign debt. This year we have to pay \$14 billion in interest alone. Now, with the current recession and zero development, it is absolutely impracticable for us to service our commitments on that debt. What we want is a suspension of those payments for a long period, the so-called unilateral moratorium, so that

we could solve our problems, so that we could make sure the social problem, if not solved, would at least be attenuated; so the people's buying power would grow; so there would not be hunger in the country, since a country which has millions of unemployed—as ours does—is a country which has too much hunger. We can't tolerate this state of things any more. Therefore we cannot pay this debt. And if we tried to get deeper into debt to pay the debt, we would sign an IOU to pay another IOU, and you end up with a snowball that won't stop. Our situation would only get worse and worse.

The answer for us is the suspension of payments for a long period, since we are already paying the debt 20 times over and we owe another 30 times thanks to the accumulated and growing interest charges.

EIR: Should Brazil ally itself with other debtors?

Sen. Alencar Furtado: I understand the rest of the Third World is living out this drama and is also suffocated by the social problems which torment Brazil today. There should be an international joint effort on this. There is good reason for the countries living and suffering the same pains to make a common front. The developed world, even if it does not consider the economic reasons, would have strategic reasons to aid this united Third World. It is important that there be solidarity between countries, especially those of the Third World, so that this state of affairs could be dealt with.



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New Argentine government shows social democratic bent

by Cynthia Rush

Since Argentina's Oct. 30 elections, Radical Party president-elect Raul Alfonsín has taken policy steps that augur poorly for the country's future stability. The approach to the debt crisis and the labor and social policy outlined thus far, if carried out after Alfonsín's Dec. 10 inauguration, will pit the government against the Peronist-run trade-union apparatus—still the biggest obstacle to imposition of the International Monetary Fund's austerity conditionalities—and much of the population.

Most ominous on the economic policy front is Alfonsín's choice of the elderly Raul Prebisch, former director of the Economic Commission on Latin America (CEPAL), as the administration's "roving ambassador" empowered to deal with questions of the foreign debt. Prebisch, a longtime servant of British financial interests (see article, p. 11), will attempt to insure Argentina's submission to the International Monetary Fund through some version of the *Rohatyn Plan*—a "stretchout" of debt payments over a several-year period, at lower interest rates, but located entirely within the framework of a strengthened IMF. The *Rohatyn Plan* has been promoted as an alternative to proposals for the creation of an Ibero-American debtors' cartel.

Prebisch is a veteran in trampling on national sovereignty, as indicated by his recent remark that Argentina's return to democracy "would alleviate the tremendous damage caused by the measures adopted by Dr. Pinto Kramer." The reference was to Federico Pinto Kramer, the Argentine federal judge who challenged refinancing deals signed with foreign banks on the grounds that clauses in the contracts violated national sovereignty (see *EIR*, Oct. 25).

Working with Prebisch will be Finance Minister Bernardo Grinspun, a "neo-Keynesian" economist who has worked variously for agencies like CEPAL, the IMF, the United Nations, and the Organization of American States (OAS). While promising that the Alfonsín government will not accept usurious refinancing terms or the IMF's "recessionary recipes," the banker argues that there is room for "understanding" with the IMF. His economic program will probably

be based on "pump-priming" in public works and housing programs that can only fuel Argentina's already uncontrolled inflation while leaving unsolved the underlying causes of the nation's economic depression. Germán López, secretary general to the presidency under Alfonsín, has stated that the new government will have as its major priority "the establishment of full employment . . . through a vast plan of housing and support for those activities that require large quantities of labor."

European social-democracy?

For some of Alfonsín's advisers, the key to forcing through a pro-IMF economic policy is a social-democratic labor and social policy that will challenge the Peronist grip over the unions. The emphasis here is on "democratizing" the trade unions and introducing European style "co-gestion" and "participation" arrangements in which workers and management "democratically" determine the levels of austerity to be imposed. The architect of this policy is Germán López, former Labor minister under Radical party president Arturo Illia (1963-66). Immediately following the Radical victory, López told reporters that his plan was to "modernize the function of the unions, removing them from their political and agitational functions" and orienting them toward "organisms of cooperation able to intervene in economic planning mechanisms and in those that regulate the relationship between prices and salaries."

Alfonsín's labor minister is Antonio Mucci, a leader of the Federation of Graphics Workers and member of the Argentine Socialist and Social Democratic parties prior to joining the Radical Party in 1958. His experience includes training courses in Yugoslavia, where he studied the system of auto-gestion. Mucci's labor undersecretary will be Gabriel Matzkin, a former adviser to Germán López who studied co-gestion and "worker participation" at the Sorbonne in Paris.

Whether Alfonsín's socialist-oriented advisers have the political clout to force through their program and consolidate an alliance with the Socialist International remains to be seen. There is still a tug-of-war taking place within the Radical leadership between the Prebisch crew and the more nationalist wing represented by Interior Minister Antonio Troccoli and Chamber of Deputies President Juan Carlos Pugliese. The voices of both these leaders carry considerable weight within the party. Troccoli's good relations with the Peronist party leadership will be an important asset in the sensitive post of Interior minister.

The Peronist trade union leadership meanwhile has already issued a warning to the socialist "reformers" in the Alfonsín cabinet. The Peronist "62 Organizations," run by labor strongman Lorenzo Miguel, issued a statement saying that it "would not tolerate any threat . . . that would bring back an institutional government using dictatorial methods to divide and destroy the normal functioning of our organization."

Roving ambassador Raul Prebisch: British agent in Argentina

by Dennis Small

The octogenarian Argentine economist Raul Prebisch arrived in Buenos Aires on Nov. 8 to assume his new post as “roving ambassador” for the recently elected Alfonsín government, entrusted with devising a strategy for the renegotiation of Argentina’s controversial \$40 billion foreign debt. As he arrived at Ezeiza Airport, he told his first lie: “I have come to serve my nation.”

Prebisch will not serve the interests of Argentina, but rather those of Argentina’s historic enemies, the British, and in particular the City of London financiers who hold Argentina’s foreign debt. Throughout his lengthy career, Prebisch—mistakenly viewed throughout the Third World as a proponent of development—has served the British: In the 1930s, when he helped set up Argentina’s Central Bank on the British model; in the 1940s, when as founder of the U.N. Economic Commission for Latin America (ECLA) he devised the pseudo-economic theory known as *desarrollismo* (developmentalism); in the 1950s, when he returned from exile to impose an early version of an IMF policy of deindustrialization on Argentina, on behalf of the British; in the 1960s, as the secretary general of UNCTAD; and in the 1970s and 1980s, when Prebisch was a leading opponent of the formation of an Ibero-American debtors’ cartel.

In April of this year, Prebisch was resuscitated to attend the Group of 77 meeting of Third World nations in Buenos Aires, where he was assigned the task of stopping motion toward the formation of a debtors’ cartel. “Argentina, like the rest of Latin America, must stop thinking about a debtors’ club,” Prebisch told the press, “and get to work on a formula that will allow it to meet its foreign commitments.” In a speech to the G-77 gathering, he was specific:

I don’t want to second the suggestions coming from the periphery but from the centers themselves, including that of Felix Rohatyn, who has contributed effectively to the financial recovery of the city of New York.

At a press conference the next day in Buenos Aires, this writer publicly grilled Prebisch on his support for the infamous Rohatyn Plan, noting that Lazard Freres partner Rohatyn’s “solution” to the New York City crisis had doubled city interest payments since it was instituted in 1975, while decimating all city services—police, health, sanitation, transportation, and so on. Prebisch piously denied that he wished to see the Third World’s infrastructure dismantled, but he stuck to his endorsement of the Rohatyn Plan—and to his violent opposition to a debtors’ cartel.

Before recounting some of the more sordid features of Prebisch’s personal political history, it is worth saying a few words about his famous “economic” theory of *desarrollismo*.

Prebisch’s theory

Desarrollismo is not a theory of economic development in any sense of the word. It is a fraud, a political ploy whose objective is to disorient and subvert pro-development forces in Ibero-America. Although corroded by time and use, the original image that Prebisch tried to give *desarrollismo* was that of an “authentically Ibero-American theory” in opposition to the orthodox economic conceptions of the “great industrial centers.” Prebisch presented himself as the champion of the poor who supported their aspirations for development, technology, industrial growth, income redistribution, and so on.

The secret of Prebisch’s theory is that each one of his arguments in favor of technology and industrialization is, in the very next breath, a call for *moderation* in its pursuit. Prebisch’s actual purpose is to contain the policies that he supposedly supports.

Prebisch’s standard argument begins by citing the “grave crisis” of Ibero-America, which he blames on an inadequate “absorption of labor” in the cities. He explains that the application of modern technologies in the rural areas has supposedly displaced millions of peasants, who then cannot find

work in the cities. This is, of course, utter nonsense. Objectively, there has not been—unfortunately—any widespread mechanization in the rural areas of Ibero-America. The influx of peasants to the urban areas is very real, but it is the result of policies of monetarist looting: Peasants flood into the cities to avoid starving in the countryside.

On the subject of technological advance, Prebisch will often defend the concept. For example, in his 1963 *Toward a Dynamic for Latin American Development*, he says: “It is not good to return to old forms of technology.” But three paragraphs later, he adds: “Although it is true that it is not practical to step back to earlier technologies, it is also the case that it is possible to opt for greater or lesser employment of manpower.” Prebisch’s conclusion? Don’t employ capital-intensive technologies or there will be surplus labor and “social convulsions.”

Naturally, one can’t blame mechanization as such [for the labor surplus—ed.]. What I wish to indicate is that there is an optimal point of mechanization which has been surpassed in Latin America. . . . The same can be said of modern technology, past a certain point, in industry.

In other words, from Prebisch’s point of view, capital investment has *already* gone too far in Ibero-America, and labor-intensive projects must now be implemented. “We are indiscriminately introducing production technologies conceived for and applied in the advanced countries.” By the mid-1960s, Prebisch had dropped all pretenses of favoring technological development, and was openly praising Maoist labor-intensive projects.

The feature of *desarrollismo* most widely known and identified with Prebisch’s name is that of “import substitution.” Prebisch proposes that Ibero-America “industrialize” by having its manufacturing sector produce locally those goods that were formerly imported. But he is explicit in limiting this to the realm of *consumer goods*, i.e., he is opposed to the true industrial self-sufficiency that can come only by developing local capabilities in the high-technology capital goods sector. Furthermore, Prebisch argues that if Ibero-America can manage to import all the consumer goods it needs, then there is no need to industrialize at all:

If this greater demand for manufactured goods can be completely satisfied by imports from the industrial centers in exchange for food and raw materials exported by Latin America at satisfactory prices . . . then the necessity for industrializing the region is not so urgent.

How does this differ from the old, British colonial model? It doesn’t. Prebisch’s model for “industrialization” is to

convert Ibero-America into one large looting operation in which cheap labor works in low-skill jobs, producing consumer goods like shoes, textiles, or cigarettes *for export*—and to pay the foreign debt religiously with this revenue and that coming from raw materials exports.

Prebisch’s real preference for the anti-industrial imbecility of rural life is clear in a passage from his *Toward a Dynamic*:

Why can’t [the population—ed.] remain in rural areas, in small and medium-sized villages, employed in industries and services that at least partially satisfy the needs of the countryside itself?

Prebisch’s praxis

But all these theories of Prebisch’s are pure fraud—a coverup for the monetarist policies he implemented in Argentina whenever he was given the opportunity and power to do so.

After early training at Columbia University and the London School of Economics, Prebisch entered Argentine political life in the late 1920s, hoping to land an important economic post. But it wasn’t until 1930, when the pro-British conservative General Uriburu staged a coup d’état, that Prebisch managed to obtain a moderately important post, that of undersecretary of economics. In 1933 he was named special adviser to the economics ministry, and quickly became involved in the negotiations of the infamous Runciman-Roca treaty. This 1933 treaty with Great Britain turned Argentina into a virtual Crown Colony for the duration of the Great Depression: Argentina agreed that Britain would pocket Argentina’s *entire* export income for payment of the foreign debt, in exchange for a British promise to buy a fixed quantity of Argentine meat and wheat. As a result of this Prebisch masterpiece, Argentina was the *only* Ibero-American country which paid its debt faithfully throughout the depression: Every other country refused to continue destroying the standard of living of its population, and preferred to declare debt moratoria. Argentina’s military government gave priority to London.

But the Runciman-Roca treaty wasn’t enough for England, as it did not institutionalize the Argentine treasury as a subsidiary of the Bank of England. That task had to wait until 1934, when the Bank of England’s personal representative, Sir Otto Niemeyer, arrived in Buenos Aires to insist on the creation of a British-style central bank to replace Argentina’s existing national bank. Sir Otto brought in his briefcase detailed plans of the type of bank he was looking for; sadly, he couldn’t find an economics minister quite slavish enough to carry it out. One after another, the ministers resigned, until finally a gentleman named Pineda was appointed.

Pineda, too, resisted, but Prebisch came to the rescue

and, as he himself put it: "I was able to convince him, and a little while later he put me in charge of carrying out the project."

The resulting institution, run by Prebisch personally from 1934 until Gen. Juan Domingo Perón seized power in 1945, was a masterpiece of British monetarism. Argentina's foreign debt was paid punctually, while agricultural exports were emphasized and industry was systematically strangled. In 1945, the last year of Prebisch's control over the bank, a total of 1.5 billion pesos in domestic loans were issued: 1.4 billion of these, over 90 percent, were given to the agricultural sector, with almost nothing going to industry.

As the Argentine historian Arturo Jauretche explained in his well-known study of Prebisch:

As the first general manager of the new Bank of England subsidiary, Prebisch did everything in his power to maintain our country in a bucolic agricultural state, sabotaging all industrial development other than that of the British meat-packing plants.

Throughout his term as economic czar, Prebisch consistently protected Britain's financial interests and sabotaged every attempt to establish trade or financial links with other countries, especially with the United States.

In 1935, Prebisch was publicly denounced by Sen. Lisandro de la Torre for being an agent of British interests.

In 1936, he granted the oil multinationals a monopoly over the importation and marketing of oil inside Argentina.

In 1937, he used the central bank's growing dollar reserves to pay off the entirety of Argentina's debt to the United States, instead of using these reserves to buy American capital goods, a move which would have threatened Britain's control over the captive Argentine market. As Jauretche noted, "There was a subtle difference between the dollar debt and the pound sterling debt" which must be kept in mind if one hopes to understand Prebisch's loyalties.

Three years later, in 1940, Argentina lost its last wartime opportunity to buy the capital goods which it desperately needed. Raul Prebisch vetoed a \$110 million loan which the U.S. had offered Argentina, to facilitate an exchange of capital goods for agricultural products.

Prebisch vs. Perón

In the mid-1940s, General Perón led a coup which expelled Prebisch and his British controllers from Argentina. One of the first economic measures of Perón's government was to dissolve Prebisch's central bank in 1947, and reinstitute the national bank, which channeled domestic credit toward industry.

By the early 1950s, Perón had presented an economic plan for building up a heavy industrial sector in Argentina (including nuclear energy), and his attempt to implement this plan finally provoked a British-inspired coup d'état in 1955.

The first act of the new military government was to invite Prebisch to return from exile in order to conduct a study of the economy and propose measures which would return Argentina to Britain's imperial fold.

Prebisch descended on unfortunate Buenos Aires with a full contingent of ECLA technicians, and in October 1955 issued his now-infamous *Preliminary Report on the Economic Situation*, better known as the "Prebisch Plan." Here we finally see the true face of Raul Prebisch, free of any *desarrollista* makeup: policies *identical* to those of the IMF today. It should be noted that Perón had refused to join the IMF, and so the imposition of the "Prebisch Plan" can properly be described as a one-man IMF program, under which Argentina was forcibly subjected to a strict monetarist regimen.

Prebisch began his *Report* by asserting that "Argentina faces the worst economic crisis of its history," a lie which he later used to justify the imposition of draconian economic measures. Prebisch then resorted to openly falsifying statistics to "document" the (nonexistent) "grave balance of payments crisis," and to propose a sharp increase in foreign indebtedness to cover the balance of payments crisis that he had just invented. Perón had managed to keep Argentina's foreign debt to a minimum, and had therefore been able to use the country's export revenues for domestic industrialization instead of using it to pay the debt. Prebisch intended to reverse this policy and steep the country in foreign debt.

The rest of his 1955 policy prescriptions read like an IMF printout for economies such as Brazil and Mexico today:

- Establish floating parities (i.e., devalue the Argentine peso) and free profit remittances for all foreign companies;
- Rationalize the "unprofitable" state sector, including the layoff of some 200,000 "unproductive" federal employees;
- Shift the economy away from industry and toward agricultural production for export; raise domestic prices of agricultural goods to help achieve this;
- Raise food prices, causing a drop in the real wages of workers; with no compensating salary increases;
- Cut back on credit issued for the domestic economy, especially the heavy industrial sector; and
- Export everything possible in order to pay the recently acquired foreign debt.

Prebisch concluded his report with the following quote from Nicolas Avellaneda, a 19th century Argentine president who was a total agent of the British Crown:

In the country there are some two million Argentines who, in an extreme situation, will be willing to suffer hunger and thirst in order to meet the nation's commitments to its foreign creditors.

Will Argentine president-elect Raul Alfonsín follow this Prebischite policy today, and wreck his nation in order to please the City of London and the IMF?

War on drugs brings down Swiss wrath

by Valerie Rush in Bogotá

Alongside his campaign to eradicate the drug trade, Colombia's President Belisario Betancur has ordered that the condition on the \$225 million loan organized by a Chemical Bank-led syndicate of private banks, that "applicable law will be British," be changed to read that "applicable law will be Colombian." The loan was signed in London in October, and only one participant—Morgan Guaranty Trust—withdrew from the syndicate in protest against the change. But Colombia's recalcitrance was noted by the international banking community.

One response came in the Nov. 3 issue of the Swiss oligarchy's newspaper of record, the *Neue Zürcher Zeitung*, which warned that without its illicit drug revenues, Colombia faces total economic crisis. "Colombian products [are] of limited interest for the industrial countries . . . 1983 is expected to result in an all-time low for exports. Comparing its export earnings to its approximately \$9.6 billion foreign debt . . . the stretched currency situation, and the low level of reserves at the central bank are already reflected in the exchange rate on the parallel market. . . . In the past decade, Colombia could lean annually upon \$2 to \$3 billion, which, following uncontrolled exports [the drug trade], were available to the country. Were the moralizing campaign of the government to reduce [this source of funds], Colombia would . . . find itself . . . no longer in a position to earn the foreign exchange necessary for its economy. . . ." Soon Colombia, which has consistently paid its debt service obligations, will face a crisis as grave as Venezuela's, concluded the *NZZ*.

Since stepping up his campaign to eliminate the drug trade—Colombia is the biggest supplier of drugs to the East Coast of the United States—after the appointment of Justice Minister Rodrigo Lara Bonilla several months ago, Betancur has ordered thousands of soldiers to destroy coca and marijuana plantations with paraquat. At the same time, Betancur has challenged the austerity measures dictated by foreign creditors; following abrupt, dramatic increases in public service rates at the end of October, Betancur called an urgent meeting of the public service directors to chastise them for the increases which, he charged, serve as "objective agents of subversion." He warned that recently passed Colombian laws prohibit increases in public service rates as a condition

for receiving foreign loans.

Further, in a recent meeting with the executive committee of the UTC labor federation, Betancur gave the union leaders authorization to publicize his rejection of the finance minister's recent declarations limiting 1984 wage increases to only half the current inflation rate. Betancur said, the ceiling on wage hikes "is only the opinion of technocrats, not the official position of the government."

Economic warfare against Colombia has already begun. At a recent gathering of the Colombian Banking Association in Cartagena, foreign bank observers accused the Colombian government of not paying a \$22 million liability of the liquidated Banco Nacional—whose owner is now in a Colombian jail on fraud charges—to Morgan Guaranty. Morgan's initial association with the Chemical Bank syndicate was in the hope of linking its claim on the defunct Banco Nacional to the new \$225 million syndicated loan under City of London arbitration—and thus forcing the Colombian government to guarantee the debt. The alternation in the Chemical contract will make Morgan's efforts far more difficult.

In late October, a representative of the World Bank, visiting Cartagena to study a possible loan for port expansion, abruptly cancelled discussions and left without explanation. The following week, the British government ordered all assets of the Colombian embassy in London frozen while a British company sued the Colombian government for alleged non-payment. In mid-October, \$13.5 million sitting in a Republic of Colombia bank account in Chase Manhattan's London branch had been illegally transferred to Morgan Guaranty in New York, and then to a numbered Swiss bank account. Chase Manhattan has denied responsibility for the theft and has refused to refund the money, thus forcing the Colombian government to sue for redress.

In response, the national daily *El Siglo* published a cartoon in the first week of November asking, "Will the president of Chase Manhattan be extradited to face Colombian charges?" and prominent labor leader Jorge Carillo called on national radio for breaking relations between Colombia and Britain.

Colombia's drug mafia has not stopped at economic warfare. The leaders of the Colombian Anti-Drug Coalition, a political organization committed to eliminating the production and use of drugs and the power of the financial circles that control much of the world economy through the drug trade, Fausto Charris and Maximilian and Patricia Londoño, have been the objects of death threats and physical assaults.

The harassment against the Anti-Drug Coalition leaders coincides with a campaign of attacks by the narcotics networks against Justice Minister Lara Bonilla. In mid-October a plot by national and international drug traffickers to assassinate Lara Bonilla was discovered. The Colombian government dismantled the plot with the help of the U.S. Drug Enforcement Agency. Dr. Lewis Tambs, U.S. ambassador in Bogotá, has declared the U.S. government's full support for the Colombian government's war on drugs.

IMF bailout battle down to the wire

by Kathy Burdman

After weeks of reports circulated by Federal Reserve chairman Paul Volcker that Congress will pass an \$8.5 billion bailout for the International Monetary Fund, the IMF suffered a last-minute reverse Nov. 10 when the Senate leadership struck the appropriation for the IMF cash from the 1983 budget.

"The bottom line is that the votes for the IMF just may not be there," an aide to Sen. Robert Melchior (D-Mont.) told *EIR*. Volcker had attempted to slip the IMF cash appropriation bill onto the vital budget continuing resolution, but the Senate refused to commit the cash because no authorization bill has been passed.

Acting for IMF Director Jacques de Larosière rather than for the United States, Volcker, Treasury Secretary Donald Regan, and House Banking Chairman Fernand St Germain (D-R.I.) are still working overtime to "fix" a compromise IMF authorization bill. "Volcker and Regan are demanding that the IMF bill be passed before the Nov. 18 deadline set by de Larosière," an aide to St Germain said. "De Larosière wants his money before the IMF has to vote on a crucial loan to Brazil that day, and the Congress doesn't have the guts to refuse."

Administration sources have been saying for weeks that "a deal has been struck" under which President Reagan will okay St Germain's pet porkbarrel housing bill in exchange for House Democrats' support for IMF. "Volcker and Regan demanded that the President accept the deal," the House aide said.

St Germain would thus have succeeded in embarrassing Reagan and forcing him to publicly beg for the IMF money for the second time this fall. Last month Volcker and St Germain forced the President to write a public letter supporting the IMF and those Democrats who voted for it.

IMF opponents claim, however, that the deal "has collapsed." "St Germain may not be able to sell the IMF to the House membership period, even with the housing bill," said aides to Rep. Tom Corcoran (R-Ill.).

Should Congress fail to pass the IMF bill by Nov. 18, the international monetary situation could blow wide open. The first session of the 98th Congress recesses on that day until next February, but the IMF has set the end of December as the date by which all member nations must provide their total of \$40 billion in new quotas. If the Congress balks, European governments will balk. IMF officials have already vowed to

call an emergency meeting of the IMF Interim Committee to censure the United States and remove America's veto on the IMF board.

At that point the IMF will be officially bankrupt and at war with the United States in the middle of real trouble for the U.S. banking system. Banking sources say that U.S. banks have yet to take the full punch of losses from over \$200 billion in debts owed to them by Latin American nations such as Brazil. During the third quarter, banks declared almost no losses, although most debtors had stopped paying even their interest.

During the last quarter of this year, interest payments by Brazil, Argentina, Mexico, and the Venezuelan government will all become a full 90 days overdue. Under current U.S. banking law, these debts then become "non-performing" and U.S. banks as a whole will have to declare \$5-\$8 billion in lost interest income.

If the IMF is junked, the United States will have to support a "debtors' cartel" in Latin America, and freeze and reorganize the debt to save its own neck.

If Congress is gutless enough to pass the IMF bill, on the other hand, the banking crisis will overwhelm the United States and Volcker will demand more bailout money.

The IMF bill won't solve a thing, a source close to Volcker laughed Nov. 11. "We've gone to the mat with Congress on this, saying it will solve all the debt problems. . . . But it's not a solution. It's just the beginning of what we have to do. We have a whole new round of measures to bail out the debt, and we don't want Congress involved at all."

The new measures include a second vast expansion of IMF resources and the abrogation of U.S. banking regulations. Volcker and Regan want the IMF to begin issuing some \$12 billion in new SDRs as soon as the bill is passed, which is why Treasury insists on killing a resolution by Rep. Jack Kemp (R-N.Y.) granting Congress veto authority over all future issues of SDRs. "We don't want our hands tied for the future," the Volcker source said. The SDRs would be used to set up a new IMF "special fund" to guarantee or subsidize 50 percent of the interest payments of certain countries, starting with \$3 billion to Mexico and \$3 billion for Brazil, he elaborated.

Heedless of the sovereignty of the banking system of the United States, the source insisted, "We have to totally bend U.S. banking regulations." Once the IMF "interest facility" is set up, U.S. bank regulators will have to "change the way they treat" bad loans. U.S. regulators will be pressured to "treat the loans as if they were good" because the IMF is "guaranteeing" the interest—although much of it will never be paid.

U.S. Comptroller of the Currency C. Todd Conover is said to have threatened to resign over this question. "Volcker has been pressuring Conover to ease up on the banks but he's having a hard time with him," one administration source said. "Conover has a certain fiduciary responsibility to bank depositors. He could go to jail for lying to them."

Will wheat survive the compromise?

The proposed congressional policy on target prices and paid diversion jeopardizes the 1984 crop.

The administration's attempt to freeze target prices for the 1984 wheat program was challenged when the House Agricultural Committee reported out H.R. 4072, the Foley bill, Nov. 1. The administration is "not happy with this bill . . . but it is closer than any as a workable basis" to negotiating a price freeze, a USDA wheat program spokesman stated.

The Foley bill compromise would raise the 1984 target price to only \$4.38, and increase the price to \$4.45 a bushel in 1985. Existing law would increase the 1985 price to \$4.65.

The administration had recommended that the 1984 wheat program be passed without an increase in the crucial target price. Target prices, the mainstay of the price-support program, guarantee that the farmer receives a base price for his produce by paying a "deficiency rate" to the farmer when market prices fall below a certain level.

The Agriculture Act of 1981 established target price increments that set the 1983 price at \$4.30 and would raise it to \$4.45 for 1984. But Agriculture Secretary John Block has been trying to freeze the wheat target price at \$4.30 for 1984 and 1985 after Office of Management and Budget Director David Stockman told the Joint Economic Committee in May that this would save \$4.4 billion.

But even the 1981 measures fall far short of the mark. The price farm-

ers currently get for their wheat covers only *half* the cost of production.

The Foley bill compromises on more than target prices. With farm income collapsing, the bill offers provisions that may help desperate farmers' immediate cash flow, but will slash production, ensuring that the gutting of U.S. agriculture continues.

Although the disastrous drought and the Payment-in-Kind (PIK) program which cut corn production by 50 percent did not affect the wheat crop in 1983, wheat production was cut between 10 and 15 percent this year by the overall economic crisis and a diversion program that paid farmers not to plant.

The Foley bill offers farmers a paid diversion for 10 percent of their crops, at a rate of \$3.00 a bushel or more. The administration wants to set up a PIK program for wheat, eliminating cash payments and substituting commodity payments. Block announced his support for a wheat PIK in August, but the administration wants to provide commodity payments worth only 75 percent of the established yield, while the Foley bill calls for 85 percent.

The combination of paid diversion and the higher PIK payment rates will induce farmers not to plant in order to save production costs and gain income—threatening a wheat shortage next spring.

During committee debate on the bill, Rep. Thomas Daschle (D-S.D.)

stated that target prices should not be touched, since they would be changed anyway in compromises when legislation reached the House and Senate Conference Committee floor.

In June, the Senate Agriculture Committee actually approved a bill to freeze target prices of corn and wheat, which was attached to the administration's dairy program. Block called the bill a "vital step" in formulating a new farm program. Sen. John Melcher (D-Mont.) led the filibuster that defeated the measure by a small minority, commenting that the pressure campaign was "the biggest use of sheer power of the executive branch I've witnessed in 14 years on the House and Senate agriculture committee."

The USDA conducted heavy-handed negotiations with wheat state senators and congressmen who are willing to pull the plug on the entire crop stabilization/price support program and with pro-price support congressmen to come up with this Foley compromise bill.

Speaking for the pro-freeze factions, Sen. Bob Dole (R-Kan.) told members of the National Corn Growers Association in July: "If passed, this freeze will help to fend off criticism of farm program costs long after its opponents discover that farmers can get along quite well without an increase in the current levels." And, he went on, merely reducing the price support will not reduce "surplus" grain stocks sufficiently.

The target price issue has been debated on the Hill for over six months. In the absence of a strong farm lobby, and the presence of such farm state leaders as Dole who are willing to lead the sheep to slaughter and have the farmers accept their own demise as a productive sector, the life expectancy of any target price system is extremely short.

The day the buses stopped running

Like the U.S. airlines, Greyhound bus lines intends to bust wages, then "re-regulate" the sector.

When the Greyhound Corporation's contract with the Amalgamated Transit Union covering 20 percent of the company's workers ran out on Oct. 31, there were no further negotiations. The company handed the employees a take-it-or-leave-it package that the company says would cut wages by 17 percent. The union offered a wage freeze; the company placed ads for driver, ticket agent, and mechanic positions that "may become available in the event of a work stoppage."

The 12,700 union members, forced to strike, watched as thousands of unemployed lined up to apply for their jobs across the country. The company gave the employees until Nov. 14 to decide whether to accept its terms or be replaced. The company claims that it has received over 20,000 applications and that a substantial portion of the strikers will return to help train the newly hired "scab" workers.

Greyhound's public reason for its hard line is that it is being badly hurt by deregulation—the very policy that it championed "since the beginning" according to corporate relations chief Don Behnke. "We backed deregulation from the beginning. We wanted total deregulation—not piecemeal, state-by-state deregulation. We demanded and got federal deregulation."

Greyhound knew what deregulation meant. The state of Florida had previously deregulated, allowing anyone with a bus and minimum insurance to enter charter service—the most profitable part of the business. Grey-

hound took a beating but continued to press for deregulation.

Since November 1982, when bus deregulation became law, over 1,400 bus operating authorizations have been issued by the Interstate Commerce Commission. Half have been for charter service, with many of the small one- to three-bus companies using MCI buses, which are produced by a subsidiary of Greyhound itself.

The Greyhound strategy is three-fold: reduce wages by 35-40 percent through an elaborate scheme of lower wages for newly hired workers; abandon as much rural service as the localities or states will allow; then either ease out of the bus business or lock up the most profitable routes after the industry has been "re-regulated."

"Perhaps there will be re-regulation," said Behnke. "First it will be the airlines, then us."

But re-regulation is not envisioned before the industry has been thoroughly "de-unionized" and wages chopped by 35-40 percent. Under the company plan, the employees would receive 17.5 percent less in gross wages (a 9.5 percent pay cut plus loss of some benefits, holidays and vacation time) and newly hired employees would come in at 25 percent less than entry wages under the contract that expired Oct. 31. According to Behnke, however, the company has "labor costs 30-50 percent higher than the other bus companies," indicating the company's eventual target wage levels.

Company wages are not high—and

certainly not at levels claimed by the company. It was found, for example, that a top grade diesel mechanic working full time (2,080 hours a year) makes \$10.57 an hour, \$3 to \$5 less than at truck repair shops.

The company is taking advantage of deregulation to eliminate local and rural stops. Greyhound has already received approval for elimination of 1,100 stops or about 8 percent of the passenger pickup or discharge spots. "This has been a real benefit of deregulation. Previously we had to service rural and local stops in order to get the franchise," explained Behnke.

Dropping stopping points and routes may mean the company is on an accelerated course out of the bus business altogether. Since the early 1950s, the company has reduced its bus fleet by more than a thousand and its route miles by about 20 percent. Today bus operations account for less than 20 percent of the company's revenues, the result of a 20-year diversification run by directors close to Lehman Brothers investment bank and Morgan Guaranty Trust.

When the long-time president, Orville Caesar, was put out to pasture, the new crowd reorganized Greyhound as a holding company and began acquisition of equipment and computer leasing companies (through Swiss and British subsidiaries), as well as insurance, food services, and consumer products companies. Vervex Corporation is the second largest private residential mortgage insurer in the United States, while Travelers Express is the third largest money-order vendor.

The current chairman, John Teets, is well known for forcing extensive wage cuts at the Armour Food division before it was recently sold off, putting the workers out of the Meatpackers' master contract.

Business Briefs

Agriculture

PIK a handout to the conglomerates?

The Payment in Kind crop reduction program is still making news, but not by its success at reducing U.S. crop production. As a result of giving PIK farmers commodity payments beyond the statutory limit of \$50,000 per farmer regardless of how much land the farmer took out of production to qualify for the program, many farmers holding PIK certificates could find the silos empty when it's their turn to collect their commodities.

According to a General Accounting Office (GAO) audit of 708 participating farmers in nine states, the majority were averaging \$175,000 in "free" commodities, with 35 over \$500,000 and another seven with payment valued at more than \$2 million each.

Of the 10 farmers scheduled to get the largest payments, eight were cotton producers in California, several of which are owned by large out-of-state conglomerates such as the Bangor Punta Corporation and Prudential Insurance. While the conglomerates benefit from the PIK, the large corporate-family farms also benefit in the same way. It is the large family farms which are being hit by tax laws and inheritance laws designed to get them out of farming.

Should Agriculture Secretary John Block agree to enforce the ceiling limit, many farms that enrolled a large percent of their land into the program will be receiving much less in PIK crops than they thought they would.

Energy Policy

Spain cuts back on nuclear program

The Spanish government announced on Oct. 20 that it was halting 5 of the 12 nuclear reactors under construction, because eco-

nomics forecasts showed dropping demand for nuclear energy.

Bertrand Goldschmidt, the head of the Atomic Energy Commission of France, addressing an early-November conference of the Forum Atomico Español, blasted the Spanish Socialists as even more foolish than their French counterparts.

Seventy large towns have declared themselves "nuclear-free zones." That is supposed to have an anti-military connotation, but in fact, town councillors have battled with the Civil Guard recently to prevent nuclear waste from being moved through the area and so on. The Communists in these towns have demanded that nuclear technologies be banned for civilian as well as military purposes. Thus far the Socialists have not given into that demand.

India

Forced to depend on Soviets for energy?

India will be increasingly dependent on the Soviet Union for developing its nuclear industry, according to an article in the Nov. 8 *London Times*. The idea is that India has the scientists to accomplish the job but not the engineers, and faces a cutoff from the West of aid and fuel. Their heavy-water reactors and fast breeders have been set back as a result.

"The reluctance of the Western powers, particularly Canada and the United States, to supply India's technological needs (though they are now being met indirectly through third parties) is having the effect of making Indian authorities look favourably on offers of nuclear support from Russia. But observers here feel that Russian help will reduce India to the status of a dependent client state."

The Swiss *Neue Zürcher Zeitung* recently referred to Indian discontent with the backwardness of Soviet technology, describing this as a reason for India's attempted opening to the West.

Food Policy

EIR addresses food conference in Sweden

At a conference on the impending global food conference sponsored by the Club of Life in Gothenburg, Sweden, on Nov. 5-6, *EIR* Stockholm bureau chief Clifford Gaddy accused the Malthusian-minded networks who control world food supplies of operating on the basis of a "self-fulfilling prophecy." First, Gaddy said, they destroy Third World countries' ability to feed themselves, by forcing those countries to halt vital infrastructural development under International Monetary Fund conditionalities; now they are also destroying the high-technology agriculture of the United States. Food shortages, he declared, are totally artificial and unnecessary.

Gaddy contended that reform of the international credit system and the immediate launching of large-scale projects for water control, energy, and transport would vastly increase agricultural productivity.

William Jones of the Club of Life discussed the economics of parity in agriculture—a fair price to cover costs of production plus necessary technological investment for the future. Sweden, as well as the United States, still has elements of a parity system, which are under attack from both left and right. "Free enterprise" advocates, according to Jones, refuse to understand that the parity system is the best modern expression of the principles of industrial capitalism.

After reviewing what Swedish agriculture could do for a starving world, Jones referred to the fact that the conference was taking place on the birthday of the great 17th-century leader King Gustavus Adolphus, and called on Swedes to apply what he called the "Gustavus Adolphus principle": "to create a strong, modern nation-state at home and then use the power thus created to intervene for good in the world outside."

A highlight of the conference was a color film made available by the Swedish dairy

equipment manufacturer Alfa-Laval, on the greening of the deserts in Saudi Arabia.

As shown in the film, the Swedish company has created one of the world's biggest integrated dairy farms, with 25,000 cows, in only four years in the middle of a desert. Saudi officials are shown stating that "this project proves that with the proper help from the industrialized countries to the Third World, we can feed every being on earth, and feed them well!"

Corporate Takeovers

Dirty money clubs fight over Eagle Star

Lord Peter Carrington, former U.K. foreign minister, and a nominee for the post of NATO General Secretary, is up to his ears in London's takeover battle for control of Eagle Star Insurance. This is hardly surprising, considering that the showdown for control of Eagle Star, which involves West Germany's Allianz insurance group versus Britain's BAT industries, reflects a larger competition between financial power centers vying for control of narcotics and other dirty money flows.

Allianz—which is based in Munich, and represents Germany's largest pool of disposable investment power—has increased its offering for Eagle Star to over 600 pence per share, as of Nov. 12. In addition, the Office on Fair Trading, which has authority to interrupt takeover bids, decided not to make use of this authority. The chances for the counterbid against Allianz, put up by British-based BAT Industries, are dimming.

The investment bank advising Allianz in the showdown is Morgan Grenfell—the outpost for sons and friends of British foreign secretaries, including Carrington.

In London and Hong Kong, Carrington has been working to increase the direct control of his Munich/Swiss Freemasonic allies over the global channels for laundering huge amounts of investment money, in anticipa-

tion of increasing crises on the thinly based offshore markets.

In fact, Allianz's effort to take control of Eagle Star coincides with major new steps by Britain to tighten its long-term control over Hong Kong. The British dilemma is that as such efforts are made, Carrington and others are inviting the Central Europeans and the Swiss to take command, through the back door.

Banking

Regional lenders describe plight of farm sector

Discussions *EIR* researchers have held with regional bankers in agricultural areas around the country underline the precarious financial situation of U.S. agriculture.

The president of a Kansas bank, asked about the cost of purchasing a farm, outlined the inability of grain farmers under the age of 40 to survive with existing grain prices and the speculative increases in the price of land which accelerated throughout the 1970s.

The purchase of a wheat farm in Kansas today would require an initial investment of almost \$1.25 million, for land which would have cost \$275,000 in 1971.

In California, an agricultural loan officer in the cattle-raising section laid out the costs of pasture land and the price per pound received for beef calves. The financing cost on newly purchased grazing land would make up 75 percent of the value received for the calf.

Agricultural extension specialists and economists in land-grant colleges agreed that the entry costs of farming at this point are prohibitive, even with the softening of land prices during the past few years.

EIR economists calculated that the combination of high interest rates and the speculative pressures on land prices over the past decade have added approximately 35 percent to the costs of production of most commodities.

Briefly

● **THE UNITED NATIONS** has just released a two-year study showing that the world narcotics traffic is primarily controlled by Peking. The investigation was headed by a former Israeli colonel. The findings counter the argument of recent years that world heroin traffic has largely shifted to Pakistan and Asia.

● **BRITISH PETROLEUM** has begun drilling the first oil exploration well in the South China Sea. The announcement follows a four-day British mission to China. This is one of five BP contract licenses in the Pearl River Basin area. Other companies include Exxon, Shell, Occidental, and Tricentrol and Cluff (the latter two are British independents). Pearl River is projected to have reserves of 25-50 billion barrels, and two 500-million barrel fields could be producing 300,000 barrels a day by 1987.

● **THE CHINA OCEAN** Shipping Company ordered nine container ships with three German shipyards, worth DM 482 million. The order is financed by the Kreditanstalt für Wiederaufbau including aid on interest by the federal government. This will guarantee employment in three shipyards until 1985.

● **CITIBANK** debt-shooter Bill Rhodes, in a London speech before the IMF's advisory Group of Thirty, said that banks will have to grant the Third World lower rates and fees. Mexico, because of its adherence to the IMF, will be granted these concessions, he said, following similar concessions to the Brazilians negotiated by Rhodes this month.

● **THE ADAM SMITH** Institute of England proposes to end all forms of agricultural support, arguing that supports cause "distortions" and force farm producers off the land. The Nov. 1 *Financial Times* countered derisively that during the heyday of free trade, "a far greater exodus occurred" and "whole areas of Britain were made derelict."

The fight in Europe over Reagan's strategic defense doctrine

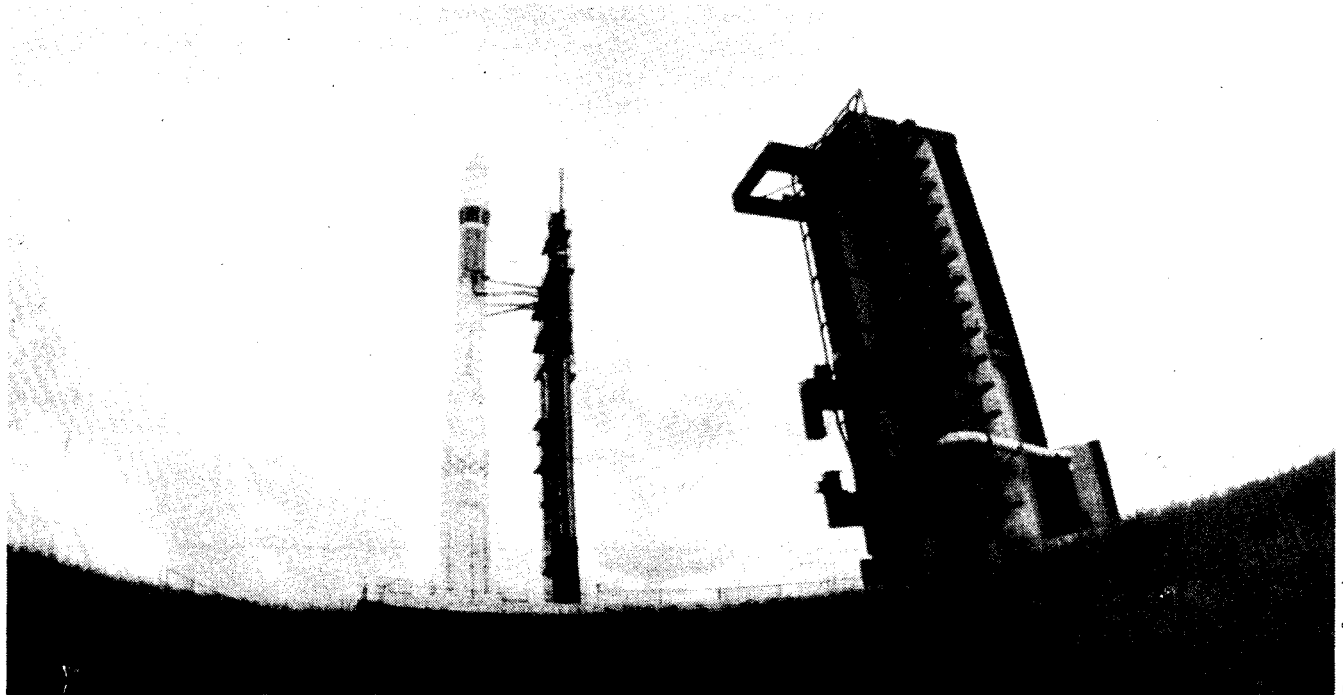
by Vivan Freyre Zoakos

It is an open secret to those in international government and other policy-making circles that the NATO alliance is now undergoing its greatest crisis since its founding in the 1950s, a crisis from which the Alliance may very well not emerge intact in the coming years.

From a strategic standpoint, the crisis began to erupt as the credibility of Western nuclear deterrence began to sharply erode under pressure of the growing military superiority of the Soviet Union and its Warsaw Pact allies. This went hand in hand with aggressive Soviet actions in all corners of the globe, signaling that Moscow was on an expansionist drive not unlike that carried out earlier in the century by Hitler's Germany. Europe was targeted as a center of Soviet destabilizing operations, with Moscow actively seeking a Finlandization of the continent, in part through the unleashing of mass terrorism in the form of the U.S.S.R.-controlled "peace" and disarmament movements. In keeping with its increasingly Nazi foreign policy, the U.S.S.R. has gone so far as to join forces with the powerful Nazi International, whose capabilities in the various European separatist movements and similar operations have joined forces with the Soviet terrorist assets to generate the European "hot autumn" now underway, aimed at making the continent ungovernable.

The Western European response to this phenomenon has been in part a repeat of the 1930s appeasement policy, when strata within ruling European and U.S. circles sought to bargain with Hitler. The latter day appeasers faction, best identified with Lord Peter Carrington, Claude Cheysson, Hans-Dietrich Genscher, Henry Kissinger, and Bettino Craxi, has today developed a strategy of seeking to make private bargains with the Soviet Union, in the process progressively decoupling Western Europe from the United States.

President Reagan intervened into this situation on March 23 with his announcement of a new military strategic policy based on the development of directed energy beam weapons as the core of an anti-ballistic missile (ABM) system. The creation of such a defensive "umbrella" over the Western Alliance could head off the otherwise threatened East-West thermonuclear confrontation, replacing the



European Space Agency

The Ariane rocket launcher, a project of the European Space Agency. European scientific capabilities could accelerate the development of a beam-weapon defense program for the Western Alliance.

unworkable NATO policy of Mutual Assured Destruction (MAD) with that of Mutual Assured Survival (MAS). The President's policy offer from the outset began to dominate European policy debates, to shift those debates from the terms of reference initiated, particularly, from the time of Henry Kissinger's entry into the National Security Council in 1969 and later with the 1971 signing of the SALT I treaty under Kissinger's traitorous aegis.

At an extraordinarily successful conference on beam weapons held in Rome, Italy, Nov. 9, *EIR* founder Lyndon H. LaRouche laid out the terms of that debate and the stakes involved. The conference, the latest in a series sponsored by the *EIR* in various European capitals, brought together over 120 representatives of the highest echelons of government, the military, and industry from the leading European capitals.

LaRouche explained the conundrum to which the MAD doctrine has lawfully led: "The combined Soviet and NATO deployment of what are called Forward Nuclear Defense capabilities, including the Soviet SS-20s and the [American] Pershing IIs, had brought the world to the brink of policies of 'launch on warning.' Whenever one superpower places a first-strike nuclear assault capability within 10 minutes or less of targets in the opposing superpower's homeland, the threatened power is forced to adopt a policy of launching a full-scale thermonuclear barrage against the homeland of the other at the first indication of launch of forward-based systems. Since Defense Secretary James Schlesinger's announcements of 1974 and Henry A. Kissinger's proposing the NATO double-track policy in 1979 [the decision to station the medium-range Pershing IIs on European soil, now sched-

uled to occur by the end of this year], the world has been moving at an accelerating rate toward a condition of 'launch on warning.' . . . The point has been reached at which any continuation of the nuclear deterrence (MAD) doctrine means a high probability for thermonuclear war during the months ahead."

These are facts which, together with the collapse of the so-called "NATO-triad" and hence of the underpinnings of deterrence doctrine, are well known to European leaders. Michael Liebig, *EIR*'s European Executive Director, outlined in some detail in his presentation at the conference the abysmal state of the Atlantic Alliance's military arsenal. Liebig pointed out that, "Should the United States not have deployed beam weapon ABM defense systems even before the end of this decade, the Soviet Union will have achieved a first-strike capability against the nuclear potential of the United States. If present trends continue . . . the surviving second strike capability of the U. S. A. will represent merely a limited and calculable risk for the Soviet Union. . . . The military reality today, however, is that the U.S.A. is not threatened with a Soviet second strike, but rather with a disarming first strike against the strategic 'Triad.' That fact collapses the entire inner logic of NATO doctrine of flexible response, based on the so-called NATO-triad, consisting of 1) the (weakened) U.S. 'Triad,' 2) the American nuclear short- and medium-range systems in Europe, and 3) the combined conventional forces of the NATO partners (in which NATO has a vast inferiority relative to the Warsaw Pact)."

It is these hard facts, together with the offer by the United States of a way out of the dilemma into which the West has

been lured by the MAD deterrence doctrine, which has made the beam-weapons debate the centerpiece, directly or indirectly, of European foreign and military policy debates at this time. The accompanying articles give a more reticulated idea of the form this debate takes in the strategically decisive European countries.

The controlled environment which existed prior to the President's March 23 speech was radically broken at that time, a fact whose potential has been increasingly realized in the intervening months. The question of whether to go with President Reagan's policy or risk the only alternative—Finlandization or worse—is cutting across party lines in Western Europe. One dramatic example of the political upheavals beginning to take place on the continent was the recent speech given by Bavarian Governor Franz-Josef Strauss at the Hanns

Seidel Foundation. Strauss, the head of the highly conservative Christian Social Union, roundly chastized his government for refusing to back President Reagan's action against Soviet-directed operations in Grenada. In the process, Strauss cut through the arguments being posed by some among the President's detractors, who sanctimoniously raised the issue of national sovereignty as an excuse to continue, in fact, their practice of condemning any signs of strength in American policy.

Strauss pointed out that in the 1930s, had the allies acted from a standpoint of a true understanding of the meaning of national sovereignty, they would have been morally bound to interfere in the "internal affairs" of Germany's Hitler regime. The world would then have been spared the necessity of undergoing the trauma of World War II.

ROME CONFERENCE REPORT

Political and military leaders deliberate on beam-weapons potential

A conference in Rome titled "Beam Weapons: The Implications for Western Europe," sponsored on Nov. 9 by the *EIR* and the Fusion Energy Foundation, turned out to be a milestone in American-European strategic deliberations. More than 120 persons, representing the military, major industries, research and development centers, and the media, as well as diplomats from more than 20 European and Third World embassies, gathered to follow the debate of military and scientific experts on beam weapon technology.

The goal of the conference, part of a series of such events in Western Europe and North America organized by the *EIR* and FEF, was to get to the heart of the controversy over the new strategic doctrine announced by President Ronald Reagan on March 23, 1983, when he called upon U.S. scientists to develop new technologies capable of rendering nuclear missiles "impotent and obsolete"—beam-weapons.

Never before has such an informed and distinguished panel on the subject been assembled for public discussion by any private group. Along with former U.S. Ground Forces Commander Gen. (ret.) Volney Warner, the panel included space warfare expert Gen. (ret.) Giulio Macri of the Italian army, a former commander of the Tank Warfare Training school in Sardinia and head of the Italian delegation at SHAPE; Gen. Antonio Pelliccia, a fighter pilot and president of a working group at NATO's SHAPE, as well as vice-commander of NATO War College; Col. (ret.) Marc Geneste, currently an engineer at the Commissariat à l'Énergie Atomique; Gen. (ret.) Revault d'Allonnes, a Compagnon de la

Libération, and one of the closest associates of the late Gen. Charles de Gaulle; Col. Hans (ret.) Seuberlich of the West German army, a vice-president of the European Organization of Military Associations; Dr. Piers Wooley, economist and military expert from Great Britain, who worked for the International Institute of Strategic Studies in London and has advised the Conservative Party on security and economic affairs; *EIR* Executive Director in Europe Michael Liebig; and physicist Prof. Giuseppe Filippini, president of the FEF in Italy.

A featured speaker and moving force in organizing the conference was the American political figure Lyndon LaRouche, who has campaigned for the development of defensive beam technologies since 1977.

As Fiorella Operto, the chairman of the European Labor Party in Italy, asserted in her opening remarks, the governments of the Western Alliance face the challenge of cooperation in a rapid crash-program for the development of beam systems before the end of the 1980s. She invoked the great tradition of the European Renaissance, challenging the audience to revitalize the research and development capabilities of Italy, the nation of Dante and the great Leonardo da Vinci, as a model for the allied partners.

The conference itself was the occasion of an eyeball-to-eyeball confrontation between pro-beam forces and the Italian government of Prime Minister Bettino Craxi, a creation of Henry Kissinger and the Trilateral Commission. Ferocious counter-organizing by Kissinger-allied circles aimed at stop-

ping the conference proved a dismal failure. The success of the event was assured by the intervention of high-level political, intelligence, and military circles internationally.

LaRouche, *EIR* founder and the only opponent of the nuclear freeze contending for the Democratic Party presidential nomination, described his role in organizing for the new U.S. strategic doctrine, including "back-channel" discussions with Soviet representatives conducted with the knowledge of the relevant U.S. authorities prior to President Reagan's March 23 announcement. "The Soviet government has no serious technical disagreement with any part of the strategic package I have outlined," LaRouche declared. Yet Moscow rejected the President's generous offer to negotiate on beam systems. "The Soviet Union has made purely cosmetic offers of willingness to negotiate with the U.S.A., including back-channel discussions with Henry Kissinger, but has never made any substantive negotiation effort with the President," said LaRouche. It has been consistent Soviet policy, "never to negotiate with President Reagan since Andropov succeeded Brezhnev."

The Soviet leaders are waiting to negotiate with one of Reagan's eight pro-nuclear freeze opponents among leading candidates for the Democratic Party presidential nomination. "The Soviet leadership is fearful of the United States' potential to pull off an economic miracle of recovery through aid of a high-technology crash-program like the early NASA effort. By rejecting the President's offer, the Soviets have committed themselves to an early thermonuclear confrontation, seeking to accomplish a historically decisive humiliation of the United States.

"Therefore, Lebanon and Beirut are no isolated phenomena, but part of one package," said LaRouche. "The stubborn defense of the principle of sovereignty of nations in the case of Lebanon by President Reagan and his assistance to the threatened states of the Caribbean in the case of the Soviet military coup in Grenada, has won back lost credibility of the U.S. government from among growing portions of the citizenry and among portions of the United States' allies."

This new credibility, LaRouche said, must be used to mobilize Western Europe and North America to enter jointly into a cooperative economic mobilization modeled upon the U.S. mobilization of 1939-43. "Is it still possible to avoid thermonuclear war? No one on Earth knows. Perhaps it is already too late, but we have no available course of action but to try. Nothing can possibly succeed except negotiations on the basis of the strategic doctrine of March 23."

A new policy for the alliance

The implications of such a cooperation effort among the partners of the NATO alliance were debated by a panel of distinguished military and scientific experts. "Scientists got us into the nuclear system in the 1940s, now they have to get us out of it in the 1980s," said General Warner. He emphasized that what is needed now is an *organization*, to provide the needed financial, political, and scientific resources for an

American-European beam effort.

"We have to make sure that NATO does not oppose the beam weapon effort," he added, expressing his conviction that "there is nothing more important than beam weapon systems now. We went 'MAD,' if you will, some time ago," he said. "If the Soviets join our effort, it will be good; if they don't, we have to do it anyway; it doesn't make a difference." General Warner called on the assembly to help build the necessary organization for a joint beam effort in the U.S. and in Western Europe "to have a system in the heavens in the year 2000, when all other systems will have run out."

Dr. Jonathan Tennenbaum of the Fusion Energy Foundation outlined the technical requirements of a crash program to provide a functioning beam-defense system in the 1980s. A corresponding European crash program in the strategic as well as tactical field, emphasizing ground-based chemical lasers as well as lasers launched from vessels or bombers, is the only way to defend Europe against nuclear missiles, whether ICBM or non-ICBM, within the atmosphere, he said.

EIR's Liebig reminded the audience that we are already in an ongoing beam ABM arms race, since the Soviets are building beams. "If we do not deploy beam systems before the end of the decade, the Soviets will have a first strike capability without having to fear a U.S. counterstrike, which they would see as a calculable risk," he said. "This will not fundamentally change through the MX and Pershings. Beams are a strategic must, the U.S. strategic triad and flexible response are no longer valid." Only the development of layered and nested complementary point-defense and area-defense beam weapon systems in Western Europe can supply the backbone of a credible strategic posture.

Gen. Macri challenged NATO governments to go for a crash program which could lead to the loss of Soviet superiority in beams within the next three to five years. Europe must be freed from the grip of fear of the Soviet threat. "It is European backwardness in beams R&D and the financial investments needed for such a program which necessitates close cooperation with the U.S.," he added, outlining how the technical expertise of the Italian Army as well as the nation's highly specialized defense-related industries makes Italy well-equipped to realize this goal. Chemical laser capabilities, in particular, exist in Italy, and, as Professor Filipponi of the FEF added, the particle accelerators now under construction in Padua and Catania, together with the ENEA work on plasma confinement, place a special responsibility on Italian electronics and defense, as well as aeronautics and space-related industries. "And let us not forget that this will spark the badly needed economic recovery in this country. This is an opportunity we must not miss," Dr. Filipponi concluded.

Dr. Wooley criticized the economic austerity policies of the Thatcher government as typifying the main obstacle to a beam weapon effort and defense planning in general. General d'Allonnes referred to the upcoming European summit in

Athens Dec. 5-6, where industrial policy is listed as a secondary topic on the agenda, and beam weapons will not be discussed at all. "Some countries might have an interest in exploding a sort of a 'bomb' in Athens," he hinted. The general reminded participants of the Bonn *EIR* seminar on beam weapons on Oct. 5, when "each one of us went back into his country trying to convince governments and the military of the urgency of such a policy." The recent admission by French Defense Minister Charles Hernu of a significant French R&D effort on beams is due to "our influence . . . it is a very great success for all of us here."

The role of West Germany

A significant role in the required West European effort for these new defensive systems must be played by West Germany, all speakers agreed. Colonel Seuberlich reminded everyone of the precarious psychological situation gripping his nation, situated on the dividing line between NATO and Warsaw Pact and now plagued by the Soviet KGB-run peace movement.

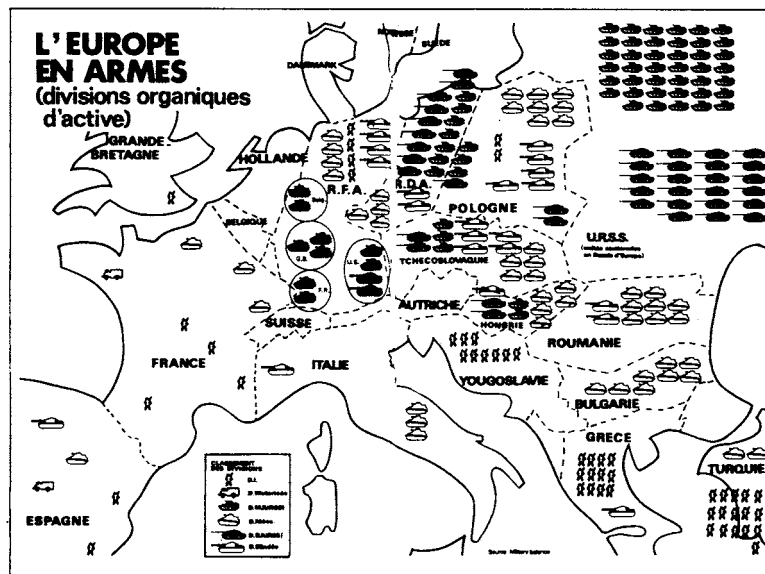
Helga Zepp-LaRouche, chairman of the European Labor Party in West Germany and founder of the international Club of Life, gave a detailed briefing on the backers of the "peace movement, and explained how the cultural pessimism which pervades much of the western world today can be overcome as part of the broader cultural transformation which a beam defense policy must initiate."

"If we look at Western Europe from the outside today, we see a dying continent, a degenerating civilization. In West Germany this escalates into a collective psychosis called anti-industrialism." She called for a fundamental epistemological debate to once and for all root out the absurd thesis of the Club of Rome and its Malthusian offsprings, drawing enthusiastic applause when she advised Romans to expel this evil of the Club of Rome from this beautiful city, if necessary "by

medieval means." "Their philosophy brought us Hitler and Mussolini, the Third Reich idea of such irrationalists as Nietzsche and the national-bolshevist wing of the Nazi movement," she told the audience. "These people were anti-nation state and pro-separatist just as the peace movement is today, which is the exact replay of this irrationalist, fascist cult, now played by a corresponding irrationalist cultural matrix in Russia."

As a model for achieving world peace today, she cited the ontologically principled system of *concordantia* developed by the great Cardinal Nicholas of Cusa in the 15th century, whose Christian notion of evolution characterized human reason as guided by the same principles and laws as the evolution of the universe as a whole. Under Cusa, there arose a new conception of political society, of universal natural law, and an eruption of scientific progress unlike anything the world has seen since. This was exactly the purpose of the Council of Florence of 1439, when the friends of Cusa met with the representatives of the Paleologues to the purpose of uniting East and West under the common banner of the *flioque*.

Proceeding from Mutually Assured Destruction to Mutually Assured Survival, said Zepp-LaRouche, is not only a strategic-political necessity, but will serve the aim of uniting nations to a higher purpose and overcoming the flawed conception of military alliances which our nations have adopted during the past decades. At the same time, she concluded, the reversal of the gravest world economic crisis in history depends not only on scrapping the International Monetary Fund's genocide against the Third World and disintegration of the industrialized nations, but on introducing the needed technologies associated with directed-energy beams, a laser revolution. This is the secret of the new doctrine, a more fundamental approach to politics, which is expressed in the founding principle of the Club of Life: "Peace means development."



Europe in Arms: reprinted from Echeq à la guerre: la bombe à neutrons, by Samuel T. Cohen and Marc Geneste. Col. Geneste, who used this map in a slide presentation in New York City on Nov. 1, commented that the artist has perhaps inadvertently captured a tragic irony: the Western tanks are all headed in the wrong direction!

Defense minister: 'acquire laser defense'

French Defense Minister Charles Hernu, in response to an interrogatory from a parliamentarian on beam weapons on Nov. 4, delivered a ten-minute briefing to the French National Assembly on the feasibility of beam anti-ballistic missile technologies, including the fact that France is "spending a lot in research and development in this area." This is a major break with the French government's official skepticism or even hostility on the issue of ABM defense. It is the first admission from any European government that a domestic beam-weapons research program is vigorously underway.

Hernu thanked parliamentarian Jean Brocard of the Union Pour la Democratie Française (UDF) for asking what he described as an extremely important question. President Reagan has committed the United States to develop these defensive weapons, and intends to have "a full-fledged system by the year 2000, 2001, 2002 or 2003," Hernu declared. "In France as well, we are thinking about such weapons and are working on them." Hernu added that, when it comes to laser research, "we occupy a more than honorable rank in this field."

The official transcript of Hernu's remarks, published in *Le Journal Officiel* and translated below, shortened and muted some of these more enthusiastic overtones in his statement, conveying a more cautious yet unmistakable impression. The beams issue is such a hot potato in France that the government still hesitates to commit itself unequivocally in print to a policy which it nevertheless feels compelled to adopt.

Hernu's statement leaks into the public purview what is otherwise a raging battle behind the scenes, cutting across all party lines and piercing to the core of France's national identity. France's independent nuclear deterrent, the *force de frappe*, hallmark of the Gaullist era, will become obsolete unless linked to an ABM program which could protect it. The overwhelming Soviet military superiority in the European theater, and the evident Soviet intention to push the United States to the brink of thermonuclear war, point up the fact that "deterrence" has only brought the world to the point at which a war which the West would lose is more likely, since prior to President Reagan's beam-weapon policy an-

nouncement, the West had no doctrine for defense or for war-fighting as such. The Soviet aggressiveness, plus the development of ABM capabilities by the United States and the Soviet Union, have thrown French military doctrine into the greatest crisis since Hitler's march into Paris.

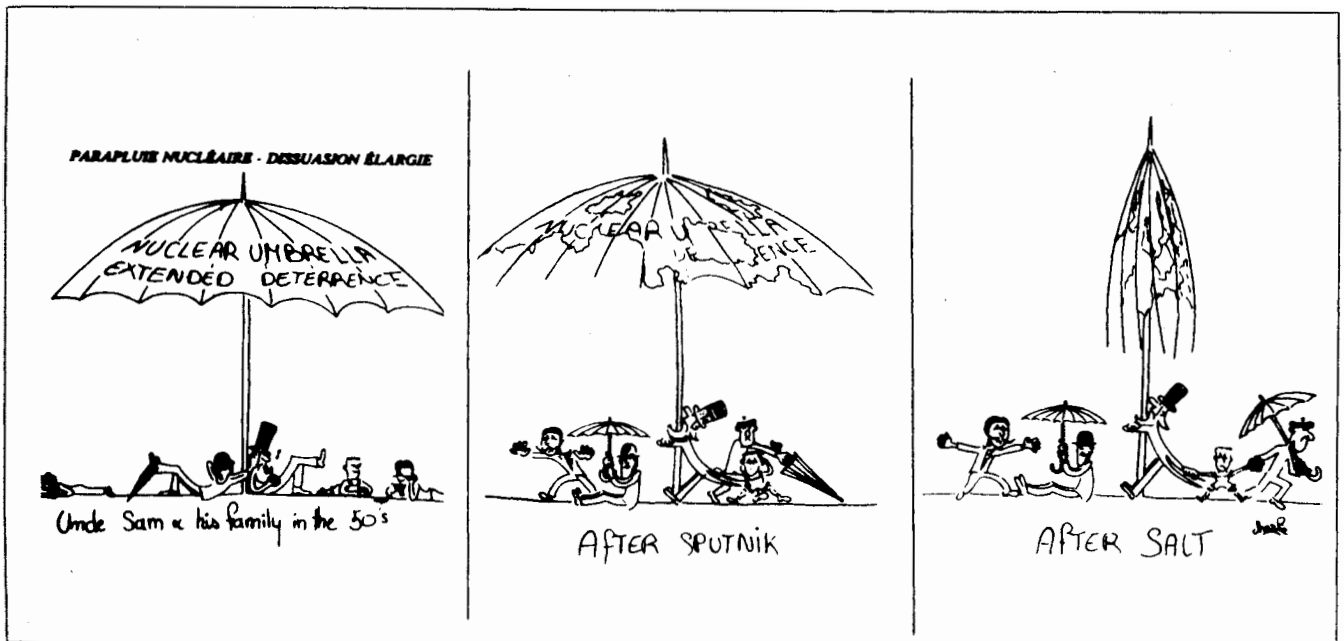
Thus France confronts a choice: Join with the United States and the rest of Western Europe in the development of an effective crash beam weapons program, or follow the option of Britain's Lord Carrington for decoupling Europe from the United States and forging a Franco-British axis of "deterrence." A decoupled Europe, with a "Finlandized" Germany at its heart, would make World War III almost inevitable. And contrary to the illusions of some French generals who are still fighting the last war in their minds, the Soviets would not stop at the Rhine.

Remobilization of the Resistance

Colonel (ret.) Marc Geneste, known as the father of the French neutron bomb, and currently an engineer with the Commissariat à l'Energie Atomique, told a New York audience on Nov. 1 that initial French grumbling about the beam weapon policy would surely give way, since there is no way that France would sit back and allow the superpowers to outdistance it. Geneste described his own former work on the French neutron bomb, which proceeded in greatest secrecy while the government was officially protesting against mooted U.S. deployment of the weapon and exclaiming that France would never consider such a dreadful thing. Another prominent French military figure concurred: "It is impossible to stop beam weapons now, no matter how hard Henry Kissinger tries."

Former leaders of the French wartime Resistance are among the most enthusiastic supporters of the beam policy. Many of them have joined the work of a new organization, La France et son Armée (France and its Army), which is circulating a call in support of President Reagan's ABM policy, and organizing conferences around the country on this issue. Signers include Colonel Geneste and Gen. Revault d'Allonnes (of the Compagnon de la Libération, the elite organization of former close associates of Gen. Charles de Gaulle), both featured speakers at *EIR*'s conference on beam weapons in Bonn Oct. 5 (see *EIR*, Nov. 8); renowned Resistance leader Marie Madeleine Fourcade; Henri Ziegler, honorary chairman of the aerospace firms Aerospatiale and Airbus Industrie; Gen. Jacques Andrieux, member of the Compagnon de la Libération, retired Air Force general; Gen. Jean Thiry, former General Staff commander for special weapons, former director of the nuclear test center at Reggane; Claude Hettier de Boislambert, postwar French military governor of the German state of Rheinland-Pfalz, honorary chancellor of the Ordre de la Libération and president of the National Committee of Recipients of Resistance Medals; and Mme. la Marechale Leclerc, widow of the commander of the tank division that liberated Paris.

These Resistance fighters, some of whom were personally close to General de Gaulle, remember the wartime alli-



The U.S. nuclear umbrella as depicted in *Echec à la guerre: la bombe à neutrons*, by Samuel T. Cohen and Marc Geneste.

ance with the United States against Nazism, and have not shaped their political views under the postwar tutelage of Henry Kissinger, Lord Carrington, and the “deterrence” doctrine. For them, Kissinger’s “deterrence” is the modern-day equivalent of the Maginot Line doctrine which led to France’s occupation by the Nazis.

Jacques Chirac, chairman of the Rassemblement pour la République (RPR—the Gaullist party), is known to be under intense pressure from these Gaullists to come out openly for beam-weapon defense. While he has hitherto confined himself in public to hints about “new ideas for defense,” Chirac is nonetheless taking a strong stand against the “decouplers” and “Finlandizers.”

In two visits to the Federal Republic of Germany this fall, he has sought to shore up Germany’s commitment to the West and to the United States. Speaking at the Konrad Adenauer Foundation in Bonn in October, Chirac declared that while Germany is forbidden to develop nuclear weapons, she could take more responsibility in other aspects of military cooperation. The role of the United States is crucial for the defense of Europe, he said, and “anything which decouples goes in the wrong direction.” In a radio interview Oct. 18, Chirac added that “it is impossible to insure nuclear deterrence through the British and the French only. . . . Germany and France must unify their policies, their goals, and their means, and they must discuss every security issue.”

Chirac was denounced by Socialist Party left-winger Jean Pierre Chevenement, an advocate of a Franco-British security alliance, and by Socialist Party foreign affairs spokesman Jacques Hutzinger. Chirac “is wrong to say that France and Britain could not insure the defense of Europe,” Chevenement charged. “This is the end of Gaullism.” Chevenement

particularly objected to Chirac’s insistence that Europe could not be defended without the United States.

Chevenement’s views found backing from unexpected quarters. Gen. Pierre Gallois, a top Gaullist nuclear strategist, created a national sensation in an interview to the Spanish newspaper *Vanguardia* published on Oct. 17, in which he advocated that Germany should be abandoned to the Russians. What should France do if Germany is attacked? he was asked. General Gallois replied: “Not move an inch. Stay still. Give the Soviets time to solve the German problem while we preserve France. I would rather have the Soviet army on the French borders than to allow the destruction of France. . . . The only solution is that Britain and France have their own forces to respond in a nuclear way to a hypothetical Soviet attack.”

A French Pearl Harbor?

The crises in Lebanon and Grenada during the last weeks have heightened the strategic political battle in France, with an upsurge of patriotism not unlike that occurring in the United States. When over 200 U.S. Marines were killed in Lebanon in a kamikaze raid by a Muslim fanatic, 100 Frenchmen also died in a similar blast across town. As in the United States, French authorities report an increase in youthful enrollment in the armed forces since the Lebanon disaster. This “Pearl Harbor” response in the French population could affect the strategic debate in a dramatic way.

When French Foreign Minister Claude Cheysson, an advocate of the Carrington-Kissinger appeasement faction, complained about the U.S. invasion of Grenada Oct. 26, he was roundly denounced in *Le Figaro* by columnist Jacques Francillon. “To allow the Soviet Union to install, with the

help of Cuban mercenaries, a military base on the island of Grenada, would have been for the U.S. president to commit a fault that history would never have forgiven him for," he wrote—adding that had the French government acted with the same determination against Libyan dictator Qaddafi in Chad, that unfortunate country would not be partitioned at the present time.

"Only the weak fly in the face of danger," the article continued. "In 1962, when John Kennedy was challenged by Khrushchev in the Cuban crisis, he did not back down. Do the French people remember today that General de Gaulle, even though he had plenty of resentment of Washington, was the first foreign head of state to side publicly with America."

A similar article appeared in *Le Quotidien de Paris* by Philippe Tesson, who wrote that "those who have snivelled about American weakness, those who have doubted the American shield, are today flocking to condemn the first gesture of firmness the U.S. has made in ten years. . . . At Munich, Chamberlain evoked the fate of Czechoslovakia, explaining to the British parliament that Great Britain would not fight for foreigners, so far away from London, of whom nothing was known. We didn't fight, but we got a war anyway. And without the Americans, we would have lost it."

DOCUMENTATION:

Hernu briefs the National Assembly

Parliamentary deputy Jean Brocard submitted an official interrogatory to French Defense Minister Charles Hernu Nov. 4 in the National Assembly, which we excerpt here, followed by the Minister's answer in full. The text is taken from the official journal of the French parliament, where it was published in a somewhat altered form.

Brocard: Mr. Minister, the projected national defense budget does not mention at any point directed-energy weapons. But it appears that this kind of weapon is now being developed in the Soviet Union and in the United States. . . .

By destroying enemy missiles in flight, without provoking the explosion of their nuclear warheads, these weapons will change the strategic order in which we have lived since the beginning of the 1960s. Instead of "Mutual Assured Destruction" there will be a "Mutual Assured Survival" based on defensive deterrence.

Do you seriously believe, Mr. Minister, that France alone

could prevent the development of anti-missile and anti-satellite weapons by both superpowers? Do you consider that it would in any way serve the interest of France to have a technological freeze in this military domain, which would have an immediate negative effect on our overall industrial development?

Would it not be preferable to immediately engage in a national program for the deployment of these weapons? Should we not provide right away for the defense of our cities and our military sites—the Plateau d'Albion and the Ile Longue—which are now vulnerable to the Soviet SS-20, by undertaking the study, research and production of laser cannons? Is it not by protecting our *force de frappe* with directed-energy weapons that we will give it full credibility?

I clearly understand, Mr. Minister, that the government may not wish to go into long explanations about classified secret efforts. But doesn't it appear necessary to affirm our will and our commitment to this domain of arms-related technological development, when faced with the bellicosity demonstrated by the Soviet Union? Have you not indicated this afternoon that 9,800 Soviet warheads could reach our national territory?

In short, it appears that directed-energy weapons, for both the tactical and strategical domains, are uniquely able to ensure the future of our defense, and to restore credibility to our *force de frappe* by protecting the sites where it is deployed.

You announced to us this afternoon, Mr. Minister, that the government research budget is 19.7 billion francs in program authorization and 17.6 billion in payment credits. Such amounts ought to allow us to take on or to continue research on directed-energy weapons, research whose spinoff effects will be felt on the national economy.

As you have said, we must prepare for the future. So this question must be part of a debate on overall strategy. When will the government organize such a debate? Doesn't the government think that, given its importance, this debate should be on the agenda of our assembly as soon as possible, just as the *force de frappe* was debated in its time?

Hernu: Mr. Deputy, everyone knows that what we call by the collective name of "directed-energy weapons" are weapons which are still partially in the domain of speculation. They use a highly concentrated beam, a thin, very energy-dense beam, which is expected to produce destructive mechanical effects on the target it is directed against.

Two different kinds of beams can be envisaged which could produce the desired effects. One can use either light particles, i.e., photons, produced by "power" lasers, or elementary particles of matter—i.e., electrons, protons or neutrons to which a very strong energy pulse is imparted by means of powerful accelerators, to project the destructive beam in a precise direction.

The denser the atmosphere between the generator and the target, the greater the perturbation of the beams' propagation will be. This phenomenon must be taken into account in the

ongoing research. This is the reason why the presently foreseen applications concern either systems operating in the atmosphere, i.e., with a very short range, or systems operating in a vacuum, i.e., with a much greater range, but not allowing for any impurity between the target and the particle accelerator. It is thus not so simple!

When President Reagan announced last spring, in a futuristic declaration which buried nuclear deterrence, that these systems could be mounted on satellites, and be used in flight to destroy either ballistic missiles or their warheads, I devoted new attention, as you did Mr. Deputy, to everything which was written on the subject. President Reagan based himself on very sophisticated studies and research, which I examined with curiosity. However the Americans expect to test only some components of these systems and not the entirety, as President Reagan's declaration seemed to imply.

You are thus quite premature, Mr. Deputy, when you already point to the eventual deployment of these energy-directed weapons. In fact, the best American specialists don't foresee this occurring before the year 2000. Without betraying a secret, I can indicate that we have, however, some contacts with the Americans on this issue.

Don't let us take the risk—in this I join with Mr. Debré [Gaullist leader Michel Debré—ed.]—of relinquishing the benefit of nuclear deterrence for the sake of a speculative system whose installation is as yet uncertain.

It is normal that this subject be debated and you are perfectly right. However these debates are more suitable at colloquia, university or scientific meetings. I agree to organize, one day, a colloquium on directed-energy weapons, but it is not yet time to plan for a legislative debate.

Concerning the Soviet Union, our information is less complete. Nevertheless it seems that this country is presently making quite a substantial effort in this domain, if one can judge from its statistics on studies and research. I am sorry not to be able to give you more information on what is going on in the Soviet Union.

As far as the French effort is concerned, it bears on the acquisition of the technology of power lasers and the study of their effects.

Without wanting to reveal too much about it, I can nevertheless tell you that we occupy a more than honorable rank in this field, and that military credits play a preponderant role in the development of this new technology. A weekly magazine, *Les Nouvelles*, dedicated a remarkable technical study to this subject 15 days ago, and was pleased to point out that the development of this new technology was only possible in France because of research credits granted by the defense ministry. It is obvious that the defense ministry must now think of defining passive means of protecting our missiles against the effects of the laser, in spite of the admittedly hypothetical nature of the threat. However, we must think about it not in such a way that energy-directed weapons replace deterrence, but so that the latter is not threatened by the former.

WEST GERMANY

Genscher tries to halt ABM debate

by George Gregory

A few weeks ago the West German Bundestag held the first in a series of internal discussion seminars on the subject of "alternatives to present NATO strategy." The bulk of the parliamentary discussion was reportedly devoted to variations on the theme sung by former U.S. secretary of Defense, Robert Strange McNamara, during his tour of the Federal Republic in October: that the present NATO doctrine of "flexible response" is no longer credible, and therefore the chief weight of European efforts must be to develop conventional armaments capabilities for the purpose of direct defense against the overwhelming conventional superiority of the Warsaw Pact.

In the middle of the debate, one Christian Democratic deputy suggested that beam-weapon antimissile defense systems should also be included in such a discussion of "alternatives," particularly in light of the U.S. commitment to develop and deploy such systems, and the offer of President Reagan to develop beam weapon defenses directly for defense of Western Europe.

The suggestion of the deputy was quashed by none other than Gen. Wolfgang Altenburg, general inspector of the West German Armed Forces, who insisted that even a closed-door debate of parliamentarians was not the proper place to discuss beam weapons, nor the alternative strategic regime of "Mutually Assured Survival."

That incident is typical of the rear-guard effort of the Bonn government to cork the momentum of debate and deliberation occurring in professional military and military policy circles on direct Western European work on developing beam-weapon anti-missile defenses. There has, nevertheless, been widespread media coverage here of the recommendations of the Fletcher Commission to the President on beam weapons, reports of Pentagon estimates that the Soviet Union is engaged in a beam-weapon development program equivalent to \$30-\$50 billion annually (*Süddeutsche Zeitung*, Oct. 25), coming in the wake of the *EIR* seminar "Beam Weapons: The Strategic Implications for Western Europe," in Bonn on Oct. 5. These developments have assured that many inside

and outside of the government are insisting on a positive initiative for beam weapon development on the part of Bonn, both as strategically necessary and to break the grip of Foreign Minister Hans-Dietrich Genscher over the security policy of the country.

Despite official kowtowing to "flexible response" doctrine, the doctrine itself has been buried, leaving two chief tendencies in a raging debate over what strategic doctrine will be developed. The first is represented by would-be NATO General Secretary Lord Peter Carrington, Henry Kissinger, Robert McNamara, former West German chancellor Helmut Schmidt, and Hans-Dietrich Genscher, who had also been Schmidt's foreign minister. This grouping also represents the majority position of the New York Council on Foreign Relations, the London International Institute for Strategic Studies, its de facto German branch, the German Association for Foreign Policy, and the Royal Institute for International Affairs. The central feature of their proposed revision of NATO strategic doctrine is, as noted, the exclusion of nuclear weapons of all categories in favor of reliance solely upon conventional armaments of European NATO to "deter" Warsaw Pact conventional forces. Western nuclear force potentials would be restricted to a supposed "second-strike" capability.

Since nothing in this proposed revision of NATO's present strategic doctrine infringes on Soviet nuclear potentials, the package is supposed to be anchored in a treaty agreement on "non-first use" of nuclear weapons. This is Genscher's line of march. Our sources report that Genscher, who is also national chairman of the Free Democratic Party (FDP), has launched a personal initiative to introduce the "no-first-use" gambit into the party's platform at the next FDP congress.

On the other hand, *EIR*'s Oct. 5 seminar in Bonn has contributed to bringing a good deal of the background support for beam weapon anti-missile defenses as a joint NATO project into the public fray. In a carefully phrased statement in Rome Nov. 9, at the *EIR* seminar on beam weapons, Col. (ret.) Hans Seuberlich stated that "the severely perforated nuclear umbrella of the United States, which Col. Geneste outlined in Bonn on Oct. 5 [see *EIR*, Nov. 8], and under which NATO countries have basked for so long, will only be able to exert its protective function once again, if the U.S.A. is successful in stopping Soviet armaments extremism by means of developing and deploying the new beam weapon defense systems. . . . It is my conviction that, to this end, the best minds of NATO should, as soon as possible, design a joint working plan of implementation." Colonel Seuberlich, formerly a field officer in many command posts, stationed at the Bonn Defense Ministry for several years, and a Christian Democrat and vice-president of the European Association of Military Associations, then delivered a recommendation to his government: "The government of the Federal Republic is still hesitating to draw effective conclusions leading out of the present situation. One of these paths is to turn toward the U.S. project for beam weapons defense against missiles, and to approach the potentials of beam weapon

development with a scientific and open mind. In my opinion, the Federal Republic should become involved in these developments *in time*, and thus be in a position to deliberate with our alliance partners at an early stage so that the peculiarities of the geostrategic situation of the Federal Republic can be appropriately embedded in the overall project. . . . Continued hesitation or official ignoring of these developments could lead to a strategic 'decoupling' from the U.S.A. like that which we experienced at the beginning of the 1960s."

Genscher draws political fire

Guiding Bonn's moves toward this "strategic decoupling" is Foreign Minister Genscher, who is taking advantage of widespread fear of the Soviet Union inside and outside the German government to push through a policy contrary to the United States' along the entire spectrum of foreign and military affairs.

"Genscher," said one source close to the government, "is in the grip of a dangerous fantasy. He is trying to establish Germany as a broker between the U.S. and the U.S.S.R., and he has invested so much prestige-capital in his relations with the U.S.S.R. that the Russians are playing him, manipulating him, and blackmailing him." Genscher's "broker" role has gone so far that he has played messenger-boy from Moscow to U.S. officials, with the message that Washington should back off beam weapons because the Soviets don't like them. "The Russians are telling the Germans what the U.S. must and must not do, and the beam-weapon ABM issue is part of that. That is why Genscher keeps praising Soviet arms negotiations offers, even though he knows the Soviet offers are meant to be unacceptable to the U.S. He is consistently feeding the mood here that America is the source of all problems."

An intelligence adviser to the Bonn government remarks that Genscher's near-total grip on Bonn policy means that "he will denounce any U.S. strategic answer to the Soviets as brinkmanship, but everything the Soviets do he reads in terms of Soviet 'self interest,' all the way from Afghanistan to the Mideast, Asia, or the Caribbean. . . . Genscher agrees with Carrington, [French Foreign Minister Claude] Cheysson, and Henry Kissinger in not liking any U.S. insistence on 'global responsibilities.'"

Genscher's increasingly blatant moves have not gone unopposed, however. The foreign ministry's denunciation of President Reagan's military move in Grenada ("had we been asked, we would have counseled against it") provoked Christian Social Union powerbroker Franz-Josef Strauss to fire a well-aimed salvo across Genscher's nose, in his address in Munich at an international strategy symposium of the Christian Social Union's Hans Seidel Foundation. Strauss warned that the Soviets would make a last-ditch "offer" at the START talks in Geneva to reduce Soviet SS-20 missile launchers to 54 with 162 warheads (equivalent to the number of British and French warheads currently deployed), and that "there are tendencies in Bonn that are psychologically and politically

prepared to fall for such a Soviet offer." Strauss charged that those who attack President Reagan's action in Grenada "are also acting irresponsibly, because they are playing into the hands of Soviet propaganda, which has only one goal, to claim that it is the United States which has a reckless policy, from which Europe ought to disassociate itself as fast and as far as possible."

Genscher has moved hard to consolidate his control and preempt such opposition. He has installed a new ambassador to Moscow, Jörg Kastl, who was trained by Henry Kissinger at Harvard, and was head of the Department for Eastern Affairs in the Bonn foreign ministry during Willy Brandt's chancellorship. Following 12 hours of meetings with Soviet Foreign Minister Andrei Gromyko in Geneva Oct. 15-16, Genscher dispatched the chief of his Planning Department, Konrad Seitz, also Kissinger-trained, to Moscow for in-depth deliberations with Moscow foreign ministry staff.

Genscher has also moved to dominate the defense ministry, a chief locus of potential support for the U.S. beam weapon policy. Defense ministry sources report that the issue of beam weapons has been declared too hot for them to handle right now, "because we are up to our necks with this 'no-first-use' issue"—Genscher's ploy to keep on good terms with the Soviets. Since Genscher wants neither his military nor military-policy professionals, nor the general public, to even discuss matters which might send waves back to his stern interlocutors in Moscow, he has tried to put the lid on more public debate and expression of support for beam weapons.

His leverage to muzzle the defense ministry goes back to a blackmail battle he won during the Schmidt chancellorship, when Social Democrat Hans Apel was defense minister. Genscher succeeded in having all matters of military policy which have anything to do with foreign policy transferred to the foreign ministry, so that, in the words of one official, "since then we have been reduced to tinkering away at the guidelines Genscher sets for us." It is not known whether he has explicitly used that blackmail leverage against CDU Defense Minister Manfred Wörner. But when we hear from military officials that the reason for the lid on beam weapons discussion and debate is that it "would provoke the peace movement and pull 2 million onto the streets to demonstrate against the government," it is only appropriate to ask just who did that public opinion poll—no one in the Defense Ministry professes to have done any such poll themselves.

Genscher dispatches his own people, even when they are Christian Democrats like his deputy, Foreign Ministry State Secretary Alois Mertes, to debate Social Democrats like Egon Bahr on military policy issues, only to have his deputies soundly trounced. With slogans like "There is no danger of war," or "The Soviets would never really use their nuclear weapons," or "I firmly believe in the rationality of the Soviet Union's leadership, particularly after the KAL 7 shooting" (Alois Mertes, SIPRI Strategy Conference, Stockholm), it is no wonder that the government's credibility is on the wane.

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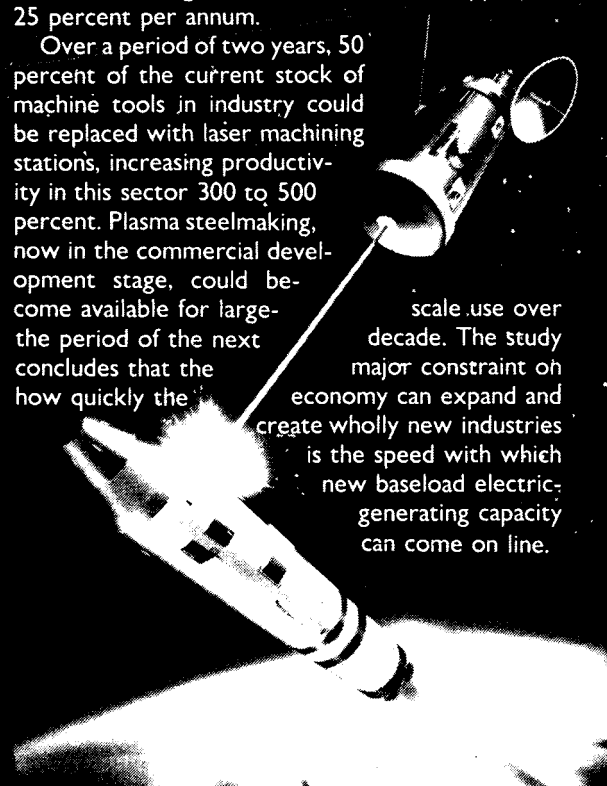
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The study reveals that with rapid introduction of new laser and related technologies into the civilian economy, the growth of the economy would be so rapid that:

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Over a period of two years, 50 percent of the current stock of machine tools in industry could be replaced with laser machining stations, increasing productivity in this sector 300 to 500 percent. Plasma steelmaking, now in the commercial development stage, could become available for large-scale use over the period of the next decade. The study concludes that the major constraint on how quickly the economy can expand and create wholly new industries is the speed with which new baseload electric-generating capacity can come on line.



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Carrington counters support for beams

by Mark Burdman

Hours before the British government began its propaganda war against American military action in Grenada, the Oct. 24 House of Lords defense debate was, ironically, the scene of the first-ever endorsement by a British official of the strategic doctrine enunciated by President Ronald Reagan on March 23, 1983, for development of directed-energy anti-ballistic missile systems.

Lord Neil Cameron, Marshal of the Royal Air Force and former Chief of the Defense Staff from 1977-79, stated: "The Air Force of this country, I am sure, has the financial resources and imagination to use new technologies. . . . I'm sure that the Lords will have read President Reagan's March 23 'Star Wars' speech." Cameron quoted from those portions of the President's March 23 speech outlining how ABM systems could in the future remove the threat of incoming nuclear missiles, and concluded: "President Reagan was talking about lasers and beam weapons. . . . Many distinguished scientists in this country express great cynicism about the ability to achieve such systems. Well, I have heard all that before. In my view, it is not too early to start thinking about what the achievement of such systems would do for international stability."

Although cautious in content, Cameron's statement could be read as an attempt to launch a public discussion about the beam weapons policy option for the Western Alliance and for the United Kingdom. In British society, ideas of a decisive strategic nature are generated from the top and are filtered down, and the fact that Cameron, for years a special air-defense adviser to the monarchy, would issue this statement has great significance.

But the obstacles to supporting a beam weapons strategy are shown by the fact that not one word of what Cameron said has appeared in any of the major British dailies. In the two weeks following Oct. 24, the policy-making momentum in the Establishment has consolidated in favor of the Foreign Office and its mentors in the circles of Henry Kissinger's

prestigious patron Lord Peter Carrington. The former Foreign Secretary's grouping, with its preciously guarded back-channel ties into the Soviet KGB and with its financial links to the hardcore pro-Nazi financial circles of continental Europe, fanatically opposes the content and implications of President Reagan's policy speech, and is doing everything in its power to stop it, including purging or demoting those "Churchillians" favorable to the beam-weapons perspective (see *EIR*, Nov. 8).

Carrington & Co. are determined to open a process of "dialogue" with their friends in Moscow behind Reagan's back. Mrs. Thatcher's extraordinary Nov. 7 attack against possible American moves to punish Syria for its terrorist actions in Lebanon is a clue to how far the Foreign Office is prepared to go in delivering its assets in the Middle East into an accommodation with Moscow, and, more generally, shows how determined these British are to prevent a reinvigoration of American strategic capabilities around the globe.

Financially, the British government's monetarist policy is having a complementary effect of effectively disengaging Britain from active defense of the West. In the first days of November, the British Treasury announced £1 billion defense budget cuts, which are anticipated not only to hit at British capabilities of maintaining and upgrading *conventional* forces, but to cut significantly into on-budget spending for R&D in frontier technologies for air-defense systems.

In the view of British supporters of beam weapons, this is compounded by decisions over the past few years to invest significant sums in Trident submarines, which are expected to be obsolete by the time of their deployment in the mid-1990s. "The problems hinge around this utterly inane decision to buy the Tridents," a British military official exclaimed Nov. 8. "Nine billion pounds for four bloody submarines! It's plumb crazy!"

The implications of beam-weapons development and its technological spin-offs into the civilian economy are also ideologically resisted by the British interests committed to the goal of a neo-feudalist "post-industrial society." In the U.K., there has grown up a cult-like mystique over the technologies of computers, progressing toward an Orwellian "Information Age" technocracy. Not surprisingly, those British architects of the "post-industrial" conception like the Tavistock Institute of London (privately) and British intelligence scientific adviser Lord Solly Zuckerman (publicly, in *The Spectator* magazine of summer 1983) have launched broadsides against President Reagan's new strategy.

The same biases against what one strategist derisively labeled "American technological optimism" are widely expressed in London policy think tanks like the International Institute for Strategic Studies and the Royal Institute for International Affairs. They have mobilized their American affiliates against the Reagan policy; if Britain itself resists developing new technologies, British power in the world is meaningless unless others are deprived of these technologies

at the same time.

Who is supporting beams?

There are nonetheless signs that much is stirring in the United Kingdom on the beam-weapons question. Whatever utopian fanaticisms may prevail in the Carrington crowd about a neo-feudalist world empire, certain Establishment circles are realistic enough to comprehend that if the United States and the Soviet Union are each committing tens of billions of dollars in beam weapons research over the next years, Britain simply cannot be left out of the act.

Hence the *Financial Times* of London's science editor David Fishlock has twice in the past weeks, most recently on Nov. 2, written detailed features on the technologies of laser and directed-energy weapons systems, including technical fine points that have appeared almost nowhere else in the international press. British Broadcasting Corporation's widely viewed "Panorama" show telecast on Sept. 5 a feature on the debate around "Star Wars." While leaning toward scaremongering about the new American strategic doctrine, the show nonetheless broke the wall of silence on the beam-weapons question that had existed up to that point on British television.

EIR is not privy to secret off-budget allotments being made by the British for R&D into laser and beam-weapons-related research, but the laser work being done in laboratories like Rutherford, with the aid of French technologies, is known to be some of the best in the world. In September of this year, between 200 and 300 U.K. laser physicists congregated at the University of Sussex to receive a special briefing from University of Birmingham political scientist Neville Brown "to familiarize British laser physicists with directed-energy weapons systems."

British scientific circles are undoubtedly aware that a workable x-ray laser "pop-up" system developed by the United States would require British participation, in view of Britain's strategic location in the overall context of Western defense capabilities.

The better traditions of British scientific efforts as applied to military-defense technologies involve a bias in favor of "new frontier" thinking about air defense in particular. These are the traditions that Lord Carrington would prefer to see purged from British life and which, as typified by the cases of Churchill-circle scientists R. V. Jones and Frederick Lindemann during World War II, met with enormous resistance at that time from an Establishment prejudiced against new ideas. But Britain could not have prevailed against the Nazis without individuals like this; the tenacity of this impulse, especially under conditions where British survival is itself at stake, cannot be underestimated as a reserve that could be tapped under conditions of strategic crisis.

The impulse is exemplified in a famous Aug. 8, 1938, letter to the *Times* of London by Churchill's scientific advisor Lindemann, which is relevant to the issue of beam defense

today. It read in part:

It seemed to be taken for granted on all sides that there is, and can be, no defense against bombing aeroplanes and that we must rely entirely upon counter-attack and reprisals. . . . If no protective contrivance can be found and we are reduced to a policy of reprisals, the temptation to be 'quickest on the draw' will be tremendous. It seems not too much to say that bombing aeroplanes in the hands of gangster governments might jeopardize the whole future of our Western civilization. To adopt a defeatist attitude in the face of such a threat is inexcusable until it has been definitely shown that all the resources of science and invention have been exhausted. . . . The whole weight and influence of government should be thrown into the scale to endeavor to find such a solution. All decent men and honorable governments are equally concerned to obtain security against attacks from the air and to achieve it no effort and no sacrifice is too great.

Adherents to this outlook, while small in number, have in certain cases—most notably that of Air Vice-Marshal Stewart Menaul—been vocal in asserting the need for Britain to embark on an ambitious program around beam-weapons, in terms both of British research efforts and support for President Reagan's March 23 policy. Sources in this circle, who form a science/defense-policy advisory group with inputs into 10 Downing Street, indicate that organizing efforts to expand support for beam weapons development in the U.K. will become more concrete in early 1984, as more preparatory groundwork is laid in relevant scientific, military, and strategic circles.

While the policy commitment here is admirable, the intensity of the Carrington deployment in the U.K. requires an immediate political counter attack even for the early-1984 schedule to work. And the rapid worsening of the strategic situation globally would also dictate something more resolute, like the kind of actions that Churchill and his scientific advisers were prepared to take in the portentous days of 1940 against the Nazi air-power threat.

Such a "Churchillian" action would in turn have important reverberations in the United States. Physicist Dr. Edward Teller, one of the key architects of President Reagan's March 23 speech, noted in his recent speech in Texas that he was confident that Britain would be the first among the Western allies to support an American commitment for a "Manhattan Project" approach to beam weapon development should the United States itself resolve on such a course.

Teller's statement points to the kind of American-British back-and-forth that is needed to outflank the dangerous strategic games of Lord Carrington and to meet the Soviet strategic threat in a serious way.

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Who ought to defend what in Lebanon?

by Allen Douglas

As three aircraft carrier battle groups assemble off Beirut, part of the largest U.S. Mediterranean armada in postwar history, the question on everyone's mind is: "Will the Commander-in-Chief of U.S. Forces act as he did in Grenada?"

This prospect has sent up a chorus of howls from the press and KGB-linked Democratic Party circles in the United States, as well as European circles who either think they have a deal with the Soviets or are just plain terrified. President Reagan's erstwhile "stoutest European supporter," Prime Minister Margaret Thatcher of Great Britain, joined the appeasement crew with a blunt message on Nov. 7 that "any step" to hit back at the elements responsible for the Oct. 23 Marine compound bombing would cause "damage to U.S.-British relations."

The following day French Foreign Minister Claude Cheysson, speaking before the national Parliament, made a veiled attack on the United States for "fleet movements and singularly aggressive statements." But perhaps the most dramatic attempts at appeasement were organized in Atlanta, Georgia on Nov. 6-9 by former Presidents Jimmy Carter and Gerald Ford. The scene was a "Middle East Consultation" sponsored by the newly created Carter Center at Emory University, and hosted by the Carter administration including former Secretary of State Cyrus Vance, former Carter National Security Adviser Zbigniew Brzezinski, and Panama Canal negotiator Sol Linowitz.

Vance, like most other speakers, pressed for "conciliation with the Soviets," virtually at all costs. A senior KGB official based at the Soviet Embassy in Washington, D.C., Aleksander Zotov, spoke on "Soviet Interests in the Middle East," followed by the Syrian Minister of State for Foreign Affairs, Farouk al-Sharaa. Representing Jordan was the top representative of the Malthusian Club of Rome in the Middle

East, Crown Prince Hassan, known to be covetous of his brother's throne.

The situation on the ground in the Middle East grows more acute by the moment, with the Syrians firing on U.S. jets and Israel reinforcing its troops in Lebanon. The Syrian-backed onslaught against Palestine Liberation Organization chief Yasser Arafat is now culminating in a military offensive to put the PLO guerrilla movement under Damascus's control. Arafat has been defeated following a week of bloodletting which left hundreds of Palestinian civilians dead in the northern Lebanese camps of Nahr-al Bared and Baddawi.

By gaining control of the Palestinian guerrilla apparatus, Soviet-controlled Syria will wield a powerful terrorist capability. Two of the strongest factions within the guerrilla movement, led by Dr. George Habash and Nayef Hawatmeh, are vigorously supported by Khomeini. Palestinian militancy will increasingly be integrated into the Teheran-based "Islamintern" (see article, page 35). The State Department is already trying to sell the formula that the demise of Arafat, the only moderating force within the PLO, is clearing the way for Jordan and Israel to make a deal on the autonomy of the West Bank. But the new terrorist capability given Syria and Iran with the collapse of Arafat points to increased terror in the region and nothing else. Already Jordan has become a target with the terrorist attacks on five Jordanian diplomats since the beginning of the month, one of which claimed the life of the Jordanian ambassador to Greece. Such attacks are calculated to deter King Hussein from any move toward talks with Israel over the West Bank.

In the Persian Gulf, as commander of the U.S. Middle East Force Rear Adm. John Adams warned recently, Khomeini is still poised to shut the Straits of Hormuz, using the excuse of stepped-up Iraqi attacks against Iran. And, follow-

ing the attack against Israeli barracks in Tyre, the Iranian terrorist-backed Jihad Islami delivered a message to Agence France Presse that it would escalate against Israel as well as perpetrate terrorism outside the Middle East.

Meanwhile, if the United States stands impotently in the wings, the Shultz-Kissinger option of an Israeli surgical strike against the Syrians, confined to a Lebanese battlefield and therefore presumably "safe" in terms of a superpower confrontation, would simply increase the prestige of Syria as the "front-line state" versus the "Zionists and their American imperialist allies," amid an increasing radicalization of the Middle East. That would solve nothing, either for Lebanon—since the Syrians and their allies would come back—or for the United States. The issue, as everyone knows, is not the question of tit for tat but a strategic question: Will the United States, which has committed itself to stabilize the bleeding nation of Lebanon, retreat from that commitment in the face of the most obvious Soviet aggression?

While the momentum of U.S. mobilization against the Soviets has slowed after Grenada, the reality remains that the Soviet Union is still on a global offensive, and it will be only a matter of time until "another shoe drops." At that point, Reagan, who has shown a definite capability for command decisions, first in his beam weapons defense speech of March 23, and later in the Grenada preemptive strike against a Soviet terrorist stronghold, will be the commander-in-chief, and *Reagan alone*. It is that prospect, more than anything else, which appalls those who think they have a deal with the Soviets. Bold moves by Reagan will not only upset any short-term deals, but will potentially destroy the entire Pugwash apparatus of the postwar period under which the United States was slated to be reduced to a second-rate power.

What Washington must assert, and assert soon, is that there will be no more toying with Lebanese sovereignty by Soviet surrogates such as the Syrians. The United States is in Lebanon at the direct invitation of the Lebanese government, with a mandate to achieve stability and sovereignty for the Lebanese nation. Contrary to State Department propaganda, the U.S. task is *not* to ensure reconciliation talks per se, but to use its mandate to carry out the necessary policing measures to keep stability in the country. This definition of mission means that instead of sitting like patsies at the Beirut Airport, American forces must commit whatever is necessary to achieve stability, including deploying enough force to drive the Syrians out of Lebanon, at minimum out of the hills overlooking Beirut. Furthermore, if the United States is concerned about developing the necessary information to punish those responsible for the Oct. 23 Beirut bombing, it should be kept in mind that in Grenada an effective policing action was carried out and the evidence, known to be there beforehand, materialized by the warehouseful.

Will this policy result in a U.S.-Soviet showdown and World War III? That cannot be ruled out. But it must be clearly understood what the United States is facing is Soviet aggression against Lebanon through Syrian proxies. Therefore, the United States either adopts a policy of constant

backdown here and across the globe, in which case the Soviets are handed whatever they desire, or the United States decides to stand and fight, not in a random assertion of power, but in a circumstance in which the United States is morally and strategically correct. If the Soviets opt for World War III, that was what they planned at some point anyway, since they do not suffer the same sort of delusions as their dupes in the West: They know very well they are not "peace loving peoples."

Western Europe braces for Islamic terrorist onslaught

by Thierry LaLavée

In coordination with American and Israeli intelligence services, most Western European agencies are on a quiet alert to face Beirut-style terrorist operations in Europe in the upcoming weeks. Though cooperation among the numerous European intelligence and police services is far from effective, the November meeting of the European interior ministries, better known as the Club of Berne, determined to put their intelligence services on alert. The exceptional meeting was attended by special delegates rather than the ministers themselves. These delegates' task was to deal with the "truck threat hanging over Europe," as observers described it.

There has been little information filtered through the press on incidents of dynamite-filled trucks or cars being used for terrorist operations in Western Europe, but two documented cases have already occurred. In one, immediately after the Oct. 23 Beirut bombings, a red Citroen truck was seen leaving Florence in the direction of France, and then disappeared—as far as public coverage was concerned. In a second, more dangerous case, a dynamite-filled car was found on Nov. 7 in one of the busiest squares in Rome. In the United States, the threat has already gone beyond the warning stage with the Nov. 7 bombing on Capitol Hill.

The reality of the threat is shown by the report of an important international terrorist gathering that took place at the Hotel President in Geneva on Oct. 23, the very day nearly 300 American and French soldiers were killed. Present at the meeting were unnamed representatives of the Abu Nidal group, the German Baader-Meinhof gang, and the French Action Directe. Chairing that gathering was Ali Duba, the Syrian intelligence coordinator who defined the agenda: an upcoming "limited" Syrian-Israeli war which will lead to a Soviet decision to use their SS-21s as a show of strength against the United States, and terrorist deployments into France and West Germany.

Most immediately in danger, reported French sources, are American installations in West Germany. Following the Geneva conference, Iranian commandos were seen crossing into West Germany and France, and members of these teams

were seen in Paris. "The threat is very real," said an observer. "Shi'ite fanatics have discovered that with one man and a truck they can kill as many as 100 or 200 civilians or military personnel."

The danger is aggravated by a large number of U.S. military installations, and private buildings of American military personnel are difficult to protect. Adding to the security problems are the political dealings of West German Foreign Minister Hans-Dietrich Genscher with the Iranian and the Syrian regimes, and the unwillingness of one faction in the West German police force to take effective action against the terrorist operations.

The center of Iranian operations in Europe has been identified as a diplomatic building in the Marienburg quarter of Cologne, at Parkstr. 5. But to date, little has been attempted to even curtail the activities at that center. Without a determined intervention by the Americans and French on the West German government, there is little chance that the Iranian terrorists will be stopped before they commit an atrocity.

Increasing the Iranian ability to move as "fish in the water" are reports that significant portions of the Green/Peace movement, under the influence of Libya's Muammar Qaddafi, have actually converted to Islam, creating "Islamic communes" throughout West Germany. One of the most notorious Islamic converts is Quera Quemse, a Swedish Greenie who has been for years acting as the key liaison between the West Germans and Qaddafi, organizing regular visits to Libya.

Ahmed Huber, a Swiss Nazi convert to Islam, identified in *EIR* last week as a planner of terrorist operations, told a journalist on Oct. 24, one day after the Geneva conference, that Paris, New York, and Washington would be the next targets. On Nov. 7, a large bomb exploded in the U.S. Senate Building on Capitol Hill, claimed as the act of the "Committee against American interventions in Granada and Lebanon." On the same day, Huber told another caller that "Mr. Reagan will still have big problems . . . if he survives." Asked what he meant, Huber said, "There are many people; we have decided we will get rid of them."

The threats were repeated on Nov. 8, when Huber spoke to another journalist who made the statements available to *EIR*. "Judaism and Christianity are the deadly enemies of Islam. Wherever there is an American and a Jew, Islam will strike!... There will be a final solution, I can assure you; [but] this time there will be no war criminal trials."

Huber has been for years a key element in what is known as the Bulgarian connection through his association with Hans-Albert Kunz, a Zurich-based arms dealer in the Propaganda-2 networks and his arms deals with Sadeh Tabatabai, whom Genscher got out of Germany just as a warrant was issued for his arrest on heroin-trafficking charges. Just before the Geneva gathering, Abu Nidal visited East Germany and then went to Bulgaria. High-ranking officers of the Bulgarian secret services were seen arriving in Beirut days before the bombings.

Soviet marshals have

by Rachel Douglas

When, for the first time in the 66 years since the Bolshevik Revolution, the head of the Communist Party failed to appear in Red Square for the Nov. 7 revolutionary anniversary celebration, Yuri Andropov's absence was symbolic of more than his failing health and the possible end of his rule. It reflected a shift in Soviet society that has become more visible during Andropov's one year in power.

The military is now running the Soviet Union. Soviet marshals (four new ones were named in March) are making themselves seen and heard as they never did under Leonid Brezhnev, especially since Sept. 1, when the military shot down Korean Air Lines Flight 007, sending 269 civilians to their death. Apart from the vicissitudes of party life, the U.S.S.R. is on a war footing, and the marshals are calling the shots in Moscow's all-out effort to wreck the Reagan administration and break up NATO.

The 12 months since Brezhnev died totally belie the propaganda image of Yuri Andropov as a would-be "liberalizer" of the U.S.S.R.: They revealed instead a dangerous Soviet Union whose internal life features a rampant Russian chauvinist revival, and whose attitude to the rest of the world mimics the ideology of Tsarist imperialism—the belief that Moscow is destined to rule the world as the "Third and Final Rome."

Documents on beams

The test point at which Andropov's "liberal" facade disintegrated was March 23, 1983, when President Reagan committed the United States to build anti-missile strategic defensive weapons and thereby opened up the prospect of a long-term economic revival as well. From the moment Andropov answered that speech with an hysterical tirade, ignoring the U.S. offer for joint or parallel development of this capability,

taken control of policy

the military moved forward with its pre-war marching orders.

The United States now possesses hard documentation that the Soviet Union has been involved in an intensive effort directed toward the early deployment of beam-weapon systems. This documentation is in the form of hard-copy communiqués captured in Grenada, the content of which has been leaked to *EIR*. There is a fight within the administration as to whether to release these documents to the public; the State Department is said to be lobbying to suppress them.

According to U.S. intelligence sources with access to the captured documents, the Soviets specifically state that they fear the U.S. beam program because it would jeopardize Soviet superiority in this area.

With these documents in its possession, the administration is now in a position to defeat the critics of the beam policy who recycle Moscow's lies that the Soviets are not pursuing such a program. It also provides the ammunition to educate the population about the "peace-loving" Soviets.

For the Soviet command, confidently pursuing its own antiballistic beam-weapons program for two decades with the assurances of Henry Kissinger that the United States would not launch one, Reagan's move was a drastic shock. Rumor has it that Moscow's expert on U.S. affairs, Georgii Arbatov, is feeling the effects of miscalculation.

The marshals come forward

Andropov was last seen by Western eyes and shown in the press in mid-August, although his statements keep appearing in the Soviet papers. With Andropov absent, speculation about a successor focuses on younger Politburo members, former Leningrad party chief Grigorii Romanov and First Deputy Prime Minister Geidar Aliyev, the Azerbaijani Muslim. The machinery has also been set in motion for a top-

to-bottom purge of the party, during meetings at the local, regional, and republic level slated for the next two months.

At the center of the Red Square line-up on Nov. 7 was Defense Minister Marshal D. F. Ustinov. Chief of Staff Marshal Nikolai Ogarkov and his deputy, Marshal Sergei Akhromeyev, appeared in unprecedented press conferences in Moscow in September, Ogarkov to justify the KAL shooting and Akhromeyev—stepping beyond the bounds of the strictly military—to lay down the line on the imminent installation of U.S. Pershing rockets in Europe.

Politburo member Gregorii Romanov expounded the same line, the military's line, in the summary policy speech he delivered at the Revolution Day eve ceremony in the Kremlin Nov. 5. Calling the international situation the tensest since World War II, Romanov warned, "If the U.S. starts deploying the new missiles in Western Europe, the Soviet Union will not sit idly by. Retaliatory measures . . . will follow inevitably. . . . Preparatory work for the deployment of operational tactical missile complexes on the territory of [East Germany and Czechoslovakia] is starting. There will be other steps, too."

In October, the Warsaw Pact worked out details of this impending crisis in Europe. The foreign ministers and the defense ministers met and announced new short-range missile emplacements in Eastern Europe; the most telling signal was a leak to Agence France Presse about a meeting that did not occur—a rumored political summit of the Warsaw Pact members' ruling parties. On Oct. 26 the proverbial "informed Soviet source" told the French agency that "the Soviet leadership decided that the summit . . . would serve no purpose. . . . The threat posed by the U.S. missiles was so great that a Warsaw Pact meeting would not be adequate to deal with it." Instead, the next meeting to take place was the annual session of the Warsaw Pact Defense Council to make final arrangements for the Eastern missile deployments.

A keynote for the Andropov year was given in June by one of the most sinister figures of the Soviet elite, Gen. Aleksei Yepishev. Chief political commissar in the armed forces, aide to the cutthroat Lavrentii Beria (the last head of the KGB under Stalin), reputed Russian chauvinist, anti-Semite, and anti-Westerner, Yepishev declared in the army paper *Krasnaya Zvezda* that the time ahead "will bring substantial changes to the political and ideological superstructure and spiritual life."

On Sept. 8, Army General I. N. Shkadov, a deputy defense minister, pronounced another watchword for Andropov's year: military *yedinonachaliye*, "one-man command." In Soviet usage, the term refers precisely to a military officer's having the last word that may not be countermanded by his political commissar or anybody else. In his Sept. 8 article in *Krasnaya Zvezda*, Shkadov said that this principle was more important today than ever: "The sole commander's role, importance and responsibility are . . . increasing today as a result of profound changes in the nature of modern combat."

Moscow is raising the security stakes in East Asia

by Richard Cohen

Sources close to the White House emphasize that President Ronald Reagan's six-day trip to Northeast Asia, where he will spend four days in Japan and two days in Korea, will focus, due to a rapidly escalating series of events, on the Soviet security threat to the region.

These disclosures are particularly notable when compared with reports given to this correspondent only two months ago by sources intimately involved in the planning of the President's itinerary, which at that time included a Southeast Asia leg of the trip—to the Philippines, Indonesia, and Thailand—as well as the northeast leg. At that time it was stressed that the trip would seek to downplay "security issues" and instead quietly lay the foundation in "the economic and technical areas" for the President's long-term Asia policy based on a then-undefined idea of a "Pacific Community."

The radical revision of the purpose of the trip, which will end on Nov. 13, is a clear response to what amounts to the most acute and deliberate Soviet-sponsored security provocations in the Far East in over two decades.

The Soviet battle plan began in mid-summer, and escalated into the Sept. 1 shutdown of the Korean Airlines Flight 007. Then, on Oct. 9, the Soviets unleashed North Korean President Kim Il Sung, an action which neither Moscow nor Peking had dared consider for over two decades. A terror bombing engineered by North Korean military agents in Rangoon, Burma, aimed at assassinating South Korean President Chun Doo Hwan, killed 21 persons including four South Korean cabinet members and other high-ranking government figures. Tensions between North and South Korea are now on a globally explosive hair trigger.

Soviet provocations during this period have extended far beyond Korea to other areas considered important and in some cases vital to Washington. The moves against South Korea on Sept. 1 and Oct. 9 have been parlayed—in conjunction with direct military actions—to exert unprecedented pressure on the government of Japanese Prime Minister Nakasone, and weaken Japan's special relationship with Washington. The Soviet Union has exerted parallel pressure on West Germany in the period leading up to U.S. deployment in Europe of intermediate-range nuclear missiles. The Sovi-

et-instigated North Korean actions have a secondary target of severely straining Washington-Peking relations on the eve of Chinese Prime Minister Zhao Zhan's visit to the United States in December and President Reagan's return visit to Peking in May 1984. Finally, the Soviet attempt to eliminate President Chun is aimed as well at Reagan's long-term "Pacific Community" policy.

Moscow's number-one target: Japan

The Soviet offensive began—as it usually does—with a peace offer.

On Aug. 27, *Pravda* issued an appeal to the Japanese government from Soviet President Yuri Andropov. "The Soviet Union, in reducing its medium-range missiles in the European part of the country to a level equal to the number of British and French missiles, would liquidate all the missiles so reduced. . . . The concerns currently voiced by China and Japan that the Soviet Union simply intends to redeploy SS-20s from Europe to the east should be removed." Moscow has reversed its standing claim to have "reserved the right" to transfer SS-20s from west to east. The Soviet ploy was quickly addressed by Japanese Foreign Minister Shintaro Abe, who urged that the proposal "warranted no optimism." The Japanese defense ministry dismissed the Andropov proposal as a "surface concession" which refused to deal with the 108 Soviet SS-20s now stationed in Asia.

While the Soviets were making their peace offer just days prior to the KAL shutdown, they began construction, on the island of Suisho, only 4.5 miles off the coast of Japan's northernmost island of Hokkaido, of what appears to be a permanent military base. In 1978, the Soviets had begun their buildup to division-level forces on the southernmost Kurile Islands, partially in response to the signing of the Sino-Japanese Friendship Treaty. The buildup was considered a significant provocation in Tokyo at the time, since Japan has an outstanding claim to the southern Kuriles which the Soviets had privately agreed to honor prior to the sudden demise of Moscow-Tokyo peace negotiations in 1956. Since 1978, the militarization of the Kuriles has been pivotal to the Soviets' securing of the Sea of Okhotsk, where a major portion of

Soviet long-range submarine-based nuclear missiles are located. The late-August Suisho construction escalated the territorial provocation while re-emphasizing the high-security nature of the zone.

On Sept. 1, Moscow sent a brutal signal not only to Washington and Seoul but also to Tokyo. And in the days immediately following the KAL shootdown, Soviet military aircraft flew deep into Japanese airspace as if to re-emphasize Japan's vulnerability. On Sept. 12, Japanese fighters scrambled in response to the appearance of Soviet aircraft, including Backfire bombers, over the Sea of Japan. Then on Sept. 29, the Soviet Air Force reinforced its fighter-aircraft base in the Kuriles.

Nor could the threat of violent escalations on the Korean peninsula after the North Korean-engineered attempt on Chun's life be missed by those concerned with Japan's security. On the ground in Northeast Asia, the over 600,000 South Korean military and the token 40,000 U.S. forces stationed in Korea represent Japan's front line.

On Oct. 26, senior Reagan administration officials acknowledged what White House sources had leaked to this reporter a week before: The Soviet Union has noticeably increased the number of new construction sites for additional Asia-based SS-20s. The senior official admitted, "We know of three additional sites, with at least 27 more missiles and 81 additional warheads, that are under construction."

Why Kim was turned loose

The sudden pressure directed at Tokyo aimed at facilitating Moscow's principal strategic goal in the East Asia arena, the severing of the U.S.-Japanese special relationship through a growing show of force, first initiated with the notorious Soviet naval buildup in the Pacific a decade and a half ago, paled in comparison with Moscow's targeting of Seoul via Pyongyang beginning Sept. 1.

Immediately following the KAL shootdown, South Korean intelligence as well as other friendly intelligence agencies were reported to have received hard intelligence that some form of North Korean terrorist action could be expected before the prestigious initiation of the world Inter-Parliamentary meeting scheduled for early October in Seoul. Then, on Oct. 9, on the first stop of a six-nation Asian trip in Rangoon, Burma, President Chun and the top echelon of his government saw terror strike. With a large section of the Korean leadership standing in the Aung San Mausoleum, an explosion blew the roof off the building. Twenty-one were dead, including Deputy Premier and Economic Planning Minister Suh Suk Joon, Foreign Minister Lee Bum Suk, Minister of Commerce and Industry Kim Dong Whie, and Minister of Energy and Resources Suh Sang Chul, as well as Hahn Pyong Choon, the general secretary of the office of the president, and Kim Jae Ik, senior economic adviser to Chun.

On Nov. 4, the Burmese government announced it had "firmly established" that North Korean commandos were responsible for the mass assassination. "The statements of

the two captured Koreans, the articles seized, and facts obtained from investigations have firmly established that the explosion was the work of saboteurs sent by North Korea." That same day, the U.S. State Department under White House direction cheered the Burmese finding and announced that the United States would be consulting with its allies in the region to develop a response. Indeed, in a White House briefing given by a senior State Department official on Oct. 26—just after the U.S. military action in Grenada—it was

North Korean President Kim Il Sung had been restrained before by both Moscow and Peking refusing him protection and backing. This time, one of the two gave Pyongyang the "green light"—and it was not Peking. Moscow clearly calculated the result of the action: a drastic escalation of Korean tensions and, had the assassination attempt against South Korea's Chun Doo Hwan succeeded, the elimination of the Asian leader closest to Reagan's long-term regional goals.

clarified that the United States now had convincing circumstantial evidence to prove the North Korean role in the massacre.

Both White House and intelligence community sources have reported that the Sept. 1 KAL shootdown and the Oct. 9 Rangoon terror bombing, in conjunction with other Soviet military moves including those in Northeast Asia, counted heavily in conclusions drawn by Reagan and senior national security advisers that the Soviet Union had embarked, starting Sept. 1, on a global pattern of "serious security probes." It was this assessment, according to senior White House officials, which primed the atmosphere for Reagan's Grenada decision.

The North Korean intention to cripple the South Korean government and, if necessary, engage directly in military action against the South has been manifest for decades. In 1982, these "natural" North Korean goals were reinvigorated by South Korean efforts to challenge North Korea globally.

In August 1982, President Chun journeyed to Africa for the first time, visiting Gabon, Kenya, Nigeria, and Senegal. Up to that point North Korea had spent years building relations through military arms sales and training to several African nations. In addition, in September 1983, King Hussein of Jordan arrived in Seoul to inspect South Korean military facilities and conclude close economic ties. In addition to Jordan, South Korea maintains close economic ties to Saudi Arabia and the Persian Gulf states.

In direct opposition to the South Korean-Saudi-Jordan nexus, North Korea has over the past three years entered into a special relationship with Khomeini's Iran, supplying it with light and heavy arms.

The architect of South Korea's global challenge to the North was the late Foreign Minister Lee. With a number of successful challenges plus the 1988 Olympics scheduled to be held in Seoul and Chun seeking closer ties with six Asian nations, most notably India, where a North Korean diplomat was recently arrested for trying to smuggle diamonds into the country and others have been implicated in a drug-smuggling ring, it was clear that Seoul had gone well beyond Kim's boiling point. But Kim has been restrained before by both Moscow and Peking refusing him protection and backing.

This time, one of the two gave Pyongyang the "green light"—and it wasn't Peking. Moscow clearly calculated the result of the action: a drastic escalation of Korean tensions and, had the assassination attempt against Chun succeeded, the elimination of the Asian leader closest to Reagan's long-term regional goals.

Indeed, Thai sources have reported that Thai security forces were forced to ground several South Korean commercial jets in Bangkok following Oct. 9. They report that special South Korean commandoes were found on board bound for Rangoon, on a mission to blow up the North Korean Embassy. Immediately following the Oct. 9 incident, White House sources confided that the greatest concern was a violent South Korean reaction to the provocation. While the immediate threat of South Korean retaliation has calmed, the temperature is still high on the Korean DMZ.

On July 31, 1982, Chun, operating in close consultation with Lee, had proposed a summit to discuss matters of mutual concern for those nations of the region which was to include a survey of means for mutual cooperation among Pacific Basin countries. According to Korean sources, Chun first brought up the idea when he paid a visit to President-elect Reagan during the transition period. Chun, while later promoting the plan in 1981 within the ASEAN organization, was to actively promote it on his latest trip to the Southeast Asian region prior to Reagan's arrival in Seoul. His scheduled trip to India was considered important. Lee had been ambassador to New Delhi and had established a close relationship to Indian Prime Minister Indira Gandhi. In addition, the Chun proposal would keep the door open to the PRC's joining the "Community," again an element of Lee's so-called "Northern Policy" which proposed South Korean rap-

prochement with major socialist bloc countries including China and the U.S.S.R. According to informed White House sources, Chun's "Pacific Community" efforts were considered essential by the White House, while White House sources acknowledged that the Soviets were likely to react sharply against it. The assassination attack on Chun and Lee was therefore to be read in Washington as a violent attack on Reagan's long-term Asia policy.

Why Peking is nervous

The Soviet-sponsored Pyongyang action also targeted Washington-Peking relations. Burmese sources have reported that Chinese Foreign Minister Wu, who arrived in Washington one day after the Rangoon bombing, saw his meeting with Reagan and Secretary of State George Shultz dominated by the North Korean attack. Bangkok sources went further, reporting that the Chinese were terrified over the implications of the Rangoon bombing. White House sources explained that they believed that a central target of Soviet sponsorship of the bombing was to strain Washington-Peking relations. They reasoned that expected South Korean retaliation would generate polarization on the Korean Peninsula and force Peking to back North Korea in order to soften any Pyongyang tilt toward Moscow. The United States would have to support South Korea, thereby creating serious stress in the wake of Zhao's visit to Washington. Indeed, close observers of Asia had doubted that Rangoon would directly identify the North Korean role in the bombing, let alone break relations with North Korea, as they did.

Burmese sources who confided that Ne Win's Burma must always consider Peking's attitude before acting had predicted that Rangoon would attempt to blunt full responsibility for Pyongyang. The final Burmese finding only suggests that Peking did not object to Rangoon's final assessment.

Further, in the midst of North Korea's ouster from Rangoon, Kim has urgently sought clarification from Peking with respect to Peking's policy toward South Korea in the wake of the Chinese decision to issue visas to South Korean officials for the first time. China, in a direct slap at Pyongyang, has justified its action by stating it wants to take steps toward creating a climate of peace and stability on the Korean Peninsula.

The Nov. 4 release of documents obtained by U.S. intelligence on Grenada showed a treaty linking North Korea to military and training aid for that country. This, along with reports that North Korea is heavily involved in Nicaragua, shows unusual collaboration with the Soviet Union and Cuba, particularly when most watchers of North Korea had concluded that Kim had strongly inclined toward Peking in recent years. Indeed, the infamous runway in Grenada was believed by many to be used to facilitate Cuban troop and equipment support for Angola. One of Angola's principal adversaries, Zaire, had until recently been supported by North Korea. White House and intelligence sources are convinced that Kim's pendulum has swung back to Moscow.

Japan is beginning to confront the new strategic conjuncture

by Richard Cohen in Washington, D.C.

President Reagan was preceded on his trip to Japan by West German Chancellor Helmut Kohl, who arrived the first week in November. West Germany in Europe and Japan in Asia are the two central targets of nuclear blackmail based primarily on the rapid build-up of Soviet SS-20 medium-range ballistic missiles targeted at both countries.

With the emplacement of U.S. Euromissiles only a month away and Soviet pressure mounting, Kohl and Japanese Prime Minister Nakasone issued a joint communiqué on Nov. 1, three days prior to the end of Kohl's visit, emphasizing their united stand on the SS-20s, a stand first drafted at the May Williamsburg heads-of-state summit. The communiqué stressed that any agreement reached with the Soviet Union on intermediate-range missiles must count them "globally." This ensures that SS-20s now positioned facing Western Europe, if reduced through agreement, would not wind up in Siberia on the Soviet Far East. But facing the almost guaranteed failure of ongoing INF talks, the communiqué emphasizes that Soviet attempts to break West Germany and Japan from the United States must fail.

Now, an opening has been created for Japan and the United States to work together on beam-weapon technology development, with the announcement on Nov. 8 that both governments have reached agreement for a "Joint Military Technology Commission." The commission will include representatives of the Japanese Defense Agency, the foreign ministry, the Ministry of International Trade and Industry, the Japan-U.S. Defense Assistance Office, and the U.S. embassy in Tokyo. Under the agreement, which solves a long-standing source of friction between Tokyo and Washington, Japan would export military technology to the U.S.A., including fiber optics, lasers, and robots.

Tokyo will receive Chinese Communist Party chairman Hu Yao Bang later this month. Like Reagan, Hu will address the Japanese Diet and will probably speak openly about the threat of the Soviet SS-20s, most of which are reportedly targeted at Chinese sites. Hu is likely to recall the late-summer joint Japanese-Chinese statement on the SS-20s, emphasizing again the necessity for a "global" solution. China has no access to the negotiating table, and Japan provides its chief avenue for exerting pressure.

On Oct. 20, in preparation for the Reagan visit, Nakasone announced a package of measures designed to stimulate Jap-

anese consumer demand in an effort to boost imports. The finance minister and the Economic Planning Agency (EPA) during this period offered limited schemes for the internationalization of the yen and—equally important—there was no date set for implementation.

The President's chief economic advisers on U.S.-Japanese matters had decided to drop the tactical approach to Japan's trade surplus advocated by the Packard-Ushiba Commission, which was created after Nakasone's visit to Washington in 1982. The commission issued their recommendations in October in preparation for the November Reagan-Nakasone summit, arguing that the central issue to be addressed in Tokyo should be the relative weakness of the yen to the dollar. They then recommended that a series of moves be considered to gradually open Japanese capital markets, ostensibly making the yen more attractive.

As one informed White House source reported, both the Japanese government and the Japanese banks have stoutly resisted certain aspects of yen internationalization because they believe it opens the path whereby Japan will have to assume a larger role in the world debt crisis. Forcing Japan to exhaust its capital surplus in this direction is a major goal of Henry Kissinger, Lord Peter Carrington, and their associates. But White House sources cautioned that administration attempts at persuasion have failed to get Japan to assume a greater role, even in regard to the serious Philippines debt situation.

In an Oct. 26 background briefing, senior administration economic officials stressed that a consensus has been reached and that the United States will stress solely "reciprocity" in negotiations with Japan. In addition to Nakasone's Oct. 21 stimulus package, Brock and Japanese negotiator Sosuke Uno, Minister of International Trade and Industry, reached a late-October agreement for Japanese "voluntary restraint" on auto exports of 1.85 million units next year. But far more powerful than the Oct. 21 program and the agreement on autos, U.S. protectionist fire is likely to be cooled by the extraordinary security developments in Northeast Asia and by the instability in the Liberal Democratic Party.

At the same time that U.S. economic officials announced their new reciprocity-only policy, a more senior Reagan administration official was telling the press, "I might say it's important to keep some perspective on all this, to remember

a couple of facts. Number one, we may have a large trade deficit with Japan, but we export more to Japan than any other country in the world, on the order of \$20 billion worth a year, and that's a lot of American jobs and benefit to Americans. Moreover, these imports, although we might like to see the balance a little different, those imports, of course, are purchased by very willing and very pleased American consumers. And in the end, if we were to succeed in removing all the structural barriers and have completely free trade both ways, there would still be a very large trade deficit. That's because Japan has to import virtually all of its raw materials. It, therefore, has to—it will always show a large deficit in its account on those terms."

"The peoples of the Pacific understand hard work. . . . They are not afraid of technology and innovation. They have the Yankee spirit we once called our own. We are in the midst of recapturing that spirit," Reagan had said in a stopover in Alaska on his way to Japan and South Korea. Speaking from the White House right before he left, Reagan declared that "Japan, Korea, and America are nations of the future; we are

builders of tomorrow."

What could well emerge from the Reagan visit is a new potential for a Pacific Rim development plan. On Nov. 9 it was announced that a Japan-Panama Association, headed by Shigeo Nagano of the Japan Chamber of Commerce and Industry, has been created, timed with a joint Japan, Panama, and U.S. feasibility study for the construction of a second Panama Canal.

Japanese moves against North Korea

In parting statements as he left for his Asia trip on Nov. 8, President Reagan noted, "Nancy and I know that your prayers are with us"—a not-so-veiled reference to the immense security threat facing the President personally on his trip.

The intense security atmosphere has already swept Tokyo. The Tokyo police started a massive mobilization of some 90,000 policemen on Nov. 7 to patrol Tokyo during Reagan's stay. Already on Nov. 4, Kyodo police uncovered a plot by a radical "leftist" group to stage guerrilla attacks on

Defense issue, Tanaka affair help Nakasone

Prime Minister Nakasone's political fortunes may well be helped not only by the intense U.S.-Japan deliberation on security concerns but by the Oct. 12 ruling against former Prime Minister Kakuei Tanaka, a principal factional supporter of Nakasone, for accepting \$2.2 million in bribes from Lockheed Aircraft in 1974.

In Japan, a close identification with defense issues is normally considered bad politics; add to this the ruling against Tanaka, and Nakasone's political career would seem to be coming to an end. But in the current strategic situation, that is not the case.

Tanaka is now nominally an independent Dietman no longer holding his seat as a member of the dominant Liberal Democratic Party (LDP) although still controlling by far the largest number (estimated at 115) of Lower House members. Shortly after he was judged guilty, Tanaka defied the opposition parties and most of the LDP by refusing to yield his Lower House seat; at that point all opposition parties called for his ouster, and LDP factions associated with former Prime Minister Takeo Miki and Takeo Fukuda joined the noise. Following the surfacing of the Lockheed scandal and the eventual fall of Tanaka from power in 1975, Miki became the compromise prime minister because of his perceived "clean image."

The opposition parties threatened to introduce a bill into the Lower House requiring Tanaka's resignation. Normally, a clear LDP majority would have voted it down,

but the Miki, Fukuda, and Komoto factions threatened absence when the vote came up. Komoto, former director of MITI, the Ministry of International Trade and Industry, controls approximately 39 LDP votes; Fukuda controls 70.

Japanese sources in Tokyo report that both the Fukuda and Komoto factions decided to back down because Tanaka was considered still "too strong."

Fukuda, former prime minister following Miki, was forced from his position in 1978 when the combined forces of Tanaka, Nakasone, and the late former prime minister Mayoshi Ohira conspired to topple him. The Tanaka-Fukuda feud, however, goes back to 1972, when the then-dominant Fukuda faction was thwarted from seizing the prime ministership by the combined forces of Ohira and Tanaka with Tanaka becoming prime minister. Ironically, Fukuda's political profile is somewhat like that of Nakasone. Fukuda's conservative image finds him with extremely close ties to South Korea, Taiwan, and several key ASEAN countries, and, in the early 1960s, with initial backing from the staunchly nationalist Kiichi faction.

Fukuda, Komoto, and others believe the high-risk effort to undo Tanaka, whose faction controls six cabinet positions in the present government and therefore Nakasone, may hurt their chances to topple Nakasone in the 1984 LDP party primary. Fukuda factioneer Foreign Minister Shintaro Abe is believed by Tokyo sources to be the strongest candidate. Other contenders include Kiichi Miyazawa, a former foreign minister and member of the Suzuki (Ohira) faction. A close associate of Henry Kissinger, Miyazawa nonetheless has limited chances, due to

the U.S. embassy and a U.S. naval base at Yokosuka. The police claimed they had seized 450 documents with attack plans and survey maps. Even before the Kyodo raid, police in Chiba, east of Tokyo, seized another 450 documents during an Oct. 21 raid at the hideout of a "leftist" group identified as the "Middle Core Faction." Police refused to reveal their contents.

Since the Oct. 9 terror bombing in Rangoon, Burma, launched by Kim Il Sung with Soviet backing, an outraged South Korea had urged Japan to crack down on elements of the Korean community in Japan suspected of being linked to Kim. On Nov. 7, two days before President Reagan's arrival in Tokyo, Japan's chief cabinet secretary, Masaharu Gotoda, taking aim at North Korea, announced the imposition of restrictions which forbid Japanese government officials from visiting North Korea and North Korean officials from coming to Japan. Contacts between North Korean and Japanese officials in third countries will be curtailed, no aircraft will be allowed to fly between the two countries, and controls will be tightened on the entry of other North Koreans into Japan.

Tanaka's intense opposition to him.

Following his LDP opponents' decision to pull back, Nakasone moved to outflank them, leaking on Nov. 2 that he is prepared to hold early Lower House elections, perhaps by December. Nakasone's backers believe the visits of Reagan, Kohl, and Hu will boost his popularity. They also think that financially powerful Tanaka faction forces will throw everything they have into the campaign since Tanaka has no alternative. Finally, if the LDP is able to limit its losses to 15 seats in the Lower House, the results will be considered a personal victory for Nakasone. With this victory and the backing of the Tanaka faction, Nakasone will hold strong cards going into the 1984 party primary.

Even before Nakasone's election ploy, it was obvious to Reagan administration experts that the Tanaka ruling could mean instability for the LDP. Both Pentagon and National Security Council (NSC) officials had made clear to the President that any visible pressure behind the U.S. effort to break open the Japanese domestic market on beef and citrus produce could be disastrous. The most powerful segments of the LDP are located in agricultural districts, and American pressure could reduce LDP vote totals in those areas.

Now, with the likelihood of early Lower House elections, the pressure on the White House to soften protectionist issues has intensified. White House sources say the "Tanaka affair" will force the U.S. entourage to "walk on eggshells" while in Japan. If these issues of subsidence in significance during Reagan's visit, Nakasone will be strengthened domestically.

Italy's Craxi and the Third Rome 'Concordat'

by Umberto Pascali

Italians have been bombarded in recent days by photos and newsreel clips of U.S. President Ronald Reagan smiling and talking with Bettino Craxi, while in the background they glimpse the ambiguous, satisfied smile of Foreign Minister Giulio Andreotti. Then came the announcement that Craxi will go to Hungary to mediate between East and West with the approval of Washington and, as anyone who knows how to read between the lines can conclude, with the benediction of powerful forces in the leadership of the Vatican.

At the same time, the "peace movement" is invading Rome from all over the world and, in an unprecedented development, has received the total and unconditional support of almost all the mass Catholic organizations, unceremoniously pushing aside the Christian Democratic Party, the mass-based party which has until now nominally been the Catholic political arm in Italy. An attentive observer immediately grasps that the repeated declarations of Craxi in favor of the installation of the Euromissiles and his sly polemics against the "pacifists" do not touch the substance of things as far as U.S.-U.S.S.R. relations go. The level at which Craxi and Andreotti are moving is much more complex: It corresponds to Henry Kissinger's plan of abandoning Western Europe to Moscow's expansionist aims.

To understand this situation, it is necessary to concentrate attention on certain factors of fundamental importance beyond the banality and superficiality of the mass media and the various propaganda fanfares. Above all it is clear that the formation of the Craxi-Andreotti government responds to diplomatic and strategic needs of the group inside the Vatican headed by Secretary of State Cardinal Agostino Casaroli, architect of the Vatican's *Ostpolitik*, or "opening to the East." Very probably this is what is making a government indestructible which, in "normal" conditions, would be weak and

short-lived, especially after the resounding defeat it recently took in parliament on a major housing bill. What is the viewpoint of these Vatican forces?

It seems that since 1956, after the defeat of the Hungarian uprising, Vatican diplomacy has considered an expansion of Soviet influence in Western Europe as inevitable—only a question of time. Therefore, with the advent of Andropov (the man who first allowed the Hungarian rebellion to explode, and then repressed it), one holds talks, and one makes deals. The fact that at this time the strategic beam weapons systems proposed by the U.S. government change the situation radically by putting the West in a position of defending itself does not seem to have changed much in the Vatican.

Consequently, we have witnessed the lineup of Catholic organizations and religious orders alongside the “pacifists,” while with messianic spirit the Italian Communist Party Secretary General Enrico Berlinguer goes to Assisi to meet the leaders of the Franciscan order, to work out plans for “peace” and joint Catholic-Communist rallies. On Oct. 20 the Pope, receiving Cardinal François Marty on his way back from an “ecumenical pilgrimage” and meetings with the heads of the Eastern Church, stated that “one cannot as a Christian, or better, as a Catholic, only breathe with one lung; we need two lungs, one Western and one Eastern.” The Pope also asked for an intensification of the ecumenical thrust toward the Orthodox Church.

It is clear that the Vatican strategy contemplates a “dialogue” with the purpose of re-evangelization, a “dialogue” that must necessarily pass through ecumenical accords with the Orthodox Church, the Church of the Third Rome. Hence Andreotti, from the United States, showing notable clairvoyant powers, announced that he foresees that before long the U.S.S.R. will make a new proposal on the Euromissiles. To the question of whether he was thinking that such a possible proposal by the U.S.S.R. would have only propaganda value, Andreotti replied with evident annoyance that “If we continue to always have mutual mistrust, nothing good will be done.” The foreign minister also stressed that he is sure that a faction of “hards” exists in Moscow, which is the same as saying that there is also a faction of “softs” with whom one can deal. A few days earlier, speaking at the Food and Agriculture Organization conference of the United Nations in Rome, Andreotti himself had declared that the problem of hunger in the world will be resolved more with East-West agreements than by new North-South relations.

We do not know how big a part was played, in the context of Andreotti’s and Craxi’s visit to the United States, by certain illusions President Reagan has about the presidential election, nor do we know how real the understandings between the U.S. President and the two Italian government leaders may be. But what Kissinger’s faction is trying to do is very clear. Craxi as usual is taking the initiative, but not for the sake of Western interests. Yuri Andropov essentially wants two things to guarantee the possibility of moving his plans for political and military aggression forward: to stop

the thrust toward a massive development of defensive beam-weapons systems and prevent the United States and the West from getting out of the spiral of the depression. Craxi has never wanted to take a position on the new defensive systems, not even indirectly. As far as the economic question goes, it is important to note that what Andreotti has asked the United States to immediately increase its quota of participation in the International Monetary Fund as Italy did in October from 3,121 to 4,882 billion liras. Andreotti hence asked exactly for that policy which would ratify the supranational dictatorship of the IMF and result in the triumph of the usury and austerity which is bringing the West rapidly toward a worse collapse than that of 1929.

Craxi also wants, at this point, dictatorial powers at the political and institutional level—what could be defined as a coup strategy. Since the government was put into the minority on the unconstitutional housing bill Craxi called parliament a “zoo of bulls,” although he had to eat his words a few days later. Craxi turned up in Athens for the meeting of Socialist prime ministers of the Mediterranean countries, hosted by that Andreas Papandreu who is preparing to jump out of NATO and into the Warsaw Pact. Craxi’s top deputy, Claudio Martelli, specified that “parliament is badly put together and anyway largely out of date. It is not complex: It is uselessly complicated and archaic.”

It should be noted that Craxi was preceded to the United States by the neo-Fascist Giorgio Almirante, head of the MSI party which took over the “unreconstructed” Mussolinians from the outlawed National Fascist Party. Almirante publicly declared his boundless admiration for Craxi and his firm intention to vote for a socialist candidate for the election of the next president of the republic, the formal head of the Italian state.

The debate on the “institutional reform” is meanwhile heating up. Once Parliament is out of the picture, *de facto* if not *de jure*, it would be relatively simple to pilot Italy toward the foreign policy desired by whomever holds the reins of power. Would a real coup d’état be possible at that point? It is a question which does not seem academic. In late October, Prince Amedeo d’Aosta, the cousin of the last king of Italy whose name has often been mooted to head a restored monarchy, repeated in an interview that a Craxi government is perfectly in tune with a monarchical regime. Moreover the entire “royal” family of the Savoy (deposed in the 1946 referendum that made Italy a republic), minus “heir apparent” Victor Emmanuel and his young son, who are forbidden by the Italian Constitution to re-enter national territory, was received in the Vatican by the Pope. They presented as a gift the Holy Shroud and Golden Rose given to Queen Elena by Pius XI at the moment of the Concordat and conciliation between the Italian state and the Vatican in 1929. The prime minister at that time was named Benito Mussolini.

Does this scenario reflect reality? A pile of illusions, plots, double-crosses, and clamorous miscalculations will not necessarily turn into reality.

The end of MAD

The possibility of total defense was discussed at CISS by France's Col. Marc Geneste.

Colonel Marc Geneste, vice-president of the Paris-based Center for the Study of Total Strategy, intervened on Nov. 6 in favor of developing Western strategic defense at the annual conference of the Canadian Institute for Strategic Studies (CISS) in Toronto, where he had been welcomed by Lt. Col. Brian S. MacDonald, executive director of CISS. The CISS was meeting for two days to discuss "The Grand Strategy of the Soviet Union."

Insisting that the West has no other choice but to replace the Mutually Assured Destruction (MAD) doctrine by a Mutually Assured Survival (MAS) doctrine, Colonel Geneste asserted that "the only common-sense solution to defend Europe from the Soviet menace is to implement, now, a program of total defense with the neutron bomb and energy beams."

Colonel Geneste told the gathering that "the MAD doctrine has paralyzed both the United States and Europe," and that "the insanity of the doctrine has made the United States just as vulnerable as Europe."

This event was marked by a serious effort to formulate solutions to the current military crisis; the appeasement faction clearly lost ground.

John Halstead, former Canadian ambassador to NATO, now at Georgetown University, represented the "we must negotiate with Andropov at all costs" line of Prime Minister Trudeau and Peter Lord Carrington.

"East-West relations are too important to be left in the hands of the superpowers alone," he declared. According to Halstead, the Soviets have

"no coherent policy and are suffering from a feeling of insecurity. They have economic bottlenecks, they have to combat inefficiencies and disaffection of the workforce." For these reasons, he said, "I am concerned with the change of late in U.S. policy. It would be dangerous if the United States were to be seen as preparing to fight a war, instead of preventing one." He concluded: "We must not humiliate the Soviets because this will increase their aggressivity toward the West." However, "If we take a posture of appeasement, we will avoid [the relations] further deteriorating."

This sellout posture was countered by Harvard University's Richard Pipes, former adviser to the U.S. National Security Council, who stressed the necessity of "developing a counter-strategy for the West," including the development of energy beam weapons.

In response to my question on President Reagan's March 23 transformation of the MAD doctrine into a MAS doctrine based on beam weapons, Pipes replied that MAD had "died a slow death" and that ABM systems were definitely "a part of the U.S. counter-strategy."

Although he fell far short of proposing a full crash program of beam systems, Pipes said that "we must not take a position of fear in the face of a nuclear confrontation. For the first time, the Soviets have been challenged by Reagan in Grenada, and this was right."

Insisting on cutting back technology transfer to the Soviet Union, Pipes

said that "France's exchange with the Soviets of seven million tons during the last year is outrageous. This is counterproductive, if not suicidal." Furthermore, he added, "We must go beyond diplomacy and engage in verbal assault against the Soviets." The Soviets do it, why not do it ourselves, he asked.

Pipes also referred to the fight between the State Department and the National Security Council. "The pragmatists of the State Department don't agree that the United States should have a grand strategy. They think that grand strategists are ideologists and therefore should be discarded. Quite the contrary, the National Security Council defends grand strategy as opposed to political opportunism."

One of the Canadian speakers told me after the conference that for the first time in the history of CISS meetings, "the operational strategists took over the intellectuals. This is quite welcome at this time of crisis," he said. This reflects a broader split running across the Canadian political parties, as in the population more generally, between pro-Reagan sentiment and the Neville Chamberlain attitude of the camp headed by Prime Minister Trudeau.

Other prominent speakers were Malcolm Mackintosh, special adviser on Soviet and East European Affairs to the British Cabinet Office; Brig. Maurice Tugwell, director of the Center for Conflict Studies at the University of New Brunswick; Dr. George Lindsey, chief of Operational Research Analysis Establishment, Department of National Defense; George Kamoff-Nicholsky, former Director of Strategic Analysis, Department of National Defense; and Dr. George G. Bell, president of CISS.

Next year's CISS conference will be on "Canada's Strategies for the Pacific Rim."

Election upset in Turkey

Turgut Ozal's landslide victory has opened up a new era in Turkish politics.

Nearly 20 million Turkish citizens took to the polls this past Nov. 6 in the first general election since the military took power three years ago.

Early that rainy Sunday, just as the initial votes were being cast, I wound up a six-week visit to Turkey, my first in 10 years.

By the end of that day, the results of the voting were clear: Turgut Ozal, head of the Motherland Party, had won an overwhelming victory—45 percent of the vote—trouncing the military-backed Nationalist Democracy Party of retired general Turgut Sunalp, who received a mere 23 percent. The nominally social democratic Populist Party of Necdet Calp came in second with 30 percent of the vote.

The election of Ozal—an embarrassing setback for the Turkish military—was greeted warmly in the Western press. Ozal, formerly Turkey's finance minister and deputy prime minister in charge of economic affairs, has long been a favorite of the International Monetary Fund and related New York and London banking circles, ever since he single-handedly imposed a series of IMF austerity measures several years ago.

"Ozal is a tool of the IMF," I was told repeatedly by Turkish journalists and other observers in Ankara and Istanbul. Ozal, a monetarist, is indeed a strong supporter of free enterprise and the privatization of Turkey's large state sector.

When the generals came to power in 1980, they kept Ozal on as Turkey's economics czar, according him near

absolute power to implement the IMF's austerity demands. In time, however, the generals began to fear that Ozal's strict adherence to the IMF line would undermine the very basis of the Turkish economy and nation-state. In 1982, enraged over Ozal's continuous jacking up of interest rates and his role in the Kastelli banking scandal, which bankrupted thousands of businesses and individual savers, the generals forced Ozal to resign.

Now, one year after his ouster from power, Turgut Ozal is now Turkey's new prime minister. How? And why?

The answer lies not merely in the support and encouragement received by Ozal from the IMF and related agencies in the West. According to intelligence sources, the IMF is none too comfortable with the nationalism and increasing signs of economic independence shown by the Turkish military. The reinstatement of Ozal is aimed at blunting the state-oriented "Kemalist" tendencies in the military, as outlined by the founding father of the Turkish Republic, Kemal Ataturk.

The answer also lies in the lackluster election campaign waged by the generals. "The generals totally miscalculated," one of Turkey's leading publishers told me. "They had no idea how bad Sunalp [their candidate for prime minister] would be. They also had no idea how powerful a campaigner Ozal would be."

Ozal was indeed the front-runner right from the start. He cleverly took advantage of the widespread resentment and cynicism in Turkey toward

continued military rule. Although pleased with the military's success in finally stopping the anarchy and terrorism that characterized Turkey's domestic situation for several years, the Turkish population, in general, has tired of military rule.

In his public appearances, the bumbling Sunalp "repeatedly put not one, but both, feet in his mouth," one Turkish political analyst told me. The situation was so bad that in a series of television speeches by the three party leaders, Sunalp was deliberately kept off the air, replaced by lower-level party functionaries who appeared in his place.

Two nights before the election, a desperate Turkish President Gen. Kenan Evren went so far as to appear on television to tell the nation to vote for Sunalp, not for Ozal.

Despite Ozal's long-standing IMF loyalties, Turkey's future is by no means sewn up. In at least one of his televised talks, Ozal clearly assumed positions contrary to those held by the IMF. He stated that in the year 2000 Turkey's population will have grown to 70,000,000—"a figure that no one should be scared of." He also endorsed continued urbanization. IMF reports have frequently cited, with concern, the high growth rate of Turkey's population.

Turkish sources concur that now that the election is over, the "synthetic" parties of Sunalp and Calp will be swept away. Ozal, as a political force, they think, is here to stay. However, the door is now open, these sources report, for the emergence of a new Kemalist-nationalist party, potentially much stronger than Ozal's party and enjoying the support of the old Ataturkist factions inside the military who value rapid, state-sponsored economic development as one of Turkey's paramount goals.

Sinaloa says no to Panorrhea

The PAN party got skunked again; though the PRI is still in trouble, so is the largest opposition party.

Local elections in the state of Sinaloa on Nov. 6 were a replay of the dramatic reversal of fortunes which the National Action Party (PAN) had suffered two months before in Baja California Norte. This surrogate party for the U.S. State Department and the IMF is now losing momentum in its whole strategy of smashing PRI control in the northern tier of states and de facto setting up a separatist entity.

Going into the final weeks of campaigning in this northwest state—the center of rich, irrigated agricultural production, of Mexico's largest fishing fleet, and of drug-trafficking—the PAN looked forward to a sweep of the larger cities and substantial inroads into secondary centers. The government's hefty new price increases in gasoline, milk, eggs, and rice seemed to augur even greater votes against the ruling PRI party, and in favor of the principal opposition, entrenched in middle-class strata, the PAN. However, the PAN ended up without winning in even one of the 18 major election districts, according to preliminary results.

As in Baja, it was demonstrated that, shaky as the PRI may be, the PAN has inherent weaknesses of its own.

Part of the PAN problem in Sinaloa was its local apparatus. The man who runs the PAN in the state, Manuel J. Clouthier, is an obese, bearded *latifundista*, suspected of flight capital operations and collusion with illegal drug interests. Clouthier put up his nephew, Jorge del Rincón, as the PAN mayoral candidate in the state capital of Culiacán—thereby rendering the

PAN attacks on the "nepotism" of PRI leaders less than effective. Ernesto Hay, a wealthy businessman with a house and most of his money tucked away in Tucson, Arizona, was the PAN candidate in the agricultural center of Los Mochis; in the industrial port of Mazatlán, the choice was Humberto Rice, another wealthy businessman most noted for passionate Protestant fundamentalism.

But what really did the PAN in was the repeat performance of the Mexican Labor Party. The PLM is universally recognized as the force which sank the PAN in Baja.

A spokesman for the communist PSUM party, which carried out a joint rally with the "staunch right-wing" PAN the day after the voting, wrote in a local newspaper column that it was "60 percent abstentionism" in the voting which had defeated the PAN, and that "it was the climate of tension introduced by the PLM" which had produced the abstentionism.

Exemplary of the PLM's unorthodox campaigning methods was the table set up in Culiacán's central square, where vaccinations were dispensed against "Panorrhea." Leaflets warning of the symptoms and listing the cures saturated the city. The PAN, wincing at every laugh from the population, complained in the press that some more poorly educated peasants were actually showing up at local hospitals worried that they might have symptoms of the dread disease.

Thousands of PLM posters quoting a public endorsement of Hitler's slave-labor system by PAN ideologue

José Angel Conchello, under a picture of Hitler reviewing Nazi shock troops, had the same powerful effect in Sinaloa as in Baja California. Ditto for PLM posters unmasking PAN collusion with the drug trade.

At the same time the PLM was able to press ahead with its own platform, even though it has yet to gain official electoral status. Its campaign for accelerated completion of a large-scale water project, the PLHINO, touched such a responsive chord in the population that the governor, Antonio Toledo Corro, was obliged to reaffirm his willingness to share water between his own state and Sonora, though he had originally stated he would cut the neighboring state out. "You do not play politics with water," Toledo declared Nov. 1; "the water belongs to the nation."

The PAN's desperation after its second major defeat in as many months may explain its turn to joint demonstrations with the far left. Observers in the next electoral battleground, Puebla, where voting will take place at the end of the month, say violence may be what the PAN has in mind next.

The party is also counting on aid from the faction of the PRI, grouped around secretary-general Vargas Saldána, which takes its orders from renegade Education Minister Jesús Reyes Heróles. But combinations of loyal local PRI networks and the PLM influence have boxed in Reyes so far.

There should be no illusions in the PRI, however. The economic crisis is infusing each local election around the country with the intensity normally associated with national elections, and the PRI cannot organize itself as a firemen's brigade forever. A reckoning has been postponed, but only that, if fundamental economic policy is not changed.

International Intelligence

South Africa's new constitution

South Africa's 4.5 million white voters ratified a constitution Nov. 3 that will give the president sweeping new powers. Separate parliaments will be set up for South Africa's 800,000 Asians and 2.5 million people of "mixed blood" to deal with their communities' interests. No provision was made for the country's 22 million blacks.

The new president, who will most likely be current Prime Minister P. W. Botha, will not be answerable to parliament, and will be able to choose his own government. The South African leadership intends to divide the black population along tribal lines, creating numerous separate communities which are being given "autonomy" in order to undercut their majority status.

From his position of increased power, Botha will be able to carry out the aggressive military policy against South Africa's neighbors in southern Africa. Botha, a former defense minister, is part of the South African defense and military establishment, which is closely allied with the Israeli military. A few weeks before the election, on Oct. 15, the largest parade of troops and military equipment since the Second World War took place in Pretoria. The day after the election, the Angolan government accused South Africa of stepping up military activity in southern Angola.

Börner leads Socialist embrace of Greenies

The Social Democratic Party (SPD) of the state of Hesse voted up, at its party conference over the weekend of Nov. 5, a resolution giving state Gov. Holger Börner the green light to start negotiations with the Green Party to form a government in Hesse.

It was two years ago that the same Börner had called the environmentalist-terrorist Greens "eco-fascists," the only German politician to do so, and had rejected any possibility for cooperation with them. Since the

fall of Helmut Schmidt as chancellor in Bonn, the Freemason Börner slowly but safely changed his colors, and under pressure from the extra-parliamentary movement, went for open collaboration with the Green fascists.

Börner told the delegates at the conference that the emerging green-red coalition in Hesse would have to be seen as a counterpole to the CDU-FDP government in Bonn and could become a model for other German states, or even the federal government. The SPD is expected to accept far-reaching compromises with the Greens in the area of energy and transportation.

Thai general: How I checked communist threat

General Kriangsak Chomanan, the former prime minister of Thailand who will lead a delegation of Thai deputies to Vietnam and Laos, informed a United States forum of parliamentarians how he checked the communist threat in Southeast Asia. When he became prime minister in 1979, Kriangsak declared, his "country was faced with one of its gravest security challenges. Internally, a communist insurgency directed and inspired from abroad was gaining strength. Externally, foreign troops were poised on our borders and an armed conflict was raging adjacent to our country, frequently spilling over into our territory. . . .

"In such a threatening situation, I recalled the past wars I had fought for my country and for the United Nations in foreign lands. . . . We used a lot of firepower in the Korean and Vietnam wars. The expense of one hour of firepower would almost be enough to install electricity and provide water for an entire village in Thailand. I did not want to see war being fought in my own country. Confrontation was not the solution to the problems we faced.

"To reduce tensions and the threat of war, I opened dialogues with Laos, Vietnam, China and the Soviet Union. At the same time, I reaffirmed our long-standing links with the United States, Japan, and the ASEAN countries. . . . Without firing even

one bullet, we were able to reinforce our sense of security. We were able to prove that the domino theory was not applicable to all of Southeast Asia."

Chinese leadership adopts eugenics

Chinese authorities have added a large-scale promotion of eugenics to their population-control campaign, according to Anita Rind of France's *Le Monde*. An exposition on eugenics is presently being held in Peking.

The Chinese approach is less subtle than the pseudo-scientific insanity promoted by the Harriman family in the United States since the 1920s. The Peking exposition features scenes of children with birth defects, with captions like "Do you feel sympathy for them or disgust? Their birth was for themselves a calamity, as well as for their family and for society."

Officials of the Health Department are even quoting Francis Galton, the cousin of Charles Darwin who coined the term "eugenics" at the beginning of the century.

During the summer 1980, the *People's Daily* reported a rule in preparation forbidding marriage for people who might produce disabled children, and later proposed to deprive of the right to procreate "the imbeciles, madmen, hemophiliacs and all bearers of hereditary diseases." Planning Minister Chen Muhua declared in October 1981 that the "practice of family planning must not only lead us to demographic control, it must also lead us to encourage eugenics as to raise the quality of the Chinese nation."

Top Soviet anti-Semite is blasted publicly

Soviet scientist Ivan Martynov has written a letter to the Presidium of the Soviet Academy of Sciences calling on Soviet scientists and scholars "to condemn mercilessly and to expel from the scientific community L.

Briefly

A. Korneyev," the Soviet historian who has been publishing and circulating anti-Semitic tracts with increasing frequency over the past years.

Martynov wrote his letter in response to the appearance of a piece by Korneyev in the Leningrad magazine *Neva*, in which Korneyev defended Adolf Eichmann as a "victim of Zionist terrorists," and charged that the figure of 6 million Jewish dead in the Holocaust was "two to three times" exaggerated.

In his letter, Martynov labelled Korneyev a "professionally bankrupt ignoramus and falsifier who disseminates the most inveterate Black Hundred-type of anti-Semitism on the pages of the Soviet press under the guise of 'a struggle against international Zionism.'"

Martynov cited his own "long years of friendship and fruitful cooperation" with Soviet Jewish scientists and condemned the attempts to prevent Soviet Jews from freely exercising rights of scholarship and research. In one case, a Soviet Jewish scholar had to emigrate to publish a doctoral thesis "on the origins of Russian Slavophilism." Many other cases are cited in which works of Soviet Jewish emigrés that had already been published were "removed" from bookstores and public libraries.

Intelligence sources claim that Korneyev's "Anti-Zionist Committee" has begun conduiting money to Ahmed Ben Bella's organization, and other component-organizations of the Nazi International.

'Those who don't expel IMF are still colonies'

The Third World governments, such as India, Mexico, Argentina, Colombia, Peru, Venezuela, Brazil, Egypt, Algeria, Saudi Arabia, and Nigeria, who condemned the U.S. rescue operation in Grenada are guilty of "cowardice," Democratic Party Presidential contender Lyndon H. LaRouche said in a statement released on Nov. 7.

"They are acting like silly children," he said. "I would have no respect for any government that screams about sovereignty in

Grenada, while kissing the buttocks of the International Monetary Fund on the issue of sovereignty elsewhere throughout the developing world."

"Those countries who refuse to kick the IMF out of the Third World are no better than colonies," continued LaRouche, who has earned a reputation in Ibero-America for his complete backing of Argentina during the 1982 Malvinas War against Britain and for his "Operation Juárez" proposal, which calls on Ibero-America to form a debtors' cartel against the IMF. "I understand the pressure that has been brought against these governments by the British government to censure the United States during the recent United Nations vote, but to capitulate on this question is cowardice."

Sudanese president accuses Ethiopians

Sudan President Gaafar Numeiry, who is scheduled to meet with President Reagan in Washington Nov. 21, has accused Libya and Ethiopia of aiding anti-government dissidents in southern Sudan. Soviet and Swiss Nazi networks, in collusion with Israel, have been threatening to reactivate the civil war which was fought intermittently for 17 years, until 1973, in southern Sudan. Any serious threat to Sudan would also be felt by its ally Egypt.

Refugees from Sudan residing in Ethiopia, and vice versa, are the cannon fodder being used to destabilize each country and thus raise tensions in the region. Numeiry warned Ethiopia that it was playing with fire in aiding the anti-Sudan dissidents, many of whom have fled into Ethiopia. Numeiry called on Ethiopia to allow international inspection of refugee camps to ensure that the refugees were not being used against Sudan.

Numeiry's charges followed an announcement by the U.N. High Commission for Refugees of \$400,000 in relief aid for Sudanese refugees in western Ethiopia. Meanwhile, Ethiopia has charged Sudan with aiding anti-Ethiopian central government insurgencies in the Ethiopian provinces of Tigre and Eritrea.

● **HANS-DIETRICH Genschler** tried twice to prevent a senior official of the West German interior ministry from going to Grenada to collect intelligence on Soviet, East German, and Cuban activity there, according to *Die Welt* Nov. 7. State Secretary of the Interior Ministry Carl-Dieter Spranger secretly visited the island in early November at the invitation of U.S. intelligence agencies.

● **THE PACIFIC ISLAND** of Tonga had a Grenada-like opportunity some years ago: In return for docking rights, the Soviets offered the kingdom a deep-sea port. There was also an offer to develop the small airport for Jumbo jets (the whole island has only 36 hotel rooms). Australia and New Zealand intervened to quash the project when they discovered the source of the airport offer: Muammar Qaddafi.

● **PATRIARCH PIMEN** sent a telegram to Yuri Andropov, wishing him "sound health and prodigious spiritual and bodily strength," after Andropov didn't show up at the revolutionary anniversary parade. The Russian Orthodox leader never sent such a message to Leonid Brezhnev during his illnesses.

● **THE FRENCH BISHOPS** termed nuclear deterrence "legitimate" in a statement from their annual meeting at Lourdes in early November, adding that "Evangelical non-violence cannot be demanded from States which have the duty to defend their citizens."

● **EL TIEMPO ARGENTINO**, a Buenos Aires daily with a circulation of 50,000, ran an interview with *EIR* Ibero-American editor Dennis Small Nov. 7, entitled "Who Is Lyndon LaRouche?" The interview focuses on LaRouche's "Operation Juárez" and beam-weapons strategies.

Kissinger and Sharon are at it again

by Richard Cohen

Henry A. Kissinger and his assets in the Reagan administration have rushed into the center of the debate over U.S. Middle East policy in the wake of the Oct. 24 kamikaze bombings that slaughtered nearly 300 U.S. Marines and French troops in Beirut. Kissinger's plan calls for a strategic alliance with the Ariel Sharon gang dominant in Israel. It is designed to reverse President Ronald Reagan's policy of meeting Soviet aggression with a vigorous defense of nationhood around the globe—a policy that has won broad domestic support and ruptured the media-fostered "Vietnam syndrome" of American impotence abroad.

Weeks prior to the Beirut massacre, Kissinger, who had opposed the U.S. troop deployment in Lebanon, reportedly delivered to his protégé Peter Rodman his approved plan of action for Lebanon. Rodman, the putative ghost-writer of Kissinger's autobiography, is a member of Secretary of State George Shultz's revamped Policy Planning Staff. This staff has had as its central task maintaining extraordinarily close, and often covert, ties to Israel. The plan urged that the United States enter into a strategic alliance with Israel. On the day of the Beirut atrocity, Kissinger argued for this on national TV to "counter" Syria in Lebanon.

Ironically, also being interviewed on national television at virtually the same time was Secretary of Defense Caspar Weinberger—attacking the strategic alliance. Weinberger, Chairman of the Joint Chiefs of Staff Gen. John Vessey, Jr., and Central Intelligence Agency director William Casey believe that such an alliance will lead to a full radicalization of the Arab world and would endanger the stability of Saudi Arabia and Jordan.

In the days just after the Beirut bombing, Shultz, a long-time associate of Kissinger and of Kissinger NSC insider

Lawrence Eagleburger (now Undersecretary of State for Policy) openly promoted the Kissinger plan. On Nov. 5, Eagleburger was dispatched to Israel, ostensibly to get Israel to drop its opposition to a U.S. plan to train elite Jordanian troops for eventual deployment in the Persian Gulf against Iran. The week of Oct. 31, a Senate Appropriations Subcommittee voted down funds for the program, largely on the votes of pro-Israeli senators. Eagleburger's meetings with David Kimche, Israel's Foreign Ministry Secretary, also reportedly discussed a shopping list of demands including full U.S. backing for the Israeli Lavie jet fighter program. After the meetings it was announced that Israeli Prime Minister Yitzak Shamir would be coming to Washington.

White House sources report that the Shamir talks will, in essence, involve negotiations over the terms of an Israeli war in Lebanon against Syria. These sources are convinced the war will be protracted and the United States will be prepared to give full logistical backing to Israel. As one insider reported, "Shamir will come and bargain to become the first state, while Kissinger's State Department team is only prepared to take him in as the 51st state."

Ariel Sharon defends Iranian fundamentalists

What's wrong with a strategic alliance with Israel became glaringly evident when in the second week of November Ariel Sharon, the godfather of the Lavie project, showed up for a national U.S. tour and filled the U.S. media with exhortations that any "retaliation" must be aimed exclusively against Syria—not Iran, whose Islamic fundamentalist terrorists almost certainly perpetrated the Beirut bombing.

It was Sharon, as Israeli Defense Minister, whose invasion in 1982 set into motion the chain of events that destroyed

the delicate fabric of restive peace within Lebanon. The interventions of the evil Colonel Muammar Qaddafi, of Aya-tollah Khomeini's Savama, and Syria's and Israel's gambits with the Druzes—all egged on by the Soviet Union—have unleashed within that ruined nation a state of warfare resembling the 1618-48 Thirty Years' War in Central Europe.

Sharon, ousted as Defense Minister after a commission of inquiry found him responsible for Lebanon war crimes, has been exposed as a partner of Kissinger's in shady real estate deals on the West Bank, and is a well known protector of the drugs-for-arms syndicates that supply the "Islamic" terrorists Moscow deploys in the Mideast. The activities of Henry Kissinger and his cohorts in the region have all but obliterated the President's original effort, launched during 1982, to obtain the security and integrity of Lebanon within its legal borders, and to make that accomplishment the key-stone for building institutions of durable peace in the surrounding area.

It is not just the "Islamic" fundamentalists of the fanatic Iranian government, steady customers of the Israeli weapons industry, that Sharon wants to protect. Sharon has reportedly been meeting the Christian fundamentalist circles in Houston who sponsored Menachem Begin's last U.S. tour, partly in preparation for a major foray to Israel to be led by Moral Majority chief Rev. Jerry Falwell. It is said that the trip will include discussions and activities on Temple Mount, where U.S. fundamentalists plan the insane provocation of blowing up a mosque to rebuild Solomon's Temple on its ancient site.

While Eagleburger was in Israel, the terror bombing of an Israeli outpost in Lebanon served to pose the question of war more starkly to the Shamir government. Syrian forces helped Kissinger on another front by supporting a final effort to eliminate the remnants of the Arafat faction in the Palestine Liberation Organization. State Department officials on Nov. 8 gleefully reported off the record that the elimination of Arafat may not be as bad as it appears on the surface.

Washington intelligence sources report that Kissinger and the State Department believe that with Arafat diminished or eliminated, West Bank Palestinians and moderate Palestinian figures worldwide will have nowhere to go. They will not tolerate an Israeli West Bank settlement negotiated with the hated "village leagues," nor will they follow the Syrians and George Habash, whom they will hold responsible for massacring Arafat's forces. State Department Arabists believe they might become a loosely affiliated State Department faction of the Palestinian movement. In Kissinger's thinking this will force a desperate King Hussein, facing Syrian threats to focus the rage of Palestinians in largely Palestinian Jordan against him, to join them and to head into West Bank negotiations.

Kissinger also thinks it imperative to oust the Saddam Hussein leadership of Iraq and get on with an Iran-Iraq negotiated armistice in which the new Iraqi regime must pay homage to Damascus, and Iran becomes hegemonic in the Persian Gulf. Reportedly, Kissinger has made headway in selling this plan to the White House based on misinformation

suggesting a U.S.-Iranian rapprochement may be possible in the future.

A knowledgeable Washington intelligence source has informed me that this Kissinger plan has already been cleared through back channels to Moscow. Kissinger is convinced he can strike a Middle East deal with Moscow that would accept *de facto* partition of Lebanon and Soviet hegemony over Afghanistan, northern Iran, Iraq and Syria, while Moscow would guarantee Gulf oil flow and Jordanian stability. If this Kissinger scenario unfolds, U.S. troops will be fighting in larger numbers in the deserts of Saudi Arabia and in the streets of Amman, for the Soviets are sure to accept their Kissinger-drafted gains graciously, and then press for the overthrow of Hussein and the Saudi royal family.

President Reagan's options in Lebanon

Kissinger, however, has a long way to go, and it is only by abstention of Weinberger and company that he has seized momentum. With massive U.S. force in place, strong retaliation in response to any hasty Iranian or Syrian sponsored move could change the current drift of U.S. Middle East policy, and build on the crucial international and domestic momentum gained by the President by his Grenadian action. As of Nov. 4 the American naval deployment in the Eastern Mediterranean included 29 warships and 300 planes, and White House sources confirmed that the United States has assembled the required naval hardware near the Persian Gulf to swiftly open the Straits of Hormuz if the Iranians carry out their threat to close the passage.

On Nov. 4, speaking at Camp LeJeune to the families of Marines killed in the terrorist bombing of Marine headquarters in Beirut, the President again emphasized that U.S. military forces will now be ordered into action when necessary. "Let no terrorist question our will," he warned, "no tyrant doubt our resolve. . . . We commit our resources and risk the lives of those in our armed forces to rescue others from bloodshed and turmoil, and to prevent humankind from drowning in a sea of tyranny."

From the outset, as White House sources confirm, Weinberger, Vessey, Casey and former National Security Adviser William Clark, now heading Interior—the men most responsible for President Reagan's new strategic doctrine announced March 23—raised serious doubts about the limited "peacekeeping" deployment of U.S. forces in Lebanon. Vessey said this explicitly in his television interview.

EIR founder Lyndon H. LaRouche has recommended that the United States massively expand its on-the-ground policing role in Lebanon to defend Lebanon's national sovereignty, including giving the Syrians a bloody nose. But Weinberger and Vessey, who fear soaring casualties and the erosion of domestic support for troops in Lebanon, the uncertainty of Soviet reactions in light of the high-risk pattern of Soviet undertakings and Andropov's absence from public view, and a new wave of anti-American reaction in the Arab world, have flinched, and instead deployed for threatened retaliation. Kissinger is trying to fill this policy vacuum.

Mondale advisers in the midst of Soviet plot in Grenada

by Kathleen Klenetsky

The Fact-Finding Division of the National Democratic Policy Committee released this dossier on Nov. 10.

Preliminary results of a continuing investigation by the National Democratic Policy Committee's Fact-Finding Division directly implicate Walter Mondale—the man who aided and abetted Jimmy Carter's wholesale destruction of U.S. industrial and military potential and who has been designated by the KGB wing of the Democratic Party to become the next U.S. President—in a Soviet scheme to make the Caribbean island of Grenada a top-level base for worldwide military and terrorist operations.

The evidence accumulated so far leads to one conclusion: Mondale, the great liberal defender of human rights and democracy, is not only covering for the massive expansion of Soviet influence in the Western Hemisphere, but is in bed with the same Soviet butchers responsible for the murder of more than 250 U.S. Marines in Beirut, for the shooting-down of the KAL airliner, and is involved in a host of other bloody operations now on Kremlin drawing boards.

Presidential material? Mondale? The only job that pill-popping Fritz might be morally and mentally qualified for is that of psychiatric patient in a Soviet mental hospital!

Covering for Soviets

The NDPC investigation has so far focused on the following areas:

The role of Mondale adviser **Robert Pastor** in the Grenadian events: Pastor, a former Latin American affairs specialist in the Carter-Mondale National Security Council and currently a foreign-policy counselor to Mondale's presidential campaign, acted as an adviser to Gen. Hudson Austin following the Soviet-backed coup led by Austin and Deputy Prime Minister Bernard Coard against Prime Minister Maurice Bishop, in the aftermath of which Bishop and many of his followers were butchered.

Pastor, a frequent visitor to Grenada, has revealed that he and his close friend, Dr. **Peter Bourne**, the Carter family psychiatrist and top drug adviser in the Carter-Mondale White House, jointly developed a strategy proposal for Austin. The request for the proposal was made by Austin on Oct. 26

through Dr. Geoffrey Bourne, Peter's father, a former Carter adviser and currently vice-chancellor of St. George's Medical School in Grenada.

According to Bourne, the document explicitly recommended that Austin do nothing to reduce the growing Cuban military presence on the island. Bourne has also revealed that he called on Zbigniew Brzezinski, Pastor's boss at the Carter NSC, for input.

Peter and Geoffrey Bourne have both violently denounced the Reagan administration action, using every possible forum, including the editorial pages of the *New York Times*, to push the line that neither the plight of the American students nor the recent political turmoil, nor the documented East bloc military buildup on the island could justify the U.S. intervention.

Pastor himself told a reporter that "the negative consequences of the U.S. intervention are far greater than any positive advantages," and revealed that he had been in recent discussions with Mondale about Grenada.

Pastor's and Bourne's willingness to help Austin should come as no surprise, given their long record of supporting other Soviet-backed enterprises. Pastor's basic approach to Ibero-America can be found in a report which he helped author called "The Southern Connection for the Ad Hoc Working Group on Latin America." The report, which became the blueprint for the Carter-Mondale policy toward Latin America, was issued in February 1977, at the same time that Pastor was named to the Carter National Security Council staff.

Sponsored by the Institute for Policy Studies and its affiliate, the Transnational Institute—both of which are hotbeds of radical-leftist activities—the report: 1) brazenly averred that the world must be made safe for revolution; 2) recommended that "the new thrust of U.S. policy in Latin America should be to support the 'ideologically diverse and experimental approaches' to development that are gaining support around the world" and stressed that the Caribbean should be respected as "a testing ground" for such pluralism; 3) described Cuba and the then avowedly socialist governments of Jamaica and Guyana as "Latin America's most challenging development experiments"; 4) called for a new Panama Canal

treaty which would "recognize Panama's sovereignty in the area"; 5) demanded that the U.S. withdraw military bases from Latin America; 6) urged that the U.S. "not attempt to sell more nuclear plants" to Latin American nations; and 7) suggested a new set of immigration laws that would seek to reduce illegal immigration by penalizing employers of illegals.

If anything, Bourne is more radical than his friend Pastor. A psychiatrist and anthropologist specializing in "drug abuse" and "community mental health," Peter Bourne has been involved in radical-leftist operations since at least the mid-1960s. He spent two years in Vietnam profiling U.S. special forces under stress conditions, then set up the Vietnam Veterans Against the War, a radical peace group with suspected Soviet ties. Counseling programs run through Vietnam veterans' groups have served as covers for turning psychologically-traumatized veterans into Manchurian candidate-type assassins. Bourne was also a board member of the Institute for Southern Studies, the Southern branch of the terrorist-supporting Institute for Policy Studies.

Bourne teamed up with Jimmy Carter in the late 1960s while running a mental health clinic in Atlanta funded by the Coca-Cola Foundation. He became a close family friend, served in a key post in Carter's gubernatorial administration, was active, together with his wife, Mary King, in the Carter presidential campaign in 1976, and was subsequently named to the White House office of drug abuse. He had to resign from that position in 1978, after he was discovered writing phony prescriptions for Quaaludes.

Bourne is currently head of Global Water, a group which pushes "appropriate technologies" in the developing sector. Bourne says that he was inspired to establish the group by two personal friends, the late cultist Margaret Mead and British economist Barbara Ward. In a recent interview in which he discussed his international travels on behalf of Global Water, Bourne chuckled that "every place I go seems to turn into political turmoil."

Another major focus of the NDPC investigation centers on the probable role of the Bourne family, Geoffrey in particular, in setting up American medical students on Grenada as potential hostages—recreating the role the U.S. State Department played in the Iran hostage-taking.

Based on interviews with students and others involved in the Grenadian events, Geoffrey Bourne apparently did everything in his power to prevent St. George's students from leaving the island. Despite students' fears that they were in imminent danger of being taken hostage, or physically harmed, Bourne insisted that General Austin, with whom he was in regular contact, was in "complete control" and that the political turmoil then underway posed no danger to the medical students. One student has reported that Bourne "blackmailed" the students into remaining on Grenada.

On Oct. 26, the Reagan administration announced that the U.S. intervention force had discovered documents on Grenada proving that the government, in conjunction with Cuban advisers, had been giving "serious consideration" to

seizing Americans as hostages.

The lines of investigation being pursued by the NDPC strongly suggest that the Grenada operation was part of an overall deal cut between the Soviets and the circles around Lord Carrington, Henry Kissinger's major ally in Britain. Part of this arrangement involves making Mondale President, armed with a mandate to slash the U.S. defense budget by \$50 billion—eliminating the MX missile and anything remotely connected with the development of a beam-defense. Radio Moscow began regular transmissions to Grenada shortly after President Reagan's March 23 beam announcement, citing Reagan's speech as a source of grave concern to the Soviet Politburo.

Geoffrey Bourne apparently played a key part in the Grenada end of this deal, functioning as a Caribbean "Kim Philby." It is clear that Geoffrey has served as an Anglo-Soviet point-man on Grenada and has had a major hand in running the government—including the coup which brought Bishop to power in 1979—since he arrived there six years ago. Bourne maintained close relations with Bishop, as well as to Austin and Bernard Coard, the pro-Soviet hardliner who would probably have taken over Grenada, with Soviet backing, if the United States hadn't intervened.

The fact that Coard, a graduate of Brandeis University, apparently became radicalized during a stint at the University of Sussex in the late 1960s, makes the British input into the recent Grenadan developments even more intriguing. Sussex is the home base of the Tavistock Institute, the premier British brainwashing and profiling laboratory, which helped create the black nationalist movement.

Geoffrey Bourne himself was educated at Oxford, and served as a postwar major in the British Army's Special Services in Malaysia—Lord Mountbatten's stomping ground. Such personages as Queen Elizabeth's personal physician, Sir Richard Bayliss, have lectured at St. George's.

Bourne also ties directly into the Pugwash "back channel" to Moscow through his friendship, dating since the 1940s, with Solly Zuckerman. A leading devotee of Bertrand Russell, Zuckerman godfathered the Vienna-based International Institute of Applied Systems Analysis, one of the principal institutions through which the destruction of Western military capabilities has been carried out. The late Soviet Premier Alexei Kosygin's son-in-law, Dzherman Gvishiani, a leading Malthusian advocate, is the Soviet representative to IIA-SA. Zuckerman is a violent opponent of President Reagan's plan to develop a beam-weapon defense system for the United States.

Bourne maintains extensive personal ties to the Soviets, primarily through a worldwide network of "primate study centers." Bourne's major interest is primatology—the study of apes. He was director of the Yerkes Primate Center in Atlanta for years, and in that capacity developed a collaborative relationship with the Soviet's Institute of Experimental Pathology and Therapy in Sukhimi, Soviet Georgia. Yerkes and the Soviet institute have collaborated on a series of joint

studies on biological warfare and behavior control.

More monkey business

NDPC investigators are pursuing a series of other leads, including the extensive connections between the left wing of the Democratic Party, especially in DNC chairman Chuck Manatt's home base of California, and various black terrorist and cult groups which interface directly with the KGB.

A case in point is Jim Jones's suicide cult, the People's Temple, which bequeathed \$7 million in assets to the Soviet Politburo, after maintaining regular contact with Fyodor Timofeyev, a KGB major assigned to the Soviet embassy in Georgetown, Guyana, after the cult set up Jonestown. Researchers are investigating both Mondale's documented personal connections to the People's Temple (which included several tête-à-tête meetings between Mondale and Jim Jones) and the possible connection between Jonestown and the recent developments on Grenada.

Special attention is being paid to Rep. Mervyn Dymally (D-Calif.), former California lieutenant governor under Jerry Brown, who reportedly tried to convince ex-Prime Minister of Grenada Eric Gairy to permit Jim Jones to establish his colony on Grenada. Dymally also reportedly played a role in the establishment of "offshore" medical schools, such as St. George's, in the Caribbean.

Soviet military plans

All available evidence—from the large airway being constructed on the island by the Cubans with \$4 million of Libyan money to the presence of Bulgarian, North Korean and Soviet troops there—indicates that the Kremlin had big plans for Grenada.

According to U.S. intelligence sources, the Soviets saw Grenada as an important step in developing a massive military presence in the Caribbean, with Guyana the next target for takeover. The amounts of Soviet and Soviet-asset supplied munitions and other material which the American intervention force found on Grenada provides ample evidence that this was indeed the case.

In a Nov. 6 appearance on The David Brinkley Show (ABC-TV), Defense Secretary Caspar Weinberger revealed that among the documents found on Grenada was a transmission from Soviet Chief of Staff Marshal N. Ogarkov gloating that the Russians were about to consolidate control over the island.

Grenada was also being turned into a training camp and staging ground for terrorist deployments against the United States, primarily involving black separatist groups. After Bishop assumed power in March 1979—in a coup that was probably abetted by Geoffrey and Peter Bourne—Grenada became a haven for black nationalist groups from the United States who would come to the island to be trained in guerrilla and terrorist tactics by Cuban soldiers. In 1982, a number of American black separatists who attended the Libyan-sponsored "Green Book" meeting in Caracas stopped off in Grenada en route.

LaRouche Democrats Grenada election races

Warren J. Hamerman, National Chairman of the National Democratic Policy Committee (NDPC), issued the following statement on the strong showing of LaRouche-backed Democratic slates in the Nov. 8 elections. The NDPC is the 26,000-member political action committee founded by Lyndon H. LaRouche, Jr., now an officially declared candidate for the 1984 Democratic presidential nomination.

On election day 1983, in the first round of U.S. elections after the events in Lebanon and Grenada, Americans demonstrated the newly resurgent patriotic mood in the nation. Several hundred candidates from the LaRouche Democratic citizen-candidate movement from coast to coast either won elections outright or otherwise received vote tallies of 30 to 45 percent. Over 210 LaRouche Democrats of the more than 600 NDPC-backed candidates fielded in the past year came before the electorate on Nov. 8, running for a wide variety of local posts in the states of New Hampshire, New Jersey, Pennsylvania, Ohio, Virginia, Alabama, Illinois, California, Washington, Texas, and the District of Columbia.

In city after city in the United States—in the North, South, East, and West—the LaRouche Democratic slate has won strong electoral gains because the candidates have demonstrated an uncompromising commitment to slug it out toe to toe with the appeasement media like NBC, the *New York Times* and *Chicago Sun Times*, which lied about Grenada, lied about the nuclear freeze, lied about Volcker's depression, and lied about Lyndon H. LaRouche, Jr. American voters are rebelling against the unpatriotic media who have been feeding the American population warmed-over articles from *Pravda* and TASS.

The strong NDPC vote demonstrates the first crumbling of the controls by the KGB-tainted official Manatt/Mondale/Harriman apparat. Every member of the LaRouche Democratic slate campaigned tenaciously for the United States to instantly adopt a 1939-44-type crash program for laser- and other energy-beam defensive systems, against the appeasers in the Democratic Party officialdom. The strong LaRouche Democratic vote represents a slap in the face of the Benedict Arnold alliance between the Harriman wing of the Democratic Party and the Kissinger wing of the Republicans.

At this moment we are mustering a mass wave of candidates. By Christmas we will announce 100-candidate slates in more than 100 cities, towns, and areas—a citizen-candi-

win in the first post- in United States

date movement of 10,000 or more—to “run with the LaRouche campaign.”

The showing of the NDPC slate also demonstrates a strong rejection of the depression policies of the Carter-Mondale-appointed Paul Volcker and the genocidal International Monetary Fund (IMF). On July 14, 1983, the NDPC was the only national, state, or local organization in the entire United States to testify against the renomination of Paul Volcker as Federal Reserve chairman, when I challenged him on behalf of Lyndon LaRouche before the Senate Banking Committee. The biggest protectors of Paul Volcker within the Democratic Party have been Charles “Banker” Manatt and Lane Kirkland.

By section of the country, the principal election patterns for the LaRouche Democrats are as follows:

The South: In Houston, Texas a 10-person LaRouche Democrat slate gained a vote of over 71,000, or 30.29 percent, for Bruce Director as City Comptroller. City council-at-large candidates Betty Arnold and William Williams received 19.18 percent and 11.56 percent, respectively; other city council candidates received 8 percent, 13.1 percent, 14 percent, and 10.5 percent.

In Alabama, State Senate candidate John Peel received 29 percent of the vote (8,400) votes. In Virginia, State Senate candidate Chester Carter received over 4,000 votes or 18 percent.

The West: The LaRouche Democrat slate consisted of 100 candidates in California and 10 in Washington State. Results included 19 percent of the vote for Seattle city council (Mark Calney), 35 percent for Seattle school board (Bob Beach), 19 percent for Seattle Water District (Ed Welsh), 36 percent for Tacoma city council (Joe Hayden), 29 percent for Everett school board (Gordon Rogers), 26 percent for Pasco city council (Dan Nunamaker), 35 percent for Richland city council (Alma Baird), 28 percent for Qrondo school board (Bill Dickson), and 39 percent for Almira school board (Minor Wetzel).

In California, the NDPC now has a total of three elected officials. Earlier this year in Southern California we won two seats—Tom Arviso won a seat on the Valley Center school board in San Diego County and Steve Smith won a seat on the Costa Mesa Sanitary District board in Orange County. Now, in the city of Santa Clara, Jim Bowman has been elected in a two-way election to the School Board.

In addition to these victories LaRouche Democrats also

demonstrated strong gains in the following races in Southern California—Lynn Fowler received 31 percent (2,925 votes) for the Garden Grove Sanitary District, and Kevin Zondervan nearly won a seat on the Wiseburn School Board in Los Angeles County with 21.8 percent. Also in Los Angeles County, Harold Bigelow received 28 percent for Paramount School Board, and for Downey School Board, Ruth Roadinger received 44 percent and Wayland Cushman received 29.7 percent. In Orange County elections, LaRouche Democrats Wendell Couch and Bob Billman received 33 percent and 30 percent, respectively. In perhaps the closest election race in Southern California, Glenn Walker of the NDPC, running for the community college district seat in Riverside County received 48.6 percent of the vote. Norma Phillips, in a two-way race for city council in San Diego, won 25.7 percent of the vote.

The Midwest: Over 80 school board candidates ran as a LaRouche-Democrat/Club of Life slate in Illinois, with over half in the immediate Chicago area. Three NDPC candidates in Oak Park District 200 polled 26.3 percent, 25.5 percent, and 15.9 percent, respectively. Three NDPC candidates in Lombard, District 87, DuPage County, won 28 percent, 23.6 percent, and 16.6 percent, respectively. In Forest Park, Cook County, one candidate received 23.1 percent and another 14.4 percent. In Lynns Township, Cook County, one LaRouche Democrat received 49.8 percent. In Roselle, DuPage County, one LaRouche Democrat won 23.7 percent.

The Northeast: In New Hampshire, George Pellerin and Rosaire Pepin won selectmen posts in their respective districts in the state’s largest city, Manchester. In Pennsylvania, in a very close race for Montgomery County sheriff, NDPC candidate John Sheets has 45,460 votes and trails the front-runner in a three-man race by only 840 votes. In New Jersey, two LaRouche Democrats running for State Assembly positions each won between 25 and 30 percent of the vote in Republican Party strongholds, after they had previously won the Democratic Party primary.

And in Washington, D.C., NDPC school board candidate Dr. Theodore Bledsoe won 10 percent of the vote.

On the eve of Election Day 1983 in Boston, the NDPC announced its first “One Hundred Candidate City” when 100 LaRouche Democrats declared for office on a slate headed by Mike Gelber running against Sen. Paul “Ivan” Tsongas. Local media reacted to the announcement by describing Gelber as “the man who made beam technology a household word in Boston” in his just-completed historic mayoral campaign.

Boston is just the first “One Hundred Candidate City” for the LaRouche Democrats. The national movement of thousands of citizen-candidates is now mustering into an unstoppable patriotic force in every section of the country to carry out the “American Century” policy of Franklin D. Roosevelt, muzzle the appeasers in the media, and throw the KGB Democrats out of the party officialdom. Thousands of American patriots are heeding the call to “run with the LaRouche campaign.”

'Target Seattle': How to foil a KGB stunt

by Mark Calney in Seattle

Just before the Nov. 8 elections, the city of Seattle hosted the week-long "peace" symposium, "Target Seattle: Soviet realities." Last year's event, the first Target Seattle, was a national prototype for the Soviet-endorsed nuclear freeze movement which drew 20,000 freeze proponents into Seattle's Kingdome stadium. This year, after the Soviet delegation cancelled its appearance, only 2,000 people were at Target Seattle's opening event because members of the Washington State National Democratic Policy Committee and NDPC-supported candidates for national and local office ran a campaign that made attendance a litmus test for support of appeasement of the Third Rome rulers of the Soviet Union.

This year's event was billed by its sponsors as a "balanced discussion . . . representing a wide spectrum of opinions." It was to include the participation of an official Soviet delegation prepared in consultation with Russia's U.S.A.-Canada Institute.

Target Seattle avoided all discussion of President Reagan's proposed strategic doctrine of beam weapons defense, and instead was committed to discussion of the destruction of U.S. defensive capabilities in the name of the nuclear freeze.

Almost the entire Washington State congressional delegation is on the advisory committee of Target Seattle. The wives of five of these representatives—Democrats Mike Lowry, Norm Dicks, Don Bonker, and Al Swift, and Republican Rod Chandler—are also members of Peacelinks, an organization founded in 1981 by Betty Bumpers, wife of Sen. Dale Bumpers (D-Ark.). This "bipartisan" group of Kissinger Republicans and Harrimanite Democrats is at the center of KGB-controlled "peace" operations in the United States. Betty Bumpers was in Seattle last year to help set up the personnel and staff operations for Target Seattle.

The featured speakers at this year's "Soviet Realities" event included both "neo-conservative" Midge Decter from the New York-based Council on Foreign Relations, a Mutually Assured Destruction (MAD) advocate, and Richard Barnet of the pro-terrorist Washington, D.C. based Institute for Policy Studies. It was Barnet who coordinated the spring-summer U.S. tour of Soviet KGB agents Gen. Mikhail Milstein of Soviet military intelligence (GRU) and Fyodor Burlatskii, editor of *Literaturnaya Gazetta*.

Other speakers were Murray Feshbach of Georgetown University's Center for Population Research, an expert on the quality of life in the U.S.S.R. and Adm. Noel Gayler (ret.), the former commander of the U.S. Pacific forces who now heads the "Deep Cut" subcommittee of the East-West Initiatives Committee founded by Pepsi Cola executive Donald M. Kendall, who also spoke in Seattle.

Target Seattle was intended to acquaint the U.S. peace movement with the ostensible peaceful goals of the Soviet population and leadership by devoting a full day to workshops on Russia's "blood and soil" literary classics such as Tolstoy and Dostoyevsky, and concluding with "small group discussions in 1,000 living rooms and churches."

After the Sept. 1 Soviet massacre of 269 passengers on KAL flight 007, the 32-member slate of NDPC-supported candidates in Washington State launched a campaign to demand that the city of Seattle cancel Target Seattle. The NDPC distributed 50,000 copies of a flyer exposing the KGB's control of the nuclear freeze movement in the United States, which precipitated phone calls protesting the symposium into the office of Seattle's Mayor Charles Royer, himself a member of Target Seattle's advisory committee. Across the state, NDPC-backed candidates made Target Seattle and the question of U.S. strategic policy a campaign issue. Resolutions to cancel Target Seattle went to the city councils of Seattle and Tri-Cities.

After former governor Dixy Lee Ray called Democratic National Committee chairman Charles Manatt's support for the nuclear freeze "treasonous" at a Tri-Cities press conference in response to a question by an NDPC candidate, the editorial board of Seattle's *Post-Intelligencer*, which is vehemently opposed to U.S. development of a beam-weapons defense system, issued a series of editorials attacking the NDPC and Democratic presidential candidate and NDPC Advisory Committee chairman Lyndon LaRouche.

But the NDPC claimed victory when the Seattle press was forced to announce on Oct. 28, just one day before the event, that the Soviet delegation, including Soviet diplomat and U.S. and Canada expert Valentin Berezhkov, would not attend Target Seattle. No official reason was given. The press reported to the NDPC that the Soviet speakers had actually cancelled three weeks before.

In addition to the minimal attendance at the opening session, only a reported 500 "livingroom" meetings actually took place. When the conference opened Oct. 29, it was the NDPC picket line of the meeting which dominated that day's television coverage of the event.

And, the television reported, when NDPC-backed city council candidate Mark Calney asked at the Target Seattle press conference if anyone on the supposedly "balanced" panel supported the official policy of the United States—beam weapons defense—Admiral Gayler responded by shoving him, and had to be physically restrained. Calney was shown walking off with a sheriff to press charges against Gayler.

Jesse Jackson covers Kissinger on Grenada

The usually verbose Henry Kissinger has had nothing to say to the, in his mind, eagerly awaiting world on President Reagan's action to liberate Grenada. On the Lebanese crisis, the PLO, arms control, China policy, the Korean airline massacre, and the Latin American debt bomb, Kissinger has ostentatiously let drop his so very erudite insights. However, on the subject of the President's Grenada policy, a dramatic action taken in the region for which Kissinger has official responsibility as the chairman of the National Bipartisan Commission on Central America, the fellow has been strangely silent.

Nevertheless, Jesse Jackson, Washington's mayor Marion Barry, and members of the Gertrude Stein Democratic Club plan anti-Reagan demonstrations in the nation's capital on Nov. 12, whose climax will be burning an effigy of Henry Kissinger in front of the State Department in protest of his alleged role in promoting the Grenada invasion.

Could it be that the Washington gay community has turned its back on Kissinger? I find it more likely that they are trying to cover for Henry's refusal to either publicly support the President in the face of stiff opposition from his British business partner, Lord Peter Carrington, or oppose the President, risking the carefully nurtured conservative, anti-communist image he has been working on since his defection from the Hubert Horatio Humphrey camp in 1968.

Note that Jesse Jackson is a friend, if not of Henry's, of Henry's friends. It is also true that Henry is a friend of

the friends of the terrorist regime in Grenada which Reagan finished off.

On the day Kissinger was sworn in as chairman of the Central America commission, Jesse Jackson was preparing for a trip to Moscow to meet with his campaign strategists. As part of that preparation, he arrived at the State Department for an hour-long meeting with Assistant Secretary of State for European Affairs, Richard Burt. Burt, a prematurely grey 36-year-old bachelor, is an intimate of the same Anglo-Soviet policy circles which produced Kissinger. He is a former *New York Times* correspondent and former assistant director of the British International Institute for Strategic Studies, as well as a member of London's Royal Institute of International Affairs, to which Kissinger declared his allegiance in a notorious speech of May 10, 1982. Burt's career was promoted by Kissinger's current colleague and Carter's National Security Adviser Zbigniew Brzezinski, who lubricated the young Burt's press career with copious leaks.

In the Reagan administration, Burt's rise has been sponsored by two former assistants to Kissinger, ex-Secretary of State Alexander Haig, and current Undersecretary Lawrence Eagleburger.

Kissinger and the Carter-Mondale gang

So, the sincerity of Jackson's opposition to the policies of Henry Kissinger is, at best, uncertain. What of Kissinger's own loyalties? It is clear from the roster of experts on Central America whom he has invited to enlighten his commission that Kissinger is no enemy of the Carter-Mondale crowd who did everything they could to turn Grenada into a colony of brainwashed terrorists targeting the hemisphere.

On Oct. 21, Kissinger paraded his and Carter's piggybank, David Rockefeller, before the commission, then

the two sashayed over to the White House. Rockefeller not only built the Carter-Mondale campaign organization known as the Trilateral Commission; less well known is the fact that his activity in Caribbean affairs promoted the crew Reagan put to rest in Grenada. Rockefeller was involved in the founding of Caribbean/Central American Action (C/CAA), and funds it to this day through a number of corporate fronts. C/CAA was formed by Carter Democrat and ex-Florida governor Robert Graham, the brother-in-law of *Washington Post* publisher Katherine Graham. A second founder of C/CAA was Rep. Mervyn Dymally (D-Calif.), born a British subject on the island of Trinidad-Tobago, who has led the Congressional Black Caucus into an alliance with the Queen's policy of opposition to Reagan's Grenadan liberation operation. Previously, Dymally was a linchpin of Charles Manatt's California Democratic Party mafia and a leading promoter of the Manatt-Carter-Mondale alliance with the Reverend Jim Jones' People's Temple suicide cult.

The day following Rockefeller's appearance, Kissinger sat David Aaron down before the Commission. Aaron, an aide to Walter Mondale, had become deputy National Security Adviser to Carter, but was removed from that post after it was discovered he had leaked information to the Kremlin which resulted in the death of at least one United States intelligence agent. Aaron's underling, Robert Pastor, collaborated with Peter Bourne in drafting a political strategy for the terrorist gang in Grenada (see article, page 52).

More recently, Philander Claxton of the Futures Group, which has ties to the Soviet systems analysis establishment led by KGB general Dzerman Gvshiani, was invited to the commission to give his views on the problems of Central America: Too many people being born, and not enough dying.

How the United States overcame the 1960 missile gap in one year

by Marsha Freeman and Robert Gallagher

During the 1960 presidential campaign, Democratic candidate John F. Kennedy charged that the Eisenhower administration was responsible for a "missile gap": a Soviet lead over the United States in the number of deployed intercontinental and intermediate range ballistic missiles.

Kennedy's charge that a missile gap existed was entirely true. The Soviets had four times as many intercontinental (ICBMs) and intermediate-range (IRBMs) ballistic missiles than the United States in 1960 (see table). Kennedy's claim that Eisenhower was to blame, however, was entirely opportunistic. Within months of Kennedy's inauguration, the missile gap had been closed by a "Manhattan Project" initiated under Eisenhower's administration and carried out by the Air Force Research and Development Command (ARDC).

In the 1940s and early 1950s, it was the consensus of the U.S. scientific and defense communities that development of an intercontinental ballistic missile was impossible. Physicist Vannevar Bush, president of the Carnegie Institution and former director of the World War II U.S. Office of Scientific Research and Development, asserted that "a 3000-mile, high-angle rocket shot from one continent to another, carrying an atomic bomb and so directed as to be a precise weapon . . . will not be done for a long period of time to come . . . I think we can leave that out of our thinking."

Overcoming 'barriers of the mind'

Long before the Soviets demonstrated an ICBM capability in August 1957, a small group of scientists and military officers who knew that the ICBM was feasible initiated an effort to overturn the dominant opinion and launch a crash program to develop a U.S. missile force. As Col. Edward Hall of the Air Force Ballistic Missile Division wrote in 1958: "The barrier to be overcome was not of sound, or heat, but of the mind, which is really the only type that man is ever confronted with anyway."

By 1958, Maj. Gen. Bernard A. Schriever, commander of the Ballistic Missile Division, could write that his group had already conducted a development program "which enabled us to accomplish in three and a half years what it took the Soviets seven years to do" in developing missile

technology.

In 1953 two developments refuted the arguments against ICBM feasibility. First, the Atomic Energy Commission demonstrated with development of the hydrogen bomb the ability to construct nuclear explosives small enough to be thrown thousands of miles in the nosecone of a rocket.

Second, the Air Force Strategic Missiles Evaluation Committee, chaired by John von Neumann, called for acceleration and expansion of the existing Air Force Atlas ICBM program and its reorganization under a centralized "Manhattan Project"-type military command. The Committee had been organized by ICBM advocates in the Defense Department, such as Trevor Gardner, Air Force Special Assistant for Research and Development, and his assistant, Schriever, with the backing of Air Force Chief of Staff Gen. Nathan Twining and Air Force Secretary Harold Talbott.

The following year the Air Force approved the von Neumann Committee's recommendations and in August 1954 established the Air Force Research and Development Command (ARDC) with Schriever in command of its Western Development Division, later known as the Ballistic Missile Division. In September 1955 Eisenhower gave ICBM development "the highest national priority," the first time a military program had received this designation in peacetime.

Within two years, the Air Force successfully tested the Thor intermediate range ballistic missile, and in December 1957 the Atlas ICBM. Eisenhower's national security advis-

U.S. and Soviet ballistic missile arsenals 1960-63

	1960		Early 1962		Early 1963	
	U.S.	U.S.S.R.	U.S.	U.S.S.R.	U.S.	U.S.S.R.
ICBMs	12	50	63	50+	450	75+
MRBMs/IRBMs	51	200	186	200	250	700

Sources: John M. Collins, *U.S.-Soviet Military Balance*, McGraw-Hill (New York), 1980; Institute for Strategic Studies (London), *Military Balance*, 1959, 1961-62, 1962-63; Ray Cline, *World Power Assessment*, Center for Strategic and International Affairs (Georgetown), 1975.

er, General Cutler, remarked that the United States "had to make up for lost time if we were to catch up with the Soviets." By 1958, the program had employed 18,000 scientists and engineers and 70,000 others in 22 industries and after five years had spent four times as much as the Manhattan Project itself.

By 1959 the project had successively test-flown the Thor, the Atlas and Titan ballistic missiles. Only assembly and deployment was required to close the missile gap. This still lagged the Soviets in 1960 when Kennedy made his famous pronouncement. But within a year the United States had achieved parity. Since the Thor IRBM was ready first, initial U.S. ballistic missile deployments were in Western Europe. As the Atlas, Titan, and Minutemen went into production, intermediate-range missiles were de-emphasized by the United States, but the Soviets, who could deploy them against Europe, continued to build large numbers.

'Moving ahead with everything'

The ICBM program introduced the principle of concurrent pursuit of all aspects of a crash development program. As Schriever wrote:

This may be defined as moving ahead with everything and everybody, all together and all at once, toward a specific goal. [This] enabled us to . . . compress the time required to obtain operational capability of our ballistic missiles.

We decided to break with tradition—to discard the usual procedure. That procedure is to build a new weapon, part by part, in a series of consecutive steps—to fashion hand-wrought prototypes before venturing into production tooling. But to reduce the time cycle we decided to attack all areas of our assignment concurrently. In short, we took the calculated risk of planning, programming, and spending our funds concurrently on research, development, testing, production, manpower training, base construction, and other phases of our program.

Our aim was to bring all elements of our program along so that they all would be ready, at each successive stage, to be dovetailed into each other.

The second principle that guided ICBM development was the pursuit of alternate technical approaches to each principal missile subsystem. Propulsion, guidance, nosecone, and re-entry systems each had "backups" developed by separate contractors to add redundancy to the program. After the primary subsystems proved reliable, the backups were combined to form the Titan ICBM.

The test program was also specially devised. The program built huge test stands where missile engines were test-fired under physical restraints without having to expend an entire booster. A special three-stage rocket, the X-17, was produced to test survival of the nosecone during re-entry into the atmosphere. The first stage drove the missile to a

high altitude where it dove under the power of the second and third stages. Test ICBMs were assembled with normal production fabrication methods to assure that contractors would be prepared for rapid production of missiles for deployment following the test program.

Under this "Manhattan Project," the first Thor intermediate range ballistic missile came off the assembly line 11 months after the contract was awarded. At that time, the usual development period for a modern aircraft was eight years.

The Atlas and Titan missiles became the "workhorse" launch vehicles for the civilian space program and carried scientific satellites and astronauts into space for the National Aeronautics and Space Administration until NASA developed its first launch vehicle, the Saturn V rocket. In its early phases, the Air Force program produced the engines for the Army Redstone and Jupiter missiles.

In 1958, after the program had demonstrated the Thor and Atlas, Schriever explained the horizons the program had opened up:

This program has put us on the threshold of space travel. Ballistic missiles, whether Thor, Atlas, or Titan, are in fact primarily space vehicles traversing most of their flight distance in space. They are the fore-runners of such projects as lunar rockets, space stations, and spaceships for carrying men and cargo. . . . From a practical standpoint the propulsive unit that lifts a heavy nosecone with its warhead and accelerates it to 25,000 feet per second in outer space could also put a somewhat lighter body in the escape velocity of 35,000 feet per second, or in an orbital path around the earth. . . . Similarly, the ICBM Titan booster engine, when completed . . . could send a man-carrying vehicle on a circumlunar flight—a journey around the moon and back to earth. Further in our future are the potentialities for thermonuclear propulsion and payloads of hundreds of tons.

It was in an effort to reverse the momentum of the ICBM program and the earlier nuclear Navy program that Defense Secretary Robert S. McNamara introduced "cost accounting" into Pentagon defense technology planning and imposed the policy of Mutually Assured Destruction, that the U.S. need only maintain a nuclear retaliatory force.

Schriever warned against exactly these policies at the time he described the program's potential:

We must look beyond the achievement of parity or superiority vis-à-vis the Soviet Union in this whole field. It would be a colossal blunder if we ever sought to arrest or halt our forward strides at a point where we could match a ballistic missile against every one of the Soviets' or even have more of ours in stockpile. Any letting down at such a juncture would mean that we had fallen victim to a Maginot Line mentality.

Cost sharing flaws Senate water bill

The Senate Energy and Public Works Committee reported out the Water Resources Development Act of 1983 (S. 1739) on Nov. 9. Legislation funding river and harbor maintenance and dam construction had been stalled in recent years under the attack of environmentalists and free-enterprise radicals who have attacked Congress's constitutionally mandated responsibility for internal improvements as "porkbarrelling."

As a result of this pressure, S. 1739 contains dangerous concessions to the notion that waterway users should pay for the construction of new water projects. The legislation caps annual spending by the Army Corps of Engineers at \$646 million—the very inadequate amount appropriated to the Corps in FY83. Industry officials insisted that \$960 million is needed each year for the next 15 years to take care of the backlog of repairs and expansion—a conservative estimate.

Under S. 1739, user fees will have to pay for any funds above the \$646 million authorization. The legislation establishes a board of groups including farmers and other bulk commodity shippers, and barge owners to decide how to tax themselves—an additional tax on the few remaining productive sectors of the U.S. economy.

Senator Alan Simpson (R-Wyo.) sought to remove the government role in water project construction altogether by gradually phasing out government funding at a rate of \$35 million per year. Simpson's amendment failed to gain a majority of the committee. Voting with Simpson was the usual alliance of environmentalists and free enterprise advocates. The Democrats were Daniel Moynihan (N.Y.), George Mitchell (Me.), and presidential contender Gary Hart (Col.). Re-

publicans who sided with Simpson were Pete Dominici (N.M.), committee chairman Robert Stafford (Vt.), John Chafee (R.I.), and Gordon Humphrey (N.H.), the latter the man most responsible for the recent defeat of the Clinch River Breeder Reactor on "fiscal conservative" grounds.

Omnibus water legislation has passed the House Transportation and Public Works Committee. Serious floor consideration of either bill is not expected until 1984.

House passes domestic content bill

The House passed H.R. 1234, the domestic content bill, on Nov. 3 by a vote of 219 to 199. Backers of the measure were explicit that the intention was to bring pressure on the Japanese to curb their exports to the United States and to open their markets to U.S. goods.

Designed for the automobile sector, the domestic content provisions would impose restrictions on all auto manufacturers, domestic and foreign, by requiring that a certain percentage of the value of cars sold in the United States has been produced in the United States.

By 1987, that percentage, phased in over three increments, would require 10 percent domestic content for those manufacturers selling more than 100,000 cars, up to a ceiling of 90 percent for those selling 900,000 autos. For every percent of the standard not met, the percentage number of cars the manufacturer would be allowed to sell in the United States would decline correspondingly.

Special Trade Representative Bill Brock used the threat that this legislation would pass both the House and the Senate to get a "voluntary" import

restraint from the Japanese. Japan now limits exports to the United States to 1.85 million autos. One opponent of the legislation, Rep. Bill Frenzel (R-Minn.), noted that "some of us were surprised after the new voluntary restraint agreement was announced that this bill was not pulled off the floor. . . . [It] is voluntary," Frenzel noted, "only in the dreamiest ideas of those who do not realize that we forced it on the Japanese government."

Proponents of the bill, led by House Energy and Commerce Committee chairman John Dingell (D-Mich.) and Richard Ottinger (D-N.Y.), argued that trade protection is also necessary to maintain U.S. jobs. They estimated that employment would increase by 300,000, and by another 600,000 in feeder industries.

Opponents pointed to numerous studies, including those of the Congressional Budget Office, which estimated that there would be a net loss of 66,000 U.S. jobs, due to Japanese trade retaliation. U.S. Ambassador to Japan Mike Mansfield, a Democrat, concurred with this estimate, it was reported during the House debate. The CBO also calculated that due to lost competition the net cost of an individual car could rise by \$333. Other estimates ranged as high as \$1,300 more per automobile.

Bipartisan cutters target the military

The political elements that have been attempting to gut President Reagan's defense program and turn U.S. finances over to the mercy of Swiss and other foreign creditors, received a boost in the House as Reps. Les AuCoin (D-Ore.) and Chalmers Wylie (R-Ohio) introduced H.J.R. 382 on Oct. 26, calling for the creation of a

National Commission of Federal Budget Deficit Reductions. Modeled on the bipartisan commission which ostensibly solved the Social Security financing problem, the primary target of the proposed commission is to cut defense spending, increase taxes, and cut the entitlement programs.

Federal Reserve chairman Paul Volcker told the congressional Joint Economic Committee on Oct. 20, according to Wylie, that "such a commission could play a useful catalytic role in solving some of our difficult structural deficit problems." Volcker, the man most responsible for economic destruction of the United States, and an open advocate of reducing U.S. military strength, was joined by former President Gerald Ford in the commission call. The National Association of Homebuilders, rather than attacking Volcker's high interest rates for the deficit, declared Nov. 2 "D-Day," or deficit day.

The political lay of the land, as described by AuCoin, is "political paralysis," where liberals are defending entitlements, and conservatives are defending the tax cuts and defense, and neither political bloc can prevail. AuCoin argues that everyone must accept austerity, to get "the political cover to go back to their constituencies and say those things" were recommended by a "blue chip, bipartisan commission."

New round of Senate attacks on defense

The Senate passed the FY84 defense authorization on Nov. 8 and beat back a final attempt to halt production of the MX missile during floor action on the bill. Dale Bumpers (D-Ark.), whose wife is a founder of the KGB-infested Peacelinks organization, of-

fered the amendment to delete the money for MX missile production. The amendment lost by a vote of 56 to 37, with six Republicans voting with the Democrats. The House has already approved funding for MX missile production.

However, in the same defense bill passed by the Senate, Paul Tsongas (D-Mass.) attached a seemingly non-controversial amendment calling for the President to report to the Congress on the policy implications of his March 23 strategic defense proposals. Tsongas's cosponsors were Kennedy (D-Mass.), Pressler (R-S.D.), Cranston (D-Calif.), Levin (D-Minn.), Pell (D-R.I.), Glenn (D-Ohio), and Bingaman (D-N.M.), all opponents of a beam weapons ballistic missile defense policy. Tsongas hopes that the President's report, which is due on May 15, 1984, will leave more questions unanswered than answered, and provide a basis for building congressional opposition at precisely the time when Congress will be first considering upgrading funding levels for beam defense systems.

The House version of the Defense appropriations bill forbids the President to test and deploy an anti-satellite (ASAT) system until he reports to Congress on arms control and strategic policy issues relating to ASATs. The opponents of strategic defense and space-based weapons systems hope to combine the two provisions calling for presidential reports in the House-Senate conference committee to hamstring the administration on both fronts.

House passes dairy compromise

No one won the battle on the House floor falsely billed as dairy producers versus consumers. While the House

rejected an amendment by Barber Conable (R-N.Y.) to radically cut dairy price supports in an effort to save money and to reduce the alleged "surplus" of dairy products by a vote of 174 to 250, it accepted the Dairy Production and Stabilization Act (H.R. 4196), which will reduce dairy herds by less extreme means. Both positions accept the "free-market" assumption that there is an oversupply of dairy products—in reality there is an undersupply of the purchasing ability to buy dairy foods. Behind the efforts to reduce agricultural production in the United States are the large cartelized commodity groups which are trying to drive independent and family farmers out of business in order to control the market.

The Dairy Production and Stabilization Act, which had already been passed by the Senate, reduces the price supports paid to dairy farmers by 4 percent, and pays farmers not to produce—a first for the dairy program. The administration had originally backed this compromise when it passed the Senate, but under pressure from OMB Director David Stockman, who warned that it would cost too much, it backed the Conable amendment. That amendment would slash price supports by 11 percent and provide no payments for reducing herds. In a statement preceding the floor action on Nov. 9, Vermont Republican Jim Jeffords warned that "if the Conable amendment passes, it will work by culling farmers as well as cows. Thirty thousand producers will go out of business—most of them young farmers."

A veto is unlikely since the legislation is tied to a tobacco bill which is supported by Senate Agriculture Committee Chairman Jesse Helms (R-N.C.). Helms faces a tough reelection fight in 1984 and needs the tobacco bill.

National News

Koop reaffirms effort to save Baby Jane Doe

U.S. Surgeon General Dr. C. Everret Koop used an interview on the *Face the Nation* TV show Nov. 6 to reaffirm the government's unequivocal right to intervene in the case of "Baby Jane Doe," an infant suffering from spina bifida disease.

The case has attracted national attention because it would set a legal precedent allowing parents to kill newborns with medical problems.

"We're not just fighting for this baby," Dr. Koop said, "We're fighting for the principle of this country that every life is individually and uniquely sacred. I have never seen a child like this live a life of pain. And I don't think that their estimate of the severe retardation or the fact that this child is bedridden are necessarily facts. You cannot make those decisions at this early age."

He elaborated the role played by the doctors and the hospital involved in this case which, along with the New York State Attorney's office, had denied the government access to the child's records, claiming they were private property. He pointed out that the government has, since April of this year, been involved in 48 such cases and that this is the only instance where a hospital has refused to comply.

Innis charges coverup of Atlanta murders

Roy Innis, national director of the Congress Of Racial Equality (CORE) and a founding member of the Club of Life, charged Nov. 3 that a coverup has been perpetrated of the famous 1982 Atlanta child murders.

Innis was speaking in Houston, whose current police commissioner, Lee Brown, was Atlanta police chief at the time of the cult-killings of black children there.

Innis was on a tour of the Houston area at the invitation of Nick Benton, a mayoral candidate backed by the National Demo-

cratic Policy Committee. He spoke at Texas Southern University's Thurgood Marshall Law School. Speaking with him was Dennis Speed, representing the National Democratic Policy Committee and the Fusion Energy Foundation.

Innis devoted part of his speech to supporting a program of beam-weapon defense for the nation. He urged that the black population get in "on the ground floor" in the early stages of research on beam weapons, "the technology that will dominate the 21st century."

Innis presented proof to the audience and the press that the murders were committed by a cult involved in drugs and pornography, and that their evidence of this was covered up by the FBI, the "Atlanta black aristocracy"—Andrew Young, Maynard Jackson, Coretta King, and police chief Lee Brown.

One student asked, "how can you seriously say that police organizations and the press from around the country were involved in such a massive, nationwide coverup?" Dennis Speed replied: "That's simple. Take the names of the reporters who are here today. Then wait and watch what they do tomorrow. If they don't print what has been said, then you know they are part of a conspiracy."

Not only was there no press coverage the next day, but a number of scheduled interviews with Innis were abruptly cancelled.

Club of Life keynotes Hispanic conference

Club of Life representative Marianna Wertz, presenting the keynote address to the opening day of a conference on Hispanics and the aging in Phoenix Nov. 3, warned that Hispanics, because of their high birth rates, were a special target of anti-life forces and must be prepared to take the lead nationally to defend the needs of a growing population with an expanding economy.

Wertz was speaking at a three-day "National Forum for Hispanic and Disadvantaged Senior Citizens" sponsored by the

Phoenix, Arizona LULAC (League of United Latin American Citizens) Council 284.

The conference featured Mario Obledo, national LULAC president; Wertz; several representatives of Arizona's health and welfare departments; and three U.S. congressional offices and was a repudiation of the policies of LULAC Executive Director Arnoldo Torres.

In June 1983, staff members of Rep. Richard Ottinger's office (D-N. Y.) told this news service that Torres had, in LULAC's name, given backing to Ottinger legislation that would establish zero population growth as a national goal and would deprive families with more than two children of normal family aid and assistance programs.

At a press conference where Wertz, Obledo, and LULAC Far West National Vice President Frank Carrillo were featured speakers, Wertz challenged Obledo to lead LULAC to oppose the Ottinger bill, now pending in the U.S. Congress.

Fusion advance in plasma density/confinement

Officials of the Department of Energy and the Massachusetts Institute of Technology's Magnet Lab announced a major advance in fusion energy research at the American Physical Society's annual conference, in Los Angeles on Nov. 8.

A small but high-magnetic field tokamak, the Alcator at MIT, has set a new record for combined plasma density and time of confinement of a tokamak plasma. The density-confinement time product announced, 8×10^{13} , constitutes a virtual achievement of the long-awaited "energy breakeven" plasma condition, usually estimated at 10^{14} . The plasma was apparently confined for approximately $1/25$ of a second, at a density of 2×10^{25} particles per square centimeter.

The Alcator plasma in these conditions is not a "breakeven plasma" only because, being a very small machine, it does not operate at the overall levels of energy, or temperature, of the larger tokamaks.

The Alcator result is another demonstration of the increasing control of stable plasmas and their interaction with magnetic fields, which is leading to increasing confidence about the generation and transport of power by plasmas.

Hearings on 'new Manhattan Project'

In hearings on Nov. 10 before the House Armed Services Committee, Rep. Ken Kramer (R-Col.) urged the committee to consider his People Protection Act as a "new Manhattan Project for peace." Sen. Bill Armstrong (R-Col.) also testified on the companion bill he has introduced in the Senate, stating that the Soviets have never believed in Mutually Assured Destruction (MAD) and have always pursued defensive technologies.

The main opposition came from Dr. Richard DeLauer, Undersecretary of Defense for Research, Development, and Engineering. DeLauer stated that the Fletcher Commission report will result in a 25 to 50 percent increase in beam weapon funding over the next 5 years from what the DOD had been planning, but that there would be no upward revision for the next two fiscal years. He stated that the FY85 administration request for beam technologies would be \$1.8 billion, a level considered "funding constrained" and not "technology constrained" by the Fletcher report.

DeLauer stated that the cost of actually deploying these defensive systems would be "staggering" and refused to respond to a question whether the United States was behind the Soviet Union in third-generation nuclear weapons technologies.

As if in rebuttal of DeLauer, Dr. Edward Teller began his testimony by stating that the "picture at the present moment is grim, due to the neglect of our defenses for a very long time. . . . But there are two reasons for hope. The first is the President's speech on March 23, and the second is Congressman Kramer's bill."

On the question of strategy, Teller stated that the "Soviets won't attack unless they're

assured of winning." Though we could build a "perfect system in ten years, we should start constructing an imperfect system so in five years" the Soviets will know they are not "assured of winning."

Media dismayed by Chicago NDPC slate

"Usually school board races are the last issue on people's minds; however, due to the entrance of an organization called the National Democratic Policy Committee, running over 80 candidates throughout the state, interest has reached an alltime high," began a Chicago ABC news slug on Nov. 4 before the elections.

The cameras focused on a town hall meeting in District 214, where NDPC candidates were participants in a candidates' forum, attended by over 200 people. The anchorwoman continued: "Even though these candidates are running for school board, they are focusing on issues of national concern. Why here is one of these candidates, Bill Unger, running in District 214, addressing a crowd in Arlington Heights, Illinois. He is running for school board, but he sounds more like he is running for President of the United States."

Then came an interview with Chip Berlet, sometime editor of the drug-culture magazine *High Times*, warning against LaRouche and the NDPC. Then Joan Eisenberg, from the Illinois Association of School Boards, denounced the use of school board races for political stands.

The show closed with the anchorwoman saying: "The NDPC just got two of their candidates elected in California. The only way that this happened is due to apathy. If citizens in Illinois don't want apathy to win, if you don't want pre-planned statements to win, you'd better turn out on November 8th."

The NDPC's campaign, emphasizing classical education and a scientific-industrial renaissance, also drew the wrath of the Chicago *Sun Times*, NBC, and more than 40 suburban newspapers, with the uniform slander traced to the Anti-Defamation League, that the NDPC is "anti-Semitic."

● **'THE SOVIET UNION** will, and the United States can, build directed energy laser beam weapons in the next three to five years," according to Dr. Steven Bardwell of the Fusion Energy Foundation, reported the Nov. 1 *Defense Daily* on an Oct. 26 Capitol Hill briefing on beam defense deployment. The report also cited French neutron bomb expert Col. Marc Geneste's statement that beam weapons could defend Europe against the Soviet SS-20 missiles.

● **'PEACE'** nuclear education has been mandated for grades kindergarten through 12 in New York City, Brookline and Cambridge, Massachusetts, and Milwaukee, Wisconsin. Educators for Social Responsibility, which claims 4,500 members divided about evenly between public and private schools, claims responsibility. The group was formed after the National Education Association caught hell from the Reagan administration for pushing a three-week "peace" curriculum for high school students.

● **BETTY FRIEDAN**, author of *The Feminine Mystique*, announced on Nov. 11 that she will endorse Walter Mondale for president. She will appear with Mondale on Nov. 15 in the Capitol Hill office of feminist Rep. Barbara Mikulski (D-Md.) to explain why both have decided to endorse Mondale.

● **THE SENATE** Democratic Committee raised \$2.5 million by the end of the second week in November for the current election campaigns. The Republicans have raised \$21 million in the same period—an indication of the response of registered Democrats to the policies of the leadership of the party.

Editorial

What patriotism requires now

President Reagan, hailing the "heroic rescue" of potential U.S. hostages from Grenada by American military forces, told 490 rescued students on Nov. 7: "A few years ago, it seemed that Americans forgot what an admirable and essential need there is for a nation to have men and women who would give their lives to protect their fellow citizens. . . . What you saw. . . was called patriotism."

The Democrats in Congress and the East Coast-controlled media—who, following the use of U.S. force in Grenada, launched a vicious attack on the White House paralleling that in the Soviet media—suddenly tried to close the book on the Grenada affair. The most absurd figure in this surrender was House Speaker Tip O'Neill. On the day of the Grenada military action, O'Neill rendered tacit support. Three days later, O'Neill attacked the President as a dangerous warmonger. Then, on Nov. 7, following the return to Washington of a House Democratic "fact-finding" trip to Grenada, O'Neill was forced to admit that the U.S. operation there was justified.

As the polls and the congressional about-face faintly reflect, there has been what amounts to a "paradigm shift" in the U.S. population. The upsurge of patriotism means that citizens are actively using the concept of the nation-state—and are capable of a higher level of thinking and moral purpose overall. Americans are beginning to return to the conviction that there are no problems that cannot be solved, and the basis is laid for a coherent, broadly understood foreign, military, and economic policy at a level we have not seen since World War II.

During the war, President Roosevelt began to envision a world freed from what he referred to as British 18th-century colonial policies, an "American Century" that would bring the rest of the world into the realm of prosperity, scientific achievement, and individual liberty. That vision was anathema to the feudal-minded Britons who had, and continue to have, their strong-

holds within U.S. policy circles and mass instruments of cultural-political influence, as it was to their counterpart faction in the U.S.S.R. Both were under the guidance of Bertrand Lord Russell, the century's most prominent opponent of scientific progress and population growth.

The reassertion of U.S. resolve in Grenada and, potentially, in the Middle East should be only the beginning of an American Century secured by eliminating the instruments of thermonuclear attack, by means of the energy-beam defense systems that can render ballistic missiles obsolete. In the process of developing these systems, the Western economies can reach unparalleled breakthroughs in civilian industry and energy production.

There are two key obstacles to achieving this commitment. One is the current leadership of the Democratic Party, whose chief talent, apart from the anti-labor activities of Democratic National Committee chairman Chuck Manatt and his law firm, lies in outdoing the Soviet media in apologetics for Moscow's latest provocations.

The second is the stubborn advocacy in leading policy circles of high interest rates, crushing austerity for indebted nations abroad, and slashes in military and infrastructural spending at home.

Both these obstacles come together in the unappealing person of Walter Mondale, Vice-President in the Carter administration which installed those economic policies, and front man for the "Caribbean Kim Philby" operatives who, as we document in this issue of *EIR*, wittingly turned Grenada into a sanctuary for terrorism and a base for Soviet bloc aggression.

With this exposé, it will be quite easy to drum Mr. Mondale out of public life. To drum the "free market" version of Carter-Volcker economics out of Washington, and launch a real industrial and technological mobilization, will take more effort. We are convinced it can be done.

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