

EIR

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What Moscow should conclude from Conti Illinois crisis

**LaRouche candidates' movement
upsets the campaign charade**



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EIR

From the Managing Editor

We are happy to announce that our founder and contributing editor, Lyndon H. LaRouche, Jr., will make three new half-hour broadcasts to the nation: on May 31 at 12 midnight on ABC, June 1 at 11:30 p.m. on CBS, and June 2 at 1:30 p.m. on NBC. We also call your attention to a major article in this issue by LaRouche; its point of departure is the Continental Illinois insolvency crisis.

In our Special Report, we bring you an assessment of the citizen candidates' movement launched by LaRouche in the United States. We don't pretend it's impartial, but we know it's accurate; the authors, such as Warren J. Hamerman, chairman of the National Democratic Policy Committee, have every interest in gaining and presenting an objective picture of the challenges facing their effort to rescue the nation from the degraded banality which has increasingly come to dominate the electoral scene since, let's say, the death of Abraham Lincoln, with all too few interruptions.

These LaRouche candidates, running in Democratic and Republican races, are not full-time politicians but feisty men and women who know that if "politics" remains a dirty word to Americans, the enemies of the republic will have a free field. LaRouche has dubbed the candidates' movement Gen. George Patton's Third Army. Its mottos are "Grabbing the enemy by the nose and kicking him in the pants," "Attack, attack, attack," and "Never take counsel of your fears." The enemies in this case are the Henry Kissingers and Paul Volckers whose power depends on covert operations and on the existence of manipulable, ignorant, venal, or downright traitorous elected officials in Washington.

We also bring you the inside story of the scandalous defeat of the President's MX program, as the administration wearily accepted a "compromise" congressional vote that suspends the missiles' funding while the Soviets are beseeched to return to the bargaining table! At a time when the Soviets are rapidly installing their own ABM systems and, as we document in our International section, menacing Western Europe in an unprecedented way, senators and congressmen were slavishly receiving the anti-beam-weapons pronouncements of Soviet delegations in Washington, D.C. If any proof were required why the citizen candidates' movement is essential for national survival. . . .

Susan Johnson

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NSIPS/Philip Ulanowsky

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The Conti Illinois case: U.S. credit under siege

by Christopher White

The federally organized bailout of the bankrupt Continental Illinois Bank has pushed the ongoing crisis in international financial and credit institutions to a new level, and highlights again the principal fact this journal has stressed over the years: It is not particular banks which are bankrupt, it is the banking system as a whole. By putting the weight of the Federal Reserve System behind Conti, Volcker from the Fed, and Conover, the Comptroller of the Currency, along with those responsible at the Federal Deposit Insurance Corporation, have qualified themselves for a treason trial.

A case of insanity

These distinguished gentlemen will of course argue that they are merely doing their job, providing support to an ailing financial institution. This is pure bunk. They are fighting to maintain a policy which has already proven to be a total failure, as each of their successive "necessary" or "supportive" measures merely aggravates the underlying causes of the present crisis. Thus what erupted symptomatically in the last days as a solvency crisis in the nation's eighth largest bank has escalated rapidly, because of the actions of Volcker and Conover and their accomplices in insanity, into a test of the viability of the U.S. sector of world credit and finance.

Under the governance of present policies, this is a test of strength the United States cannot win. By putting the full weight of the Fed behind Conti, to an extent which even surprised the editors of the *New York Times*, Volcker and Company have simply brought the day nearer when the whole shebang will come tumbling down. And if that's what it's going to take to bring about a policy change for the better, perhaps, it ought to come sooner rather than later.

The facts were laid out for all to see in the last report of the Basel-based Bank for International Settlements (BIS),

and were reported at that time in *EIR*. Over the past year, the United States, struggling under the effects of Volcker's fraudulent recovery, with a President desperate for re-election clinging to the illusion that there was such a recovery, became a net capital importer for the first time. As we reported then, the continued solvency of U.S. banking had become dependent on maintaining the inward flow of funds, estimated at over \$180 billion last year, which were the proceeds of the looting of Ibero-America, Asia, and Europe, through capital flight, currency devaluations, interest-rate hikes, and raw-material price manipulations.

But where questions of world power are concerned, as is the case with the United States, the dependency that Volcker and Company thus permitted to develop, along with the active help of Donald Regan, the bull in the china shop at the Treasury Department, are very, very dangerous. U.S. banking and finance, and thus the nation itself, were put in hock to the foreign creditors in London and Switzerland ample, who directed the inflow of funds. While that inflow of looted wealth, extracted by genocidal austerity from Third World countries, helped maintain the illusion of the fraudulent recovery in the United States, it also established black-mail control over national existence, and thus over the direction of the world economy, as long as the policy dictated by Volcker and his friends at the BIS remained in effect. From relations of dependency in this tortured world of ours it is but a short step to political victimization.

Gearing up the printing press

So, on March 10, Conti Illinois suspended its dividend payments, was withdrawn from stock-exchange quotation, and shortly thereafter the bailout package of the century was announced. Someone geared up the printing presses down at

the Federal Reserve, and nearly \$8 billion, supposed to provide stability for the next month, was put into place. It doesn't take much more than a few phone calls to come up with such sums these days when you control the printing presses down at the Fed. And if you control the statistics department too, you can also prevent the other kinds of things that are being done along with this from showing up in the money supply figures, or in the inflation figures.

The \$7.5 billion that was found in that way for the nation's eighth largest bank is about half of what Mexico, for example, is expected to pay in debt service this year. And it came as an augmentation of a \$4.3 billion package that had been put together over the weekend by a consortium of 16 private banks, led by Morgan Guaranty. The updated package now involved 24 banks, none of which is fundamentally in any better shape than Conti, many of which are in far worse shape.

The public packages also came on top of a more than \$2 billion credit line which the Chicago Federal Reserve had made available to the bank, daily, since the trouble hit. So Volcker and Company have probably been prepared to cough up about \$12-\$15 billion over the third week of May, or about half of what the country needs to finance the MX missile, now held up by Congress.

Now there are some folks who see the grimy fingers of Henry Kissinger and his friends at work here, setting up Conti fort takeover by American Express, and, as usual, lining their own pockets in the process. That will probably all come out in the next few days. Such takeovers are still made in public.

But the U.S. credit system was shaken because the run on Conti was primarily organized from outside the United States, by those who are now taking advantage of the net capital importer status of U.S. finance. As we reported last week, the run was timed with the run-up of international interest rates. Prominent in organizing such an attack were the Swiss interests that operate through the West German Bundesbank, the British central bank, and the British and Swiss interests that operate through the Hong Kong-centered extensions of the Eurodollar market. Given the collapse of national financial and credit systems under the impact of Volcker, and the proliferation of the offshore market after Connally and Volcker removed the dollar from gold in August 1971, these outfits have built up control over sufficient funds to shake weakened countries such as the United States to their very foundations, in just about the same number of phone calls it took Volcker to organize the bailout. And that was what they did.

'Cut the defense budget'

And what did they say about their own handiwork? Listen to the Bundesbank: "As far as we're concerned, it happened behind the Iron Curtain. . . . This will teach people a lesson." And the Swiss National Bank: "Well, the U.S. banks will have to write off their bad paper, the markets will soon learn from this." Or Karl Brunner, an adviser to the Swiss

National Bank and the U.S. State Department, who says U.S. banks will have to learn to "adjust."

The British are on exactly the same line. According to City of London insiders, the time has come "to force the issue of the U.S. deficit." Therefore, it is reported, the British Exchequer and the Bank of England have decided that U.S. interest rates should be forced up further. As one demented soul put it, "It boils down to forcing the United States to smash its own defense budget." But because the United States is now a net capital importer, it is the international interest rates which are of crucial importance in U.S. banks' continuing abilities to borrow. London six-month euro-rates moved ahead of the U.S. prime as the Conti episode broke into the open two weeks ago, forcing a contraction in the United States by increasing American institutions' cost of borrowing. At the same time, it was reported that U.S. banks were being squeezed out of London markets for certificate of deposits. Conti's CD were no longer accepted. Other U.S. banks were forced to pay a premium to maintain their capacity to borrow. The lunatics have evidently come to the considered opinion that the way to "blow out" the U.S. defense budget is by organizing a series of runs against the U.S. banking system, until the United States is pounded into submission.

These are the same banking interests which have put together a political deal with the Russians which is based on parallel cooperation for the destruction of the United States. In this arrangement for the oligarchs in the West who control British and Swiss banking interests, the destruction of the United States as a nation will remove the external threat which keeps the Russian Empire together—thereby permitting the latter's eventual dissolution. For the Russians the prize is world domination, and control of the heartland of Western Europe, the Federal Republic of Germany.

As the Euromarkets were shutting down to U.S. banks, two consortia, headed respectively by Deutsche Bank and by Dresdner Bank, were putting together a combined loan package for the Russians of \$350 million at only five-eighths of a point above LIBOR. This is the first such package since the invasion of Afghanistan in 1979. It is unique in other ways; for the first time the loans are not tied to specific projects or to Russian credit requirements. They are simply a political gesture, or symbol, indicating that the Euromarkets have opened up to the Russians again.

And what about the United States? It's not just the big banks like Conti. There is a rash of bankruptcies among small and not-so-small banks and companies, along the lines of the real-estate swindle associated with Baldwin United, the airlines, and so forth. All of the bankruptcy cases are debtors of banks that are in as bad, if not worse trouble than Conti. One bright day, not far off, it may not be one bank, but the whole thing. What will it take for us to change the suicidal policy, before that day comes? Or have we already doomed ourselves to repeat the history of Herbert Hoover and the summer of 1931 all over again, in vastly worsened conditions?

What Moscow should conclude from the Illinois bank's sharp crisis

by Lyndon H. LaRouche, Jr.

On Friday, May 11, 1984, one of the major U.S. commercial banks, Continental Illinois, announced that it was not going to file immediately for bankruptcy proceedings under Chapter 11, although the bank's bad loans exceeded 110% of its capital. It was announced that the U.S. Comptroller of the Currency was involved in negotiations to have Japanese interests take over the wobbling Illinois bank.

The collapse of a bank as important as Continental Illinois might have started the chain-reaction leading into a world-wide, 1931 Hoover-style financial collapse. Although it is to be expected that both the Reagan administration and Federal Reserve will take some actions to prevent the formal collapse of Continental Illinois from occurring at this moment, the plight of this one major commercial bank is but the tip of the iceberg. The international banking system is rotten-ripe for a collapse of the type which occurred during the period of May through September 1931; this weekend's Continental Illinois crisis is only a symptom of much worse crises ready to explode in many parts of the banking system. At the point any major bank actually collapses, or that one or more indebted nations are driven into default, or that a combination of banking and foreign-debt defaults occur more or less simultaneously, the entire system would probably be plunged into a chain-reaction of collapse.

This weekend's developments around the Continental Illinois case bear implicitly upon the Soviet leadership's continuing appraisal of the LaRouche Draft Memorandum dated March 30, 1984 (*EIR*, April 17, 1984). There are certain global conditions under which at least a prominent current of opinion within the Soviet leadership would accept the policies set forth in that Draft Memorandum as a basis for U.S.-Soviet negotiations. Essentially, any body of opinion within the Soviet leadership which might recommend negotiations in that context would have to persuade its colleagues that certain new conditions had arisen. Above all, they must persuade their colleagues that the international monetary policies of the New York, London, and Swiss banking interests were at the verge of being dumped by the government of the United States. The continuing and currently prevailing Soviet estimate is that such a change is improbable in any case, and

altogether impossible without a "conjunctural crisis" in the world's monetary order.

In other words:

- Leading opinion in Moscow is that the United States would never offer negotiations along the lines of the LaRouche Draft Memorandum, unless a world-wide monetary crisis erupted first.
- Under conditions of world-wide monetary crisis, the indications are, Moscow would think it barely possible that the U.S. government might adopt the LaRouche Draft Memorandum's approach.
- But Moscow would nonetheless consider such a policy shift most unlikely even under such conditions of crisis.
- However, during or following such a crisis, some leading opinion in Moscow would consider the LaRouche Draft Memorandum a bare possibility.

Since that Draft Memorandum represents the only possible basis for assured war avoidance between the superpowers, the new stage of the monetary crisis, as merely symptomized by the case of Continental Illinois, should be examined from the standpoint of its bearing upon possible United States adoption of that Draft Memorandum's approach to strategic negotiations.

Before turning our attention to the direct and indirect effects of the emerging, worldwide monetary collapse itself, we shall examine summarily the way in which the "average mind" in the Soviet leadership will tend to view the economic and political implications of such a collapse. This examination of the Soviet mind is indispensable for any U.S. government body preparing for negotiations with Moscow. It is urgent to conduct such an examination here and now, since known work of U.S. agencies specializing in Soviet intelligence is usually worse than outright incompetent.

The Soviet world-outlook

The principal and most fundamental error of U.S. intelligence agencies and think-tanks is the ideological conceit, that the Bolshevik Revolution of 1917 defines a "Communist

Russia” whose outlook and beliefs are opposite to those prevailing in Czarist Russia. On the basis of that false but popular bit of ideological conceit, it is argued that a revival of the Russian Orthodox Church’s influence tends toward either a sudden or gradual, anti-Communist transformation in the character of the Soviet state.

Recently, the Vatican itself has contributed to such a delusion. Some forces in the Vatican, estimating that the Soviet Union appears in the process of becoming the dominant world power, and that the United States has lost not only the political will but is losing the material means to resist emergent Soviet world hegemony, have proposed that the survival of the Catholic Church itself requires a Vatican adaptation to emerging Soviet hegemony. This misguided view among some very influential Vatican circles naturally takes the form of seeking to integrate the Catholic and Russian Orthodox churches, even at the price of the Catholic Church’s abandonment of the doctrines of St. Augustine, abandonment of the *filioque* of the Latin Nicene Creed.

This indicated outlook among increasing numbers of influential Vatican circles is not only a tragic blunder, but this particular blunder properly focuses our attention on the most crucial feature of the point to be made. The point is, that the underlying drive toward thermonuclear war between East and West, from Moscow’s side of the divide, is the centuries-old hatred of the *filioque* by the Russian Orthodox Church. This hatred against the *filioque* is rooted in the powerful force of paganist mysticism among the Russian people (in particular), the form of mysticism most nakedly expressed by the Russian Old Believers (Raskolniki), as accurately echoed by such varieties as Tolstoy and Dostoevsky.

The conventional view today is that the revival of the Russian Orthodox Church inside Russia constitutes a return of religious mysticism to Russia. Factually, that view is an absurd one. The population of Bolshevik Russia was always dominated by religious mysticism, in the same sense that such a secular voice as Fyodor Dostoevsky was a religious mystic in the true, deeper sense, as the unchurched Raskolnik was always deeply, fanatically, a pagan sort of religious mystic. As the case of the Soviet counteroffensive during World War II illustrates the point, it is the religious mystic of Bolshevik Russia who supplies Russia its drive toward wars against alien nations and cultures.

The trouble with many contemporary Catholic theologians on this point is that they have rendered themselves incapable of understanding Russian culture and that culture’s implications, because of their own efforts to reject and suppress Augustinian theology in favor of an irrationally mystical (actually paganist) interpretation of the *Magister* of the Catholic Church. On this account, they themselves do not understand the most essential feature of Augustinian doctrine. They are incapable, to that degree, of understanding why a revival of the Russian Orthodox Church as an institution of the Soviet state is the precondition for a Soviet war of aggression against Western civilization.

Theologically, the crucial issue within “the West” is the Jesuit-led “neo-Aristotelian” reactionary movement against the theology of Cardinal Nicolaus of Cusa. That Jesuit-centered attack against the 15th-century’s revived Papacy is the religious aspect of the politically brutish, Venice-steered and Hapsburg-centered inquisition of the 16th through 18th centuries. In opposition to the Jesuits, the Christian churches in Western Europe and the Americas were essentially neo-Platonic from the time of Christ and the Apostles. Christianity is not to be mistaken for the misnamed “neo-Platonism” of Byzantine mysticism: Since St. Peter’s collaborator, Philo of Alexandria, the theology of Western European Judeo-Christian culture has employed Plato as a guide to methods and conceptions of theology, as such methods are employed in St. Augustine’s writings, and is most richly elaborated by Cusa and his colleagues of the 15th-century Golden Renaissance. In the modern history of the Christian churches—both Catholic and Protestant—this neo-Platonic theology is the defining issue of the 1439 ecumenical Council of Florence, the Council which is the modern watershed for the East-West conflict expressed as Soviet aggression against the West today. The Soviet aggression against Western civilization today is not understood except in the light of the “Third Rome” teachings of such fanatical, anti-Rome mystics as Philotheos of Pskov during the period following the Russian Orthodox monasteries’ violent rejection of the 1439 Council of Florence.

Admittedly, on the outside, the putative impulse toward thermonuclear war is not, presently, that of a religious war. The present East-West strategic conflict takes the form of cultural warfare, rather than religious warfare as such. Nonetheless, the religious issue is embodied on the one side, in the Judeo-Christian molding of the political culture of the republican currents of Europe and the Americas, and, on the other side, the antagonistic Russian culture developed under the influence of paganist mysticism.

Every culture is at least implicitly religious in character. Religion embodies a people’s most fundamental tendencies of belief respecting the creation of the universe, and belief concerning the nature and purpose of man’s existence within that process of continuing creation. Just as the “God” of the Eastern mystic is not the Judeo-Christian “God” of Western civilization, so the deepest aspects of traditional Russian culture are in uncompromisable conflict with the varieties of republican cultures which have emerged in Western Europe and the Americas since Charlemagne’s first establishment of a republican, Augustinian order in Western Europe.

However, Western Judeo-Christian nations are not homogeneously republican. In religion, the cabalistic cults revived in Judaism during the 13th century by the Luzzato family of Venice, and the Sufi mysticism embedded in the discipline and hesychastic spiritual exercises of the Jesuits, are typical of the penetration of Western civilization by Eastern forms of paganistic mysticism. By the standards of the Gospel of St. John, the Epistles of St. Paul, and the writings of St. Augustine, neither the Jesuits nor the Sufi-paganist

Templar and Hospitaller orders are Christian. Similarly, the "Old Believers" of Russia, and the monastic hierarchy of the Russian Orthodox Church, as well as the cult-manufacturing center at "Holy Mountain" (Mount Athos), Greece, are not and never were Christian. Yet, on this very account, the Jesuit order, for example, is not merely allied with Moscow today through such channels as "Liberation Theology"; Jesuit theology has deep affinities with the paganist mysticism of the Russian peasant cult of "Matushka Rus" ("Mother Russia").

For example, the Jesuit dogma of "bio-ethics," as taught, for example, at Washington, D.C.'s Georgetown University, is an anti-Christian dogma, a dogma which has essential agreement with the Soviet doctrine of "materialist man," and with the British liberal doctrine of "human nature" as taught by Hobbes, Locke, Hume, Adam Smith, Jeremy Bentham, James Mill, John Stuart Mill, Friedrich Engels, and Karl Marx. The Jesuits' bio-ethics dogma is derived directly from Aristotle's *Nicomachean Ethics*, and also, implicitly, from Aristotle's *Politics*. The British liberals, from Francis Bacon through John Stuart Mill and the Fabian Society, were predominantly a Jesuit covert operation in Britain, through families such as the Pettys, who are classed as "neo-Aristotelians" because of their emphasis on the radical nominalism of William of Ockham, et al., but who otherwise based the moral doctrines of Bacon, Hobbes, Locke, Hume, et al. chiefly on the model of Aristotle's *Nicomachean Ethics*.

The Jesuits and like-minded political reactionaries of Western Europe and the Americas are viciously anti-republican. Brought back from Russian exile into Western Europe by the 1815 Treaty of Vienna, the Jesuits were notorious during the 1815-48 period as the world-wide secret-intelligence arm of the Holy Alliance's Prince Metternich—the same Metternich whom Harvard University's Henry A. Kissinger, the Talleyrand of the age of nylon, adopted as his model of diplomacy and politics generally. Just as the Luzzatos, during the 13th century, led in inserting the heathen Magician cult of cabalism into the ranks of Jews, so the Jesuits and other pseudo-Christian cults were manufactured by the same anti-republican, wealthy rentier-financier aristocracy centered upon the evil city of Venice and upon the surviving, like-minded descendants of the ruling Roman imperial families at Rome, the families who dominate the Roman Curia today.

The connection between theology, on the one side, and culture and government, on the other, is most simply shown by contrasting Augustinian principles of law with the doctrine of law of the Roman Empire: "Romanic Law."

The American Revolution's leading material issue was our forefathers' refusal to tolerate the colonies' looting under the British East India Company policies presented in Adam Smith's *Wealth of Nations*. More deeply, our forefathers hated the Romanic Law which had become the doctrine of law practised under the Restoration British monarchy; our reference in law was St. Augustine, as was the case with the

leading transatlantic forces allied with our Dr. Benjamin Franklin during the period 1766-89. Although, through such centers of wickedness as Harvard University, and the wicked Justice Oliver Wendell Holmes, our Federal courts have become corrupted with the British revivals of Romanic Law's doctrine, in the character of approximately 60% to 70% of our adult population today, the moral-philosophical world-outlook echoes the heritage of the anti-British American Revolution: belief in the essential political equality of the individual, belief in the sacredness of the human life containing the human soul (mind), belief in the right to opportunities for self-development, and belief in the right to individual opportunities to apply that developed talent for general good. This morality among the majority of our people opposes the immorality of the Romanic Law tradition, which places the financial contract constructed to the advantage of the usurer above the right to life itself.

Contrary to Jesuitical and kindred commentaries on Christian doctrine, our God is a being coextensive with the universe, the universal embodiment and source of the self-reflexive, transitive verb "To Create," a God who might be named "The Self-Creating." Although "Jehovah" is commonly regarded as a proper noun, it were better a self-reflexive transitive verb, "I am what I am creating Myself to become." The process of universal creating is knowable to mankind as the discoverable universal law which everywhere, coherently subsumes action of transformation in the universe, which is for mankind as the efficient Will of God, the Logos ("Word") of the opening of the Gospel of St. John. In imitation of Christ, the individual, by informing and subordinating his will to the discovered Logos, prompts his right arm to participate in the Will of the Creating, and in that way asserts himself to be in the image of God and to participate in God. Thus, the individual personality may participate in God, as Cusa elaborates these points.

Accordingly, the essential cultural, moral, and legal distinction between the United States and Russia lies in the contrast between our emphasis upon the participation in God by the individual soul, and the Russian's pagan-mystical doctrine of collectivism, the doctrine of "Matushka Rus," of Russian Blood and Russian Soil. Only ignorant persons delude themselves to say that Karl Marx introduced "collectivization" to Russia; Russian culture has been collectivist since long before Vladimir. Philotheos of Pskov's doctrine of the "Third Rome" is no mere doctrine; it is an organic expression of Russian culture. Wherever the deeply mystical Russian peasant rises to power in the Russian state, the Russian state gives birth afresh to the same imperialistic doctrine of "Third Rome" which the Nazis copied from Fyodor Dostoevsky in the name of the Third Reich. Had Hitler succeeded, he would have wiped out Christianity, as he promised his colleagues he would do in the post-war world, and would have established conquered Moscow as a spiritual center for a Germano-Russian world empire, blending the Nazi and Russian versions of the Blood and Soil doctrines in a fashion which

Russophile Alfred Rosenberg would have much admired.

Leading Soviet officials, including Russian Church officials, today have vivid recognition of the points we have made within certain limits. Their minds cannot accept, and therefore cannot comprehend the republican outlook of Western civilization. Western civilization, its theology and philosophy, they recognize only as alien objects, as objects whose total destruction they would count no loss. Insofar as we have described the Russian mind, this is the world-outlook they vividly recognize as their own.

This is illustrated by contrasting Soviet reactions to our past 12 months' discussion of the Third Rome doctrine with the reactions of non-Russian fellow travellers of Moscow. The non-Russian fellow travellers react with a rage whose violence knows no limit. The Russian shrugs. He does not complain that we describe more or less accurately his Third Rome outlook. He hates us because we identify that Third Rome outlook as our cultural adversary, but he does not consider himself in any way libeled by us on this account.

LaRouche's proposals would reduce the power of the liberal U.S. "families" with which Moscow maintains strategic agreement.

Who could feel libeled by being described as what he himself proudly considers himself to be?

If the *New York Times* were to publish weekly featured attacks upon this writer, denouncing me as a neo-Platonic in the footsteps of Cardinal Nicolaus of Cusa and Gottfried Leibniz, I would be pleased that the *New York Times* had resorted to the unusual practice of editorial honesty, and would hate the *Times* only because the *Times* had accurately defined the adversary relationship between us. It is the same with any sensible Soviet official; he is pleased with me because of my accurate insight into his world-outlook, and yet hates me because I have accurately identified the fundamental issue between us.

Consider the case of the Vatican in this setting.

Through the summer of 1982, the thrust of policy from the Church was coherent with Paul VI's 1967 *Populorum Progressio*. The 1981 encyclical, *Laborem Exercens*, and the great Papal letter on the subject of the family are exemplary. Up through that time, still, the appearance was that the United States and its transatlantic alliance were the efficient bastion against destruction of Western civilization unleashed from the East. Over the autumn and winter of 1982-83, a rapid shift surfaced, partly reflected in the support for the Soviet-directed nuclear freeze movement from the so-called U.S. Catholic Bishops' Conference. In the same time-frame,

the Papacy conceded to the Jesuit order, in particular, on the subject of freemasonry. A nest of agents of Soviet influence emerged around the Vatican's advisory body on science matters, and a drive during ecumenical accommodations with Moscow through the Eastern churches emerged to the extent that prominent theologians in Italy and elsewhere were emboldened to argue for discarding the *filioque* principle from the Roman Catholic liturgy for the sake of ecumenical enterprises of this sort.

Among some influential Catholic circles, the following rationalization is offered. They argue that the United States and its alliances are no longer a credible obstacle to the accelerating rise to world hegemony by the Soviet Empire. Therefore, the Church must prepare to survive in a Soviet Empire-dominated world, through ecumenical processes bordering upon fusion with the Russian Orthodox Church. The debated "Third Prophecy of Fatima," that the Roman Church must undergo a great tribulation, and must consecrate Soviet Russia to Christianity to survive this tribulation, is increasingly the mood-shift seen among growing numbers of influentials rationalizing the recent direction of Vatican adaptations to new realities from the East.

A more radical strategic reorientation permeates the hierarchies of the World Council of Churches. Among some influential Zionist currents, there are efforts to secure agreements with the anti-Semitic forces in Moscow paralleling the recently re-publicized "Transfer Agreement" efforts of 1933-39 with the Adolf Hitler regime: Make agreements with Moscow, for the sake of securing a quarter-million or more Russian Jewish emigrants to fill up the housing being constructed on the West Bank of the Jordan River.

These developments in religious or quasi-religious guise parallel and intermesh with the secular efforts of Henry A. Kissinger and others to turn Western Europe over to the Soviet sphere of "New Yalta" influence, through measures known by such names as "strategic decoupling."

The combined effect of these variously religious, quasi-religious, and secular concessions to the Soviet Empire, is to foster a retreat from Reason into a pagan-like quality of irrational mysticism. In place of the Christian doctrine, that man must participate in God through governance of the actions of our right arms, that we must be God's instruments on this planet and thus bring His Will to fruition in our functioning as His instruments, the paganist, oriental cults of hesychasm are seizing both religious institutions and secular life. In the United States, obscene pagan cults—witchcraft cults, theosophical cults generally, ESP cults, and so forth—penetrate to the highest levels of our government's bureaucracy, and, under these covers, the Soviet KGB is able to make agents of even high officials within our Defense and other relevant establishments. A U.S. official participating in such a cult's "brotherhood" does not need to know that he is acting as a Soviet KGB agent. By influencing the cult itself, the KGB efficiently uses the duped member of the cult as a channel of Soviet influence into even our Pentagon. The

spread of homosexual and other cults is a symptom of a breakdown of our culture. We are properly reminded of the spread of obscene cults during the late 13th and 14th centuries in Europe, under not dissimilar trends in combined material decay and cultural pessimism.

Under these circumstances, the Soviet leadership has excellent reason to believe that the world hegemony of the Soviet Empire could very well become an established fact in time for the 1988 celebrations of the Byzantine conversion of Kiev Rus, a thousand years earlier.

Present Soviet strategic policy

The policies which are causing the breakdown of Western civilization, morally as well as materially, today, are the policies of the majority among the wealthy rentier-financier families of Europe and the Americas, families typified by the Morgans, the Harrimans, and the Lowell blood-lines of McGeorge and William Bundy. Although there are varieties of differentiation among the specific policies of European and U.S. representatives of these families, all converge upon the prevailing doctrine of the "liberal" faction among the Anglo-American section of the transatlantic "families" complex as a whole. The faction of the U.S. liberal families associated with the Bundys, Harrimans, Rockefellers, et al., may differ in detail from policies among families of continental Western Europe, but they all converge on agreement on the most essential points. The policies of the Anglo-American liberals among these families are chiefly of three interacting categories, as follows.

1) **Monetary Policy:** The establishment of increasing degrees of world super-government, centered around the increasing power of supranational monetary institutions promoting the cause of usury: Pure financial usury, ground-rent forms of usury, and usury in the guise of speculation in rigged world markets in primary commodities.

2) **Cultural Policy:** A concerted effort, consistent with the teachings of the Pre-Raphaelite Brotherhood of Oxford University's John Ruskin et al., and with the "Open Conspiracy" dogmas of H.G. Wells, Bertrand Russell, Aldous Huxley, Aleister Crowley, et al., to uproot every vestige of Augustinian republican culture in general, and of the legacy of the 15th-century's Golden Renaissance most emphatically. The cult of the "post-industrial society" and its theosophical correlatives, is the leading expression of this anti-rationalism, anti-science, anti-technology thrust.

3) **Strategic Agreements With Moscow:** During the second half of the 1950s, the Anglo-American liberal establishments ("families") reached long-range strategic agreements with Moscow:

a) To grant Russia an enlarged and permanent empire, based on expanding greatly the sphere of influence given to Moscow during the 1943 Yalta agreements: the New Yalta policy for which Lord Carrington, Henry A. Kissinger, et al. work diligently today.

b) To prevent general warfare between the superpowers by agreeing both to leave each power vulnerable to virtually total thermonuclear assault, and by agreeing to build up thermonuclear arsenals sufficient to ensure the assured mutual destruction of both superpowers in case of outbreak of general war between them: nuclear deterrence, or MAD.

c) To permit local wars, and limited nuclear wars to occur, on condition that these wars are fought within flexible guidelines jointly accepted by the two superpowers: Flexible Response.

d) Arms-control agreements.

e) To impose a "post-industrial society" weakening of the logistical strength in-depth of the United States and its allies.

Although Moscow despises the "families," as the "families" also desire the foreseeable internal collapse of the Russian Empire, Moscow has a strategic agreement of approximately 30 years' standing with these "families," and

If Moscow comprehends the implications of the Continental crisis, it will reassess LaRouche's Draft Memorandum.

is allied with those "families" in defending the durability of those strategic agreements against all "third parties." As long as Moscow judges that these "families" and their policies are hegemonic within the governments of the United States and Western Europe, up to the point that Moscow senses itself ready to subjugate the West, Moscow will enforce defense of those agreements against all "third parties."

However, should the indicated policies of those "families" cease to control the policies of the United States, Moscow would be obliged to prepare to dump the strategic agreements made with those families, and to prepare to negotiate replacement of those agreements with new agreements, new agreements negotiated with the newly established policy-shaping combination in Washington, for example. This situates exactly the strategic significance of the symptomatic crisis of Continental Illinois this past weekend.

Moscow's own strategic policy runs along two distinct, although coordinated tracks: the first diplomatic strategic deception, and the second military. Summarily, the function of Soviet use of diplomacy for strategic deception has the function of encouraging the West to destroy itself from within, and to afford Moscow, thus, the time and material potential for realizing its long-range military objectives. By cloaking itself diplomatically in support for the Nuclear deterrence, Flexible Response, and Arms-Control agree-

ments, Moscow encourages the West to continue destroying its capabilities, while Moscow builds up its own. Its military doctrine is essentially the *Soviet Military Strategy* first set forth publicly by Marshal V. D. Sokolovskii in 1962: to build up Soviet capabilities to the point of assuring Soviet survival and victory in a general thermonuclear war with the United States, with great emphasis upon strategic ballistic-missile defense for the Soviet Union.

Moscow was doubly panicked by the announcement of a new U.S. strategic doctrine, the Strategic Defense Initiative announced by President Reagan in his televised address of March 23, 1983. First, the Strategic Defense Initiative implicitly destroyed the practicability of Moscow's strategic agreement with Henry A. Kissinger's employers among the "families." Once the United States abandons a doctrine of assured total vulnerability, Nuclear Deterrence no longer works, and therefore the "New Yalta" agreements by Kissinger's employers tend to be cast aside. Second, the Soviet Union now has vast strategic superiority over the United States, and by approximately 1987 will have completed deployment of a first generation of beam-weapons and related elements of strategic ballistic-missile defense of the Soviet Union. If the United States lacks a deployed strategic ballistic-missile defense by that time, or perhaps 1988 or 1989—if the Soviets slip past a target-date in their deployment, then the United States loses World War III without even daring to fire a shot in its own defense. To Moscow's military circles, President Reagan's televised address of March 23, 1983 had about the same effect as a parent's informing a 10-year-old boy on Christmas Eve that there is no Santa Claus.

In the equations of thermonuclear warfare, if one nation has a strategic ballistic-missile defense which is only 40% to 50% effective, and the other nation no such defense deployed, the first nation will assuredly survive and win a thermonuclear "first strike" assault against the second.

Unlike the liars of the Union of Concerned Scientists, and other allies of the Harrimans, Kennans, and Kissingers, the Soviet leadership has stated openly that the technologies of strategic ballistic-missile defense proposed by this writer and others are implicitly deployable now; they are by no means "music of the future." On May 9, 1984, Soviet Chief of Staff Marshal Nikolai Orgakov published the following policy statement in the official Red Army journal *Red Star*:

Weapons based on new physical principles . . . [are] more destructive than any existing weapon, and work on them is going on in many countries, including the United States. . . . Their creation is a reality in the immediate future, and to ignore that even now would be a serious mistake. . . . It is better to test new forms of struggle in peacetime than to look for them during a war.

For various reasons, the Soviet leadership viewed the President's March 23, 1983 announcement as both this writ-

er's success in influencing U.S. strategic policy, and a symptom that this writer's thinking might be more influential within the U.S.A. and elsewhere than Moscow had previously estimated to be the case. Since Moscow knew that this writer's policies for implementation of a U.S. strategic defense initiative included an Apollo Project-style "crash program" for development and deployment of such defensive weapons systems, Moscow had reason to fear that the superior technological potential of the U.S. labor force over the Soviet labor force would be unleashed, and that in this way the United States would quickly overtake the existing Soviet lead in development of deployable ballistic missile defense.

There were other strategic considerations, beyond U.S. strategic defense, which Moscow was required to consider. If LaRouche's influence was on the rise, as the March 23, 1983 address suggested, then other features of LaRouche's strategic policies must also be taken into account. The most prominent such to be considered included the following.

1) LaRouche's proposed monetary reforms, such as the Ibero-American policies elaborated in the 1982 book, *Operation Juárez*, signified a rapid consolidation of improved political and economic relations between the United States and the developing nations generally: implicitly a massive "geopolitical setback" for Moscow globally.

2) With aid of such monetary reforms, there would be a rapid economic recovery in the United States echoing the 1939-43 revival under President Franklin Roosevelt: a massive set-back to Soviet long-range perspectives of world hegemony.

3) LaRouche's 1982-83 campaign for U.S.-European cooperation in ballistic-missile defense and in tactical revolutions based upon the same spectrum of new technologies was a threat to the Carrington-Kissinger campaign to turn a frightened and "decoupled" Western Europe and the Middle East over to a Soviet sphere of influence.

4) Although LaRouche's proposals posed no direct military threat to the Soviet Union itself, those proposals would reduce greatly the political and economic power of the liberal "families" with which Moscow maintains an established strategic agreement.

These four leading implications of LaRouche's earlier design of the Strategic Defense Initiative doctrine confronted Moscow with the following sort of puzzle.

1) If LaRouche's policies became efficiently those of the United States, this would create conditions under which Moscow would have to enter into realistic negotiations with the U.S. government in terms of accepting the reality of such policies.

2) However, LaRouche's policies could not be implemented without defeating the dominant liberal

“families” policy-configuration. Therefore, as long as these “families” had the power to stop LaRouche from either becoming President or a President’s “grey eminence,” Moscow could assure itself that LaRouche’s policies would never succeed in the U.S.A. Therefore, the idea of negotiating with the U.S.A. on the basis of the Strategic Defense Initiative was to be rejected as a) impractical, since the “families” would not permit LaRouche to be that influential, and as b) counterproductive, since LaRouche’s policies meant preventing the possibility of world-hegemony for a Soviet Empire; on the latter account, Moscow is impelled to ally with the “families” against LaRouche, to attempt to destroy the dangerous LaRouche.

3) Only a monetary crisis could weaken the power of the “families” to the degree that a “new Franklin Roosevelt” of the LaRouche variety could become efficiently influential in the U.S.A. Under those possible, but improbable conditions, Moscow would be obliged to shift policy, and be prepared to negotiate on the basis of a Strategic Defense Initiative.

Thus, to the degree Moscow comprehends the deeper implications of this past weekend’s Continental Illinois crisis, Moscow is obliged now to reassess the implications of the March 30, 1984 Draft Memorandum.

Suicidal lunacy around Wall Street

Although the Continental Illinois crisis is symptomatic of the overrotten ripeness of the entire U.S. banking system for a general financial, chain-reaction collapse, the crisis itself was triggered by what must be fairly described as consummate, suicidal lunacy around Wall Street. It is an old saw, but an apt one, that whom the gods would destroy, they first drive mad. In the history of crises, crises occur chiefly because of a certain overripeness of circumstances, yet, the immediate trigger for a crisis is usually some suicidal lunacy among the leading bankers, politicians, and so forth.

For political reasons, including reasons of election-campaign tactics, a fraudulent picture of U.S. economic recovery has been constructed by means including collapsing the inflated Eurodollar market upon the weakened monetary structures of the United States. The gist of the matter is adequately reported in the latest report of the Basel, Switzerland Bank for International Settlements. The Eurodollar market, largely a creation of President Nixon’s foolish decision of August 1971, is pivoted upon “offshore banking institutions” which lend large amounts without the customary precaution of covering loans with deposits of cash. The greatest concentration of non-performing loans in the world today is bad paper held as assets by these offshore banking-system institutions. Recently, the United States has been borrowing heavily from the Eurodollar market at usurious interest-rates. Thus, if the Eurodollar market collapses, it will now collapse chiefly upon the internal financial structures of the United States.

Now, interest-rates in the Eurodollar market are skyrocketing; since the Federal Reserve and Wall Street generally have made themselves significantly dependent upon Eurodollar borrowings, an interest-rate skyrocket has taken off again.

This is aggravated by a shrinking of the relative deposit base in the U.S. banks. Banks’ customers are going bankrupt, or nearly so. Non-performing bank assets on domestic account are the Scylla, and non-performing bank assets on foreign account are the Charybdis. Skyrocketing interest-rates push Charybdis against Scylla—to adjust the simile slightly. Continental Illinois was caught between the rocks.

This is bad enough. At the same time, some financial circles are taking advantage of the banking crisis to push ahead on the existing plan for destroying the U.S. banking system as it presently exists, and creating a new banking system, modelled on Canadian banking. The big sharks are zealously eating up the weaker sharks, apparently oblivious to the fact that such hyena-like behavior around Wall Street is turning crises like that of Continental Illinois into chain-reaction crises.

Wall Street has no monopoly on lunacy. The British and Swiss banking circles are moving in upon the weakened financial structures of the United States: more sharks in our nation’s financial waters. This is pretty much a repeat of the lunacies of the Coolidge and Hoover administrations up to the eve of the 1931 world financial collapse; our government and our bankers appear to have learned nothing from the last Great Depression.

Lunacy is a fair description of Wall Street officials these days, but not necessarily the most precise term scientifically. A better word were a popular synonym for insanity, “ideology.” The social circles which employ Wall Street executives are a pack of self-righteous, pompous asses, who are so sadistically self-assured of their ability to buy and sell Presidents and legislatures of the United States, and to treat other nations as helpless colonies, that these “families” have taken the idea into their heads that “God Almighty,” too, must bend His Will to theirs. They argue, in effect, “The system works. We have the power, and no one can resist our will in these matters. Therefore, the economy and nations will submit to our will. You will see: We know how to manage things. After all, we are the ‘families.’” The aromas are those of Aeschylean tragedy.

Sometimes these quasi-aristocratic “families” of the United States are called “capitalists”; it is a curious error, since they represent a modern form of a social phenomenon as old as Ishtar, the Biblical “Whore of Babylon.” Henry C. Carey and others described such families as a “feudal” in character, a useful discrimination, if not quite an historically exact one. The best choice of term is “oligarchical”; the proper image of reference is the ruling families of the Babylonian and Persian empires, of Sparta, and the patricians of Rome.

This oligarchical character of the Harrimans, Bundys, and so forth is key to the tragedy of their imminent doom.

They are as good as deader than the House of Atreus. Two leading features of this "families'" stratum are key to understanding both their presently lunatic behavior and their self-imposed early doom.

The center of the ideology of the "patrician families" is their smug persuasion of their own innate superiority. Among our American varieties, in particular, the argument is that of "Social Darwinism": Since they are the most powerful agglomeration in sight, they conclude that this has been accomplished by the invisible hand of natural selection. Yet, there is no reason in their belief; the belief is axiomatic, to the point that even the most empty-headed, senile dame of the social orbit can elicit guilty submission to the doctrine merely by asserting it as a matter of cultivated, if ignorant prejudice. It is a belief like the racism for which the Harriman family is notorious; it needs no reason to be generally accepted as guide to practice among the strata infected with such an arbitrary conceit. This ignorant but fanatical conceit is the essence, the most characteristic feature of the "families'" ideology.

British and Swiss bankers are moving in upon the weakened U.S. financial structures: more sharks in our nation's financial waters.

The second leading feature of belief of the oligarchical tribes is fairly described as a radically physiocratic rationalization for the principle of usury. This includes the most primitive form of usury: ground-rent. Ground-rent's principle is extended into the form of financial ground-rent: ordinary usury. The two are extended into the form of speculation on trafficking in primary commodities: ground-rent extracted from need, as distinct from ground-rent extracted directly from production.

Since a zero-technological-growth society is doomed to collapse from depletion of natural resources, any society which is ruled by an oligarchy is doomed to be destroyed, unless the oligarchy's power is broken before that collapse occurs. There is nothing very complicated about the connection:

Technological progress is a fruit of development of the creative-mental powers of the individual member of society, as scientific discovery illustrates this. Yet, apart from the scientific discoverer, the average individual person, especially the laborer, must develop the powers to assimilate and employ technological advances.

In a society so ordered, the highest social value of the person is associated with the development of

the creative-mental powers of the individual. Such a form of society is a threat to the class-supremacy of the oligarchical social formation, since creative accomplishment ranks a "mere plebeian" higher than a prating aristocrat.

Thus scientific and technological progress demand and foster republican, anti-oligarchic order in society, and thus oligarchies hate the proliferation of education and investment for scientific and technological progress—viewing such practices as more or less explicitly the work of the republican adversary.

Thus, it is the organic tendency of oligarchies to attempt to consolidate and preserve their power as a ruling caste, or "establishment," over society, by opposing generalized practice of scientific and technological progress. They do so for no more complicated reason than caste instinct.

Hence, they collapse the power of the societies over which they rule, and render such ruined societies easy prey for the ambitious hordes of invading barbarians.

So it has been generally in the course of history. So, the oligarchs of our "liberal Eastern Establishment" have brought matters once again today. We have reached the edge of the precipice; either they go down alone, or, if we cling to them, we all go down together.

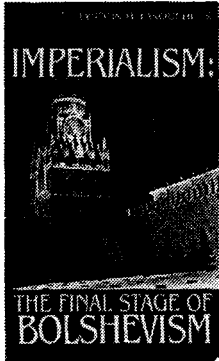
Now, reason no longer rules their course of policy action. They respond to events essentially by caste instinct, by what appear to them to be "immediate and original instincts," their lust for momentary pleasure, and hatred against practices or even thoughts which are alien to the oligarchical ordering of behavior.

Yet, the 60% to 70% of the U.S. adult population which is still essentially moral, if freed from the grip of the oligarchs, will naturally express a political philosophy of practice consistent with the republicanism of Western civilization, with the heritage of St. Augustine and Cusa. The March 30, 1984 Draft Memorandum gives articulated expression to that heritage in today's circumstances.

If the world-wide financial collapse, which the oligarchs have brought upon the world—and themselves—ushers the oligarchies' policies from power, and brings the moral citizenry of this republic back to the fore, then Moscow will be confronted with a different sort of world than appears to be the case today. Dreams of "Third Rome" imperialism and global hegemony become empty dreams; the only hope for peace and survival for the Soviet Union becomes acceptance of life within a world increasingly dominated by the republican philosophical outlook expressed by the March 30, 1984 Draft Memorandum.

As Moscow's leading circles study the implications of this past weekend's Continental Illinois crisis, they have reason to shift uneasily in their chairs. The puzzle we described as confronting them, has taken a new turn.

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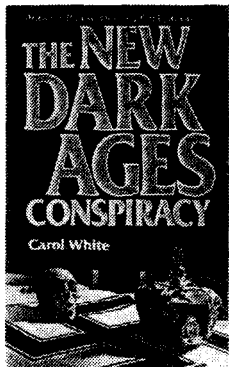
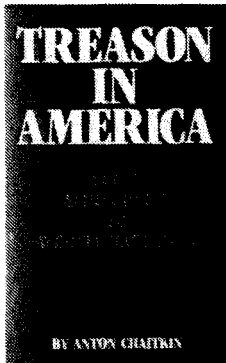
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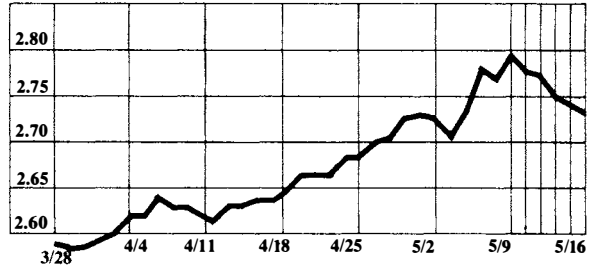
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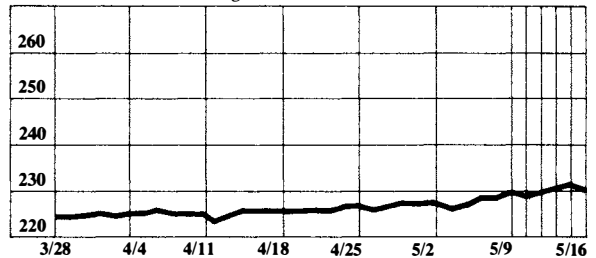
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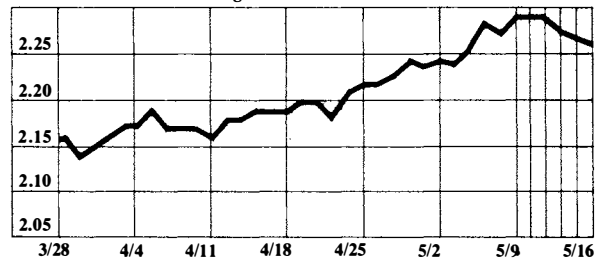
The dollar in yen

New York late afternoon fixing



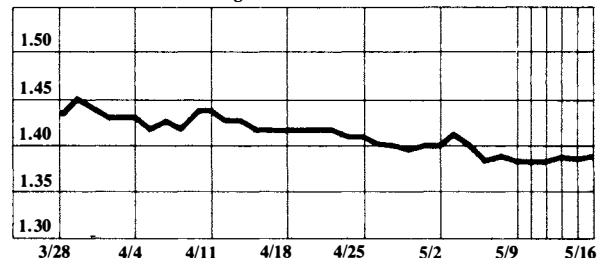
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



More than a local strike

Will the German metalworkers' strike mount into a political destabilization?

On May 14, German metalworkers began their strike for a 35-hour work week with a local strike. The strike, which involves only 13,000 workers in the North Baden area, has a maximum effect on the entire German automobile industry, because it is there that most of the key parts are produced. The Mahle Company in Stuttgart, for example, produces 90% of all pistons used in the fabrication of car motors in Germany. Since most auto companies can't afford large reserve stockpiles of parts, the strike is expected to paralyze production within one to two weeks.

The strike hits a sector which, usually a "conjunctural motor," has seen a drastic drop of sales in the past two months. Compared to the production figures for March-April 1983, the main car producers are behind by a margin of 8-18%. And a disruption in the auto industry will hit steel, which is already on the verge of collapse.

The strike is also affecting auto production throughout Europe, because many foreign companies depend on deliveries from Germany, as do the foreign branches of German car producers. In Holland, 40 percent of all cars sold are German cars. In Sweden, the country's two main car producers, Saab and Volvo, will run out of work if Germany does not deliver fuel pumps. In Britain, a halt in delivery of German Volkswagen engines will paralyze car production at British Leyland. In Belgium, 37,500 automobile workers will be without work if their companies don't receive parts

from Germany. In Austria, the leading machine producer, Voest-Alpine, will run out of work as will the three main Finnish machine-tool producers, Valmet, Waertsila, and Ahlstrom.

The chairman of the metalworkers of the North Baden district, Eisenmann, said on TV on May 14: "We hope that the entrepreneurs will lose their nerve, because this would help us a lot in our own solidarity mobilization." The union hopes to provoke auto companies into lockouts on a mass scale, and indeed, the North Baden metal industry promptly voted 139 to 7 for a lockout starting on May 21.

This spiral of strikes and lockouts could stop work for all the 580,000 auto workers in the nation and another 900,000 in the supplier industries. The labor-industry confrontation would spill over into the whole metal sector with a total of 3.4 million workers and force the other unions into "solidarity support actions." And miscalculations can be feared, on both sides of this confrontation.

While the printers union (150,000 members) and the public-sector workers (1.2 million members) have already threatened active support strikes, the other big unions (chemical, mining, construction, railway, textile, and food workers) with approximately 2.8 million members have so far only expressed verbal solidarity. What makes this strike extra dangerous, however, is the fact that radical currents want to misuse the ferment for purposes of political destabilization.

Officials in the metal workers,

printers, and public-sector unions have made the linkage "between this strike and the general fight against austerity and the arms race," and the German Communist Party's (DKP) 800 factory councilmen in the country, though a small minority, are well-positioned in the key industries and have, furthermore, gained the ideological upper hand in the labor movement's propaganda.

Thus, when the Dutch National Labor Federation held a "general warning strike against the stationing of U.S. cruise missiles in Holland" on May 3, which involved 750,000 workers, the German National Federation of Labor (DGB) issued a statement of support. Officials at the DGB headquarters in Düsseldorf—all non-Communist members of the Social Democratic Party (SPD)—stated that they wished "the Dutch colleagues to be more successful in preventing the stationing . . . if they are, it may help to revive the protest in our own country." The open alliance with the DKP and the "peace movement" struck by the DGB and SPD at the Easter March weekend of protest against the Euro-missiles (see Report from Bonn, May 8) indicates that a broader confrontation is building in West Germany.

That could develop into a labor-government confrontation. Provocative statements such as the one issued by the Bonn economics ministry, which threatened to answer a mass strike with an anti-strike law modeled on the British example, will pour more fuel on the fire.

If irrationality wins the upper hand among labor, industry, and government, a lot of already shaky companies will collapse, and unemployment will reach dramatic new records. How will the unstable coalition government of Chancellor Kohl, who invested all his political prestige in the "economic upswing," survive?

Who pulled the plug on Conti?

Edmund Safra, a business associate of Henry Kissinger, has been implicated, along with European central bankers.

Shadowy Lebanese financier Edmund Safra, who became the largest single stockholder in American Express when it absorbed his Trade Development Bank in January 1983, is reputed to have started the run against Continental Illinois which forced an \$11 billion bailout by a combination of federal authorities and private banks.

Despite protests at Amex's stockholders' meeting in early May, Henry Kissinger was elected to the firm's board of directors.

Several different market sources report that Safra, who now heads the international banking division of American Express, yanked deposits from foreign branches of the stricken Illinois bank, starting a run which led even the West German central bank to remove funds.

Coincidentally, banking sources familiar with discussions to merge Conti, the nation's eighth largest bank, report that American Express is an aggressive bidder to take over the Chicago institution.

The following extraordinary item appeared on the Dow-Jones broadtape on May 17:

"Bundesbank Denies Rumors of Conti Ill. Funds Withdrawal. Frankfurt—DJ—A Deutsche Bundesbank spokesman denied as baseless rumors that the West German central bank withdrew deposits from Continental Illinois National Bank & Trust Co. of Chicago.

"Reports from New York cited market rumors about the withdrawal

of Deutsche Bundesbank funds from Continental Illinois.

"Bankers in Frankfurt also doubted the rumors, claiming the West German central bank wasn't known to have held any deposits at Continental Illinois.

"Some bankers suggested that the rumor stemmed from the fact that abroad Deutsche Bundesbank is often mistaken as Deutsche Bank, the country's largest universal bank.

"But even at Deutsche Bank sources said the bank was doing business with Continental Illinois but hadn't withdrawn any deposits."

Well-informed London banking sources insist that the West German central bank was, on the contrary, up to its neck in the massed withdrawal of deposits that brought the bank down.

Karl-Otto Pöhl, the Bundesbank president, was the most vocal critic of American budget policy at the May 7-9 meeting of 20 nations' central bankers at the New York Federal Reserve Bank. He was also the first to predict disaster for the United States should it continue to finance its deficit abroad.

Pöhl gave a speech in London May 10, immediately following the central bankers' discussion, warning that the dollar would "overshoot" its real value on the way downward.

Under these circumstances it is no surprise that the Bundesbank declined to tighten German credit-market conditions at its meeting on May 17, a move that had been widely expected in view of the German mark's recent fall against the dollar (although the

mark has improved significantly since the Continental Illinois crisis broke). Pöhl commented yesterday that the surprising feature of the situation is that the dollar did not rise much further in view of the huge discrepancy between German and U.S. interest rates. This was proof of market sentiment in favor of the mark and against the dollar, Pöhl concluded.

The relative stability of Eurodollar interest rates and of foreign-exchange parities, London banking sources note, is the result of strenuous intervention on the part of the central banks to prevent panic from spreading—further indication that the central banks had planned for this all along.

However, developments during mid-May destroyed the last bit of maneuvering room the U.S. Federal Reserve had enjoyed.

The Eurodollar one-year rate rose above 13% during the scramble for funds last week in the wake of the Continental disaster, as the rescuing banks sought to fund their loans to the stricken Chicago institution. The six-month rate rose to 12 $\frac{5}{8}$ % on May 9, and was still at 12 $\frac{5}{16}$ % this morning. This presents a dilemma inside a dilemma for the Federal Reserve, as follows:

Under the circumstances, the Federal Reserve has no choice but to attempt to bring interest rates down and pump additional liquidity into the system. U.S. Trust, an institution whose management is particularly close to Fed chairman Volcker, sallied in that direction May 19 by reducing its broker loan rate from 12% to 11 $\frac{1}{2}$ %. However, with the six-month Eurodollar rate, the benchmark for banks' funding abroad, still at roughly the U.S. prime rate, the pressure is on the banks to raise the prime.

Without a fall in interest rates, bad credits will become worse. But a fall in rates can only come at the expense of the banks' own profit margins.

Betancur bows to IMF 'advice'

The popular Colombian president is playing with fire by yielding to the Fund's dictates.

His commendable nationalist impulses notwithstanding, Colombian President Belisario Betancur is ignorant in the field of political economy. As a result, he has foolishly yielded vital decision-making power in the realm of economics to Finance Minister Gutiérrez Castro, otherwise known as the bankers' boy, much the way President Reagan has yielded to Federal Reserve head Paul Volcker.

Among some of the politically volatile austerity measures imposed in the past month are: imposition of the IVA (value-added tax); increase in public service rates; a 10% across-the-board cut in the state budget; elimination of transport subsidies; drastic import cutbacks; and a reversal of Betancur's commitment to force lower interest rates.

All were recommendations included in the IMF's evaluation of the Colombian economy.

The President accepted these IMF "conditionalities" because Gutiérrez Castro told him that Colombia would receive fresh credit. It hasn't worked out that way. In fact, the international creditors' doors have slammed shut to Colombia.

Betancur may, however, be waking up to the deception. Speaking to a gathering of international bank representatives in Bogotá April 25, the visibly angry President warned: "It is not good that some foreign banks seek to make us the only Latin American country which, instead of receiving

new credits, is having its already modest loan volume reduced still further.

"This is not fair recognition of the seriousness and rigor, the prudence and foresight, with which Colombia has met its international commitments.

"Nor is this the historical moment for the international commercial banks and the large international credit agencies, with blindness and deafness . . . to make even more stringent the situation they have helped to create."

Betancur's words prompted hysteria from such mouthpieces of the financial oligarchy as the Bogotá daily *El Tiempo*, which openly editorialized the next day that Betancur's "anti-U.S." foreign policy was responsible for Colombia's being ostracized by the financial community.

Gutiérrez was no doubt highly embarrassed by his president's "indiscretion."

How did the suave finance minister lead President Betancur to the IMF's doorstep?

High-level sources in Colombia have informed *EIR* that despite his well-publicized tours to the New York and London money centers in search of credit last year, Gutiérrez turned down credit from Japan, France, and Spain, which were offering funds at rates below LIBOR.

Gutiérrez has also been instrumental in forcing the government's policy reversal on the interest-rate question. Using the argument that construction is the motor of the econ-

omy, on May 9 Gutiérrez convoked a meeting of the Monetary Council which he heads to argue for a five-point hike in interest on UPACs, construction-linked indexed bonds.

The UPAC has always functioned as a leader on the bond market, and it is expected that interest rates overall will soon follow its lead. It was the creation of UPACs during the 1970-74 Pastrana administration which first triggered the speculative wave in interest rates that has led to today's usurious 40%-plus rates.

The Colombian banking community has continued to win concession after concession from the finance minister by pleading bankruptcy. The reserve ratio has been substantially reduced. "Forced investments," that is, the government policy of forcing banks to make low-interest investments in the productive sector, have been obligingly cut back while the yield on those investments has been hiked from 7% to 15%.

Of course, the new bailout scheme the government has arranged for the debt-burdened private sector is a transparent mechanism for bailing out the private banks whose portfolios of bad loans threaten to trigger a chain reaction of bank collapses. The scheme refinances the troubled companies' debts, but provides no new credit for productive investment.

The allegiance to the banks of Gutiérrez and his technocratic cronies in the Monetary Council and central bank is perhaps most evident in the fact that 100% of all new currency issues in 1983 went directly to bailouts of the private banking system.

When President Betancur intervened to direct new issues into the suffering construction industry, a scandal was orchestrated by several officials of the central bank who resigned in protest against the President's "inflationary" interference.

Business Briefs

The Debt Bomb

Volcker backs looting of Third World debtors

Federal Reserve chairman Paul Volcker gave the green light for U.S. banks to set a "reference rate" for Third World debt interest payments. The scheme would defer payments for countries that are suffering the effects of the Federal Reserve's high interest rates—provided the countries are deemed cooperative with the austerity demands of the International Monetary Fund.

"I think one of the things certainly worth looking at is what arrangements could be made so that one particular important threat to their financial stability, the continued rise in interest rates, could be dealt with," Volcker said May 12 after a private meeting with the Business Council.

Volcker's plan is that the difference between the "reference rate" and the actual rate of interest payments would simply be added to the principal of foreign debt. Debtor countries would never finish paying their debts. This "generous" treatment would only be applied to "those countries . . . where enough progress has been made in their internal adjustments," he said.

Poland

Jaruzelski signs trade agreement with U.S.S.R.

Following Polish leader General Jaruzelski's recent visit to Moscow, a Soviet-Polish agreement on "industrial, technological, and scientific coordination until the year 2000" has been signed, marking what the Swiss financial daily *Neue Zürcher Zeitung* described May 11 as "a new stage of Moscow's hegemony over Warsaw."

The agreement tightens contacts on all levels of the planning hierarchies, down to ministries and institutions. Poland will supply the Soviet Union with aerospace equipment, radio electronics, computers, and communication devices, as well as food products. Traditional Polish exports such as

ships, railway cars, and construction machines will flow east in greater quantities.

The Soviet Union will provide Poland with energy, mining equipment, tractors, trucks, and "household appliances." The *Neue Zürcher Zeitung* surmised that Poland may have to close down completely its own national production of these goods. In any case, this long-term agreement means what the paper called a virtual "fusion" of the Polish and Soviet economies.

Jaruzelski also inaugurated a monument in Ryazan for "Soviet-Polish comradeship in arms," in the presence of Soviet Defense Minister Dmitrii Ustinov.

Infrastructure Development

Thai minister calls for Kra Canal project

Thai Communications Minister Samak Sundaravej told a press conference May 16 that Thailand must build a canal across the Isthmus of Kra. This is the first official endorsement by the Thai government of the idea, which has been promoted by *EIR* founder Lyndon LaRouche as part of the basis for industrialization in Southeast Asia.

Samak declared that "I'm afraid I might not see it in my tenure as minister, but we have to build it." Singapore should have no reason to oppose it, he said. And as for the United States, "American groups also want the canal, and are using our information."

The minister pointed out that using peaceful nuclear explosions would cut construction time for the project by five years.

The Invisible Hand

Regan can't believe the recession is here

Treasury Secretary Donald Regan rejected the projections of the Organization for Economic Cooperation and Development (OECD) of a sharp recession in the United States next year. He was speaking at a con-

ference of economics, trade, and foreign ministers of OECD nations in Paris May 18.

Regan dismissed the "false premise" that higher U.S. interest rates will choke off the expansion of investment in the United States, UPI reports. He said he stood by the Reagan administration's forecast of a "solid sustainable" 4% growth rate next year, compared with 5% in 1984.

Regan came under pressure from other delegations which expressed their concern that the U.S. "recovery" could not be sustained if interest rates continued to rise. He replied that the United States has been hearing complaints about its interest rates since the beginning of the decade.

Regan also disputed the views of the OECD secretariat on the impact of U.S. budget deficits. "I am very tired of hearing that the durability of the world's economic recovery hinges on a reduction of the U.S. budget deficit," he said.

Steel Industry

Mellon Bank chief defends Volcker policies

Mellon Bank chairman J. David Barnes defended high interest rates, demanded radical reductions in the U.S. federal budget, and said "nothing" can be done to halt the decline of Pennsylvania's steel industry, in an interview May 14, UPI reported.

Barnes blasted politicians who criticize the nation's banks for raising interest rates too quickly. "There's going to be an awful lot of rhetoric on the subject this year," said Barnes, who added that politicians are "loath to do anything constructive" about the cause of high borrowing costs—a cause he identified as the federal budget deficit.

Banks have no choice but to raise rates when the deficit is "piled on top of normal credit demand," Barnes said, predicting that interest rates are bound to keep climbing until sharp cuts are made in the budget.

Barnes bluntly stated that Mellon won't lift a finger to revive the steel industry in western Pennsylvania. He rejected suggestions that Mellon should earmark loans to help rebuild mills in the Monongahela Val-

ley. "There's not a whole lot we can do for this steel industry if they don't want to modernize in this area," he said. "A large part of our problem here is we're not competitive."

Barnes's statements came in response to Democratic presidential candidate Lyndon H. LaRouche, who campaigned in Pennsylvania on a program of lowering interest rates and reopening the steel plants. LaRouche hit particularly hard at the Mellons and their deputies at U. S. Steel, whom he accused of destroying the industry through gross mismanagement.

Research and Development

Oklahoma firm seeks new oil-recovery method

Universal Energy Corporation, an Oklahoma firm, has initiated a new project to recover crude oil from tar sands. The method will utilize electromagnetic energy to heat and fluidize the hydrocarbons *in situ*. The method, developed by the Illinois Institute of Technology Research Institute, promises major advantages over older techniques, such as that unsuccessfully tested by Occidental Petroleum and others which employ direct retorting or similar thermal techniques.

A second project announced by the same company will further develop a process for stimulating production from oil wells with medium to low-gravity crude oil using electromagnetic methods to heat the reservoir.

Labor

NLRB gives green light for union-busting

The National Labor Relations Board (NLRB) on May 17 ruled that a union must show majority support on the part of the workforce to get bargaining rights for employees at a given company, regardless of any unlawful conduct by employers to prevent the union organizing.

The 2-1 decision is the latest in a series

of anti-labor moves by the NLRB since Reagan appointees became the majority. In the case at hand, the board agreed that a food distributor named Gourmet Foods of Minneapolis had engaged in continued unfair labor practices against a Teamster local that was trying to organize its workers. The board recognized that immediately after the company had been warned that the employees would seek union representation, it conducted discriminatory discharge, threats of discharge and plant closure, retaliatory imposition of harsher working conditions, and other unlawful actions. Nevertheless the board refused to order the company to bargain with the union, because the union did not show support from a majority of the workers for union representation.

Oil Industry

Oxy to become 'Oriental Petroleum'?

Shares of Armand Hammer's Occidental Petroleum Corporation apparently have been accumulated in the past few weeks by the Olayan Group, a Mideast trading and investment concern, the Dow Jones News Service reports. Occidental has been the subject of takeover rumors for the past several months.

The Olayan Group, which previously was reported to hold about 4% of Oxy's 96.7 million shares outstanding, is said to have bought enough additional shares to raise its stake to as much as 6%. Such a holding would require it to file with the Securities and Exchange Commission (SEC).

Gordon Reece, an Occidental vice-president, said that his firm is not aware of any recent purchases by the New York-based Olayan Group. The president of Olayan, Aziz D. Syriani, is a director of Occidental.

The Olayan Group is controlled by Suliman S. Olayan, one of Saudi Arabia's wealthiest businessmen. The group's assets have been estimated at \$1-\$2 billion, including heavy investments in the United States. Olayan usually keeps his holdings at less than 5% to avoid SEC disclosure requirements.

Briefly

● **THE BLACK-MARKET** dollar in Colombia has soared on a speculative wave following recent large-scale drug busts carried out by the Betancur government, which have considerably reduced the supply of dollars. While the dollar was officially quoted May 17 at 97.18 pesos, the black-market dollar was selling at 135 pesos and higher.

● **OPEC** sacrificed \$40 billion in oil revenue in 1983 by cutting its benchmark price by \$5 a barrel in March 1983, according to a recent study published by Deutsche Shell AG, the West German affiliate of Royal Dutch Shell.

● **RAUL ALFONSÍN**, the president of Argentina, declared in a speech May 14 that Argentina will not be able to pay its foreign debt on the current terms. "The efforts that the Argentine people have been making to put the country back on its feet will be in vain unless there is a fundamental change in the financial centers and the industrialized countries," Alfonsin warned.

● **LANE KIRKLAND** has been identified as part-owner of a tobacco plantation in the Dominican Republic where prevailing wages are less than \$3 per day, according to the upcoming book *Endless Enemies: The Making of an Unfriendly World* by Jonathan Kwitny, a longtime reporter for the *Wall Street Journal*. Kirkland was unavailable for comment, but an aide said, "This all sounds like stuff off the wall."

● **HENRY KISSINGER'S** appointment to the Board of Directors of American Express company was questioned by a stockholder at the company's annual meeting on April 30. The stockholder raised the charges made against Kissinger by Lyndon LaRouche, and concluded that "these types of things can be embarrassing to our company." The chairman replied that "Dr. Kissinger would have a full-time occupation refuting the charges made [against him] in the press if he chose to take that on."

LaRouche candidates' movement upsets the campaign charade

by Nancy Spannaus

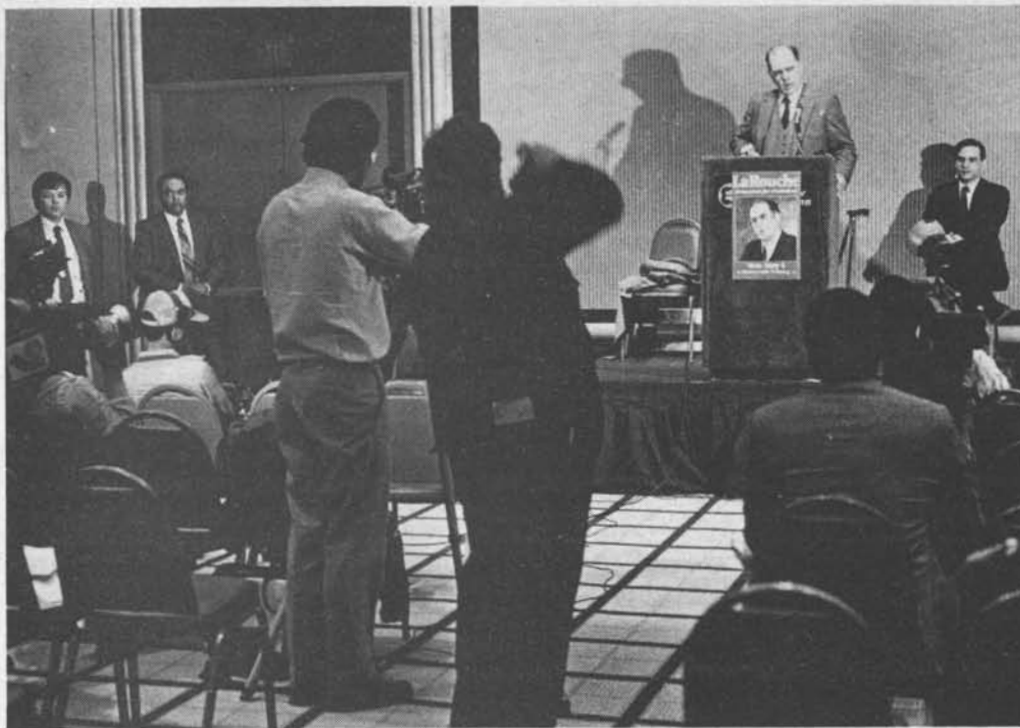
Review the "major" international press outlets on the U.S. presidential campaign, and you must conclude that, once more, the U.S. presidential election is a meaningless charade.

The "vicious" polemics flying between the Gary Hart campaign and Walter Mondale's entourage of AFL-CIO goons and organized crime fellow-travellers don't even make good press copy, much less signify any real debate on the pressing strategic and economic issues facing the United States. Ronald Reagan, considered by all "political insiders" as the odds-on favorite in the quadriennial horse-race, has totally abandoned presidential responsibilities for the showmanship generally associated with presidential campaigning. The only excitement around Reagan campaign headquarters is the feverish attempt to put off inevitable crises—such as the demise of the "recovery" or the outbreak of massive international terrorism—until after the show is over.

No wonder that voter participation in the primaries and caucuses has been the lowest in recent history, the average reader will conclude. After the thieves finish their infighting, the election will be fixed as before.

Once again, you have to look *behind* the stories put forward by the Eastern Establishment media in order to get the real story: the emergence of a political mass movement around the policies of Democratic presidential candidate Lyndon H. LaRouche, Jr., a movement that will determine in one way or another the outcome of the election.

This political movement, comprised of an electoral slate of 2,500 led by LaRouche, and a support base within the National Democratic Policy Committee of more than 30,000 people, has a unique perspective toward the presidential elections. While focused around a presidential candidate, as was the George Wallace phenomenon of the late 1960s, the LaRouche campaign is not an electoral phenomenon. Rather, it is a citizens' army, self-modeled on the concept of winning represented by the Third Army of Gen. George Patton, Jr.—an army which has determined that the United States will survive and once more become as the protagonist for republican principles, no matter how many individual battles are lost.



Lyndon H. LaRouche, Jr. speaking at a press conference in Baltimore May 6. Warren J. Hamerman, the chairman of the National Democratic Policy Committee, is seated to the candidate's left. Election victories by the "citizens' army" of LaRouche candidates have begun to break the press blackout against the NDPC.

NSIPS/Suzanne Klebe

LaRouche's campaign "issues" show this approach: a crash program for a directed-energy beam strategic defense system; reorganization of the world monetary system along the lines of the first treasury secretary of the United States, Alexander Hamilton; and, above all, the elimination of Henry Kissinger, and all he represents, from U.S. public life. But ultimately the LaRouche campaign is not an "issue-oriented" campaign. It attempts to revive a *method* of republican government which has been buried beneath political garbage in the United States since the time of Abraham Lincoln, the method of mobilizing citizens to defend the constitutional principles of the republic.

By proceeding from this standpoint, the LaRouche campaign has wielded tremendous pressure against the defenses put up by the corrupt Democratic Party leadership, which has clung to the line that LaRouche is "not a real Democrat." While spending as much money on slanders against LaRouche in the local press as possible, buying judges, and utilizing their corrupt cronies in official government agencies such as the Federal Election Commission and the Secret Service, the political mafia running Charlie Manatt's Democratic National Committee has found it possible to hold LaRouche's officially counted presidential vote in the five states in which he has now run to the level of 1-2%. But even the millions of dollars made available to the DNC by the friends of Kissinger have not allowed them to contain the citizen candidates' movement.

The broad efforts which have been made by LaRouche's enemies in the Eastern Establishment have backfired. Beginning with the refusal of the Federal Election Commission to acknowledge LaRouche's right to matching funds, through

the 20-minute piece of flim-flam libel put together by NBC-TV, the Kissinger-allied forces have merely succeeded in drawing attention to the threat which the LaRouche campaign represents to their control of policy-making.

The LaRouche campaign is not only making ripples in the Democratic Party. Washington, D.C., has been rocked by the series of television documentaries by LaRouche. Each broadcast has focused heavily on the role of Henry Kissinger as a Soviet agent of influence; after each showing the unease in the administration about Kissinger's re-emergence in policy-making has rapidly increased.

The only tangible results now, detailed in the following articles, are the high number of votes registered for LaRouche's slate. But there is no way that the Establishment can predict that the containment of LaRouche will hold.

Now the Democratic Party leadership, going into the national convention, is faced with a situation in which the LaRouche movement has proven control of 20-30% of the Democratic vote throughout the country. That figure, which will undoubtedly mount as the LaRouche campaign moves into high gear in its strongest states—New Jersey and California—reveals the secret of the 1984 presidential campaign. *It is the LaRouche candidates' movement that represents the decisive margin for the outcome of the November election.*

If the KGB-Democratic Establishment refuses to acknowledge LaRouche's power at the convention, it has to recognize that the Democratic nominee will automatically lose 20-30% of the Democratic vote in November.

How long, in the midst of the real, if vacuous, political brawl within the official Democratic Party leadership, can the Democrats pretend to ignore the LaRouche factor?

One million votes counted in 1984 for LaRouche citizen candidates

by Warren J. Hamerman

During 1984 to date, in 13 Democratic primary elections from coast to coast, LaRouche Democrats running as part of the citizen candidates' movement coordinated by the National Democratic Policy Committee (NDPC) have received over 1.2 million votes. Over half a million votes for the LaRouche slate were officially tallied in the latest May 5-8 primary round alone. Because so many voters agree with the NDPC that "Democrats are patriots too," more than 26% of the LaRouche citizen candidates have won their elections outright—240 out of the total 914 candidates who have so far come up for election.

The reason the LaRouche citizen candidates have fared so well is that they have followed LaRouche's own lead in vigorously attacking both Henry Kissinger as the embodiment of evil in U.S. government policies, and the corrupt and KGB-approved Charles T. Manatt leadership of the Democratic Party. This has struck a responsive chord in the population; after all, polls have shown that 60% of the U.S. population hates Kissinger, while another 12% doesn't like him but doesn't think Kissinger is a major issue at this time.

Of LaRouche Democrats who have won their elections, 234 were elected to Democratic Party positions, by running their campaigns in open political warfare against the entrenched party apparatus headed by Chuck Manatt, Robert Strauss, and other protégés of Averell Harriman. The overall approach of the NDPC citizen candidates is to directly approach traditional Democratic constituencies to recruit them to a grass-roots political mutiny against the KGB-approved Democratic Party regulars.

Where the votes were tallied

In the Democratic primary in Illinois on March 20, over 220,000 votes were cast and counted for the LaRouche Democrat slate; in Pennsylvania on April 10 more than 230,000 Democrats cast their ballots for the NDPC slate; in Washington, D.C. nearly 80,000 votes were tallied for the LaRouche slate; in the May 5-8 Democratic primary round in Texas, Louisiana, North Carolina, Maryland, Ohio, and Indiana more than 500,000 Democrats cast their votes for the LaRouche slate; in the Oregon Democratic primary on May 15

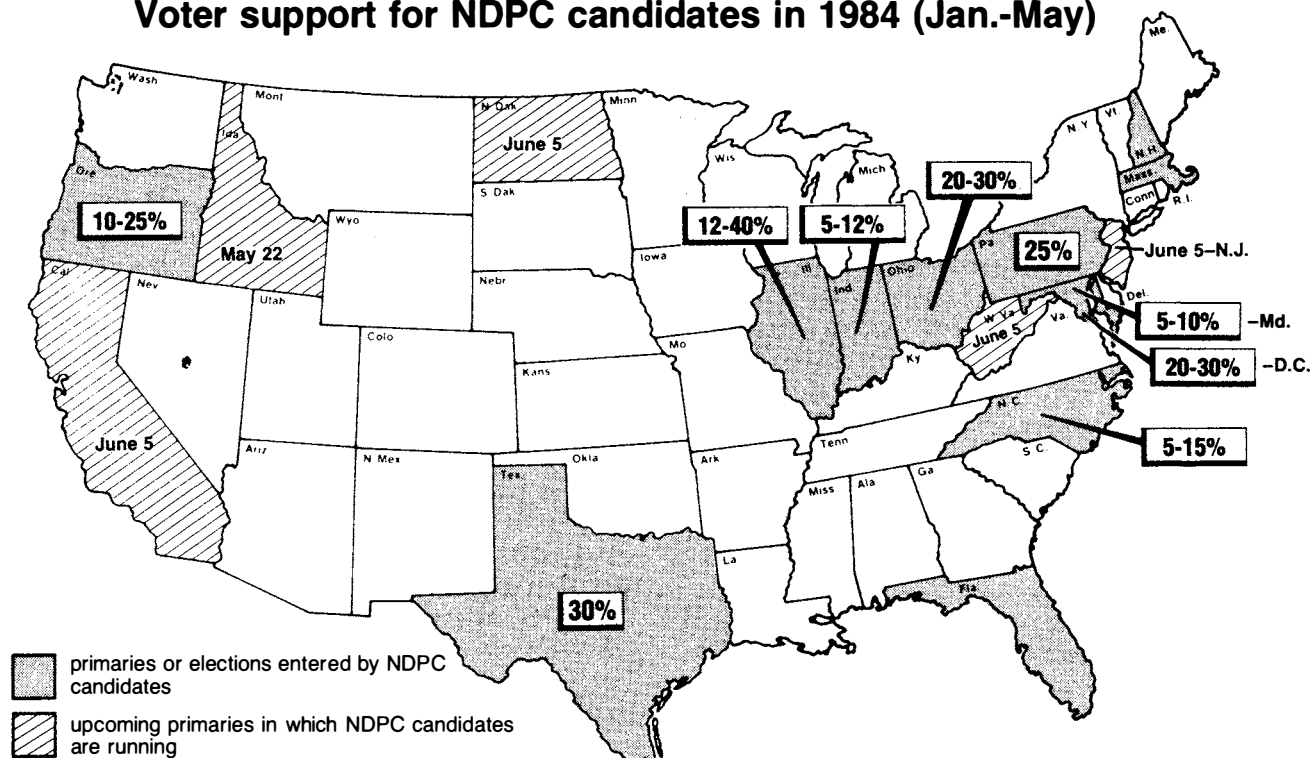
NDPC candidates poll one million votes in 1984

Date of primary	State	Total candidates	Number of victories	Total votes	Percent range
Feb. 28	New Hampshire		2		
March 13	Massachusetts	147	27		
March 13	Florida	62	44		
March 20	Illinois	118	59	220,000	14-40%
April 3	New Jersey	85	1	35,000	10-15%
April 10	Pennsylvania	110	7	230,000	25-30%
May 1	Wash., D.C.	11	0	75,000	20-30%
May 5	Texas	176	46	130,000	20-40%
May 8	Ohio	60	2	125,000	25-30%
May 8	N. Carolina	8	0	130,000	5-15%
May 8	Maryland	45	0	53,000	5-10%
May 8	Indiana	70	3	51,500	5-12%
May 15	Oregon	90	40	88,000	10-25%
May 22	Idaho	17			
Total		1,099	231	1,237,500	

How the victories add up:

N.H.—2 selectmen
Mass.—27 ward committeemen
Fla.—44 precinct committeemen
Ill.—59 committeemen
N.J.—1 school board member
Pa.—7 precinct committeemen, 1 ward committeeman
Tex.—1 nomination for U.S. Congress, 45 county committeemen
Oh.—2 nominations for U.S. Congress
Ind.—1 delegate to county convention, 2 nominations for state representative
Ore.—50 precinct committeemen

Voter support for NDPC candidates in 1984 (Jan.-May)



Sam Kahl, heading a slate of 90 candidates, won over 24% of the vote in his statewide race for the U.S. Senate nomination, while the total slate vote in Oregon was greater than 100,000. LaRouche Democrats are now elected Democratic Party leaders at the grass-roots level in Massachusetts, New York, Florida, Illinois, Pennsylvania, Texas, Indiana, and Oregon. On June 5, LaRouche and a slate of more than 750 candidates will be on the ballot in the two stronghold states of the NDPC—California and New Jersey.

In Pennsylvania, Ohio, North Carolina, and Texas, among other states, NDPC-backed candidates took many agricultural wards in a clean sweep. In North Carolina, senatorial candidate Tom Allred won many rural areas on his way to receiving a solid 15% or 130,000 votes, despite a shoestring budget and a one-man campaign organization, against the incumbent governor who had one of the most lavishly financed campaigns in recent political history.

After the election, the North Carolina media reported candidate Allred's explanation: "The reason for my extremely strong showing is that I ran as a stalking horse for Lyndon LaRouche. If LaRouche himself were on the ballot he would have gotten many more times that number of votes. My votes were cast for LaRouche's policies and against Henry Kissinger's." Despite vote fraud against many candidacies, the citizen candidates' movement as a whole has been able to overwhelm enemy defenses and get vote patterns consistently

in the 25-45% range. In the toe-to-toe slugout for leadership posts within the Democratic Party, the LaRouche forces have done even better and have elected significant representation within the party from coast to coast.

The political objective of the LaRouche Democrats is to reverse the 1968-72 McGovern era of moral depravity, kookery, genocide, and "Neville Chamberlainism." The NDPC is dedicated to restoring the traditional policy outlook pursued by Franklin D. Roosevelt during World War II—a national emergency defense mobilization combined with the cultural optimism which flourished in a nation combatting Nazism, "economic royalism," and the colonialist abuses and pretensions of over-the-hill empires.

'Building an avalanche'

At a May 6 campaign rally in Baltimore, Maryland, Lyndon LaRouche told 200 campaign supporters: "Our job is to mobilize 7-8 million voters as a bloc, whether these votes are counted or not. We're building an avalanche through the last phase of primaries on June 5. After June 5, I have some very concrete ideas of what to do next. We're building a political movement of 7-8 million patriotic voters led by the citizen candidates running with me on my slate. Everything we have must be concentrated on educating the voters as citizens. We don't want to and won't use gimmicks—handing out free pens to get people's attention. We are educating voters as

citizens and giving them the sense that there are many of them."

To proceed with this mass education of the citizenry, the National Democratic Policy Committee is proceeding to consolidate 100 active chapter organizations, an NDPC membership of 100-200,000 and a goal of 10,000 citizen candidates. In addition to LaRouche's plan to complete 10 major national television broadcasts by the June 5 primary, two special political-educational initiatives will be added to the process. By the end of May a special two-and-one-half-hour television program on LaRouche's geometric method of economic science will be released, with 50,000 copies of a companion textbook entitled *So, You Wish to Learn All About Economics?*

The extraordinarily rapid growth of the LaRouche political movement is a result of the collapse of every institution in the nation, in the face of the great crises facing our nation and the world: the strategic crisis, the economic and financial

crisis, and the moral crisis. Only Lyndon LaRouche and the NDPC have organized a political fight to overturn the moral malaise in the country.

At his Maryland campaign rally Lyndon LaRouche referred to the 60-70% of the population which is basically moral but has repeatedly elected the wrong candidate. LaRouche stated: "We have to build on the morality of that 60-70% and educate it into the foundations of a mass political movement. The problem you face," LaRouche told his campaign organizers, "is how to talk to those fellow citizens who are moral but unable to believe that there is really a way to change presidential and congressional policy. Generally people have contempt for government and operate from the basis that 'you can't change city hall.' What we have is not an election but a sporting event. You have that idiot Mondale, one of the most hated men in the United States, yet people vote for this critter. They know he doesn't have a mind, but this is irrelevant for people in the elections. They are voting for a team—the 'frontrunner' as in a horse race. It doesn't matter who the frontrunner is. He's not good for the country but he's going to win, so individuals decide to vote for him. Therefore, it is not accidental what people get as a result."

California and New Jersey

On June 5 the NDPC citizen candidates' slate is running in the two LaRouche Democrat stronghold states of California and New Jersey. The NDPC in California, with 15,000 members, is the largest and most powerful political action committee in the state and is running a bipartisan slate seeking 593 seats. The slate includes 22 candidates for U.S. Congress, 13 for the state legislature, 278 LaRouche delegates, 99 Republican county committee seats, one mayor, and two board of education candidates. In New Jersey the NDPC slate of 247 candidates spanning 16 counties includes one for U.S. Senate, 13 for Congress, 84 LaRouche delegates, one freeholder, and 148 candidates for Democratic county committee.

The California NDPC campaign is of special strategic interest, not merely because it is the flagship state of the NDPC, nor because it happens to be the home state of the morally bankrupt President Reagan. California is the host state this year of the Democratic national convention, and it is also the headquarters of the corrupt and KGB-approved Manatt leadership of the party. Chuck Manatt's law firm, which has a joint business venture with top Soviet officials, is also the law firm which houses both Walter Mondale's California campaign chairman (Mickey Kantor) and Gary Hart's California campaign chairman (John Emerson).

The NDPC is now gearing up for a head-on challenge to the decrepit Democratic Party officialdom in its home territory. Out of the next round of political battles, the citizen candidates' movement led by Lyndon LaRouche will wield institutional and organizational strength commensurate with its already demonstrated 25-45% Democratic voter strength.



NSIPS/Suzanne Kiebe

LaRouche Democrats demonstrate against the shutdown of the steel industry, in front of U.S. Steel headquarters in Pittsburgh, Pennsylvania.

LaRouche Dems beat Manatt crew in Ohio

by Marla Minnicino

The May 8 Ohio Democratic primary saw LaRouche Democrats grab the Democratic nomination for U.S. Congress in two districts and tally up over 125,000 votes statewide. This was the culmination of a pitched battle between the LaRouche wing of the Democratic Party and the faction associated with Democratic National Committee chairman Charles Manatt, during which the Ohio Democratic Party formally “disavowed” the 14 LaRouche congressional candidates and warned voters against their “dangerous propaganda.”

When the dust had cleared, the LaRouche forces were in a stronger position than ever, and Democratic presidential candidate Lyndon H. LaRouche was poised to “break out” of media containment.

Not only did LaRouche garner widespread newspaper, television, and radio coverage for his charges against former Secretary of State Henry Kissinger—made at press conferences in Columbus, Cincinnati, and Cleveland—but candidates backed by LaRouche’s National Democratic Policy Committee polled between 10% and 47% of the vote in the 14 congressional races they entered. In the 7th Congressional District (C.D.), LaRouche-backed dairy farmer Don Scott won over 60% of the vote in a two-way race, earning the right to face off against Republican incumbent Rep. Michael DeWine in November. In the 4th C.D., LaRouche candidate William Sutton ran unopposed and will challenge Rep. Michael Oxley (R-Findlay) in the fall.

The Ohio Democratic Party leaders of the Manatt stripe, however, will probably refuse to endorse Scott and Sutton—the elected nominees of their own party. In a letter circulated to party county chairmen and other officials two weeks before the primary, Ohio party chairman James Ruvolo listed 12 candidates affiliated with LaRouche and wrote: “I want to make it clear that we do not consider Lyndon LaRouche nor his followers as members of the Ohio Democratic Party, nor do we expect our local organizations to honor any requests for support. . . . This organization is not affiliated with the Democratic Party. In fact, it subscribes to beliefs and practices that are blatantly contrary to the goals and principles that we as Democrats set.”

LaRouche candidate Claudia Cortes, in a letter to the state Democratic Party, thanked Ruvolo for advising the public that LaRouche’s policies were contrary to his own. “You are

right, sir,” wrote Cortes. “We do not support legalized drugs, disguised euthanasia programs, continued economic collapse, or gay rights movements.” She also pointed out that Ruvolo’s slanders against LaRouche bore striking similarity to recent articles denouncing the candidate which had appeared in Soviet publications.

Ruvolo’s blunder opened the way for LaRouche Democrats to put forward their program: a crash program to build anti-missile beam weapons, a gear-up in conventional defenses, and an economic program based on “federalizing” the Federal Reserve and channeling low-interest credit to agriculture and industry.

Who are the real Democrats?

Ruvolo’s letter made headlines across the state just as The LaRouche Campaign’s media blitz hit full stride. Radio advertisements and TV spots labeling Henry Kissinger a Soviet agent of influence and portraying Walter Mondale and Gary Hart as KGB-controlled puppets were saturating the Ohio airwaves. LaRouche himself would soon deliver a blow to Kissinger with a series of press conferences in three Ohio cities. The Manatt-Ruvolo forces were on the defensive, scurrying to prevent the details of Kissinger’s and their own treasonous activity from becoming public.

Their ploy failed. LaRouche’s press briefings were attended by over 20 media representatives who questioned LaRouche’s electoral prospects, but took down every word he said about Kissinger. Newspapers from Cincinnati to Cleveland printed stories on LaRouche’s charges, and the *Cleveland Plain Dealer*, in an April 27 article on LaRouche’s controversial radio ads, quoted Kissinger himself saying: “The statements about me are utter nonsense and not worthy of any response.”

A crushing blow to Ruvolo came in his own home base of Springfield, when LaRouche Democrat Don Scott handily beat his opponent Dennis Geehan in the congressional primary. It was Scott’s first run for political office.

Mel Klenetsky, National Campaign Director of The LaRouche Campaign, hailed Scott’s victory as “the beginning of the end for the KGB traitors in the Democratic Party.” The *New York Times*, which usually blacks out LaRouche and his supporters except for an occasional nasty slander, was obliged to cover Scott’s vote May 12, under the headline “LaRouche Backer Wins House Primary in Ohio.”

When asked to comment on the LaRouche victories by the *Dayton Daily News*, Ruvolo could only mutter a terse “no comment.”

Scott held a press conference in Columbus May 10, and told reporters that his vote was a victory against Henry Kissinger and a rejection by the voters of Ohio of Ruvolo and his policies. The press conference was attended by the Columbus Dispatch, Associated Press, and Ohio public radio.

Asked by reporters about his connection with Lyndon LaRouche, Scott replied: “I support his policies. I support

his policies for parity and debt relief for farmers; I support his economic program. Under the present agricultural policies, my farm will only last one year, so it's Congress or bust."

Scott said that his program is being based on the command of the book of Genesis, that man "be fruitful and multiply."

When asked "does your connection with LaRouche help or hurt you?" Scott answered: "I think it helps, but help or hurt, I'm with him all the way."

In the 8th C.D., where the Manatt-Ruvolo forces expended their heaviest firepower in the form of a vicious slander campaign against philosophy professor Peter Schuller, the LaRouche candidate came within 1,700 votes of victory and won two counties.

Throughout the rest of Ohio, 9 out of 14 LaRouche congressional candidates polled between 10 and 47% of the vote; five polled over 20%; and two candidates won the primary election in their congressional districts.

In Cleveland, candidate Margaret Scott presented evidence to the press of gross irregularities in the vote tallies. In four precincts of the 21st C.D. and five precincts of the 13th C.D., she said, more people voted for LaRouche—as determined by legal affidavits and exit polls—than the numbers

on the counters indicated. Similar irregularities were reported in other areas of the state.

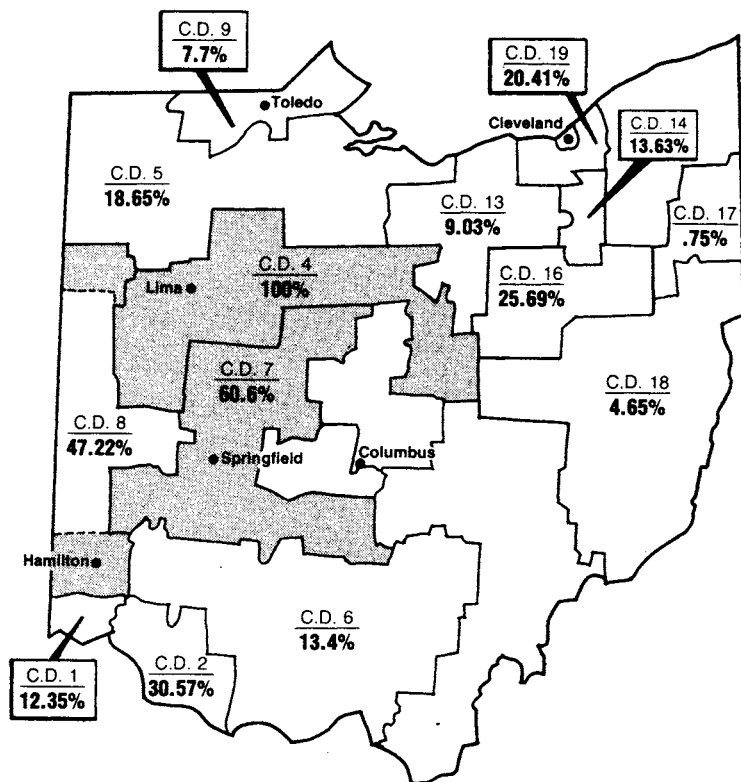
Strike support vs. union-busting

While Walter Mondale, the candidate endorsed by the Soviet newspaper *Izvestia*, was busy cutting a deal with the AFL-CIO's Lane Kirkland to prevent workers from striking against depression-level economic conditions, The LaRouche Campaign was calling for the re-opening of steel plants in Youngstown. It was also mobilizing an international strike support campaign for the members of the Oil, Chemical and Atomic Workers (OCAW) locked out by the Sun Oil Company's refinery in Toledo and for auto workers striking against Toledo's AP Parts, a major supplier of General Motors.

In a May 10 national television address, LaRouche discussed the wave of desperation strikes against wage-gouging and union-busting, exemplified by the Toledo situation, as a by-product of Ronald Reagan's "Herbert Hoover-style economic recovery."

LaRouche Democrat Carol Winters, who ran in the 8th C.D. (encompassing Toledo), led the strike support campaign in the city. She received extensive publicity in the old labor town for championing the cause of trade unionists who are fighting for their very existence.

Voter support for LaRouche Democrats by Congressional District in Ohio



Shaded areas show victories for LaRouche candidates in all counties in C.D. 4 and C.D. 7 and in 2 counties in C.D. 8 in the May congressional primary.

C.D.	Candidate	%	No. of votes
1	Walter Fleissner	12.35	5,075
2	Anthony Barkley	30.57	9,813
4	William Sutton	unopposed	
5	Larry Benschoter	18.65	8,189
6	David Kitz	13.40	5,364
7	Don Scott	60.60	22,865
8	Peter Schuller	47.22	14,420
9	Carol Winters	7.70	4,763
13	Claudia Cortes	9.03	5,898
14	Shellene Dabney	13.63	10,194
16	Charles Martin	25.69	15,105
17	Allan Gillam	.75	887
18	Daniel Cook	4.65	3,941
19	Margaret Scott	20.41	17,718
Total votes for LaRouche congressional candidates			124,232

Who are Ohio's LaRouche Democrats?

Don Scott, a farmer and National Democratic Policy Committee (NDPC) leader from Springfield, Ohio, won 61% of the vote May 8 to secure the Democratic Party's congressional nomination in Ohio's 7th district.

When the editors of *Newsweek* were looking for a typical American community to profile in their 50th anniversary issue, they chose Springfield. It is a small industrial city whose major industries got their impetus from electrical and mechanical innovations in the first decades of the 20th century. For all its appearance of having stayed the same, Springfield has in fact enjoyed vast economic growth. But in the early 1980s, the economic crisis hit Springfield and other Ohio cities hard. Unemployment rose to the highest rates since the 1930s, and farmers were particularly hard hit.

Scott, in an interview with *New Solidarity* newspaper published May 18, explained the impact of the NDPC's program in the area.

"What is happening economically was the key to my campaign," he said. "I made it clear how high interest rates have affected and are affecting not only me as a farmer but also businessmen and labor, and I pointed out that the source of this problem is our Federal Reserve System and its control of the flow of the money and the interest rates. . . .

"For the last three or four years farmers have been sitting here making no money. A certain combination the farmer can handle—bad weather and bad prices for instance—and still not go totally under. But when you throw high interest rates on top of this, there is just *no* way. Starting in 1979, agriculture was hit—like most other sectors of our economy were hit. But what is happening now, even though some areas of the economy can fool themselves about this idea that we are in a 'recovery,' there has been no such thing in agriculture. We are sitting with an unserviceable debt. Myself, I can operate for about another year. If things don't change, that's going to be it for me; its going to be the end for so many people in agriculture.

"Further problems that this creates are showing up throughout my district. The cities and communities aren't

getting the taxes because the farmers aren't making the money. And I know enough about my history to know that wherever agriculture goes, our nation isn't far behind it. . . .

"The LaRouche platform covers the situation agriculture is in very well and what must be done to make it productive again. The programs we have put together almost sell themselves at this point."

Too close to call in the 8th district

Peter Schuller, a philosophy professor from Oxford, Ohio, came within 1,700 votes of becoming the Democratic congressional candidate in the 8th district, in a hotly contested race against John Francis.

The heart of Schuller's district is in two manufacturing cities in Butler County, Hamilton and Middletown. A conservative Democratic heritage exists in the region, and surfaced in the 18% of the vote that George Wallace got there in the 1968 general election. That was the highest percentage that Wallace won in any Ohio district. In general elections the district usually goes Republican, but in 1982 it went Democratic in statewide contests.

On election night, as the vote tallies were still described by UPI as "too close to call," Schuller issued this statement to the press:

"I congratulate all the voters who have repudiated the scurrilous politics of the eastern Liberal Establishment and their handpicked candidates. Let us now constitute ourselves a movement of patriotic citizens who will revive the Democratic Party as the vehicle for the 'harmony of interests' of all producers: workers, farmers and productive entrepreneurs.

"Let us wrest all power away from those who live by draining the productive energies of others. Let us get back to the American way of doing things—producing smarter and better than anyone else in the world and bringing our goods, liberties, and know-how to our weaker friends.

"That way we can forge a community of principles which cannot be undermined from within or without.

"I invite all citizens who have acted on their hopes that a better America can be built to take positions of leadership with me in this attempt to restore America to her principles despite corrupt journalists and the despair of their neighbors.

"Today's vote was crucial proof that it can be done. Let 'politics as usual' be buried. Here come the 'citizen candidates' to the rescue of their nation."

When the final returns were announced, Schuller was given 47.22% of the vote, against 52.88% for his opponent. At a press conference May 9, he announced that he was not conceding the election, in view of the closeness of the vote and widespread irregularities on the part of election officials. There are two main dimensions to fraud, said Schuller: manipulating the mind of the voter before and during the vote, and the physical manipulation of the vote itself. "The first was demonstrated; we are now inquiring into the second," he said.

All-out war between the two Democratic parties in Texas

by Criton Zoakos

The May 5 primary election in Texas, which did not include a presidential primary, has made it more evident than ever before that there are two Democratic parties in this state, not one—and they are at war with each other. One is the Democratic Party of the voters which is made up of over half of the state's 6.5 million registered voters (voter registration in Texas is not by party affiliation). The other Democratic Party is that of the party-machine hacks, not more than 7,000 to 8,000 persons, whose job it is to steal votes, fix voting machines, manipulate voters, etc.

The primary election produced some very strange results which have now created an uproar. Vote recounts have been ordered in 68 counties. About a score of lawsuits has been filed to challenge the reported results of the election. Additional lawsuits are demanding that the primary election be held all over again. Some of these lawsuits may produce legal results which might constitute the basis for challenging the legitimacy of the Texas delegation to the Democratic national convention on July 16 in San Francisco.

This war between enraged Democratic voters and besieged party-machine hacks is likely to determine the calendar of political events between now and July 16. These events will include the following:

- On May 16, the Senate district caucuses will meet to select delegates for the state party convention to be held on June 15.
- On June 2, a run-off election will be held between the two top frontrunners in unresolved elections for a variety of local and state offices, including the Democratic candidate for the U.S. Senate.
- Finally, July 9 is the deadline for filing petitions for candidate for President of the United States on the "independent" line of the November ballot. LaRouche Democrats in the state have vowed to submit over 100,000 valid petition signatures before that date to put Lyndon H. LaRouche, Jr. on the Texas ballot.

An uproar over the presidential caucuses

A pitifully small number of registered voters participated in the May 5 evening caucuses to select the Democratic nominee for President of the United States. The number of participants was so small that the state party organization and its chairman, Bob Slagle, have so far refused to divulge the

actual figures. An educated estimate by professional journalists has put the total of caucus participants at between 48,000 and 58,000—against 1.2 million voters who participated in the primaries and a total of 6.4 million registered voters. The reason for the low turnout is a bitterly contested party rule which says that when you go to the polling place to vote for every other office in the primary, you are not allowed to vote for the presidential candidate of your choice. Then when you participate in the evening presidential caucuses, you are not allowed in unless you first produce official proof that you voted in the Democratic primary earlier in the day.

This rule virtually limited participation in presidential caucuses to the 7,000-8,000 party-machine hacks, their spouses, their parents, and their children. As a result, the mass of the voters is in an uproar, especially the approximately 30% of them who comprise the state's voting minorities, Mexican-Americans and blacks. Many of those voting precincts of the state's total of 6,640 precincts which produced majorities for Jesse Jackson also passed resolutions demanding an end to the presidential caucus system and its replacement by a general presidential primary. These resolutions are supposed to be voted on by the state party convention on June 15-16. Their chances of passing are slim for two reasons. First, state party chairman Bob Slagle, his mentor Bob Strauss, former Special Trade Representative under Jimmy Carter, as well as the controller of both, Pamela Churchill Harriman, are violently against changing the party rules. Second, the delegates to the state convention will be persons who themselves have been selected on the basis of the crooked rule: To become a delegate to the state convention, you must first be elected a delegate at the presidential caucuses taking place at the precinct level. As a precinct delegate, you are then sent to the senate district caucuses; the 31 district caucuses then select their delegates to the state convention.

Democratic voters have grown so incensed about this unfair and dictatorial system, both before and after the primary election, that a vocal minority among party office holders, smelling trouble ahead, has taken to championing the cause of presidential primaries as opposed to caucuses.

This seemingly arcane issue is threatening to become the fuse which will blow the Texas Democratic Party machine sky-high in the next six to eight weeks—definitely before the national convention in San Francisco. It is intersecting the rivalry between Bob Slagle, who wants to give Mondale the nomination, and the Democratic governor, Mark White, who has vowed to go to San Francisco uncommitted.

The LaRouche factor in Texas

In the May 5 primary, nearly 200 LaRouche Democrats ran for various local offices in 25 counties of Texas's total of 245 counties. Their campaigns were based on LaRouche's famous half-hour nationally televised addresses and on printed materials of the LaRouche campaign. In all the counties in which they ran, they received between 46% and 20% of the vote, for a total of 125,000 votes. The counties in question



Henry Kissinger and the Democratic National Committee are feeling the heat from the LaRouche candidates' movement. Shown here, a Houston NDPC demonstration against Henry A. Kissinger.

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were a balanced representative mix of urban and rural areas. The LaRouche Democrat vote which was counted on a statewide basis was, on the average, 30% of the Democratic vote cast. Had there been a presidential primary rather than caucuses, LaRouche would have received at least 30% of the vote in a field of four competitors—a clear winner.

Even though the candidate himself has not as yet expressed any views on this, the LaRouche Democrats in the state have apparently taken matters into their own hands when they announced that they are launching a statewide petition drive to put LaRouche's name on the state's November ballot as an independent presidential candidate. The legal requirement for this is 44,000 petition signatures of registered voters. All voters are eligible, except for those who voted in the Republican primary. The petition and the application must be filed with the Texas Secretary of State not later than July 9, which is seven days before the Democratic national convention meets in San Francisco to select the presidential nominee.

There is widespread discussion among national Democratic Party circles that party chairman Charles T. Manatt, a bitter enemy of LaRouche, may not be kept on as chairman of the Democratic National Committee, even though party tradition dictates that the outgoing chairman be kept in place for the interim period between the convention and the general election. On the basis of this theory, Bob Strauss and Bob Slagle of Texas have been in contact with the governor of New York State, Mario Cuomo, and with Mayor Ed Koch of New York City to work out arrangements for the control of the next DNC chairman by the New York and Texas Democratic Party machines. As the hour of reckoning approaches, this Texas-New York deal is becoming more and more unlikely, as the Texas party organization is disintegrating at a growing rate. For one thing, any Texas delegation to be sent to San Francisco is bound to be split between the Mondale partisans from among the retinue of Bob Strauss and Bob Slagle, and those around Governor White who wish to go as uncommitted.

Beyond this inevitable split, however, it is not unlikely at all that any one of the numerous lawsuits now in litigation which challenge the May 5 primary may produce a legal finding which could cast grave doubts upon the very legitimacy of the Texas delegation, doubts which the national convention's Credentials Committee may have to seriously take into account.

Further, the legitimacy of the Texas delegation may well be challenged from a different direction: What if all those 125,000 registered Texas Democrats who voted for LaRouche decide to sign the petitions requiring LaRouche to be on the November ballot as an independent? This will be almost three times the number of registered Democrats who voted in the presidential caucuses of May 5 for Mondale, Hart, and Jackson combined. Who, then, according to the democratic principle of representation, would have the right to represent the Texas Democratic Party at the national convention? The machine-hack organization with its narrow power base of 7-8,000 apparatchiks and their families, or the Texas Democratic Party of the voters, 2 million-plus strong and in a state of revolt against the Strauss-Slagle-Harriman junta? This will most certainly make a very interesting legal case.

Beyond all this legalism however, there lurks the substantive political question: With LaRouche on the November Texas ballot as an independent, who as of May had a proven and counted 30% of the statewide vote, it is guaranteed that Walter Mondale (or his equivalent) could not possibly carry the state of Texas in November. This will be a known fact to the national convention's power brokers, so-called, one week before that convention opens. What is already known to these fellows is the fact that nobody in modern political history was ever elected President of the United States without winning the state of Texas.

This known fact is already strengthening the hand of Governor Mark White in his in-house rivalry against state party chairman Slagle, his mentor Bob Strauss, and Strauss's leading lady, Pamela Churchill Harriman.

Vote thieves caught red-handed in Maryland presidential primary race

by Warren J. Hamerman

Warren Hamerman, chairman of the National Democratic Policy Committee, directed the campaign of LaRouche Democrats in the May 8 Maryland primary and helped amass the evidence of fraud, which he presented at a press conference in Baltimore May 12.

In the Maryland Democratic primary on May 8, Lyndon LaRouche received a minimum provable vote of 15-25%, yet his officially announced vote was a mere 2%. The total vote officially cast so far in 1984 for candidates running with LaRouche in various elections is approximately 1 million, yet LaRouche's own announced vote total has been consistently under 1-2%. We knew that the cronies of Henry Kissinger and the Eastern liberal Establishment were desperate to "stop LaRouche" and that "the fix was in." Before the April 10 Pennsylvania primary, after all, patrician George Ball of the Lehman Brothers investment bank had bragged behind closed doors that he could "guarantee" that LaRouche would get no more than 1% of the vote—and he was as good as his word.

So, in Maryland the National Democratic Policy Committee (NDPC) mobilized a "citizen's militia" to set up traps and stakeouts in key precincts before the election. Therefore, when vote fraud was committed, the criminals were caught in the act.

Within an hour of the closing of the polls, The LaRouche Campaign (the presidential campaign organization) and the National Democratic Policy Committee already had in nine precincts up to double the number of legal affidavits from voters who swore they had voted for LaRouche than the total LaRouche vote announced by the election judges!

On the morning of May 10, Judge Martin Greenfeld of the Maryland State Court for the Circuit of Baltimore issued a precedent-setting order sequestering all voting machines and voting materials in the nine precincts in Baltimore City and Baltimore County.

Who is running the coverup?

The fact that extraordinary vote fraud was committed against LaRouche in the Maryland Democratic primary is not surprising. The NDPC has received reports from numerous sources that there exists a \$30 million war chest to stop

LaRouche and keep him from receiving publicity as a Democratic presidential candidate. The contributors to this illegal dirty operations fund are reported to include Charles T. Manatt's crowd in the Democratic National Committee, Lane Kirkland's AFL-CIO, and the Anti-Defamation League of the B'Nai B'Rith. The fund is reportedly being used to finance dirty operations, press slanders, blackouts, candidate harassment, and outright terror against the LaRouche-Democratic citizens' candidate movement. We also have information that both the Soviet KGB and the FBI are involved in dirty operations against LaRouche's presidential campaign.

What was news in Maryland is that the NDPC caught the fraud in a way that it can now be proven in a court of law.

As in the assassination of John F. Kennedy, the key to unraveling who was behind the conspiracy is to look at who is running the coverup. The wise student of the Kennedy assassination will skip over the mass of "pebbles" of disinformation in the Warren Commission files and focus on two facts: 1) the 6:01 p.m. call made from the White House Situation room by McGeorge Bundy to Lyndon Johnson to inform him that the assassination was definitely *not* the work of a conspiracy and therefore no special alerts were required; and 2) the fact that Allen Dulles and John J. McCloy were members of the Warren Commission and ran it on behalf of the most corrupt elements of the Eastern Establishment.

That is the method we are using to bring the criminals to justice today.

The evidence of fraud

Judge Greenfeld agreed with The LaRouche Campaign's demand that the evidence of crime must be protected. The Judge "ordered, adjudged and decreed that defendants Willard Morris, the State Administrative Board of Election Laws, and the Baltimore City and County Boards of Election Supervisors, assemble and sequester, to the extent administratively feasible, all voting machines, voter authority cards, machine keys, key envelopes, and mechanics' or complaint logs or notes used at Baltimore City Ward 24 precincts 9, 10, and 11, Ward 24 precincts 6 and 7, Ward 23 precincts 3 and 4, and Baltimore County District 15 precincts 12 and 16, in a central and safe location."

The judge's order was intended to protect the evidence

and prevent or at least render more difficult any attempts by the criminals who committed vote fraud to try and cover up their foul deeds.

At a press conference outside the Maryland state courthouse in Baltimore May 12, I emphasized that in each of the nine precincts where the judge sequestered the evidence we had many more affidavits from citizens who voted for LaRouche than the totals announced by the election judges. For instance, in Baltimore County's 15th Election District 12th Ward in Essex, LaRouche was given an announced total of 23 votes, but within minutes after the polls closed we already had 56 sworn affidavits from LaRouche voters at that precinct.

In the Pennsylvania primary, one of the key ways in which Lyndon LaRouche's vote was stolen was through a centralized mechanical rigging of the machines. While the LaRouche-Democratic slate of congressional candidates received nearly 230,000 votes, LaRouche himself was given a minuscule vote tally. How? Voting machines across the state had been "fixed" so that no machine would show LaRouche with more than nine votes. In the Maryland primary on May 8 we were looking for this pattern of fraud—among others.

At my press conference, despite the fact that I am not mechanically inclined, I was able to demonstrate how in 4.5 seconds I could use a nail file to file down the little plastic "nub" between the single-digit counter and the tens-digit or hundreds-digit counter so that they would never engage. In other words, if the LaRouche tally on a given machine showed "9," it in fact could represent 9, 99, or even 999 votes on that machine. Others, more mechanically adept than myself, are able to demonstrate various means to "rig" the count. In the nine precincts in Baltimore City and Baltimore County where Judge Greenfeld sequestered the machines, there was a total of 30 voting machines. Our affidavits prove that at least 27 of those 30 machines showed wrong tallies.

If more than 90% of the voting machines where we happened to look were proven to be rigged within one hour after the polls closed, then we have every reason to conclude that the entire Maryland Democratic primary on May 8 was invalid. We are prepared to force a re-run of the entire primary as well as to seek criminal indictments against any individuals who were caught violating the law.

Caught in the act

Judge Greenfeld ordered that the sequestering take place *immediately*, provided that the plaintiffs provide and pay for security guards from a Maryland-licensed agency. He ordered that the sequestering continue to protect the evidence until two days after the official vote tallies are announced after the canvass procedure. More than 25 hours *after* the judge signed his order, however, Mrs. Doris Suter, the head of the Baltimore County Board of Elections, was caught blatantly defying the court order.

At approximately 3:45 p.m. on May 11, Mrs. Suter confessed that she had withheld key evidence from the impound-

ing. At the offices of the Baltimore County Board of Elections, Mrs. Suter stated to a member of The LaRouche Campaign's legal staff: "I should let you know that we discovered that a box of voter authority cards did not get sent to the sequestered warehouse yesterday." Mrs. Suter then presented the box in question and explained that the Board of Elections had sent unused voter authority cards instead of the used voter authority cards. The used voter cards happened to be from precisely the key precinct where The LaRouche Campaign had already collected double the number of affidavits than the total votes registered. The box Mrs. Suter displayed did not have the official closing seal on it, but was wrapped with masking tape and had the appearance of having been tampered with.

The LaRouche legal representative demanded that the box of evidence be immediately taken to the warehouse and placed with the impounded materials. Mrs. Suter herself brought the box to the warehouse at 4:48 p.m. Officer Reynolds, the security guard on duty, is reported to have said: "This box indeed looks tampered with." Officer Reynolds accepted the box and placed it into the sequestered area.

Mrs. Suter's action was a blatant obstruction of justice, and the Maryland State Court found her suspicious behavior grounds enough to grant The LaRouche Campaign an emergency pre-trial deposition of Suter which took place on May 15, even before the official voting canvass had been completed.

The fight for an honest election

No more fundamental right is granted by the U.S. Constitution than the right to vote—and to have that vote counted. The vote fraud in Maryland May 8, and the subsequent criminal obstruction of the investigation, demonstrate that this right is today in grave jeopardy.

The right to vote is not something we can passively inherit from our fathers; it has to be defended, as the experience of the Maryland primary shows. On election day the NDPC in Maryland deployed photographers, poll-watchers, poll-workers, and organizers to over 100 precincts throughout the state. This mobilization made it possible to gather the affidavits which exposed the fraud. Only the active mobilization of the citizenry can guarantee that the corrupt and the traitors cannot get away with stealing votes.

Too many in the United States have grown cynical about our elections, manifesting the state of mind of the "victim" whose only choice is to vote every few years for "the lesser evil." Instead of going to jail, the perpetrators of vote fraud have been tolerated and their crimes have become the subject of cynical humor—in Chicago's Cook County, in Texas, Louisiana, and elsewhere. As Lyndon LaRouche has emphasized, this year the population can either vote for Henry Kissinger in the Reagan, Mondale, or Hart column or they can join in the campaign to get LaRouche's current 15-25% level of voter support counted—and to expand it.

Soviets mock appeasers, turn screws on Germany

by Edith Vitali

In contrast to the crackpot scientists, quack-politicians and other ignoramuses in the West who have derided Ronald Reagan's new strategic defense initiative as fantasy-world "Star Wars," as of early May the President could point to a new supporter of the feasibility of "beam weapons." Writing for the military daily *Red Star* May 9, the Chief of the Soviet General Staff, Marshal Nikolai Ogarkov, stated in so many words that "weapons based on new physical principles" will appear "in the immediate future." To make sure that the message was understood, he said it twice: "Their creation is a reality of the immediate future, and to ignore this even now would be a serious mistake."

At least, his admission contributed to greater clarity. But the vision of the Soviet Union soon being able to deploy such weapons is not reassuring: The leadership of that country is on a confrontation rampage worse than at any time in the postwar period.

- Moscow's spectacular and "irrevocable" withdrawal from the Los Angeles Olympics came as a shock to the proverbial man in the street.

- In Afghanistan, Soviet forces are gunning down peasants in their fields, using machine-gun fire from helicopters. They started a campaign of terror even in so-called "loyal" areas like Kabul, where on May 7 a Soviet army jeep drove into a crowd waiting at a bus station, shooting at people without warning; several were killed.

- Citizens in West Berlin have been subjected for weeks to the noise of supersonic night flights by Soviet jet fighters.

- The Kremlin just announced that it will deploy new "tactical missiles" in East Germany, a way to put pressure not only on West Germany, but also France. The SS-22 with its range of 1,000 kilometers, once stationed in East Germany, can reach any target at the Atlantic Coast.

These moves coincide with an escalating Soviet campaign around the alleged "revival of Greater German revanchism" about to launch a new crusade against the East together with the United States. Absurd as this accusation might look at first sight, especially in view of the zealous subservience vis-à-vis the Kremlin which Henry Kissinger's friend, West German Foreign Minister Genscher, is manifesting these days, this is exactly the Big Lie that will "justify" a Soviet military move into West Germany. The danger of such a move is growing, as the Russians are bent on humiliating the United States before the November election.

Articles on the subject of "revanchism" and "militarism" in West Germany, the "Wehrmacht traditions" and an alleged revival of "Prusso-Hitlerianism" in the West German army, the Bundeswehr, have abounded in the Soviet media since last December. Since January, Soviet and East German military preparations for a "Blitz strike" against West Germany have been stepped up, and the propaganda campaign has reached a new hysterical pitch.

Propaganda builds for military move

Now it's no longer only the press, but the leadership who is speaking in these terms.

- Marshal Ogarkov, in the cited article on May 9, claimed that "revanchists" and "neo-fascists" who have not learned the lessons of the Second World War "have become increasingly more vocal in the Federal Republic and West Berlin." His reference to West Berlin is especially hair-raising, since it is the German city most exposed to Soviet pressure. "As on the eve of the Second World War," he continues, "they are renewing their activity and they are intensively spreading national and racial enmity among the population, propagandizing slogans about 'Greater Germany' and are urgently calling for the re-establishment of the German Reich in its

'historical borders.' It appears that the vanquished fascists left over after the war and the reactionary imperialist forces have not given up hope of trying once again to test the strength of our defense, and they are openly carrying things to the material preparation of a new war."

● Soviet President Konstantin Chernenko, at a May 4 meeting with Polish Prime Minister Jaruzelski, stressed that "*revanchists of all kinds are raising their heads in Europe,*" encouraged by the "anti-communist crusade of Washington." The remark concluded a diatribe that West European calls for "dialogue" and "negotiations" are nothing but a "premeditated fraud." The NATO initiative at the Vienna MBFR talks was nothing but a trick "to cover up for their policy of stepping up conventional armaments," he raved. "In the recent period, mainly after the deployment of new American missiles began in Western Europe, appeals for contacts and negotiations are being heard from Washington and some other Western capitals. However, unfortunately, there is nothing concrete behind these appeals. Those who would like to think that finally some realism and sane thinking are making headway, would be deeply deceived."

● On May 4, *Red Star* published an article on "right-wing forces of the Federal Republic and the Bundeswehr," by Colonel Kasyuk, who claimed that the German army is "ready to march east" any instant.

● On May 12, the government paper *Izvestia* continued the campaign with an article on the "West European Union." Bonn correspondent Grigoryants writes that the revival of the "West European Union" as the "second leg of NATO" is only a cover for West German remilitarization—including West Germany getting access to nuclear weapons. The nuclear energy program of West Germany is alleged to have the purpose of providing plutonium and enriched uranium for building the bomb!

It is no coincidence, of course, that the Soviets are launching this smear campaign against those traditionalist military circles in West Germany, who, far from having a "brown" past, are seriously concerned about the Soviet military threat, and therefore interested in collaborating with the United States in developing defensive beam weapons.

'What if the United States weakens?'

The propaganda took a new twist on May 5, with a *Pravda* article by Ernst Henry, alias Semyon Rostovsky, one of the Soviet KGB's top disinformation agents, who in the past served as a controller of the Philby-MacLean spy network in London and later gained an entrée into Jewish dissident circles by adopting an "anti-Stalinist" and "anti-fascist" cover. The Russian Henry sat on the Central Committee of the German Communist Party in the 1920s, and in this function had close contact with the "National Bolsheviks" in the Nazi Party.

In his *Pravda* article, Henry calls the United States the worst enemy of the U.S.S.R.: "Even Hitler Germany at the time did not have such broad plans for hegemonistic striv-

ings," he claims. However, Henry says it is short-sighted of the United States to rearm Japan and Germany as allies in its efforts at world domination: These countries have their own, much further-reaching aspirations. "What will happen, if the United States, as a result of its insane gamble in the international arena, becomes weaker, and loses initiative and influence over its allies? This is a very important question, and history forces us to raise it now. To wait for the answer is risky for the Americans themselves. West German militarism is alive, waiting for its time to come."

In other words, should the Soviets "judge" that the Americans are no longer in control, they will do the United States a "favor" by strangling "German militarism" in its cradle. The German daily *Die Welt* added accurately that the only possible crescendo after such an article is for the Soviets to go ahead and send tanks to the Rhine.

The current state of affairs, as unpleasant as it already looks, is not the bottom of the pit. Experts in Washington expect a major escalation around August.

Spreading the 'class struggle' abroad

The Soviet leaders are openly preparing their population for war. Chernenko, the current figurehead of what is in fact a ruling military junta, told the Party Program Commission on April 25 that "peace" is a relative virtue for communists, not a value in and of itself. First comes the "class struggle," by fueling which the Soviet Union hopes to acquire world hegemony: "It serves us well to adhere to the idea that the problems of war and peace, like all global problems, don't exist by themselves. They are inseparable from the worldwide social contradictions, from the development of the class struggle." He pledged "unchanging solidarity" for the "unfolding revolutionary process," be it national liberation movements in the developing sector or workers' movements in the West.

On April 28, Chernenko visited the "Hammer and Sickle" steel factory in Moscow, whipping up war hysteria further. "June 1941 [the day when Nazi Germany's offensive began] will not be repeated," he declared demagogically, as if anybody were planning to attack the U.S.S.R. today. "In connection with the aggravation of the international situation," Chernenko claimed, "the Central Committee of the CPSU is receiving many letters, the authors of which propose to prolong the working week, and to create a National Defense Fund." (See *EIR*, May 15.)

A Russian defector who knows Soviet manipulation tactics from the inside called this a typical way of forewarning the workers that indeed the Council of Ministers will prolong working hours, "guided by the will of the Soviet people." The mere mention of a "National Defense Fund" is sure to ring a warning bell in the minds of Soviet citizens: They all remember that such a Fund existed only once before—during the Second World War. At that time, they had to turn in not only money, but also any household goods which could be of use in the war effort.

The Soviet KGB's Papandreou gambit

by Phocion

A hideous and exceptional event unfolded last Thursday, May 10 at the First Congress of Prime Minister Andreas Papandreou's ruling party, the PASOK. Inside the splendid Olympic stadium of Athens, a fading, all-white-marble beauty from the last century, a group of over 2,500 politicians, government ministers, members of parliament, and other officials stood up for a stormy, protracted ovation to a fateful man of mystery. The object of the officials' adulation, a 70-year-old lanky and grayish figure, was vigorously erect to his medium height, letting his long white hair flow with the Attic breeze and, concealing a set of savage eyes behind dark aviator's glasses, allowing his thin lips to form into a half smile. Next day, a photograph capturing this image circulated in all the newspapers of Greece with an accompanying story explaining that "Captain Markos" had received the greatest honors and the lengthiest ovation at the ruling PASOK's congress.

The mystery man's name was not Captain Markos. Neither did he carry the rank of captain; he was Markos Vafeiadis, who until 1950 was the commanding general of communist guerrilla armies of the bloody Greek Civil War. After his defeat, he spent the next 30 years in the Soviet Union and East Germany. Behind him in Greece, he had left a bloody legacy of horror. He had led his guerrilla armies into a campaign of anti-civilian terror which had included exemplary crucifixions, beheadings, mutilations, and other horrors against especially rural populations. It had taken the years it requires to raise a new generation in time of peace before the memory of Markos Vafeiadis's horrors could begin fading in the minds of the Greek population.

Now, 34 years after his defeat, he stood to take the salute from the first congress that Papandreou's party ever held in the 10 years of its existence. Next to Markos Vafeiadis was standing a member of the Politburo of the Central Committee of the Soviet Communist Party, Vladimir Dolgikh, the most honored foreign guest of the Congress.

The other foreign dignitaries invited were a Sandinista delegation from Nicaragua, communist representatives from

Cuba and Vietnam, a Polisario delegation, socialist military men from Ethiopia and El Salvador, and Yassir Arafat.

Before this audience and after the tribute had been paid to Markos Vafeiadis, Prime Minister Andreas Papandreou, the U.S.-educated economist and a former citizen of the United States, by his American wife Margaret, a close friend of U.S. Ambassador Monteagle Stearns, delivered a three-and-a-half hour keynote speech wholly devoted to attacking the United States, defending the Soviet Union, and pledging to break up NATO. The irony, which was not missed either by the Congress participants or by outside observers, was the fact that Gen. Markos Vafeiadis had been the man who had led the rebellion against Andreas Papandreou's father George, who was prime minister in the 1940s.

U.S. 'expansion and domination'

The first congress of Papandreou's PASOK has greater significance as an international event than as a domestic Greek affair. The Soviet Union was involved in more ways than one. While Andreas was reporting to Politburo member Dolgikh, back in Moscow Konstantin Chernenko was meeting with Charilaos Florakis, the general secretary of the Greek Communist Party, to make arrangements for the joint Papandreou-Florakis election strategy for the next 15 months. The tribute paid to Markos Vafeiadis is an early indication of what that strategy will be and the extent to which it will be controlled by Moscow.

In this context, it is significant to note that Papandreou's keynote speech, which dealt almost exclusively with international affairs, made him, a prime minister of a NATO member-country, sound more extreme than Fidel Castro or Babrak Karmal. After a hard-hitting identification of the United States as the center of world imperialism, Papandreou went on:

"The strategy of the United States always is to marshal all means for the attainment of one constant objective: expansion and domination. The constant renewal of *imperialism*. . . . This modern, U.S.-led imperialism finds itself in



The First Congress of the PASOK party, with its tributes to the Communist Party's Civil War butchers and to Soviet "anti-imperialism," showed that Greek Prime Minister Andreas Papandreu's electoral strategy is now made in Moscow.

instability and crisis, into which it drags everyone.

"This crisis appears as a crisis of existence itself involving the danger of nuclear holocaust.

"It is also an economic crisis, a crisis of economic relations resulting in the threat of unprecedentedly massive unemployment. This crisis is also evident in the enormous indebtedness and the economic disintegration of such nations as Brazil and Mexico. The crisis is evident in the massive spread of famine and malnutrition in all parts of the Third World."

However, Papandreu explained that in the course of this imperialist crisis, all developments are not controlled by the U.S.-led imperialist forces. He identified the existence of a powerful world movement, made up of "nations, peoples, parties, movements, anonymous and eponymous citizens . . . all reminding us that there are many ways for the preservation of national liberation and sovereignty, there are many forms of preservation of democracy, freedom, and civil rights, there are many models for socialist transformation and reorganization of the world economy."

He identified the "North-South conflict" as the "primary contradiction" in world affairs today. "The crisis of the world capitalist system," he said, "has been shaped by the limitations of the system itself. The U.S.-led imperialist system is now attempting a new form of domination and exploitation based on the following six policies; 1) control of the world market; 2) control of world communications and transportation; 3) monopoly over all new forms of high technology; 4) control of nuclear energy and all energy resources; 5) rapid development of new armaments; 6) control over all of the

world's money markets. . . . This leads to a further polarization between the metropolis and its colonial peripheries, a polarization which is assuming ever more violent forms. . . ."

As a former chairman of the economics department of the University of California at Berkeley, Papandreu had no problem expounding on this theme for hours. About the Soviet Union, he had a few choice words; "The Soviet Union's struggle for peace is genuine. It springs from the deep, internal character and dynamic of the social system of the Soviet Union. Because without peace, Soviet society is obliged to spend a large proportion of its national wealth on unwanted armaments. This in turn limits the possibilities of further developing the living standards of the Soviet people. In other words, the march toward socialism tends to inhibit the drive toward new great armaments. Thus, the Soviet Union is a factor which inhibits the further growth of capitalism and its imperialist expansionism."

Greece to be torn up from inside

The public theatrics of a party congress are usually the final touches over the icing on a cake baked long ago. About three weeks before the PASOK congress, *EIR* published the fact that Prime Minister Papandreu had suddenly stopped acting as a "British" political agent according to the Kissinger-Carrington gameplan for Europe, had stopped acting as a Kissinger-like Soviet agent of influence, and had begun behaving like a direct Soviet agent. That conclusion was reached, as we published at the time, on the basis of developments within the Greek government's law-enforcement agencies and its intelligence and national-security agencies.

In summary: Since Andreas Papandreou made himself the head of the Greek central intelligence service (KYP), he has been systematically purging valuable historical files which would enable one to piece together Soviet KGB operations in Greece, Cyprus, and the Eastern Mediterranean. From 1975 onward, beginning with the assassination of the CIA's Athens station chief, Greece has been turned into a major area of operations for both the KGB and the GRU's spetsnaz units.

Papandreou's February-to-May 1984 rolling coup d'état in the state's security services has consolidated the Soviet intelligence services' hold over Greece. The May 10 PASOK Congress and the spectacular resurfacing of the legendary spetsnaz Gen. Markos Vafeiadis merely stamped the conclusion of the Soviet services' consolidation phase.

Now Moscow will begin unfolding its grand political gambit with Papandreou as the lead pawn. Moscow's Papandreou gambit will be played on a chessboard involving the whole Balkan peninsula, the Eastern Mediterranean east of the line which stretches from Trieste, Yugoslavia to Tripoli, Libya, and the Near East, involving primarily the crucible of Turkey-Syria-Iraq-Iran.

One of the indications of how Moscow intends to play this gambit was the meeting between Soviet General Secretary Konstantin Chernenko and Greek Communist General Secretary Charilaos Florakis, Papandreou's election ally, at approximately the same time as Papandreou was paying tribute to Markos Vafeiadis and Vladimir Dolgikh. A Chernenko-Florakis communiqué was issued in Moscow in which, for the first time, the Soviet Union sided with Greece against Turkey in the perennial Cyprus dispute. This new Soviet anti-Turkish attitude was an unambiguous break with Moscow's past practice of preserving a benign attitude toward Ankara, and it marked the inauguration of an era of pressure and blackmail against Turkey. The Soviets have the option of moving militarily into Yugoslavia and Northern Iran simultaneously. They have the option of blowing up the local Cyprus tinderbox, of reasserting their presence in Egypt, tightening their grip over Libya, and so forth.

In addition, they have captured from inside the Greek government and Papandreou's ruling party, transformed both into mouthpieces of Soviet propaganda, and given them a piece of paper, in the form of the Chernenko-Florakis communiqué, which allows them to assert to the Greek electorate that Moscow is now the champion of the Greek national cause against Turkey. All this was completed while the State Department back in Washington produced a study in which it asserted that the political situation in Greece was "stable and secure" as a result of the masterful control exercised by the country's moderate conservative President, Constantine Caramanlis, over the "unpredictable" Andreas Papandreou. In point of fact, Papandreou has moved out of the control of Caramanlis. He decided to run his party's congress in the way he did in order to signal to the public that he intends to

clash with Caramanlis over the period of the June 17 European Parliament elections, the May 1985 Greek presidential elections, and the October 1985 general parliamentary elections.

Moving toward a showdown

Until May 8, two days before the PASOK Congress, Prime Minister Papandreou, in consultations with President Caramanlis, had maintained the pretense that his party's election strategy for all these elections would be in conformity with the President's scheme for a political "climate of tranquility," which, in electoral terms, meant that the two major parties, the moderate-conservative New Democracy Party and the left Socialist PASOK, would coordinate their campaign strategies to ensure that 86-90% of the electorate would vote for these two parties, thus undercutting the voting base of the Communist and other extreme parties.

On May, 8 Caramanlis asked Prime Minister Papandreou to replace his Ministers of Public Order, Interior, and Mass Communications with individuals who enjoy the confidence of the opposition party, in order to ensure the integrity of the upcoming elections and preclude the possibility of anyone in the future charging vote fraud. The practice of replacing these ministers before an election has been a long-standing tradition respected by all parliamentary parties. Papandreou, however, refused to comply.

And well he might. Four days earlier, on May 4, a number of professional polling organizations had reported that among Greece's urban populations, voter preference for Papandreou's party had been reduced to 25% and preference for his rival New Democracy had gone up to between 53% and 56%.

This polling result merely confirmed the self-evident: The bulk of moderate-centrist voters who had voted for Papandreou in 1981 have abandoned him in horror after a tasting of his extraordinary radical and mystifying policies. The New Democracy Party has shed the last remnants of its old right-wing origins, and succeeded, between the beginning of February and the end of April, in presenting itself as the party of middle-of-the-road "normal folk."

By the beginning of May, Papandreou had been left with only two alternatives, as we said at the time: Either acquiesce in electoral defeat or go for civil war. When he capitulated to his well-known passion for power, the Soviet KGB was there to offer him the means. Dolgikh and Markos Vafeiadis were made available. And this, my friends, is the meaning of that extraordinary political event in which a repugnant and well-forgotten ghost of 30 years ago, the Butcher of the Civil War, Gen. Markos Vafeiadis, basked in that fleeting moment of glory in the Olympic Stadium of Athens to receive the standing acclamation to 2,500 officials of the Papandreou regime. He is the man who is about to lead them in a second butchery of their people, perhaps no more than 16 months from today.

DOS 'pleased' with Philippines election

by Linda de Hoyos

The U.S. State Department is extremely pleased with the results of the May 14 parliamentary elections in the Philippines. The strong showing registered for the opposition to President Ferdinand Marcos has cleared the way for the Philippines to "bite the bullet, and put its financial house in order" by submitting to the austerity conditionalities of the International Monetary Fund, said an official of the State Department.

Such measures promise to put the islands into turmoil again in the very short term, in which case the force that will reap the benefit is the most radical section of the opposition which wanted the boycott of the elections and which are adamant in its demands that the U.S. bases at Clark Field and Subic Bay be removed from the country. While Marcos may be an inept leader, as was the Shah of Iran, his successors, under the State Department's scenario for reducing the global power of the United States as Henry Kissinger prescribes, would become a horror.

"Our embassy" in Manila, added the State Department official—an embassy directed by newly appointed Kissinger protégé Stephen Bosworth—"was very actively involved" in the election process.

The election results

In one of the highest voter turnouts ever seen in the country, Filipinos rejected the demands by the radical anti-U.S. opposition for an election boycott, and overwhelmed the polls. However, although the official results have not been yet reported, unofficial tabulations by private agencies show that the opposition may well have gained up to 90 seats in the 183-seat parliament. This does not provide the power to depose Marcos, but it nullifies the parliament as a rubber-stamp body for the Marcos government.

The strong figure emerging from the elections is Salvador Laurel, the head of the 14-party United National Democratic Organization (UNIDO), who was wined and dined in the United States this January (see *EIR*, April 3, 1984). Laurel had called upon all Filipinos to vote in the elections. "If we don't it may be the last elections, and revolution will follow," he warned in late April.

He was joined in this call by Catholic Cardinal Jaime Sin, the "Khomeini of the Philippines," who Jesuitically told his flock of supporters to take any money the governing party

might offer, but "vote the way you want."

In the last month, pressure has come down from the State Department on the Marcos regime to make sure that the elections are not rife with fraud. In an open letter to Marcos last week, even President Reagan implored Marcos to make the elections "clean and meaningful." Leading commercial banks in New York and Europe also made "clean" elections a condition for the granting of any more credit to the country.

Marcos complained in a recent TV interview that the major factors thrown against him were the August 1983 murder of Benigno Aquino and the collapse of the Philippine economy. The two are interrelated. The assassination of Aquino, carried out with the complicity of Soviet KGB-directed forces in the United States who wanted to use his death to spark the destabilization of the country, also became the pretext for the big commercial banks to shut off their credit lines.

This forced the Philippines, with a debt of \$25 billion, into the hands of the IMF. Together with the banks, the IMF demanded a shutdown of the development projects begun by the Marcos government. Said one banker in March, "These large-scale projects are the genesis of the debt problem. They don't need nuclear power plants." In October, in exchange for a 90-day moratorium on its debt payments, the Fund imposed a 20% devaluation of the peso, which caused a 30% jump in food prices. Factories were forced to shut down, unable to get supplies because of the foreign currency scarcity and the halt in imports. Instead of repudiating the IMF and imposing a full debt moratorium, Marcos merely postponed the day of reckoning until after the election, meanwhile doling out quick wage increases to government workers.

Now the Fund is demanding a further devaluation of the peso, a cut in government expenditures by 10%, a cut in imports by 10%, and a 10% increase in exports—the same measures that have resulted in a 40% per annum collapse of production in Mexico.

IMF's economic agenda

This is the package that is now on the agenda after the elections. A week before election day, opposition leader Laurel, who has never questioned the Fund's power over his country, announced that if the elections produced satisfactory results, he would be ready to sit down with Marcos and discuss how we can "face the challenge of the economic crisis." "Let us join hands to solve our economic problems," Finance Minister Cesar Virata, point man for the IMF and New York banks, declared two days after the election.

"The message from the elections is that we have to act on economic problems," Deputy Prime Minister José Rono said May 17, the same day the government announced a 5% cut in government spending and a 3% rise in petroleum prices in a bid to revive the economy. The increases will produce price increases throughout the economy, including in food and transportation.

Economic crisis in Israel: the way out

by Mark Burdman

As the campaigns heat up for end-of-July national elections, the issue of Israel's dramatic economic crisis is rapidly superseding the government's post-April 27 crackdown on Jewish fundamentalist terrorists as the main thing on the minds of informed citizens.

On May 15, official government statistics showed that the rate of inflation since the turn of the year has reached a 400% annual rate, the highest in Israel's history. At the same time, conservative official estimates of the foreign debt are around \$23 billion. The press and the proverbial man in the street in Tel Aviv and Jerusalem increasingly term Israel the "Brazil or Argentina of the Middle East," as capital flight out of the country reaches proportions unseen in Israeli history.

EIR correspondents Muriel Mirak and Paolo Raimondi, touring Israel since May 10, report that under such crisis conditions, two dangerous trends are creeping into the technology- and science-proud Israeli society, and threatening to undermine a culture that is still one of the most optimistically committed to progress in the world.

On the one hand, as economic experts and policy planners reflect on what appears to be an unmanageable economic situation, the lure of "technetronic" solutions, of integrating Israel into a new "post-industrial society" based on computers and on what French planners call "telematique," is growing.

And the control of mafia interests over the functioning of Israeli society is increasing. Our correspondents report that this is becoming for the first time visible at the street level, with a growing visibility of prostitution and drug usage in Tel Aviv.

The Jerusalem Economic Conference

These problems will converge during the highlight economic event of the year, the Jerusalem Economic Conference sponsored by Minister of Economic Coordination Ya'acov Meridor. Due to begin May 20, the conference will feature as keynoter the Wharton School's Lawrence Klein, an economist whose pro-genocide advisory record was good enough to win him a Nobel Prize for economics.

Other key speakers include Viscount Étienne Davignon, the Belgian oligarch responsible for decimating the European steel industry; Minister of Science and Technology Yuval

Ne'eman, a promoter of fundamentalist Jewish-Zionist cults in Israel; and Discount Bank-Israel chief Dan Tolkovsky, a protégé of the Venetian Recanati banking interests and the most prominent Israeli member of the Malthusian Club of Rome International.

Klein's perspective was laid out to an Israeli journalist in a discussion soon before his departure for Israel. He asserted that Israel should "learn a lesson" from the "technology park" structures in the United States, such as the North Carolina Research Triangle and the restructured city of Pittsburgh. In the latter case, the erstwhile steel-producing center of the United States is being transformed into a "brave new world" heap of post-industrial technologies.

Said Klein: "The post-industrial sectors being developed in the U.S. and Europe must be transplanted onto the Israeli scene. . . . Israel has a non-sustainable deficit, and this is its only alternative to austerity. . . . Because of its large debt, Israel can no longer borrow on the world capital markets nor take grants from other governments. The resources must come from the relocation of private industry, from direct investment, not capital borrowing."

This, he said, should be done through transforming Israel into a "free-trade zone" modeled on the "newly industrialized countries" of the Pacific Basin like Hong Kong and Singapore and on "what we are now implementing along our borders with Mexico."

It is no secret that these "free-trade zones," in which protective tariffs and duties are removed, are hotbeds for international mafia activity.

Klein reported that these ideas are being promulgated by an "old boys' network" of former Wharton graduates now operating in Israeli planning institutions and in the academic world, particularly at the Tel Aviv Business School and the Haifa Technion. One Bension Silberfarb is Klein's main contact in Israel.

Israel's potential role

Klein and Company hardly have a free hand, however. Under conditions of profound crisis, the proposals of *EIR* editor Lyndon LaRouche, drawn up in a special end-of-1983 memorandum on the Israeli economy, are being received with increasing interest in Israeli policy-making circles.

LaRouche has stressed that Israel's scientific and technological capabilities would be key to advances in laser-related industries, in frontier biological and life-science technologies, and in space research, under conditions of a revitalization of the Western economies in general through a global solution to the debt crisis and a crash American commitment to development of beam-weapon defensive systems.

On May 15, these and other LaRouche perspectives were outlined by Mirak and Raimondi at a press conference in Tel Aviv, before correspondents representing four Israeli newspapers and radio stations. As of that date, they had held meetings with about 20 individuals in the Israeli scientific, technological, economic, and military-strategic fields.

Morocco sponsors a peace initiative

by Thierry Lalevée

The kingdom of Morocco was the scene of a dramatic event on May 14-15 that may transform politics in the Middle East and Africa.

Forty Israelis, including nine parliamentarians representing a range of political parties, attended a public event in Morocco for the first time. Under the personal sponsorship of King Hassan, an international conference of the Council of the Moroccan Jewish Communities was held. Attendees at the event, both Israeli and Moroccan, made it clear that the participation of the Israelis in such a public way could create the conditions for Morocco to play a role as mediator between Israel and the Arab countries.

King Hassan, according to Moroccan insiders, is known to be apprehensive about the lack of substance of U.S. policy toward the Middle East and Africa, and is intent on sending a message to Washington that he is prepared to prevent his nation and region from sinking into chaos or being absorbed into the Soviet Empire.

The conference took place against the backdrop of a worsening threat to all the North African countries from Colonel Qaddafi's Libya. Intelligence officials are certain that Qaddafi is on the brink of a military move against his neighbor Tunisia, and has mounted a growing threat to Morocco and to Egypt.

The openings between Israel and Morocco could have two potential effects. First, the pro-Western nations of North Africa could find a *modus vivendi* with Israel on the basis of containing the Qaddafi menace. Second, Morocco, Egypt, and Israel might find opportunities for working in conjunction or in parallel to develop Africa—especially if the United States and leading European countries like France abandon their current benign, or malignant, neglect toward the Third World.

On May 17, U.S. Defense Secretary Caspar Weinberger arrived in Rabat for meetings of the U.S.-Morocco Mixed Commission. The next day, he met King Hassan, and will deliver a personal message from Hassan to Ronald Reagan.

Among the Israelis visiting Morocco were Yossi Sarid and Rafi Edry of the Labour Party, Meir Shitrit of the Likud Party, Aharon Abuhatzera of the Tami Party, and Hannah Zemer, editor of the trade-union newspaper *Davar*. Edry invited King Hassan to visit Israel; that invitation was neither accepted nor rejected, but Minister of State Ahmad Awali did accept, and announced that Morocco would establish an

“Association for Jewish-Arab Understanding.” A newspaper he owns, *Le Matin de Sahara*, published a May 13 editorial entitled, “Jewish-Arab Agreement, the Moroccan Example.” A top representative of the Moroccan Jewish community, David Amar, said that Morocco must play the role of mediator between Israel and the Arab states.

According to Moroccan sources, the meeting, which was the annual conference of Moroccan Jews, a 16,000-strong community, was carefully prepared to be a spectacular event re-launching the peace momentum in the Middle East. “We wanted to make clear that the resolutions of the Fez Islamic conference were not empty words, but that we meant it when we said that we accepted Israel's right to exist and that we were ready to negotiate,” said one source. Giving weight to the initiative is the fact that King Hassan is the current chairman of the Organization of Islamic Countries and for several years has chaired the Jerusalem Committee of the same organization.

‘Judeo-Arab dialogue’

The conference was held under the spiritual sponsorship of 12th-century Jewish philosopher Maimonides, an adviser to the Cairo Caliph of the time. It was concluded by the creation of the “Association of the Sons of Abraham for a Judeo-Arab dialogue.” Sponsored by the Moroccan monarchy, the new association includes as founding members the leaders of the Moroccan Jewish community, members of the Moroccan Jewish group “Identity and Dialogue” of France, and the 40 Israelis present at the conference. The new association will sponsor commemorations of the 850th anniversary of Maimonides' birth next year in Fez as an example of Judeo-Muslim collaboration.

The ball is now in the Israeli camp, but also in the American camp, despite President Reagan's obvious decision not to deal with Mideast problems until after November. King Hassan has been carefully silent, waiting for reactions. Before the conference, PLO chairman Yasser Arafat, Saudi Arabia, Kuwait, and Jordan had been consulted; Kuwait and Saudi Arabia said they had not given their agreement to such a conference.

More interesting is the fact that only Syria and a few Palestinian radical groups based in Damascus have come out strongly against King Hassan, urging the Arab league to pass sanctions against Morocco, as was done against Egypt. Qaddafi has not yet uttered a word. Arab League sources stressed that nothing relating to possible sanctions would be decided at the next meeting on May 19.

Banner headlines in Israel welcomed the conference and Israeli Knesset members in Morocco made it clear that they considered that King Hassan “could play a very important role for peace,” in the words of Yossi Sarid. From Cairo, Minister of State for Foreign Affairs Butros Ghali praised the conference as a confirmation of Egypt's “right choice of peace with Israel” as he called for a new Arab League which would recognize Israel.

Challenging the anti-ASAT follies

by James E. Oberg

Relying on reports from the Federation of American Scientists and scientists such as Richard Garwin, Rep. Norman Dicks (D-Wash.) and others have introduced legislation to ban the development of U.S. ASATs. Dicks told the House Foreign Affairs Committee in April that the Soviets have only a "primitive" ASAT and that their ASATs are launched on "unique" rockets which could be detected upon launch.

The author of the following article, which disproves these claims, is a professional space engineer in Houston, working on the Space Shuttle project. He has published 200 articles on space topics (including feature articles on space militarization in the April issues of Science Digest and OMNI) and six books (including the widely respected Red Star in Orbit). He is generally considered one of the West's leading experts on the Soviet space program.

One aspect of the disarmament debate has been heating up lately, due to a combination of recent weapons tests, diplomatic efforts, and White House reports. It deals with the issue of anti-satellite weapons, or ASATs.

On Jan. 21, 1984, the U.S. Air Force tested its air-launched ASAT missiles, without the actual warhead. The Soviets have had an operational ASAT satellite for years, but last August—in what turned out to be his last public appearance ever—Soviet Premier Andropov declared a "unilateral moratorium" and urged visiting American senators to block the American weapon.

Then, in early April, the Reagan administration released a special report on the prospects for a negotiated U.S.-U.S.S.R. ban on such weapons. The report was required by Congress. In it, Reagan's experts concluded that the prospects for substantive negotiations and a verifiable treaty were next to zero.

This conclusion did not sit well with many vocal opponents of the Air Force's air-launched ASAT missile. Congressmen, lobbyists, commentators, and academics have been strenuously promoting the idea of a "freeze" on further space

weapons tests. The White House report published April 2 is in direct opposition to such advocacies.

While the debate rages, confusion over the facts of the issue has reached near-cosmic proportions. The technology itself can be obscure, and Soviet statements have been notable for their lack of candor.

Many of the proponents of an equivalent American "freeze" on ASAT testing, as a prelude to negotiations to ban such weapons entirely, have been victims of gross misperceptions and errors of fact. Before a serious public debate can develop to affect administration policy, it must be founded on reality, and it must abandon a number of fallacies.

Fallacy #1: The Soviet ASAT is "primitive, cumbersome, inept," or any number of pejorative terms. This is false. Claims that the Soviet system works only half the time are based on juggled statistics which combine flight results from tests of the operational radar-guided system with tests of a newer infra-red guidance system. The newer system has not performed well, but the operational system has scored successfully in six out of the last seven shots, over the past decade. Since U.S. satellites, potential targets for the Soviet ASAT, do not carry countermeasures to the old system, the new Soviet ASAT is still unnecessary for ensuring a very high "kill probability" for any single shot.

Fallacy #2: The Soviet system, which uses a 150-foot booster rocket, is easily observed by American spy satellites and any negotiated ban could be easily verified. This is false. The Soviet ASAT uses a booster called the SL-11 (or the "F"-class, based on the SS-9 ICBM), which is also used by a number of other military space programs. In 1982-1983 there were 20 launchings of this booster (including several *after* Andropov's self-proclaimed moratorium), but only one carried an ASAT. So the presence of such a booster on a launch pad (there are several pads in Central Asia and also north of Moscow) is not an indication of violation of a hypothetical ASAT ban. The Soviet orbital weapon is launched under an aerodynamic protective shroud indistinguishable from that

used by the other programs, so the ASAT warhead would have to be spotted out in the open, during transport. It is even shorter than the American ASAT missile, and is consequently far more difficult to spot.

Fallacy #3: The U.S. system is "far more sophisticated" and thus offers a provocation to the Soviets to build a matching system. This is false. While the guidance of the U.S. ASAT missile is indeed more precise than that of the Soviet ASAT satellite (since it uses direct impact rather than a blunderbuss shrapnel charge as kill mechanism), the weapons can only be fairly compared in terms of actual capability. In this regard, there is little difference in altitude range, reaction time, reload capability, or detectability. The major difference is that the Soviet system is operational now (and has been for a decade), while the U.S. system will not be operational until 1987-88 at the earliest.

Fallacy #4: The Soviets have promised to stop testing their own ASAT satellite, and to dismantle their system as part of a negotiated disarmament. This is false. What Andropov really promised last August was that "the Soviet Union would never be the first to put any kind of anti-satellite weapons into space." This solemn vow was sadly invalidated by the Soviet's pre-existing history of exactly such acts: putting anti-satellite weapons into space. Soviet officials have steadfastly denied they have such a weapon, and consequently they are supposed to have nothing which needs to be dismantled. Strictly speaking, the Air Force test last January did not violate the moratorium since no warhead was installed (only the ASAT rocket booster was launched, an operation the Soviets themselves have carried out as well, several times since Andropov's pledge). The Soviets have *never* explicitly stated that they possess any space weapon of any kind, and they have *never* promised to dismantle "their anti-satellite weapon," under any circumstances.

Fallacy #5: If the Soviets were to dismantle their anti-satellite "killer satellite," space would once again be demilitarized. This is false. The Soviets also possess an anti-satellite capability based on their anti-missile system around Moscow, and short of dismantling that whole system (an extremely unlikely prospect) would be able to retain that capability even under the most stringent treaty verification efforts.

Fallacy #6: The development of the American system will "force" the Russians to "match" it. This is false. The Soviet system already possesses all essential capabilities which the American system is supposed to have several years from now.

Fallacy #7: The air-launched nature of the American ASAT missile makes it extremely destabilizing since it is much more flexible than the Soviet ASAT missile. This is false. The American system needs an air-mobile launcher mainly to allow a head-on launch from directly in front of a target satellite, which otherwise could pass hundreds of miles to the east or west of the ASAT base. Worldwide basing has

no obvious advantage since any reasonable target's orbit will always eventually carry it within range of the United States several times a day. In contrast, the Soviet system can use fixed launch sites because it has the speed and endurance to wait for the precise moment the launch pad is carried by Earth's rotation into the target satellite's orbital plane, at which point the Soviet "killer-satellite" goes into orbit and spends several hours hunting down its prey. The American system is much more severely limited in lifetime and speed.

Fallacy #8: The U.S. ASAT is dangerous because it can kill a Soviet satellite secretly, leading the Soviets to assume that any satellite failure might be the result of enemy action. This is false. The Soviets have deployed a chain of infra-red satellites which pass over North America, watching for missile launchings. The American ASAT booster rocket is probably big enough to be noticed by these satellites, providing firm confirmation of enemy action.

Fallacy #9: The American ASAT missile is destabilizing because it can attack Soviet communications and missile-warning satellites (while the Soviets do not have a similar capability). This is false. While these Soviet satellites do dip to within 400 miles of Earth's surface, well within the presumed range of the ASAT missile, they do so over the far southern oceans, off the coast of Antarctica. The current carrier for the ASAT missile, the F-15, would need gross modifications and Rube Goldbergish ad hoc rearrangements to reach these points.

Fallacy #10: There is no military need for the American ASAT missile. This is false. The Soviets have been diligently developing and deploying nuclear-powered active radar satellites for scanning the oceans for Western naval forces. These systems would, under conventional warfare conditions, be able to pinpoint fleets and to direct long-range strike forces against them. The Soviet intention to develop such a capability was the deciding factor in the U.S. decision to develop a counter to it.

The facts in this case need not depend on "appeals to authority" of blue-ribbon panels of experts. They can be determined by a diligent examination of the public record, including material published by the Library of Congress's Congressional Research Service, the British Interplanetary Society, the Foreign Broadcast Information Service (for first-hand accounts of Soviet statements), the Stockholm International Peace Research Institute (SIPRI), as well as many charts and tables published by the anti-ASAT groups themselves (particularly those released by the Federation of American Scientists).

But until those facts enter the policy debate, there is no prospect for any realistic basis for either national policy debate nor international disarmament negotiations. Debaters who ignore the facts sabotage their own professed points of view.

The flaw of Papandreou's opponents

Although popular opposition to Papandreou's government is growing, there is no leadership to polarize the movement for the Greek nation.

Two and a half years of Papandreou's socialist government has produced nothing but a still-growing avalanche of serious popular opposition in Greece.

For months now, a steady stream of reports from both big cities and rural districts have brought in news of impressive mass mobilizations of rank-and-file citizens against the policies of Papandreou's government.

I know most of these people, either by family name or by social type. They are mostly rough-hewn, simple patriots, grandfathers who fought as cavalymen in the campaigns of 1922, fathers who were privates and sergeants in the battles of the Second World War, sons who fought as reserve officers in the Civil War, or who later did their mandatory service in the peacetime army.

Their outlook and expectations on public life have traditionally been simple: Keep a closely knit family, educate the children, work hard, go to church on Sunday, and revel with the others on the big national holidays and commemorations.

Their revolt against Papandreou has been fueled by his government's destruction of national public education, in which the teaching of the classics has been outlawed; the return of mass unemployment and high inflation rates in the economy; the massive and sudden introduction of drugs and pornography in a society which had been bypassed by the countercultural outbreak of the 1960s and 1970s; the

destruction of the armed forces; and the adoption of a pro-Soviet foreign policy.

These people, as the rank-and-file mainstay of national life, many of whom had voted for Papandreou to become prime minister in 1981, have been seen throughout the country organizing anti-Papandreou electoral victories in a great number of local, municipal, and professional association elections, putting together impressive anti-Papandreou public rallies.

If an honest election were to be held today Papandreou's vote would be reduced to 25% from his 48% in 1981.

Greece's problem is that this nationalist popular revival has not crystallized in the formation of a political party which would adequately lead the new mass movement. The current ostensible bearer of the nationalist cause, the New Democracy Party of Mr. Evangelos Averoff-Tositsas, is pitifully unprepared for such tasks.

The New Democracy Party's leadership is now made up of an old guard, typified by Mr. Averoff-Tositsas himself, which believes in relying unflinchingly on the old ties with the Western alliance as those had developed in the 1940s and 1950s—but does not realize that the leadership of the alliance has been taken over by the Kissinger-Carrington betrayers of the West—and the new guard, typified by such leading parliamentarians as Miltiades Evert and John Palaiokrassas,

which is in the midst of an attempt to transplant what they imagine to be the neo-conservative economic doctrines associated with the policies of Margaret Thatcher and Ronald Reagan. One might call them the Greek section of the Heritage Foundation.

Both the old guard and the new represent tragic ineptitude which would likely lead to a national calamity unless remedied—or replaced.

The problem among these people who are at the present, by historical accident, at the helm of the Greek nationalist movement, is that they are, essentially, dependent in a cultural and psychological sense on their big brothers in what appears to them the conservative West. Though in their public speeches they pose as champions of Western civilization, what is, to them, Western civilization?

My own difference with the New Democracy Party leaders is two-fold in the following sense:

Unlike them, I was enabled to identify, some 16 years ago, that the fight for the preservation of the most cherished values of Western civilization would be centered around the cause of the American Lyndon LaRouche, a matter of which the New Democracy Party leaders were informed, but chose to ignore—either out of cultural banality, or worse.

Also unlike them, I was not tainted with complicity in the murder of classical education in Greece. They, however, not only aided and abetted but even prompted the Socialists' successful effort to shut down classical education, further adulterate the Greek language in the short span of 10 years, and bring up to voting age a new generation of ignoramuses. Pity those who live under the shadow of the physical remnants of Plato's Academy and seek the quintessence of Western civilization in the utterings of Margaret Thatcher and Ronald Reagan.

Trouble for the Jesuits in the CDU

The European Labor Party's election campaign is rattling West Germany's Kissinger-linked appeasement advocates.

The Christian Democratic government of Chancellor Helmut Kohl received a sharp challenge to its appeasement policies on May 12. Helga Zepp-LaRouche, the chairman of the European Labor Party (EAP) in West Germany, issued a call on nationwide television for the German population to wake up to the danger of a new Berlin crisis and a possible Soviet "surgical strike" against Germany, and to work for the strengthening of the alliance with the United States, against the appeasers and "decouplers" like Henry Kissinger and German Foreign Minister Hans-Dietrich Genscher. Although nominally the Christian Democratic Union (CDU) is the dominant party in the governing coalition, Kohl has allowed Free Democrat Genscher to make West German foreign policy.

Zepp-LaRouche heads a slate of candidates in the June 17 elections to the European Parliament, and the 2½-minute television spot was the first of four the EAP has bought for the campaign.

The short broadcast provided a jolt to a country which is otherwise becoming increasingly ground down by the Soviet blackmail threat. Hundreds of calls came in to EAP headquarters in Wiesbaden.

Perhaps the most unexpected reaction came in the form of an attack on Zepp-LaRouche in *Bildzeitung*, the country's largest-circulation daily, run by the ostensibly conservative and anti-communist Axel Springer publishing empire.

The paper carried a picture of the EAP chairwoman and a caption quoting her: "If you don't want your children to have to learn Russian, vote for the EAP." *Bildzeitung* denounced her as "the woman with a shrill voice . . . running in elections since the end of the '70s, without success. Her crusade against communism is paid for by her husband, the American dollar-millionaire Lyndon LaRouche."

The European Labor Party's uncompromising stand against Germany's decouplers has brought it smack up against one of the most influential factions inside the CDU, the faction of Henry Kissinger's Jesuit-connected "liberals" like Kurt Biedenkopf, Heiner Geissler, and Norbert Blüm.

The CDU "Jesuits" suffered an important defeat recently when a longtime enemy of the EAP, Irmgard Karwatzki, the undersecretary of state in the federal Ministry for Family Affairs, lost a two-year-long political battle with Zepp-LaRouche's party. (The head of Karwatzki's ministry is the Jesuit-trained Heiner Geissler, a leading figure in the CDU.)

The Court of Appeals in Cologne ruled May 4 that Karwatzki will be fined or imprisoned if she repeats "literally or in substance" the slanders she has used against the EAP for two years. She has repeatedly attacked the EAP as a "youth sect" which "manipulates children to break with their parents . . . hides them in communes . . . and keeps them away from newspapers and other media."

Karwatzki's libels reflected the fact that the EAP, with its campaign for high-technology industrial development, an alliance with the United States, and a defense policy based on beam weapons, had been gaining influence among pro-American CDUers, people disgusted with the "liberalism" of the Jesuit faction of the party leadership. The Jesuits hit back, with the underhanded methods which have characterized their activities for centuries.

Two years ago Karwatzki, then mayor of the steel-producing city of Duisburg, asked the CDU leadership to move against the EAP. She maintained that "innumerable calls and letters from concerned citizens" had prompted her inquiry into the party. Yet an investigation at the time determined that the only question about the EAP submitted to the Duisburg CDU was from a close political associate of Karwatzki herself!

With backing from the CDU leadership in Bonn, these phony questions were presented as "facts," and libels were fed to newspapers directly linked to the CDU, like the *Deutschland Union Dienst* in Cologne, or to papers controlled by the "liberal" faction in the Catholic Church, like the *Ruhrwort* in the city of Essen, or to right-wing papers, like the *Würzburger Tagespost* in Bavaria, a mouthpiece of the ultra-conservative faction of Archbishop Lefebvre, whose members were implicated in the assassination attempt against the Pope in Portugal two years ago.

The slanders against the EAP published in these papers were so outrageous that in June 1983 a court in Aachen ruled that one political cohort of Karwatzki, a teacher who poses as a "journalist" for papers like the *Würzburger Tagespost*, will have to pay a 500,000 deutschemark fine if he ever repeats the lies.

Behind the Guatemala atrocities

The Israeli mafia is helping to turn Mexico into a cauldron instead of a Central America mediator.

Two hundred Guatemalan soldiers entered Mexican territory on the evening of April 30 and butchered 12 Guatemalan peasants in the El Chupadero refugee camp. The camp is one of many that exist in the area near Guatemala, where 150,000 refugees are just 6-10 kilometers from the border.

This is not the first time that "unknown" armed groups have made incursions into Mexico to "punish" and kill refugees. Mexican intelligence officers believe that these "punishments" are related less to the refugees than to a policy of destabilizing the Mexican government.

After the incident, the Mexican foreign minister issued a strongly worded official denunciation of the incursion, and asked the government of Guatemala to make a full investigation of the identity of these "unknown" groups that were wearing uniforms of the Guatemalan Army. The official message was presented to the government of Gen. Humberto Mejía Vítores, who has been described by Mexican sources as a "Ríos Montt with a different face." Ríos Montt was the Guatemalan cultist strongman ousted last year.

The Guatemalan government answered Mexico's note by claiming that the authors of the attack were a "subversive group" that is active inside the refugee camps, and had nothing to do with the Guatemalan Army. The government did not, however, identify the "subversive group."

On May 10, Mexican Interior Minister Manuel Bartlett announced

that the government had decided to move the refugee camps away from the Guatemalan border because they are a "focus of tensions" for Mexico's national security. The government also took measures to stop the flow of refugees by announcing that in the near future it would send more troops and security officials to the border areas.

Although Mexico does not deny the presence of terrorists in the refugee camps, the government's real concern is why Guatemala is "taking the law into its own hands." Informed Mexican sources state that the incursions are part of an international Nazi-communist campaign to create the image that Mexico encourages terrorist sanctuaries within its territory.

Intelligence sources based in Mexico have made the point that Guatemala is now being run by members of the intelligence service of the Israeli Army, tied to Ariel Sharon and the "Israeli mafia" in the United States and Latin America, who are in the midst of the narcotics and arms dealings in the region.

Several weeks before the attack, Gen. Humberto Mejía Vítores had visited Miami, where he met with U.S. and Israeli officials to set up the details of establishing a large military complex in Guatemala with U.S.-Israeli patronage.

This military complex is to have two divisions, domestic and foreign. The foreign division of 8,000 soldiers will "combat the eventual expansion of communism."

The domestic unit will be formed

by 12,000 men recruited from all the paramilitary groups. Its main task will be to exterminate the guerrillas in the country. This division will also contemplate "incursions into Mexican territory in search of guerrillas."

Mexican authorities, knowing of the Miami meeting, moved rapidly to try to prevent precisely what occurred. One day before the incursion, there was a well-publicized meeting between Mexican President Miguel de la Madrid and the officials of his government who deal with the Guatemalan refugee camps. The decision was that the government would move those camps out of the perimeter of the border area.

The Guatemalan Army's raids against populations are well known to be designed to push them into Mexican territory and destabilize the Mexican economy and society. But in addition, Israeli government officials tied to Sharon are being used by the U.S. State Department to "push Contadora out."

Some months back, just a few days before the Contadora Group (Mexico, Venezuela, Colombia, and Panama) was planning a ministerial-level meeting to sign a statement of intent with its Central American counterparts, the foreign ministers of El Salvador, Costa Rica, and Honduras issued a statement intended to wreck the meeting. El Salvador and Costa Rica recently moved their embassies in Israel from Tel Aviv to Jerusalem as a payment for security and intelligence assistance.

The Guatemalan border incursions, which attempt to portray Mexico as a haven for terrorists, are designed to wreck Mexico's role as a member of the Contadora Group. Henry Kissinger would prefer to have Mexico viewed as a protagonist in the conflict, rather than a nation qualified to play a mediation role.

Bushwhacking in South Asia

New Delhi puts a premium on actions, not words, when it comes to U.S.-Asian relations.

Two hours of private discussion at the head-of-state level can have a significance beyond the words exchanged, when mutual understanding of respective perspectives and policies on major issues is deepened. When Indian Prime Minister Gandhi and U.S. Vice-President George Bush met the second week in May, the East-West impasse over European missiles, the Middle East, southern Africa, the Iran-Iraq war, Afghanistan, China, and U.S. relations with India's South Asian neighbors figured on everyone's list of talking points.

Over the coming weeks, it will be possible to infer the substance of the talks or measure their concrete achievements. In his public statements beginning with his airport arrival on May 12, Bush made plain his aim to reassure India of America's support for its territorial integrity and its leading role in Asia and the world. The United States, he said, wants to see a strong and united India at peace with its neighbors.

Despite the fact that the visit was preceded by an unusually favorable press build-up—which emphasized the official view that Bush was not only a good listener but a skilled and intelligent individual, and no mere figurehead in President Reagan's set-up—by the time he left for Islamabad on May 15, Vice-President Bush had been virtually eaten alive in every section of the English-language press. To what extent this reflects on the official view of the visit is open to question. Probably, in the absence of anything but words that have been heard before, the

press simply took up its usual “guilty until proven innocent” posture vis-à-vis the United States.

It is characteristic of Indian attitudes that the meeting Bush held before his departure with selected members of the press was focused almost entirely on local and regional elements of America's presumed destabilizing role.

The fact is that U.S. Pakistan policy, initiated by Henry Kissinger and pursued with a vengeance following the Soviet invasion of Afghanistan, is the touchstone for paranoia in India concerning U.S. relations with South Asia and China as well. It is widely recognized that the \$3 billion worth of sophisticated arms the United States is pouring into Pakistan are not likely to stop any determined Soviet drive south from Afghanistan. Instead, these dangerous toys, in the hands of an unstable military regime in a country that has gone to war with its neighbor India on three occasions in the past 37 years, have served to bind India more tightly to its “tested” friendship with the Soviet Union.

Commentators here have recently pointed out that the only viable way out of this “superpower trap” in the subcontinent is for India to pursue a strong bilateral relationship with Pakistan. This is not easy in light of the accumulated prejudices and aggravations at all levels on both sides of the border. India has in fact been pursuing this approach, tough rhetoric notwithstanding, and the United States could certainly use its influence in Islamabad to help this process.

Talks between India and Pakistan at the foreign-secretary level are due to resume on May 19, with the respective proposal for a “Treaty of Peace and Friendship” and a “No-War Pact” on the agenda.

A curious counterpoint is the bilateral economic relationship between the two countries, which is steadily picking up steam. The United States is now India's number-one trading partner with a total trade turnover of \$4 billion annually. This year, that included a \$400 million balance in India's favor—not an inconsequential sum since it represents net foreign-exchange earnings. Moreover, industrial deals between Indian and American firms continue to increase. Accounting for fully 1,200 of the 7,000 collaborations approved by the Indian government since 1957, American technical ties have topped the list in every recent year (See *EIR*, May 22).

Prime Minister Gandhi is responsible for taking the technology input and investment liberalization measures which have facilitated this collaboration, and has spoken out to encourage it at every point. There is a general recognition here that the kind of technology India needs for its modernization can only be obtained from the West and Japan.

But U.S. opposition to India's \$1 billion loan request from the Asian Development Bank is indicative of the constraints. More broadly, as Bush made clear during the press conference (reflecting discussions on the subject in the experts' group meeting that paralleled the Bush-Gandhi talks), the United States continues to oppose international monetary reform, and in particular, the Non-Aligned Movement's proposal for a conference on money and finance for development for which India is now preparing some new initiatives.

Unholy alliance against steel revival

The French Communist Party is fighting for the Mellons and European oligarchs in a steel-town election.

In the steel region of Lorraine, the French Communist Party has dropped its "pro-heavy-industry" profile to openly ally with the European oligarchs and U.S. "robber barons" in a municipal election.

On May 10, the French European Labor Party (Parti Ouvrier Européen—POE) officially filed a slate of 43 candidates for the May 20 municipal elections in the city of Thionville. The POE decided to enter the elections in order to bring its campaign for revitalizing the steel industry and opposing post-industrial "dismantling" schemes into the heart of the devastated steel region of France.

The 1984 Steel Plan, announced by President François Mitterrand upon his return from the United States at the end of March, condemns more than 25,000 steel workers to unemployment, of which 16,000 are in the Lorraine area. The POE immediately took up arms against this project, heavily denouncing the Pittsburgh Model, known in France as "telematique" and inspired by sundry oligarchs including the American Mellon family, the Eurocrat Viscount Étienne Davignon and the German economic minister, Count von Lambsdorff. The program of the POE, closely linked to *EIR* founder Lyndon LaRouche's movement in the United States, insists on modernizing and expanding present steel-production capacities, both for defense and Third World development purposes.

The strongest opposition to the POE's campaign came from the French Communist Party (PCF). The Communists immediately launched an in-

tense campaign of harassment and intimidation against the 43 candidates of the POE slate, indicating how well they had learned the lessons of coercion from their big brothers in Moscow. The mayor of Thionville, Communist Paul Souffrin, and his political machine systematically attempted to pressure candidates into resigning from the list, using such democratic means as goons sent to candidates' homes, "group discussions" with POE sympathizers in the factories, phone calls at odd hours, and "concerned neighbors' friendly advice."

An attempt to physically harass POE organizers was made by Dr. Souffrin and his deputy, who is no stranger to thuggery; he had been convicted during the same week of assault against an official of the RPR, France's leading opposition party. Having succeeded in scaring one candidate into resigning and filing an official complaint in court, the PCF proceeded to demand the cancellation of the municipal elections on these grounds alone. The elections had been called in the first place due to irregularities committed by the Communist Party machine in the last balloting.

As the POE immediately pointed out in press releases and other election material, it is perfectly natural that Moscow's puppets in France should attempt by all means to silence the pro-growth, pro-industry campaign of the POE, led by Jacques Cheminade. Who would profit more from the dismantling of the West's vital industries than Moscow? While the Russians stock their steel on East-West borders

in the form of tanks and float it on the seas to intimidate European governments into appeasement, their allies in the West rave about the wonders of the technetronic society.

Although the French Communist Party expressed vocal opposition to President Mitterrand's Steel Plan, it voted full confidence in the government shortly thereafter. The PCF continues to pay lip service to industrial growth and opposition to layoffs, but merely in order to lure the workers, particularly of the Communist-controlled trade union, the CGT, into hopeless strikes and social conflicts.

But they may very well have overexposed themselves in the Thionville area by aligning so clearly with the Davignon clique against the POE. In interviews published by the press, the POE pointed out that the mayor of Thionville is working with the Carnegie-Mellon Institute of Pittsburgh and its co-thinkers in France, including most emphatically the Research and Industry Minister Laurent Fabius, Finance Minister Jacques Delors, and the Centre Mondial de l'Informatique (CMDI) of Jean-Jacques Servan-Schreiber, in attempting to dismantle Lorraine industries in favor of the "Pittsburgh model." (See *EIR*, May 20.) The government plan was partially based on a "reconversion plan" for the Lorraine recently worked out by the Carnegie-Mellon Institute and the CMDI. The American Institute also concocted a plan for converting the Marseille region from heavy industry into a "telematique paradise."

It is therefore not surprising that French Interior Minister Gaston Defferre, the decades-long "boss" of Marseille who visited the Carnegie-Mellon Institute last summer, ordered police inquiries into all candidates on the POE list, in a move obviously coordinated with Communist harassment.

The Pope's Slavic turn

Saints Cyril and Methodius are evoked for the unification of the Eastern and Western churches, with perilous implications.

Returning from East Asia, Pope John Paul II was interviewed by the journalists in his entourage on whether his next trip will be to the U.S.S.R. He answered:

"Russians are my brothers because my language is very similar to theirs. We are brother Slavs."

An unusually explicit statement from the first Slavic Pope, who in 1980, with the Apostolic Letter *Egregiae Virtutis*, announced the march toward unification between the Western and Eastern Christian churches, around a "Slavo-centric" concept of Europe.

The Letter said, "After centuries of separation between the Eastern and Western Church . . . starting from the Second Vatican Council, decisive steps have been taken in the direction of full communion; it seems that the proclamation of Sts. Cyril and Methodius as the patrons of Europe, alongside St. Benedict, corresponds fully to the signs of our time. . . ."

The brothers Cyril and Methodius, born in Thessalonica, set out to convert the Slavs in the first half of the 11th century at the request of Prince Rostislav of Moravia, who asked the emperor and the envoys from the Church of Constantinople to not only teach the Gospel but to make it accessible in the population's own language. Cyril translated the Scriptures into what became known as Old Church Slavonic, developing the "Cyrillic alphabet."

Out of that process was born the Slavic liturgy which spread initially through Greater Moravia, which in-

cluded at that time Bohemians, Czechs, Serbs, and White Croats, and reached into part of Silesia up to Krakow, the city where the current Pope lived and taught.

Modern followers of the two missionaries are distinguished by their crude polemics against the Western tradition linked to the principle of the *filioque*, the doctrine added to the Creed which asserts that the Holy Spirit proceeds from the Son as well as the Father—affirming the crucial role of human beings in the ongoing process of creation.

Rejection of the *filioque* matches the viewpoint of the Russian Orthodox Church, which has been long devoted to ending the primacy of the Roman Church and elevating Moscow to the rank of "third and final Rome."

The two Eastern tendencies are *apparently* at odds. As a famous priest commented:

"The problem of the Third Rome is not a religious issue but a political one; Moravia was the first Slavic locale reached by Christendom, through Cyril and Methodius. . . . Russia was only converted later—therefore Moravia is the Third Rome."

In the book *Writing Over the Water*, Fr. Jiri Maria Vesely writes: "Cyrillian-Methodian Christendom blends three fundamental European elements: the First Rome (St. Peter's Rome), the Second Rome (Constantinople), and the Third Rome (Velehrad)."

He goes on to assert that in becoming Archbishop of Krakow, Karol

Wojtyla also became the successor to Methodius, and through him the successor to St. Peter.

Despite the fight over whether Moravia or Moscow should be the Third Rome, both sides view the *filioque* the same way. To quote Vesely:

"The Latin clergy sank in the depths of its invidious ambition and greed, but the Latins tried to focus the polemic toward ideological ground by fanning the *filioque* issue. This addition to the Creed was officially presented at the Council of Toledo (675), and the French clergy accepted it at Worms (868). The Cyrillian-Methodian clergy, however, did not insist on the *filioque*. . . ."

The project afoot for an anti-*filioque* alliance between Orthodox and Roman Catholics is highly dangerous. It would introduce a Europe "from the Atlantic to the Urals" where sovereign nations are subordinated to distinctions on the basis of linguistic differences. And it would create "unity" by eliminating the *filioque* which has been the main cause of Western development in the last millennium.

The other threat is linked to the symbiotic relations between the Eastern churches and the political institutions of their respective countries, whose plans for world domination are well known. Concrete proof of how the Kremlin means to use East-West church relations was given in the letter of Patriarch Maximon of Bulgaria to Pope John Paul II demanding the release of the Bulgarian spy Antonov, in jail in Italy for complicity with Ali Agca, who tried to kill the Pope three years ago. Patriarch Maximon states:

"The innocence of our follower and compatriot is beyond discussion." Therefore, Maximon demands of the Pope, "We urgently ask you to show your absolute conviction of Antonov's innocence."

International Intelligence

Will the Italian government survive?

Italy's Premier Bettino Craxi has embarked on a risky maneuver to gain control over a revived Propaganda-2 scandal which threatens his government coalition. Craxi has called for a parliamentary vote of confidence he might lose, since his parliamentary majority is very insecure.

The destabilization of the Italian government involves an alliance between fascists and Communists. The Propaganda-2 Freemasonic lodge scandal was revived by "secret documents" on the investigations illegally "leaked" to the press by a member of the opposition fascist party (MSI). The Communists have been foremost in making an issue of the documents.

The scandal first broke out two years ago, and implicated hundreds of Italian notables and ranking politicians in dirty money, blackmail, and political crimes up to and including terrorism and coup plotting. Now implicated is the head of the Italian Social Democrats (PSDI), Pietro Longo, a member of Craxi's cabinet.

Henry Kissinger moots Persian Gulf blow-up

Just after returning from the elite Bilderberg Conference in Stockholm, Henry Kissinger told a Louisiana audience that the Iran-Iraq war is "the single greatest threat to international stability." Speaking May 16 to the Wine and Spirits Wholesalers of America in New Orleans, Kissinger said that U.S.-Soviet relations were at their worst in memory, and that the Iran-Iraq conflict is making relations worse.

A similar line was forthcoming from the International Institute of Strategic Studies (IISS). In a recently published report, the London-based think-tank states that relations between the superpowers are worse now than at any time since the Cuban missile crisis, and predicts that they will get even worse in the near future. The IISS report

cites the Persian Gulf war as a major contributing factor.

Soviet liaison Armand Hammer of Occidental Petroleum gave an interview in Louisville, Kentucky, earlier predicting a spectacular increase in the price of Arab oil.

Soviets attack Japan's 'ambitions in space'

Izvestia commentator Yu. Bandura denounced Japan on May 10, an attack provoked by Japan's full support for President Reagan's beam-weapons development program, the only U.S. ally to do so.

Japan, "encouraged by China's silence," is on a militarization drive, which includes space militarization, Bandura claimed. The program of the Japanese Government Commission for Space Research will transform "Japan at the beginning of the 1990s into a 'great space power.' "

Colombia launches new offensive against drugs

Colombia's justice ministry is about to approve a mass paraquat-spraying program against marijuana crops. Until now, paraquat has been limited to "experimental use only." The step represents a dramatic new move in the country's war on drugs, escalated since the April 31 assassination of Justice Minister Rodrigo Lara Bonilla.

President Belisario Betancur and his council of ministers must still approve the program, but the justice ministry has already given its fullest support to the decision. The use of the herbicide 2,4-D to eradicate coca bushes (used to produce cocaine) is the logical next step.

Speaking to journalists, Betancur called this part of an "irreversible war" against the mafia. "Organized crime has declared war on society, and I am part of society."

This March's raid on "Tranquilandia," a jungle cocaine-refining complex the size of a small city, hurt the traffickers badly.

The weekend of May 12, a second blow was dealt as another complex, Tranquilandia's rumored replacement, was captured in the plains of Vichada, 500 kilometers east of Bogota. The "cocaine city," 12 buildings on 15,000 hectares of land, was equipped with electronic equipment, five generating plants, a 3,500-meter runway, an airplane hangar, radar equipment, football fields, and dormitories for 50-100 workers.

Despite expert camouflage, the Colombian national police with the aid of U.S. Drug Enforcement Administration satellites, identified the runway and moved in. The Vichada complex reportedly had the capacity to refine up to 1,000 pounds of cocaine per day, a full 10% of Colombia's total production.

Libyan hit squads operating in Europe

A team of CIA and British intelligence agents has warned other European services to remain on alert against Libyan hit squads. British intelligence expects a wave of bombings affecting Heathrow airport.

The 20 or more hit-men sent to Europe before the London Embassy crisis are still in Paris, Bonn, and Rome—and reports in the May 13 *Sunday Telegraph* say Qaddafi paid Syria more than \$350 million to smuggle weapons to them.

Egypt bidding to solve Palestinian problem

The moderate wing of the PLO led by Yasser Arafat will soon open its first political headquarters in Cairo, according to a report in the Gulf newspaper *Al Bayan*. The office will enable Egyptian President Hosni Mubarak to closely coordinate diplomatic strategy with Arafat.

Arafat's number-two man, Abu Iyad, has given an interview to the newspaper of the Israeli Communist Party, stating that the PLO is now ready to talk peace with Israel.

if Israel recognizes the right of Palestinians to self-determination.

According to other reports, a high-ranking official in the Egyptian government reported May 13 that Cairo has reason to believe that Israel will soon begin to withdraw its forces from southern Lebanon. Israel's military occupation of Lebanon has been the prime obstacle to Egypt's resumption of normal diplomatic relations with Israel.

Schiller Institute to block Europe's decoupling

Scientists, political figures, farmers, ministers, and musicians from all over the United States, plus a delegation from Europe, came together near Washington May 12 to found the Schiller Institute, a German-American organization describing itself as a "road-block in the way of U.S.-European decoupling."

Helga Zepp-LaRouche, the chairwoman of the European Labor Party in West Germany and wife of Democratic presidential contender Lyndon LaRouche, opened the meeting by giving an overview of the present strategic crisis. "The Soviet Union is very visibly pursuing a double strategy," aimed at incorporating West Germany and hence, all of Europe, into the Soviet sphere of influence; Moscow threatens to conduct a "surprise attack against West German territory and to risk nuclear war," reassured in this course by Henry Kissinger's doctrine of Flexible Response. "Without West Germany, all of Western Europe is indefensible."

The necessity of the alliance, she stated, lies in Europe and the United States' common historical and cultural roots. "We must return to the ideas of the American Revolution, the German classics, and the Liberation Wars against Napoleon. European republicans came over to America to support the War of Independence.

The victory of the American Revolution, in turn, created an unseen, before and thereafter, level of republican education among a broad population. Schiller was the

poet and inspirer of this process. In his drama *Wilhelm Tell*, entire passages are paraphrases from the Declaration of Independence. Friedrich Schiller's method of approach to world-historical problems is the only one which can still bring a solution. For this reason, we found the Schiller Institute."

The founding meeting established four "work departments" relating to U.S.-European relations: 1) military cooperation; 2) economic cooperation; 3) scientific and technological cooperation; and 4) study of the common historical and cultural roots of Western Europe and America.

The immediate task of elected leadership bodies of the Institute will be to prepare a large conference on July 4 in Washington, D.C., including a large European contingent.

Sharon boasts of aid to Khomeini

Ariel Sharon, touring the United States, announced in Bridgeport, Connecticut, on May 14 that Israel has been delivering weapons to Iran "with the agreement of the United States . . . because an Iraqi victory would represent a serious threat to Israel. Iraq has the most fanatical regime in the region."

Back in Israel, however, a faction in support of re-opening lines of communication with Iraq seems to be gaining the upper hand. On May 9, Science and Technology Minister Yuval Ne'eman called on Defense Minister Moshe Arens to prepare "contingency plans" to bomb Iranian oil and nuclear facilities, stating that Iran's development of a nuclear program, with the aid of the West German firm KWU, and growing evidence that Iran has been using gas chambers to liquidate "Jews, Bahais, communists and opponents," require such preparations.

Strengthening the anti-Sharon faction is the recent publication of *War of the Dupes*, a book written by *Ha'aretz* military correspondent Avraham Shiff, which details how Sharon systematically misinformed other ministers about his real intentions during Israel's invasion of Lebanon.

Briefly

● SWEDISH INTELLIGENCE

sources report that a new Soviet submarine base is under construction at Ladoga Lake, near the Soviet-Finnish border. The lake is connected to both the Baltic and the White Sea through several canals and rivers. Sources have raised the possibility that the base might serve as an underwater mobile stationing site for SS-20 missiles.

● JESUIT THEOLOGIAN

Waldemar Molinski of Wuppertal University, West Germany, told a national television audience that "both churches, the Lutherans and the Catholics, are in favor of mercy-killing." Molinski was commenting on the case of Dr. Julius Hackethal, who murdered a cancer patient last month. "The church would support the turning-off of machines in hospitals, if patients become a mere appendage of technology," said Molinski.

● SEPARATIST

rebels in Sri Lanka holding an American couple released them on May 14 after threatening to kill them if demands were not met. They had charged that the couple were "CIA."

● GUSH EMUNIM

leader Rabbi Moshe Levinger was arrested in Israel in connection with investigations of Jewish-fundamentalist terrorist plots. Levinger has been held for interrogation before, and is believed now to have known in advance about the bombing of five Arab buses in East Jerusalem and the West Bank.

● JERRY FALWELL'S

Moral Majority is said to have funneled \$100,000 into the Ariel Sharon-allied "Israeli New Right." The growth of the group, which has caused alarm in nationalist circles in Israeli, is reportedly being fed by both Christian fundamentalist money and KGB political connections.

KGB delegation coaches the MX vote in Congress

by Richard Cohen in Washington, D.C.

On the night of May 16, the U.S. House of Representatives directed a devastating blow at President Ronald Reagan's strategic rearmament program. Under the Aspin amendment, the number of MX missiles to be funded in FY85 will be reduced to 15. The Reagan administration had asked for 60, in accordance with the Scowcroft Commission compromise. Earlier this year, the House Armed Services Committee had reduced the approved number to 30.

The funding for these 15 will be withheld for six months as an "inducement" to get Moscow back to the strategic arms talks. Then, in this incredible strategy for unilateral disarmament, the amendment stipulates that if the Soviets do re-enter the talks, MX production will be postponed for at least an additional six months.

The MX is indispensable, because it is far less vulnerable to "pin-down" by enemy attack than the currently deployed Minuteman, and it is more accurate, enabling it to better target hardened Soviet targets.

After the defeat, Washington intelligence sources point to a probable assault on other big-ticket strategic weapons systems, including the B-1 bomber and the Trident II submarine. They fear that the momentum generated by the May 16 House vote will evolve into a serious challenge to the beam-weapons Strategic Defense Initiative and the White House's anti-satellite plan.

Finally, the House action, according to intelligence sources, is sure to have a profound impact on the struggle in the Netherlands parliament surrounding the proposed stationing of 48 cruise missiles in that country. Elements in the Dutch legislature will now use the House attack on Reagan's strategic policy to justify a retrenchment on the installation of so-called Euromissiles. That could lead to a major effort in West Germany to halt the stationing of Euromissiles there.

In a last-minute attempt to save funding for the meager

30 MX missiles, on May 14 President Reagan, at an impromptu White House press conference, declared: "What have we done to the Soviets that can compare with any of the things that they are presently doing, except tell them that we are not going to let them get so powerful that they can impose nuclear blackmail on us. . . ." But, by the evening of May 15, White House political advisers were forced to conclude that the administration no longer had the votes to sustain even the 30 MX missiles.

Under threat of the total elimination of MX funding—a proposal sponsored by House Speaker Tip O'Neill (D-Mass.) and the entirety of the House Democratic leadership—the Reagan administration capitulated and accepted a "compromise" proposal offered by Rep. Les Aspin (D-Wis.). Since the spring of 1983, when he and Reps. Norman Dicks of Washington and Albert Gore of Tennessee supplied the margin for the passage of the "Scowcroft Commission" recommendations, Aspin has acted as an agent of former Secretary of State Henry Kissinger's business partner and longtime political aide Brent Scowcroft's and Scowcroft's penetration operation within the Reagan administration. Aspin is a liberal with ties to Averell Harriman and a faction of the CIA associated with former director William Colby.

Indeed, the MX defeat of a crucial element of the President's strategic rearmament program is a direct result of Henry Kissinger's coup in the administration. Shortly after the President's March 23, 1983 speech, Reagan was informed that the liberals on the Hill would kill his MX production program unless he accepted the recommendations of the Scowcroft Commission. A tacit proviso was that the President pull back on promoting his new Strategic Defense Initiative. Reagan stuck to his part of the bargain, but Democratic support on the Hill for the MX was pulled out from under him. When *EIR* asked White House press spokesman

Larry Speakes at his daily briefing on May 16 how the President reacted to being doublecrossed by the Scowcroft Commission, he replied, "Er, I don't know that he really thought he had a deal. . . ."

The only way the President could have pressed through the MX vote would have been to appeal to the nation, to tell Americans the truth about the scope and imminence of the Soviet threat. That is ruled out by Reagan's re-election strategy. If the May 16 humiliation does not shock the President into a radical reversal of the appeasement theme introduced into that re-election strategy by White House Chief of Staff James Baker III and Deputy Chief of Staff Michael Deaver, what remains of U.S. strategic rearmament, the SDI, and the U.S. commitment to Europe embodied in the Euromissiles will be placed at unnecessary and extreme risk.

While the inside job done on the President by Baker, Deaver, and the early-1983 Commission on Strategic Forces chaired by Scowcroft has steered the White House down the road to capitulation, two recent developments played a role in the grave defeat suffered by the White House on May 16. Interest-rate increases panicked Congress into a spending-cut craze. And the Soviet leadership made a strong and effective intervention directly into the U.S. Congress a week before the MX vote. Under the direction of two senior Soviet operatives, Georgii Arbatov, the head of the U.S.A.-Canada Institute, and Academician E. P. Velikhov, member of the Central Committee of the Communist Party and vice-president of the Soviet Academy of Sciences (and the most outspoken critic of the U.S. SDI), Moscow managed to mobilize all its assets in Washington behind an assault on U.S. defense capabilities.

Soviets mobilize Washington

According to Capitol Hill sources, the Soviet mobilization of the U.S. Congress began approximately 10 days before the MX vote. Beginning on May 4, Arbatov, accompanied to Washington by Velikhov, Primakov, and R. Sagdeev (head of the Moscow Space Research Institute), launched a series of high-level secret meetings lasting for approximately six days with important figures in the Eastern Establishment-dominated arms-control community, which exerts a directorship over most Capitol Hill Democrats and many Kissinger-linked Hill Republicans.

On the weekend of May 4, Velikhov and his team met at the Aspen Institute's Wye Plantation in Virginia with the Federation of American Scientists, a group directed by arch-environmentalist and disarmament Jeremy Stone. Also reported in attendance at this private confab were former Carter administration Arms Control and Disarmament Agency (ACDA) director Paul Warnke; Carter State Department Soviet Desk chief Jerry Hough; Paul Stairs, the anti-SDI resident fellow at the Brookings Institution; and other Democratic Party-linked think-tankers.

On May 6, Velikhov's team was joined by Arbatov and Primakov at a semi-annual meeting of Soviet and American

"academics" sponsored by the U.S. National Academy of Sciences (NAS). Significantly, this program was orchestrated by Carter ACDA Deputy Director Spurgeon Keeny, now head of the NAS arms-control effort.

Also present for these four days of closed meetings were leading anti-SDI demagogue Richard Garwin, Brookings Institution foreign policy head John Steinbruner, arms controller Wolfgang Panofsky—all representing the Democratic Party "shadow government"—and the heads of MIT, Carnegie, and Rockefeller Universities.

Sources confirmed that "'Star Wars' [the beam-weapons policy] was a major focus of these discussions." These sources also reported that Arbatov, Velikhov, and other Soviets repeatedly expressed extreme hostility to the Reagan administration's SDI, anti-satellite program and strategic rearmament policy.

Indeed, following these six days of meetings, Velikhov was publicly quoted comparing the Reagan administration's initiatives in these areas to Nazi Germany's build-up prior to Operation Barbarossa. Yet, our sources reported, the U.S. representatives at these meetings were impressed and excited by the Soviets' willingness to at least talk about arms issues.

The Arbatov and Velikhov entourage were inundated by requests from Capitol Hill for meetings. A source who confirmed that the Soviets had numerous meetings with congressmen and senators, primarily at dinners and receptions hosted by American legislators in their honor, stated: "It was all really at the initiative of the Hill people, who were pursuing the Soviets. They really wanted to meet with them. The Soviets agreed, but refused to meet with any officials of the U.S. administration."

Of special significance was a reception thrown for the Soviets on the Hill by Sen. Claiborne Pell (D-R.I.), which was attended by the entirety of the Soviet delegation and representatives of the Hill and their staffs. Pell, a member of the Soviet-co-initiated Club of Rome, was the last U.S. legislator to visit Yuri Andropov, at a meeting in Moscow last year reportedly arranged by Carol Rosen, head of the Institute for Security and Cooperation in Outer Space, which has been in intimate contact with the Soviet embassy in Washington and the Soviet government in Moscow. According to intelligence sources, it was Rosen who crafted the proposal on "peaceful uses of outer space" which Andropov handed to Pell at that meeting. Pell was later joined by Sen. Spark Matsunaga (D-Hawaii) and Rep. Mel Levine (D-Calif.) in sponsoring legislation that would block U.S. development of ABM defense systems and anti-satellite weapons. Rosen is now also an adviser to Levine.

The festivities in honor of the Soviets included a dinner at the Brookings Institution set up by Matsunaga and others who "especially wanted to meet Arbatov and Primakov." To appease their Soviet guests, Brookings went to the extreme of revoking invitations to the dinner sent to Reagan administration officials.

Following their consolidation of key groups on Capitol

Hill against the President's rearmament program, Arbatov and Primakov moved up the ladder for direct consultations with the elite Eastern Establishment stringpullers of the liberal wing of Congress, first spending three days at the Harvard University Kennedy School unit on International Negotiations, under Trilateral Commission honcho Graham Allison—one in a series of meetings these senior Soviet officials have held with this Harvard group; they are trying to set up a government-sponsored "Crisis Control Center" to be permanently staffed by Soviets and Americans who can "talk it over" (rather than respond) when crises erupt.

After these private deliberations in Cambridge, the Soviets moved on to Dartmouth University for meetings of the "Dartmouth Conference"—the latterday high-powered version of the Pugwash Conferences, sponsored by Kissinger intimate David Rockefeller, the Harrimans, and other leading New York-based banking interests.

On May 22-24, the U.S.-U.S.S.R. Business Council holds a New York City meeting with a fresh delegation of Russians. The U.S. side will send senior administration representatives, and leaders of the Soviet group will also meet with Secretary of Commerce Malcolm Baldrige and Deputy Secretary of State Kenneth Dam.

Interest-rate blackmail

While Arbatov and Velikhov consolidated the Soviet peace-movement position on Capitol Hill, their allies in the U.S. and British money-center banks, in league with Federal Reserve Board chairman Paul A. Volcker, engineered a drastic jump in the prime interest rate, sending shock waves through Washington. Sources on Capitol Hill report that the Democratic leadership in both Houses of Congress, as well as the Kissinger-linked Senate Republican leadership, attributed the interest-rate rise to the President's refusal to cut the U.S. defense budget further and, secondarily, his refusal to raise taxes. These legislators created panic around the MX vote, predicting even larger rises in the prime rate if the defense budget were not cut.

According to Democratic-linked sources at the Brookings Institution, this initial rise in rates is just the beginning. They expect rates to rise throughout the course of this year, as long as President Reagan refuses to slash the U.S. defense budget and raise taxes.

These sentiments were echoed by Kissinger-linked Senate Finance Committee chairman Robert Dole (R-Kans.), who warned that rates will rise 3-4% between now and the November elections. Dole calculated that for every half percent rise in the prime rate, the Republicans will lose one Senate seat. He reported that the only way to bring rates down would be through a serious curtailment of the budget deficit—which would require major cuts in U.S. defense.

According to nationally syndicated columnists Rowland Evans and Robert Novak, a secret meeting of staffers of the Federal Reserve Board and the Democratic Senatorial Campaign Committee occurred a few weeks before the sudden

jump in the prime. Leading Democrats—particularly in the Senate—led by campaign committee chairman Sen. Lloyd Bentsen (D-Tex.) actually offered the Fed political support if it went ahead with a rate rise. Thus the Democratic Party leadership has shown itself willing to jeopardize the nation's fundamental security in the interests of partisan electoral gains and appeasement of Moscow.

The Scowcroft victory

Then, in the midst of direct Soviet intervention on Capitol Hill and the blackmail threat of higher interest rates, Tip O'Neill and the rest of the House Democratic leadership launched a full-scale effort in support of an amendment to the FY 85 budget sponsored by Reps. Charles Bennett (D-Fla.) and Nicholas Mavroules (D-Mass.) to completely eliminate any funding for the MX missile.

On May 14, following a full week of heavy-handed campaigning by the House Democratic leadership, O'Neill predicted that the House would cancel the production of 30 MX missiles and give the administration only \$1.7 billion for further MX research. Democratic presidential candidate Walter Mondale announced that he would launch a telephone drive to convince wavering congressmen to support the Bennett-Mavroules amendment.

The following day, as a White House which had spent virtually all its energies the week before convincing a resistant House to continue aid to El Salvador began a blitz to save the MX, O'Neill and the Democratic leadership announced that they had secured at least 220 votes—enough to pass the Bennett-Mavroules death-blow.

In the fall of 1982, the White House sat on the verge of a similar savaging of the MX in the House; then-Deputy National Security Adviser Bud MacFarlane seized the opportunity and recommended the creation of a "bipartisan commission" to save the MX on the Hill. The idea was strongly endorsed by James Baker. Congress funded 21 of the 100 missiles approved, after Reagan abandoned his original request for 200.

Early in 1983, the commission was founded under the direction of Kissinger asset Brent Scowcroft. Then in April—after the March publication in *Time* magazine of a Kissinger piece urging the sacking of the 10-warhead MX and any other weapons systems that could fit into a potential nuclear war-fighting strategy and their replacement by a single-warhead mobile missile (the "Midgetman") which would assure the doctrine of Mutually Assured Destruction—Scowcroft issued his report.

Just before its issuance, he had an extended meeting with Georgii Arbatov. Beyond forcing a commitment to the development of the Midgetman as a price for allowing the MX to proceed to the procurement stage, the Scowcroft recommendations demanded an administration commitment, subject to congressional review, to a "serious" arms-control policy. This established the notion that the MX is merely a "bargaining chip," not a weapon essential to U.S. security.

The Kremlin's Russian Orthodox cultists invade Washington, D.C.

by Mark Burdman

With much noise and sanctimonious justifications, the leadership of the Soviet Union has since mid-May focused attention on the potential threat to their athletes as the main reason for their pull-out from the Olympic Games in Los Angeles. Simultaneously, they have dispatched more KGB agents into the United States than at any time in the past decades.

Aided by high-level operatives in the Federal Bureau of Investigation, the U.S. State Department, and other agencies of government, the Soviets since May 3 have sent three high-level delegations to the United States, under religious, scientific, and think-tank covers, and are preparing to send an economic delegation to New York during the week of May 21. This is Phase Three of a specific offensive launched against American defense and sovereignty since May 1982.

Phase One came at that time when Moscow's prestigious Patriarch Pimen, head of the Russian Orthodox Church, launched a diatribe against support in the United States for a policy for development of antiballistic-missile defense systems. This signaled to insiders a new international campaign of slanders and threats against *EIR* founder Lyndon H. LaRouche, who had proposed joint U.S.-Soviet deployment of such weapons systems before an international audience in Washington, D.C. in February 1982.

Phase Two came one year later, after Ronald Reagan had made energy-beam ABM defenses the policy of the United States on March 23. The Soviet leadership dispatched KGB propagandist Fyodor Burlatskii of *Literaturnaya Gazeta*, a man who has denounced U.S. beam-weapons development as "a *casus belli* for nuclear war," to lead a massive Soviet delegation to Minneapolis, Minnesota, to participate in a "peace conference" set up by a Walter Mondale supporter, Mayor Don Fraser. That event launched the U.S. "nuclear freeze" movement. Now, Phase Three has been launched, posing a security and terrorist threat to the United States that should be the predominant concern of the nation's law-enforcement and policy-making apparatus.

On May 3, nineteen top Soviet clergy and theologians arrived in New York City for a 6-day stopover, the first site

of a 19-day whirlwind tour of the United States, hitting approximately 20 American cities. Apparently, the Soviets were suddenly quite unconcerned about the security of their citizens; the clergy walked through the streets of the United States, uttering hymns of peace, calling upon the United States to unilaterally disarm, and praising every species of movement that poses a terrorist threat to the American citizenry. As one British observer commented to *EIR*: "Typical Soviet behavior. Talk peace, while preparing for war."

The tour was arranged by the National Council of Churches (NCC), the American branch of the Swiss-Russian-controlled World Council of Churches in Geneva. This was the fourth "exchange program" between the NCC and the Soviets since 1954-55, at which time Presbyterian NCC head Eugene Carson Blake traveled to Moscow to meet his clerical counterparts. What makes this year's program different is that the NCC plans to send no less than 300 persons to the U.S.S.R. this June, to demonstrate in force the NCC leadership's preference for a "third and final Roman Empire" based in Moscow.

The NCC-Russian exchanges have been the religious arm of the process initiated in the mid-1950s by Lord Bertrand Russell, known as the "Pugwash Conference." Pugwash has been the essential Anglo-Swiss back channel with Moscow over the past three decades to ensure Western accommodation and capitulation to Soviet Russian imperial designs.

The NCC's current ambitions are largely the project of Dr. V. Bruce Rigdon, head of the Presbyterian McCormick Theological Seminary in Chicago. In general, the Presbyterians, better understood as the Scottish branch of the Jesuit-influenced Calvinist movement, have been the motor force within the American religious community behind the NCC's plotting with the Soviet clerics.

Coordination for the exchanges are worked out between the New York NCC U.S.-U.S.S.R. Relations Council and Moscow's Metropolitan Filaret of Minsk and Byelorussia, the Russian Orthodox Church "Exarch" for Western Europe and chief of the External Relations Department of the Moscow Patriarchate.

Filaret is reputedly one of the chief bearers of the doctrine whereby Moscow is destined to become the site of the "third and final Roman Empire" and home of world Orthodoxy by the year 1988, the thousandth anniversary of the conversion of Russia to Byzantine Eastern Orthodox Christianity. According to a source in the Church of England highly critical of the NCC's back-and-forth with such types, "the Soviets have never hidden their ambition to take over world Orthodoxy, then to take over world churches in general. They think their competitors in Orthodoxy, Constantinople, Alexandria, Jerusalem, and Antioch, are all weak pushovers, and can be moved aside."

At the head of the delegation sent to the United States by Metropolitan Filaret is Metropolitan Juvenaly of Krutitsky and Koloma, a man described by the Anglican source as "the third- or fourth-highest ranking member of the ROC, a man in the shadow of Nikodim." The late Nikodim, the former head of the church, was one of the staunchest advocates of renewing the commitment to the "third and final Rome" doctrine.

Aside from top members of the External Relations office of the Moscow Patriarchate and theologians from Leningrad Theological Seminary and Moscow Theological Seminary, delegation members accompanying Juvenaly include:

- Vyachaslav Ovsyannikov, deputy editor of *The Journal of the Moscow Patriarchate*;
- Archimandrite Tiran, administrator of the Nakhichavan and Russian diocese of the Armenian Apostolic Church;
- Archbishop Edgar Hark of the Evangelical Lutheran Church of Estonia;
- Reverend Karl Galitis, secretary of the Consistory of the Evangelical Lutheran Church of Latvia;
- Rabbi Adolf Shaevich, chief rabbi of the Moscow Choral Synagogue.

From May 8 until May 17, the delegation split up into five sections, to visit 15 American metropolitan centers. In all cases, local NCC chapters or NCC affiliates organized "peace" gatherings for the KGB-deployed clerics, to build up the terrorist infrastructure embedded in the so-called U.S. "peace" and "ecology" movements.

In some cities, overt contact was made with terrorist organizations. For example, the church delegations visiting Portland, Oregon, and Albuquerque, New Mexico, met "native Americans" involved with the American Indian Movement. In Los Angeles, Archimandrite Tiran met with church organizations that are part of the Armenian Secret Army (ASALA) support apparatus, and contacts were arranged with organizations backing the terrorist infrastructure in El Salvador and Nicaragua.

Richard Celeste of Ohio gave an official state welcome to the delegation visiting Columbus. In Grand Rapids, Michigan, May 15, the Ford Museum created by Henry Kissinger's friend Gerald Ford gave an official city welcome to the delegation.

Following this array of trips, the delegation arrived in Louisville, Kentucky, May 16, to talk to the Governing Board of the NCC, and to speak at the Christ Episcopal Cathedral in that city. Emerging from this meeting, the peace-loving Juvenaly told listeners that "people-to-people contacts are not good enough" and that there must be "changes at the top" in the United States if there is to be any chance for improved U.S.-Soviet relations.

The delegation is visiting the nation's capital, to hold a "prayer session" at the National Cathedral on the 18th, and then, to attend an "Ecumenical Peace Conference" at the Jesuit Georgetown University, home base of Henry Kissinger, on the morning of the 19th.

According to an NCC source in North Carolina, "We have worked most closely with the State Department on this trip."

Crisis-mongering and crisis-managing

Washington, D.C., has been the scene of intensive penetration by Soviet officials, ranging from scientists led by Academician E. F. Velikhov, to think-tankers from the U.S.-Canada Institute, led by Kissinger friend Georgii Arbatov.

On May 13, Velikhov gave an interview to Associated Press in Washington, violently attacking the U.S. beam-weapons program as identical to the Nazis' plans for a surprise attack on the U.S.S.R. in 1941! He labelled Reagan's policies "very dangerous and very destabilizing."

Velikhov, Arbatov, et al. have been cultivating the "arms-control" mafia deployed by Pugwash and run by the Harvard-Massachusetts Institute of Technology mafia that created Henry Kissinger.

During the weekend of May 12-13, Arbatov and Company huddled with a special "Crisis Prevention and Avoiding Nuclear War" task force working under the auspices of the Harvard Law School's Nuclear Negotiations Project. Under direction of Harvard Law professor William Ury and John F. Kennedy School of Government head Graham Allison, a member of the Trilateral Commission, the Soviet and Harvard representatives developed what one Harvard source labelled "a very solid relationship that can be put into service in the future."

Immediately after that, Arbatov's team traveled up to Hanover, New Hampshire, to attend the May 14-18 meeting of the "Dartmouth Conference," the yearly back-channel meeting sponsored by the Rockefeller family interests and by Kissinger's strategists. Attendees included David Rockefeller, Kissinger crony and Mondale adviser William Hyland, Harvard arms-control Pugwashite Paul Doty, and *New York Times* bureau chief Flora Lewis. Prime subjects were "arms control" and "the Middle East and regional crises."

Rockefeller and Lewis had been in Sweden over the May 11-13 weekend for this year's meeting of the Bilderberg group. Also in attendance at that meeting was Dr. Kissinger, the man that *Izvestia* has announced it prefers as the next U.S. Secretary of State.

Henry Kissinger's policies wreck the U.S.-Mexico summit

by Valerie Rush

Mexican President Miguel de la Madrid arrived in Washington, D.C. on May 14 bearing the mandate of every major Ibero-American nation to present their views on the continent's dangerously escalating political and economic crises: namely, Central America and the foreign debt. He met with stony indifference from President Ronald Reagan; open rebuffs from the administration's economic spokesmen; and threats of destabilization, even overthrow, from Kissinger-allied forces in the State Department. The diplomatic doubletalk of "exchanging views" and "agreeing to disagree" could not cover up the fact that de la Madrid's appeal fell on deaf, even hostile, ears.

In short, the results were just about what could be expected from a Washington regime in which Henry A. Kissinger has controlled policy toward Ibero-America since the summer of 1982, when he was appointed to head the Bipartisan Commission on Central America. But this outcome means that the United States is on the verge of losing all influence from the Rio Grande to Cape Horn.

De la Madrid told a joint session of the U.S. Congress on May 16: "The Latin American nations seek, with fairness and respect, a new type of relationship with the United States. They seek to eliminate any shadow of subordination, preserving their sovereignty and national identity. . . . Justice and well-being are the only effective guarantees for warding off the danger of instability and a widespread conflagration of Latin America.

"How can we accept that a unilateral increase in interest rates nullifies the great efforts made for economic readjustment, accompanied by a lowered standard of living? . . . The developing nations seem trapped in an iron circle of indebtedness and cancellation of progress. . . . In a world that is impoverished, we must jointly establish new bases for financial and commercial exchange. . . .

"[The Contadora Group] represents Latin American actions to solve a Latin American problem. We maintain that dialogue and a negotiated solution to the conflicts are possible; we therefore reject, without exception, all military plans that would seriously endanger the security and the development of the region."

Two days earlier, the Mexican President reportedly

warned President Reagan: "The United States must know that it has dignified neighbors, not slaves!"

Rebuffs and threats

The de la Madrid visit bears special significance for North-South relations in this hemisphere, because it coincides with heightened tension stemming from the new interest-rate spiral that threatens to blow apart the indebted Ibero-American economies. One Ibero-American leader after another, aware that the escalating bank rates have become a question of national survival, has warned that the situation is fast reaching a breaking point.

Outgoing Ecuadoran President Osvaldo Hurtado declared during a May 13 stopover in New York City that the debtor nations were "on the verge of explosion" due to recent the interest-rate increases. Former Venezuelan President Carlos Andrés Pérez has urged that the debtors respond to the interest-rate hikes by imposing a "ceiling" on their debt payments.

Argentine President Raul Alfonsín described the rising rate May 10 as "like a neutron bomb in which men and women remain alive, but all that generates wealth is destroyed. It is as though madness has taken over the financial centers." Alfonsín conducted hurried telephone consultations with his colleagues in Colombia, Venezuela, Brazil, and Mexico to try to bring off an emergency summit on the interest-rate problem, and his vice-president, Victor Martínez, declared outright May 14 that the time for a debtors' cartel to "defend our common interests" has arrived.

The interest-rate hikes themselves are being used as political as well as economic weapons against the outraged Ibero-Americans. The first 0.5% increase was announced just as de la Madrid launched his tour of the major Ibero-American debtor countries in April, for which a common position on the debt and in defense of Central American sovereignty were at the top of the agenda.

The second 0.5% rate hike occurred during de la Madrid's Washington D.C. visit. Together with the comments of U.S. officials like Federal Reserve Board chairman Paul Volcker and U.S. Ambassador to Mexico John Gavin, it spoke volumes about the Reagan administration's suicidal blindness

towards its neighbors and toward the debt bomb about to explode on its shores.

Volcker, in a meeting with the Mexican head of state, declared that he stood “spiritually” alongside de la Madrid and the austerity measures he had imposed under the International Monetary Fund’s (IMF) murderous dictates, but rejected de la Madrid’s appeals to lower bank rates. “I can’t pull a plan to lower Third World interest rates out of my pocket.” Besides, Volcker added, the high interest rates are beneficial for the U.S. economy.

Gavin was more provocative, asserting that it was the “irresponsibility of the Third World in managing its affairs,” and not U.S. economic policy, which was to blame for the high interest rates.

Meanwhile, Treasury Secretary Donald Regan slammed the door to unified approaches by the debtor countries—which de la Madrid and the presidents of Argentina, Venezuela, Brazil, and Colombia have been working for. Speaking on May 17 to a Paris session of the Organization for Economic Cooperation and Development (OECD), Regan stated that no “new approaches” to solving the debt crisis would be considered. “[We] continue to believe that the current [case-by-case] debt strategy provides the right framework for addressing debt problems.”

U.S. Commerce Secretary William Brock poured cold water on the hopes of the debtors that more generous trade offers on the part of the creditor nations would assist the subordinated economies in overcoming their unpayable debt burdens. “It makes no sense,” declared Brock, to undertake new trade negotiations until “safeguard measures” and trade subsidies are eliminated. De la Madrid was told by Brock in Washington that major trade concessions for Mexican products would only be granted in return for the elimination of all Mexican trade export subsidies and credits.

Nazi-communist alliance

A cold shoulder, however, was not the nastiest part of President de la Madrid’s Washington reception. His arrival in the nation’s capital was “greeted” with a two-part series carried by the *Washington Post* and written by State Department stringer Jack Anderson charging that, according to a “high government source with access to secret intelligence reports,” Mexican President de la Madrid was stealing his country blind.

Anderson’s secret source claimed that not only were former Mexican presidents Echeverría and López Portillo multimillion- and even multibillion-dollar thieves, but that de la Madrid himself had taken at least \$162 million since his presidential campaign began in 1982, and was keeping it in a Swiss bank account. “This is something you might want to keep in mind when Mexican President de la Madrid calls on President Reagan this week,” Anderson concluded his second column.

The Mexican presidential office denied the Anderson slanders as “inaccurate, false, and tendentious,” protesting

that Anderson’s “sensationalism” was “staining” the *Washington Post*’s reputation. George High, State Department spokesman for U.S.-Mexican affairs, rushed to deny that the report Anderson was citing existed and reiterated the U.S. government’s “confidence” in the integrity of the Mexican president.

And yet the well-orchestrated “leak” from the Kissinger-dominated State Department was hardly an indulgence in “sensationalism.” Nazi-communist forces in Mexico—represented by the drug-trafficking alliance of the former Nazi party of Mexico, the PAN, and the former Communist Party, the PSUM—have been dedicating all their energies to the creation of a fascist mob capability, arousing anti-nationalists and the disaffected with concocted charges of corruption against the previous governments. With the help of their allies in the State Department, this “anti-corruption” mob is now to be turned against de la Madrid, creating the basis for destabilization of the Mexican government and possibly even invasion from the north.

George High’s denials notwithstanding, it was High himself who told *EIR* on April 19 that “it will be very interesting to see what comes after the PRI,” Mexico’s ruling party. “Of course, I am all for democracy,” insisted High. “But not just with one party. . . . It’s important that there be other parties. The PAN is one of these, and I even believe it would be good to have the PSUM.”

Venezuela labeled ‘substandard’

The treatment Mexico received in Washington was low-keyed compared to what other Ibero-American nations are getting. On May 10, U.S. banking regulators determined that Venezuelan government and private-sector loans were to be classified as “substandard,” the financial equivalent of labeling someone a leper.

As even the *Wall Street Journal* acknowledged, the classification is more political than economic. Banks will be reluctant to do any further lending or loan restructuring and the pressure will be high to force Venezuela into ultimately submitting to IMF dictates. Venezuela is the first Latin American debtor to be classified as “substandard.” The only difference between Venezuela and the other major debtors, notes the *Journal*, is that “Venezuela is the only big Latin American debtor to refuse to submit to an IMF program.”

The future awaiting Venezuela should it submit to the International Monetary Fund is being starkly played out in nearby Peru, where the government has just announced that stocks of state-sector companies are being put on the market for sale to private interest. The Belaunde government, which in March fired Finance Minister Rodríguez Pastor for advocating submission to an IMF austerity program, yielded late last month and, despite the outraged protests of the population, signed a “letter of intent” with the IMF. Interest-rate hikes, elimination of subsidies on food and other necessities, new currency devaluations and the just-begun dismantling of the state sector were at the top of the list.

Strikes and lockouts begin to spread

by Vin Berg and Steve Komm

Each day, *EIR* receives reports of strikes, lock-outs, violence on the picket line in all parts of the country—labor strife of the type not seen since the 1930s. In Europe, such strikes are influenced by communists and KGB dupes among social democrats. That is currently not the case in America. Workers are seeing their jobs, wages, working conditions, and trade unions destroyed. The strikes represent desperate defensive actions in the face of unjust demands from employers—the direct outcome of the Federal Reserve's regime of usury.

'Strike as long as you want'

In Toledo, Ohio, where the political mass strikes of the last depression began with 1934's famous Auto-Lite strike, Sun Oil refinery workers and AP Auto Parts workers are locked out by managements whose "give-back" demands amount to disbanding the unions, and are backed by gun-turrets protecting a scab labor force.

A one-day nationwide strike by the Teamsters against Interstate Motor Freight System was crushed May 16 when the Grand Rapids-based firm announced that it would liquidate its motor-freight operation rather than agree to a new Teamster contract. More than 1,500 Teamsters, including several hundred in the Toledo-based Local 20, were fired when they refused to agree to a 35% cut in pay and benefits. "They can have their strike as long as they want. They have no jobs, though," said a company spokesman. Interstate had demanded the contract concessions after filing for Chapter 11 bankruptcy reorganization on April 11. The contract was not due to expire until April 1985. The company is now expected to sell its trucking operations to a non-union company.

The city of Pittsburgh is in the middle of more than a half-dozen such strikes, blacked out by the media. Twenty thousand leaflets were distributed by warehouse workers in the Teamsters union, fired by Gimbels department store and replaced by youths hired by a "subcontractor." The fired workers, virtually all over 40, and a majority over 54, were making \$7.50 an hour; the scabs will make \$4.70. Gimbels was recently bought by the British American Tobacco Company, whose negotiator told the employees that older workers have a duty to move out of the way and let younger workers have their jobs.

Security guards working for the Mellon Bank Center building, some former steelworkers, were also leafleting in the first weeks of May. Mellon management had "terminated" its contract with their unionized company a year ago, hiring replacements at the minimum wage. The Mellons have a history of union-busting going back to 1926, when Andrew and R. B. Mellon's Pittsburgh Coal Company machine-gunned locked-out mineworkers, launching the Coolidge-Hoover wave of union-busting.

At the same time, 500 paperworkers forced out on strike at the Papercraft Company's Blawnox, Pennsylvania factory demonstrated at a shareholders' meeting and at the Pittsburgh city council. The company had demanded the workers take a major pay cut and give up benefits and seniority, or the company would move operations to non-union plants in Illinois and California. The workers struck April 28; by that time, the company had already moved more than half the machinery out of the plant.

One hundred and twenty-five employees of the Shasta Steel Company in Coraopolis, Pennsylvania, represented by Shipbuilders Local 61, demonstrated May 1 against Judge Sylvestri, who had granted their employer an injunction against more than two of the striking workers picketing at one time, since more would "cause violence." Scabs had physically attacked picketers including the union president—but Sylvestri refused to hear evidence. Company owner John Shutey told workers there would be no union at the plant after the strike, and took out newspaper ads offering jobs of "workers who are now striking the plant."

The 'post-industrial' Combustion Engineering

In nearby East Monongahela, 600 workers at the Combustion Engineering facility are now waiting to find out if they will still have jobs at the end of the month. On May 11, talks between USWA Local 210 and management came to an end. On May 12, union members unanimously rejected company demands for "language changes" in the workers' contract, which was to have run through March-April 1985. On May 24, the company's board, dominated by Boston Brahmin families linked to Swiss financial interests, will meet in Windsor, Connecticut, probably to take the decision to move the plant south to non-union territory. The company's demands would have destroyed the seniority system, permitting anyone to be laid off or assigned to any job at any time, permitted free contracting-out of work, destroyed a standing vacation plan, and postponed a July pay raise to January 1985.

Combustion Engineering was a major nuclear-power components supplier—until the "post-industrial" financial policies of the very same families controlling the firm destroyed America's nuclear industry. The East Monongahela plant is the fifth or sixth shop to be hit in Combustion Engineering's drive against its labor force. It has also busted union shops in Tulsa, St. Louis, and Chattanooga, Tennessee, among other locations.

Elephants and Donkeys

by Kathleen Klenetsky

Hartdale comes to California

Several months back, a few political pundits began applying the term "Hartdale" to the candidacies of Gary Hart and Walter Mondale. Their point was that despite Hart's claim to represent the new generation and Mondale's to speak for the old, the two are basically interchangeable.

That's all too true. But some new information about the California primary demonstrates just how closely intertwined the two alleged opponents are.

Gary Hart's California campaign manager, John Emerson, and Mondale's state campaign manager, Mickey Kantor, not only both work for the same law firm, but are close friends as well. And the firm they work for happens to be Manatt, Phelps, Rothenberg and Tunney—the law firm of Charlie Manatt, chairman of the Democratic National Committee.

The two don't simply share the same employer—their relationship is much cozier. Kantor, 44, worked for Gary Hart in 1972 when Hart was George McGovern's campaign manager. He also headed Jimmy Carter's California reelection campaign in 1980, and former Gov. Jerry Brown's U.S. Senate race in 1982. The 30-year-old Emerson worked as an aide to Kantor in both the Carter and Brown campaigns.

Emerson and Kantor say the campaign doesn't get in the way. "We're partners and friends and have been involved with each other in many political and legal efforts for several years now," Kantor says. Emerson "is a very accomplished and effective spokesman for his candidate and I couldn't be more pleased with his success."

Says Emerson: "It just produces a friendly rivalry. It's very similar to the situation where two friends play against each other in sports. You do everything you can to win, but after it's over, you walk off the field friends."

California scenario

The Emerson-Kantor-Manatt connection is just one indication of the orchestration behind the scenes of the Democratic presidential selection process. Even with this high degree of control, the political volatility of the electorate and the complete lack of enthusiasm for the "frontrunners" has made it impossible for the newfangled boys in the back room to wrap up the nomination for Fritz. At this point, a brokered convention is a near-certainty.

Sources privy to the inner councils of the Democratic Party establishment tell *EIR* that Hart intends to fight it out with Fritz, primarily in order to force himself on the ticket as Vice-President.

Knowing that Hart's ploy could backfire, several other contenders are positioning themselves as choices for the VP slot, or possibly even the top spot, should the convention deadlock. But with the sole exception of *EIR* founder Lyndon H. LaRouche, however, the "dark horses" come from the same malodorous stable as Hart and Mondale.

Among the names being bandied about are Sen. Dale Bumpers (D.-Ark.), a frequent visitor at the W. Averell Harriman family's Georgetown salon. Bumpers's wife, Betty, is the founder of "Peace Links," a national organization of pro-nuclear freeze women which maintains close contacts with KGB-sponsored "peace" groups in the Soviet Union.

Another whose name is often mentioned is New York governor Mario Cuomo. An avowed devotee of

Jesuit death-cultist Teilhard de Chardin who claims to represent traditional family values, Cuomo has initiated a cost-cutting drive in the state involving a moratorium on hospital construction and restrictions on the acquisition of high-technology medical equipment. Recently, Cuomo established a review board aimed at legalizing "Do not resuscitate" orders, that is, medical orders under which certain patients are not given life-saving treatment.

Another leading contender is Sen. Lloyd Bentsen of Texas, a reputed conservative Democrat who recently took to the pages of the *Washington Post* to defend Fed chairman Paul Volcker's economy-wrecking high interest rates. Bentsen has been strenuously courted by the Mondale camp.

A recent entrant into the contest is Robert Strauss, the Texas wheeler-dealer whom Averell Harriman appointed DNC chairman in 1972. Our sources report that Strauss is selling himself on the basis of his strong ties to organized labor (in contrast to Hart) and to the Jewish community. In fact, Strauss is telling people that he will have to be on the ticket to carry the Jewish vote because Mondale hurt himself badly among Jewish voters when in 1982 he advised then-Senator Muriel Humphrey (D-Minn.) to vote for the AWACS sales to Saudi Arabia.

Strauss is resorting to some obvious tricks to further his campaign, going so far as to tell a Japanese politician on May 7 that, under present circumstances, Ronald Reagan has a 60-70% chance of winning re-election in November.

Strauss's bid may get some help from Lane Kirkland, the Trilateral Commission's head of the AFL-CIO. The number-one Mondale endorser is reportedly planning a huge demonstration at the Democrats' July nominating convention against the "post-industrial" policies represented by the Hart camp.

Kissinger Watch by M. T. Upharsin

Vienna's Club of Rome crowd wants Kissinger to rule

In Vienna on May 13-16, Henry Kissinger addressed a high-level gathering of Austrian businessmen invited by the Austrian Kreditanstalt, the bank run by Club of Rome associate and former Austrian minister of finance Hannes Androsch. According to a spokesman for the U.S. embassy in Vienna, Kissinger repeated "his *Time* [magazine] line of March" advocating the abandonment of Europe by the United States.

Androsch—according to high-level Austrian sources "a personal and close friend of Kissinger"—is a member of the International Council of New Initiatives and is involved with the notorious KGB-run International Institute for Applied Systems Analysis (IIASA). Both institutes are headed by the KGB's Dzhermen Gvishiani, the son-in-law of former Soviet leader Alexei Kosygin. Gvishiani is a business partner of U.S. Democratic Party chairman Charles Manatt.

IIASA was established through efforts by Kissinger's U.S. controller, Eastern Establishment head McGeorge Bundy. Today, it is under the patronage of Great Britain's Lord Solly Zuckerman, chief of scientific operations for the British monarchy.

Considering that Zuckerman's professional activity is to monitor the behavior of apes for the London Zoological Society, it is not shocking that he would be one of the behind-the-scenes sponsors of Kissinger's political career.

A leading official at IIASA in Laxenburg, Austria commented: "It would not be bad for us [IIASA] if Henry Kissinger became the new Secretary of State. Kissinger was very much involved in promoting and helping found



our institute in the first place when he was the Secretary of State in 1972. . . . He did a lot for IIASA back then, and we hope that as the new Secretary of State he will do more for us in the future and revise the U.S. point of view. . . . We are most concerned about the 'Star Wars' [beam-weapons] problem."

Kissinger said in his Kreditanstalt address that "the West should not get a nervous breakdown because the talks with the Soviets broke down for the time being. . . . The Soviets will return to the negotiating tables within the coming 15 months."

An Austrian source summarized the spirit of this gathering as "expressing the interest of everyone in Austria in Dr. Kissinger's return to the State Department," because "when he was in office in 1972, there was a big push forward in East-West relations."

Asked whether this was also the view of West German Chancellor Helmut Kohl, the chancellor's aide in Bonn said that "Dr. Kissinger would certainly return to the State Department—he just has to receive an official call." He also said that "there will certainly be another meeting with Dr. Kissinger the next time he is in Bonn,

or when the Chancellor is in the U.S.A."

On May 14, Henry Kissinger gave a press conference in Vienna and was asked by a journalist whether he intends to become the next Secretary of State. According to an American embassy spokeswoman in Vienna, Kissinger did not answer the question directly. He only smiled and then said: "I'm moving out of my private house in Washington."

Embarrassed at Bilderberg

Earlier, Dr. K. had been in the environs of Stockholm, Sweden, for a May 12 meeting of the Bilderberg Society, the oligarchical organization established by the Netherlands' Nazi Prince Bernhard and by Polish Jesuit spy Joseph Rettinger in the early 1950s.

Kissinger and his fellow conspirators focused on crises in the Middle East and "arms control," another term for sabotaging the U.S. beam-weapons program and other defense commitments.

Although the meeting proceeded in secrecy, Henry had an unpleasant surprise. Readers of the daily *Svenska Dagbladet*, a journal widely read by the Swedish elites, saw a May 11 English-language advertisement for the showing of a videotape on how Henry Kissinger is a Soviet agent of influence.

Nine individuals associated with KGB-controlled Prime Minister Olof Palme and with the Swedish foreign ministry showed up for the videotape to see U.S. Democratic Party presidential candidate and *EIR* founder Lyndon LaRouche excoriate Kissinger for his appeasement policies.

We are sure word got around quickly to all the relevant places in Stockholm. Next, on May 13, Dr. K. held a three-hour private tête-à-tête with the Swedish Premier.

Senate Dems blame Reagan for Volcker's economics

The de facto alliance between Federal Reserve chairman Paul Volcker and the Senate Democratic leadership is now out in the open. Senate Minority Leader Robert Byrd (D-W. Va.) took to the floor of the Senate on May 10-11 to defend Volcker and blame Reagan for the latest rise in interest rates.

Said Byrd: "In 1982 . . . we urged Mr. Volcker and the Federal Reserve Board to ease up on the money supply and let the economy grow. The Federal Reserve responded, the treatment worked, and the recovery started. . . . This administration wants to blame the Federal Reserve Board for the problem that supply-side economics created. Tuesday the White House attacked the Federal Reserve for the increase in the prime rate. How can the administration justify such an attack? Did Paul Volcker submit a budget calling for \$200 million deficits as far as the eye can see? Of course not—but President Reagan did."

Washington Post columnists Evans and Novak reported May 14 that a secret early-May meeting was held between the Federal Reserve and staffers of the Senate Democratic Policy Committee, at which the Democrats pledged to support Volcker, in the opportunistic belief that the Fed's high interest rates will help defeat Reagan's re-election bid. Shortly after that meeting, Sen. Lloyd Bentsen (D-Tex.), chairman of the Senate Democratic Campaign Committee, wrote an op-ed for the *Washington Post* attacking the Republicans for "scapegoating" Volcker, and blaming the GOP for causing the interest rate rise through Reagan's budget deficits.

Republicans, for their part, are either pleading with Volcker—as did

Senate Majority Leader Howard Baker at a recent breakfast with the Fed chairman—or rallying behind Rep. Jack Kemp's (R-N.Y.) impotent populist Federal Reserve reform legislation.

Kemp testified May 16 before the Joint Economic Committee in support of his legislation to restructure the Fed and force it to use specific guidelines in shaping monetary policy. Outside of cosmetic changes dealing with membership on the Fed Board and with procedures for reporting policy decisions, the most substantive proposal put forward by Kemp would direct the central bank to make long-term price stability a major goal in managing the nation's money supply. The Fed would be required to develop an index of commodity prices and then set target ranges for the index. Monetary policy would be geared to meet those targets.

Senate committees on the rampage against labor

The Senate's Permanent Investigations Subcommittee (SPIS) pursued its vendetta against the labor movement with hearings on May 15 during which the head of the Hotel and Restaurant Workers International Union, Edward Hanley, invoked the Fifth Amendment over 30 times.

SPIS, established in the 1950s as the vehicle to break unions such as the Teamsters, has been investigating the union while it is engaged in one of the bitterest strikes in recent years against Las Vegas hotels. The strike, which has been marked by violence, has revolved around hotel demands that the workers give back recent wage gains—demands seen by the unionists as an overt attempt to break the union.

The subcommittee claims that Hanley used union funds to make illegal loans to friends and organized-crime figures, that he became president of the union through organized crime influence in Chicago, and that he padded the payroll of the union.

Subcommittee vice-chairman Warren Rudman (R-N.H.) said in response to Hanley's refusal to answer questions: "I consider this outrageous. . . . It is the height of arrogance." The subcommittee is considering a contempt citation against Hanley.

The Hotel Workers Union issued a statement at the hearing claiming that the "evidence" against Hanley had been provided to the subcommittee by convicted perjurers and liars.

Between SPIS and the Senate Labor and Human Resources Committee, on whose staff sits the notorious FBI asset and witch-hunter Walter Sheridan, the following unions have been investigated in recent years: the Teamsters, the Laborers, the International Longshoremen's Association, the Boilermakers, and the Union of Operating Engineers.

Senate agrees to rotten compromise on MX missile

Senate Republicans took the first step May 17 to join the political capitulation of the Reagan administration to opponents of the MX missile. The Senate Armed Services Subcommittee on Strategic and Theater Nuclear Forces, chaired by Sen. John Warner (R-Va.), unexpectedly approved the figure of 21 missiles backed by the Senate Democrats, instead of the 30 which Senate Republicans had been demanding. The administration had

requested 40 MX missiles.

The Senate subcommittee action followed the House vote, to which the administration agreed, approving an amendment initiated by Rep. Les Aspin (D-Wis.) allowing for 15 additional missiles, with delays in construction contingent upon Soviet arms-control negotiating behavior.

Capitol Hill sources report that Warner was acting "like a wet noodle," as the Democratic position was allowed to prevail. Supporters of the MX had earlier hoped that the Senate would approve a higher number of missiles and then be able to negotiate a few of them away in conference with the House, in exchange for dropping the Aspin construction delays. The possibility still exists that the full Senate Armed Services Committee could reinstate the original number of missiles.

The Senate subcommittee also cut "only" \$150 million from the Strategic Defense Initiative. The Democrats had wanted to cut \$700 million from the administration's \$1.8 million request.

In the House on May 17, the administration was defeated by 247 to 179 in its bid to secure a chemical-weapons program. This was the only major weapons program which the administration failed to get through the Congress last year.

Pro-Life Caucus attacks Kissinger Commission

Several members of the congressional Pro-Life Caucus, led by Reps. Chris Smith (R-N.J.) and Henry Hyde (R-Ill.), have written President Reagan urging him to drop his request for additional "population control" funds for

Central America, as recommended by the Kissinger Commission. The members also asked the President to cut back on existing funds.

Channeled through the Agency for International Development and the United Nations Fund for Population Activities, the population control funds represent a "grave matter of human rights," the group declared, because the United States "is actively engaged in support of programs that have sterilized literally thousands of Salvadoran women, either against their will or without informed consent."

Continued efforts to "rid the administration of the depopulation lobby" are expected this year in floor fights over population control programs which will come up when the Foreign Operations Appropriations bills are considered on the House and Senate floors later in the session.

Guerrilla warfare over Central America policy

Democratic opponents of military aid to Central America are resorting to guerrilla-warfare tactics in their drive to win over enough conservative opponents of foreign aid to defeat the administration programs.

After the House approved the administration request for aid to El Salvador by the narrowest of margins, the House-Senate conference committee broke down May 17 as House opponents sought to force as many votes on the issue as possible. "We could lose on the House floor on this," Rep. Clarence Long (D-Md.) was quoted as saying, "but [the Reagan administration] can't take it to the well too many times. People are getting awfully tired of voting foreign aid to

El Salvador." Long is chairman of the Appropriations Foreign Operations Subcommittee and a major opponent of the aid.

The Senate version of the bill contains \$61.75 million in emergency aid to El Salvador and \$21 million to rebels fighting the Nicaraguan government. Aid to the rebels seems to have provoked the greatest opposition.

With no compromise in sight on either aid to the rebels or aid to El Salvador, another vote is expected in the House the week of May 21.

Rangel backs FBI attack on anti-drug operation

Rep. Charles Rangel (D-N.Y.), chairman of the House Select Committee on Narcotics, whose anti-drug credentials are questionable at best, took the side of the Federal Bureau of Investigation in its attack on the National Narcotics Border Interdiction System (NNBIS). The NNBIS is the most effective anti-drug operation existing today.

Rangel inserted two articles into the May 17 *Congressional Record*, from the *Washington Post* and the *New York Times*, giving favorable coverage to the FBI attacks on NNBIS.

"I was not surprised when I read articles in the *New York Times* . . . in which [Drug Enforcement Administrator Francis] Mullen called NNBIS a 'liability' and said that it could become the 'Achilles heel' of the Reagan administration's drug enforcement effort," Rangel said. He added that state and local drug enforcement officials have been telling the Select Committee that NNBIS "has confused their relationships and impeded their cooperation with Federal drug agencies."

National News

Why the FBI always gets its . . . little fish

Between 60 and 200 Libyan terrorist assassins are now reportedly in the United States, with standing orders and hit lists of leading anti-Qaddafi exiles and U.S. political figures who oppose the Qaddafi regime. According to one source, the description of the U.S. political figures applies to *EIR* founder Lyndon LaRouche, who was attacked as an agent of the Reagan administration plotting to overthrow Qaddafi in a Libyan newswire in January of this year.

The danger of terrorist activation is more acute following the arrest of two Libyan graduate students by the FBI in Philadelphia in early May. The FBI arrested the two after a "sting" operation which trapped them into illegally buying handguns and silencers from an FBI undercover agent.

The FBI, however, by this means prematurely blew a major intelligence operation involving the CIA and other agencies which were developing a case against a nationwide network of Iranian and Libyan terrorists. The network included Bahram Nahidian, the Savama (Iranian intelligence) agent who organized the assassination of anti-Khomeini leader Ali Tabatabai in July 1980. Nahidian was protected by the Carter administration and the FBI.

Another FBI terrorist coverup is now in danger of being exposed: A group calling itself the American Movement Army, which carried out some 20 bombings and arsons in the Dallas, Texas area between March and early May, has been implicated in the murder of U.S. Maj. Gen. Robert Ownby in January. The FBI ruled Ownby's hanging a "suicide."

Cost-cutters savage medical care

A study carried out by the Stanford University medical school has documented that recent Medicare rules requiring that a flat fee

be paid for like diseases or procedures could lead to more patient deaths in hospitals. The study suggests that the new rules would cause university-affiliated teaching hospitals to cut back on aggressive, spare-no-expense care. The medical care at these institutions is more extensive, and consequently more costly, than care given by physicians in private practice; their patients also have a better chance of surviving.

In addition, the Senate voted May 16 to uphold \$6.7 billion in Medicare cuts proposed by President Reagan as part of a \$144 billion "deficit reduction" package. The Medicare cuts will mean that beneficiaries pay about 16% more for doctors' insurance premiums in 1985.

Related developments include the following:

- A Massachusetts state task force recommended unanimously on May 15 that only one Massachusetts hospital be allowed to do heart transplants for the next 7.5 months, denying permission to other institutions to perform the life-saving operation. The 17-man task force is headed by prominent Boston University "bio-ethicist" George C. Annas.

According to the *Boston Globe* May 16, the task-force members consider their recommendations to be an "important benchmark" in attempts to regulate new technologies that "benefit a few at great cost."

- In Florida, the "Health Care Access Act of 1984," sponsored by state representative Sam Bell, would establish a budgetary ceiling in Florida hospitals, prescribe penalties for exceeding budget limits, and assess annual fees on private and public hospitals to help pay for the cost of health care for indigents.

NATO chief: Kissinger's plan a 'serious mistake'

Henry Kissinger made a "serious mistake" in proposing that U.S. troop strengths be cut in half, charged NATO Supreme Commander Bernard Rogers in an interview on May 12. He was referring to a proposal by Kissinger published on March 5 in the na-

tional weekly *Time* magazine.

In an interview with *Bild am Sonntag*, West Germany's largest Sunday newspaper, Rogers said, "American troops stationed at the German-German border are also there to defend vital interests of the United States." He added that "a withdrawal of American troops would represent a strategic victory for the Soviet Union."

Rogers, author of the so-called Rogers Plan for a conventional military buildup in Western Europe, said he agreed with Kissinger that the West Europeans ought to make more of a military effort, particularly by strengthening their conventional forces.

FBI's Mullen blasts Reagan's war on drugs

Drug Enforcement Administration chief Francis Mullen, who is also a deputy director of the FBI, has blasted the Task Force on Drugs, headed by Vice-President George Bush, and the National Narcotics Border Interdiction Service (NNBIS) as "ineffective" and guilty of maintaining illegal intelligence files on drug traffickers. Mullen's charges were first aired in a *New York Times* leak published May 13, quoting a memo to Attorney General French Smith in which Mullen made his complaints against the NNBIS.

The public attack on the multi-agency anti-drug task force, which was set up to outflank the corrupt FBI's bid for total control of drug enforcement, is part of an escalating pattern of attacks on the Reagan administration. These include the appointment of a special prosecutor on "Briefing-gate," a special investigation of Attorney General nominee Ed Meese, and an Organized Crime Strike Force investigation into the business partners of Labor Secretary Ray Donovan.

According to well-informed Washington sources, FBI Director William Webster is using every means the FBI has to help elect Walter Mondale, supposedly because the Reagan administration has denied Webster his much-coveted seat on the U.S. Supreme Court. At the same time, the FBI

is reportedly in turmoil over the continuing attacks against the agency, amid rumors that Webster will step down in the near future.

Administration big on 'McDonalds' wage bill

The Reagan administration has combined longstanding economic incompetence with election year political opportunism to come out in support of legislation allowing employers to pay teenagers sub-minimum wages for summer jobs.

Labor Secretary Ray Donovan said May 16 that the bill being introduced by Sen. Charles Percy (R-Ill.) and Rep. Ronald Packard (R-Calif.) is intended to cut the current 44.8% unemployment among black teenagers and 19.4% unemployment among teens overall, according to UPI. The sponsors of the bill, which has been endorsed by the Conference of Black Mayors, claim it could create 400,000 new jobs for youth this summer.

The Youth Employment Opportunity Act, which would allow youths 16 to 19 years of age to work for \$2.50 an hour instead of the current \$3.35, has been dubbed the "McDonalds Bill" by opponents.

Particle-beam weapon deployable by 1985

John Gardiner, a spokesman for the office of President Reagan's Strategic Defense Initiative, told the House Defense Appropriations Subcommittee May 14 that the space-based particle-beam anti-missile weapon being developed at Los Alamos National Laboratory could be ready for deployment in four to five years, given already planned funding increases.

The program, known as "White Horse," is one of several national laboratory programs which are to overcome the technological barriers to beam weapons. The White House has kept quiet about these developments.

Gardiner told members of the subcommittee that a demonstration of the lethality of the neutral-particle beam, similar to that achieved by the airborne laser laboratory last May, was "relatively close at hand," and that the accelerator could be scaled down to the size and weight necessary for deployment into space within four to five years.

The House Armed Services Committee, which has been "traffic manager" for funds into the beam-weapons program, is now trying to shift the dwindling authorization amounts toward the neutral-particle beam, free-electron laser, and ground-based eximer laser programs, instead of increasing funding toward the crash effort which these results suggest. The Armed Services Committee cut the authorization request for fiscal 1985 by 25% overall, and the appropriations subcommittee now threatens to make further cuts.

The 'Mr. Clean' of space weaponry: George Shultz

Secretary of State George Shultz told a conference of the League of Women Voters in Detroit on May 12 that "The United States has long believed that the arms competition should not be extended to space. For that reason, we have sponsored or joined several treaties advancing this objective." After citing the 1963 Limited Test Ban Treaty and the 1967 Agreement on Peaceful Uses of Outer Space, Shultz said that the administration is examining the possibility of placing stricter controls on space weapons, including "control for anti-satellite weapons."

He continued: "Let me mention, in this context, the question of space-based missile defenses." He described the President's Strategic Defense Initiative as "a research program designed to explore the possibility that security and stability might be enhanced by a system that could intercept and destroy ballistic missiles before they reached our or our allies' territory. . . . It could lead to an informed decision sometime in the next decade, on the question of whether such defensive systems are genuinely feasible and practical."

Briefly

● **GEN. JAMES ABRAHAMSON**, director of the President's Strategic Defense Initiative, was himself on the defensive at a recent Pentagon briefing where he placed the SDI within the bounds of "improving deterrence," stressing "affordable systems." Although Abrahamson denounced the anti-beams report of the Congressional Office of Technology Assessment as riddled with "technical errors, unsubstantiated assumptions, and conclusions that are inconsistent with its own findings," he and other officials are now presenting the SDI as "not much more than we would have done in these areas anyway, even if the President had never launched this initiative."

● **DR. RICHARD DELAUER**, the Pentagon's R&D chief, told Congress that the Soviet Union currently has 10,000 scientists and engineers working non-stop on strategic anti-missile defense.

● **JUDGE WARREN KING** of the Washington, D.C. Superior Court gave a suspended sentence and probation on May 11 to a retired army officer who shot and killed his dependent son in the hospital, in an application of "mercy-killing."

● **WILLIE BROWN**, speaker of the California State Assembly, will host a \$400,000 party for 10,000 Democrats on the first night of the Democratic national convention in July, according to UPI.

● **TIP O'NEILL** is being challenged for his congressional seat in the Democratic primary by Debra Gelber. Gelber is leading a slate of 14 Democrats backed by the National Democratic Policy Committee, she announced on May 17.

Schiller and the future of the West

A new institute has been founded on the western side of the Atlantic, which will link up with a fraternal institute on the European side within a few weeks, to stem the tide toward "decoupling" Europe from the United States. Both institutes will be named in honor of the German poet and historian Friedrich Schiller.

Helga Zepp-LaRouche, who launched the call for the Schiller Institute in March of this year, stated at the founding meeting on May 12 that the Schiller Institute is the only pro-Western alliance force in the world today. All the other organizations concerned with the alliance favor decoupling.

Those Americans whose knowledge of world events is confined to the mass media may have virtually forgotten that Europe exists, the U.S. coverage is so minuscule and prejudiced. The European Community is falling apart. Riots and strikes are multiplying, and every major government is on the brink of collapse.

Yet, if present trends continue and the Soviets succeed in establishing hegemony in Europe—even without occupying it, simply through dictating trade terms—that will leave the Soviet Union as the only superpower, the largest military-industrial pact in the world, presiding over an economic base in Western Europe as large as that of the United States.

Most Americans would be outraged at this, if they were allowed to know the facts. On the first level, the task of the Schiller Institute will be to make this danger known, and mobilize the forces to strengthen and renew the alliance.

More deeply, the West requires an energetic revival of the heritage of Friedrich Schiller (1759-1805). Schiller's youth coincided with the American Revolution and the intellectual ferment which swept through the Old World when the world's first republican nation-state was established in the former English colonies. Schiller took up the topic of "universal history," becoming history professor at Jena University on the basis of his book on the Dutch revolt against the Spanish Hapsburgs.

Schiller reviled what he called the *Brotgelehrte*, the academic specialists who put every obstacle in the way

of advancing knowledge in order to protect their monopoly over a fixed body of lore. Schiller's conception of history was inseparable from the necessity of developing a republican citizenry around an understanding of its heritage, viewed as the fight between the tradition established by Solon of Athens (the republican tendency) and Lycurgus of Sparta (the oligarchist tendency).

His historical plays took up such themes as the sale of mercenaries by the Hessian autocrats to fight American revolutionaries (*Love and Intrigue*), the Italian Renaissance (*Fiesco*), the Dutch revolt and Hapsburg rule in Spain (*Don Carlos*), the Thirty Years' War of the 17th Century (*Wallenstein Trilogy*), the Hundred Years' War of the 15th century (*The Maid of Orleans*), and the reign of Elizabeth I of England (*Mary Stuart*). Each drama addressed the historical challenge to become "greater than one's fate."

Thus, to revive the knowledge of Schiller is to reconnect Americans, Europeans, and indeed, citizens of the entire world, with a precious understanding of history, the tradition we are responsible to preserve and enrich with our efforts. On account of these dramas, Schiller was America's most popular foreign playwright, second only to Shakespeare.

Yet, today Schiller's works, and even his name, are unknown to most Americans. Fortunately there is a broadly familiar path of access to that heritage: the setting of Schiller's "Ode to Joy" left to us by the greatest musician mankind has yet produced, Ludwig van Beethoven, in the choral finale of the Ninth Symphony. Beethoven intended these words for the opening recitative of that finale: "Let us sing the song of the immortal Schiller."

Joy (*Freude*, in German) is in that poem the outcome of a titanic struggle to overcome tragedy, the struggle to become equal to a great historical moment. Schiller's comment on the aftermath of the French Revolution was that "a great moment has found a little people." The founding of the Schiller Institute in 1984 is intended to nurture a republican citizenry, capable of greatness, to confront a crisis even more awesome than that of Schiller's day.

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