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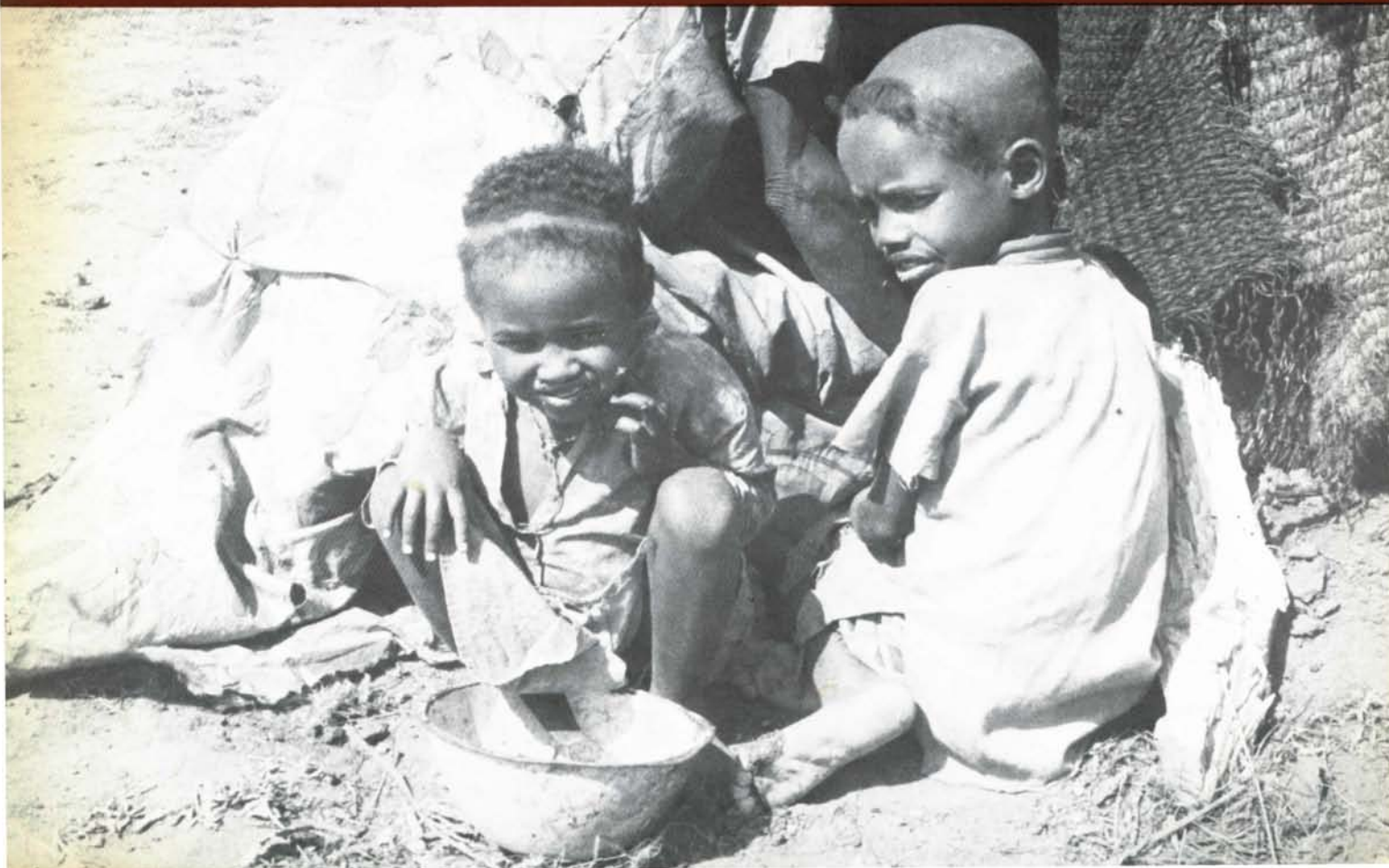
Executive Intelligence Review

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Will Ibero-America stop Kissinger's grab for assets?  
Brookings: Don't deploy ABMs—Moscow has them  
Soviet Navy moves for supremacy in the Mediterranean

**Saving Africa from IMF rule:  
a U.S. policy imperative**



# EIR Special Reports

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# EIR

## From the Managing Editor

The world strategic crisis is moving so quickly that in recent weeks we have taken to providing you with as-we-go-to-press updates in this letter. As of Jan. 28, there were new developments on NATO's central flank. In the midst of the Kiessling scandal, which is shaking the West German defense ministry and NATO's military command, a new scandal has broken out: the discovery of a copy of a top-secret defense ministry document on the Bundeswehr's weapons program. The magazine *Der Stern*, whose editor, Henri Nannen, used to work for Joseph Goebbels, is using the security breach, in tandem with the Social Democrats, against the Kohl government and Defense Minister Manfred Woerner, already under attack for his handling of the Kiessling affair. Woerner is not expected to last; how long will the Bonn coalition itself survive?

In the midst of all this, the defense ministry, through the chancellor's state secretary for defense, Lothar Rühl, issued its official evaluation that the Soviet Union's military doctrine is a surprise attack on Western Europe.

It was under these circumstances that Helga Zepp-LaRouche, speaking to an audience of diplomats and business executives on Jan. 27 in Washington, D.C., urged the formation of a foreign-policy "Europe Lobby" in the United States to reverse the plans for a "decoupling" fait accompli—a break in the NATO alliance, pursued with increasing success thus far by Henry Kissinger, incoming NATO Secretary-General Lord Peter Carrington, and others whose deluded notion of a "new Yalta deal" with the U.S.S.R. is to turn West Germany over to the Soviet "sphere of influence."

Next week we hope to document in a Special Report the ongoing destruction since 1979 of U.S. basic industry and infrastructure which, it ought to be needless to say, are essential to national security. The breadth of the damage is exceeded only by the Soviet marshals' grins as they behold the "free-market" apologists for Federal Reserve chairman Paul Volcker, whose control over credit has been so successful in wiping out productive capacity and skilled manpower. Who stands to lose, and who to gain, if Americans mobilize the economy to meet the urgent needs of securing our still gravely weak defenses and strengthening our allies in the underdeveloped sector?

*Susan Johnson*

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## Citibank's problems: prelude to banking crisis?

by David Goldman and Kathy Burdman

Senior Soviet officials are spreading the word through influential circles in Europe and the United States that a global banking crisis, triggered by major bankruptcies among Third World debtors, will ruin President Reagan's chances for re-election—a view published by the London *Economist* in its first title story of 1984, "Why Reagan Should Not Run Again." Sources close to the President warn privately that unless the Reagan administration takes steps to master the crisis, the Soviet estimation may be correct.

During the third quarter of 1983, reports the Bank for International Settlements, American banks for the first time became net borrowers (of \$10 billion) from the Eurodollar market, rather than providers of funds, as in the past. That is to say that the U.S. banking system as a whole is now dependent on the global whirl of flight capital; the dangers for the American economy, not to mention President Reagan's re-election efforts, are obvious.

The immediate center of concern is New York's Citibank, the principal victim of the Philippines' de facto debt moratorium declared in mid-January. Starting Jan. 18, Citibank's Manila branch, which holds \$500 million in U.S. dollar deposits on the Asiadollar interbank market, was hit with a run by Japanese and other banks that had deposited dollars there.

Citibank's Manila woes, which have already broken in the financial press, are the visible side of "panic conditions" in the trillion-dollar interbank market, as well as a policy brawl among top institutions, regulatory agencies, and the Congress over the Third World debt crisis. The brawl takes

the form of a dispute over a carcass among buzzards, wolves, and jackals, but *unless the Reagan administration rapidly moves to renegotiate the entire Ibero-American and other bad debts of developing countries at long maturities and low interest rates, the principal beneficiary will be the Russian bear.*

### **Soviet hand in the Philippines?**

Although press reports attributed the run to fear over the Philippines' debt crisis, which provoked the country's central bank to ban all transfers of foreign exchange, matters are not so simple. Bank of America, the Hongkong and Shanghai Bank, and Chartered Bank, all of which hold big dollar deposits in Manila, were unaffected, suggesting some prior agreement between the Japanese depositor banks and the British institutions, based in Hong Kong and Singapore.

The two British banks, in turn, are the Asian hub of Lord Peter Carrington's attempt at a strategic deal with the Russians, which includes an effort to preserve the British presence in Hong Kong through the intermediation of Soviet pressure on the Chinese. The leading policy influence at the "Hongshang" Bank is the London merchant bank Morgan Grenfell, Lord Carrington's bank and the semi-official financial arm of the British foreign office.

The Philippines crisis itself, provoked by the assassination last year of anti-Marcos politician Benito Aquino, bears the trademarks of KGB destabilization.

Under the foreign-exchange freeze imposed by the beleaguered Marcos government in October after the International

Monetary Fund's refusal to grant emergency cash to the Philippines, the country's central bank withheld dollars from the Citibank Manila branch—forcing Citibank to freeze a half billion dollars in interbank deposits.

"The Manila deposits had matured and the banks simply wished to withdraw them. However, we were not permitted to allow this under the current exchange laws of the Philippines. In fact we would have had to get the dollars from the central bank of the Philippines and they refused to make them available to us. So our hands were tied," Citibank's international department chief, executive vice-president George Clark, told *EIR* Jan. 27.

Clark insisted that nothing whatever is amiss—a viewpoint that falls short of credibility under the circumstances. "There was no run. The deposits had simply matured and the banks wanted to withdraw them. These were only normal business withdrawals. I don't believe the idea that there was or is any Soviet involvement. These are just normal business operations," Citibank's international department chief said.

Banks that could not redeem their deposits nonetheless "retaliated with a vengeance" against Citibank, one regional banker said. Banks' eagerness to kick the largest New York bank when down is not surprising. Citibank blackmailed other institutions to sign up for the just-concluded \$6.5 billion Brazil bailout loan by threatening to shut them out of the interbank market. Now it is Citibank's turn in the barrel.

According to White House sources, the falling-out has provoked "panic on the interbank market," not in the sense of withdrawal of interbank funds yet, which would produce immediate disaster, but "tiering" of deposits away from Hong Kong, Panama, the Bahamas, and so forth, in favor of North America and Western Europe; this has dangerous implications for the finances of an entire array of countries and banks operating out of them. "Citibank is not in immediate danger, but the potential is there, since it is most dependent of all the banks on interbank funds," said one White House economics adviser.

### **Fight at Council of the Americas**

A sudden threat by Citibank's chairman Walter Wriston to pull his institution out of the Council of the Americas, David Rockefeller's banking policy vehicle for Ibero-America, betrays how much high explosive might be touched off by the Philippines affair and its secondary effects.

The Council had prepared a report recommending that banks convert some of their (unpaid and unpayable) dollar claims on Brazil, Mexico, and other big debtors into "blocked" local-currency accounts, and use them to buy up sections of the stricken nations' economies (see article page 9). The same plan, reminiscent of the British Empire's stripping methods, found its way into a Jan. 24 speech by Commerce Department Undersecretary Lionel Olmer in Washington.

"If developing countries are to grow and repay their international debts, ways must be found to insulate trade credits from financing," Olmer said, "the brunt of developing-coun-

try economic adjustment cannot be borne much longer by developing country trade accounts. The recent trade surpluses of key developing countries have been attained mainly through deep import cuts rather than export growth. . . . A flexible approach to the LDC interest rate question is therefore necessary. Some banks have suggested that they would allow some interest payments to be made in local currency, provided there was a guarantee of future convertibility into dollars. This would . . . make dollars available for imports."

Federal Reserve sources say that the bank regulators, under prodding from Fed Governor Henry Wallich, have already agreed to change reporting procedures as of Jan. 31 to permit the banks to take debt-service payments in the form of local-currency accounts, rather than dollars.

But Citibank's Wriston, Washington sources say, used his immense pull to block release of the Council of Americas report recommending the introduction of "blocked accounts" in domestic Latin American currencies. The decision has been made on the administration level, a source close to Fed Chairman Paul Volcker said today, to have the regulators just tell the banks to take their interest payments on Latin American debt in domestic currencies, "blocked accounts," and not in U.S. dollars.

"The fact is," said a well-placed administration official specializing in Third World debt matters, "that the regulators may decide to look the other way if Citibank gets its Brazilian interest payments in cruzeiros, but Citibank's stockholders and depositors won't. Everybody knows that Citibank has a huge percentage of its income from dollar interest income from Brazil. Any reduction in that dollar income from Brazil would really hurt Citibank's stock."

"Walter Wriston is really freaked out," the official added. "The Council of the Americas [the Rockefeller Debt Commission] had recommended in its report recently the proposal for dollar interest payment deferral [into blocked accounts]. But Walter Wriston forced the report to be embargoed to stop that recommendation. He threatened to pull Citibank out of the Council of the Americas unless they removed that recommendation.

"I don't know exactly what's bothering Wriston but Citibank is certainly playing hard ball. First they almost shut down the Council of the Americas, now they are in big trouble in the Asian interbank market for not cooperating with other banks.

"Furthermore, Moody's last week downgraded the bonds of nine of the major bank holding companies, including Citicorp, from AA to A. So Wriston must be worried about that."

The content of Wriston's nightmares is evident: All the banks that signed the \$6.5 billion Brazil package in New York have a foolproof escape clause against actual disbursements of their commitments. Brazil told the International Monetary Fund Jan. 25 that it cannot meet the existing conditionalities; the banks' contract releases them if Brazil cannot meet the IMF's impossible terms. In a study widely

reprinted by the Brazilian press, *EIR* revealed in December that most banks participating in the Brazil loan signed under pressure, and have no intention of disbursing.

As *EIR* reported, Brazil ended the 1983 fourth quarter by kiting checks to its bankers in order to bring its arrears under the 90-day cutoff, past which all loans to Brazil would have been judged non-performing by bank regulators. Although debt-service payment checks bounced in the first week of January, Brazil's arrears stood at "only" 88 days on Dec. 31. The March 31 deadline will rouse the default monster again, with redoubled strength.

Citibank, among others, is out on a limb; its exposure in Ibero-America is the highest of any major bank. At the end of 1983, Citicorp had \$5.8 billion in stockholders' equity, versus \$2.1 billion in non-performing loans officially reported by Citibank.

Of these non-performing loans, \$2 billion were officially reported to be foreign loans as of the end of the third quarter of 1984. We estimate the portion of that official \$2 billion figure which is to Latin America to be at least \$1.5 billion.

But in fact, Citibank's non-performing loans are much higher, at least twice their officially reported figure, i.e., over \$5 billion—almost 100 percent of capital. Argentina owes \$12 billion in debt service this year which it cannot pay; Brazil owes \$17 billion in debt service this year which it cannot pay; Venezuela owes \$18 billion in debt service this year which it cannot pay; Mexico is paying only slowly. In the fourth quarter of 1982, Citibank itself reported \$18.9 billion exposure in Latin America. We estimate their end 1983 exposure in Latin America conservatively at \$20 billion.

Therefore, if in fact, last year 25 percent of those loans were really bad loans, then Citibank's non-performing Latin American loans should have been reported as at least \$5 billion which was not being paid on time.

If their Latin American non-performing loans alone were \$5 billion, their total non-performing must have been well over \$5 billion, or approaching 100 percent of capital.

## Brawl in Congress

Sources close to House Banking Committee chairman Fernand St Germain (D.-R.I.) say they will oppose attempts to shift bank regulations to permit "non-dollar accrual" of debt service in any event. An administration source said, "All will change on Jan. 31. There will be new regulations. The regulators will change their procedures to allow it. The regulators have decided . . . to accommodate these sorts of payments. . . . [Commerce Secretary] Baldrige has sent a letter on this to Donald Regan and [Special Trade Representative] Bill Brock, and it is working its way through the policy apparatus."

Not if the House Committee can help it, one senior aide said. The new regulations would be "the real end of the Bretton Woods system. . . . The dollar would then be linked to the Latin American currencies and out of the control of the

U.S. government. Any regulation which allows the banks to accept foreign currencies for dollar obligations means that the foreign monetary authorities now have the ability to create dollar liquidity!"

An *EIR* spokesman stated: "This policy is completely unconstitutional. It would loot these countries, because as their currencies depreciate on the markets, they would have to pay more and more local currency to pay the debt. Worse, it would turn these countries into mere branches of the offshore, unregulated Eurodollar market."

## Commerce's Lionel Olmer reveals his currency plan

*From the address by Lionel H. Olmer, Undersecretary for International Trade, U.S. Department of Commerce, before the Financial Times conference on Jan. 24:*

. . . There is some reason for cautious optimism. Widespread debt, trade, and financial problems in the developing countries have not led to the collapse of the world economy, as some have feared. Despite the traumatic events of the past one and a half years, relative order has been maintained and good news has emerged on several fronts:

- *The developing-country economic adjustment process is underway.* The most notable success story is Mexico—where the recent wave of Latin American debt crises initially began in August 1982. Through skilled handling of the situation by President de la Madrid and his new government, Mexico has thus far achieved a sharp turnaround in its external accounts. . . .

- We are also encouraged by indications that developing-country governments and commercial bankers are taking "nuts-and-bolts" trade credit issues more into account when formulating new borrowing requirements. Initially, responses to developing-country debt problems focused on macro-financial implications, especially for the world banking system and the impact of a failure to meet interest payments. Little attention was paid to trade financing issues. It is heartening to see a growing recognition of the complex linkage between finance and trade, and the need to address *all* aspects of developing-country debt problems. . . .

*In my view, the brunt of developing-country economic adjustment cannot be borne much longer by developing-country trade accounts.* The recent trade surpluses of key developing countries have been attained mainly through deep import cuts rather than export growth. This has contributed to recessions which undercut political support for the economic adjustment programs. Although developing-country exports should pick up as demand increases in the industrialized world, there are indications that current low levels of developing-country imports are impeding their efforts to pur-



sue economic adjustment goals in an orderly way. . . .

Ideally, the adjustment programs *should* allow for a shift in resources to the export sectors. This would help increase the competitiveness of the exported products and probably diversify the export base. A rapid drop in lending to these countries prevents this diversification by denying access to necessary imports as well as to capital for required investment. And thus far, investment has been declining in almost all the high debt countries. . . .

These developments and trends make it evident that despite some progress at coping with developing country debt problems, there is yet a long way to go. . . .

Last fall, the Commerce Department hosted a meeting between U.S. banks, multinationals, exporters and other members of the administration to review problems in trade finance and investment in high-debt countries. We asked participants to give us their views on how to deal with these problems. Let me briefly summarize some of these ideas:

They suggested that ways be found to reduce the risks and delays in Exim or private bank lending, by enabling the foreign borrower to pledge future export receipts to repay the loan; by collateralizing loans with warehouse receipts of products actually shipped to the U.S.; to include strategic materials which Exim or private banks would use to cover risks; and by having Exim increase its coverage of interest payments in return for the private banks absorbing more risk on loan principal (this would be designed to prevent bank loans from being classified as "non-performing").

We have also had suggestions on how to facilitate trade without the direct use of dollars—either through clearing arrangements as many debtor countries are doing at present, or by setting up mechanisms for use of local currencies. For example, allowing overdue purchases of goods in the debtor country, or against capital investments in the debtor country. . . .

. . . Very high profit margins on new loans endanger the borrower's ability to repay, and ultimately can undercut the quality of the banks' developing-country loan portfolios. In other words, in certain instances, high "risk premiums" become self-defeating. *A flexible approach to the developing-country interest rate question is therefore necessary.* . . .

On the other hand, lowering of interest rates may reduce the incentives needed to keep banks lending. Consequently, *some banks have suggested that they would allow some interest payments to be made in local currency, provided there was a guarantee of future convertibility into dollars.* This could reduce the amount of dollar borrowing required and, most important, *would insulate trade credit lines from further reschedulings by making dollars available for imports.* . . .

. . . As developing country debt problems will be with us for some time to come—*establishing a mechanism that would insulate trade credit lines from payment difficulties can re-establish the lifeline needed to help developing countries grow and repay their debt*[emphasis in original]. . . .

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## Conference Report

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# The creditors' cartel looks to countertrade

by Stanley Ezrol

The Swiss banking oligarchy sponsored a small conference at Washington's Mayflower Hotel on Jan. 24 to announce their "final solution" to the Ibero-American debt crisis, taking advantage of the failure of the debtors to form a debtors' cartel against the bankers' austerity. The conference, titled, "Beyond the Debt Crisis: New Directions in World Trade," was sponsored by the London *Financial Times* and *International Reports*, the intelligence magazine founded by Swiss banking consultant Günther Reimann; speakers included Federal Reserve Board Governor Henry Wallich, the Basel Bank for International Settlements' representative in Washington; David Devlin of the Ditchley bankers' cartel; and Undersecretary of Commerce Lionel Olmer, who keynoted the event to give the administration's seal of approval to the policies announced.

The Mayflower Hotel event culminated the process launched by a Commerce Department conference with David Rockefeller's Commission on Latin American Debt last autumn, which resolved to use the debtors' illiquidity as a pretext to strip the assets of the Third World. David Devlin, speaking for the Ditchley cartel, said bluntly that the Ditchley "information" service is not "innocent" because when it reports that a country has "broken the IMF conditionalities," that country is cut off from all loans.

Wallich, opening the conference, explained that the "period of adjustment" now to be initiated was only made possible by the failure of the Ibero-American nations to repudiate IMF conditionalities. "They're going through real agony," he said of the debtors under the IMF austerity program, but "I don't think we need have any great qualms about the hardships of these countries."

Wallich thereby confirmed the charges of *EIR* founder Lyndon H. LaRouche, Jr. in a Jan. 20 press release "IMF Bill May Be Unconstitutional," that the bill's authors are involved in a plan to impose genocide through "famine, epidemic, and related conditions." As *EIR* reported Jan. 17, Wallich is the author of a portion of the IMF bill which would cut off all credits to the poorest nations by imposing penalties on lenders to them.

Wallich and other speakers including Edward Brau of the International Monetary Fund, Devlin, and Olmer, praised the example of Mexico's compliance with the IMF at the cost of officially projected drastic increases in hunger for 30 per-

cent of an already impoverished population as the key evidence that their cartel's policies can be implemented.

The creditors' cartel plans, in cooperation with the International Monetary Fund, to convert existing Third World Debt into various negotiable assets to be controlled by the Swiss-led cartel. Examples of such "countertrade" arrangements cited by Commerce Undersecretary Olmer included "enabling the foreign borrower to pledge future export receipts to repay the loan; collateralizing loans with warehouse receipts of products actually shipped to the United States . . . allowing overdue payments for past imports or interest to be credited against purchases of goods in the debtor country, or against capital investments in the debtor country," and the "suggestion that the U.S. exchange agricultural goods for strategic materials."

Under the Commerce Department code phrase "insulate trade credits from financing difficulties," after the old debt is turned into assets to be seized, controlled levels of new credits are to be made available to guarantee that there can be a continuing transfer of resources from the Third World to sustain a "recovery" in the advanced sector. Wallich explained that recovery depended on the Third World maintaining a trade surplus with the advanced sector at the expense of continuing the "Mexican example" of agonizing reductions in consumption.

These "new credits" will actually not be credit, but go under the name of "countertrade," the polite term for forcing the Third World back into a feudal system of non-credit barter. Wallich and the IMF having stated that credit will be curtailed, the following five panels of the conference were devoted to countertrade. Testimony was heard from Crédit Suisse, the InterAmerican Development Bank, several Japanese trading companies, and Leo Welt, consultant on countertrade to the U.S. Ditchley banks on the future world barter system.

Christine Raemy-Dirks, speaking for Crédit Suisse's countertrade subsidiary Finanz AG Zürich, described the use of forfeiting, project financing, and countertrade barter. But in the end, she said, the only solution for the debtors is "hard work, intensified efforts to export, and a halt in the growth of consumption."

*From the Jan. 24 address in Washington, D.C. by Federal Reserve Board Governor Henry Wallich:*

. . . We are past the crisis phase and into the adjustment phase. . . . Nobody has repudiated, most have gone to the International Monetary Fund. . . .

When you see the problems that our country, the United States, is having in reducing its budget deficits, you can only lift your hats to the countries that are reducing their budget deficits at the behest of the IMF. They're going through real agony to attain some control over the problems that we don't know how to face up to at home. At the same time, I don't think we need have any great qualms about the hardships of

these countries. They're not imposed by the IMF. They're imposed by the fact that their countries have run out of money and credit. And if they didn't have the IMF, then exactly how would they be better off? They'd have somewhat less money, they'd have somewhat less credit, and somehow the facts would impose an adjustment which I think would be a good deal harsher than the conditions imposed by the IMF. . . .

Countries that you didn't think of as being very strong are beginning to develop a trade surplus. And, in some cases, we hear a country representative say, 'We have a trade surplus. That means we're making a resource transfer to the creditor.' Yes, the poor borrower is making a contribution to the creditor. Well, that's completely wrong. The answer is that the proper measure of a net resource transfer is not the trade balance, it is the current account. The country doesn't think that it is paying for services on debt as well as for goods. If it's paying interest, well, it's paying for the services of the capital that is, hopefully, working productively in the country. That is the proper measure, and hardly any developing country is in surplus, and shouldn't be in surplus. . . .

*From the Jan. 24 presentation by David Devlin of the Institute for International Finance (the Ditchley cartel):*

. . . Yesterday, we went 'on-line' with our country evaluation system. . . . This means that with a local phone call our members can access both historical data and our evaluations of 25 countries. . . . This is not as innocent, bland, and irrelevant as it might sound. . . . For instance, if we report that the 1984 Mexican ratio of budget deficit to GNP is 20 per cent, it means they have broken the conditions of the IMF agreement and everything falls apart. Fortunately, for Mexico, that is not the case, and Mexico is becoming a model of adjustment. . . . The Institute will also become involved with the financial advisory teams on rescheduling and new money. . . .



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# Will Ibero-America allow Kissinger to loot its national assets?

by Robyn Quijano

The 30 participating nations of the Latin American Economic Conference signed a final declaration on Jan. 14 that rejected the International Monetary Fund's depressionary "adjustments," and detailed a joint response to the crisis to assure that national survival takes precedence over usurious debt payments. Now the question the continent's leaders must face is whether they will be trapped into ceding their national sovereignty and physical assets to their creditors in exchange for being allowed to "survive."

Debt for equity—the shorthand for that process—is now the key issue, and despite important breakthroughs for joint action and continental integration, the Quito document failed to denounce this most ancient practice in the history of oligarchism and usury.

## The battle in Brazil

On Jan. 18, Brazil's *Gazeta Mercantil* ran a front-page article headlined, "Debts are Being Turned into Investments." This strategy, heretofore blacked out of the Brazilian press, was first exposed by *EIR* in September 1983, in articles widely circulated among political circles throughout the continent. *EIR* exposed the semi-secret meeting of Henry Kissinger and his banker friends in Vail, Colorado in late August, where the details of a "debt for equity" scheme to permit a top-down banking takeover of the Ibero-American economies was agreed upon. Now the story is all over Brazil.

The major creditors and the IMF want freedom from current national restrictions on foreign ownership of strategic sectors, so they can foreclose on Brazil's choice assets. The nodal point is the financial sector, in which foreign ownership and control is legally limited. Since 1980, the financial sector's hold on the international economy has mushroomed from 6 percent to 19 percent of GNP. With thousands of companies in various stages of takeover by their creditors, and the local banks in a vulnerable position, large foreign banks are especially interested in positioning themselves in the Brazilian money markets to pick up the pieces at bankruptcy auction prices.

Finance Minister Ernane Galvães is on record in favor of opening the door to more foreign banks, but the question is so hot that central bank head Celso Pastore refuses to commit

himself. Meanwhile, First National of Chicago has followed Morgan through the back door by buying 43 percent of a Brazilian investment bank. Switzerland's Brown Boveri is buying into a stockbrokerage while allowing its generator-building facilities to wither away.

To open up the financial market, some banks have fought to use debt-service payments which the Brazilian central bank has placed in blocked accounts for cruzeiro investments inside Brazil. Pastore claimed Jan. 6 that Brazil opposed this, but conceded that the decision was in Galvães's hands. On Jan. 17, however, Pastore said he was "happy" at the idea of foreign banks using the amortizations which are automatically deposited in blocked accounts at the central bank to snap up minority ownership of Brazilian private investment banks.

Gold is the Brazilian resource most avidly coveted by international oligarchs. Mining Minister Cesar Cals is eagerly promoting foreign joint gold ventures. Oppenheimer interests associated with former financial minister and current Citibank board member Mario Simonsen are among the most active investors. State companies such as Vale do Rio Doce are reportedly being forced to divest gold-mine sites found by their explorers in order to complete vital development projects whose funding has been wiped out by IMF conditions.

In Venezuela, the directorate of the Fedecamaras business association proposed in early January that the private sector be allowed to turn its debt obligations into equity holdings to be owned by their international creditors. Morgan Stanley has offered to purchase the entirety of Venezuela's gold reserves. The plan, submitted on Dec. 23, is being hotly debated. The proceeds would go to paying the debt.

Laws regulating foreign investments and repatriation of profits such as those in Article 24 of the Andean Pact and the nationalist investment laws of Mexico will have to be overturned in this process.

Hand in hand with the Kissinger equity grab goes the imposition of Friedmanite free-enterprise drug economies. The *Wall Street Journal* made this clear in a Jan. 27 editorial in which it attacks the "dirigism" of both right and left, and praises Peru's narcotics-fueled black economy as promoting "capitalist" liberty, honesty, and ingenuity.

For Latin American leaders, the debt question and national security are one and the same problem, as they declared at Quito. It is that concept which must dominate decision-making on the debt for equity invasion.

Venezuela's President-elect Jaime Lusinchi warned on Jan. 23 that because of his nation's geographic location in the Caribbean region, "Our creditors, especially the United States which calls itself the protector of democracy, had better understand that they must protect what is here clearly established."

The declaration of Quito underlines the same point:

We must "change the IMF conditionality criteria, since in the present situation, they could prejudice our stability and development. To enable countries to make the necessary internal adjustments imposed by the present world economic recession in a realistic way, the criteria should give greater importance to expanding production and employment, while taking full account of development priorities of countries and of the political and social limitations they face."

"In renegotiating foreign debt, income from exports should not be committed beyond reasonable levels that are compatible with the maintenance of adequate levels of domestic productive activity, taking into account each country's own characteristics."

"Formulas should be adopted to reduce debt service payments, through a drastic reduction of interest rates, commissions and service costs, which increase considerably the costs of refinancing."

The Reagan administration's response to the demands of Quito came as a "new initiative" in a speech by Undersecretary of Commerce Lionel Olmer, at the *Financial Times*'s "Beyond the Debt Crisis" conference on Jan. 24. Olmer backs the proposal to allow debtors to pay interest in national currencies designed to facilitate the equity grab (see preceding articles). The U.S. Commerce Department had previously claimed that a \$12 billion SDR fund would be set up to guarantee the reconversion of the blocked currency accounts.

A dangerous foot in the door for this approach was included in the Quito declaration's call for an increase in IMF resources and "issue of additional SDRs in sufficient quantity to fulfill international liquidity requirements and the payments difficulties of developing countries; transform the SDRs to the principal reserve asset."

## The common market

The Latin American Common Market, an important alternative to accepting the equity scheme, was agreed upon in Quito. The following mechanisms to promote intraregional trade were put into place:

"We agree that it is indispensable to perfect and expand the coverage of the systems of reciprocal payments and credits in the region."

"The following basic aims will be pursued: 1) a significant reduction in the use of convertible foreign exchange for

intraregional transactions of goods and services, 2) to design and implement financial mechanisms to facilitate trade within the region."

Energy-cooperation and food-security provisos backed up the defense capability of the continent: "We agree on the need to intensify cooperation to achieve regional energy self-sufficiency with technological autonomy. Toward such ends, the region's capacity to increase and diversify production and rationalize consumption should be strengthened in order to support its economic development, reduce its dependency on a limited number of energy sources, overcome its vulnerability to extraregional markets and increase the proportion of regional technology and capital goods in the production, transformation and distribution processes.

"The following actions will be taken to fulfill such objectives. . . . 3) increase and improve energy supply inside the region in order to reach optimal regional self-sufficiency levels and promote the expansion of reciprocal payments and credit covenants to include in them intraregional transactions of energy and petrochemical products. 4) promote new energy cooperation agreements and identify multinational energy products which would give impetus to integration among the region's countries. . . . 5) sponsor the creation of multinational Latin American oil fleets which utilize the shipping resources of the region. . . ."

In sum, the declaration of Quito accomplished several historic objectives. Representatives of 30 nations met on a very high level without U.S. participation for the first time. They agreed that "creditor nations, the international financial institutions, and international private banking institutions [must take] a corresponding attitude of co-assuming responsibility for solving the problem of foreign indebtedness, taking into account also its political and social implications."

A structure to provide technical assistance to all nations on renegotiating the debt was set up. This is not a debtors' cartel, but an institution that can provide backup for individual nations at the negotiating table. The Latin American Economic System (SELA) was mandated to be a continental resource for the study of joint projects, a joint currency, and to facilitate in general the workings of the Common Market.

The real achievements of Quito will be judged by how the debt-for-equity problem is handled; how quickly the new energy and food security projects will be functioning, and how successfully the Quito definition of the "rational" and "irrational" in debt renegotiations can be imposed.

The first test will be Ecuador itself, which at the end of January had a team in New York to renegotiate \$600 million in debt, and which is reportedly proposing 20 years' maturity with a four-year grace period. The new government of Venezuela has also announced its intention to improve its debt profile by negotiating a 20-year scale. What the debtors built at Quito will be tested in these cases. The bankers will also test the new continental dirigism, hoping to find the continent as easy to manipulate as it was during 1983.

## Colombia launches suit against Chase

*The trail of dead bodies lengthens as the Betancur government seeks to recover stolen millions.*

Colombia's Attorney General Carlos Jiménez Gómez emerged from special congressional hearings in Bogotá Jan. 20 to inform the press that his government was suing Chase Manhattan Bank to recover \$13.5 million which had been stolen last year from a central bank account at Chase's London branch. The decision came after a lengthy investigation on the Colombian side, and persistent refusal on Chase's part to acknowledge responsibility for the "electronic theft."

The millions had been illegally transferred from the Chase branch last spring into a hastily created account at Morgan Guaranty in New York, and from there to a numbered Swiss bank account. Further government investigations found that the millions had gone through both Lloyds of London and Israel's Banco Hapoalim, both in Zürich, and from there to an unnamed Panama bank. There, reportedly, the trail ended.

The Betancur government's pursuit of the suit, despite widespread warnings that such a move would be "meaningless" against the awesome financial and legal resources of the powerful bank, suggests a newfound determination emerging in Ibero-America to challenge the colonial looting practices of the international banks and their drug-trafficking appendages.

Chase Manhattan and the Rockefeller interests it represents have long been the enemy of republican tradi-

tions in Ibero-America. Through Henry Kissinger's chairmanship of Chase's international advisory board, Chase has worked hand-in-glove with the International Monetary Fund to impose murderous austerity conditions across the continent, paving the way for widespread cultivation of illegal drugs to pay the debt.

Chase has vied with the drug-tainted United Brands company, with whom it shares institutional ties, for the title of "*El Pulpo*" (The Octopus) among Ibero-Americans for its longstanding looting practices toward the continent. And Chase's imperial treatment of the developing sector has been fully complemented by the Malthusian Rockefeller Foundation, a leading funder of population control programs in the Third World for decades.

Despite Chase's denial of complicity in the "case of the missing millions," which reportedly involved high-level individuals within Colombia's central bank, at Chase's London branch, in the United States, and elsewhere, its legal representatives reportedly offered the Colombian government an \$8.5 million settlement under the table. The Betancur government responded "nothing doing," and continued its investigations.

The Chase scandal grew particularly nasty when it was learned that special investigator at the finance ministry Diego Domínguez Cortes, the man credited with uncovering the theft, had been murdered.

Domínguez, who had received numerous death threats, was killed in a "car accident" last month after an alleged drunken spree. According to his family, however, he neither smoked, drank, nor used drugs of any kind.

Though described as a devoted husband, he was reportedly accompanied at the time of his death by a "mistress" who had begun working at the ministry just two weeks earlier. She miraculously escaped unharmed in the accident. The round-the-clock bodyguards the ministry had assigned to Domínguez did not accompany him the day of his death.

On Jan. 24, the Senate committee investigating the Chase theft ordered the exhumation of Domínguez's hastily buried corpse for further tests.

Since then, it has been reported that another potential witness in the Chase scandal, former Banco de la Republica international executive Oscar Alviar Ramírez, has also turned up dead. Alviar, associated for 30 years with the Banco de la Republica before his 1981 retirement and an ongoing consultant at the central bank, was discovered dead in a hotel room with a bullet hole in his head in late January.

Attorney General Jiménez admitted in his press conference that the trail of the missing millions had for the moment turned cold, but that his government nonetheless intended to recover the missing \$13.5 million plus damages from Chase Manhattan.

The Betancur government's insistence on defending Colombia's national interests has enraged the international financial powers he is challenging (see *EIR*, Jan. 20 and Jan. 27). Sources have privately linked Betancur's recent toppling of the Gran Colombiano financial empire—the "Chase Manhattan" of Colombia—to the subsequent coup attempt by drug-tainted elements of the Colombian military in January.

## Ten gigawatts of nuclear power by 2000

*AEC chief Ramanna knocks down the "sacred cows" of India's anti-nuclear lobby.*

**D**r. Raja Ramanna, chairman of the Indian Atomic Energy Commission, launched a campaign for nuclear energy here in a two-part series of public lectures in mid-January, asserting that the exploitation of nuclear power was an "inevitable" necessity if India is to continue developing as a modern nation.

When he presented the latest cost comparison between nuclear and coal, showing that nuclear power is competitive, even at the pithead, he demolished the last "sacred cow" of the coal lobby, which has been a hefty block to more rapid nuclear development.

India's power plan calls for the installation of 10,000 MW of nuclear generating capacity by the year 2000, or 10 percent of the country's total electrical supply. Given the enormous logistical and environmental problems associated with thermal power generation—principally low-quality coal-based—and the natural limitations on hydroelectric generation in this power-starved country, nuclear energy is essential. With a population of 780 million and a growing industrial base, India presently has only 30 gigawatts of power.

Dr. Ramanna stated his aim to clear up the misunderstandings surrounding nuclear power in India. The Tarapur experience created confusion and opened the door for a range of spurious attacks on nuclear technology.

In fact, as Ramanna explained, India has mastered the complete nuclear technology fuel cycle quite effectively, in conformance with the long-term program chalked out by Dr. Homi

Bhabha and adopted by the post-Independence Nehru government. Based on India's limited uranium deposits and more abundant thorium, that strategy is to first use natural uranium with heavy-water reactors followed by fast breeder reactors, which in their second generation will use thorium fuel.

A fast breeder test reactor will be commissioned this year, and work is already under way on preliminary design of a prototype fast breeder reactor for commercial production. The Indian fast breeder will operate on a new kind of carbide fuel developed by Bhabha Atomic Research Center (BARC) scientists.

Difficulties with the Tarapur light-water reactor, Ramanna pointed out, have no bearing on the basic nuclear power program, which is not based on light-water reactors and the associated enriched fuel cycle. Tarapur has in any case been functioning well for many years, he noted, and now that BARC scientists have developed an alternative mixed-oxide fuel, any future cut-off of fuel supplies will not close the plant.

Tarapur's difficulties have been largely political, not technical. Ramanna delivered a searing denunciation of current controls on nuclear technology transfer, echoing Prime Minister Indira Gandhi's recent condemnation of the "bogey" of nuclear non-proliferation. Today, Ramanna explained, it is impossible for India to import even nuts and bolts for a nuclear plant! The point was underscored by an announcement a few days after Ramanna's talk: The U.S. International Trade Administration has moved

to shut down a Seattle company which has been exporting radiation-shielding glass windows to BARC for 20 years, on the grounds of "very significant nuclear proliferation concerns."

The most dramatic new information the AEC chief provided was documentation that at 1977 capital costs, nuclear and coal-based energy generation were comparable. A comparison of the cost of electricity from nuclear power, coal-fired thermal power at the pithead, and coal-fired thermal plants at 800 km from the pithead is striking—at 5, 5.3 and 6.2 cents per kilowatt hour respectively.

Investment in the nuclear program had already begun paying off, Ramanna said, and with the construction of more plants their cost and construction time would decrease. He put the 10,000-MW program's break-even point at the year 1996.

A measure of the government's determination to follow through with the nuclear power commitment was Ramanna's announcement that he would convene a February meeting in Madras of Indian industrial leaders to mobilize their involvement in the program. For the first time, they will be assured of repeat orders for reactors and components to justify their development costs. Current projections call for an additional 5,000 MW of power from existing 235-MW reactor designs, and the balance from 500-MW units now under design development—in all more than 30 units over the next two decades.

In concluding remarks, Dr. V. S. Arunachalam, the Secretary for Defense Research Development and Science Adviser to the Minister of Defense, recalled that India had missed the first industrial revolution because the country was not free, and warned that today's unfolding industrial revolution dare not be sacrificed.

## Moscow-Pretoria exposé widens

*For whatever reasons, the West German weekly Der Spiegel has blown part of the price-fixing story.*

Last week on this page I reviewed the evidence of Soviet-South African collaboration in the gold market; in parallel, the West German weekly *Der Spiegel*, something of an equivalent to *Newsweek*, published a similar story which I had the opportunity to review after filing. Whether *Der Spiegel's* sources are better than mine, I cannot tell; in any event, many believe that the Hamburg journal has intimate ties to Soviet intelligence, among other services. Its publisher, Rudolf Augstein, is in any event a leading advocate of German "neutrality" and reunification.

What *Der Spiegel* reports is well known to informed financial circles in Western Europe, if not to American newspaper readers, and certainly not to gold investors, many of whom appear to view South Africa as some sort of bastion of virtue. In truth, apart from the repugnance of Pretoria's racial policies, its strategic ties to the Russians should be a matter of concern for the West at large. It is striking, the extent to which these ties are coming to the surface.

I translate from the *Spiegel* report, which appeared in the Jan. 23 issue:

"In November of last year, the apartheid state had its first official exchange of diplomatic notes with the Soviet Union since the break of relations 27 years ago. And since then, all movements from the 'land of atheistic enslavement,' as Premier Pieter Willem Botha calls it, are painfully recorded.

"Foreign Minister Roelof Botha openly admitted the exchange of notes

with Moscow—at the height of the latest South African invasion of Angola last week, while Pretoria's soldiers were involved in heavy fighting with Cuban-supported and Soviet-armed Angolan troops.

"Afterward, South Africa declared that it would pull out of Angola. . . .

"In any event Moscow's note to Pretoria did not strike one as friendly; Soviet diplomats in the United States, according to Botha, had given over a document which emphatically cited Moscow's 1976 friendship treaty with Angola. . . .

"But despite the noisy reaction of the premier and some army officers to the note, the foreign ministry in Pretoria last week was not excluding 'some possibilities for rapprochement for Southern Africa.' . . .

"In fact, the Soviet Union and South Africa are the world's largest producers of gold, chromium, vanadium, manganese, platinum, and diamonds.

"That is good for profits, beyond political enmity. Thus the Soviets and South Africans meet regularly in the official Wozchod-Handelsbank in Zürich, to consult over the erratic movements of the gold market; the two countries control more than 80 percent of world sales.

"In the case of the precious metal platinum, the political arch-enemies cover 94 percent of world supply. . . . 'It can't be proven that there is price-fixing,' wrote the *International Herald Tribune*, 'but contacts contribute to orderly marketing.'

"Many threads are spun between South Africa and the Soviet Union in the glass-and-steel world of Johannesburg's high finance. In the west of the city are based the Anglo-American Corporation and its sister firm in the diamond industry, De Beers. Chairman of the board of the worldwide enterprise is Harry Oppenheimer. . . .

"Oppenheimer's intimate and former son-in-law Gordon Waddell was spotted in the Bolshoi Theater in Moscow, 'just passing through.'"

This refers to the first reports of Soviet-South African gold market discussions, revealed by *EIR* on July 20, 1980, months before our reports made their way to the *London Financial Times*.

Otherwise, the article reviews the familiar facts of Soviet diamond marketing through De Beers' sales monopoly, the Central Sales Organization (CSO).

"In the Soviet Union, the second-largest producer of jewel diamonds in the world, the capitalist management of the CSO is highly prized," reports *Spiegel*. "When the CSO conducts its sales of 'packets' of diamonds of different size and quality, mixed in are stones of Soviet origin.

"The economic ties of political opponents in southern Africa are entirely paradoxical, as in the case of Angola. The Luanda government is viewed as linked to Moscow, because it accepts help from the Soviets and Cuba in its fight against South Africa and the Unita guerillas. But one of the greatest sources of state revenues (after the American-managed oilfields in the north) depends on the sale of diamonds, through the South African CSO."

We permit readers to draw their own conclusions concerning the implications of such collaboration over the gold price during a period of financial turmoil.

# Business Briefs

## *Economic Policy*

### **LaRouche to address U.S. on financial crash**

*The following release by The LaRouche Campaign was made available to EIR Jan. 27.*

"According to ABC-TV, Democratic presidential candidate Lyndon H. LaRouche, Jr. has been assigned time for a half-hour nationwide address on Saturday afternoon, at 2:30 pm Eastern Standard Time, on Feb. 4.

"LaRouche will devote the half hour to the dangerous and worsening situation in the U.S. economy, and will present key facts which explain why "insider newsletters" circulating around New York's Wall Street are warning that a "big crash" may be coming long before the November 1984 election.

"He will also indicate how and why, the national emergency mobilization he proposed to a nationwide CBS-TV audience on Jan. 21 can stop the collapse before it happens. . . ."

## *Japan*

### **Nakasone sets priority on defense spending**

Japanese Prime Minister Nakasone declared that Japan is undergoing an important transition in its history and stated that the country's priorities must be to build up its defense and to take a larger role in international economic affairs. Nakasone was speaking before a convention of the ruling Liberal Democratic Party Jan. 25.

His priorities were reflected in the new budget presented by the government this month: the only increase in any category was a 6.5 percent increase in defense and a 9.7 increase in Overseas Development Aid.

Nakasone also reported that Japanese Foreign Minister Abe, who arrived in Washington Jan. 26, will bring up three things in talks with President Reagan: U.S.-China relations, the crisis on the Korean peninsula, and recent developments in In-

dochina. Abe will also carry a letter to President Reagan from Nakasone asking the U.S. President to work personally with Nakasone on the proposals that the two nations will bring to the meeting of heads of state of the OECD industrialized nations in London in May.

In a very unusual move, Nakasone announced that he will fight to keep the LDP presidency when the party holds its internal elections next year. By Japanese political custom, Nakasone would lose the premiership almost automatically due to the loss of LDP votes in the Dec. 18 elections. The president of the ruling party is assured of becoming the prime minister.

## *Ibero-America*

### **\$6.5 billion loaned after six-month delay**

While 250,000 people, backed by the opposition party governor, demonstrated Jan. 27 in the city of São Paulo for direct elections, Brazilian financial authorities and members of the IMF's mission were toasting the commitment by foreign bankers to loan Brazil \$6.5 billion. This loan, which took over six months to finalize, will not halt the deterioration of Brazil's situation.

The government and most of the right-wing military are opposed to direct elections. The government's party leader in the Chamber of Deputies, Nelson Marchezan, stated recently that the president must be appointed by a closed electoral college because the nation was not ready for direct elections. "Hitler introduced national socialism through elections," he said.

On Jan. 24, five thousand workers laid off from a large garment factory in Rio de Janeiro, who had not been paid since last August, staged a demonstration that disrupted the city. The Brazilian press reported that many did not have the money to buy food.

International Monetary Fund-imposed austerity is causing hideous conditions among the population of Northeast Brazil. According to studies done at the Federal

University of Pernambuco, rats fed on beans, corn meal, potatoes, and very little meat—the diet of the majority of the Northeast population—suffered from hereditary dwarfism. The study predicted that a race of dwarfs could be created in the Northeast.

## *Energy*

### **Nuclear power construction stopped**

Three U.S. nuclear projects were abandoned during the third week of January in the face of impossible cost burdens created by the Nuclear Regulatory Commission.

The latest shutdown was due to a decision by an Ohio utility consortium to immediately end all construction on its Zimmer plant in Moscow, Ohio, which is 97 percent complete.

The Zimmer plant is to be converted to a coal-burning facility. The decision was precipitated by an expected NRC demand that the utilities spend \$1.5 billion and delay completion for another two years in order to satisfy federal regulations.

The utilities have already laid out \$1.6 billion on the plant, which had an original budget of \$240 million and a target date for completion by the mid-1970s. The decision to convert it to coal is an ominous precedent for converting other nuclear plants in the future.

In a replay of the Washington Public Power Supply System (WPPSS) debacle of last year, on Jan. 20 Moody's Investor Service lowered the bond ratings of the involved utilities. This move not only forced the nuclear project to be abandoned, but has endangered the financial viability of the utility companies themselves and threatened the entire U.S. capital bond market. Two thousand workers at the nuclear plant site will immediately lose their jobs.

Commonwealth Edison was denied a license on Jan. 13 to operate its \$3.4 billion twin-reactor Byron plant at Rockford, Illinois because, according to the *New York Times*, "Federal regulators found widespread failure to assure the quality of con-



struction. The utility is one of the most competent in the field. Such stinging criticism of it casts doubt over the average level of management in the entire industry."

And on Jan. 16, the Public Service Company of Indiana abandoned its \$2.5 billion Marble Hill nuclear plant, which will result in a 65 percent reduction in dividends for investors and a 14 percent rate hike for customers to cover the loss.

### Central America

## Kissinger wants Hong Kong economy

The economic recommendations of the Kissinger Commission Report on Central America can be traced directly to the Carter administration's *Global 2000 Report*, which recommended policies that would cut world population growth by 2 billion persons by the year 2000. The projected goal of the recommended economic restructuring program is that "Central American economies might recover 1980 levels of per capita GNP by 1990... if the world recovery continues."

The Commission report calls for "restructuring" Central America's economies on the model of the British colonies, "Hong Kong, Singapore, and others." Private sector "initiative" must replace even minimal government direction as "engines for growth." United Brands Company—whose ships transport some 20 percent of the cocaine coming into the United States from Central America, according to Drug Enforcement Administration officials' private estimates in the late 1970s—was called a "model employer and model citizen" by the Commission. U.S. government monies are to support these "initiatives" through funding a "privately owned venture capital company," to be called the Central American Development Corporation, which could prove an "innovative way to promote investment in the region even under present difficult conditions" of civil war, they argue.

The report lays out a strategy for ridding the area of people in excess of those needed

to work the plantations. Labor should be employed in the production of "low- and medium-technology goods," the report states, and all aid should be channeled into "labor-intensive infrastructure and housing projects."

### Industry

## Will U.S. machine tools build Soviet weapons?

James Gray, president of the National Machine Tool Builders Association, told *EIR* the week of Jan. 23 that if the U.S. government refuses to grant relief to the industry on the basis of national security requirements, U.S. machine-tool manufacturers will begin selling to their one remaining viable market: the Soviet Union and the East bloc.

American tool makers are sending a top-level delegation to the Moscow machine exhibition in late March, Gray stated. "We'll spend a day at the show, then four days with their top people. They've cleared the best rooms at the International Hotel for us."

After the U.S. delegation visits the Soviet Union, the Russians will send their people to the United States "with shopping lists in their hands," Gray said.

The tool builders have petitioned the federal government for relief against a flood of imports. In 1983, 40 percent of all machine tools sold in the United States were imports. Over 50 percent of the most sophisticated machine tools are numerically controlled, and five axis tools are imported.

"Conditions are so bad that the conglomerates are selling their subsidiaries and the great names in machine tools like Warner & Swazey have closed down their American production and are sourcing from Japan, Italy, and other countries," Gray said. "If the government does not give us relief, the American machine-tool industry will be out of business in one year."

American companies have been going "offshore" because they can sell to the East bloc from there. Due to the collapse of the Western economies since 1979, the East bloc now constitutes half the total world market in machine tools.

## Briefly

● **MCGEORGE BUNDY** was in Washington, D.C. the week of Jan. 23 to lobby the Reagan administration to end its boycott of the International Institute of Applied Systems Analysis (IIASA), which he co-founded with Dzhermen Gvishiani, the son-in-law of the late Premier Aleksei Kosygin. The administration decided to boycott IIASA, which has headquarters outside Vienna, when it determined that the Soviets were using the institute to as an intelligence outpost. The U.S. government had been giving IIASA \$2 million per year.

● **THE WALL STREET Journal** featured both an op-ed by Friedmanite "analyst" Claudia Rosett and an editorial in its Jan. 27 issue urging the benefits of illegal economies—the drug-exporting sectors of Ibero-America. Rosett wrote: "In some areas, the informal economy even seems to be more efficient than the legal sector. The market test of this efficiency is the awesome amount of underground business carried on profitably. . . . In an ironic twist, honesty and integrity are especially important factors in underground business success. . . . The people of Peru have already chosen a market economy, without foreign interference and despite the hindrance of their own government."

● **GEORGE SHULTZ** "is definitely demanding stringent austerity for Israel," a Tel Aviv source told *EIR* Jan. 24. The *Jerusalem Post* of Jan. 22 reported that Shultz has put together an inter-agency task force from the U.S. State Department, Treasury, the Office of the Management and the Budget, and the Agency for International Development (AID), to work together with private American and Israeli economic experts to "review Israel's economic problems" and to "consider various remedial steps." The U.S. experts included two former chairmen of the President's Council of Economic Advisers, Paul McCracken and Herbert Stein, both advocates of IMF austerity policies.

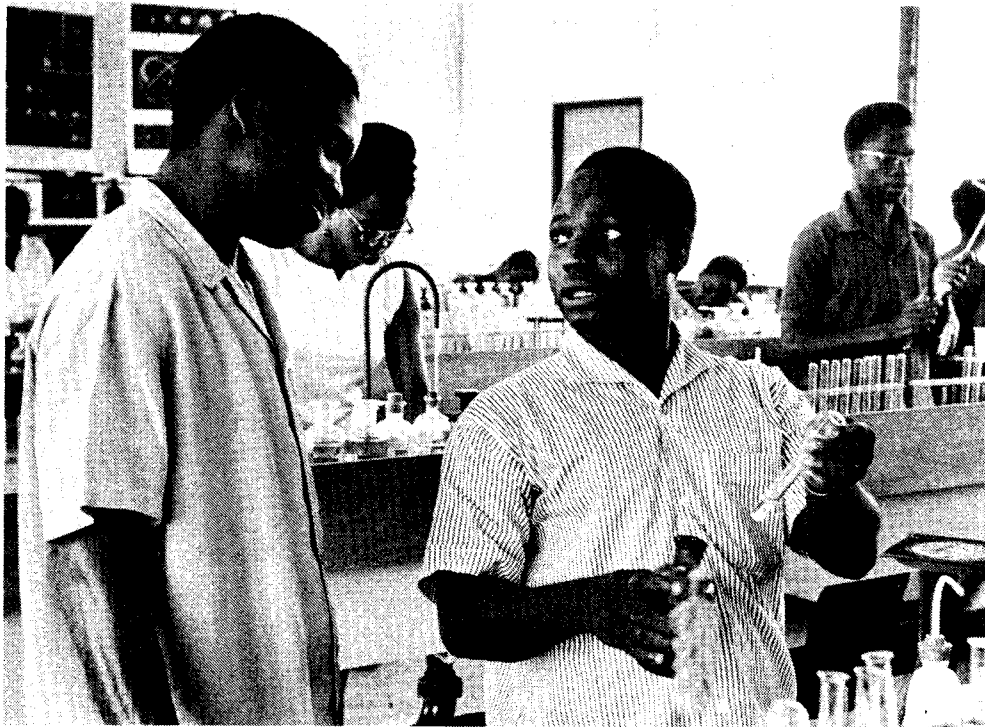
## Africa needs great agriculture projects

by Uwe Friesecke

*Uwe Friesecke, a member of the Executive Committee of the International Caucus of Labor Committees (ICLC), toured Egypt in October 1983 with a delegation from the Club of Life and the Fusion Energy Foundation. Upon his return, he presented to a conference of the ICLC in West Germany this report on the food crisis in Africa, and on Egypt's ambitious plans for large-scale development projects of the kind which can, with Western help, reverse the holocaust which is now under way throughout the continent.*

We are not threatened by a world food crisis—it is already upon us. Were this not true, then every human being in the world would have enough food to eat. Reality, however, is quite different—world agriculture does not produce enough to feed 4.7 billion people. And there is certainly no “over-production problem,” as some people in Europe and the United States would have us believe. Even the distribution of the supposed surpluses of the the European Community (EC) or of the United States could not alleviate the problem. There would still not be enough grain, meat, milk, eggs, and so forth to sufficiently nourish every child and adult in the world. What we actually have is an “under-production crisis,” and only cynical Club of Rome members speak of over-production, since for them the daily fate of billions of human beings in the developing sector means nothing whatsoever.

For normal, balanced nourishment, a person requires approximately 2,400 to 3,500 calories daily. According to a 1980 U.N. Food and Agriculture Organization (FAO) study, 2.26 billion human beings in the developing countries had no more than 2,180 calories available per day. Today more than half the world's population does not have enough to eat. Seventy-five percent of the world's population lives in the developing sector, and, in contradiction to the FAO study—which estimates the number of undernourished for 1990 as 500 million—there are already today approximately 1 billion who are constantly undernourished and who have less than the minimum daily requirements for life. The lack of foodstuffs is, for example, responsible for the fact that 40,000 children die each day, that is, 280,000 children



*Great projects for the development of Africa can reverse the catastrophe now hitting 22 nations. Shown is a laboratory at the Federal Advanced Teachers' College in Lagos, Nigeria.*  
United Nations

dead per week, 15 million per year. Whoever denies that we now have a food crisis is simply immoral.

But the situation will become much worse, for the level of agricultural production in recent years was relatively high in comparison with expectations for the near future. We have experienced the remarkable history of the success of American agriculture since 1946. Today an American farmer produces enough to feed 65 other human beings. The cooperative agricultural policy of the EC countries has considerably increased production in Europe, so that Europe has moved from being a net-importing country to the position where it can supply more and more agricultural products for the world market outside of Europe. India was also able to increase its agricultural production during the 1970s overcoming its food emergency, and Argentina and Australia are important producers for the world market.

Today we stand at the beginning of a dramatic collapse of world agricultural production. The most alarming sign of that is the decrease in world grain production. For 1983-84, a decrease of 6 percent has been estimated, down from 1.68 billion tons in 1982-83 to under 1.6 billion in 1983-84. The problem becomes even clearer when production per capita figures are considered. World grain production in 1970 amounted to 9 bushels per capita of the world's population; it increased to 9.7 bushels per capita in 1980 and to 10.1 in 1982. This year's harvest will drop, producing merely 9.4 bushels per capita. These figures are alarming because they indicate primarily a drop in production in the agriculturally developed nations; above all, it is the dramatic decrease in the United States which is responsible for the overall drop.

The United States produces 20 percent of the world's grain. U.S. grain production in 1983-84 will fall around 38 percent, to around 210 million tons in comparison to 339 million tons in 1982-83. The reason for this is not a "natural" catastrophe, but the criminally wrong agricultural and financial policies in that country. If this trend is not reversed, the food on our families' tables will gradually disappear by 1985-86.

### **Reversing the crisis**

Considering the technical capabilities which humanity possesses, this food crisis is completely unnecessary. We could without difficulty produce enough food for the entire developing sector. We must merely increase the number of arable acres under cultivation, and then use the successful methods of American agriculture on a broad scale in order to dramatically increase productivity per hectare and per man-year of agricultural workers in the developing sector. The worst crisis could be ended within a few years. Whoever denies that either understands nothing of agriculture or economics or consciously intends to do nothing to change the situation.

The possibilities for increases in productivity are shown clearly by comparison of data from the developed and developing sectors.

The developed sector has undergone a true technological revolution. Although similar progress has been made in a few regions of the Third World, the technological revolution has not been implemented in the Third World to anything like the extent it could have been, with the result that average productivity there has lagged behind that of the developed sector.

Between 1961-65 and 1978, the use of artificial fertilizer increased in the developed sector from 17 kilograms to 40 kilograms per hectare, while the increase in the developing sector was only from 2 to 9 kg. per hectare. The average amount of arable land per agricultural worker increased during the same time period in the developed sector from 5.5 to 8.9 hectares; in the developing sector, the figure decreased to 1.3. While productivity per unit increased threefold in North America and Europe between 1950 and 1980, it increased by only 50 percent in Ibero-America and was either stagnant or decreased in Africa.

The most dramatic contrast in productivity, however, is in agricultural manpower. In a man-year of agricultural work in the United States in 1980, 6,020 bushels of grain were produced; in Western Europe, 800 bushels; by contrast, in Ibero-America, only 98 bushels, and in Africa, only 22 bushels. Because of the generally worsening condition of the world agricultural situation, these trends have even worsened. For all products, there has been notable increases in the developed sector. Thus the yield of corn increased in the United States from 1.4 tons per hectare in 1930 to 1.7 in 1940, and to 4.3 in 1962 and finally to 7 in 1980. Milk production reached record heights. In the 1930s, a milk-producing cow in Germany gave approximately 3,000 liters of milk per year. By the 1950s, the yield had increased to 8,000. In the United States, the average producing cow was already giving 11,000 liters in the 1950s. Since then, breeding improvements have developed prime cows which can give between 40,000 and 50,000 liters per year. That is an amount per month greater than that of an entire year only 50 years before.

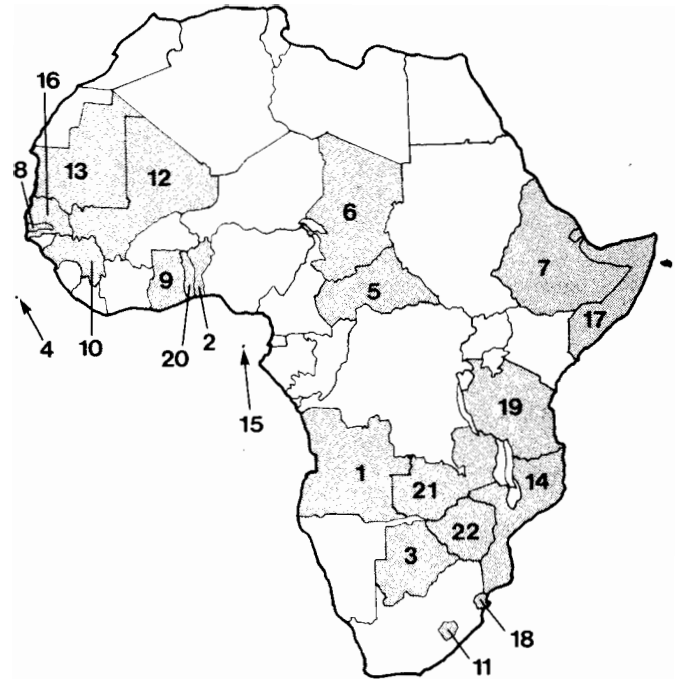
That the same results could be achieved in the Third World has been proved many times. For example, the yield of wheat increased in Sonora, the northern-most state of Mexico, from 2.5 tons per hectare to 5.1. In a demonstration project in Egypt in 1981, 5.5 tons per hectare were produced on 6,000 farms. The Third World, of course, has been denied the opportunity to introduce modern agricultural methods on a broad scale, and therefore the food situation in the Third World has not been significantly improved.

On the contrary: The developed sector has successfully *decoupled* itself from the Third World, leading to a growing disparity between the two sectors and an injustice that cries out to Heaven. Why should Africa, with a population approximately the same as Europe (380 million), but with six times as much arable land, only produce agriculturally one-third as much as Europe? Why should Africa or Ibero-America be damned to be eternally dependent on food supplies from the developed sector?

I will examine the African situation in more detail later. But Ibero-America is also confronted with a catastrophic food crisis. Forty percent of the Mexican population lives under the minimum nutritional level, having just enough to eat to barely stay alive. Bolivia, Peru, and Colombia are

Figure 1

## The Drought's Toll In 22 African Nations



Countries suffering from or threatened with food shortages approaching in severity the famine of 1973-74. Information about crop and weather conditions is from a report issued in June by the Food and Agriculture Organization of the United Nations.

Rinderpest is an acute infectious disease of cattle and other farm animals.

Source: United Nations Food and Agricultural Organization

facing similar crises, and the hunger revolts in Brazil are well known.

The FAO calculates an increase in the number of the undernourished to 590 million by 2000, and proposes that agricultural production be doubled by then so that the number can be reduced to 260 million. In light of the international agricultural crisis which is already upon us today, these FAO studies are completely incompetent and even absurd. The facts show a process of economic disintegration in the Third World which has already unleashed the four horsemen of the Apocalypse. In the developed sector, we have the beginnings of the destruction of agricultural and foodstuff production.

### Who is to blame?

If there is no "natural" cause, then what is responsible for

Country	Prevailing conditions in 1982-83	Major effects on agriculture
1 Angola	Continued drought from 1982.	Crop failures and shortages.
2 Benin	1983 rainy season delayed; rinderpest outbreak at borders.	Below-average crop yields expected; slowed maize planting; cattle losses.
3 Botswana	Rainfall at 50-60 percent of normal in central and southern areas.	Sharply reduced cereal yields expected for 1983; deterioration in livestock.
4 Cape Verde	Drought in 1982 crop season.	40 percent losses in yields in 1982.
5 Central African Republic	Extreme drought in 1983; electricity disruption.	Food shortages in several rural areas.
6 Chad	Severe drought in north for two consecutive years combined with civil war.	1982-83 food deficit of about 188,000 tons; disruption of food aid through Nigeria.
7 Ethiopia	Delayed rains, pervasive drought during 1982; military operations and influx of refugees.	3 million people affected; economic and food production activities severely reduced.
8 Gambia	Prolonged drought from 1982.	Irreversible crop damage.
9 Ghana	Below-average rain; brush fires; influx of settlers from Nigeria; rinderpest outbreak.	Staple cereal crop losses of about 260,000 tons; reduced crop area; livestock losses.
10 Guinea	Continued drought; mealybugs and other pests.	Irreversible crop damage, reduced yields.
11 Lesotho	Continued drought; seasonal rainfall about 50 percent of average; river flow down sharply.	1983 cereal production expected to be 25 percent of normal.
12 Mali	Below-average rain in 1982; low river levels.	Cereal production far below average.
13 Mauritania	1982 rainfall 40-80 percent below average; extremely low river levels.	1982 cereal production down about 40,000 tons; deterioration and losses of livestock.
14 Mozambique	Below-average rainfall since 1982; guerrilla activities disrupting agriculture.	Serious food shortages for 4 million in rural areas; deterioration and loss of livestock.
15 São Tomé	Continued drought from 1982.	Significant food shortages and crop damage.
16 Senegal	Below-average rain in 1982; low river level.	Localized drought affecting 270,000 people.
17 Somalia	Above-average 1982 crop production; late 1983 planting and rainfall; influx of 700,000 refugees.	1983 crop season delayed; crop outlook uncertain.
18 Swaziland	Continued drought; 1983 rainfall less than 50 percent of normal; severe water shortage.	Projected 1983 maize production at 40 percent of normal; cotton shortage.
19 Tanzania	1983 crop prospects average or better than 1982.	Persistence of rural food shortage.
20 Togo	Drought in 1982, delayed rains in 1983; prolonged winds causing brush fires.	1982 secondary maize crop failed; other crops damaged; 1983 outlook uncertain.
21 Zambia	Continued drought, especially in south; spread of infectious diseases.	Maize production above 1982 level but still below average; livestock losses.
22 Zimbabwe	Drought limited in 1982, country-wide in 1983; lack of irrigation water.	1983 maize crop cut; other crop failures; 50 percent drop expected in wheat crop.

the food crisis? The crisis was caused by incompetent and falsely conceived international economic policies in general, and in world agriculture in particular. The question, however, is not so much, what is responsible, but rather, *who* is to blame. U.S. Federal Reserve chairman Paul Volcker's high-interest rate and tight-credit measures, begun in 1979, have done most to bring about the crisis. Unless the world economic depression is stopped generally, the process of destruction of agriculture in the Third World is irreversible, since Third World agriculture depends on the maintenance of infrastructure, on the necessary increase of productivity, and on the rise and fall of world market prices. Productivity increases in agriculture are a function of the input of capital goods such as fertilizer, pesticides, tractors, and other equipment, as well as biological advances in the breeding of plant

and animal varieties. For virtually all Third World nations, those goods must be imported.

As a result of currency manipulations by the International Monetary Fund (IMF), the Bank for International Settlements (BIS), and the central banks connected with them, import prices of such means of production have increased tremendously in recent years. Simultaneously, the world-market price for important agricultural products, the principal source of export income for the Third World, has collapsed, thus precluding the possibility of financing the import of necessary agricultural supplies. During 1981-82, according to FAO figures, the world market price for agricultural products fell by 22 percent, the price for the agricultural products of the Third World by as much as 30 percent. Sugar presents the most dramatic example—the price fell to 6 cents

per pound, which is under the price of production. That is only one-fifth of the average price in 1980. The price for rice and corn are at the lowest level in 20 years.

As a result of reduced export income, the resulting austerity conditions and usurious debt payments, fewer and fewer means of payment for imports vital to sustain life are available. Brazil has, for example, drastically limited the import of fertilizer. Other countries such as India, Bangladesh, and Pakistan have reduced their subsidies for fertilizer. The IMF policy of forced depression and what the Council on Foreign Relations calls "controlled disintegration of the world economy" is causing the physical destruction of agricultural production in the Third World. The greatest damage is through the limitation of work or even through the closing of important agricultural research and development centers. An example is Mexico's Centro Investigaciones Agrícolas del Noroeste (CIANO) in Obregon, Sonora.

CIANO devoted itself to increasing productivity in wheat production. Improved wheat varieties were exported into all parts of the world and were responsible, for example, for doubled wheat production in Bangladesh. In 1982-83, CIANO had to accept serious budget reductions as a result of IMF austerity demands made on Mexico. CIANO laid off 54 of its workers, and experiments were reduced from 500 to 300 per year.

### The destruction of Western agriculture

In the United States, an agricultural crisis is beginning which threatens to be worse than that of the 1930s. Europe will shortly face a similar crisis. Until 1973, the American government maintained a 90 percent parity-price system. Under the presidency of Jimmy Carter, the destruction of this system began. Today, the average price is around 50 percent of parity. Farmers and ranchers can no longer expect a profit from expanded production, but are rather encouraged and even induced to decrease production.

The so-called Payment-In-Kind Program (PIK) is concerned with grain and milk production. The government pays \$10 for every 100 lbs. of milk which is *not* produced. That would allow American milk-producing herds to be reduced by 30 percent. For the first time in American history, production fell by approximately 20 percent within one year (1982-83); corn by around 50 percent, wheat by 14 percent, and soybeans by 40 percent. In addition, a large portion of the American farm sector is bankrupt. In this year alone, \$23 billion must be paid in interest, and bankruptcy of 20 percent of existing farms can be expected. Because of the special importance of American agriculture on the world market, this American collapse will prove disastrous for the food supply of the rest of the world.

In Western Europe, the widely successful common agricultural policy (CAP) of guaranteed prices is threatened by the financial bankruptcy of the EC. Exactly as in the United

States, wrong-headed conceptions of "over-production" are used to justify proposals for choking production by means of price reductions or quota systems. With the given level of indebtedness of European agricultural producers, measures to reduce production mean the destruction of numerous agricultural firms.

The world is in despair and starving while in the two regions where the necessary surpluses could be produced,

**Figure 2**  
**Basic indicators of African economies**  
**(south of Sahara only)**

	Population mid-1981	GNP per capita in dollars (1981)	Life expectancy at birth (years) 1981
<b>Low income economies</b>			
Ethiopia	32.0	140	46
Mali	6.9	190	45
Malawi	6.2	200	44
Zaire	29.8	210	50
Uganda	13.0	220	48
Burundi	4.2	230	45
Upper Volta	6.3	240	44
Rwanda	5.3	250	46
Somalia	4.4	280	39
Tanzania	19.1	280	52
Benin	3.6	320	50
Central African Republic	2.4	320	43
Sierra Leone	3.6	320	47
Madagascar	9.0	330	48
Niger	5.7	330	45
Mozambique	12.5	...	...
Sudan	19.2	380	47
Togo	2.7	380	48
Ghana	11.8	400	54
<b>Middle-income economies</b>			
Kenya	17.4	420	56
Senegal	5.9	430	44
Mauritania	1.6	460	44
Liberia	1.9	520	54
Lesotho	1.4	540	52
Zambia	5.8	600	51
Angola	7.8	...	42
Nigeria	87.6	870	49
Zimbabwe	7.2	870	55
Cameroon	8.7	880	50
Congo	1.7	1,110	60
Ivory Coast	8.5	1,200	47
<b>For comparison purposes:</b>			
United States	229.8	12,820	75

Source: World Bank, *World Development Report 1983*.

Table does not include countries with less than one million inhabitants.

production capacities in agriculture are being destroyed. That is the result of the stupidity and immorality of those responsible. To people such as the authors of the *Global 2000* blueprint for genocide in the American government, especially in the Department of Agriculture, and to the green friends of Sicco Mansholt in the European agricultural ministries, it is apparently not important that millions of human beings are dying miserably of starvation in the Third World.

The root of the evil lies in the increasing influence of the ideology of the zero-growth Club of Rome which proclaims the end of the possibility of progress, in those national and international institutions which are responsible for the planning and organization of agricultural policies and programs. If technological progress in agriculture is rejected, then the principles and methods which have yielded agriculture the most fruitful results in the last 150 years will be nullified and the result will be the collapse of agricultural production. The Club of Rome's warnings of the threatening world catastrophe are lies, because it is precisely the proposals of the Club of Rome which have brought about the crisis. Thus the Club of Rome warned, at its agriculture conference last September in Budapest entitled "The Means of Nourishment for Six Billion Human Beings," of a disaster by the year 2000, since even the United States cannot produce sufficient foodstuffs for its own population. As a solution, the Club of Rome proposed worldwide small-farm production and a strict cut-off of all infrastructure projects. But it is precisely this which will lead to disaster.

### **Food emergency in 22 African countries**

Proof of the coming Apocalypse is found by the Club of Rome today in Africa. There the lack of great infrastructure projects as well as the lack of technology and capital investment, combined with international austerity policies, has caused an apparently hopeless state of emergency in 22 countries. In that connection, the FAO presented a report in Rome on Oct. 19, 1983 entitled "International Alarm on the Emergency Food Situation in Selected Countries in Africa." The report is intended only for "official use" and is so horrifying that it was hardly referred to in the international press.

It concerns the following countries: 10 in West Africa (Benin, Gambia, Ghana, Guinea, the Cape Verde Islands, Mali, Mauretania, Senegal, Togo, and Chad); 2 in central Africa (Sao Tome e Principe and the Central African Republic); 3 in east Africa (Ethiopia, Somalia, and Tanzania); and 7 in south Africa (Angola, Botswana, Lesotho, Mozambique, Zambia, Swaziland, and Zimbabwe).

As in 1982-83, grain production in these countries decreased in 1983-84; 2 million tons, or 9 percent less, is expected. Additionally, these countries are less and less in the position to import needed grain; hence their food deficit is growing larger and larger. Along with the decreasing production of grain, there is the widespread death of agricultural

animals through diseases such as cattle plague or through lack of water and food. In Mozambique alone, for example, during the first months of 1983 over 100,000 cattle died, and 15,000 are now dying per month.

These 22 countries have a population of 137.4 million. Grain production for 1983-84 will be at 2.67 bushels or 101 kilograms per capita. The world average for 1983 was 9.4 bushels or 150 kilograms per capita. For West Africa, per capita production was 1.9 bushels or 70 kilograms; for Central Africa, only 1 bushel or 38 kilograms. A land such as Ghana with 11.8 million inhabitants had available from its own production during one year only 40.7 kilograms of grain per capita. This situation must be imagined in detail in order to get a real appreciation of the catastrophic situation in these African countries, a situation about which the international media are silent.

The FAO demanded in its report additional imports of 4.96 billion tons as food relief. This would increase the per capita amount to 3.6 bushels or 137 kilograms, still under the African average.

From this it is clear how cynically the international organizations of the United Nations operate. In their proposals, they do not even consider any fundamental changes in the horrible African food crisis. And the same is true of numerous humanitarian relief organizations. For them, the world food crisis cannot be overcome. The aid provided by these organizations can be wiped out with the stroke of a pen by the international financial and economic policies of the IMF and the central banks since, if the currency of one African country is decreased by 1 percent, more human beings die as the result of such a decision than Bread for the World and other such organizations can ever save.

### **Egypt's strategy for development**

At the beginning of October 1983, the Club of Life and the Fusion Energy Foundation had the opportunity, on invitation of the Egyptian government, to visit Cairo for discussions of the political and economic situation of that region. Along with conversations with government representatives, including cabinet members, the program included detailed information on Egyptian agriculture.

What was most impressive was the resolution of the government representatives to deal with the problems of their country with the most modern technological methods and with the introduction of every possibility for economic growth. Our report on the spread of the insane ideas of the Greens, for example, in Germany, was received with expressions of disbelief. The state secretary of the Egyptian ministry of agriculture expressed himself most clearly—he said that he could honestly not see, after the Egyptians had doubled their rice productivity, any limits to growth whatsoever. The Club of Life proposals for a New World Economic Order and for the development of infrastructure projects were positively

received. It was emphasized again and again these projects are the only feasible way out of the economic depression, both for the industrial nations and for the developing sector.

Egypt is the best example for the correctness of the Great Projects approach, since it has rejected any program of "appropriate" soft technologies and small-scale projects. On the one hand, Egypt has proved its capability for improving agricultural production; on the other hand, Egypt will slip into a social and agricultural crisis if great projects are not introduced. With a population of 45 million, the country imports 48 percent of all agricultural products; 75 percent of all wheat must be imported. Each year, Egypt spends \$4 billion for these imports. The population is growing by approximately 1 million per year, and will reach approximately 65 million by the year 2000. This will naturally increase the demand for foodstuffs considerably and increase the so-called gaps in food production. Average consumption of food in Egypt is at approximately 2,800 calories per capita per day. That is considerably more than in other countries in Africa, and is the result of a government policy which subsidizes the price for food and for the means of production. Their success is expressed most graphically in a rising birthrate and a declining deathrate.

The food subsidy system costs Egypt 1.1 billion Egyptian pounds per year. The IMF has demanded substantial cuts in this amount, a demand the government has thus far not given in to. Previously, the income from the Suez Canal, oil production, and tourism, and money sent back home by Egyptian workers abroad was sufficient to support these subsidies.

As a glance at a map shows, the limiting condition for Egypt is arable land. Only 3 percent of the total land in Egypt is available for cultivation—the Nile valley, the Delta, and some scattered oases. There are approximately 2.32 million hectares of arable land. Land development programs have been successful, but gains in agricultural land have been offset by losses to urbanization.

Conditions for agriculture in Egypt are ideal. All agriculturally used land is artificially irrigated, provided with water from the Nile. Climatic conditions are extremely favorable:

- There is no sudden rainfall or destructive storms;
- Temperatures are such that more than one crop can be produced per year;
- Solar radiation provides optimal conditions for photosynthesis; there are no clouds;
- Under these conditions, the potential for vertical expansion, the increase in productivity of land currently under cultivation, is estimated at approximately 200 percent.

The decisive question is, of course, horizontal expansion, since land presently under cultivation will sooner or later be maximally exploited and will not be able to support a growing population. Therefore, new land must be developed on a large scale, which cannot be done in the long run by means of small- or middle-scale projects such as, for example, the very successful project in El Sahilia, where we were person-

ally shown that corn, tomatoes, and many other products can be successfully grown in the middle of a desert.

Egypt needs the Great Project of a second Nile. What has been produced by the old Nile for thousands of years—a sector of productive land in the middle of a desert—must be replicated by means of the water reserves from the region of the Nile's origin in East Africa, by means of which Egypt's arable land can be increased in the long term by a factor of three or four. Only in that way can the individual land development programs be unified for a long-term solution.

Within the framework of the second Nile project, it is important that the infrastructure of the Sudan, which contains over a million hectares of arable land, be developed. With the proper capital-goods input, the Sudan can be made into the bread basket of Africa and Arabia.

### **The goal of world economic development**

A program for world agriculture which is to be taken seriously cannot merely consist of cynical calculations of what will reduce the number of victims of starvation in the world to a half million rather than a million or similar determinations. The only rational goal is to seek, as soon as possible, to produce and distribute enough food on a worldwide scale so that not a single human being goes hungry; that is, 4.7 billion human beings will have between 2,400 and 3,500 calories per capita per day, the equivalent in grain of approximately 16 bushels per capita per year. The goal must thus be to be able to immediately double grain production from approximately 1.6 billion tons immediately to 3 billion tons, in order to be able to keep in step with the growing population. Development and aid programs must either present means by which this can be reached or not be taken seriously.

Technically, this goal can be reached. Even the FAO concedes that far less than half of the potentially arable land is presently in use. In 90 of the countries of the Third World, only 750 million of approximately 1,850 hectares which could be considered for agricultural production are used—approximately 40 percent.

Cultivation of these gigantic new land areas can only be done through infrastructural projects which use the huge, unused amounts of water which pour into the oceans as water supplies. On every continent, there are possibilities for such projects, all of which have been extensively worked out. Today such projects are prevented by financial obstacles arising out of an unjust world economic system. Therefore, the primary goal must be to reform the world financial and economic systems along the lines of Lyndon H. LaRouche's 1982 *Operation Juárez* proposal, through which the conditions will be created for reviving the world economy, which will then provide the conditions for the realization of a realistic agricultural development program.

Either we will achieve such a wide-ranging solution, or the consequences of the worldwide crisis will endanger the foundations of world civilization.



# How the International Monetary Fund destroys African nation-states

by Mary Lalévee

Since their establishment with the 1944 Bretton Woods agreements, the sister institutions of the World Bank and the International Monetary Fund (IMF) have worked to prevent the emergence of industrial nation-states in the developing sector. By funding only small-scale labor-intensive projects or infrastructure to facilitate the export of raw materials and cash crops, the World Bank has played the key role in this sabotage. Since private banks and developed sector governments do not generally fund or provide loans for projects not approved by the World Bank, the World Bank has been able to prevent development of the infrastructural, industrial, and agricultural projects which would have allowed the developing sector to feed itself by now. Africa is merely the most extreme example of the outcome of this policy.

Without any assistance for real economic development, the African countries are forced to turn to the International

Monetary Fund for "quick fix" loans to try to keep their economies working. The IMF refuses any aid until the country agrees to a series of internal financial and budgetary policies demanded by the IMF, "conditionalities" calculated to further undermine the economy of the country in question. The end result is the mere shell of what was formerly a potential nation-state, which can only export raw materials and labor intensively-produced cash crops: precisely the colonial status that Africa has been struggling to leave behind.

The IMF and the World Bank annual meetings in Washington, Sept. 27-30 1983, heard pleas from African delegates for emergency aid from the two institutions. Zambian Prime Minister Nalumino Munida, speaking on behalf of the African group, called for a special emergency facility of \$2 billion to be set up, specially to aid low-income countries facing what are euphemistically called "severe adjustment problems." Far from responding to this call, the IMF decided to end the so-called "enlarged access program" which allowed countries to draw up to 150 percent of their quota in any one year, with borrowing now restricted to 102 percent of quota.

The fact that the African delegates were anxious for more loans from the IMF, and that many hoped that the United States Congress would pass the IMF bill (as it subsequently did on Nov. 18, 1983) could give the impression that the IMF and the World Bank are actually helping impoverished African nations overcome their financial difficulties. But the only reason African governments turn to the IMF and World Bank, and accept conditionalities which violate their sovereignty, is that there are simply no other sources of credit available for them. All loans from private banks or elsewhere are made dependent on the country bowing to IMF dictates, which usually consist of a recipe of devaluation of the currency, cutting imports, reducing or cutting subsidies on food, and keeping wage increases down. A diplomat from Madagascar commented bitterly that "The IMF does not keep you alive, but it prevents you from dying," in that a trickle of loans would come in, but at a terribly high price: the further reduction of the living standard of the population, when income per capita has already been falling constantly over the last ten years. At the 1982 annual meeting of the IMF, one African delegate commented to the *African Economic Digest* on the IMF: "They are like a quack doctor; they insist you keep on

**Figure 3**  
**The IMF loans to Africa**

Country	(millions of SDRs)	
	1981-82	1983
South Africa	—	364.00
Guinea	—	25.00
Ivory Coast	484.50	—
Kenya	161.88	175.95
Liberia	55.00	—
Madagascar	72.80	—
Malawi	22.00	—
Mali	30.38	—
Mauritius Islands	30.00	49.50
Uganda	—	112.50
Central African Rep.	—	18.00
Senegal	63.00	47.20
Somalia	60.00	—
Sudan	198.00	170.00
Togo	—	21.37
Uganda	112.50	—
Zaire	912.00	—
Zambia	800.00	211.50
Zimbabwe	—	300.00
<b>World Total</b>	—	<b>9,253.65</b>

taking the potion, even if it kills the patient.”

Devaluation of African currencies, especially vis-à-vis the U.S. dollar, has the following effects: increase in the price of imports, i.e., an “automatic” reduction of imports, given foreign exchange shortages in these countries, and an increase in the debt and debt service, as Africa’s debt is to a large extent denominated in dollars. The supposed benefit of reducing the price of Africa’s exports is meaningless, given the recession internationally. Prices paid for Africa’s exports of agricultural products have slumped disastrously over the last five years.

A Zairean source commented, “The IMF does not seem to care about the effects of the conditionalities on the population, and only cares about the interests of the banks which lent money.” Indeed, the effects of further reducing the living standard of Africans can only mean mass famine. Of the total number of 50 African countries, 22 are now facing what the U.N. Food and Agriculture Organization (FAO) in Rome is describing as “Food Emergencies.”

The FAO reports that the food supply position in many countries in Africa deteriorated sharply during 1982-1983, and that the prospects for 1983-1984 are even worse. Drought, in some cases now in its third year, insect pests, cattle plague, and floods of refugees have led to severe food shortages. Even before this, the average African had less access to food than ten years ago, and average dietary standards were below nutritional requirements. Lack of investment in infrastructure has led to breakdowns in internal transport networks, with cases in Zaire of roads and railways no longer being maintained by the central government due to lack of funds, and areas of the interior being cut off altogether from the capital.

On a continent where life expectancy is on average 20 years less than in the industrialized sector, ranging from 37 to 55 years, to implement “severe adjustment programs” means genocide. We present here selected case studies of the effects of the International Monetary Fund’s program in Africa.

### **Nigeria: the story behind the coup**

The Dec. 31 military coup in Nigeria was the result of an attempt to check the chaos and potential unrest resulting from the collapse of the Nigerian economy. Nigeria, America’s largest trading partner in Africa, depends on oil for over 90 percent of its foreign exchange, and 80 percent of government revenues. In 1979 Nigeria, Africa’s most heavily populated country with around 100 million people, had a budget surplus of \$2.25 billion. As a result of the collapse of Western economies, by 1983 Nigeria had a \$6 billion deficit. In the same period, Nigeria’s foreign exchange reserves went from over \$6 billion to less than \$1 billion. Reserves have now reportedly declined to less than three weeks’ worth of imports. Imports in 1983 are likely to be reduced to half their 1981 level. Nigeria had been especially targeted for financial warfare since it is considered the weak link in OPEC. Be-

cause of its large population and its development needs, it could be most easily forced to break the OPEC price structure in an attempt to pump more oil.

Nigeria’s debt is only around \$15 billion. However, its short-term trade debt is estimated to be over \$5 billion by some Western banking sources cited in the financial press, which has led to a cut-off in trade credits. With its economy grinding to a halt, Nigeria is now seeking loans to pay this trade debt. However, Western financial circles have made clear that these loans will not come through until Nigeria agrees to the IMF conditionalities.

Nigeria’s ability to straighten out its economy thus hinges on its efforts to negotiate a \$2 billion-plus loan from the IMF. Nigerian negotiations with the IMF are now slated for mid-February. Attempts by the previous Nigerian government of President Shagari to arrange this loan were met with IMF insistence that Nigeria devalue its currency, the naira. Nigeria’s resistance to this has led to private banks and Western governments stalling on a Nigerian request for loans, and the re-scheduling of its short-term commercial debt. European and American banks agreed to the rescheduling of a \$2 billion loan to reschedule some of this trade debt, also dependent on acceptance on IMF conditions.

The Shagari government had refused to accept IMF demands for devaluation, a policy President Shagari re-stated in an interview with the *International Herald Tribune* on Nov. 15, 1983, where he said, “I don’t see what we will gain by devaluation in Nigeria.” He said he was “hopeful” that there would be an agreement with the IMF soon.

An expert in Paris pointed out the political nature of the IMF demands on Nigeria. “The depreciation of the naira which has been allowed to happen by the government is not seen as enough by the IMF. Everyone thought that after the elections, Nigeria would get the credit of \$2 billion; instead, the IMF is delaying. Devaluation of the currency would in any case not help Nigeria. It would not stimulate exports, as Nigeria’s oil is anyway priced in U.S. dollars, it would only mean an increase in Nigeria’s debt, and debt service, which is denominated in dollars.”

Nigeria’s total debt is officially \$14 billion, and the balance of payments deficit on Jan. 1, 1983 was \$3.9 billion. According to World Bank sources, total interest paid by Nigeria on short-, medium-, and long-term loans in 1983 was \$872 million.

Nigeria has cut back investments in major infrastructure projects. In 1982, the \$2.3 billion plan to build a standard gauge railway to the new steel plant at Ajaokuta was shelved, leaving the steel plant virtually inaccessible. In 1983, the government announced that import licenses would be needed for certain goods, in an effort to reduce foreign exchange outflow. Import restrictions introduced in April 1982 and extended in January 1983 cut imports from a monthly average of \$1.6 billion in the first half of 1982 to \$800 million in August 1983. This led to widespread shortages of imported

Figure 4

### Some examples: Nigeria, Zaire, Sudan, Zimbabwe, Zambia, and Ghana External public debt and debt service ratios

Country	External public debt outstanding and disbursed				Debt service as percentage of:	
	Millions of dollars		As percentage of GNP		GNP	Exports
	1970	1981	1970	1981	1970/1981	1970/1981
Zaire	311	3,960	17.6	77.0	1.2/4.1	4.4/NA
Sudan	319	4,807	15.8	59.3	1.7/1.0	10.7/5.0
Ghana	489	979	22.6	4.0	1.1/0.3	5.0/9.1
Zambia	623	2,294	37.0	73.1	3.5/9.4	5.9/24.0
Nigeria	480	4,652	4.7	6.5	0.5/1.2	4.1/4.6
Zimbabwe	233	880	15.7	13.8	0.6/1.1	NA/4.4
<b>For comparison purposes:</b>						
Brazil	3,236	43,821	7.1	16.0	0.9/3.1	12.5/31.9

Source: World Bank. NA—Not available.

#### Exports (in billions of U.S. dollars)

Country	1978	1979	1980	1981	1982
Nigeria	10.538	17.584	26.527	19.512	16.374
Zaire	.925	1.323	1.632	.662	.569
Sudan	.518	.535	.543	.658	.499
Zambia	.844	1.376	1.403	1.055	1.059
Zimbabwe	NA	NA	NA	NA	NA
Ghana	1.093	1.041	1.257	1.063	.873

#### Imports (in billions of U.S. dollars)

Country	1978	1979	1980	1981	1982
Nigeria	12.821	10.231	16.635	20.915	14.389
Zaire	.589	.597	.835	.668	.480
Sudan	1.194	1.110	1.576	1.511	1.285
Zambia	.730	.906	1.308	1.256	.998
Zimbabwe	NA	NA	NA	NA	NA
Ghana	.989	.894	1.057	1.106	.705

Source: International Monetary Fund, *International Financial Statistics*, October 1983.

goods, and very sharp price increases for many basic commodities, such as rice, flour, soap, and detergents. The Nigerian government has also agreed in principle with another IMF demand: selling off its holdings in companies, such as Nigeria Airways. Expansion of the steel industry—essential for infrastructure development—will be cut back.

#### Zaire: 400 percent inflation

Since 1975, when Zaire first began negotiations to re-schedule its external debts, the IMF has ripped national sovereignty to shreds. The IMF's conditionalities included the order that the Zairean government accept IMF representatives in key posts, such as at the central bank and in the finance ministry, and Belgian customs officials have even taken over customs duties.

Zaire's long and arduous efforts to meet all the demands of the IMF over the last ten years have ruined whatever was

left of Zaire's economy. The standard IMF recipe of devaluation, import restrictions, and keeping wage increases down has devastated the economy, leading to a situation described by a Zairean diplomat in Europe in the following terms: "The IMF forces African governments, not just Zaire, to take 'anti-social' measures, like devaluations, promising 'aid,' if you can call it aid, which by no means matches the disruption caused by these measures." He described the effects of the recent 400 percent devaluation of the zaire, stressing that the price increases in food, clothing and oil would mean disaster. "Salaries have only risen by 40 percent, and some prices by 400 percent, and that means a tremendous reduction in the purchasing power of the population. There is nothing positive in the devaluation; it only increases social unrest."

The diplomat gave some examples: "People in Zaire travel by shared taxis, but now that the oil price has risen 300 percent, people have to walk. A taxi ride which used to cost

5 zaires now costs 15-25. Many families have cut out breakfast—they just cannot pay for the food. Parents cannot buy school uniforms for their children. Internally, infrastructure is collapsing as the government cannot pay for manpower to maintain roads, rail and river transport. Some areas are totally cut off from the capital.”

Asked how people survive in this situation, he said that everyone in paid employment “supports between 10 and 15 people outside his immediate family of children, parents, brothers and sisters”—between 20 and 30 altogether.

There are now two rates of exchange. The official rate, at 26 zaires to the dollar, compared to 6 zaires before devaluation, is for priority transactions such as the repayment of foreign debt. Other transactions are to be done at the “floating” market rate, which opened at 29 zaires to the dollar.

In 1979, the IMF launched a “stabilization program” involving rescheduling of its then \$4.9 billion external debt, loans of \$1.2 billion and a program of public investment. However, faced with social unrest, the Zairean government was unable to implement the drastic measures demanded by the IMF, and Zaire only received one installment of the IMF cash, in July 1980, of about a fifth of the originally scheduled sum. The program was officially suspended at the end of 1981.

In May 1983, an IMF team visited Kinshasa to study Zaire’s efforts to conform to the latest IMF stabilization pro-

gram, holding out the promise of a new SDR 228 million (\$247 million) standby agreement. The IMF is expected to approve a \$350 million standby facility, repayable after 15 months. The loan will be used to pay back a \$20 million bridge loan, settle interest arrears on the commercial foreign debt, and pay foreign airlines and finance imports.

### Sudan: development projects canceled

Sudan, the largest country in Africa, and the continent’s potential bread basket, remains one of its least developed countries. Sudan has roughly 200 million feddans (1 feddan = 1.039 acres) of arable land with either adequate rainfall or easy access to water, provided irrigation projects were undertaken. But as of 1977, despite once ambitious plans for such projects, only about 15 million feddans, 8 percent of the arable land, was under cultivation, and only about 2 percent irrigated. Thus, although 80 percent of the population is engaged in agriculture, they produce only 40 percent of the nation’s gross national product.

In 1978 the IMF imposed conditionalities that included cancellation of key development projects. The Saudis, who had professed interest in Sudan’s development as a bread basket, supported the IMF, and Sudan had no choice but to swallow the IMF conditions for the three-year loan. In June 1981 the IMF suspended pay-out of the loan, claiming that Sudan had not stuck to the conditions. This was followed by

Figure 5

### World agricultural acreage and grain output, by region 1980

Region	Tot. Ag. Land Avail. (Mil. of Acres) <sup>1</sup>	Tot. Acreage in Prod. (Mil. of Acres)	Tot. Acreage in Prod. of Grain (Mil. of Acres)	Yield per Acre for Grain (Bu/Acre) <sup>2</sup>	Workforce in Ag.	Workforce in Grain <sup>3</sup>	Yield of Grain (Bu/Man-Year)	Grain Output of Region (per Capita)
U.S.A. and Canada	2,734	1,225	224	56	2,747,000	1,373,000	9,059	49
European Community	317	250	71	71	8,393,000	4,197,000	1,200	19
Non-European Community, W. Europe	366	161	42	48	6,168,000	3,084,000	655	20
Eastern Europe and Soviet Siberia	4,030	1,647	362	29	38,402,000	26,881,000	393	28
Latin America	4,243	1,735	123	29	38,996,000	24,177,000	147	10
Africa	4,104	2,385	180	16	114,245,000	85,683,000	33	6
Middle East	691	575	67	24	20,549,000	17,467,000	92	12
Asian Subcontinent	903	693	324	23	217,355,000	195,619,000	39	8
Southeast Asia	823	226	108	35	83,649,000	75,284,000	51	10
Taiwan, Japan, South Korea	97	19	12	64	12,284,000	8,599,000	90	5
Oceania	1,640	1,266	39	18	2,108,000	1,476,000	467	30
China and North Korea	1,449	1,102	243	47	280,426,000	260,796,000	44	11
World	21,397	11,284	1,794	35	827,325,000	704,636,000	88	14

Source: U.N.F.A.O. Production Yearbook, 1981

**NOTES:**

1. Total land available consists of arable land, permanent cropland, pasture land, and forest.
2. 55 pounds = 1 bushel
3. Workforce in grain based on estimates.

devaluations and elimination of subsidies, which ultimately led to "IMF riots" in Khartoum, the capital. The IMF and World Bank are now pressing Sudan to increase its cotton production for export, which would make Sudan little more than a cash-crop colonial plantation. The price of Sudan's main export crop, cotton, fell 14 percent during 1982.

The disastrous economic conditions are providing fertile ground in the Muslim north for Muslim Brotherhood fundamentalist subversion, and separatist rebel activity in the non-Muslim south, threatening the unity of the country.

### **Zambia: hit by drought**

The fall in copper prices in the mid-1970s led to economic problems for Zambia, and severe austerity measures have been implemented over the last five years. In early 1978, an IMF program was agreed to, whereby in exchange for devaluation and cuts in subsidies, the IMF would provide a \$390 million credit and reschedule an earlier loan. The measures led to shortages of basic commodities such as salt, cooking oil, soap, and flour, but also to shortages of urgently needed maize imports.

Talks in 1981 led to another agreement with the IMF, which was then suspended "because of difficulties in meeting program targets," although the government implemented a program including the reduction of consumer goods subsidies, leading to an increase in food prices. The price of maize meal, the staple diet, rose between 30 and 50 percent in the first half of 1981.

In 1982, a one year stand-by agreement of SDR211.5 million was reached, but this was only on the condition of a devaluation. In 1983, a standby loan of some \$400 million was granted in exchange for yet another stringent austerity program, including 20 percent devaluation, cuts in food subsidies, a 10 percent wage ceiling and an end to price controls on most commodities.

Zambia is one of the 22 African countries now facing a severe food shortage, with drought affecting large areas of the country for a second consecutive year, according to the FAO. Marketed production of maize this year is estimated at 540,000 tons, 180,000 tons less than requirements.

### **Zimbabwe: capitulation to the IMF**

"The IMF has rewritten the rules to govern the economy for the next 12 months"—that is how one source described the situation in Zimbabwe. Prime Minister Robert Mugabe submitted to IMF pressures and devalued the currency by 20 percent in December 1982, despite strong domestic opposition. The Zimbabwe currency depreciated by 4-5 percent against the U.S. dollar.

The IMF is now demanding a reduction in the current account deficit and the balance of payments deficit, that wage increases be held down, and that the currency be further devalued. Imports are being curtailed, leading to shortages

of spare parts and new machinery.

The IMF measures will increase the economic difficulties of the country. The FAO reports that food and cash crop output has been seriously affected in 1983 by the worst drought on record. This is the second consecutive year of drought. Maize production is estimated at about 1 million tons, less than half that of a normal year. Wheat production has been affected by a shortage of irrigation water in dams, and output is expected to fall by 50 percent. One hundred thousand cattle have already perished, and this figure is expected to rise.

### **Ghana: severe food shortages**

Ghana's economic situation is deteriorating, with the threat of famine and increased IMF pressures for greater austerity. The FAO reports that there are "severe shortages of cereals and other food staples" in Ghana, due to drought and uncontrollable bush fires, with the situation aggravated by a large influx of returnees from Nigeria. Normal cereal production is 600,000 tons, but during 1982-83 production was reduced to 497,000 tons. The outlook for 1983-84 is poor, with output expected to be about 480,000 tons.

Ghana has experienced a decline in exports, imports, investment and production during the last ten years. In the period 1976-1982, Ghana's consumer price index increased by more than thirty-two fold. Food prices have reached astronomical levels with one yam, sufficient for one family meal, costing around two weeks wages (C200) for the ordinary laborer.

The government took IMF-style measures in 1982 and again in 1983. Ghana's March 1983 budget was along the lines demanded by the IMF, and a 750 percent surcharge was imposed on imported raw materials. Consumer prices rose, and the budget was described as "anti-people, a killer, callous and inhuman" by a trade-unionist quoted in *African Business*, July 1983. There were already severe shortages of essential goods in 1982, especially rice, soap, sugar, milk, and cooking oil. At that time, the IMF was demanding removal of all subsidies, dismantling of the public sector, removal of price controls, and easing of transfer of foreign payments.

In exchange for the "killer" budget, the IMF agreed to to a standby agreement equivalent to 150 per cent of Ghana's quota.

On Oct. 11, 1983, this policy was thrown out and the currency (the cedi) was devalued by over 90 percent as demanded by the IMF and World Bank, ending the system of import surcharges.

Like many African countries, the fall in commodity prices has been a major reason for Ghana's economic problems. The price of Ghana's main export crop, cocoa, accounting for 70 percent of the country's foreign exchange earnings, has fallen from a peak of \$2.60 a pound in 1977 to about 70 cents a pound. Oil imports absorb up to 60 percent of export earnings.

# FAO report underplays Africa's real food-supply requirements

by Cynthia Parsons

The United Nations Food and Agricultural Organization (FAO) issued in October 1983 an "international alert" on the food crisis facing 22 African countries. "In the absence of urgent and concerted action by the international community, many of the countries reviewed face the prospect of starvation and widespread human suffering," the report warned.

Yet the FAO's "alert" was contained in a "restricted-

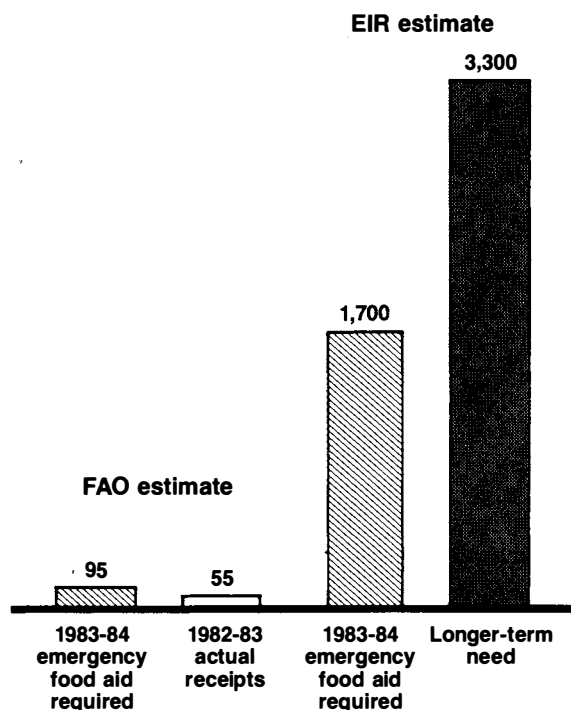
circulation" document and received scant international attention. Furthermore, the recommendations contained in the study are totally inadequate to deal with the problem which, as *EIR's* calculations show, is far more severe than the FAO admits. Our investigation also shows that the remedies to deal with the food crisis on an emergency basis are close at hand, and the situation is by no means so hopeless as the FAO, the Club of Rome, and other prophets of doom believe.

The first installment of the FAO task force report, issued in June 1983, declared that "This crisis threatens to assume even more dramatic proportions than that which ravaged the Sahelian countries, in 1973 and 1974. . . . Actually, it is not only the countries of the Sahel which are threatened but also other countries in Western Africa and exceptionally, southern Africa, which is normally a surplus area but which now has a considerable food deficit. . . . It is now clear, however, that part of the estimated import requirement will not be met." Most of the affected countries have "little or no reserve stocks and limited financial means to replenish them," the report pointed out.

Five months later, an updated report was issued under the title "International Alert on the Emergency Food Supply Situation of Selected African Countries." Mr. Saouma, Director-General of the FAO, said of the task force's report: "It causes great concern, as the situation has continued to deteriorate due to a combination of factors. The situation is critical in at least 22 countries where food production and resources are unable to meet the essential minimum requirements." He warned of "mass human suffering and economic loss of livestock" unless aid was forthcoming.

The FAO concluded that the 22 most-needy African countries in 1982-83 required 160 million bushels of food imports and received 66 million; they required 95 million bushels of outright food aid and received 55 million. The disparity for 1983-84 is expected to be greater still. Food production for these countries dropped 25 percent during the past two years, as a result of drought, floods, and epidemics among livestock. Food production is now lower than it was

**Figure 6**  
**Emergency food aid requirements**  
**for the 22 worst-off African countries**  
(million bushels)



**Figure 7**  
**The 22 African countries needing emergency food**

Country	Pop'n (Mil.)	1981 Cereal Prod. (1,000 t.)	Per Cap. (bushels)	1982 est. Cereal Prod. (1,000 t.)	Percent change 1981-82	1983 est. Cereal Prod. (1,000 t.)	Percent change 1982-3
<b>Five most affected countries</b>							
Chad (43)*	4.5	539	4.7	496	-7.9	490	-1.2
Ghana (54)	11.8	509	1.7	497	-1.9	480	-3.4
Sao Tome	0.9	1	0.4	1		1	
Ethiopia (46)	32.0	5,649	7.0	5,562	-1.5	5,800	+4.2
Mozam.	12.5	490	1.5	468	-4.4	330	-29.4
Benin (50)**	3.6	459	5.0	NA		NA	
Cape Verde	0.4	3	0.04	5	+6.6	10	
Gambia	0.6	102	6.8	110	+0.7	85	+22.7
Guinea (43)	5.6	338	2.4	330	-2.3	300	-9.0
Mali (45)	6.9	1,198	6.9	926	-22.9	950	+2.5
Mauritan. (44)	1.6	78	2.0	20	-74.3	10	-50.0
Senegal (44)	5.9	884	6.0	730	-17.4	400	-45.2
Togo (48)	2.7	293	4.3	298	+1.7	270	-9.3
C.A. Rep. (43)	2.4	98	1.6	105	+7.1	95	-9.5
Somalia (39)	4.4	369	3.3	390	+5.6	300	-23.0
Tanzania (52)	19.1	1,316	2.8	1,388	+5.4	1,450	+4.4
Angola (42)	7.8	331	1.7	323	-2.4	350	+8.3
Botswana	0.9	60	2.6	17	-71.6	14	-17.6
Lesotho (52)	1.4	166	4.7	135	-18.6	52	-61.5
Swaziland	0.6	100	7.1	69	-31.0	45	-34.8
Zambia (51)	5.8	1,123	7.7	923	-17.8	1,058	+14.6
Zimbabwe (55)	7.2	3,365	18.6	2,290	-31.9	1,385	-39.5
<b>Total</b>	<b>138.6</b>	<b>17,010</b>	<b>4.9</b>	<b>15,083</b>		<b>13,875</b>	<b>-8.0</b>

\*Numbers in parentheses indicate life expectancy.

\*\*Benin included because of the livestock problems.

NA—not available.

during the 1960s.

What the FAO leaves out of account are the real per-capita food requirements of a human being—not merely the pittance of rice required to fend off starvation for another month or two. In fact the per-capita consumption levels in many of the 22 cited African countries are below those of the death camps of Nazi Germany (Figure 7).

To sustain the human body with a balanced diet requires at least 24 bushels of grain per year, calculated on the basis of direct consumption as well as the use of grain to feed livestock and poultry. The world average per capita grain consumption is a low 13.5 bushels per year; the average in the 22 worst-off African countries is 5.0 bushels—down from the 1980 level of 6.0 bushels. Mauritania's consumption is 0.2 bushels per capita; Mozambique's is 0.9; Angola and Ghana and the Central African Republic are at 1.5. Zimbabwe and Zambia, the two most agriculturally productive

countries on the continent, are in the 7 bushel per capita range.

Thus the real need of the 138 million people living in the 22 worst-off African countries is at least 1.7 billion bushels of direct emergency aid (Figure 6). In a second phase, 3.3 billion bushels of grain would be required, which would allow the replenishing of livestock herds.

Where is this grain to come from? The emergency aid could come immediately from U.S. reserve stocks, even though the collapse of U.S. farming has driven these from the 6 billion bushel level to an all-time low of 2.6 billion bushels—still more than adequate to prevent an entire continent from starving. The only way that the needs of the second phase of aid could be met would be for U.S. agriculture to receive the credit necessary to start producing again, scrapping the Payment-In-Kind (PIK) program and other incentives to farmers *not* to produce.

## Soviet Navy moves to rule the Mediterranean

by Fiorella Operto

On Jan. 18, the Italian defense minister announced that two powerful Soviet naval units had entered the Mediterranean to reinforce the already considerable Soviet naval presence there, the deployment involved the first nuclear-powered Kirov-class cruiser armed with long-range SS-12 missiles and an Udaloj-class guided-missile destroyer.<sup>1</sup>

According to Italian military sources, the two units were deployed to the central Mediterranean, into a position suitable to interrupt at any moment the supply lines of the U.S. Sixth Fleet stationed near Beirut. In question are special units which reportedly operate in combination with underwater units and long-range aerial divisions which would have as their primary task attacking NATO trade routes and countering the American nuclear task force.

Information in our possession reveals that the air cover for these two units is supplied by the air forces of Algeria and Libya, two countries which, although they are not part of the Warsaw Pact, have military accords with the Pact—which supplies them with quantities of planes—and have air forces which can be justified only as the cover for Soviet naval operations in the central or western Mediterranean.

An important facet of this strategic picture is the fact that the Mahgreb region of northern Africa, the region of Algeria, Libya, Tunisia, and Morocco, is currently being hit by violent riots in which the economy-wrecking policies of the International Monetary Fund are playing right into the hands of Nazi-Communist Muslim Fundamentalist insurrectionary groups backed by the Soviet Union (article, p. 33).

Is a showdown being readied in the Mediterranean? There are many signs which indicate such, not the least of which is

the threat of Iranian kamikaze planes in Lebanon against the U.S. fleet and the ultimatum for the withdrawal of the Euro-missiles stationed at Comiso (Sicily), demanded of Italy by the Libyan government and reiterated by Libyan Prime Minister Jalloud in Damascus. Therefore the threats proffered by Gromyko in Stockholm (see p. 35) were not just words; the Soviets, emboldened by their strategic superiority, are seeking a show of force in coming weeks.

### How they caught up to U.S. naval superiority

Until today, the air and naval superiority given by the U.S. Sixth Fleet in the Mediterranean could be considered unopposed; unlike what had occurred in the nuclear strategic field and in the field of conventional forces in Europe, where the U.S.S.R. accumulated about a 3 to 1 advantage, the superiority of the Sixth Fleet had not been called into question. Today, we can say that this superiority of the NATO allied forces in the Mediterranean is not only threatened, but has been overcome thanks to an intense development, accelerated particularly in the last decade, by the Soviet fleet in the Mediterranean, both in quality and quantity.

The Soviets have managed to get out of the impasse they faced after the decision of Egyptian President Sadat in July 1972 to close Egypt's ports to Soviet ships, ports that from 1968 had been the principal Soviet bases in the Mediterranean.

Through the creation of new ports in Libya and Algeria, the acquisition of a refueling capability and the ability to ride at anchor in deep waters throughout the Mediterranean (a capability only the Soviet navy has) that navy has overcome the disadvantage of being far away from its fleet's home



bases. Hence the Soviet military squad in the Mediterranean of the (Sovmedron) is endowed with a very high number of auxiliary ships (which carry fuel supplies, spare parts, etc.). It is certain that a large part of the Soviet merchant marine is actually made up of ships which have military tasks even though they are presented formally as being commercial. Therefore, we must observe attentively every Soviet port and commercial base, such as those in Greece and Malta, where there is no distinction between commercial ports and military resupply bases.

### **The Soviet naval buildup in the Mediterranean**

The Soviet fleet has gone from 1,500 ship-days in 1964, with a daily average of units in the Mediterranean of 5 warships, to 17,000 ship-days in 1980, with an average presence of about 50 units, at least 12 being submarines armed with nuclear missiles.

The Soviet naval air force deploys, in addition to the old Tu-16s (Badgers), modern Tu-22-M bombers (Backfire bombers), armed with long-range air-to-surface missiles (AS-4, AS-6).<sup>2</sup>

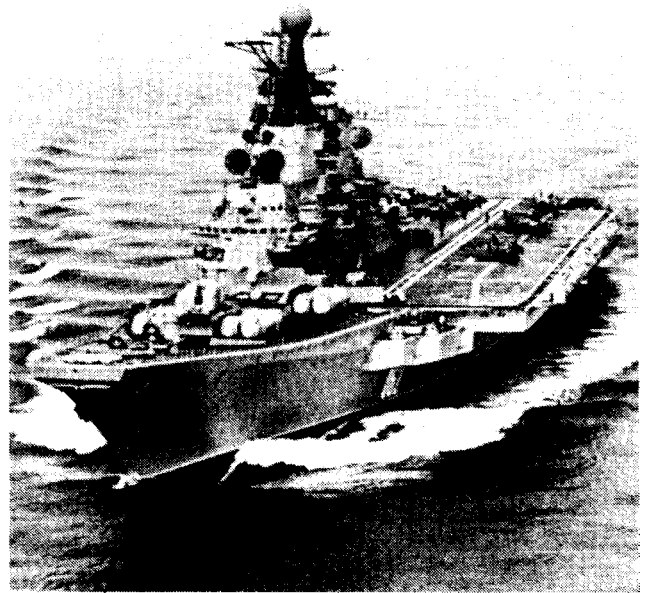
The Backfire bombers, which take off from the Black Sea fleet in the Crimea, can cover the entire Mediterranean basin and the totality of Italian territory, and could be used to hit land targets, as well as in support of naval battles.<sup>3</sup>

In the case of need, the Soviet naval units which are normally deployed in the Mediterranean can be reinforced by the units of the Black Sea fleet. In 1973, coinciding with the Arab-Israeli conflict, the Sovmedron reached almost 100 units, acquiring for the first time naval superiority in the Mediterranean.

Historically, the Soviet fleet has been building up at least since 1956, the year in which Admiral Sergei Gorshkov, who is still in command today, was named commander-in-chief of the navy. The Soviet navy was built up as a weapon able to sustain and win a war which would be nuclear and global from the first moment of combat.

The principal task of the Soviet navy was not that of battling the enemy fleet to acquire air-naval supremacy, according to the model of the Second World War; however, there are subsidiary tasks:

1) Carrying a missile offensive to the enemy territory by means of ballistic-missile submarines which, according to 1981 figures, number 155 worldwide, 85 armed with SLBMs, and 70 with cruise missiles. The majority of these are deployed in the Atlantic and the Pacific, whereas at least three to four are in the Mediterranean (cruise). At the same time, the Soviet navy is set up on a war footing against NATO nuclear missile-armed submarines. Admiral Gorshkov, in an article, "Navy in War and Peace," of 1972, sang hosannas to the quality of the airplanes used for antisubmarine warfare (ASW), both for reconnaissance and attack duties. The Soviet decision to give particular emphasis to ASW, in planning their first aircraft carrier for both fixed-wing and variable-



*The aircraft carrier Kiev, part of the vast increase in Soviet military capability in the Mediterranean*

wing aircraft, the *Kiev*, seems to sufficiently prove a general predisposition to that type of warfare.<sup>4</sup>

2) Projecting itself at the flanks and behind the lines of the enemy in linkage with the mass of the armored and mechanized forces which advance frontally, in atomic, biological, and chemical (ABC) warfare saturated environments, is a second important capability being acquired by the Soviet fleet beyond the above-cited primary task. An indication of this capability is the development of Soviet Special Forces (landing forces or VDV) which, in the words of Marshal Sokolovskii, have "the task of missions such as the capture and occupation or destruction of nuclear bases, air bases, naval bases and other important enemy targets in depth inside the theatres of military operations" in a nuclear environment.

The Soviet landing troops move in strict coordination with the advancing major units of the army, especially as far as aerial, missile and artillery support is concerned.

The latter development has raised the greatest perplexity among Western experts who, considering the lack of aircraft carriers in the Soviet navy, have raised the question that the Soviets might, before developing landing troops, supply themselves with similar aircraft carriers for countering the adversary threat. The fact that this argument is raised indicates, we think, a gap in understanding the buildup and the lines of growth of the Soviet navy by the Western strategists.

The Soviet navy, in confronting the threat of the NATO naval forces, can count on the Soviet deployment of nuclear land based SS-20 missiles, both in the U.S.S.R. and in satellite countries. A small part of those SS-20s has the capacity, in terms of precision targeting and power, of sweeping away

in a few minutes the principal units of the U.S. Sixth Fleet in the Mediterranean, without the latter being able to stop it. In particular, the SS-20s can be utilized for anti-submarine warfare, thus aiding Soviet submarine units against U.S. submarines with nuclear missiles, not only in the Mediterranean, but also in the North Sea, the Baltic Sea, the Red Sea, and the Persian Gulf.

The use of Soviet land-based SS-20 missiles in the naval theatre was implicitly revealed in the September 1983 issue of *Armed Forces Journal International* by analysts Samuel Cohen and Joseph Douglass. They wrote that when the deployment is completed there will be between 2,000 and 5,000 nuclear warheads of 150 kilotons. Since there are not enough worthwhile targets per warhead of that type in Europe, before assuming that the warheads are directed against every single infantry battalion, one should consider more significant objectives, among them American submarines and the U.S. Sixth Fleet in the Mediterranean. These are all targets within the radius of accuracy of the SS-20s, which is known to be about 100 meters.

In this context, it is more understandable why the Soviet navy in the Mediterranean developed aircraft-bearing cruisers and now amphibious assault forces before developing large aircraft carriers. According to 1982 data, such forces consisted of five brigades of naval infantry, for a total of 17,000 men, a fleet of amphibious units made up of 34 ships, of which 26 are also suited for ocean going operations, 35 LCU (landing craft utility) and 56 hovercraft. The lack of large aircraft carriers would be covered by the entry into service of large-capacity amphibious units and ships fitted for refueling on the high seas. Of the former, the leader is that of the Ivan Rogov class (14,000 tons, transport capacity of 700 men with all their weapons and combat vehicles). Besides, the entry into service of the first logistical units of the squad of the Berezin class (36,000 tons) notably improved the possibility of logistical support to maintain overseas operations of long duration.

Soviet experts suggest that, in wartime, limited landings in the framework of special operations could be included among the objectives of the naval infantry: the conquest of islands and limited areas, and critical coastal positions; functioning in general as an advanced point in a broader amphibious operation against an enemy port or naval base—operations in which a more or less rapid linkup with large units of the army would be foreseen.

### ***Mare nostrum or mare russicum?***

While the Soviet maneuvers in the Mediterranean are ominous enough in themselves, informed sources in the U.S. estimate that they are for Europe and the Middle East a diversion from more dangerous moves on the northern flank of NATO and in the Pacific. The Soviet naval presence in the Mediterranean has represented the key test for its deployment beyond the coasts of the Soviet home-land and its neighbor-

ing seas. The Mediterranean and the Indian Ocean have been the touchstones for the buildup of capabilities and qualities of the Soviet navy as a whole, such as maintenance and resupply in the open sea, landing troops, and collateral activities, not only military but political-military. Let us recall in particular the growing control of countries like Syria, Libya, Algeria, and the island of Malta.

Specifically, as General Annoni<sup>5</sup> points out, Libya has mainly been resupplied by the Soviet Union with 400 fighter planes—355 of them are fighter-bombers and interceptors, among which there are 123 MiG-23s and 50 MiG-25s. These warplanes easily reach the central Mediterranean and cover all of Southern Italy. In its imposing rearmament program—completely out of proportion to the needs of the population of only 4 million—Libya has already equipped 16 big air bases with protected and armored shelters for airplanes and repair shops. The presence of about 2,000 Soviet advisers has been counted, and the MiG crews are made up only of Soviets. Moreover, there are about 12 missile bases in Libya for Soviet SS-12s, with a range capable of covering all of Italy and with the capability of carrying nuclear warheads.

Another nation, Algeria, has about 300 fighter planes (slightly more than Italy) with a notable presence of MiG-23s and MiG-25s; here, too, there are numerous armored air bases, and the presence of Soviet advisers is estimated at around a thousand.

In particular, these Libyan and Algerian bases can be considered bases of refueling and rearmament for airplanes which take off from Eastern Europe, complete their missions in the Mediterranean, land and get refueled at these bases, and take off again for other missions or to return to their home base.

Hence the Mediterranean, far from being still the *mare nostrum*, is becoming more and more a base for unopposed global Soviet operations.

*Fiorella Operto is the secretary-general of the European Labor Party (Partito Operaio Europeo) of Italy, and led the party's campaign in the 1983 parliamentary elections as the "American party" of Italy, supporting President Reagan's beam-weapons defense policy. Months before Reagan had enunciated his new strategic doctrine, in December 1982, Operto became known in the Italian press and media as the leading Italian political advocate of such defense when she put it forward in the keynote address to a Milan conference on Italy's greatest scientist Leonardo da Vinci, detonating what newspapers described as a political bombshell.*

### **Notes**

1. *Interarma*, Agenzia, N. 1, 1984, p. 13.
2. Maurizio Cremasco, "Situazione internazionale nell'area del mediterraneo e problematica del modello del difesa italiano," *ISTRID*, 1982, Roma.
3. *Idem*.
4. R. Verna, "Le Forze Speciali Sovietiche," in *Rivista Militare*, July-August, 1983.
5. E. Annoni, *La difesa aerea*, ISTRID, 1982.

# International mafia gangs up with the Soviet Union against Morocco

by Thierry Lalevée

Weeks after Tunisia was torn by riots against increased food prices, Morocco has been faced since Jan. 9 with nationwide riots organized in opposition to the increase of basic commodity prices. Implemented at the beginning of the year, these measures were part of the austerity package that the International Monetary Fund (IMF) and the consortium of international banks controlling Morocco's foreign debts had ordered before it would consider agreeing to reschedule the debts and extend new loans. Only the decision of King Hassan on Jan. 22 to rescind these measures has allowed the restoration of law and order.

Coming so close after riots in Tunisia, the riots in Morocco have raised many questions. Foremost is the economic issue which confronts not only the North African states but the entire continent—whose agriculture, depleted by the lending policies of the World Bank and IMF (see Special Report), has been hit in recent years by a severe drought which has killed thousands of cattle and provoked mass famine in many areas.

In that context, the role of the IMF is to be called into question. For whom is the IMF really working?

Cutting basic commodity subsidies and raising the prices of such basic products as bread was guaranteed to provoke mass anger, and only a decisive break with IMF conditionalities by the Tunisian and Moroccan governments prevented these countries from falling into sheer chaos.

What is still not understood in the West is that continued support for the IMF by the U.S. administration will hand the entire developing sector over to the Soviets and their satraps. Indeed, the destabilization of the northern African states of Tunisia, Morocco, and—next—Algeria would open the entire continent for destabilization. Egypt, Sudan, Nigeria and many other countries would follow in a matter of months.

## The mafia at work

The Soviets took preliminary advantage of the opening provided to them by the IMF.

Though the Moroccan population's rage against austerity was genuine, there is evidence that the violence was organized by networks outside Morocco, under Soviet control.

The situation has been particularly acute in northern Morocco in the Rif region, where intelligence sources report that

a para-military separatist and Islamic-fundamentalist group has been formed.

According to the same sources, members of such groups were sent to Lebanon in November and December 1983 for military training by the Iranian controlled Shi'ite organization, Al Amal. From Beirut and its base in Paris, Al Amal has been directing the operations of these groups inside Morocco over the last few weeks. In the field, agents from Libya and Iran have been seen in operation.

These movements have been on the receiving end of a continuous flow of arms, smuggled into Morocco via the Spanish cities of Ceuta and Mellila, known for years as key international centers of drug smuggling. Morocco's northern region, the Rif, has been for decades if not centuries the center of production of the local black hashish called *kif*. Associated with such production over decades has been the buildup of separatist tendencies mobilized by the international drug mafia.

King Hassan of Morocco recently decided to sign an agreement with the American government to eradicate the production of *kif*, and transform the region into an agricultural area. Moroccan intelligence says it has proof that the Islamic-fundamentalist networks have been heavily financed by this international mafia, which wanted to get back at Hassan.

That mafia is joining hands with Islamic fundamentalist networks deployed by the Soviets from Teheran and Tripoli. And it is reported that former Algerian President Ahmed Ben Bella, a key figure in the resurgent Nazi International run out of Switzerland by banker François Genoud, has been coordinating the Northern African deployment of the Iranians and the Libyans, following a late-December 1983 visit to Tripoli, where he received some \$6 million from Muammar Qaddafi.

To intervene into the Moroccan situation, Ben Bella is using networks based in the southern Spanish region of Andalusia, especially the cities of Cordoba and Grenada. Over the past year an "Association for the Return of Islam" to Spain was created in the region. It advocates an independent "Islamic Republic of Andalusia."

Financed by the Libyans, as well as Saudi-based fanatics such as Ali Kittani of the "Islamic Solidarity Fund," the association has been protected by the mayor of Cordoba,

Anguitar, a Central Committee member of the Spanish Communist Party who was acclaimed at the last party congress as the "Red Caliph." In 1982, Anguitar decided to transform Cordoba's cathedral Santa Clara into a mosque at the request of Ali Kittani—a decision cancelled after much protest by the Roman Catholic population. More important has been Anguitar's sponsorship of the association in repeated trips to Moscow to attend "peace conferences" organized by Russian Orthodox Church's Patriarch Pimen.

In the same vein, Anguitar has frequently welcomed Ahmed Ben Bella and the ex-communist convert to Islam, Roger Garaudy to Cordoba. There is little doubt that Cordoba has become a key connecting center between Islamic fundamentalist networks and Soviet intelligence. Financing has also come from private Spanish businessmen.

According to Spanish sources, the Soviet aim is not merely to give the Northern African states the "Iran treatment," but to weaken NATO's southern flank by creating a crisis between Morocco and Spain. This could be done over the issue of Ceuta and Mellila, two Spanish cities within Moroccan territory which have been kept under Spanish sovereignty pending a solution to the problem of the British base of Gibraltar on Spanish soil.

Though a *modus vivendi* has since long been found between Rabat and Madrid over that issue, there is the fear that Soviet-controlled Islamic-fundamentalist or separatist groups could stage a military provocation against these towns to launch the two countries into a confrontation. The Libyans have been very active in propaganda on the issue. A confrontation would have immediate effects on the Spanish internal situation and serious consequences on NATO's southern flank at a moment of a Soviet war buildup, including in the Mediterranean.

Alongside their naval deployment in the Mediterranean off the coasts of these countries (see article, page 30), the Soviets have recently devoted interesting military and diplomatic efforts to these countries.

In Morocco, the U.S.S.R. has had the opportunity to build up its on-the-ground presence, and its economic leverage, by means of the personnel sent there to work on a \$2 billion phosphate mining, processing, and shipping project being carried out with Soviet assistance. In December 1983, a new Soviet ambassador arrived in Morocco: Malik Fazylov, originally a party figure in Soviet Kazakhstan and one of the top Soviet diplomats of Muslim origin—who are customarily posted in countries targeted for Soviet destabilization and asset-building.

A high-ranking military delegation under Chief of Staff Marshal Nikolai Ogarkov paid a visit to Algeria in December. Earlier in 1983, Rear Admiral Selivanov dropped in on the Tunisian defense minister with a party of warships. And in November, Central Committee official Karen Brutents, an old hand in Soviet liaisons with parties, grouplets and terrorists in the Middle East, attended a congress of the Moroccan Communist Party.

## Andropov tells Reagan:

by Rachel Douglas

Timed for the day of President Reagan's State of the Union message, the Moscow daily *Pravda* published a statement on Jan. 25 in the name of party chief and head of state Yuri Andropov, who has still not been seen in public since last August. Saying that the Reagan administration "bears full responsibility" for the international crisis, Andropov addressed the United States in an ultimatum-like tone. "Before it is too late," he wrote, "the United States and NATO should display readiness to return to the situation that had existed before the commencement of the deployment of the Pershing IIs and cruise missiles." Only then might the U.S.S.R. show up at the negotiating table again, since it opposes "conducting talks for the sake of talks."

The statement included a denunciation of "the arms race in outer space," Moscow's shorthand for Reagan's anti-missile defense policy of March 23, 1983, which the Kremlin is doing everything conceivable to sabotage.

This was spelled out much more explicitly in an interview given to the Italian newspaper *La Repubblica* by Andropov's righthand man for U.S. affairs, Georgi Arbatov. In his professorial guise as head of Moscow's U.S.A.-Canada Institute, Central Committee member Arbatov handles many contacts with American politicians. His aim in the Jan. 25 interview was to equate Reagan's beam-weapons defense policy with the abandonment of Europe by the United States—a giant lie. The truth is that beam-weapon defenses for NATO are the organizing focus for people in Europe who are mobilizing to stop the so-called decoupling of Western Europe from NATO.

Henry Kissinger said in Brussels recently that the United States would not defend Western Europe in case of attack. Arbatov took the cue: "If you follow the European discussions, you hear that the U.S. does not intend to sacrifice itself for Europe, and to exchange Rome for Chicago." This means, according to Arbatov, that nuclear deterrence no longer works and there are two alternatives: "The first is to manifest a capacity to fight and win a war. . . . One example for such an orientation is Star Wars"—the derogatory name for the beam-weapons policy. Alluding to the picture painted by Henry Kissinger, West German Foreign Minister Hans-Dietrich Genscher, and Ambassador Arthur Burns of a "Fortress America" protected behind a shield of beam weapons, while Europe is sent to hell, Arbatov lied that "Star Wars" would mean for Europe to be the battlefield of "limited nuclear war."

The other road offered by Arbatov is collective security

# 'capitulate, then talk'

for all of Europe, including the Soviet Union. Arbatov said that Moscow is ready to "talk" to the Europeans, but not to Reagan: "I also believe that public opinion in Western Europe, though refusing to admit it, agrees on the fact that their main ally, the United States, has a very extremist government, deprived of any experience, and led by provincial ideologists who try to make policy on a strange basis, to say the least."

Some Western European leaders now feel "encouraged" by this Soviet tactic aimed at making them turn their backs on Washington and initiate an "independent dialogue" with Moscow. French President François Mitterrand, an observer in Sweden noted, would like to receive a special invitation to go to Moscow. British Prime Minister Margaret Thatcher has made it clear that if U.S.-Soviet contacts like the meeting of foreign ministers Gromyko and Shultz in Stockholm the week of Jan. 16 fail to produce anything, she would welcome Gromyko in London.

## Gromyko's performance in Stockholm

Soviet Foreign Minister Andrei Gromyko had stormed into a European security conference in Stockholm to deliver a diatribe against the Reagan administration and a barrage of threats to the European members of NATO. While Gromyko spoke, the Soviets escalated war preparations in the heart of Europe, on its northern flank and on the southern flank, the Mediterranean Sea.

Gromyko's tirade against the United States on Jan. 18 was an accurate description of Moscow's own behavior. He bellowed that "militarism, enmity, and war psychosis are being exported to Western Europe along with missiles." He accused Washington of "a maniacal obsession" with arms, "criminal and dishonest methods," and "militarism akin to drug addiction."

On Jan. 17, the Soviet military daily *Krasnaya Zvezda* (*Red Star*) announced that the short-range nuclear missiles installed in East Germany and Czechoslovakia since December are now operational and being manned by Soviet crews. These weapons, allegedly a response to the American Pershing II and cruise missiles newly deployed in Western Europe (which were already in answer to the upgrading of Soviet capabilities with the mobile intermediate-range SS-20), include the SS-21, SS-22 and SS-23, which have ranges of from 70 up to 600 miles.

The Soviet press agency Novosti tried to intimidate

France, with the warning that no "nuclear Maginot line" will save France from annihilation if nuclear war breaks out.

*Krasnaya Zvezda* and the weekly *Literaturnaya Gazeta* harped on the alleged neo-Nazi threat coming from West Germany. "Officially, West Germany distances itself from fascism," wrote *Literaturnaya Gazeta's* Bonn correspondent. "Meanwhile, the roots of Nazism have not been eradicated."

## War plan

These propaganda blasts are far from random harassment of the Europeans. They refer, particularly the "anti-Nazi" line, to specific war options of the Soviet command, such as a strike against West Germany on the pretext of stopping a tide of neo-Nazism. This would throw down the gauntlet to the United States, saying: back down and abandon Western Europe to the Soviet sphere of influence, or go to nuclear war right now.

*Izvestia* commentator Valentin Falin, a former Central Committee official and ambassador to West Germany, alluded to this Soviet contingency—in the mirror-image fashion of Gromyko's speech. Falin claimed to have discovered a "secret U.S. military plan" for a surgical strike by "NATO's northern group" against the borders of Warsaw Pact countries, to test the Soviet reaction and then retreat.

A number of recent Soviet military moves constitute flanking actions for such an adventure by Moscow in the heart of Europe. Scandinavia and the Baltic Sea have been the scene of multi-layered Soviet operations, ranging from the redeployment of nuclear-armed ships from the Northern Fleet to the Baltic Fleet to the sabotage of Sweden's electricity supply and other dirty tricks by Soviet special forces. On the eve of the Stockholm meeting, the Baltic World Conference released a report on the Soviet build-up in Northern Europe, which concluded that "Soviet military planning provides for the occupation of Scandinavia as a whole." The Soviets, according to the report, are basing SS-20 missiles in Soviet Estonia.

Gromyko, however, said it was "appropriate to recall that the Soviet Union backs the proposal to declare northern Europe a zone free of nuclear weapons."

Experts in naval affairs are giving close attention to Soviet fleet activity around the straits between Denmark and the rest of Scandinavia, and the Straits of Malacca dividing the Pacific and Indian Oceans, both crucial passage points for the Soviet navy in wartime.

With an attack on Japan, the Soviet party daily *Pravda* revealed the global scope of Moscow's war preparations. It warned Japan of dire consequences if Tokyo assists the United States in developing laser systems for anti-missile defense. Coupled with a new round of Soviet denunciations of China after Prime Minister Zhao Ziyang's tour of the United States, this threw the spotlight onto the Far East military theater, which is covered by one of the five super-commands set up by Moscow in anticipation of global war.

# Nazi-communist alliance launches scandals to destroy France

by Garance Upham Phau

French political life is being rocked by scandals, sensational revelations, and blackmail threats. In the free-for-all of charges and countercharges, all the institutions of the Fifth Republic are under attack—the institution of the presidency, both ruling and opposition political forces, industry, the court system, and the police. Who benefits from the apparently senseless whirlpool of scandal? The extreme left and extreme right, the Nazi-communist alliance which is committed to the destruction of the nation.

France under President François Mitterrand has refused to go along with the Soviet-backed “decoupling” of Western Europe from the United States. Mitterrand’s government has indicated its support for the U.S. President’s antiballistic-missile defense policy (and has launched French research and development efforts in this area) and for the deployment of U.S. medium-range nuclear missiles in Europe. It is for this reason, and because it is the strongest nation-state in Europe, that France is now so heavily under attack.

The collapse of the French economy has created the preconditions for the current polarization of the population. The OECD is predicting zero or below-zero economic growth for 1984 in France, and the Socialist government’s austerity policy has provided the pretext for demagogic attacks by both left and right. The current scandals are undoubtedly only the beginning.

A neo-Nazi party, the Front National headed by Jean-Marie Le Pen, has been gaining extraordinary momentum since the fall, polling up to 10 percent of the vote in local elections. In classic fascist manner, Le Pen attracts an enraged middle class and lumpenproletariat element with a “blood and soil” ideology. His party’s “program” is anti-semitism and xenophobia (it proposes to expel all immigrant Arab workers) and anti-communism at home, coupled with a National Bolshevik “let’s make a deal with the Russians” foreign-policy outlook.

The Communist Party is posing as the defender of the immigrant and the poor in times of economic collapse, and has just declared war on the government’s austerity policy. The CP, the most pro-Moscow of any in the West, holds cabinet posts in the Mitterrand government, and its renewed attack on the President could create a government crisis. Communist leader Georges Marchais and fascist Le Pen are in fact leaning on one another, each feeding the other’s campaign.

Then there is the trial of Nazi Klaus Barbie, the Gestapo “butcher of Lyon,” which is being used in a byzantine subterranean factional battle to “watergate” the Gaullist wartime Resistance fighters. Key in this blackmail plot is Barbie’s lawyer Jacques Verges, who is as close to the Communists as he is to Swiss banker François Genoud, the bankroller of the Nazi International.

Add to this the revelation that Robert Boulin, a former labor minister in the government of Valéry Giscard d’Estaing (Mitterrand’s predecessor) had not committed suicide five years ago, as previously thought, but was murdered. The ubiquitous M. Verges emerges in this case as well. And then comes the bizarre “sniffer plane affair,” the scandalous story of crooks swindling an oil company, with the approval of the Giscard government and the connivance of leading Swiss financial institutions.

The trial of Klaus Barbie could turn into the Watergate of the century, in the hands of lawyer Jacques Verges, working on behalf of the Lausanne Banker François Genoud, head of the Nazi International. That ultra-radical Verges, associated with leftist-communist causes for 20 years, should become the lawyer for the Gestapo’s mass murderer Klaus Barbie demonstrates the present surfacing of the Nazi-Communist alliance.

Barbie is scheduled to go on trial this year. Meanwhile Verges is collecting thousands of dossiers on the Resistance, and on all those who “collaborated”—dossiers enough to collapse many an established career, and not only the Gaullists, but socialists, communists, everyone, at the highest levels. Who was it that during the war handed Jean Moulin, Gen. Charles de Gaulle’s Resistance chief, over to Barbie, who had him tortured to death? Verges has accused the non-Gaullist Resistance—a threat against the ruling coalition. Barbie, at the end of the war (and during the war too, according to informed sources) collaborated with Allen Dulles’ Geneva-based OSS operation to pick up the “useful” Nazis. Verges could get his dirty hands on quite a wealth of dossiers on every politician who was active after the war.

The daily *Quotidien de Paris*, in an article Jan. 21 titled “The devil has a lawyer, but who does such a strange man work for?” by journalist Jean Louis Remilleux, exposed Verges as a Nazi-Communist, and went through the amazing list of his clients:

- Lawyer Klaus Croissant, the friend and patron of the

terrorist Baader-Meinhof gang (Red Army Fraction).

- Carlos, the famed terrorist now exposed by French authorities as operating out of East Berlin, who has claimed responsibility for two years of terrorist attacks against French citizens, the latest being the December Marseille bombing of the TGV train station, which killed six people.

- Bruno Breguet, “black” terrorist bomber identified as an agent of Swiss banker François Genoud’s Nazi International.

- Action Directe, the French “extreme left” terror group.

Verges, *Quotidien* continued, was a member of the Communist Resistance during the 1940s, and Secretary of the International Union of Students (close to the Communist Party) in Prague from 1951 to 1954. He worked for the Algerian FLN. In the 1960s he converted to Islam and, under the pseudonym Mansour, organized the opposition to Zaire’s Mobutu government. He led the magazine *Revolution*, which called for “armed struggle in Europe” and published admiring interviews with Mao.

Then in the 1970s he disappeared from view, resurfacing only in 1978. Informed sources say he was working with Pol Pot, during the of massacre the population of Cambodia.

Asked *Quotidien*: “Will he be satisfied merely with combatting capitalism, the State, France, Israel, on occasions the communists themselves, and Robert Badinter [the justice minister]. . .? Is he really manipulated by Moscow, the CP (his brother Paul Verges is head of the CP in the Reunion islands) [and also reputed KGB station chief in the area—*QdP*], the Red or the Black Orchestra, Mao, Pol Pot, Andropov or Alexander Shelepin, the [former] chief of the KGB whom he often met? Does he work for the Arabs against the Jews, for the Nazis against the Freemasons, for the extreme left against the extreme right? Destabilizer? Manipulator?”

This is France’s new Grand Prosecutor, a man who says his purpose in life is to rehabilitate Pontius Pilate (in his latest book, *Pour en finir avec Ponce Pilate*). “My morality is to be against moralities because they try to freeze life,” he writes. “From the point of view of French law, this trial [of Barbie] is a posthumous victory of Hitler.” *Quotidien* adds: “He is said to be manipulated himself. The name of Genoud comes up, the Swiss banker nostalgic for the Third Reich is said to be financing the lawyer.” But *Quotidien* falls short of fully identifying Genoud, the head of the Nazi International which oversees the Arab integrist movement sweeping the Middle East under Khomeini and the exiled Algerian radical Ben Bella.

Back to Watergate number two, the Boulin affair. Boulin was Giscard’s labor minister and, when he died in October 1979, was expected to replace Raymond Barre as prime minister. Instead he was found “drowned” in a puddle two inches deep, because he was (or so it was said at the time) heavily sedated with Valium. He left papers behind indicating that he was “depressed” on account of his involvement in a real-estate swindle.

Now the body has been exhumed, and a new autopsy revealed deep injuries on the skull. But hardly anyone was fooled by this “drowning” five years ago; why resurrect it now? *EIR*’s information at the time indicated that Boulin was on his way to a high-level meeting when his death occurred. Political, financial, and real estate interests were and are at stake. So now Verges has more cards in his hands.

## The ‘sniffer planes’

The “sniffer plane” scandal was first detonated by the Socialists in December, 1983, against Giscard and his former prime minister Raymond Barre. But as the ball of wax of revelations and charges unwinds, the scandal is hitting out at “all points of the compass.” Every political faction is digging out the dirt on its opponents, and no one can predict where it will end.

A “reputable” Swiss banking group, the Union Bank of Switzerland (UBS), bamboozled the French national oil company Elf-ERAP into pouring money into a supposedly “revolutionary” method of detecting oil fields through electromagnetic detection. The fraud was perpetrated by two hoaxsters, Belgian Count Alain de Villegas and an Italian adventurer by the name of Bonassoli, who faked the instruments and reports, fooled the Electricité de France technicians, and made off with a cool \$150 million. UBS chairman Philippe de Weck had created for his friend the Comte de Villegas a string of paper companies to process the money. Who benefited? What political cause pocketed those millions?

Elf Chairman Guillaumat evidently trusted the authority of UBS, impressed no doubt by the word of Antoine Pinay (economic oracle, reformed Vichyite, and political godfather of Valéry Giscard d’Estaing), who vouched for the enterprising proposal of the Comte de Villegas. The Swiss Nestlé company, which had stock at ELF, was also promoting the deal. No experiments were conducted to verify the testimony of the “experts.”

Jean Violet, founder along with Antoine Pinay of the “right-wing” Cercle Violet conspiratorial grouping, was the lawyer of de Villegas and Bonassoli and represented in this business what *Le Monde* called “a mysterious international consortium, a conglomeration of private interests . . . including high-level Spanish, Italian, German, Swiss, and American financiers.” Pinay was the French representative for this group, and Union Bank of Switzerland chairman Philippe de Weck (an associate of Italy’s mafioso banker Michele Sindona) backed it all up. A further member of the consortium was Carlo Pesenti of Italy’s Montedison company, who brought an unidentified Italian bank into the deal.

So the money started flowing in large quantities. ELF laundered funds into dummy corporations in the New Hebrides (offshore), Liechtenstein, Switzerland, and so forth. 500 million francs were pumped into the operation in this way in the course of several years. Giscard was giving the project his personal backing. Raymond Barre, through Pi-

ney, had met Violet and other principals of the affair. Also involved was one Daniel Boyer, who bought the main company controlling the sniffer planes from the UBS-linked Swiss shareholders and became its chairman. Boyer is the European chairman of the American Democrats abroad, and is said to be a confederate of Walter Mondale.

Guillaumat's successor at Elf, Albin Chalandon, continued the deal. Chalandon is treasurer of the Gaullist Rassemblement Pour la République (RPR) party but a creature of the Mossad-connected aircraft manufacturer Marcel Dassault.

The sniffer planes were basically assembled by a mechanic and a TV repairman. They were two old planes equipped with a Rube Goldberg contraption of screens and devices which supposedly projected images of objects deep underground by measurement of their "vibrations." In reality the TV sets were pre-programmed to project exactly those images, and no others!

After two unsuccessful and highly expensive oil-drilling experiments, Energy Minister André Giraud finally ordered a test of the planes. A scientist proceeded to ascertain whether the instruments could identify a crowbar through a cement wall, as claimed. The honest fellow showed everyone the straight crowbar to be identified by the machine; then, without telling anyone, he bent it. Lo and behold the machine showed a straight crowbar!

When the fraud was acknowledged and the "inventors" disappeared, Giraud reportedly sought a public inquiry, but was opposed by Chalandon, the Nestlé company, and the Giscard government, which preferred to keep the affair secret. Thus it remained until Socialist Budget Minister Henri Emmanuelli opened a parliamentary inquiry on Dec. 21, 1983 into the fact that tax and other records of the fraudulent affair were destroyed, seemingly under government orders. Then an archived report established by a magistrate, François Gicquel, for the State Accounting Court on ERAP's financial operations was illegally hidden and destroyed in 1982 by the Court President Bernard Beck. Beck justified this destruction by saying that the report had been prepared (in January 1981) for the exclusive use of then-Prime Minister Raymond Barre.

Then a big Socialist campaign began denouncing the support and cover given by the highest authorities of the Giscard presidency. New revelations appeared every day: how Barre covered up the affair, how Barre said he did what he did under orders from Giscard, ad nauseam.

Although the sniffer plane scandal was originally aimed against them, Giscard and Barre are now attempting to turn it against the government. Giscard went on television Jan. 11 to denounce Mitterrand as no longer fit to be president. "This government has come to power through lying and is maintaining itself through lying," he said. "We will not permit this." As for Barre, who was recently in the United States meeting New York bankers as well as Federal Reserve chairman Paul Volcker, his Swiss connections should be investigated if the truth is to be told. He belongs to the Geneva-based Association for the Study of Insurance Economy.

## The Kiessling affair boosts Carrington

by Michael Weissbach

After a flood of speculation over every detail of the so-called "Kiessling Affair," only recently have commentaries attempted to situate the case within the current global strategic crisis.

Günter Kiessling, a four-star general, was dismissed from his post as deputy supreme commander of NATO on Dec. 13 on charges presented by the Militärischen Abschirmdienst (MAD) to Defense Minister Manfred Wörner. Kiessling was the only German in the NATO supreme command, and represented a point of view often in conflict with that of Supreme NATO Commander Gen. Bernard Rogers.

The evidence brought against him has been challenged by Kiessling, who vehemently claims innocence of all charges and opened public legal proceedings on Jan. 16. The major evidence against Kiessling does appear to be fraudulent. Testimony that Kiessling frequented homosexual bars and other such locales has been undercut by the production of a "double" of Kiessling whom witnesses identified, and the letter of a doctor stating that Kiessling is homosexual has been denied by the doctor himself. Defense Minister Wörner has, however, stuck by the charges, and claims a "conspiracy" is involved in undercutting the evidence.

The French newspaper *Quotidien de Paris* reports that NATO sources are investigating the hypothesis that "the Soviet Union wants to topple the Kohl government," that "Soviet intelligence services launched the scandal," having "subverted our services." The West German press cited a colleague of Defense Minister Wörner who spoke of "treacherous double dealing by East bloc agents" and "false leads." In this context there are interesting hints about *profis* (professionals) in the notorious Cologne homosexual scene with Eastern Europe backgrounds.

At a time when the Soviets are conducting a total mobilization of their military command structure and their industry, the Kiessling affair has already produced dangerous results: far-reaching demoralization and disorientation of the Bundeswehr officer corps; further political destabilization of the Federal Republic; increased tension within the Western Alliance; and a crisis within NATO's military branch to the advantage of the civilian branch to be headed by Lord Peter Carrington this spring.

In this context, pornographic preoccupations with the





Since the Kiessling affair broke, the West German media has focussed obsessively on the scandal—Watergate-style. Above are the two most recent covers of Der Spiegel, the German equivalent of Time magazine.

alleged homosexuality of Kiessling are irrelevant. The fact is that General Kiessling has become the victim of a strategic intrigue. This was undoubtedly clear to Kiessling himself when he said: "A private person simply is not in a position to construct what is happening now. And this is not simply against me—it is against the entire Bundeswehr."

By no means has Kiessling arbitrarily become the target of this operation. He belongs to a circle within the Bundeswehr that can be described as "traditionalist," which has pursued a military policy oriented to strategic realities, and has opposed appeasement tendencies. That explains the Soviets' frontal propaganda attack against the group as "Prusso-Hitlerian."

Two sensitive points are involved in the Kiessling affair: 1) corrupt elements within the NATO leadership which have grouped themselves around "chief appeaser" Lord Carrington, the incoming secretary-general of NATO; and 2) serious incompetence of MAD, the military intelligence branch of the Bundeswehr.

The problems within the NATO leadership are much more serious than the "climate" problems identified by *Frankfurter Allgemeine Zeitung* military specialist Adalbert Weinstein, the last correspondent one could suspect of anti-NATO sentiments, who recently described NATO as an Anglo-Saxon club; the NATO commanders at SHAPE are not a general staff in the traditional sense, and could hardly be called an instrument for leadership. Weinstein describes the mood in Brussels: "Anyone who doesn't participate in the numerous parties, social events, and encounters where the ladies play a particularly important role finds himself cut out of 50 percent of the official work." Kiessling and his predecessor Adm. Günter Luther had both refused to be "cocktail generals."

Apart from the personal feud between NATO Supreme Commander Bernard Rogers and General Kiessling, General Kiessling was excluded from NATO's command process. The first denunciation of Kiessling as a homosexual was made in Brussels in July 1983.

As American sources have reported, the circle of Lord

Carrington, Henry Kissinger, U.S. Ambassador to Bonn Arthur Burns, and Foreign Minister Hans-Dietrich Genscher considered Kiessling an obstacle to their plan for a "new Yalta" agreement with the Soviets which would, among other things, effectively move West Germany out of NATO and into the Soviet sphere. The same Carrington group opposes the commitment of President Reagan and U.S. Defense Secretary Weinberger for the rapid development of defensive beam-weapons systems. The real cause of the Kiessling Affair is to be found here.

The problem of certain cliques within the MAD and the rest of the Federal Republic's defense establishment has now openly emerged. As with the other intelligence services, the MAD suffered from the campaign by Social Democratic leader Horst Ehmke to "disarm" the services starting in the early 1970s. A left Social Democratic wing has maintained itself within the MAD, and become the touchpoint for KGB and East German Stasi (secret service) operations. A decisive resolution of this problem is long overdue.

This need has nothing to do with the way North Rhine Westphalian state Interior Minister Schnoor is approaching the issue. Schnoor, who immediately came out full blast against the MAD, sees an opportunity to weaken the internal security apparatus of West Germany, much along the lines of former federal Interior Minister Gerhard Baum, a member of the Free Democratic Party: collaboration between the various security agencies must be put under intense scrutiny.

There is a further aspect of the Kiessling affair without which it could not have developed as it did: The behavior of Defense Minister Wörner, who has shown the kind of character weakness that in military and security matters leads to tragic consequences. In order to keep himself out of the target zone, Wörner let his friend Kiessling get the axe.

Now, the debate on who should replace Wörner cannot redeem the situation. Only decisive measures against Socialist International chairman Willy Brandt's clique within the defense structure, and above all the creation at NATO of a general staff worthy of the name, will do that.

## Which ABM systems can offer defense?

Colonel Marc Geneste, vice-president of the Paris Center for the Study of Total Strategy, and Arnold Kramish, for many years the Rand Corporation expert on Soviet nuclear-weapons development, one of the authors of the High Frontier study, and a former associate of Gen. Daniel Graham, published an article in the January issue of the French monthly strategic and military journal *Defense Nationale*. Headlined "From Terror to Defense: the Change of Umbrella," the article concludes that directed-energy-beam weapons would be the most effective defense system.

Citing President Reagan's March 23, 1983 address on ballistic-missile defense, the article states: "The creation in 1982 of a 'space command' was quite significant. But the way the President has presented his decision—which reminds us of Kennedy's pledge, 20 years ago, to conquer the Moon—is undoubtedly the sign of a 'great project' around which the administration will commit itself. . . . No argument will ever convince the Americans that they should remain indefinitely hostages at the mercy of the Soviet Union, and tomorrow, perhaps, of other nations. . . .

" . . . The most spectacular tools of the offense, the missiles, have weaknesses. . . . Everybody knows the boost phase: . . . the most minor incident is enough to offset the system and destroy the device.

"In their re-entry phase, which goes extremely fast but still lasts for a period of minutes, [the rockets'] speed is such that any hard object in their trajectory is able to throw them off."

The authors described the "High Frontier" project to put "hunters" into orbit in order to shoot anti-missile missiles against the rockets as they come out of their silos. However, they stress that a very large number of hunters is needed. "It seems obvious that if a space 'hunter' by chance is at a good range from the missiles, then interception is not a very difficult problem, given the extreme vulnerability of the device during this very sensitive phase. But chance does not always make things work so well, and a salvo of a great number of rockets would offset the system, even if a great number of them could be destroyed at the beginning. Defense would be 'saturated' by the number of invaders, and this has been the most serious flaw of all defense systems in all times, i.e., the

danger of succumbing to large numbers of assailants.

"We would have to complete, or maybe to replace, the system by another one whose features could remedy this grave weakness: arm the space 'hunters,' or shoot from the ground (or from the sea surface) projectiles whose range, initial speed, and shooting rate would be sufficient so that no attacker could pass through, whatever the number. . . . Only 'beam weapons,' lasers, for example, can solve this problem thanks to the differential leap of their intervention speed compared to that of the targeted object. The shooting rate can reach, for some lasers, 1,000 shots per second. The initial velocity of the projectiles (particle bunches, protons, electrons, neutral particles, and so forth) is essentially the speed of light and 40,000 times faster than that of the most difficult targets: the reentry vehicle during the space trajectory (when it moves at about five to seven kilometers per second)."

Geneste and Kramish explain that, in a first-generation system, it is not really necessary to destroy the target: if the missile can be made to deviate a few miles from its course, this will obliterate the effect of targeting industrial and demographic centers.

The article goes on to examine the strategic implications of beam weapons. "Presently, a massive and surprise Soviet attack against the United States, which has no civil defense, would cause more than a hundred million casualties; and, in the case of extreme tensions, the temptation might become irresistible to 'shoot first.' In that sense, 'assured vulnerability,' the mutual suicide pact on which the intellectuals of the MAD [Mutually Assured Destruction] doctrine wanted to base peace was an invitation to a 'first strike.' . . ."

Stressing that the "ultimate weapon" of any war is the soldier who will occupy the conquered territory and that the role of all other weapons is to prepare this action by land forces—and emphasizing that the Soviets have never forgotten this basic strategy—Kramish and Geneste insist on the necessity for tactical nuclear weapons in the European theater such as the neutron bomb.

"On the tactical side, Soviet thinkers are known to acknowledge that, without having first destroyed the nuclear defensive batteries, military operations are impossible; hence the need to open the blitzkrieg with a preemptive strike against the adversary's capabilities, and specifically its nuclear launchers. The famous SS-20 has this specific goal, with a precision which is assumed to be formidable. Yet, it is clear that the threat of a 'surgical strike' which some people fear, and whose success could already be made questionable with some precautionary measures (camouflage, deception, protection of launchers, and so forth), would be set aside if the SS-20s could be fully or partly shot down with the anti-missile defense mentioned earlier. . . . And in the event of attack, the enemy divisions could easily be obliterated with the adequate 'neutron bath.' . . ."

"President Reagan has given the kickoff, and wished the Soviets to follow . . . in the interest of a new security for all."

# Bagwan cult at center of peace movement's merger with the 'spiritual unity' gurus

by Martha Quinde and Ira Liebowitz

With help from the United Nations, the "world spirituality" Aquarian Age cults are in the process of merging with the international disarmament movement. How this has occurred was indicated at a "Universal Peace Conference" held a year ago at Mount Abu in India.

Under the sponsorship of the Brahma Kumaris World Spirituality University, the conference pledged to "enter the age of love"—based on consolidating ties between the peace movement, terrorist front groups, and religious cults programmed to support disarmament from a "world spirituality" standpoint.

Among the speakers at the February 1983 conference were Willis Harman of the Stanford Research Institute, an advocate of obliterating technological progress, heterosexuality, and Western civilization overall; and Robert Muller, assistant secretary-general of the United Nations and a prominent figure in the cult-spawning Lucis Trust—formerly called Lucifer Trust—based at the United Nations. Muller specifically called for linking the so-called peace movement with the emerging U.N. involvement in "world spirituality."

After the conference, the group embarked on a U.S. tour to consolidate the merger. During this tour the terrorist-connected West German Green Party emerged as one of the plan's key components.

## The mother cult

The Brahma Kumaris World Spirituality University, based at Mount Abu, is a non-governmental organization (NGO) of the United Nations. Brahma Kumaris is a Sufi-connected cult originally established by Freemasons and Theosophists in Karachi, Pakistan in 1937. It now appears that Brahma Kumaris's job is to act as a control center for a large number of Indian-spawned intelligence cults deployed into the United States and Europe under the sponsorship of the Esalen Institute, Lucis Trust, and Stanford Research Institute.

According to one member, Brahma Kumaris is a 125,000-woman cult, feminist and "anti-caste." It is a celibate (in this case, signifying lesbian) order which believes that periodic mass genocide is a normal cycle of history designed to decrease the number of bodies into which the fixed 5.5 billion souls in the world must reincarnate. Another death cycle is soon to occur, they maintain, as world population is already

exceeding 4 billion people.

Robert Muller, in addition to his U.N. and Lucis posts, is also an official of the Brahma Kumaris University and a close associate of former Carter administration drug-policy counselor Peter Bourne, the official exposed as peddling illicit prescriptions who was recently involved in the aborted communist takeover of the island of Grenada. Muller describes Brahma Kumaris as a "spirituality project" set up by his Buddhist mentor U Thant—the longtime U.N. secretary-general—through the United Nations. Another project of Muller's, born at the Mt. Abu conference, is a "World University for Peace" in Costa Rica. Under the auspices of Brahma Kumaris, former Costa Rican president Rodrigo Carazo was recently in West Germany meeting with various "peace" institutes to develop a curriculum for the university.

In September 1983, Muller, the Lucis Trust, and Brahma Kumaris set up events in the United States, including a conference in New York City on "peace through communications," which mapped out mass media propaganda formats for the major TV networks in attendance.

The West Coast tour included at least three events where a variety of Aquarian mystic cults, including the Bagwan Rajneesh cult, "seanced" with leading members of the West German Green Party and the U.S. peace movement.

One such event, co-sponsored by the San Francisco Sufi Order, had in attendance Green Party leaders Petra Kelly, Gen. Gerd Bastian, and Rudolf Bahro (an East German emigré reported to maintain connections with East Berlin's secret intelligence service), as well as David Bower of the Sierra Club, Willis Harman, Daniel Ellsberg, and Princeton University's Richard Falk, an architect of the Khomeini takeover of Iran, among others. Outright cult representatives included Ananda Marga, an assassin cult based in India, various Sikh groups, and the American Indian Movement, as well as the Bagwans.

In early December the tour arrived at the Stanford Research Institute.

## The Green links

Rudolf Bahro joined the Brahma Kumaris tour after spending a month last summer at the Bagwan Rajneesh city "Rajneeshpuram," in Antelope, Oregon.

Although not a member, Bahro said of the Bagwan city, "This is the most important place in the world. . . . I saw Bagwan's vision as a synthesis of Eastern and Western ideas, which were identical with my own ideas of a new peaceful culture. I experienced the commune—I mean their foundations—as the realization of my archetypes. . . . Such a plan, realized in praxis is worth more and will teach more than thousands of paper concepts."

The plan Bahro mentioned is one which he articulated in his platform for the West German Green Party, in which he called for depopulating cities as ". . . the only real alternative which at the same time would reconcile us with the people of the Third World."

"Rajneeshpuram" (formerly known as Antelope, Oregon, where residents were driven out when cult members moved in and voted themselves control of the city government) is a thousand-person city that is said to have been designed to survive World War III. Part of the Bagwan belief structure is that nuclear holocaust is inevitable, and that their cult will survive.

## Bagwan profile

The Bagwan Rajneesh cult, or Sannyasins, was founded in 1974 in Poona, India. In 1980, its head, who goes by the same name, was forced to leave India under suspicion that the cult was involved in espionage against the Indian Air Force headquartered in that city. The cult has approximately 250,000 members worldwide, with its international center now in Oregon. U.S. membership is estimated at 12,000-15,000, but European membership is much larger, with over 30,000 in West Germany alone. Currently it is estimated that there are at least 57 Bagwan Ashrams (communities) in West Germany, 26 in Britain, 18 in Italy, and 25 in the Netherlands.

The recruiting format of the cult is through the use of psychosexual therapy centers which use sexual encounter, Sufi ecstasy dancing, primal scream, and group encounter brainwashing techniques. Bagwan literature says: "Our therapist training programme trainees include doctors, social workers, physiotherapists, psychologists, and teachers." They are trained in "Eastern and Western methods including: rolfing, structural balancing, shiatsu, Yoga, acupuncture and rebirthing. . . . We do not discriminate symptomatically . . . we accept addicts, suicidal depressives, alcoholics, and people under stress. Our programme is particularly successful with people suffering from depression." The goal of the program "is to enable people to work with love and awareness." Bagwan therapists are also trained at the Esalen Institute in California.

The Esalen connection underscores the fact that these cults recruit and control their members on the basis of classical behavior modification techniques of the variety spelled out by the London Tavistock Institute's Dr. William Sargeant in his 1960s study, *Battle for the Mind*. Sargeant's work focussed on the use of mystical religious beliefs and rituals

as an alternative to psychedelic drugs in hard brainwashing. Despite the nominal "pacifist" profile of the Bagwan and other cults, the brainwashed cult members are prime candidates for terrorist actions, including kamikaze attacks. The Esalen Institute in particular is notorious for brainwashing such violent cults as the Charles Manson family and the Rev. Jim Jones's Peoples Temple.

The Bagwan, like Bahro's Green Party, also recruits on the basis of defending homosexuality. Bagwan law forbids discrimination against a person's sexual preference. "It is not the role of a government, organization or person to judge the sexual practice of other adults, or to restrict it," Bagwan law says. Ma Sheela Silverman, Bagwan Rajneesh's personal secretary, said of Rajneeshpuram, "Here you can be proud of being a homosexual."

Ostensibly the Bagwans are not political, but the link with the Green Party and their association through the Brahma Kumaris operation to the U.S. peace movement indicates otherwise.

In Europe the Bagwans are building up an economic infrastructure and recruiting at a rate which would make them most useful as a money-laundering and terrorist recruiting ground for the Soviet-dominated peace movement. Reliable German sources report the Bagwans are actively recruiting from the Green Party membership as well as from the KBW and KPDML, two violence-prone radical Maoist political groups. As well, there have been at least two cases of prostitution and one of drug smuggling involving members of the Bagwan cult in the past.

The Bagwan Business Development Manager for Europe, one Swami Deva Larry, is on a major expansion drive for the cult which centers on discotheques. In West Germany, six discos have been opened. Other business ventures include restaurants and car repair shops, variety stores, and even an airline and travel agency called "Air Rajneesh." Bagwan members work for these businesses in what Deva Larry calls "work worship." It is reported that most Bagwan members work long hours to pay for their therapy programs, which they receive at a 10 percent discount.

## Nazi occultists

Like the Brahma Kumaris, the Bagwan cult comes from the same theosophical roots as the Nazis. Bagwan Rajneesh considers himself, like Hitler, to be the instrument of the "Nine of Ashoka," the nine spirits which guide the world's great leaders, a theosophist legend otherwise called the Great White Brotherhood promoted in the last century by Madame Helene Blavatsky. "A man who has charisma can become a great leader or a great politician. Adolf Hitler had this charisma, millions of people were drawn to him," Rajneesh has said. Hitler was successful despite all odds because, "another voice than his own gave the orders until the day that he started again to give orders in his own voice. That is how his defeat began."

# The showdown at the Grand Hotel: trouble mounts for the Palme Commission

by Umberto Pascali

The chaotic mid-town Roman traffic was brought to a halt in front of the Grand Hotel by a most unusual demonstration against the joint conference of commissions named for two of the Socialist International's most notorious figures—Swedish Prime Minister Olof Palme and the chairman of the Social Democratic Party of Germany (SPD), Willy Brandt. The Jan. 20 meeting of Palme's "Independent Commission on Disarmament and Security Issues" and Brandt's "Independent Commission on International Development Issues" was about to begin minutes later inside the hotel, and the demonstrators' point was that both commissions are anything but independent—of the KGB.

The demonstration, organized by the Partito Operaio Europeo (European Labor Party), sported a large banner reading: "Brandt, Palme, Arbatov: Get the KGB Out of Italy." Three Italian citizens appeared in the guise of Patriarch Pimen, the head of the Russian Orthodox Church, Brandt, and Palme. "Pimen," brandishing his pastoral crook, carried a poster saying: "We will give you eternal peace—The West is rotten and corrupt—SS-20s are a sign from God." "Brandt" clutched a large flask of Frascati wine decorated with a Nobel Peace Prize medal adorned with a swastika, symbolic of the fascist economic policies of his so-called development commission. The Brandt Commission's policies are overtly modeled on those of Hitler's Economics Minister Hjalmar Schacht. Thousands of Roman citizens took a leaflet titled "KGB orgies in the Grand Hotel," which included a translation of an article attacking Brandt as a KGB asset which had appeared the day before in the German daily *Die Welt*.

A few hours later, the two leading Soviets attending the conference issued an official denial of the trio's charges, reported in Italian papers under the ironic headline, "Soviet Members of Brandt and Palme Commissions: We Are Not KGB Agents." Georgi Arbatov of the Soviet Central Committee and General Mikhail Milshtein, a "scientific adviser" to the Palme outfit, had been accosted while entering the Grand Hotel by a frantic "Pimen" who said, "Arbatov my friend, you are the only one I can trust. These two bums, Willy and Olof, I gave them so much money to fund the peace movement and they spent it all on alcohol and orgies."

The demonstration at the Grand Hotel and its aftermath were only the latest episode in a fight that exploded in December when Brandt was exposed for attempting to suppress documents about a secret Socialist International meeting in Managua, Nicaragua last year, which plotted driving U.S.

influence out of the Caribbean. The fight has already made a deep fissure among the parties of the Socialist International, founded in London at the end of World War II as the forum for socialist parties which did not want to be tied to the Soviet Union.

On one side are the Northern parties committed to appeasing Russia—the Brandt-Palme-Kreisky triad—and on the other, the "Mediterranean" parties loyal to the Atlantic alliance. Since Brandt's SPD voted last November to oppose stationing the Euromissiles and escalated its push for unilateral disarmament, the party has become Moscow's biggest Trojan horse in the West.

The Rome meeting ended Jan. 22 with a resolution calling for a one-year "nuclear moratorium," exactly what Arbatov had demanded. Only days later, the Soviet Union issued a proposal for a "one-year nuclear moratorium" in *Pravda* under the name of Yuri Andropov.

At the final press conference, reported by the Italian press on Jan. 23, Brandt and Palme were "hit by a barrage of questions, many of them embarrassing," according to the *Corriere della Sera*. "The Roman weekend of Brandt and Palme, Moscow's friends, was a failure," wrote *Il Giornale*. Several journalists openly took up the issue of the Soviet links. Palme protested that "these rumors are spread by extreme right-wing groups." Asked about the U.S. beam-weapons defense strategy, Palme shouted, "We are against the space race," and asserted that such weapons would be against the 1972 ABM treaty (a lie cherished by Moscow—see page 61).

Palme restated the necessity of a one-year nuclear moratorium, and Arbatov specified that this included the Trident and MX missiles. It was at this point that former British Prime Minister Edward Heath, himself a Brandt Commission member, stood up and declared that he "publicly disagreed with such a proposal, which would guarantee Soviet military superiority." Later Heath, in a conversation with *EIR* Rome bureau chief Leonardo Servadio, explained that Arbatov had imposed his policies during the sessions with the support of Brandt and Palme. Heath stressed, "It is absurd that the Soviets tell us we should reduce armaments to feed the Third World when they have never done anything for the Third World and are the biggest exporters of weapons there."

Mr. Heath told *EIR* that many others saw things his way, deepening the split to the point that there was no agreement even on the date of the next meeting.

The press conference was abruptly shut down when a journalist from the anti-drug magazine *Guerra alla Droga* asked Palme, "Your policy is very similar to Neville Chamberlain's in 1938—do you expect to be more successful than he was?" Furious, Palme replied, "I was not there in 1938 and besides, the question is nonsense!"

### Parliamentary question in Italy

It had already been clear from the outset that the conference would not be peaceful. After a hailstorm of political statements, newspaper articles, and radio and television reports in the days before the gathering, the equation "Brandt and Palme work for the KGB" had become virtually a household word in Italy. On Jan. 17 Vincenzo Carollo, the vice-president of the Senate delegation of the Christian Democracy (DC), Italy's largest party, had submitted a formal parliamentary query to Prime Minister Bettino Craxi (see *EIR*, Jan. 31). The query was reported on every national newscast and reprinted in the DC newspaper.

On Jan. 20 the Milan newspaper *Il Giornale* interviewed Senator Carollo in a front-page article headlined, "Pro-Moscow Pacifist Brandt Speaks about Disarmament in Rome, in the Presence of a KGB Man; Among the Participants Will Also Be Arbatov Who, According to Christian Democrat Carollo, Is the Long Arm of Andropov." *Il Giornale* wrote, "A disturbing prologue to the Rome Socialist International meeting has been a parliamentary question addressed to Craxi. . . . Senator Carollo told us that General Milshtein is a Swede with a Soviet heart, while Arbatov is the long arm of Andropov in the Soviet secret services." Asked by the reporter, "Don't you think your worries are exaggerated?" Carollo answered, "No, because there is an attempt to pollute the Socialist International with the aim of favoring a compromise in the West similar to the Popular Fronts of the 1930s."

Fuel was tossed on the fire by Longo, general-secretary of the Italian Socialist Democratic Party, one of the two member-parties of the Socialist International in Italy along with Premier Craxi's Socialist Party. Unlike Craxi, Longo refused to participate in the meeting and on Jan. 21 put out in his party's organ, *L'Umanità*, a statement confirming the ongoing split inside the Socialist International and the fact that Brandt-Palme's foes are on the warpath. Longo stressed that the two commissions are not part of the International but "independent."

"I thus have no reason to participate in the meeting," his statement reads, "and also wish to stress the distance and criticism of the Italian Social Democrats vis-à-vis such ambiguous and confused political operations that do not favor resumption of the East-West dialogue. . . . I am convinced that until such time as a strong Atlantic solidarity is recreated in Europe, the Soviet government will tend to maintain a hard line on rearmament, and even more to feed divisions and splits inside the Western alliance with the aim of changing the continental equilibrium that has guaranteed a long period of coexistence with conflicts, and relative tranquility in inter-

European relationships. Thus I consider it a mistake to favor the unilateral pacifist and neutralist movements. This is a policy that cannot be reconciled with the clear-cut loyalty to Europe and the Atlantic alliance of the Italian Social Democracy."

After a weak defense from the Socialist Party, the president of the parliamentary Interior Committee, Social Democrat Luigi Preti, took up the cudgels even more fiercely. "We Social Democrats are not a bit interested in the words of the Brandt-Palme commissions, which limit themselves to deploring Western missiles and encouraging pacifist propaganda in the West without adequately confronting the Soviets for their military policy and thus, in this way, playing into the hands of Moscow."

The head of the British Social Democratic Party, David Owen, next gave an interview to *Il Giornale*. Asked if it is true that "there is a major infiltration of Soviet spies inside the Socialist International," Owen, whose party split from the Labour Party, said, "I have no concrete evidence, but I can tell you that the Labour Party is favoring the political escalation of individuals that up to 15 years ago wouldn't have gotten the party card for their political position." Is the case the same for the SPD? "I don't know and I don't want to know. The SPD has chosen a half-way position, but one cannot attack Reagan's policy, Reagan represents the United States. . . . This 'appeasement,' typical also of the British Labourites, is extremely dangerous because it plays into the hands of Moscow."

Finally, the story also erupted in Germany, in Brandt's own SPD. On Jan. 19 the most influential German daily, *Die Welt*, reported the statement of a well-known SPD member, Hans Josef Horchem, the former head of the secret service office in Hamburg, attacking Brandt for having brought the Socialist International "into Moscow's magnetic field." "The Socialist International has become, under the leadership of Brandt, a forum for pro-Soviet policy initiatives. . . . Anti-Americanism is now the leading impulse in the organization, and part of its program is the negation and rejection of every value uniting the United States with Western Europe. It is considered a crime to reject the idea of Soviet military superiority in Europe."

The scandal grew to the point that Brandt was forced to reply. In an interview with *Der Spiegel* he accused U.S. Ambassador to the United Nations Jeane Kirkpatrick of having leaked the documents on the secret Socialist International meeting in Managua. Brandt said, "It was a non-paper spread by Kirkpatrick. . . note I didn't say CIA." He accused Italian Socialist parliamentarian Carlo Ripa di Meana, who spearheaded exposing the Managua meeting, of talking "like Strauss," the German conservative politician. Brandt did not comment on Italian press reports that he spent much of his "off-duty" time in Rome with Enrico Berlinguer, the secretary general of the Italian Communist Party. "I am often invited to lunch by friends," he said, "but this has nothing to do with my official meetings."

## A love story

*The communist party began cooing to the fascist PAN last summer; after a trip to Moscow, romance blossomed.*

**T**he alliance between Mexico's communists and the Nazi-linked opposition PAN party, cemented in November 1983, came as a result of orders issued by Moscow a month earlier.

This information hardly constitutes an intelligence coup, although it is almost unknown outside the country and not fully understood by most Mexicans. The basic facts come directly from publications of the Unified Socialist Party of Mexico (PSUM, formerly the Mexican Communist Party) over the past six months.

The first hints of the change were placed in the resolutions of the PSUM's second national congress in mid-1983.

According to the PSUM's party press, one of the approved resolutions declared: "The PSUM puts forward its readiness to establish joint actions with forces, groups, and parties *which are not found in the left, but which coincide with it in some aspect of the struggle against the crisis and in favor of democratization of the country* [emphasis added]." The ground for an alliance with the "reactionary party of the big business interests," the PAN, was prepared.

Faced with opposition from party old-timers who could not stomach the stench of a new Hitler-Stalin pact, PSUM Secretary-General Pablo Gómez was forced to declare a special doctrine of alliances, in the following extraordinary terms: "Alliances are an art. They are not handed to you, they

are not predetermined. It is necessary to open the way for the most highly multivisionary actions of our party."

Gómez insisted that the only party with which the PSUM could not permit even a hint of joint action was the governing PRI party; toward all other parties "we have no disgust . . . absolutely none."

At first the opening to the PAN (which was fully reciprocated by the PAN leadership) was kept *sub rosa*. The decision to make operational the change in direction was taken during a visit of the PSUM leadership to Moscow at the end of October.

This visit was notable for another reason. The PSUM, formerly known as the most "Euro-communist" (i.e., independent of Moscow) among the Ibero-American communist parties, had practically broken relations with the Soviet CP over the U.S.S.R.'s 1968 invasion of Czechoslovakia, and the 1979-80 invasion of Afghanistan.

All this was reversed in Moscow in October. In a joint communiqué, both country's communist parties pledged themselves to a new era of cooperation, based on a program of bringing down the Reagan government in the United States and supporting the rise of the pacifist-environmentalist movement in Western Europe. Reagan was attacked as a warmonger whose re-election "would represent a blank check to go to war." The two parties approvingly described the Nazi-infiltrated disarmament movement of Europe as "very broad,

heterogenous, in both ideological and political terms. This is its virtue, not its defect."

This formulation is the key to events that took place in Mexico immediately upon the return of the PSUM leadership. For the first time in the history of the two parties, the "soul of the proletarian revolution" PSUM and the "better dead than red" PAN formed an official alliance in order to contest the state elections held Nov. 6 in Sinaloa, which were won by the ruling PRI party.

Anger in some sections of the PSUM over the hook-up with the PAN continued, and reached the boiling point at the Third Central Committee Plenum held in Mexico City Jan. 22, 1984. Pablo Gómez, in the name of overthrowing the centralized presidential Mexican system—the key to Mexico's 60 years of political stability—emphatically reasserted the marriage with the PAN, and rode roughshod over the protests of even such senior figures in the party as former PSUM secretary-general Arnolfo Martínez Verdugo.

The PAN, as *EIR* has reported, has hardly been bashful about its enthusiasm for the new arrangements. Jesús González Schmall, a candidate for the PAN party presidency at an upcoming congress, joined all three of the other candidates at the beginning of the month in calling for the PAN to officially adopt the causes of "other serious parties, such as the PSUM," in order to bring down the Mexican state.

The new information concerning Moscow's role in the PSUM-PAN match-up confirms the warning of *EIR* founder Lyndon H. LaRouche in his Jan. 21 television address, that the KGB had infiltrated the leadership of the Nazi-linked PAN, and that the southern border of the United States was now a flashpoint for terrorist action.

# International Intelligence

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## ***Did Carter put Soviets in the saddle in Iran?***

French government officials were told during the Carter administration that the United States had struck a deal to "give Iran to the Soviet Union," highly informed French sources have revealed to *EIR*.

The deal was to be part of a carve-up of the world's energy-producing area. It was this U.S. decision, the source stated, which expedited the Khomeini takeover of Iran and the subsequent seizure of American hostages in Teheran.

European sources warn that the Soviets are now virtually running the country, although this does not preclude a Soviet military move into Iran as a global show of strength.

The Soviets have deployed 3,000 trained agents into Iran, according to the Italian military journal *Inter-Arma*. The journal claims that the Iranian army, the Iranian oil industry, the Iranian port- and harbor-system, and the Iranian secret services are all run personally by Soviet operatives, with some coordination handled by East Germans and North Koreans.

An Iranian emigré source noted that the Soviet position in Iran could only be so strong "thanks to the complicity of the British Foreign Office," which thinks it has a deal with the U.S.S.R. for co-managing Iran, through the agency of British nationals working "with greater preponderance than most people are aware" in the oil, transportation, and other industries.

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## ***Inside the suicide commando structure***

"We are coming to the end of the world. Presidents and ministers are devouring each other. The militaries are all traitors. Society is corrupt. The privileged don't worry about the poor. Only Islam can bring us hope." These words of one devotee of a Khomeini-backed suicide commando group, according to journalist Mohamed Selhami, describes

the common belief-structure of at least four separate groups which use the term "Islamic Holy War," and which will be at the heart of a new wave of kamikaze-style terrorism to hit the West.

Details of the organizational structure of the suicide commandos that committed the October Beirut massacres of U.S. and French troops have been published recently in the French-language weekly *Jeune Afrique* and the Paris daily *Le Matin*. The articles are based on the investigative work of *Jeune Afrique* journalist Selhami.

Selhami says the kamikaze terrorists are grouped into four movements: Amal, Al-Dawa, Al Amal al-Islami, and Mujaheddin. With the exception of al-Amal, the organizations are all under the control of the "Supreme Council of the Islamic Revolution," created in 1981, and are all guided by the Iraqi religious figure Hodjatoleslam Mohamed Bakr al-Hakim, based in Iran. General coordination of these three groups is run through the Iranian embassy in Damascus, by ambassador Assayed Mohtahimi.

Chief coordinator al-Hakim has as his "major ambition [the] eradication of Zionism." To achieve this will require as a first step toppling all the Arab regimes "from the Atlantic to the Gulf."

Selhami reports that al-Amal's logistics "are furnished by Damascus. . . . The Iranians teach religion, key to the formation of a suicide-man."

Al-Dawa, according to independent *EIR* research, was created originally by the Nazis' Abwehr intelligence service, and has served ever since, down to the present day, as an arm of the Nazi International.

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## ***LHL endorses Spanish anti-terrorist call***

Spanish Prime minister Felipe González's call for a conference of Western democracies on combatting terrorism was endorsed by Lyndon LaRouche on Jan. 23:

"As a U.S. presidential candidate, I wholeheartedly endorse your proposal for an international conference on terrorism," LaRouche wrote. ". . . Although I don't

know the details of your proposal, I agree with your analysis that those behind the Basque and ETA separatist-terrorist movements intend to use their forces to create a coup in Spain, and destroy your nation. I therefore endorse your call for a conference and your specific concerns."

Prime Minister González's call came in mid-December. "The Western democracies don't realize how fragile they are, faced with the threat of international terrorism," he said. U.S. President Ronald Reagan expressed interest in the proposal several days later during a speech to the American people.

"There is a problem of religious fundamentalism in the subconscious of the ETA terrorists," González told *Le Monde* Jan. 20. "Within the Basque terrorist movement, the religious fundamentalist movement expresses itself in this messianic way of speaking of liberation. There is too a will to come back to a rural society."

A LaRouche spokesman observed that terrorism in Spain and North Africa was being aimed against Spain as a weak point in the NATO alliance.

Prime Minister González will present a formal proposal for an anti-terrorist conference to the European Parliament on Jan. 31.

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## ***Israelis worried about Libya-Kreisky links***

The Israeli press has been wondering out loud of late why former Austrian Chancellor Bruno Kreisky made a secretive visit to Tripoli, Libya, to visit Libyan dictator Qaddafi during the last week of 1983. According to one account, Kreisky offered, on behalf of the current Austrian government, to provide Libya with "extraterritorial rights" for Libyan warehousing on Austrian soil, such that Libyan goods coming into Austria would not be subject to normal regulatory procedures. This would mean that Austria could become a safehouse for Libyan terror operations on European soil.

Kreisky, according to one source, is closely coordinating his policy with current Federal Chancellor of Austria Sinowats, the former finance minister.



Libyan operations in Vienna, *EIR* has recently learned, run through a series of "peace research" and "North-South relations" institutes that served in 1982-83 as the mediation point between the Nazi-Communist asset Qaddafi and the West German Green Party.

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## ***Europe rocked by Norway KGB scandal***

Arne Treholt, head of the Norwegian Foreign Ministry's press office, was arrested Jan. 24 and exposed as a KGB colonel who took orders from KGB General Gennadi Titov, expelled from Norway in 1977. Acting through Treholt, Titov is said to have been the source of the "nuclear-free zone" proposals that later resulted in the formation of the Palme Commission on Security and Disarmament. Treholt has been a high-level KGB operative for the last 15 years.

Treholt's role is indicated by the following:

- Treholt had a "cosmic" top-secret security clearance at NATO headquarters. An investigation is now underway to determine how many NATO secrets Treholt passed on to the Russians.

- Treholt controlled the negotiations with the Soviets on the question of rights to the Barents Sea.

- Treholt is a close personal friend of Greek Prime Minister Andreas Papandreou, himself a second-generation Soviet agent.

A number of journalists have speculated on the connections between Treholt, Willy Brandt, and Gunther Guillaume, a Brandt aide who was exposed as an East German spy.

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## ***Sonora governor declares war on drugs***

Governor Samuel Ocaña, of the Mexican state of Sonora, committed himself to eradicating the drug traffic, during a speech to a group of Yaqui Indians in the port of

Guaymas.

The drug problem in the northern states of Mexico had practically been eliminated during the 1970s thanks to a U.S.-Mexican joint effort. However, due to the economic crisis in Mexico, the IMF demanded last year that Mexico go back to the profitable drug business in order to generate foreign income to pay the foreign debt.

"We must close ranks," Ocaña said. "We must have the courage to denounce both drug runners and drug producers," he told the population. "Every citizen of the state is responsible for eliminating the drug problem, everyone is responsible for destroying those who want to corrupt us." He informed the public that the state government is coordinating actions with both the Army and the Federal police to get rid of drugs in Sonora.

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## ***Soviet moles use British freemasonry?***

A book recently published in London shows how the Soviets have exploited the intelligence cult of Freemasonry to place agents in the British MI-5 and MI-6 secret services, a correspondent for the West German daily *Die Welt* reports.

In *The Brotherhood: The Secret World of Freemasonry*, author Stephen Knight charges that one of the KGB's top-ranking placements was the late Sir Roger Hollis, MI-5 director from 1956-65.

Knight also claims to have a copy of a secret memorandum warning of the dangers of KGB infiltration of the freemasonry, written in 1981 by a British diplomat who had worked for the MI-6 for nearly 20 years. The memorandum said: "KGB will simply be riding the 'lift' that masonry supplies ready installed to enable its members to arrive at higher floors more quickly and with less effort than those, perhaps better qualified, who are hurrying up the stairs."

At least one Conservative M.P. is said to have written to the British prime minister asking her to look into the masonry scandal "as a matter of great urgency and state security."

# Briefly

- **CESAREO PÉREZ DÍAZ**, a leader of the Club of Life in Peru, was inaugurated Jan. 21 as mayor of the city of Paramonga. The inauguration of Pérez, who has been threatened by terrorists because he is an associate of Lyndon LaRouche, was attended by 12 other mayors from the area.

- **JACQUES DELAUNAY**, general and former chief of staff of the French land army, endorsed beam-weapon and neutron-bomb defense in a speech he gave in Metz on Jan. 27.

- **AN EMERGENCY** conference of the Soviet-controlled World Peace Council was held in West Berlin in late January, with broad coverage by East German television, the director of the Soviet Oriental Institute, Yevgenii Primakov, put on his "peace movement" hat: "We are on the eve of a spring offensive, which will be the most fundamental, most comprehensive and broadest in our history," he is quoted saying by the mass-distribution West German daily *Die Welt*. It is not clear if he was talking about a Soviet military intervention, or proxy warfare in German streets by "peace groups" becoming more and more violent. Primakov also has the "overview" for Islamic terrorist deployments.

- **EDNA SOLODAR**, a member of the Israeli Knesset (parliament), authored "A Plea for Music," in the Jan. 18 *Jerusalem Post* which argues for the urgency of a national drive for music education. "As someone who for many years was closely involved with the subject, I believe that a person cannot be sound in body and spirit if music has not been included in his education," she wrote. Another article in the same day's *Post* features the warning by the new head of the Department of Arabic Language at Tel Aviv University, Sasson Somekh, that the treatment of Arabic in high schools in Israel has become a "scandal," in contrast to the early days of the state.

## The campaign trail as a yellow brick road

by Criton Zoakos

The State of the Union message is perhaps best characterized by the fact that the President of the United States was, for whatever reasons, persuaded by his advisers that the best way of preventing Walter Mondale or any other of the KGB-preferred Democratic presidential hopefuls from winning this year's election was to present to the American people a fantastic, fairytale image of themselves, their nation, and their affairs over the past three years. What the President said, during the evening of Jan. 24, 1984 before the traditional bicameral session of Congress painted a canvas of America worthy of the strokes of Norman Rockwell.

Apparently, the presidential advisers and speechwriters are persuaded that the American electorate will prefer, come November, Mr. Reagan's Norman Rockwell to Mondale's (or some other KGB-preferred Democrats) Pablo Picasso. What though if Mondale, between now and November, selects to run under the brushstrokes of the "socialist-realist" style?

Contrary to President Reagan's State of the Union message, the American economy is not going through any recovery, let alone its "strongest recovery." Through no fault of President Reagan, our productivity rates are still declining, our traditional heavy industries are still gutted, our capital plant and equipment is still antiquated, our machine-tool sector is almost wiped out, our farmers are being bankrupted faster than ever before. Our population is growing older, not younger, and is giving birth to fewer and fewer children. Only 17 percent of our 100 million-plus labor force is gain-

gainfully employed in the manufacture of tangible, usable goods, as compared to 64 percent in the immediate post-war period.

What appeared as a recovery during 1983 was a Federal Reserve Board statistical fraud backed up by a financial accountants' euphoria which was fueled by the inflow of \$160 billion financial assets from Latin America and another \$150 billion from Western Europe. A capital flight of over \$300 billion into the book balances of the U.S. banking system, attracted by our abnormally high interest rates caused the illusion of financial well being and produced an irrationally high-priced dollar. But our economy failed to produce those amounts of tangible, useful products which alone could have justified such optimistic claims.

Contrary to what the President said, the performance of our economy has been rotten through and through, and a financial collapse has been avoided only because of the extensive financial looting of Western Europe and Latin America, a financial looting carried out by the policies of the International Monetary Fund and the Bank for International Settlements to which the White House has timidly acquiesced.

This acquiescence to the IMF's policies is the Achilles heel of President Reagan's electoral strategy. It is being played, and will continue to be played, by his enemies. The President's acquired "blind spot" in this matter ought by now, to be addressed with the urgency of a major national security concern.

This publication also disputes the President's assertion

that the defenses of the republic have been upgraded to a level adequate to now restrain the Soviet challenge. On the basis of known facts, the President's assurances might perhaps be true a year or two from now, if our adversaries and their circumstances were not those who are now in control in the Kremlin but, say, some benign version of the Brezhnev regime of the pre-1976 period. The current Soviet strategic challenge to the West rests on the foundation of two facts: First, the Russian military leaders have settled on and accepted a prediscouted level of national population and logistical losses in the event of thermonuclear confrontation; second, they are to proceed with that confrontation at the approximate moment they have sprung a strategic surprise, in the form of last-minute deployment of new weapons systems calculated to tip the military balance at the moment in which the confrontation is launched.

Thus, we share neither the economic optimism nor the military optimism in the form presented in President Reagan's State of the Union message.

Included in our concern is the time-bomb embedded in the President's call for a "bipartisan approach" to cutting the budget deficit by \$100 billion. Before the FY1985 defense budget has been presented, the surfacing of this bipartisan budget cutting offer opens up a whole series of problems which are bound to grow rapidly as the electoral campaign heats up. Those who pressured the President to adopt and present this particular proposal, against his own best judgment in the matter, as we are told, know something which he is not told and, in luring the President in this direction, they are acting in collusion with the KGB-preferred pack of Democratic hopefuls and their stringpullers around Averell Harriman, Democratic National Committee (DNC) Charles Manatt, and AFL-CIO president Lane Kirkland.

### **The LaRouche campaign**

The LaRouche candidacy for the Democratic presidential nomination should be viewed against the background of this attempt by the Harriman, Kissinger, and related circles to capture the campaign posture of President Reagan's re-election effort. It is notable that even as the President was giving his State of the Union message, The LaRouche Campaign offices were still being inundated by telephone calls and letters in the high thousands, initiated by citizens who wished to register their agreement and offer their help for the National Emergency Mobilization which Mr. LaRouche had proposed in a nationally televised half-hour address on CBS-TV on Jan. 21, three days before the President's State of the Union message (see transcript, *EIR*, Jan. 31).

Mr. LaRouche's presidential nomination campaign is flanked by a huge number of other electoral campaigns for federal, state, and local office, all of which are outspokenly against the official policies of Charles Manatt's and Averell Harriman's Democratic National Committee. So far, there

are over 2,200 such LaRouche-affiliated candidacies, and the number is expected to swell to 10,000 by early summer. In short, Mr. LaRouche has been able to mount a formidable challenge to the DNC's self-deluded and self-contained clique management of the Democratic Party. Contrary to the systematic blackout of Mr. LaRouche from the "mass media," his challenge now is seen, in the eyes of Manatt, Harriman, Kirkland, and Mondale as a "clear and present danger" to take party leadership and party loyalties away from their bankrupt policies.

The more LaRouche and the LaRouche-affiliated campaigns succeed in instilling leadership and inspiration in the traditional Democratic constituencies, the less will Harriman, Kissinger, James Baker III, and their assorted ilk be able to capture President Reagan's campaign strategy—and actual policy during the election period. For this reason, this crowd, let us call it the appeaser crowd, whose influence spans both major parties, is deploying its efforts to simultaneously derail President Reagan and to silence Lyndon H. LaRouche, Jr.

The LaRouche Campaign's distinct contribution to this year's electoral fights is to provide the reality perspective so as to oblige candidates as well as voters to face up to the real, as opposed to the "perceived" issues and problems of the present world crisis. Mr. LaRouche has made it clear that he is interested primarily in presenting the bare facts of the world strategic crisis and the world economic and financial crisis to the electorate, together with his proposed programmatic policies, rather than in entering a popularity contest per se. This makes his campaign a highly unorthodox one by recent standards. Going against the grain of political pros' "conventional wisdom," Mr. LaRouche, it appears to us, has succeeded in matching an exceptional national and world crisis with an exceptional electoral strategy. His first nationally televised address, focussed on the international strategic crisis and the persisting military vulnerabilities of the United States, has set off a succession of political shock waves in the Democratic Party and other circles as far away as Moscow.

### **The IMF gambit**

The sense of unreality evident in President Reagan's Jan. 24 address should be evaluated together with the Jan. 25 decision of the Federal Election Commission to deny matching funds to The LaRouche Campaign. As the one dissenting commissioner, namely, the chairman of the FEC, pointed out in her dissenting opinion, the FEC denied LaRouche his matching funds by abandoning its hitherto honored practice of basing its decisions on "objective criteria" and adopting for the first time a set of arbitrary and subjective criteria for "eligibility to receive federal matching funds." (See article, page 55.) A unique candidate, receiving a unique treatment by a bunch of arbitrary bureaucrats?

Hardly! The majority of the FEC commissioners acted in

collusion with DNC chairman Manatt, Walter Mondale, and Lane Kirkland in an effort to silence LaRouche.

What does LaRouche know that these fellows wish to keep suppressed? Essentially, he knows what their "end-game" will be to defeat President Reagan in November. That piece of strategy, let us call it their "IMF gambit," has to do with President Reagan's most significant vulnerability, which induces him to imagine that the U.S. economy is undergoing a "recovery."

LaRouche knows, as the DNC and AFL-CIO appeasers know, and as the top Soviet leadership know, that President Reagan is being set up for a financial disaster of 1929 proportions some time before the November elections. For those who have been following the Federal Reserve-perpetrated "economic recovery" fraud, the dramatic growth of indebtedness both in the Eurodollar markets and in our domestic capital markets, the current actions of the International Monetary Fund, the Bank for International Settlements, the Organization for Economic Cooperation and Development (OECD) and the New York banking community lead to no other conclusion than that these circles are setting up the United States for a financial crash of the type which once produced Herbert Hoover's crushing at the polls.

Some of the financial and banking circles involved in this filthy deal would like to believe that their financial hide will be rescued if the President is pressured to gut his FY1985 defense budget—their panacea for avoiding the crash. Nonsense! Contrary to the financial pundits' pronouncements on the matter, the first signals of a further weakening in U.S. defenses will set off an avalanche of "decoupling" maneuvers in Europe, the Middle East and Asia which will as quickly produce a financial crash. The option available to this country under this combined national security and financial crisis is to proceed with the type of national emergency mobilization outlined in LaRouche's Jan. 21 televised address.

As matters now stand, both the President's and his chief DNC-sponsored rivals' campaign strategies are bound to be crushed by the quickening march of events. Known to very few among Washington's political pundits is the fact that the Soviet government is finely tuned into the daily and hourly ups and downs of both financial policy, especially as it pertains to the Latin American debt crisis, and the U.S. budget debate. Contrary to popular belief, the Soviet government has numerous and formidable financial strings which it can pull—a capability which can be multiply augmented if coordinated with allied efforts of Swiss and London financial interests (See EIR, Dec. 27, 1983, and Jan. 3, 1984).

Should this financial plug be pulled, either the United States goes down the tubes militarily and economically, or the country finds the moral strength to carry out the national emergency mobilization proposed by LaRouche. If this latter occurs, the nation's political map will be altered beyond recognition. There will no longer be a Manatt-Mondale-Harriman appeasement wing in the Democratic Party.

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## Documentation

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# The world responds to urgent TV message

*Lyndon H. LaRouche's televised call for a U.S. national defense emergency mobilization Jan. 21 prompted an immediate response from the international press. A Spanish wire service carried an accurate summation of Mr. LaRouche's statements which was reported in leading Ibero-American newspapers; the U.S. Defense Daily reported LaRouche's warnings on U.S. vulnerability to the Soviets.*

*Those opposed to LaRouche's proposed defense mobilization did not wait long to respond. The New York Times emphasized the reluctance of CBS television to submit to federal law and allow a qualified candidate for office to make a statement without their "editorial discretion over such broadcasts." Regional papers in Massachusetts, Washington, and elsewhere published a mixture of slurs and factual reports on the candidate's proposals. The New York drug lobby's throwaway *Our Town* and the *New Republic* printed outright slanders; *Our Town* ended its article with a threat from Dennis King, who has made a career of slandering LaRouche for the New York drug lobby: "the end is in sight for LaRouche."*

### **Ibero-American coverage:**

**The Spanish news agency EFE, Jan. 22:** Lyndon H. LaRouche launched his candidacy for the Democratic Party presidential nomination last night with a half-hour television program. LaRouche, a 61-year-old economist who never has held public office, devoted most of his speech to alerting the American people of growing Soviet militarism. According to the Democratic candidate, "since Soviet president Yuri Andropov disappeared from sight five months ago, a military junta is governing in Moscow"

"The Soviet chiefs are focusing their growing military superiority to take over a good part of Western Europe and the Middle East," LaRouche added.

In his opinion, the Soviets are trying to provoke a nuclear test of force with President Reagan in the near future, which will be "much more serious and dangerous than the 1962 missile crisis." According to LaRouche, Moscow believes that President Reagan "will find himself forced to give in to Soviet demands under appeasement pressure from Walter Mondale, Averell Harriman and the *New York Times*"

In the face of what the Democratic contender considers a grave Soviet threat, he proposes that President Reagan orders

a national defense mobilization of the country like President Franklin D. Roosevelt did before the Second World War.

Last night's television program, paid for by The LaRouche Campaign committee, cost \$215,000, a little more than half of what has been raised [by the committee] up to now.

LaRouche was an independent candidate in the 1976 presidential elections and candidate for the democratic nomination in 1980. In the primary elections of the Democratic Party in 1980, LaRouche came in fourth with 1 percent of the vote, far behind Jimmy Carter, Ed Kennedy, and Edmund Brown.

He is the founder and director of *Executive Intelligence Review*, which is published in Spanish under the title *Resumen*. He is an economist by profession and is co-author of the "LaRouche-Riemann" econometric model. According to his advisers, this model permitted him to forecast the U.S. recession before it happened.

LaRouche is a proponent of a profound reform of the international monetary system, based on gold and centered on an international development bank. In his speech last night, he called for the United States to grant \$500 billion in low-interest loans to the developing countries.

*Ibero-American papers that carried this release included:*

**In Mexico:** The Mexico City daily *El Nacional* and four leading papers of the northern states of Mexico, *El Diario de Yaqui*, *El Norte*, *El Mexicano*, and *Novedades*.

**In Argentina:** The national wire service TELAM and the newspapers *El Tiempo Argentina* and *La Razon of Buenos Aires*.

**In Brazil:** The Brasilia daily *Correio Brazileense*.

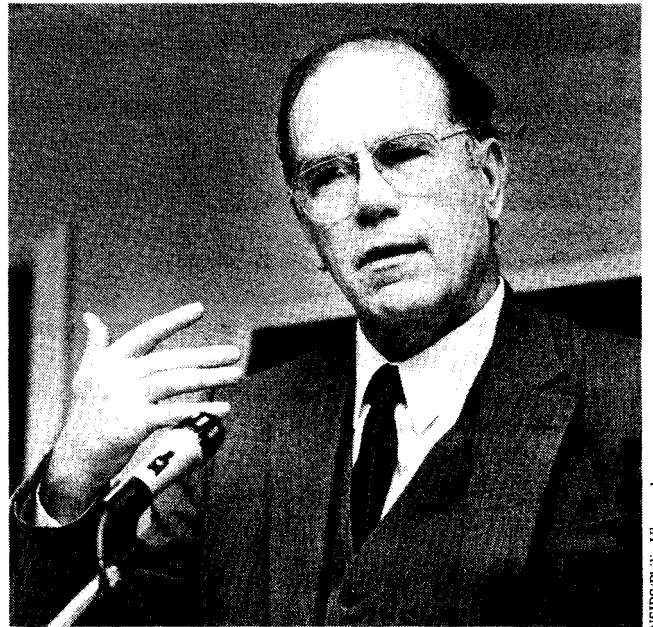
**In Venezuela:** *El Mundo*, the 200,000-circulation Caracas afternoon daily.

**U.S. press coverage:**

*The New York Times*, Jan. 22, under the headline "CBS Sells Time to Fringe Candidate for Talk": Lyndon H. LaRouche, Jr., a contender for the Democratic presidential nomination, has taped a speech for broadcast last night on CBS television, from which he bought half an hour of time. In the speech, said campaign officials, Mr. LaRouche warns that the Soviet Union is planning a nuclear confrontation with the United States in the coming months.

George Schweitzer, CBS vice-president for communications, said the network was prohibited by law from refusing to sell the time to Mr. LaRouche, from editing the program and from judging whether the speech was irresponsible. Federal communications law prohibits broadcasters from refusing to provide air time to paid political messages of qualified candidates for federal office.

In the past, Mr. LaRouche, who has run for President twice before, in 1976 and 1980, has argued that the United States and the Soviet Union were joined in a conspiracy



NSIPS/Philip Ulanovsky

*Lyndon H. LaRouche presenting his analysis of the strategic situation to a conference in Washington, D.C. in September 1983.*

against workers and warned of other conspiracies that he said involved the Carter administration, the Rockefeller family, major labor unions in the United States, the Israeli intelligence service, and the Queen of England.

In March 1979 Mr. LaRouche bought time on independent television stations to accuse President Carter of leading the nation to the brink of nuclear war, arguing that the United States was pursuing anti-Soviet policies designed by Britain. He urged economic cooperation with the Russians.

Melvin Klenetsky, national campaign director for Mr. LaRouche, said the program taped for broadcast yesterday from 8:30 to 9 P.M. was designed to warn that the Soviet Union was planning to provoke a "thermo-nuclear confrontation." Mr. Klenetsky said Mr. LaRouche was to call for a national mobilization to develop "beam weapons" and for new financial policies to create "low-interest credit rates." The LaRouche campaign, he added, had purchased the time from CBS for \$200,000.

"Lyndon LaRouche purchased the time, and he has the right to express himself in any way he wishes," Mr. Schweitzer of CBS said. "We have argued for years we should have editorial discretion over such broadcasts." . . .

Mr. LaRouche's publications in recent years have assailed a wide range of public figures, including Henry A. Kissinger, W. Averell Harriman, Jane Fonda, and Charles T. Manatt, chairman of the Democratic Party.

An NBC News magazine program, "First Camera," is preparing a report on Mr. LaRouche.

*The Wall Street Journal*, Jan. 24 Labor Letter: Wrong number? Top AFL-CIO staffers were called by backers of arch-

foe Lyndon LaRouche and urged to watch his TV address last Saturday in his bid for the Democratic presidential nod.

**Daily Evening Item**, Lynn, Massachusetts, Jan. 20: He wasn't born here, but Lyndon H. LaRouche, Jr., ultra-conservative minor party candidate, spent his formative years in Lynn.

In a television interview this week, the two-time White House candidate told *The Item* that Libyan strongman Muammar Qaddafi has put a contract out on him.

LaRouche, whose party has been officially declared a "cult" by the Citizens Freedom Foundation, an organization of families of cult members, brushed off the threat. "I get them all the time, this is just another one," said the 1940 English High graduate. . . .

In an interview earlier this week, the former ultra-leftist candidate who has swung sharply to the right and is written off as a "nut" or "scary" by some observers, described his current philosophy. He sums it up in four points:

A massive federal monetary policy to further strengthen the dollar based on an infusion of \$500 billion in gold into the banking industry keyed to spur investments in "idle farms and factories"

An "Apollo-style," \$200 billion crash program to deploy by 1988 a laser-based anti-missile defense.

Moves to shore up "gaping holes in our national defense," in the submarine and missile area, designed to bring the Soviets to the bargaining table.

A rescheduling and lowering of interest on the Third World debt owed U.S. banks to spur export-dependent jobs in the U.S. . . .

LaRouche called the eight Democratic candidates an "eight-pack" and criticized their collective views as a "Neville Chamberlain Memorial Society," in reference to the former British prime minister condemned for his "appeasement" policies towards Hitler.

**Seattle Post Intelligencer**, Jan. 23, under the headline "LaRouche Urges Fast Buildup": Lyndon H. LaRouche, Jr., a contender for the Democratic presidential nomination, warned in a televised speech Saturday night that the Soviet Union is moving towards a "global thermonuclear showdown in Europe, the Middle East and elsewhere." LaRouche, in a paid political advertisement broadcast on CBS TV, also said the Soviet Union "is deploying scads of terrorists into the United States" in part through KBG-controlled drug rings in Mexico. "A Soviet military junta has come to power over there," he said. "Since August, beginning with incidents including the shooting down of a Korean civilian airliner on Sept. 1, the Soviet rulers are moving step by step towards global thermonuclear showdown in Europe, in the Middle East and elsewhere. . . . The situation today in general is far worse than it was at the outbreak of the Berlin Crisis or the Cuba crisis under President John Kennedy."

LaRouche called for an "emergency defense mobiliza-

tion" and said the United States must launch a "\$200 billion crash program" to build "a first generation anti-missile shield by 1988." Melvin Klenetsky, the national campaign director for LaRouche, told the *New York Times* that LaRouche paid CBS \$200,000 for the half hour of air time. LaRouche, 62, (sic) who once headed a group known as the U.S. Labor Party, has run for President several times. He won 2 percent of the vote in his native New Hampshire in the 1980 primary.

**Defense Daily**, Jan. 24, under the headline "Candidate LaRouche Calls for \$200 Billion ABM Program": The United States should undertake a \$200 billion crash program to develop a "first-generation anti-missile shield by 1988" to defend against a potential first-strike that the Soviet Union is putting into place, maverick Democratic presidential candidate Lyndon H. LaRouche said in a 30-minute paid political television broadcast Saturday.

LaRouche, who ran for the Democratic presidential nomination in 1980, is head of the Fusion Energy Foundation, which promotes development of thermonuclear fusion energy development and supports development of directed energy beam weapons for anti-missile defense. Neither his self-proclaimed candidacy, whose platform seems aimed more at the conservative wing of the Republican Party rather than traditional Democrats, nor his fusion energy push has drawn any acknowledged consideration.

LaRouche warned that the Soviet Union has developed a first-strike capability so devastating that with 15 percent of its ICBMs and 40 percent of its SLBMs, the Soviet Union could destroy 90 percent of the U.S. ICBM force, 70 percent of the U.S. SLBM force and 80 percent of its strategic bomber force.

His figures are not far off from "worse-case" estimates that have been indicated by official sources, who acknowledge that the Minuteman ICBM force could be devastated by a first-strike, that B-52 bombers are vulnerable to SLBMs and that Poseidon/Trident SLBM submarines not at sea could be destroyed. However, they see protection of part of the force from the synergistic problems in attacking all the forces simultaneously.

LaRouche charged that the Soviets have walked away from the strategic arms control talks because they are not interested in and don't need arms control. He asserted that the one thing that the Soviets can do is to calculate the risks of a nuclear exchange, given the capabilities on each side, and declared that the Soviets "are prepared to risk thermonuclear war now."

He charged that by turning down the President's March 23 proposal to move away from offensive strategic weapons to a defensive posture, the Soviets showed that they thought they could win a war, and "they chose war."

LaRouche said that the President should declare a national defense emergency mobilization and initiate a crash \$200 billion ABM defense effort.

# LaRouche citizens' movement tops 2,000 candidates worldwide

by Warren J. Hamerman

In the first weeks of January, well over 2,200 citizens in the United States, Western Europe, and Ibero-America, rallying around the presidential campaign of Lyndon H. LaRouche, have declared their campaigns to run for political office in their respective nations.

In the United States, over 2,100 "LaRouche Democrats" and "LaRouche Republicans" have publicly joined the *bi-partisan* "citizen candidates movement" and have already announced their campaigns in 36 states for political offices ranging from U.S. Senate and Congress to local Democratic Party precinct captain posts. Coordinated by the National Democratic Policy Committee (NDPC), a multi-candidate political action committee, the LaRouche candidates movement has been growing at a national rate of over 100 new candidates a day since LaRouche's historic nationwide television address on January 21.

The National Democratic Policy Committee has set a goal of mustering a LaRouche candidates slate of 10,000 candidates nationwide, including a full slate of candidates for all upcoming senatorial and congressional races. In the state of Pennsylvania alone, where LaRouche will be running in the Democratic presidential primary on April 10, the NDPC is deployed to field a slate of over 400 candidates by the filing deadline. Well over 400 LaRouche candidates have already declared their campaigns in each of two states—California and New Jersey. Over 100 LaRouche candidates have declared in Massachusetts, Illinois, and Texas, respectfully. In addition to the growing emergence of the LaRouche wing of the Democratic Party in fierce combat with the "Neville Chamberlain" Democrats like Mondale, Harriman and Manatt, the LaRouche movement now also includes several hundred "LaRouche Republican" candidates.

## The candidates' policy

The National Democratic Policy Committee has established an "international war room" in its New York headquarters to coordinate the campaign activities of the candidates movement. All of the LaRouche candidates from the United States, Europe, and Mexico are now jointly mobilized to:

1. Save West Germany and all of Europe for the Western Alliance by forcing the firing of the treasonous U.S. Ambassador to West Germany Arthur Burns, and by having the

United States irrevocably disassociate itself from the Kissinger/McNamara policy of Mutually Assured Destruction (MAD) and "Flexible Response";

2. Force the United States to declare a national defense emergency mobilization to initiate a full-scale crash development program for laser- and particle-defense systems as the basis for ushering in an era of Mutually Assured Survival (MAS) between the superpowers;

3. Destroy the evil Nazi-Communist networks worldwide, as epitomized by the satanic National Action Party (PAN) of Mexico, which narrowly failed in a savage premeditated New Year's Eve assassination attempt on a LaRouche spokesman in Sonora;

4. Destroy and dismantle the International Monetary Fund,



Members of the National Democratic Policy Committee demonstrate in Los Angeles.

the Club of Rome, and their affiliated genocide institutions. The task is to end the hideous genocide programs threatening the bulk of mankind in the current world depression. The overall policy is to establish a New World Economic Order based on the LaRouche plan for global monetary reorganization and an economic development and industrialization perspective of "great projects."

### The scope of the movement

As the worldwide strategic, military, and economic crisis deepens, an international republican network "in the footsteps of Ben Franklin," is rallying around LaRouche. The LaRouche candidates are ordinary citizens of their respective nations who realize at this moment of great peril that they must take personal responsibility for the fate of their nations and the world—above family, above party, above everyday concerns. They respond like the Roman farmer Cincinnatus, who several times had to put down the plough and lead the threatened republic. The candidates embody the principle of the great German republican dramatist Friedrich Schiller, being at one and the same time patriots of their own nations and world citizens.

The American patriots who have already joined the LaRouche citizens political militia include the following approximate distribution by region of the country:

Northeast: 653 candidates	Southwest: 141
Mid-Atlantic and Southeast: 452	West Coast: 613
Midwest: 350	

In Western Europe LaRouche's associates in the European Labor Parties of Italy, West Germany, France, Denmark, and Sweden are now forming slates that will eventually total 2,000 candidates. Already nearly 200 citizens of various nations have joined the LaRouche candidates movement for races from the European Parliament elections to various state and local elections in the following approximate distribution:

West Germany: 80 candidates	Denmark: 5
France: 82	Italy: 15
Sweden: 15	

In Latin America the LaRouche candidates movement has already elected and inaugurated the mayor of Paramonga, Peru—Cesareo Perez. In Colombia, LaRouche's associates are in the midst of organizing slates of candidates for city council, state, and legislative positions in three targeted states. Nightly walking tours and rallies have begun to initiate the candidates drive which aims to sign up hundreds, especially from trade union strata.

In Mexico, LaRouche's allies in the Mexican Labor Party (PLM) are now registering as an official party in the states of Sonora and Nuevo Leon. To qualify as a party in the two states the PLM is engaging in a membership drive to sign up 10,000 affiliates in each state. Their battle cry is "Join the PLM registration campaign to have candidates to defend the

republic and the continent." The PLM's goal is to run hundreds of candidates for state, local, congressional, and municipal elections while preparing for the Mexican national elections in 1985.

### Expansion of the movement

The rapid acceleration of the growth rate of the LaRouche citizens candidate movement can be seen by comparing its dimensions in the United States in all of 1983 with only the first four weeks of 1984. In 1983 the NDPC fielded a slate of 700 candidates in primaries and general elections. During these elections, which spanned 27 states, approximately 700,000 votes were officially tallied for the candidates, despite expenditures of millions of dollars for "containment" operations that included thuggery, vote stealing, vicious slanders, and dirty tricks against the LaRouche Democrats by the "KGB Democrats" under Democratic National Committee Chairman Charles T. Manatt. During these elections, 27 of the LaRouche Democrats won their elections outright.

In the first four weeks of 1984, the NDPC has already mustered a national slate over three times the size of the one for the entirety of 1983. A state-by-state comparison as of January 25, 1984 by the NDPC's international war room reveals the growth of the LaRouche movement:

	1984			1984	
	1983	Candidates		1983	Candidates
	Candidates (approx.)			Candidates (approx.)	
Ala.	2	15	Minn.	1	25
Alaska	0	18	Miss.	2	2
Calif.	217	480	Nebr.	1	n.a.
Colo.	4	1	N.H.	6	n.a.
Conn.	0	40	N.J.	35	451
Del.	0	1	N.Y.	135	17
D.C.	1	20	N.C.	2	9
Fla.	1	68	N. Dak.	1	n.a.
Ga.	0	1	Ohio	1	14
Idaho	0	3	Oreg.	1	17
Ill.	107	118	Pa.	2	314
Ind.	1	93	S.C.	0	2
Kans.	1	n.a.	S. Dak.	1	n.a.
Ky.	0	5	Tenn.	0	1
La.	8	1	Tex.	13	135
Md.	16	15	Va.	4	3
Mass.	10	147	Wash.	40	95
Mich.	2	13	W.Va.	0	1

When Lyndon H. LaRouche, Jr. announced his 1984 presidential candidacy last September, he declared that one of the principal purposes of his campaign would be for it to serve as a national and international "rallying point" for an American national defense emergency mobilization for laser and other energy beam defensive systems and for a New World Economic Order based upon a "Franklinesque" flourishing of scientific, industrial, and agricultural progress so as to increase the prosperity, numbers, lifespan, and overall well-being of all mankind. The scope and growth of the worldwide LaRouche citizen candidates movement demonstrates considerable progress toward achieving LaRouche's overall design.



# How the FEC pleased Moscow

by David Wolinsky

In an action which Federal Election Commission chair Lee Ann Elliot characterized as lacking “objective standards,” Democratic National Chairman Charles Manatt’s allies on the FEC Jan. 26 rammed through a motion denying Lyndon H. LaRouche, Jr.’s eligibility to receive federal matching funds in LaRouche’s campaign for the 1984 presidential nomination of the Democratic Party.

LaRouche’s response was swift: “In recent Moscow newspaper reports, and through other channels, the Soviet government has identified LaRouche as ‘Moscow’s enemy number one in the U.S.A.’, and Moscow has been pressuring Democratic Party circles in the U.S.A. to dump LaRouche and LaRouche’s policies,” said a campaign release issued the same day. “Meanwhile, the Minnesota state Mondale political machine has been collaborating openly with top Soviet KGB officials in planning tactics for pushing the Soviet ‘Nuclear Freeze’ line in the United States. Mondale is properly identified as part of the Henry A. Kissinger wing of the Democratic Party, as the list of Mondale’s official advisors shows. Manatt’s firm has important business connections to Moscow. At the same time, the Harriman wing of the Democratic Party has also been collaborating actively with Moscow against President Ronald Reagan, as well as deploying its forces against LaRouche.

“The pretext for the FEC’s action was one of the wildest abuses of bureaucratic procedure openly exhibited by any Washington agency. After the FEC’s audit had qualified LaRouche to receive campaign matching funds, FEC General Counsel Charles Steele issued a report recommending denial of eligibility. The grounds included a list of false statements by Steele, plus Steele’s insistence that LaRouche ‘has no intention to fulfill’ his signed candidate’s agreement with the FEC.

“The willful falsehoods in Steele’s recommendation are matters of record in federal court-actions still in progress. Yet, despite this evidence of his lying, Steele refused to withdraw those false allegations. He pressed ahead with his insistence that LaRouche intends to repudiate his signed agreements with the FEC at some future time.

“Such outrageous behavior toward LaRouche by the FEC is not without precedent. Earlier, the FEC was denounced by a federal judge for its unprecedented and discriminatory abuse of bureaucratic procedure against LaRouche. FEC vice-com-

missioner Tom Harris, former associate general counsel to the AFL-CIO of Lane Kirkland, has figured prominently in these matters during the past. NBC-TV’s Brian Ross, reputed to be an FBI stringer, bragged of an FEC plot against LaRouche even before LaRouche’s legal representatives were informed that Steele’s proposal existed. NBC-TV has been implicated as conspiring with the Playboy Foundation-backed High Times drug-lobby and the former owners of the Chicago Sun-Times in a multi-million-dollar dirty-tricks operation against LaRouche, the subject of a federal court action in Chicago. Currently, NBC-TV’s ‘First Camera’ is working with the same drug-pushers’ lobby, spending many millions in preparing a fraudulent, libelous twenty-minute feature on that NBC-TV broadcast. The evidence is that FEC General Counsel Steele is complicit in these drug-pushers-lobby-linked operations.

On January 27, The LaRouche Campaign filed an emergency appeal with the U.S. Court of Appeals for the District of Columbia Circuit. The campaign is seeking, *inter alia*, an injunction mandating FEC certification of LaRouche’s eligibility and expedited consideration of a motion for summary reversal of the FEC’s illegal actions.

## The FEC’s destructive history

The Federal Election Commission was created by act of Congress in 1974, a few days after the resignation of president Richard Nixon. It was created by the same forces involved in destroying much of the independent labor leaders through racketeering charges, and later brought congressmen and others low through the Abscam and other frameup operations. But these were watershed victories in a campaign to both discredit and increase control over, above all, the presidency of the United States; the FEC was the handiwork of an oligarchic policy-shaping institutions network dedicated to the destruction of U.S. constituency politics. This network features the Aspen Institute for Humanistic Studies, the (London) International Institute for Strategic Studies, the Twentieth Century Fund, and the Club of Rome. These and related institutions are Moscow’s favored collaborators in the more fundamental project of creating “post-industrial society”—in the West.

These forces have recognized for years that their greatest enemy in the attempt to undo the work of America’s founding fathers is the influence of Lyndon H. LaRouche, Jr.

● After stalling for three months on the claim of LaRouche’s 1976 campaign committee, CTEL, for matching funds, the FEC sent its agents into Wisconsin, Delaware, and Massachusetts for three days of surprise visits to CTEL contributors and their employers, some of these interrogations— attempts to confuse and coerce contributors—were conducted at 6 a.m. CTEL was not notified, but on Feb. 10 the FEC announced that LaRouche had not qualified for matching funds because of insufficient campaign contributions in three states: Wisconsin, Delaware, and Massachusetts. A week later, highly placed Washington sources informed CTEL and

the U.S. Labor Party—LaRouche's short-lived attempt to create a third party in the American Whig tradition—that the Jimmy Carter-controlled National Security Council had launched a 60-day program to bankrupt the LaRouche organization, using FEC investigations as one of its chief instruments.

● In February of 1980 Citizens for LaRouche, CFL, filed a watertight submission for matching funds, which was approved by the FEC. Lyndon LaRouche was contesting the Democratic presidential nomination, and the press organs of the Eastern Establishment went wild. *The New York Times*, *Washington Post*, *Philadelphia Inquirer*, etc. all howled in rage that a "fringe candidate" had made it through a "loop-hole" in the law. The FEC launched ten simultaneous "investigations" that were still going strong two years later, with no end in sight. CFL's books were put under a microscope and contributors again raked over the coals—only this time they had to be subpoenaed first.

One Baltimore CFL volunteer described in a court deposition why she had "seriously considered dropping out of the LaRouche campaign as a result of this investigation": "This was not because of anything the campaign did or did not do. I just did not want the hassle when I was starting a new job of having marshals at my house . . . and having to explain to my employer that I was being questioned by the federal government as a result of my political activities." Since the FEC was legally required to expedite such investigations, they were all prolonged by the ruse of calling them "preliminary" investigations.

## FEC 'Star Chamber'

Patricia Dolbeare, as Treasurer of CFL, sued the FEC. On March 9, 1982 Federal District Court Judge Charles Brieant issued a preliminary injunction against the FEC, in a landmark decision in an area—chastising a federal investigation—which the judge himself called "an uncharted sea."

"It would be hard to imagine a more abusive visitation of bureaucratic power," said Judge Brieant of the FEC's methods in his *Dolbeare vs. FEC* ruling. "We doubt that the congressional sponsors in enacting this supposedly remedial legislation ever expected or intended that a volunteer political group would become so enmeshed in governmental red tape and bureaucratic nitpicking as to be visited with as many MURs [FEC investigations] as have been visited upon these plaintiffs, without prompt conclusion. . . . These MURs are not, nor should they become, a Star Chamber Proceeding. It is not a crime for someone such as LaRouche, clearly not a part of the mainstream of the Democratic Party . . . to seek its nomination."

As a result of Brieant's injunction, the FEC's investigation and the CFL suit were settled through voluntary "conciliation" proceedings. When this settlement became unglued, CFL and FEC went back to court again, where they still are: it is this defense of LaRouche's rights under law and the Constitution to which FEC General Counsel Charles Steele objects. The payments in dispute from the FEC's 1980-82 vendetta against LaRouche are what Steele cites as his basis for claiming that LaRouche doesn't qualify for matching funds this time around.

## Why the FEC denied LaRouche matching funds

*FEC General Counsel Charles Steele's "Statement of Reasons" accompanying the FEC's rejection of the LaRouche matching fund submission, contains falsehoods patently designed to inflame the Commissioners against LaRouche.*

*We present a few of counsel Steele's "reasons" below:*

On Jan. 13, 1984, the Office of the General Counsel submitted a recommendation to the Commission that Mr. LaRouche be denied eligibility to receive matching funds. On January 14, 1984, after this recommendation was made public, Mr. LaRouche's counsel contacted the Office of the General Counsel to discuss what Mr. LaRouche could do to satisfy the stated concerns. In addition, prior to the Commission's meeting of January 19, 1984, Commis-

sioners and staff persons reported receiving harrasing, threatening and obscene phone calls, at home and in the office, from persons identifying themselves as LaRouche supporters. They are continuing to receive such calls. During the morning of the Commission meeting, persons identifying themselves as LaRouche supporters picketed outside the agency, accusing the Commission, named Commissioners, and staff of a variety of activities, including being biased, Nazis, and controlled by the KGB, as well as homosexuality.

The Commission has determined that the arguments raised by Lyndon LaRouche . . . as well as his failure to make the repayment which has been due and owing to the U.S. Treasury for more than a year . . . demonstrate that he has repudiated his undertakings in his 1979 letter. . . . The Commission finds that the repudiation of his obligations under the 1979 candidate agreement provides strong evidence that the promises made by Mr. LaRouche in his Dec. 30, 1983 letter are not made with a good faith intention to fulfill those promises.

# Fixation on the deficit threatens defense

by Susan Kokinda

As the second session of the 98th Congress opens, the issue of the budget deficit threatens to endanger U.S. national security. An alliance of Neville Chamberlain liberals and budget-cutting conservatives has a serious chance of reducing the administration's requested FY85 defense budget.

As *EIR* has documented, the projected administration increase is too small to deter Soviet war preparations, and any effort to reduce that already insufficient budget will be a disaster for U.S. strategic capabilities. Behind this alliance to slash the defense budget stands the Soviet KGB, which has activated its assets in "right-wing" institutions such as the free-enterprise-espousing Heritage Foundation and "left-wing" institutions such as the Institute for Policy Studies (IPS), in a domestic version of the "Nazi-communist" alliance which has surfaced in Europe, Mexico, and the Mideast to undercut U.S. interests.

February and March have become months during which the Congress engages in a numerological exercise otherwise known as passage of the "first concurrent budget resolution." The House and Senate Budget Committees and the authorizing and appropriating committees will conduct endless hearings throughout the coming weeks documenting the danger of the "budget deficit." The national security or economic merits of vitally needed defense or R&D programs will be ignored.

With the deficit threatening to top \$200 billion this year, as a result of the high interest costs and tax-revenue shrinkage effected by the Federal Reserve Board and its chairman Paul Volcker, the budget ritual promises to become a dangerous psychosis, manipulated by enemies of the United States.

Already President Reagan has fallen prey to the deficit hysteria by calling in his State of the Union message for a "bipartisan effort" to reduce the deficit—which will demand crippling cuts in defense.

The suggestion to create a bipartisan forum to resolve the deficit problem surfaced in 1983 from quarters such as the Democratic Study Group (DSG), a group of liberal congressmen formed in early 1963 by the KGB-linked IPS and embraced de facto by the House Democratic leadership. On the morning of the Jan. 25 State of the Union message, Senate

Minority Leader Robert Byrd, who distinguished himself in 1981 by defending Paul Volcker and thereby contributing to the industrial depression and the resultant out-of-control deficit, called on Reagan to "mobilize the country to act on these deficits," and pledged his support to Reagan if the President presented a "fair and comprehensive package of deficit reduction measures." Byrd is urging the President into a trap whose only route of escape will be to cut the defense budget or raise taxes.

Lest the ultimate goal of these Democratic deficit-reduction demands remained unclear, KGB-liberal Senator Paul Tsongas (D-Mass.) took the floor immediately after Byrd to recall his own 1983 call for an "economic summit" to reduce the deficit. Tsongas has an unmitigated anti-defense record and is one of the country's leading opponents of anti-missile defensive systems.

## The Republican saboteurs

But the real danger comes when Republicans add their voices to the chorus to cut the budget by cutting defense. The Kissinger Republicans who dominate the Senate leadership, such as Majority leader Howard Baker (R-Tenn.), Finance Committee Chairman Bob Dole (R-Kans.) and Budget Committee Chairman Pete Dominici (R-N.M.) last year ensured that the defense budget increase was held to a mere 5 percent, and are intent on repeating that performance this year. On the House side, a gaggle of Republicans, primarily from Reagan's home base of California, took to the House floor immediately after the State of the Union message to proselytize for a balanced budget, obviously thinking they were helping the President.

But this kind of budget-reduction mania can only hurt the defense budget. Already some Republicans have been pushed over the edge by it. Iowa Republican Sen. Charles Grassley, an arch-conservative elected in the Reagan landslide of 1980, has called for an across-the-board freeze in spending—including defense. Even Walter Mondale has conceded the need for a 5 per cent increase!

This is the same right-left alliance which killed the Clinch River Breeder Reactor in 1983. Under the guise of budget-cutting, Republicans were drawn into a coalition with rabid environmentalists; they did what Ralph Nader had been unable to do alone for over a decade. Now that alliance is being directed against the Pentagon, under the rubric of "military reform" and "procurement reform." Indeed, the Heritage Foundation-linked individual who directed the assault against Clinch River on behalf of Soviet-penetrated Pugwash Conference circles is now the chief military legislative aide to Dan Quayle of Indiana, a Republican member of the Senate Armed Services Committee. Henry Sikolski and his allies on the Democratic side of the committee will undoubtedly use a recent Heritage Foundation backgrounder on "military reform" about which one Capitol Hill source remarked, "It reads like it was written by IPS."

# Brookings: U.S. shouldn't build ABMs, because the Soviets have them

by Robert Gallagher

The Brookings Institution issued a book called *Ballistic Missile Defense* on Jan. 11 which is presented as the authoritative work on the subject of defense against ballistic missiles. The book's basic argument is that the United States should not defend itself against nuclear attack. It is a compendium of 20-year-old newspeak, originated by the Soviet-controlled Pugwash Conference on Science and World Affairs.

The book was funded by the Ford Foundation, McGeorge Bundy's personal vehicle for sabotaging U.S. foreign and military policy, the same McGeorge Bundy who expressed satisfaction in the *New York Times* on Jan. 6, 1984 over his "crisis-management" of the U.S. backdown in the October 1962 Cuban Missile Crisis. *Ballistic Missile Defense* was also sponsored by the Massachusetts Institute of Technology (MIT), where "staff scientists" such as Kosta Tsipis, George Rathjens, and Jerome Wiesner argue that ABMs "won't work."

*EIR* founder Lyndon H. LaRouche, Jr. issued a press release on Jan. 19 urging an immediate federal investigation of the Brookings Institution and MIT for "consumer fraud" in connection with their publication for sale of *Ballistic Missile Defense* at a time when the citizens of the NATO member nations need information on how to build a defense against Soviet strategic attack.

## The instigators

There is evidence that close to the editors of the book are persons who have violated U.S. national security interests. Richard Burt, Assistant Secretary of State for European Affairs, hired co-editor David N. Schwartz as deputy director of the Office of Policy Analysis of the State Department's Bureau of Politico-Military Affairs, which Burt headed last year. Burt has been accused by five U.S. senators of breaking espionage laws during his Senate confirmation hearing as Assistant Secretary in 1983 (see *EIR*, Jan. 17, 1984). Upon joining State last October Schwartz jumped into a role in Department sponsorship of the 1983 U.S. tour of Petra Kelly, a spokesman for the European "peace movement" and leader of the pro-terrorist, Nazi-contaminated "Green Party" in the Federal Republic of Germany.

Consider the remark of MIT co-editor Ashton Carter:

For instance, is it worth using BMD [ballistic missile defense] to defend the MX and Minuteman ICBMs from Soviet attack if the surviving missiles thereby assured cannot threaten Soviet targets because those targets are defended by a Soviet BMD? (page 14).

In other words: since the Soviets are able to defend themselves against U.S. missiles, the United States shouldn't bother to defend those U.S. missiles. And:

The ultimate assessment of any ballistic missile defense must be tentative because, fortunately, no one has ever tested a BMD or an ICBM in a nuclear war—much less a statistically meaningful ensemble of wars. (page 99)

*Ballistic Missile Defense* repeats every argument used against the deployment of anti-missile missile systems in the 1960s. The arguments are just as invalid as they were 15 years ago. Here's a list culled from the Brookings piece; it compares well with Herbert York's rantings against the Safeguard ABM in testimony before the Senate Armed Services Committee in April 1969.

- 1) ABM systems are too complicated.
- 2) ABMs are too expensive.
- 3) Offensive warheads are cheaper than ABMs. Invest in warheads.
- 4) It is impossible for the defense to be 100 percent perfect. Therefore no defense is better than some.
- 5) Don't build an ABM system unless you know it can handle any conceivable offensive threat.
- 6) If we try to defend ourselves, the enemy might fire more bullets. Therefore, just let him shoot us.
- 7) Let the Soviets win the arms race. Look at all the money we'll save.

Nowhere do the Brookings and MIT authors acknowledge that directed-energy weapons (such as the x-ray laser) represent a *qualitatively advanced technology over that on which ICBMs are based*. The intercepting beam travels to its target at the speed of light: if you can see your target, it is dead. As a result, directed-energy weapons will confer a qualitative advantage to the defense. Consequently, it

could be argued that the Brookings arguments are simply irrelevant to the changed technology situation that exists today and that the Brookings authors are scientifically incompetent.

However, their systems-analysis arguments have credibility even among informed patriots. Therefore, it is time to refute once and for all the arguments that were used against deployment of the Nike-Zeus, Sentinel and Safeguard ABM systems. Contrary to popular opinion there was never a shred of truth in the claim that anti-missile systems "would not work," "would be too complicated," and so forth.

### The historical record

At the time of the 1962 Cuban Missile Crisis, the Soviet Union deployed 75 to 100 single-warhead intercontinental ballistic missiles (ICBMs) and a handful of submarine-launchable ballistic missiles (SLBMs) capable of reaching U.S. territory. Had the United States deployed the Nike-Zeus antiballistic-missile system as was proposed in 1960, the Kennedy administration would have had a capability not only to fight and win a nuclear war with our six-times larger ICBM

and SLBM force at the time of the October 1962 crisis, but also to defend the United States from any Soviet attack. Had this capability been available to President Kennedy during the crisis, perhaps he would have been able to muster the courage to stand firm against the Soviet missile deployment in Cuba rather than agreeing to a U.S. pullout of intermediate range missiles and strategic bombers from Europe. But because of opposition from the MIT-Pugwash arms-control mafia then led by Jerome Wiesner, the United States did not deploy Nike-Zeus in 1960.

The following year, Pugwash conduits Defense Secretary Robert McNamara and National Security Adviser McGeorge Bundy deferred production and deployment of the system again and reduced it to a mere R&D effort. It is these persons who are responsible for the U.S. backdown in the Cuban Missile Crisis.

In the wake of the Cuban Missile Crisis, the defeated U.S. adopted the doctrine of "Mutually Assured Destruction." The Soviet Union, however, continued to adhere to its policy of developing the capability to fight and win a nuclear war.

## Soviet anti-missile defense is rapidly expanding

The table below summarizes the current state of Soviet missile-defense systems for handling an American retaliatory missile attack following a Soviet preemptive strike that destroys roughly 80 percent of U.S. nuclear missiles. Each Soviet anti-missile system handles specific types of attacking U.S. missiles, as shown. Four fixed phased-array radars located around the country provide early warning of attack and battle management.

System	Defends Against	Deployment
SA-5	Bombers; Some ICBMs	Nationwide
SA-10	Low-altitude bombers Cruise Missiles	Nationwide
SA-1	Pershing IIs; SLBMs; some ICBMs	Western Russia Mobile
SH-04; SH-08	ICBMs; SLBMs	Moscow
ABM-3	ICBMs; SLBMs	Mobile nationwide potential

The Soviets have deployed several dual-function systems, one function allowed by the ABM Treaty, the other not. In this way, they have achieved coverage in areas where the United States is completely vulnerable. An example of such a dual-function deployment is the SA-12

anti-tactical ballistic missile (ATBM) system, which can intercept warheads of the Pershing II medium-range ballistic missile deployed in West Germany. The ABM Treaty permits such systems. But since the trajectories of such missiles are similar to those of submarine-launched missiles, it also provides protection against U.S. ballistic-missile submarines; that kind of anti-missile missile system is formally banned by the Treaty.

The principal remaining "hole" in the Soviet missile-defense system today is nationwide defense against ICBM warheads, specifically the Minuteman III Mark 12A warhead with its small radar cross-section. The U.S.S.R. is barred by the 1972 ABM Treaty from plugging this hole. *Aviation Week and Space Technology* magazine reported on Jan. 16 that according to the Central Intelligence Agency, the Soviets have been stockpiling the ABM-X-3 mobile missile defense system (SH-04 and SH-08 interceptor missiles, guidance radars and the mobile ABM-3 phased array radar) for rapid deployment around the country in the event of a confrontation.

In 1969 at the congressional hearings on the Safeguard ABM, Paul Nitze issued a warning that anticipated the current state of affairs:

In my view a long-term relationship in which the Soviet Union proceeded with successive generations of ABMs and we did not, could well result in an unstable situation with consequent grave dangers not only to the U.S. but to the rest of the world.

The Soviet Union now has a ballistic-missile arsenal capable of reaching the United States which has four times the destructive power of the U.S. missile arsenal capable of reaching the Soviet Union. The accuracy of these Soviet missiles enables them to destroy 90 percent of America's ICBMs, 80 percent of the strategic bomber force, and 70 percent of our SLBMs in a pre-emptive attack, and still retain the bulk of their ICBM and SLBM force and their entire bomber fleet, while the United States has no such capability. It is the traitors who killed the ABM programs of the 1960s and ran the U.S. backdown over Cuba in October 1962 who caused this state of affairs.

### How to close the 'window of vulnerability'

This situation makes immediate deployment of some ABM system around the U.S. ICBM fields an urgent priority. The Soviets are confident that a disarming pre-emptive strike would leave the U.S. arsenal capable only of the level of ragged retaliation which they could "manage" with their own nationwide ABM system, with their contemptuous view of human life. The immediate deployment of some form of defense (e.g., small projectiles or Swarmjets) around the Minuteman silos would be the quickest way to slam the "window of vulnerability."

Soviet pre-emptive strike tactics are based on the reliable destruction of the overwhelming bulk of the U.S. nuclear arsenal. An anti-missile missile system makes the effectiveness of a pre-emptive attack essentially unpredictable. The attack must first "fight through" the defense before it can destroy the defended site. By analogy to 18th-century conditions: to kill the army inside a fort, the attacker must first break down the walls. This gives the defended force time to fire back before its defenses are destroyed. Even if in the future the Soviets could deploy enough warheads to try to overwhelm an anti-missile missile defense of our silos, they could never be as confident as they are today of achieving a pre-emptive strike. But the Brookings study asserts that building such an anti-missile system would be "too expensive."

### The 'flat earth' argument

The principal Brookings argument against ABM systems is based on "systems analysis," that they are "too complicated." As Pugwisher Herbert York argued in 1969 against the Safeguard ABM system: each component of the system may work with reasonable reliability, but *the probability* of the entire system working effectively on a moment's notice in the event of an attack is too low to make it worth the effort.

It doesn't matter what technology ABM components represent, Ashton Carter writes in *Ballistic Missile Defense*; the Brookings analysis "takes for granted that the individual technological devices within the BMD system would actually work more or less as advertised . . . the crux of the disagreement is the system as a whole. . . . Guessing the chances of a technological breakthrough is thus not as important as seeing

how such technologies could fit into a sensible architecture." Therefore, argues Mr. Carter, "the prospect that BMD will thwart the mutual hostage relationship [Mutually Assured Destruction]. . . is so remote as to be of no practical interest."

One way to argue against the capability to build anything is to assert that the universe is not lawful. This is the probabilistic gobbledygook that Ludwig Boltzmann and Bertrand Russell injected into the scientific community.

Any ABM system—whether terminal defense or space-based, or using interceptor missiles or beams—must perform the following functions:

- early warning that hostile ICBMs have been launched;
- detection and assessment of the threat;
- derivation of trajectories and prediction of targets;
- discrimination between actual warheads and decoys;
- targeting of the interceptor missile or beam;
- guidance of the interceptor or beam to its target;
- destruction of the target; and
- verification of target destruction.

None of these functions are independent. A few examples:

1) If a neutron warhead is used on the interceptor rather than a conventional explosive, the kill radius of the warhead is multiplied and the requirements for targeting and guidance are relaxed, so that precision guidance becomes "perfect" relative to the requirements.

2) In directed-energy systems, if the laser output is more powerful, the requirements for focusing it into a narrow beam are relaxed, making target pointing and tracking requirements easier to meet.

3) The better the system can distinguish between decoys and actual warheads, the less the number of targets it must deal with.

One can calculate the probability of failure or of less-than-optimal function for each subsystem, but the probabilities do not result in a lower net probability for the entire system; they are not multiplicative. We are talking about deploying an overkill capability relative to the offensive threat. We can do this in two ways:

*The hard way.* Pushing existing technology to its limits, enough redundancy and monitoring of components can be achieved in a conventional anti-missile missile system to make it failproof. This is the proven method of the Space Shuttle program—Apollo program technology taken to its limit. If a component may fail, due to the variabilities of microelectronic components, for example, redundancy can be built in. Each Shuttle flight carries three fuel cells; only one is required and one is expected to fail each trip.

*The easy way.* directed-energy technology. As in the Manhattan Project, if we put the best minds to work on the problem, we will find solutions (such as the x-ray laser) that will enable us to jump over the difficulties of anti-missile missile systems. For example, in an anti-missile missile system the missile intercepts an ICBM warhead at a speed *slower* than the warhead itself. Beam weapons destroy their targets at the speed of light.

# Does the ABM Treaty ban directed-energy weapons?

When President Reagan renounced Mutually Assured Destruction in his address to the nation March 23, 1983, the initial response was that deployment of the systems he envisioned, based on laser and particle beam technology, would violate the 1972 treaty banning anti-ballistic missile systems signed by the United States and the Soviet Union. An honest interpretation of the treaty as a legal document must conclude that this is not the case.

Any treaty between nations preceeds the agreed articles and statements with a definition of terms. If the definitions do not cover something, the treaty does not cover it. Article II of the ABM Treaty reads:

1) For the purpose of this Treaty an ABM system is a system to counter strategic ballistic missiles or their elements in flight trajectory, currently consisting of:

(a) ABM interceptor missiles, which are interceptor missiles constructed and deployed for an ABM role, or of a type tested in an ABM mode;

(b) ABM launchers, which are launchers constructed and deployed for launching ABM interceptor missiles; and

(c) ABM radars, which are radars constructed and deployed for an ABM role, or of a type tested in an ABM role.

By all standards of previous international agreements, when subsequent articles of the Treaty refer to "ABM systems," they refer only to those systems as defined above. Any other interpretation is incompetent. Agreed Statement D of the Treaty clarifies this point:

The Parties agree that in the event ABM systems based on other physical principles and including components capable of substituting for ABM interceptor missiles, ABM launchers, or ABM radars are created in the future, specific limitations on such systems and their components would be subject to discussion in accordance with Article XIII [which establishes the Standing Consultative Commission] and agreement in accordance with Article XIV of the Treaty [which cover amendment procedures].

In other words, "ABM systems based on other physical principles," such as lasing, are not banned in any form by the 1972 ABM Treaty.

Article V, Statement 1, which reads, "Each Party undertakes not to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based," covers only anti-missile missile systems.

Soviet Subversion  
Operations in the United States:

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This soon-to-be-released report, the follow-up to the recent **EIR Special Report, "Will Moscow Become the Third Rome? How the KGB Controls the Peace Movement,"** documents the channels through which Soviet intelligence and its assets are attempting to carry out a plan to destroy the United States as an economic and military threat to Soviet world dominance.

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- Soviet influence in the FBI and other government institutions ensuring disinformation on Soviet subversion of the United States.

The report will be available for \$250.00.

For further information, contact  
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# National News

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## New Soviet subs in position off U.S. coast

U.S. intelligence sources reported Jan. 27 that a new Soviet ballistic-missile submarine fleet is now bracketing the U.S. continent. This Soviet fleet has put every important target in the United States in a range of 10 minutes for Soviet missiles.

At least seven submarines are in position, with another moving rapidly into place. These include two new types of subs, which have never before been seen in U.S. coastal waters. A new Echo II cruise missile sub has taken position between Bermuda and an area off Norfolk, Virginia, while two advanced Delta II subs, carrying missiles with a 3,000-mile range moved onto a post less than 1,000 miles from the U.S. coast. A third Delta II sub is apparently moving into a similar position, the intelligence sources report.

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## Pugwashers: gag Teller with 'national security'

Sources in defense intelligence report that there is a concerted effort by the Pugwash networks in and around the administration to prevent scientist Edward Teller from speaking on beam weapons on spurious "national security" grounds. The move to gag Teller is reportedly coming from the circles around Swiss operative Fred Iklé in the Defense Department, the State Department, the National Security Council staff led by Bud McFarlane, and House Speaker Tip O'Neill's office in the Congress.

These circles have apparently panicked about the fact that President Reagan's March 23 proposal that the United States adopt a strategic defense policy based on developing beam weapons has been made "official" policy (see below). Those such as Iklé who are opposed to abandoning Mutually As-

sured Destruction and the appeasement of the Soviets are attempting to keep the beam program a secret, controlled program.

The effort to control Teller was accelerated by the recent publication of an interview with Teller in *Penthouse* magazine, in which he insisted that there is absolutely no benefit gained from keeping basic science and military strategy secret from the Soviet leadership. To the contrary, Teller argued, what is required in this period is to lay out precisely what U.S. intentions are under circumstances of attack. We must not be "incalculable."

In addition, Teller argued that it is foolish to simply limit discussion of strategic ballistic missile defense to the "99.9 percent system." That is a goal, he asserted, but it would be idiotic not to pursue as an interim step a system that could kill 30 to 40 percent of an enemy attack.

The Iklé-State Department circles claim that Teller is jeopardizing national security. U.S. policy, they say, must never make its intentions clear and must keep the Soviets guessing. In addition, they warn that Teller's policy might promote an early Soviet "pre-emptive" strike on the United States. The Soviets make a similar argument.

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## NBC takes slander operation to Germany

NBC television, the Federal Bureau of Investigation, and the international dope lobby appear to be cooperating in a slander campaign against Democratic presidential contender Lyndon H. LaRouche, Jr., who is also the founder of *EIR*. In addition to denying credibility to LaRouche's policies and presidential effort, the operation could well be clearing the way for an assassination attempt against him.

Four members of NBC-TV's "First Camera" television crew, including producer Pat Lynch and reporter Mark Nykannen, who are preparing a special program on LaRouche, showed up outside the offices of

*EIR* in Wiesbaden, West Germany Jan. 24. This is the first known international trip of the First Camera crew. They were refused entrance.

NBC-TV has refused to allow LaRouche an unedited segment of the show to reply to libelous charges which Lynch admits to be planning to run. Until NBC agrees to this condition, LaRouche has refused to grant interviews.

Editor Nykannen was heard outside the Wiesbaden *EIR* office declaring that the LaRouche organization is "a concern of German authorities."

Reached for comment, LaRouche said of NBC: "Rather than a news organization, it is acting as a political action committee working in conspiracy with known members of the drug lobby, including *High Times* stringer Chip Berlet. If NBC were honest, it would register as a political action committee called DOPE-PAC."

LaRouche pointed to the history of NBC's involvement with the drug lobby conspiracy against him, which began in earnest in 1977.

In spring 1980, LaRouche granted a two-hour interview to Mark Nykannen, who was then preparing a slander which was aired on July 8 and 9, 1982. NBC was working closely with the Playboy Foundation, Chip Berlet, and the drug-pushing counterculture around the Yippies. The same group had tried in 1981-82 to stop the work of the Illinois Anti-Drug Coalition, an organization founded by co-thinkers of LaRouche.

The financial interests behind NBC, as well as the publicists there, have promoted the dope culture in the United States, especially through the Playboy Foundation.

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## Reagan signs ABM defense directive

President Reagan has signed a National Security Decision Directive that officially launches the U.S. effort to develop a beam weapon anti-ballistic missile defense system.



## Briefly

The directive, NSDD No. 119, was signed Jan. 6 and its contents remain classified. Sources close to the White House report that the directive represents a "irrevocable" decision to proceed with the program, all the way through the development and initial deployment phase. "Official" leaks, cited by the *Washington Post* Jan. 26, talk only of initial R&D programs.

The directive reportedly also reorganizes the apparatus that will carry out the program within both the White House and the Defense Department. Defense intelligence sources say that the White House is fully prepared to spend double the \$27 billion recommended by the presidential Fletcher commission, and is confident that a first-stage beam-defense program could be in place within five years.

### Ray Cline: Decoupling is 'Soviet strategic aim'

At a press conference to announce his latest book, Ray Cline of Georgetown's CSIS outlined the systematic anti-terrorist measures necessary to combat terrorism as a global political not sociological, phenomenon. Cline stated that "some [terrorist acts] must be regarded as acts of war; I believe we have the legal framework to do so."

Cline's book, *Terrorism, the Soviet Connection*, which he co-authored with Israeli terrorism specialist Yonah Alexander, analyzes papers seized by the Israelis during a raid on a Palestinian training camp over a year ago. Alexander stated that the Tashkent Institute is a major center for Soviet terrorist deployment, and has been since the 1920s, a fact which Alexander finds "intriguing."

Senator Jeremiah Denton opened the press conference with an impassioned but flawed attack on Soviet attempts to capture raw materials and oil through the deployment of terrorists. Denton pointed out that "the level of awareness in this building—and we have been bombed here recently no less—is zero. We were receiving a briefing on the activities of Carlos in Canada . . .

and a senator . . . involved with this committee and a candidate for President, asked, 'Who is Carlos?'. . . This is a disgrace."

In response to a question from an *EIR* correspondent on the the activities of the Soviet special forces (spetznaz) in Europe, and Soviet and DDR funding of both left- and right-wing anti-American "movements," Cline called these operations "selective terror. These incidents are small but revealing examples of their strategic policy to separate the United States from Europe. It is a war of military intimidation and political destabilization, and it is a strategic war."

### Kirkland, Mondale schedule national tour

AFL-CIO head Lane Kirkland has joined with Democratic presidential contender Walter Mondale for a national tour to pull together the labor organization's political machine to support Mondale's election. The AFL's political arm, COPE, is sponsoring a series of campaign workshops from Jan. 27 to April 28, featuring rallies addressed by both Mondale and Kirkland.

The tour is occurring, sources report, at the same time that COPE's director, John Perkins, has been telling union leaders that if Mondale does not get the Democratic nomination and defeat Reagan, the AFL-CIO will be seen as a paper tiger.

Kirkland appeared at a press conference with Irving Shapiro of DuPont and Felix Rohatyn of Lazard Frères, the architect of the Big Mac austerity policy for New York City, to unveil a new study of "industrial policy" in mid-January. Prepared under the auspices of the Center for National Policy, a think tank headed by Cyrus Vance and funded by the Harriman family, the study called for developing a new "social contract" as a model for labor-management-government relations. Rohatyn pointed to the "rollbacks" and "givebacks" made by Chrysler and Eastern Airlines workers as exemplary of the new industrial policy envisioned by the CNP group.

● **HENRY KISSINGER** was responsible for the 11-point drop on the Wall Street stock exchange Jan. 25, according to a report in the *London Daily Express*. "America's stock market went into a spin following rumors in Washington that President Reagan will not run for re-election," the *Express* wrote. The story in the capital is that Nancy Reagan's poor health has persuaded the President to step down. . . . The White House denies the story and says Mrs. Reagan is in perfect health. It is said that Henry Kissinger's advice to industrialists caused the Wall Street panic which saw the index close nearly 11 points down on Wednesday."

● **JOHN GLENN'S** entire campaign has collapsed, according to one political strategist close to the Glenn campaign. His organization is reported rife with dissension and unable to get itself on track. As a result, Glenn has plummeted in recent opinion polls, down nearly 20 per centage points; he is now tied with Jesse Jackson for second position.

● **WILLIAM WEBSTER**, director of the FBI, apparently hanged himself in front of the San Francisco Federal Building Jan. 24. It appears that Webster strolled out of the building, tied his hands behind his back, beat himself in the head, jumped up on the scaffold, and hanged himself until dead. As he was swinging, he hung a sign upon the lapel of his trench-coat that read, "William Webster, FBI Director—Don't Worry, It's only a Suicide." There were rumors that Webster's last act before his suicide was to pepper each of the men's rooms in the office building with stickers warning, "Don't criticize Russia—the FBI may Suicide You."

# *Unconstitutional, as well as immoral*

Looking at the famine, misery, and unrest which are devastating large sections of black Africa described in this week's cover story, one is tempted to ask in dismay: "What hath man wrought?"

But Africa presents only the most exacerbated case of what a few—the men of the International Monetary Fund—have done to those nations of the world called "underdeveloped." And the United States is the mainstay of that genocidal institution.

We therefore strongly endorse the policy of Lyndon H. LaRouche in his Jan. 20 statement, "IMF Bill May Be Unconstitutional." Judging by the official Dec. 15 press release on the 1983 International Lending Supervision Act, LaRouche says, "the indicated provisions of the Act may be unconstitutional as well as monstrously immoral."

He specifies why: "The effect of the bill is to impose literal genocide through famine, epidemic, and related conditions upon so-called 'Fourth World' nations in black Africa and elsewhere, and would therefore constitute a gross violation of the Nuremberg Code established at the close of World War II. U.S. Justice Robert Jackson, who represented the United States in codifying and conducting the Nuremberg prosecutions for 'Crimes Against Humanity,' aptly represented the intent of the framers of the U.S. Constitution with respect to the implicit natural law under which the design of our Federal constitution was subsumed."

LaRouche urges that "Either the President, or the Supreme Court, as may be required, must nullify such interpretations of the act, or the act must be construed not to apply to cases in which enforcement of its provisions would contribute precalculably to famine and epidemic.

"The contrary argument," LaRouche notes, "might be that the 'intent of Congress' is overriding. It is the case, that most members of the Congress vote for bills without competent knowledge of the implications of included provisions of those bills. On that account, the present Congress is one of the worst in our nation's history. . . . More profoundly, the function of the Con-

stitution and constitutional law is to prevent any episodic majorities of the electorate or elected bodies from employing that transient circumstance to enact or implement any law or executive decision abhorrent to the intent of the Constitution itself.

"The morally repugnant feature of the 'IMF Bill' in question," LaRouche adds, "is Section 905(a), broadly attributed to Club of Rome supporter Henry Wallich. According to a founder of the Club of Rome, the true intent of that organization's founding was to promote massive reduction in the population of not only darker-skinned portions of the human family, but according to this Dr. Alexander King's voluntary declaration, to reduce substantially the populations of 'Mediterranean races. . . .' Henry Wallich himself, in an address made last April, . . . stated: 'The growth of population will be slowed or stopped by the diminishing return and rising cost of rearing a large family.'"

"According to the plain language of the Nuremberg Code," Wallich, as a high-ranking official of the Federal Reserve System, "is clearly indictable for efficient advocacy of policies aimed at such an effect."

LaRouche pledges "to order investigations pursuant to possible indictments of members of government and other categories of employment specified by the Nuremberg Code, who shall attempt to implement Section 905(a) to the effect proposed by Henry Wallich.

"Such a practice of usury," LaRouche warns, "was extended to its worst extreme recently under the wartime Nazi regime of Adolf Hitler, who bragged to his accomplices that the wartime Nazi economy rested upon the used-up bodies of slaves killed, for reason of 'cost-benefit analysis,' as 'useless eaters.'"

"What Wallich proposes is only a fresh application of the Nazi economics of slave-labor camps such as Auschwitz.

"Men and women who perpetrate such crimes as Hitler's 'useless-eaters' program of economy again, whatever the pretext, deserve to be hounded to the ends of the earth until brought to justice for such crimes against humanity."

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