

EIR

Executive Intelligence Review

February 9, 1982

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which side will Washington join?**



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EIR

From the Managing Editor

Our Special Report this week carries the wonderful news that not only have the Italian authorities liberated General Dozier and closed in on the terror apparatus, but are continuing to go after the top levels of the narcotics financiers and fascist coup plotters who deploy terrorism as a weapon against their political enemies.

While the Italian press was headlining "Heroin Trade Finances Terrorism" at the end of January, the flood of revelations there appears to bear out the story of financial operative Michele Sindona that his illegal activities were carried out on orders from persons in the United States, specifically naming Alexander Haig and former CIA chief Stansfield Turner. No wonder Mr. Haig and his liaison to the drug-and-terror Propaganda-2 Lodge, Michael Ledeen, have referred press inquiries to the Justice Department, where certain superiors of Abscam prosecutor Thomas Puccio, named by P-2's Sicilian capo Michele Papa as "a good friend," have every interest in quashing the revelations.

The Special Report, prepared under the direction of Editor Nora Hamerman, an expert on both Italian politics and international drug networks, points to *EIR's* unique role, especially since 1978, in elaborating the methodology and the specific intersection points which enabled Italy's investigators to grasp the identity among the drug Mafia, the terrorist command, and the flight-capital banking network, as well as their political extensions in the Italian Socialist Party, the U.S. government, and elsewhere. If Americans acted with the determination and intelligence demonstrated in Italy, the public would soon discover that the Abscam-Brilab operation which has proceeded under the sanctimonious cover of "fighting white-collar crime and official corruption" is directed by some of the most corrupt and dangerous criminals in the world.

Susan Johnson

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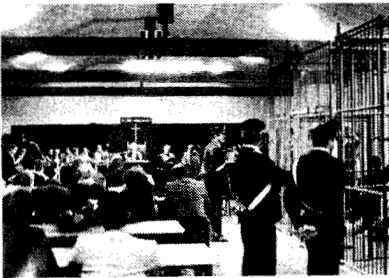
Many of you are continuing to receive telephone solicitation from an unsavory group operating out of Detroit which were formerly distributors of *EIR*. These people are seeking subscriptions to a newsletter called Producers & Investors, and in some cases they are soliciting business investments of a questionable nature.

In many cases these people are representing themselves as *EIR*, or are telling you that they have purchased *EIR*'s subscription list. This is a lie. These people have no affiliation whatsoever with *EIR* or with *EIR*'s founder Lyndon LaRouche. They have in fact abandoned the principles

for which Lyndon LaRouche and this publication stand, and have thrown in their lot with the evil forces of Dope, Inc. and the Global 2000 genocide lobby.

The Detroit group operates under the name of Inform America, Inc. If you are contacted by this group and you are asked to subscribe to Producers & Investors, Parity Newsletter, American Labor Beacon, or to invest money in businesses such as Renaissance Printing or Computype, please advise us immediately. And do not allow any charges for *EIR* to be made payable to Inform America or any Detroit-based entity.

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Bonn surprises the 'Third Way' planners

by David Goldman, Economics Editor

European finance ministers decided during a Jan. 15-16 meeting to lower interest rates a notch, which resulted in a simultaneous West German-Dutch-British drop in rates Jan. 21. This development attracted small notice in the United States, but was held to be of signal importance among European financial institutions. It represented on the one side an attempt to "de-couple" European rates from still-rising American interest costs, but, even more importantly, it was also the public face of a new phase of West German economic diplomacy.

West German Chancellor Schmidt, whose efforts last year to persuade the United States to lower interest rates were clouded by the suggestion that the United States bring its budget deficit under control, has proposed a much simpler solution to President Reagan, sources close to the Chancellery report. Reducing the budget deficit *before* interest rates come down is something the President cannot do; Schmidt has now suggested something he can do, namely, to fire Federal Reserve Chairman Paul Volcker.

Schmidt's purpose

Schmidt's private proposal to the American President is not, as one senior Federal Reserve official complained, "a demand by one sovereign nation that another sovereign nation get rid of its central bank head," but an attempt to help Reagan salvage his own administration. Well-placed West German sources now report that the Reagan-Volcker issue is uppermost in the minds of West German politicians; indeed, the West

German press has puffed up every scrap of public comment from the President that might indicate presidential anger at Mr. Volcker.

However, Schmidt is acting not merely out of altruism toward a friend—both West German and American officials agree that the Reagan-Schmidt relationship is much warmer than official Bonn-Washington relations would suggest—but also displaying a new-found financial strength. As I reported in this space last issue, the West Germans are aware of a massive shift in balance of payments positions in their favor (and that of the Japanese) during 1982, associated with the elimination of the OPEC oil surplus. The same factors which, after the doubling of oil prices in mid-1979, ruined the German payments position and brought the deutsche-mark down from a high of almost DM 1.70 to an August low of DM 2.57, are working in reverse, i.e. a slight lowering of oil prices and therefore of demand for dollars with which to buy oil.

According to senior Bundesbank sources, the basis of the West German interest-rate move was expectation of a handy strengthening of the mark during 1982—and possibly even a dollar rout. Although U.S. Federal Reserve officials expressed caution in recent discussions, concerning the weakness of the dollar, they conceded that a major credit contraction following continued tight-money conditions could provoke a collapse of the dollar in the 30 to 40 percent range predicted by economists like Kurt Riechbächer, formerly of Dresdner Bank, or T. Nakamae of Daiwa Securities'

London office.

The biggest West German fear is that the Fed will—as it appears to have already—decide to push for monetary tightness no matter what the consequences for either interest rates or the U.S. economy, and, albeit temporarily, provoke huge amounts of flight capital into the dollar, before the disruption of the home dollar market sends even more flight capital running back out again. Under these circumstances, said a source close to the West German Chancellery, “West Germany would have to work out a comprehensive economic and monetary policy agreement with the other European countries.”

That is a euphemism for exchange controls, which, in fact, were already proposed by French Finance Minister Jacques Delors during the Jan. 15 European Community meeting. The Mitterrand government has, since taking office, turned the West Germans’ harsh but constructive criticism of the Reagan administration into the worst sort of America-bashing. Delors and his British colleague, Chancellor of the Exchequer Sir Geoffrey Howe, are toying with the prospect of a dollar crash, for reasons that have been under discussion at the Swiss-based Bank for International Settlements for years, and a prime topic of British interest since the London *Economist* ran its December 1977 cover story, “Buying America Cheap.” Just-retired Bank for International Settlements President Jelle Zijlstra laid out a policy of putting American monetary policy into a sort of Swiss receivership in a now-notorious speech to the IMF in October.

Apart from the incentives a section of the European financial oligarchy finds in a pricing-down of American assets comparable to the early 1930s, there is above all a political motive at work in London: sundering Reagan from his potentially most important foreign ally and counselor, Chancellor Schmidt.

For example, there has been a sudden change of heart about European policy at least among the editorial writers of the British press in late January; after storming along Secretary Haig’s warpath against West Germany, which has refused to take his recent posturings about Polish sanctions seriously, the London *Daily Telegraph* and London *Times* both argued Jan. 26 that the entire Soviet natural-gas pipeline issue should be buried. Meanwhile there is increased speculation that Britain will shortly join the European Monetary System, the eight-nation system of stable exchange rates centered around the West German mark, which it boycotted since the EMS’s founding in January 1979. The London *Financial Times* meanwhile reported Jan. 26 that the Bank of England has already shifted monetary policy to stabilize the pound sterling’s exchange rate against the EMS, rather than following a target for domestic monetary aggregates as such, an apparent

preparation for an attempt to enter the EMS.

These little flickerings from London would not be significant except for the gravity of the monetary situation. They indicate that the British (as well as the French) would be prepared to toss the dollar overboard if the worst consequences overtake the dollar—as *EIR* believes is likely, barring the sort of “geopolitical catastrophe” that some analysts predict will save the dollar at the eleventh hour. Clearly the Bank of England hopes to have leverage inside the sort of “third way” arrangement, i.e. between the United States and the Soviets, that sections of the European bureaucracy and individuals like International Monetary Fund architect Prof. Robert Triffin, now at the University of Louvain in Belgium, have advocated for some years.

However, from what can be discerned at present, Anglo-French actions are chasing after the Germans, not inspiring Bonn. Schmidt has pulled off a coup of sorts inside West Germany, superseding the longstanding conflict between the Bundesbank and the government, which deplored the Bundesbank’s tight-money policy, “by turning [Bundesbank President] Karl-Otto Poehl around 180 degrees,” in the phrase of one Swiss source, who complains that the “central bankers’ club at the Bank for International Settlements has broken up as a result.” What is involved, in the chagrined evaluation of the Swiss, is not so much the European “Third Way” break from the dollar, but rather a German-Japanese alliance in monetary affairs.

Drastic options

Both Schmidt and his Japanese colleague, Prime Minister Suzuki, will attempt to avoid measures that could be interpreted as hostile in Washington—e.g., exchange controls—as long as the United States credit system shows the potential for recuperation. No one should have any doubt that they will take drastic action, starting with exchange controls, revaluation of gold, and exchange of gold among central banks, if their worst fears come to pass.

This implies that the next two months will be among the most tense in world monetary history. President Reagan will take no immediate action against the Federal Reserve Chairman. Perhaps after two months more of rising unemployment, some Federal Reserve sources speculate, Volcker could fall, a view which is also widely held in Western Europe. But that is simply to say that the economy would be out of control and the possibility of a financial crash in the United States real to all participants. It is questionable whether President Reagan might put things back together at such a late date. West Germany’s policy towards Washington, or at least Schmidt’s policy towards Reagan, is twofold: offer a helping hand, and build flood-barriers in case the proffered hand were rejected.

1981 farm bill is a rotten compromise

by Susan Brady, Agriculture Editor

With the ink barely dry on the new four-year farm bill signed by President Reagan just before Christmas, there are indications that Congress will soon be asked to entertain various "emergency" revisions of the bill's austere provisions. Called a "blueprint for disaster" by the National Farmers Union and other farm leaders, as well as Congressmen and Senators who voted against it, the Food and Agriculture Act of 1981 is the type of rotten compromise which is responsible for the fact that, as Sen. John Melcher (D-Mont.) put it during debate, "our farmers always seem to be hanging on by their fingernails."

No major farm organization supported the legislation. It passed the Senate on Dec. 10 by a 68-to-31 majority and barely squeaked through the House by a 205 to 203 vote a week later—three months after the 1977 legislation had expired. The lawmaking, which consumed a year of rancorous debate in both houses and more than five weeks of tumultuous conference sessions, was concluded under the threat of a presidential veto on fiscal-austerity grounds.

The core of the legislation extending the basic commodity programs through 1985 is contained in the crop-support loan programs for the major grains. The 1981 bill sets these program price levels at approximately 40 percent of parity, or less than half the break-even level in terms of the return a producer needs to continue operating. The price-support levels for the dairy program, heretofore the strongest and most effective of the farm programs, are knocked down from 80 to 60 percent of parity.

Among other provisions included in the 18-odd titles of the omnibus law are:

- Mandatory compensation for producers at 100 percent of parity in the event of a future "selective" embargo on farm exports, a kind of Pyrrhic victory since any "general" embargo would involve 80 percent agricultural products in any case.

- Establishment of an Agricultural Export Credit Revolving Fund, albeit without funding.

- One-year extension of the FmHA's Economic Emergency loan program, albeit with a \$600 million cap on loans and a proviso that the actual use of the program is at the discretion of the Secretary of Agriculture.

- Creation of an 11-member board, including seven farm producers, to review USDA methods of estimating farm production costs and to make recommendations to the Secretary.

- Elimination of the Commodity Credit Corporation's Farm Storage Facility Loan Program, except at the discretion of the Secretary in areas where storage is deficient.

- Elimination of the disaster payment program, except at the discretion of the Secretary where Federal Crop Insurance is not available.

- Extension of authorization for adequate funding for research, extension, and teaching.

- One-year extension of the Food Stamp Program, with an \$11.3 billion cap for 1982.

The battle over the legislation pitted farm producers against David Stockman's Office of Management and Budget, which had the USDA and White House in tow. Stockman and company operated in an open alliance with the ultra-liberal consumerists and environmentalists opposed to modern agriculture, as of the Reagan administration's first days in Washington, when they launched a demagogic "pre-emptive strike" against the dairy industry.

Under the banner of cutting the budget and "getting the government out of agriculture," USDA began immediately to chop at the fabric of farm programs that have kept the farm sector on the economic map for more than 30 years while producers labored to operate at below cost. Interest rates on the various programs were revised upward to reflect "market" conditions. "User fees" were introduced wherever possible. Steps were taken to reduce the lending activities of the FmHA, the "lender of last resort" in the farm sector and one of the few agencies that has stood between the Volcker monetary policies and rural collapse for two years.

In the name of the "free market," Secretary Block demanded elimination of the target price program entirely, and, aping grain company litany about "pricing ourselves out of the market," insisted on minimal if any increase in crop loan support price levels. Exports, Block insisted, will make good President Reagan's election promise to bring "100 percent of parity in the marketplace."

The only thing resembling a comprehensive response to this policy approach was put forth by Sen. Melcher. "We Americans have sacrificed our steel industry, our auto industry, our shoe industry, our electronics industry on the altar of the free market," Melcher stated in presenting his own four-year farm bill to the Senate. "Mr. President," he continued, "those markets are not free. And they have not been for many years." Melcher's S.480 would have extended existing law, with the key provision that the loan rates for the basic commodities be set at 75 percent of parity across-the-boards, thus

assuring market stability and baseline returns to producers. With the defeat of his initiative, it was a matter of fighting for crumbs from the trenches—in the manner that has characterized farm politics since the 1950s when the 1940s parity policy was junked in favor of a “market-oriented” approach governed by the grain companies.

The administration got virtually everything it wanted. The 1981 bill sets the wheat loan rate at \$3.55 per bushel and the corn loan rate at \$2.55—less than 50 percent of parity. Theoretically setting a “floor” for market prices, the crop-support loan price levels in fact establish the market price “corridor” for these commodities in both domestic and international markets. But production costs for wheat and corn are estimated to be about \$5.60 and \$4.00 respectively—never mind the question of profit. So, contrary to Secretary Block and the Farm Bureau’s wishes, the target-price program had to be continued, a merely nominal victory for producers.

But the target price for 1982 wheat, for instance, has been set at \$4.05 per bushel, when the USDA’s own estimate for cost of production is \$5.66 and the parity price is \$7.64. The administration has been successful in “decoupling” the target price program from its original purpose of guaranteeing cost of production.

A 1930s crisis

What is astonishing is the manifest bankruptcy of the administration’s policy, the simultaneous pettiness and grandiose self-delusion of the pathetic “free market” slogans. American agriculture is today in the midst of the worst crisis since the 1930s, facing an unprecedented third straight year of declining net income and cash-flow squeeze. While prices for the major commodities fell consistently since the beginning of 1981, production costs—led by usurious interest rates—rose 15 to 20 percent. Under these conditions, the more you export the more money you lose—unless the government acts.

An estimated 300,000 producers were forced out of business in 1981, and USDA itself reckons that 1,100 farms per week are currently going out of business.

For the first time in this writer’s memory, the USDA bureaucracy has broken with official precedent to suggest that the “consolidation”—jargon for spreading farm bankruptcies—may be getting out of hand. “I don’t see any benefits in today’s weeding-out process,” USDA economist Neal Peterson wrote in the December *Farmline*, “because it’s not just the so-called inefficient producers who are suffering.”

For the moment, the fate of our food supply turns on the question of whether or not Agriculture Secretary John Block will find sufficient “discretion” to drop slogans and shibboleths, and act decisively in this emergency.

The fraud of attacks on the farm budget

Even on its own terms, David Stockman’s budget-cutting assault on the federal farm programs is a fraud. Federal farm-program expenditures as a percentage of the total federal budget have in fact *declined* consistently since 1948. Farm-program expenditures have never been more than 2 percent of the total budget, on average, despite the fact that agriculture is the nation’s number-one industry.

In 1978, during the most severe recent price collapse, when federal farm expenditures peaked at a high \$7.7 billion, farm programs still accounted for no more than 1.71 percent of the total budget!

Agriculture provides for one out of every five jobs in the private sector. Less than 3 million farmers account for the use of 6.5 million tons of steel, which in turn accounts for 40,000 jobs in the steel industry alone. Farmers purchase \$14.4 billion worth of farm equipment in an average year, which requires 140,000 employees to produce. Farmers purchase almost \$14 billion in petroleum products, more than any other single industry. Moreover, agriculture is the sole positive item in the U.S. balance of trade, exporting more than \$40 billion worth of farm products in 1980 for a \$23 billion net trade surplus.

The core commodity price support programs are *loan* programs—they act to establish market price ranges for farm products by offering producers the option of holding their grain as collateral for a government loan—(with a term of nine months to three years)—at an established per-bushel price. The producer can either sell his grain on the private market and repay the Commodity Credit Corporation loan with the proceeds, or forfeit the grain to the government.

The only significant transfer payment program in agriculture is the target price program. Under this program, producers are given a government check for the difference between the average market price for their crop and the “target price” set by Congress, supposedly in relation to the cost of production.

Re-adoption of a parity policy that would raise crop loan rates to 90 percent of parity, assuring market prices in a range that guaranteed farmers the cost of production and profit necessary to continue producing, would eliminate the need for the target-price program immediately.

The real scope of U.S. unemployment

by Leif Johnson

There were, as of November 1981, 19.7 million Americans out of full time work. That amounts to 18.4 percent of the workforce, or between one in five and one in six Americans, able and willing to work, but unable to find it. That is how many people are unemployed.

But according to the Bureau of Labor Statistics of the U.S. Department of Labor, November's unemployment was just over 9 million, or 8.4 percent of the workforce.

How, then, is it possible that unemployment is really twice what the government tells us?

There are four major categories of persons ignored by the government statisticians. First, there are the unemployed among those millions who were never counted in the 1980 census; second, the part-time workers who actually want full-time jobs, but can't find them; third, those students who are in school because they cannot find work; and, last, those on welfare who could work. Add all these people to those officially counted as unemployed by the Bureau of Labor Statistics, and you will find there are nearly 20 million Americans out of work.

Where are they?

There are more Americans than were counted by the 1980 Census of Population, and of these, a sizeable portion is unemployed. How many more Americans are there than the 229,980,000 estimated by the Census Bureau in October 1981 based on the 1980 Census?

According to later government estimates, the 1970 Census undercounted the population by 5.3 million people, or an undercount of 2.7 percent. For black males, the undercount was as high as 9.9 percent.

Because of the bureaucratic snarls and the lengthy forms involved, the 1980 Census is certainly more inaccurate than the 1970 census. If the undercount in 1980 is assumed to be at least 3 percent, it means that 6.9 million people in the United States were not counted, of which 3.2 million are in the labor force, since nearly half—47 percent—of the population is in the labor force.

Of these 3.2 million people, at least half, and possibly more, are unemployed since the uncounted ones are by far the most likely to be unemployed. The sum total of uncounted Americans who are unemployed but not counted by the government as such, is therefore about 1.6 million.

The part-time unemployed

The Bureau of Labor Statistics admits that there are 4.7 million workers who hold part-time jobs because they cannot find full-time work. In other words they are part-time unemployed, and since part-timers work an average of less than 20 hours per week, we can count them as one-half unemployed, making a total of 2.3 million unemployed not counted by the BLS as unemployed.

There are of course, many more part-time workers than those listed as unable to find full-time work. The BLS has estimated that 15 percent of the 13.3 million "voluntary" part-time workers would take a full-time job, if offered one. That adds another 2.0 million to the rolls of the actual unemployed, for a total of 4.3 million unemployed not counted by the BLS.

Students are disguised unemployed

Many will recall that the number of college students swelled enormously in the Great Depression as many unemployed workers preferred to spend their time in classrooms, rather than on the streets. Certainly 15 percent of today's 11.5 million students in higher education are there as a substitute for unemployment. They may receive scholarships, money from parents, federal subsidies like the GI Bill, and other payments for attending college which they would not receive if they remained unemployed. Since half the students who enter college never finish, it can be assumed that 15 percent of college students are really disguised unemployed. The same is true of perhaps 5 percent of the 17.5 million attending federally subsidized vocational training, bringing the number of unemployed disguised as students to 2.6 million.

Welfare recipients

The largest federal welfare program, Aid to Families with Dependent Children (AFDC), lists 3.9 million families receiving assistance. Taking out the 340,000 full time workers on AFDC and counting the 200,000 part-time employed as half unemployed (100,000 unemployed), we have 3.5 million AFDC recipients who do not work. AFDC recipients include many fathers of families who cannot find work. Two-thirds of them could work and therefore must be counted as part of the labor force. This gives us an additional 2.2 million unemployed.

Now let's add up the figures: 1.6 million Census

undercount unemployed, 4.3 million part-time unemployed, 2.6 million student unemployed and 2.2 million welfare recipients unemployed. The sum of these jobless equals to 10.8 million. All of these people are not counted by the government as unemployed.

When we add the number of officially counted jobless—8.9 million in November 1981—we find the total number of Americans between the age of 16 and 65 who are able to work but do not have jobs is 19.7 million. That is an actual unemployment rate of 18.4 percent.

May be others

The above jobless rate calculation is about as accurate as we can get with existing government statistics. Yet suppose the Census undercount were 5 percent, or 8 percent instead of only 3 percent. And what of those who work in family businesses because they cannot find other work or of those receiving other forms of welfare or SSI benefits, migrant or seasonal workers, volunteers who take non-paying jobs "to get some experience," members of counter-culture cults and those employed in drug peddling and organized crime?

Since we have no way of counting such individuals from existing government statistics, all that we can really say is that the 19.7 million jobless figure is a minimum and not a maximum number.

Why BLS discounts unemployed

The BLS fails to count actual unemployment because that is the way the post World War II "labor experts" constructed the reporting system. If, for example, this year a million jobless workers ceased looking for work for a four week period, unemployment would drop by one million. If they became unpaid family workers, students, held jobs they did not want to report for tax or criminal reasons, or did not have a telephone to permit the BLS to survey them, the unemployment figure would drop by 1 million. If they all became part-time workers, which is to say, part-time unemployed, they would be removed from the lists of the unemployed as would they if they became welfare recipients.

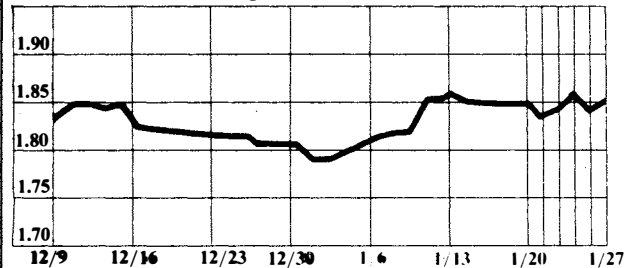
The BLS takes into account only the "marginally unemployed"—those who have not yet been forced out of the job market because of the unavailability of jobs.

As the current depression deepens, the number of workers who do not seek regular jobs because they know that jobs do not exist steadily increases. Thus an increasing number of jobless Americans are not being counted as unemployed, and the official unemployment figure is kept far below the actual rate. And in this way, the Bureau of Labor Statistics will ensure that there will never be another depression—in its statistics, at any rate.

Currency Rates

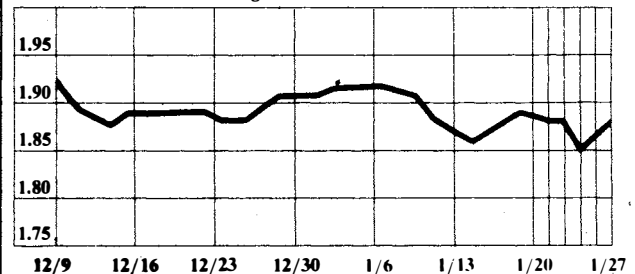
The dollar in Swiss francs

New York late afternoon fixing



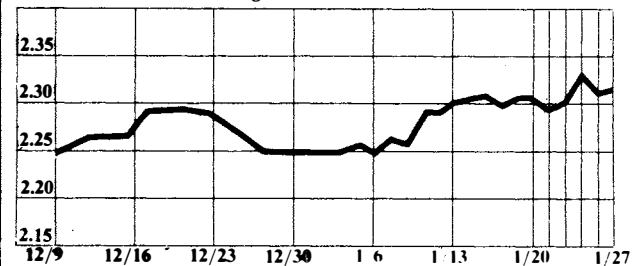
The British pound in dollars

New York late afternoon fixing



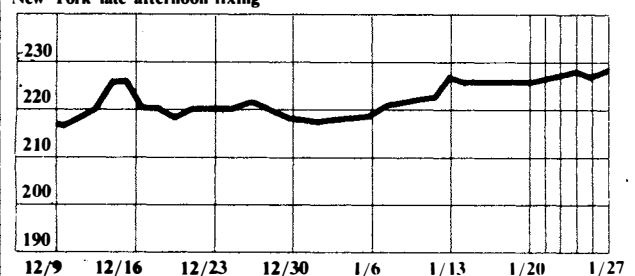
The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing



Justice Department gives AT&T and IBM the go-ahead for the 'Wired Society'

by Leif Johnson

The simultaneous dropping of anti-trust action against American Telephone and Telegraph Company (AT&T) and International Business Machines (IBM) last month signals the merging of the Morgan Bank-dominated telecommunications companies as they head for what they call the "Information Age."

George Orwell, whose book *1984* put in literary form for the British financial oligarchs a reality they intended to create, would be pleased. The Department of Justice's deregulation of telecommunications and the computer industry allows the integration of broadcasting, including cable TV, with computing equipment and telecommunications to establish the conditions of Orwell's intended 1984—a deindustrialized society.

Giving AT&T and IBM this sort of license is the social control and engineering side of deindustrialization. The huge industrial combines, whose boards are controlled by Morgan interests like General Motors and U.S. Steel, are being dismantled, while enormous flows of capital are directed to the Information Age corporations.

It is estimated that in the next four years, the combined deployable cash in AT&T and IBM could reach \$100 billion. In keeping with long-standing corporate policy, that cash will not be distributed to stockholders nor fund fundamental technological breakthroughs. It will finance the attempt to "wire" the American population into two-way television, and electronics and computer hookups, allowing a substantial portion to work at home—and shifting them out of productive industry.

The timing of the Justice Department move vis-à-vis AT&T and IBM is significant in three respects. The anti-trust suits had been brought by the government to facilitate more or less the present settlement, but the govern-

ment could have settled at any time. The present moment was chosen, first, because the Volcker depression is far enough advanced to make it appear that giants like General Motors and U.S. Steel are forced to contract and/or diversify because of economic conditions. Second, the "free competition" rhetoric fed to the Reagan administration and its supporters was counted on to sustain the rubrics of "competition" and "deregulation," permitting the largest monopoly combination ever seen.

The third element in the timing is one over which the Morgan and related financial oligarchs behind AT&T and IBM have no control. Japanese corporations, although with only a fraction of AT&T and IBM's research and development resources and manufacturing capacity, are presently providing real competition to AT&T and IBM.

However, the immediate AT&T-IBM concern is domestic. They intend to install two-way television and computer services in a sufficient number of American homes to complete a social-control task they began with the mass media, particularly television.

The AT&T press relations office publicly explains its scenario as follows:

Energy prices will continue to rise and people will be less mobile. They will want to carry out certain activities in their own homes, like banking, stock and bond trading, shopping, education, and news and sports spectatorship. AT&T will market a device called "videotext" in conjunction with the Morgan-run Knight-Ridder newspaper chain and CBS television.

Such a videotext network was tested in 250 homes in Coral Gables, Florida and will soon be further tested in 5,000 dwellings in Ridgewood, New Jersey. The key element is the "interactive" ability of the user to issue

commands to his bank, store, or sports news outlet to supply his "needs" without leaving the house. Mass marketing is scheduled for 1984—although the test is described by communications experts as a "failure."

The second phase will arrive by 1990. According to Ed Langsam of AT&T's home information systems division, the Information Age will be so advanced that 15 percent of the present workforce will never leave their homes. The new "cottage workers" and "new lifestylers" won't be producing cars, steel, or other manufactured goods; they will be shifted into the post-industrial electronic-related clerical and other service sectors.

The IBM scenario is still more explicit. James Martin, a leading member of IBM's think tank, the Systems Research Institute, constructed his scenario in his 1976 book, *Future Development in Telecommunications*.

In the early 1980s, says Martin, "the use of computers as a hobby has by now become widespread. . . . It is one of mankind's most captivating hobbies and there are a rapidly growing number of *computer bums*, who do little else. . . . Computing spreads like a drug to a large number of people [emphasis in original]."

"Major funding is applied to 'artificial intelligence' techniques . . . which produce 'intelligence,' industrial robots, human speech recognition, recognition of patterns in intelligence data. . . ."

"As transportation costs continue to increase video channels are increasingly regarded as a cost-saving mechanism rather than a luxury."

Industrial jobs are massively lost under this scenario as raw-materials and energy prices soar so that by the early 1990s people are working three-and-a-half day work-weeks. Printed newspapers cease to exist, "except for a minor intellectual press," and people get all their information from wall-sized screens that "provide a more 'hot' medium in McLuhan's sense of the word than the earlier small TV screens."

Government is replaced by continuous polls taken by two-way TV screens. Martin remarks that some critics "claim that such form of government would spell the end of the Western economic system."

The end point comes in the late 1990s, when pleasure domes with 360-degree screens can create complete surrogate experiences, "experimental use of drugs administered under electronic control" controls emotional reactions, and finally, molecular biology will be combined with electronic technology to produce—Martin stops at this point, explaining that older readers might find the molecular-electronic engineering prospects "dismaying."

The potential

Could AT&T and IBM and other Aquarian Age giants actually do something like this? They certainly intend to try; and the amended AT&T consent decree, along with the termination of the IBM suit, will give

them billions to finance it.

Since the consent decree can only be overridden by Congress, which clearly knows little or nothing of this matter, or by the military or executive branch, which are being immersed in the systems-analysis ideology engineered to make telecommunications Information Age dictatorship possible, at present the Aquarians see only a green light.

By the terms of the AT&T consent decree amendment of the 1956 decree, AT&T will keep 55 percent of its former revenues (retaining all its long lines, Bell Labs, and Yellow Pages, and the telephones in residences and businesses), while it dumps 65 percent of the operating expenses (the local wiring) and 90 percent of the half-trillion AT&T debt on the Bell operating companies.

Already the world's largest and richest company, AT&T received record rate increases in 1981, totaling \$4.2 billion, compared to \$1.9 billion in 1980.

And, as AT&T Chairman Charles Brown told Congress recently, "Free competition will gradually force us to raise our rates." Congress registered no surprise at

From Martin's scenario

An excerpt from James Martin's "future scenario" in his book Future Developments in Telecommunications (1976):

Public movie theaters have declined under the competition from the home entertainment media and now cater to two main markets. First, they show movies with a degree of sex and obscenity not permitted on the home media and catering to a market too poor to afford the wall screens. Second, other theaters show spectacular movies on screens occupying 180° or 360° of the field of vision; these screens can create an impact greater than the home wall screens. . . .

There is experimental use of drugs administered under electronic control in conjunction with entertainment media, largely to heighten and "edit" emotional reaction.

It seems clear to many authorities that the staggering advances in molecular biology are going to merge with the electronic technology. This prospect is dismaying to many older people [those who read this book in the 1970s], but strangely enough, a new generation of students is emerging that appears to welcome it.

this quixotic statement. In addition, AT&T can count in its calculations IBM's cash reserves, which are about two-thirds of AT&T's, because IBM is being de facto merged with AT&T.

The cash situation of AT&T is further bolstered by its federal tax subsidy under the 1969 "Bell Bill," and will get \$3.0 billion as a direct subsidy if HR 1524 passes Congress this year.

In 1975, AT&T paid \$129 million in taxes on \$3.1 billion in income—a 4 percent tax rate for that year. If AT&T takes depreciation tax credits by writing down equipment at \$10 billion in book value to \$4 billion they may not pay taxes for years.

In addition, AT&T has \$35 billion in its pension fund account and an extraordinary capability to raise cash on the stock, bond, and commercial paper markets.

What are AT&T's resources for pursuing its Orwellian goals? Possibly as much as \$50 billion deployable over the next two or three years, with an annual deployable cash flow of roughly \$5 billion. There is probably as much as one hundred billion dollars available to capitalize the "Information Age."

The government cases against AT&T and IBM, pursued for 7 years and 13 years respectively, were intended all along to have been dismissed as they were on Jan. 12.

The "free competition" cover for the Jan. 12 decrees was devised by one of the most interesting commissions ever put together: the 1975 American Bar Association's Commission on Law and the Economy. That body was assembled by Lawrence E. Walsh of the Morgan Bank-connected law firm, Davis, Polk, and Wardell, and chaired by Dulles family intimate and former High Commissioner in occupied Germany, John J. McCloy; its members include Billygate coverup man Lloyd Cutler, F. Mark Garlinghouse, AT&T's general counsel and a director of United Brands. The Commission declared:

In lieu of governmental intervention in the economy, reliance should be placed when feasible upon the competitive market. . . . Where government intervention is required, consideration should be given to disclosure or to incentive-based classical command and control modes.

On the government side, William Francis Baxter, the Assistant Secretary of Justice who engineered the AT&T-IBM "merger," is a fellow at the Stanford University Center for Advanced Study and Behavior Sciences, the think tank where the Aquarian Age was spawned. Baxter served to implement Aquarianism as a member of the 1968-69 White House Task Force on Communications Policy and the 1969 White House Task Force on Anti-Trust Policy. Baxter later served on the Federal Reserve Board.

West Germans' exports flank in Mideast trade

by Thierry Lalevee, Wiesbaden Bureau Chief

Recent reports published in the international press, according to which "German business" was going big again in Iran, have proven utterly false after a few investigations. Indeed, West German trade with Iran in the last 11 months of 1981 increased by 40 percent compared to 1980. But those who use this figure to stress a definitive sign of political support from Bonn to the fanatical mullahs, conveniently forget to point out that trade in 1980 was at a standstill, close to nihil, due to the international sanctions applied against Iran following the taking of the American hostages. Hence, a 48 percent trade increase represents only a minor adjustment of still ongoing contracts, bringing German-Iranian trade relations nowhere near its peak from the mid-1970s until the overthrow of the regime of the Shah in 1979.

What these reports of a German-Iranian connection, however, do indicate, is an ongoing factional fight inside Germany on what should be Germany's Middle East policy. As reported earlier in *EIR*, the heads of the Foreign Ministry and of the Interior Ministry, the FDP's Hans-Dietrich Genscher and Gerhard Baum, respectively, have been doing their best over the last months to redevelop a Bonn-Teheran connection, implying political support for the Mullahs. Iran's new secret service, the Savama, signed last autumn an agreement of cooperation with Baum's ministry which is endangering the lives of many inside the huge anti-Khomeini Iranian community based in West Germany—the second largest after the United States, according to Iranian sources. But Baum and Genscher's Iran connection stems from a political commitment which is coherent with the fact that the FDP adopted last June as party policy the genocidal "Global 2000" program.

The Iraqi connection

German business and economic circles see it otherwise, and economic realities have it that Iraq emerged in 1981 as Germany's number-one export partner in the Middle East, even ahead of the huge Saudi market. This includes numerous deals, worth billions of dollars, and Iraq is expected to continue to top Saudi Arabia in the

to Iraq: key expansion drive

years to come.

German trade with Iran at this point mostly concerns foodstuffs, some equipment, and primarily trucks that the Iranians hurry to the front in violation of the contracts signed with their German partners.

German exports to Iraq, though including trucks exported from the Mercedes-Benz/Saudi joint venture based in the Kingdom (also including an ongoing deal with an Iraqi-based German truck factory), includes all the necessities which could make Iraq the most advanced country in the Middle East in a few years.

Contrary to the proponents of Global 2000, who see in Iran the genocidal "model" for the Third World, German business circles consider Iraq as the market of the future, and are ready to invest all they can to develop the country. Good business, this also reflects a commitment to the development of the Third World which, if controversial in Germany, has the backing of West German Chancellor Schmidt. Consequently, Graf Lambsdorff of the Economics Ministry, another FDP leader, had to bow to pressure. His ministry is presently fully engaged in mapping out Iraq's investment program and a recent campaign by the German Zionist lobby, led by the Axel Springer press in favor of withdrawing the Hermes export guarantee in trade with Iraq, has found no significant echo.

Regional investment policy

This commitment to Iraq is the result of a broader development and investment approach which considers Iraq, Egypt, and Saudi Arabia as the pillars of any regional policy. In rejection of the "Iran model," it sees investments and economic development as the key to the stability of the region to pave the way for a broader peace settlement.

In that scheme Iraq is the favored country because, according to sources in Bonn, it is seen as a politically stable country, whose leadership is firmly established with popular support and a decisive commitment to development. "Not only does Iraq have the money coming from its oil revenues, but it has an important

population which is growing and is receiving more and more education, producing a lot of skilled labor, engineers, etc. It also has good agriculture and abundant supplies of sweet water," one Bonn source said, a political assessment which runs contrary to the various wishful scenarios spread in London and other capitals on "Saddam Hussein's coming fall" and "Iraq's ongoing disintegration."

In comparison, it is said, though Saudi Arabia has the money, and water is being produced there through desalinization, it has neither people nor agriculture. Egypt, which has people and the skilled labor that Saudi Arabia desperately lacks, hasn't enough money, and still has a problem with its agriculture. Nonetheless, though Egypt still plays a secondary role in Germany's Middle East export policy, it is hoped its share will soon grow, while Saudi Arabia will develop further.

For these reasons, high-technology agreements are being considered. During coming weeks, West Germany will conclude the first part of a nuclear-cooperation treaty signed last autumn with Egypt. A German delegation will go to Cairo, while further discussions will be held during President Mubarak's visit to Bonn at the beginning of February. Similar agreements with Iraq and Saudi Arabia are not immediately on the agenda. Iraq has still a running contract with France. Saudi Arabia so far, because of its lack of skilled manpower, is primarily concentrating on solar energy and appropriate technologies.

Should France renege on its commitment with Iraq, German firms will certainly be ready to fill the vacuum, though as in most of its contracts, German business circles have shown willingness to work in joint ventures with other OECD countries. In Iraq especially, German and Japanese firms are more often than not closely cooperating to develop the country, a cooperation which is appreciated both in Bonn and in Tokyo.

The Gulf war

Despite the Gulf war between Iran and Iraq, Iraq is still a blossoming market. Despite the war, Baghdad has done its best not to curtail the development perspectives outlined in previous years. Far from being seen as a "bonanza" by unscrupulous businessmen who might be interested in selling to both sides, Bonn views the war with "deep sorrow," according to officials who point out that the end of the war will open possibilities unthought of before in terms of developing the region. It is similarly understood that the overthrow of the Shah in 1979, as well as the outbreak of war, were unleashed precisely for the sake of preventing such possibilities from being concretized, and that hence a commitment to the stability and the economic development of Iraq—and not the playing of the "Iran card"—is the only way the end of that needless war can be hastened.

A proposal for the American West

It is necessary and possible to project energy development over the coming two decades. Nuclear is the key.

I am in the midst of preparing a detailed report on the deliberate attempt of certain policy circles, best exemplified by Robert O. Anderson of the Aspen Institute and the ARCO oil and coal conglomerate, to insure that the vast potential of the American West remains undeveloped and underpopulated.

To measure the enormity of their sabotage, we need to compare it with the actual potential for a real nuclear-based energy infrastructure in the 17-state region west of the Mississippi.

The following summary has been developed to complement the national water policy outlined in the North American Water and Power Alliance (NAWAPA).

First, it is crucial to realize how enormously underpopulated the region is. Consider West Germany today, one of the world's most advanced industrial nations, which presently supports some 62 million people. Oregon, with the same land area, supports barely 2 million.

For medium-range economic planning consideration, we must make certain actually modest estimates of what our population growth for the entire region will look like, let us say, at the end of 20 years—2002. Using the recent California growth of 24 percent over one decade, we project slightly more than a 2 percent annual net increase for the 17 states. There are 85 million Westerners today; by 2002, at that rate of growth, the

population would reach about 131 million.

Next, we must plan for per capita electricity growth over the period, historically the crucial leading index of accelerated industrial and technological growth. Because the overall U.S. economy has been in actual economic decline since at least the 1973-74 "oil shock," we took a relatively healthy decade of industrial growth for our metric, the 1957-1966 period. Using this growth rate, we will need to increase total electric capacity for the entire region by 280 percent over the 20-year period.

We now have a basis for making some policy determinations. We will need to increase our per capita electric capacity from the present 2.75 kilowatts to some 7.7 kw per person for the region by 2002. To support our projected population of 131 million, this means that the 17-state region will need some 1008 gigawatts of electric capacity (GWe) by the early years of the century. In 1980, the United States had 613 gigawatts nationally, 246 in our region.

If we assume that NAWAPA hydroelectric capacities of an estimated net 40 GWe will be available by this point, we then have an approximate 720 GWe deficit. This is the approximate equivalent of about 700 of today's average nuclear unit. If we produce the entire deficit from nuclear power, in addition to the immediate revival of the

depressed uranium industry which is based along the New Mexico-Colorado spine, the quality of new employment created would be extraordinary.

Using current industry experience, building each 1-gigawatt nuclear unit directly creates 4,000 high-skilled construction jobs for pipefitters, machinists, engineers and so forth. Because of plant quality requirements, the jobs are at the most advanced skill levels. In addition, some 4,000 additional jobs are an indirect result of one such plant. Over our 20-year target period, thus, a 720 GWe nuclear construction program for the West could create positions for some 5,760,000 such highly qualified workers in the 17-state region.

EIR has also looked at projections over the relative near-term to 1990, some eight years hence. Working back from our 20-year goal, we will have had a 19 percent population increase and will have a 175 GWe capacity shortfall.

Assuming nuclear licensing reform and plant standardization to bring us down from the present absurd 12-14 year completion time into line with the 5-6 year averages in France, we then can conservatively aim to construct some 90 GWe of our shortfall from nuclear by 1990. This means that as a medium-range transition, we will want to supplement this nuclear with the abundant coal and hydrocarbon resources of the region, such as in the coal-rich Powder River Basin in Wyoming and Montana.

If we achieve this intermediate goal, we will then be well-positioned to tackle the more ambitious, but clearly realizable target of our 2002 period goal. It is an exciting prospect.

World Trade

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$1 mn.	South Bronx, U.S.A. from Saudi Arabia	A plant to cut up 20,000 tpy chicken in the South Bronx Free Enterprise Zone is being financed by Saudi billionaire prince Muhammad al-Faisal. The chicken business will be kept strictly under dietary law by its operators, Islamic Center of Philadelphia. The prince became famous for his proposal to irrigate Saudi deserts with 100-million-ton icebergs towed from Antarctica. Enterprise zones are Hong Kong-type urban enclaves which give tax gifts and exemption from regulation to marginal employers. The prince owns the \$1 bn. Islamic Investment Co. in Geneva, which, he claims, will now engage in \$500 mn. worth of ventures in the U.S.	The prince evidently agrees with "planned shrinkage" urban specialist Roger Starr of the <i>New York Times</i> , who in a 1980 interview full of racist slurs proposed just such an enterprise, citing Puerto Ricans' affinity for knives.
	France from U.S.S.R.	Gaz de France signed contract to buy 8 bn. cu. meters/yr. of natural gas during 25 years from the Soviets. The gas will be delivered through the Siberia-Western Europe pipeline. France joined with West Germany in firmly committing itself to the pipeline, even after the Poland crisis and over strenuous U.S. objections. That means that Italy, which had hesitated, and most of the rest of Western Europe, will undoubtedly go along. Spain, which had not been part of the original deal, has since approached the Soviets seeking contract for supply of at least 2 bn. cu. meters/yr.	The pipeline will begin delivering 15 bn. cu. m. of gas to Western Europe in 1984, increasing to 40 bn. in 1987. Total cost estimated at \$15 bn. Europe will finance the \$10 bn. in contracts for steel pipe, pumping stations, etc. given to its industries.
\$260 mn.	Soviet Union from West Germany	Hoechst signed contract to build 24,000 tpy polyester filament plant in Mogilev, 300 miles west of Moscow. Hoechst's Uhde subsidiary has already built 3 such plants in Mogilev and 2 elsewhere in the U.S.S.R.	Payment will partly be in compensation trade, but not in polyester, since deal prohibits its export to the West.
\$800,000	U.S.A. from India	Precision Rubber Industries Private Ltd. is about to open a production facility in North Carolina as a joint venture with H. Beveridge and Co. The plant will manufacture rubber coats and aprons and parts for textile machinery. This is the first Indian joint venture in the U.S. using Indian know-how, plant, and equipment.	Technology transfer can go both ways.
	India from U.S.A.	Mercury Marine has licensed Escorts Ltd. of Delhi to make 10,000 outboard motors per year in India. The 7.5 to 15 hp. motors will run on either gasoline or kerosene and be used to mechanize India's fishing fleet, now mostly sail-propelled.	Mercury Marine will buy back some outboards for sale in third countries.
	Argentina from Japan	Fujitec will refit one of Buenos Aires' many closed factories to manufacture 2,000 elevators per year for South American market.	Fujitec also setting up plants in U.S.A.
\$220 mn.	Saudi Arabia from Italy	Belleli, S.p.A. won contract for modules of machinery for installations at the Yanbu petrochemical complex being built by Bechtel for Saudi Basic Industries and Mobil Oil. Modules are plants pre-assembled in the exporting country.	Japanese shipbuilders claim devaluation of lira outweighed superior Japanese technology.
\$60 mn.	Libya from West Germany	Krupp group is building 30,000 cu. m./day drinking water desalination plant at Ajdabia, Libya. Contract includes all equipment and construction, and related infrastructure. Plant will cycle sea water three times through multi-flash evaporation process.	Will have own 15 megawatt heavy-oil steam electrical generation system, of which 9 will be used for desalination. *

Business Briefs

Banking

Ambrosiano casts shadow on Switzerland

Ongoing investigations by Italian authorities into the problem of illegal flight capital transactions estimated at \$20 billion annually are making available a vast wealth of information about the shadier sides of banking in Italy's neighbor Switzerland.

According to Lionello Torti, an official of Italy's Banco Ambrosiano who is currently on trial, every bank in Switzerland has participated in holding, transferring, and laundering money illegally funneled out, and back in, to Italy.

Torti is the chairman of Ambrosiano's Lugano, Switzerland, subsidiary, called Banco del Gottardo. Last year, the chairman of Ambrosiano in Milan, Roberto Calvi, was imprisoned briefly after it was learned that he was heavily involved in exiting capital from Italy in behalf of the members of a secret masonic lodge, Propaganda-2. It has been illegal to take capital out of Italy since 1976.

Swiss banks are watching the current hearings closely, waiting to see what kind of information may be made public.

On Jan. 27, Switzerland's leading financial daily, the *Neue Zürcher Zeitung*, reported at length on the Ambrosiano case, noting that a fight is currently underway at the bank between its directors. Some months ago, the chairman of Olivetti corporation, Carlo de Benedetti, purchased a two percent holding in Ambrosiano and was admitted as a director. Now he is threatening to dump his shares, after learning that Calvi was keeping secret many aspects of the bank's financial activities.

At the same time, one of Italy's wealthiest financiers, Orazio Bagnasco, has just bought a 2 percent holding in Ambrosiano—and is expected, if necessary, to replace de Benedetti on the board. Bagnasco is attracting widespread attention after this move in the Italian press.

*A secretive individual who has shunned press attention for years, Bag-

nasco, it is now being revealed, has constructed a vast financial empire on the Italian remains of the former Investors Overseas Services (IOS) mutual funds empire of Bernie Cornfeld, which went bankrupt in 1974. Bagnasco's financial holding company was built by hiring IOS's entire Italian sales staff after IOS went under.

Econometrics

Wharton model programs genocide for Mexico

A new econometric model developed by Nobel Laureate Dr. Lawrence Klein of the Wharton School at the University of Pennsylvania is meant to force the Mexican government into policies of population restriction, Klein told a reporter.

For years, Mexican private companies have been brainwashed with Wharton Econometrics' DieMex model, which uses linear systems analysis to predict what will happen to the Mexican economy based on past data. DieMex has insistently concluded that if Mexico's economy keeps growing at high rates, there will be hyperinflation, "maldistribution" of income, and this will lead to "social unrest as it did in Iran," Klein stated. The model created an environment in which private companies made decisions.

Now Klein has designed a new "Optimal Control" model, a policy-making model which will actually make policy choices for the Mexican government, and which when linked to the DieMex model, is supposed to run Mexican national economic policy. Klein will present the Mexican government with "critical choices," between what Wharton defines as economic "possibilities": economic growth and high inflation, or economic slowdown and lower inflation.

The new model is thus designed to force Mexico to choose zero growth and population reduction. "The Mexicans will have to tell us how intensely they feel they want to grow," Klein said, "and how badly they want to avoid inflation.

But it's a trade-off. . . . My guess is they will decide not to go hell-for-broke for growth."

Klein added that now, for the first time, the Mexican government can be forced to choose how much population growth they can afford. "We'd try to suggest to the authorities ways of achieving population limitation," he stated.

Klein claims he has already recruited several economic advisers to incoming Mexican President Miguel de la Madrid to use this model, and that they will be coming to Wharton for training within the next months.

Investment Counseling

A Ruff time for some forecasters

As *Executive Intelligence Review* documented in its last issue, the predictions of professional forecasters were wrong for the last two and one half years.

Now columnist Dan Dorfman has documented that the records of the various investment newsletters are equally dismal. For example, Harry Schultz, who puts out an international newsletter, predicted that the Dow Jones industrial average would rise 300 points to 1200. That didn't happen. The Dow closed the year below 900. Jim Dines, a gold bug newsletter writer, recommended the purchase of gold on the grounds it would rise, even as the price tumbled from \$600 to \$400 during the course of 1981.

But perhaps the biggest loser was Howard Ruff, an intelligence stringer and darling of the "new right," who has recently taken to making country and western songs. Ruff told his 148,000 subscribers to his newsletter, *Ruff Times*, in January 1981 that, "the greatest surprise of '81 may be a shockingly small federal deficit." The actual deficit of \$57.9 billion was, of course, one of the largest in U.S. history.

In the past, Ruff has attacked *EIR* in his newsletter, for among other things, being distributed by "pro-nuclear zeal-

ots." Mr. Ruff may have a second motive in attacking *EIR*: its accuracy in prediction.

Trade

Sen. Danforth pushes U.S. protectionism

"I can't foresee any concessions by Japan, including the announced lifting of some of their non-tariff barriers, that will be sufficient to prevent John Danforth [R-Mo.] from introducing his 'reciprocity bill' this spring," a congressional source close to the senator told *EIR*.

Senator Danforth's staff is presently drafting a bill that will allow Washington to restrict Japanese exports if U.S. agencies decide that Japan denies American firms the same kind of access to the Japanese market that Japan enjoys in the United States. For example, if it is determined that Japanese "unfair" non-tariff barriers deny U.S. tobacco and cigarette concerns \$2 billion worth of business (a figure commonly used), then the bill would allow the United States to exclude Japanese products in *other* commodities of equal importance.

The Senator and the administration insist that the major reason for the \$18 billion U.S. trade deficit with Japan this year is that Japan does not allow foreigners the same ability to sell in Japan that Japan enjoys for its exports to the U.S. or Europe. Tokyo insists that the real culprit is the currency havoc caused by high U.S. interest rates.

Nonetheless, on Jan. 28 Japan announced it will remove 67 of the 99 "non-tariff barriers" about which Washington has complained and will consider removing most of the rest. For example, Japan will now accept international inspection standards rather than retesting imports in Japan.

Congressional sources insist this is not sufficient and that "fundamental structural shifts" in Japan's economic systems are needed to remove what they call an anti-import bias. Therefore, by

March or April, Senator Danforth will introduce his bill to allow retaliatory measures.

Agriculture

Block promises FmHA will be lenient

The Farmers Home Administration (FmHA) will make a special effort to assist farmers during the current "cloudy time," Agriculture Secretary John Block told the press on January 20.

Appearing with Assistant Secretary for Rural Development Frank Naylor and representatives of the American Bankers Association, the Independent Bankers Association of America and the Farm Credit Administration, Secretary Block acknowledged that the farm economy is now under stress, particularly in certain areas, but insisted that it is not on the verge of collapse as many farm spokesmen and other have warned recently.

This unusually high-powered display was prompted not only by the documented crisis in American agriculture, but by the fact that producers have moved to openly challenge FmHA's crackdown on delinquent borrowers and its stringent new lending policy.

The Rocky Mountain Farmers Union has called for a one-year moratorium on FmHA farm foreclosures, and has indicated that their sister organizations in North and South Dakota and Iowa will follow suit. Rep. Byron Dorgan has announced that he will introduce legislation to put the moratorium into effect.

These are the latest developments in a campaign launched months ago by the American Agriculture Movement when producers reported that FmHA bureaucrats systematically failed to inform borrowers of their right to a moratorium under existing law. The campaign widened and took on new urgency as reports of a rash of foreclosures and threatened foreclosures surfaced.

Briefly

● **WEST GERMAN** imports of crude oil dropped by 18.7 percent in 1981 to 79.6 million tons, the lowest level since 1967 because of weakness of the world economy, and energy conservation in Germany. Nonetheless, the increase in the price of crude oil sent the German oil import bill up to \$21.4 billion, a 10 percent increase over the 1980 level.

● **NASA** has changed its plans for the launch of its Galileo mission to Jupiter. Instead of spending the \$100 million needed next year to modify the Centaur rocket to launch Galileo from the Space Shuttle, NASA will use an Air Force rocket. This Inertial Upper Stage rocket could launch Galileo to Jupiter, but it will take 30 months more to get there and the total program cost will be \$170 million more than with the modified Centaur.

● **JANET NORWOOD**, Commissioner of the Bureau of Labor Statistics, has projected cutbacks in its statistical programs and publications based on the 16% reduction in outlays for the agency mandated by the fiscal 1982 budget. Norwood said the cuts would mean elimination of BIS series on real spendable earnings, labor turnover, and family budgets, while reducing statistics on work stoppages, occupational wage surveys, bargaining settlements, and developmental work on the Producer Price Index.

● **CHARTER OIL** Company, the Jacksonville, Florida, firm that figured prominently in the Libyan-Billygate connection 18 months ago, has closed the *Philadelphia Bulletin*, the city's 134-year-old afternoon newspaper. The *Bulletin* ran a \$22 million loss in 1981 plus \$3 million in January. Industry analysts believe Charter bought the *Bulletin* to use the tax write-offs associated with the paper's losses and final demise.

Will the U.S. join Italy's war against Dope, Incorporated?

by Nora Hamerman, Editor

Panic is spreading through certain circles in Washington and the U.S. media following the spectacular rescue of NATO General James Lee Dozier from his Red Brigades kidnapers on the morning of Jan. 28 in Padua, Italy. No matter how much the *New York Times* may try to portray the bloodless raid that freed the American officer as an inexplicable demonstration of brilliant police work by the Italians, with no broader implications for the future of terrorism, the fact is that the *methods* which saved Dozier's life threatens to bring down the entire international structure that has deployed the Red Brigades and other terrorists for over a decade.

The high-ranking protectors of the international illegal drug traffic that thrives on war in Lebanon and instability in Italy have been exposed, right up to the level of corrupt elements in the U.S. Justice Department and Federal Bureau of Investigation. U.S. Secretary of State Alexander Haig has some very embarrassing questions to answer, as does former Attorney General Benjamin Civiletti.

The myriad of "sociologists" and "criminologists" who peddle the sociological origins of the terrorist phenomenon, along with such liars as Claire Sterling and Robert Moss, who have covered up for the collaboration between the Soviet KGB and the Israeli Mossad foreign-intelligence service, have not only seen their expert credentials ripped up by the events of recent days, but many of them may soon find themselves in the dock like their Italian "white-collar" counterpart Prof. Giovanni Senzani, answering for their complicity in the phenomenon they pretended to explain.

What actually occurred in Italy is simple and well-documented—although no one should expect the facts to appear in the major U.S. news media. A new nationalist force has come into being around the battle against terrorism, and it is applying the method that was introduced into Italy by *EIR* founder Lyndon H. LaRouche, Jr., during and after the 1978 kidnaping and assassination of Christian Democratic party president Aldo Moro by the Red Brigades. Starting four years ago, LaRouche's collaborators in the leadership of the European Labor Party (POE) of Italy issued a series of



Italian counterterror specialists reconstruct a kidnaping.

dossiers, beginning with *Who Killed Aldo Moro*. The dossiers demonstrated that terrorism and the illegal drug trade are one and the same; that they have an international command center tracing back to the European oligarchy as directed by the British Crown; that the major Italian political protectors of this conspiracy are in the Italian Socialist Party; and that the motive for terrorism is to destroy sovereign republican government, in Italy and elsewhere. The dossiers also pinpointed the key role of the Israeli Mossad in the Moro tragedy.

The Haig connection

This method has brought together forces that Italy's enemies calculated could never work together. Most importantly, the Vatican and the Italian Communist Party, which are apparently unlikely partners but represent the largest mass organizations in Italy, have openly joined forces to rout the drug and terrorism apparatus including tainted elements in their own ranks.

Bettino Craxi, the Socialist Party head whose political ambitions have been promoted by Haig, is more likely to end up in jail than in the prime minister's chair he covets. Craxi's scheme to oust Saudi Arabia as the closest Arab ally of Italy in favor of a special relationship with Libya has foundered, and Italy, under the now-stable government of Giovanni Spadolini, is in a unique position to mediate peace negotiations between those Israelis and Arabs who are fed up with seeing their countries overrun by organized crime in its various "political" and "religious" guises.

In the United States, the events in Italy have a special

significance for the resistance to the creation of a fascist police state, which has come together in the defense of Abscammed Senator Harrison Williams. The daily revelations from Italy show that key figures involved in the Justice Department-Federal Bureau of Investigation frameup of Senator Williams are linked to the very same Dope, Inc.-terrorist conspiracy being routed in Italy. "Billygate" is on the agenda again.

It was, as we shall see, by cracking down on Billy Carter's friends in the Sicilian Mafia, the purveyors of Qaddafi Thought and heroin, that Italy tightened the noose around Dozier's captors. The relationship between these "Billygate"-tainted networks and the entire Abscam apparatus is so intimate that some wags have suggested the "sheikh" costumes used to try to entrap targeted Congressmen and Senators into accepting bribes from FBI agents masquerading as rich Arabs might have been borrowed from Libya as part of Billy Carter's oily deals.

Not only did former Attorney General Benjamin Civiletti *personally* oversee the coverup of the First Brother's influence-peddling for Libya, but Michele Papa, the Sicilian Socialist and mafioso who brokered Billy's 1979 trip to Libya, recently pronounced himself a "good friend" of Abscam Prosecutor Thomas Puccio.

The star witness in the Abscam frameup of Sen. Harrison Williams, convicted confidence-man Mel Weinberg, acknowledged in his biography that he had been involved in financing the Red Brigades—in an anecdote that can only be a tiny part of the real, as yet unrevealed story of international organized crime's infiltration of the U.S. Justice Department (see box).

The first big signal that the gloves were off came on Jan. 9 when Italian police captured Giovanni Senzani, a former professor of criminology in Florence and a fugitive from justice since he was indicted last year for the Aldo Moro kidnapping and murder of 1978. Senzani was well connected into the top ranks of the Italian Socialist Party, having long been associated with the current Italian Minister of Defense, Lelio Lagorio, who is considered to be the highest-placed friend of the Israeli Mossad in the Italian government. He also had many friends among U.S. "radical criminology" circles, having been a co-founder of the Euro-group for the Study of Deviance and Social Control, founded in Florence in 1973, which was the direct outgrowth of an early 1970s School of Criminology project at the University of California in Berkeley.

How Italy closed in

Senzani was picked up in raids against covens of the Red Brigades in the Rome area, shelters that included an impressive cache of heavy weaponry. Rome prosecutor Ferdinando Imposimato, who directed the raids, revealed that these weapons were to be used to kill the entire 80 person leadership of the Christian Democratic Party, Italy's biggest party, at its Jan. 22 National Council meeting.

The Senzani arrest sent tremors through the international terrorism support structure, especially when, on Jan. 17, Imposimato delivered a statement to the press charging that the Israeli Mossad, which had generally been portrayed as helping NATO countries against terrorism, was in fact abetting the Red Brigades, in company with Israel's putative enemies in the Soviet KGB and Libya's Qaddafi.

But the real bombshell of the Imposimato statement was his identification of the *motives* of the Mossad. The Israeli government, he charged, wanted to see Italy thrown into chaos in order to then present Israel as the only reliable U.S. partner in the Mediterranean. Meanwhile, Italian Prime Minister Giovanni Spadolini was warning that the kidnapping of General Dozier was intended to drive a wedge between the United States and its NATO allies in Europe. The outlines of a monstrous conspiracy to sweep the Mediterranean area with unrest and sabotage any potential for a Middle East peace settlement began to emerge clearly into view.

War on the Mafia

Meanwhile, in Sicily, another piece of this conspiracy was chopped off. In early December, the Sicilian Bishops' conference declared a "Day of War Against the Mafia." On Dec. 11, Pope John Paul II gave a speech endorsing the initiative (see box), calling on all Italians and Sicilians in particular to reject and outlaw the degraded conception of man embodied in the Mafia, and join with the State in combating it. It was not a

symbolic gesture; the signal had been given that the Vatican would in no way protect Mafia Kingpin Michele Sindona and his associates, even though Sindona had powerful connections in the U.S. government and had, at one time, been involved in handling Vatican investments abroad. On Jan. 24 Palermo's Cardinal Pappalardo reiterated that the Church is launching a "crusade against the Mafia."

Cardinal Pappalardo's statement came soon after Italian Prime Minister Spadolini had called a meeting of his national security council, composed of members of the cabinet and representatives of the various police forces and secret services.

The security council prepared a six-point plan to fight against organized crime, including, for the first time in Italian postwar history, the use of the army in special anti-terror and anti-Mafia operations. The national task force would also investigate particularly the banking side of the drug mafia, putting under severe scrutiny the firms and suspected export/import companies.

"Terrorism has numerous points of contact with the world of organized crime," said Spadolini, "like the Sicilian Mafia and the Neapolitan Camorra. We cannot underestimate the operational links existing among these criminal organizations, starting with the international traffic of weapons, done by the Mafia and used by the terrorists. . . . The state is threatened. Organized crime and terrorism are two interlinked aspects of the threat against our democratic institutions. The state must fight back with intransigent firmness."

And it did. On Jan. 25, Palermo, Sicily prosecutor Giovanni Falcone, proclaiming that there were no more "untouchables," handed down 75 criminal indictments against a heroin ring operating out of Sicily. Among the indicted was financier Michele Sindona, now serving a jail sentence in New York for stock fraud in connection with the bankruptcy of his Franklin National Bank in 1974. The 75 indicted criminals, according to Falcone, were trafficking in heroin to the United States to the tune of \$600 million, out of an estimated \$25 billion in illegal drugs that are processed, refined and smuggled out of Sicily each year.

Michele Sindona is an interesting individual. In 1979 he jumped bail and fled to Sicily during his trial for the Franklin National case, having arranged his own "kidnapping." The key conspirators in effecting Sindona's flight from the posh Pierre hotel in New York were Rosario and John Gambino, members of the "Gambino Family," which New York law enforcement sources have characterized as the most powerful organized crime syndicate in the United States. In Sicily, Sindona's flight was aided by Dr. Joseph Miceli-Crimi, later indicted for heroin running, and an aide to Licio Gelli—the Grand Master of the outlawed Propaganda Two Freemasonic lodge that was exposed last May in Italy.

In 1980, operatives of the Gambino syndicate in Brooklyn, N.Y. and Cherry Hill and Delran, N.J. were arrested for transporting millions of dollars of over 90 percent pure heroin from Sicily. Among those arrested were Rosario and Giuseppe Gambino.

The chief of Italy's heroin trade was—until his death last August near Palermo, in a “mob rubout”—Gaetano Badalamenti, an intimate of Dr. Miceli-Crimi, Francis Turatello, and Gerlando Alberti. After Francis Turatello, the mafia drug boss of Milan, was murdered in prison last August, the Italian press revealed that Turatello's “political guardian angel” was Bettino Craxi, the head of the Italian Socialist Party. Turatello's gangsters were often “lent” to the Red Brigades.

The third drug kingpin in Italy is the now jailed Gerlando Alberti. Alberti was arrested in August 1980 in a raid on the biggest heroin refinery in Western Europe, Ceresto Castle near Turin. Last month, Judge Caselli of Turin revealed that his investigation into the Alberti Mafia family produced overwhelming confirmation of the Mafia's interconnections with the Red Brigades. According to Judge Caselli, the Mafia has signed a deal with the terrorists, whereby the Mafia supplies weapons, money, safehouses, and men in exchange for political favors. The Red Brigaders even opened contact with “friendly” governments in the Mediterranean as new markets for the Mafia's weapons and dope smuggling.

On Jan. 28, Italian police rounded up 40 members of a heroin ring operating in Verona, the NATO base city where Dozier had been kidnapped on Dec. 17. The ring, a branch of the Calabrian ‘Ndrangheta’ (Mafia), was a textbook example of terrorist/organized crime collaboration. Socialist Party boss Giacomo Mancini runs the ‘Ndrangheta in his native Calabria, in southern Italy; his son-in-law, Paolo Lapponi, heads a terrorist band called Communist Combat Units which carries out kidnappings and other crimes with the ‘Ndrangheta and splits the proceeds 50-50. Raggio, the leader of the Verona heroin band, was a member of the Communist Combat Units *and* the Socialist Party.

Meanwhile, the indictment of Sindona has raised painful questions for U.S. Secretary of State Alexander Haig. The questions center on Haig's relationship to the Propaganda-2 Freemasonic lodge of Licio Gelli, which, as this publication has previously documented, was behind every assassination, coup attempt, and drug running and kidnapping operation of importance that has occurred in Italy over the past ten years.

Not only has Haig's aide Michael Ledeen been charged by the Italian press and magistracy (see below) with having possibly received money from P-2 in return for promoting the ambitions of Bettino Craxi. But Haig himself, whose name appeared on one of the dossiers seized in Licio Gelli's villa last spring, was named by Michele Sindona as someone who could corroborate his

The Abscammers' ties to the Red Brigades

The anti-terrorist circles in Italy who on Jan. 24 rescued General Dozier from the hands of the heroin trafficking Red Brigades, have linked U.S. Eastern District Organized Crime Strike Force head Thomas Puccio to the Palermo drug mafia through the person of Michele Papa. Papa was the central figure in the Billygate affair and a bridge between the Libyan government of Muammar Qaddafi, the Palermo-reconstituted “French Connection” heroin mob, and “left” and “right” terrorists in Italy including the Red Brigades.

The bridge between Strike Force prosecutor Thomas Puccio and the Sicilian heroin mafia was further confirmed Jan. 25 by an Italy-based investigator for the National Democratic Policy Committee. The investigator contacted Michele Papa and was

overtly solicited by Papa to deliver a personal package to his “good friend” in Brooklyn, New York—Thomas Puccio.

Moreover, another part of the Justice Department's Abscam apparatus, Melvin Weinberg, is a self-admitted financier of the Red Brigades. In Robert Greene's book on Weinberg, *The Sting Man*, the DoJ's chief Abscam informant admits that shortly before Italian Prime Minister Aldo Moro was murdered by the Red Brigades, he, Weinberg, was supplying the fundraisers of the Red Brigades with blank certificates of deposit from offshore banks, which the terrorists were using to raise money for their activities.

“Sting man” Weinberg in an earlier period ran a global scam operation for organized crime kingpin Meyer Lansky's “London Investors”—an international network which trafficked in phony certificates of deposit which were used to finance the same Red Brigades networks.

David Rockefeller's Chase Manhattan bank also enters the picture as it was Chase Manhattan that housed the fraudulent accounts of Abscam's Abdul Enterprises.

claim that he had traveled to Palermo in 1979 under orders of the CIA to raise money for a "Sicilian separatist" coup.

On June 17, 1980, FBI Special Agent Louis J. Vizi signed an affidavit detailing a lengthy interview he had held that day with Sindona, shortly after the Sicilian financier returned from his escape. Sindona had asserted that the coup plot aimed at preventing a communist takeover of Sicily and was being directed by "revolutionary Freemasons." In January 1981, five months before the public exposure of P-2 in Italy, Licio Gelli visited Sindona in his New York jail cell.

In his defense for the Franklin National fraud case, Sindona attempted to subpoena former CIA Director Stansfield Turner and Haig to verify this story. On Jan. 27, 1982 magistrates in Palermo confirmed that they have detailed proof that Sindona was indeed in Palermo to raise money for a coup.

If one thread from the Propaganda Two scandal leads to Alexander Haig, another leads into the Civiletti Justice Department which covered up "Billygate."

Billy Carter's trip to Italy was organized by a lawyer from Catania, Sicily, Socialist Party member Michele Papa. Papa, tied closely to the drug mafia, such as the Badalamenti clan, has repeatedly declared his purpose to be to annex Sicily to Libya. Whether this fits in with Sindona's "CIA coup plan" is not known. But Papa has been tape-recorded several times offering to send terrorists trained by him to Libya to fight alongside Qaddafi.

Italian authorities have determined that Qaddafi is the main weapons supplier to both the "left" and "right" varieties of terrorism. Although the Western media have portrayed Qaddafi as a fanatical communist and virtual puppet of the Soviet Union, he was trained from at least the late 1960s in preparation for seizure of power in Libya in 1969, by Propaganda-2 Grand Master Licio Gelli and Gelli's right-hand man, José López Rega. Gelli, a monarchist and former torturer in Mussolini's secret police, is hardly a "leftist."

Europeo reveals Haig aide's complicity with P-2

From the Italian weekly magazine Europeo, Jan. 18, 1982:

In Italy the name of Michael Ledeen is not unknown. Staff member at Georgetown University, Undersecretary

of State for European Affairs, traveling to Rome at least five or six times per year, Ledeen not only has top level contacts with the American community with Republican sympathies in Rome, such as Robert Cunningham—rich editor of the English language daily *Daily News*—but also within Italian politics. He is also one of the staunchest supporters, within the entourage of the White House, of Bettino Craxi [Italian Socialist Party general secretary].

Ledeen's relations with the Socialists did not begin yesterday. It was Ledeen who received Claudio Martelli in the U.S. when the deputy-secretary of the PSI attended Reagan's inauguration. Ledeen has also maintained good relations with the PSI through the mediation of Francesco Pazienza, to the point where he [Ledeen] became the leading backer within the administration of a possible Craxi prime ministership. The same position is held by the former U.S. Ambassador to Rome, Richard Gardner and, but with much less enthusiasm particularly in the more recent period, by Secretary of State Alexander Haig.

This sympathy for the Socialists is not shared by the [current] American Ambassador to Rome, Maxwell Raab, who instead over the past days has sent worried messages to Washington and the advice to be cautious because, in his judgment, the PSI now finds itself in trouble and it is not certain that it will emerge clean from the polemics around the clamorous return to the offensive on the part of Licio Gelli.

The situation is not very different for Ledeen. He too has some thoughts which disturb his dreams. His good friend, Francesco Pazienza, flew to the U.S. over the past few days to comfort him.

The investigation initiated by General Nino Lugaresi, director of the Sismi [the military counterespionage agency] on the administrative management of his predecessor Santovito [who was involved in the Propaganda-2 scandal], has led to an American line of inquiry which may lead to the explosion of a new scandal inside Ronald Reagan's staff.

While investigating the river of money spent by Santovito during the years in which he headed the Sismi, Lugaresi discovered the existence of an interesting bank account outside the country, probably in Switzerland. From this account were drawn huge sums for the payment of the Sismi adviser hired by Santovito: Francesco Pazienza. But part of these monies instead ended up with Pazienza's good friend: Professor Ledeen, to be precise.

Hence even in Washington some people are beginning to worry. It is being asked, naturally, whether these payments were made by the Sismi in recompense for services effectively rendered to the chief of Italian counterespionage, or whether for some entirely personal business. Whichever it is, the situation is highly embarrassing.

The stakes in the Gen. Dozier case

by Lyndon H. LaRouche, Jr.

The following statement was released by the National Democratic Policy Committee on Jan. 23. Mr. LaRouche chairs the committee's advisory council.

According to reports from my contacts in highly placed circles in Italy, the efforts to rescue the kidnapped General James Dozier have been stymied by a continuing State Department protective screen around guilty Freemasonic and Socialist Party circles in Italy.

At present daily reports are being issued from, aggregately, the President, Prime Minister, Parliament, and Justices of Italy, exposing, one after the other, the friends of the State Department's Michael Ledeen as directly implicated in control of international terrorism. Yet, neither the U.S. government nor U.S. news media either report or act appropriately on the basis of the official discoveries and revelations openly and massively published in the Italian news media.

General Dozier would almost certainly not have been kidnapped if the State Department had not acted last spring to attempt to cover up and neutralize the NDPC's widespread exposure of the Propaganda Due (P-2) Scottish Rite Freemasonic Lodge in Italy. Despite official proof of Socialist Party leader Bettino Craxi's implication in circles coordinating international terrorism, Michael Ledeen's policy of U.S. backing for Craxi's political ambitions persisted. Now, Italian authorities have denounced Ledeen as linked to the same circles. But for a U.S. foreign-policy tilt toward support of the Socialist International, the conditions leading to the wave of attacks on U.S. military and diplomatic personnel could have been uprooted.

The Reagan administration has inherited this problem from the virtually pro-terrorist Carter administration and from the influence of such outright liars as Henry Kissinger and Robert Moss. But for Attorney General Benjamin Civiletti's part in the cover-up of Billygate, much of the terrorist infrastructure would have

been neutralized. Carter holdovers in the Justice Department and elsewhere are a major problem of the Reagan administration in this connection, as well as Carter's part in destroying capabilities of the CIA.

As a citizen, Michael Ledeen deserves a fair trial to seek acquittal from the charges of monstrous corruption placed against Ledeen by Italian authorities. What Ledeen cannot defend himself against is his public complicity in giving U.S. political support to forces in Italy allied with international terrorism, including the Socialist International's Bettino Craxi. However, Ledeen is only a very small part of the corruption within influential political circles.

The forces of international terrorism are a controlled instrument of policy of not only Meyer Lansky's long-standing associates, but also of very powerful rentier-financier circles centered in Venice and Switzerland, as well as Beirut, Cyprus and Sicily. Lausanne, Switzerland is the center of the most important safe-housing of terrorists within Europe itself. The NATO region within which General Dozier was kidnapped, is the protected heartland of terrorism in Italy. The forces behind terrorism are allied with Armand Hammer in Libya and Italy, and interface powerful financial interests in Houston, Texas, as well as New York City and the circles linked to Governor Brown in California. The combination of interests involved in this way inside the United States itself is so powerful in total that no President, since the assassination of John F. Kennedy, has shown the courage to oppose them directly.

It is fear of following policies which would offend relevant powerful circles which is the reason General Dozier was kidnapped, and also the reason the most-effective courses of action for attempting his rescue have not been set into motion.

It is irresponsible to hope that we might find exactly where General Dozier is being held. We might be lucky, but to gamble on the hope of receiving such information in time is playing roulette with many more lives than that of the general. The only effective course of action is to crush those circles we know to be responsible for international terrorism—to oblige them all to produce General Dozier alive and well, or else. I fear official Washington lacks the political guts to take that course of action. There are too many powerful figures in government and the major parties whose friends include circles linked to international terrorism.

I would hope, by this announcement, to contribute to shaming us all into taking effective action at last, to mobilize the majority of public opinion against any influential figure who attempts to prevent such an appropriate course of action. If my proposed course of action is not followed, I fear we are setting many more than General Dozier and Lt. Col. Ray up for targeting by the friends of Bettino Craxi.

A dossier on the investigations

by Vivian Freyre Zoakos, European Editor

1) The present head of Italian Military Intelligence, **General Nino Lugaresi**, has uncovered money transfers to **Michael Ledeen** prior to and during his assumption of the role of European adviser for Secretary of State **Alexander Haig**. Some details of this ongoing official investigation were published on January 11 by the newspaper *La Repubblica* and on January 18 by the magazine *L'Europeo*. According to these reports, General Lugaresi has uncovered the existence of a numbered bank account located probably in Switzerland and maintained by his predecessor, **General Santovito**.

General Santovito was forced to resign his post in the summer of 1981 when it was revealed that he was a prominent member of the Propaganda 2 Freemasonic lodge. The publication of the membership list of the Propaganda 2 secret lodge in May, 1981, forced the collapse of the Forlani government in power at the time; the lodge was declared illegal, and is currently under investigation by a special "Propaganda 2 Commission" of Parliament. Its members have been shown to be the top directors of the Italian drug and illegal arms trade as well as of terrorism.

General Lugaresi's investigation established that the cited bank account was used by his predecessor to transfer huge sums to his cousin and collaborator in the Propaganda 2 lodge, **Francesco Pazienza**. Pazienza is a member of the **Italian Socialist Party** for which he acts as liaison between the party and individuals outside the country.

Pazienza was in turn transferring part of this money to Michael Ledeen, the investigation has shown.

La Repubblica and *L'Europeo* note that Pazienza had been a close associate of Ledeen and Alexander Haig from at least the period in which Haig was at United Technologies prior to his appointment within the Reagan administration. It was Pazienza who organized the 1981 Washington trip of **Claudio Martelli**, the close associate and spokesman of the General Secretary of the Socialist Party, **Bettino Craxi**. In Washington, Martelli met extensively with Ledeen, giving an interview to the newspaper *La Stampa* upon his return to

announce that Ledeen, speaking in behalf of Alexander Haig, had promised State Department backing for Socialist leader Craxi to become the first Socialist prime minister of Italy. In the ensuing scandal, Ledeen was hastily forced to deny Martelli's report of the content of their discussion.

La Repubblica also reported, citing the official Italian Military Intelligence investigation, that the rest of the monies in the secret bank account from which Ledeen was being paid were being funneled to finance Craxi's rise to power.

2) The chief district attorney of Rome, **Judge Ferdinando Imposimato**, is coordinating a nationwide investigation into "black" and "red" terrorism that led, on January 20, to the arrest of three members of the kidnap team that on December 17 seized American **General James Dozier** in Verona. Judge Imposimato has also identified at least ten names of the estimated 18 individuals directly responsible for the kidnapping on behalf of the **Red Brigades** terrorist gang.

On Sunday, January 17, Judge Imposimato gave an interview to the Roman daily *Il Messaggero* outlining the conclusions to which his investigations had led him respecting the international control points of all Italian terrorism, both "black" (fascist) and "red" (communist), including the best-known gang among these—the Red Brigades—which kidnapped General Dozier. The interview provided the general outlines of an otherwise detailed report.

Imposimato reported that he had traced foreign control of Italian terrorism to the **Soviet KGB**, certain unspecified **Palestinian networks**, **Libya**, **Lebanon**, **Egyptians** ("belonging to the faction . . . responsible for the assassination of Sadat"), and **Israeli intelligence (the Mossad)**.

The common aim of these foreign intelligence networks, he said, was to "Lebanize" Italy by generating uncontrollable chaos. The outright terrorist side, he added, worked together with the illegal drug trade and arms trafficking, all three being operated by the same cited networks: "The militants of the international center (of terrorism) have been engaged for months in a massive effort to diffuse heroin in Italy on a vast scale. . . . On the one hand, they would obtain from this the effect of intoxicating our youth, to destroy an entire generation, and on the other they obtained from the drug trade large amounts of capital which they then invest in the acquisition of weapons" with which to arm the terrorists.

With respect to the Israeli Mossad involvement in this destabilization plan, Imposimato noted that, "Their plan was to reduce Italy to a country enmired in civil war, in order to then convince the United States of the need to rely more on Israel for the security of the Mediterranean." He added that the Italian security services "were unable to perceive this enormous danger.

The only ones to have perceived it immediately, and who continue to follow the developments (the chaos scenario) with great attention and intelligence, never doing anything to stop it but rather exploiting it for their own advantage, are the agents of the Israeli secret service."

One of Judge Imposimato's initial sources for the Israeli-terrorist connection was the testimony of jailed Red Brigades leader **Alfredo Bonavita**, who turned state's evidence following his arrest. The newspaper *Corriere della Sera* on January 18 reported some of the leads provided by Bonavita: "[Bonavita] spoke of . . . contacts with *Israeli secret service agents*. He said that they, in order to give themselves credibility, offered (the Red Brigades) useful information to track down traitors to the Red Brigades. It was the Israelis who provided the information as to the whereabouts of **Marco Pisetta** (who had attempted to leave the Brigades and testify against them) and the information was exact."

Another captured Red Brigades leader, **Roberto Sandalo**, in testifying as to the point of origin of weapons being illegally smuggled into the Italian terrorists, said that the weapons shipments, "come by sea. The point of departure is in Palestine, between Israel and Lebanon or, more precisely, the border between Israel and Lebanon."

Ouri Porat, official spokesman for Israeli Prime Minister **Menachem Begin**, responded to these charges on the following day with the expected denial.

3) In the course of his investigation, Judge Imposimato on January 9 arrested a group of ten terrorists, of whom the most important was **Giovanni Senzani**, the noted Florentine criminologist indicted in 1979 as one of the masterminds of the kidnapping and assassination of **Aldo Moro**, former Prime Minister of Italy and head of the Italian **Christian Democratic Party**. As part of the arrest, Imposimato found a large cache of weapons including numerous bazookas and ground-to-air rocket missiles. Following the questioning of those arrested and the examination of documents found, the judge announced that the Red Brigades under Senzani had been planning a spectacular terrorist act for January 22 at 1:00 p.m. At that time, the terrorist gang was to slaughter the entire leadership of the Christian Democracy as they met for the party National Council meeting. The massacre would have been viewed throughout Italy, since TV film crews would have been present to broadcast the meeting, Imposimato said.

This, together with the kidnapping of NATO General Dozier, would have thrown Italy immediately into instantaneous political chaos. Even the massacre of the entire Republican Party leadership in the United States would not constitute a disaster of equivalent proportion, since Italy lacks a second immediately viable mass-based ruling party.

Senzani, the mastermind of this plan under the

direction of the cited intelligence units, has been subsequently revealed widely in the Italian press to be the collaborator and friend of Italy's Defense Minister, the **Socialist Lelio Lagorio**. Their association reportedly dates from at least the period during the 1970s when Lagorio was the long-term President of the Tuscan region of Italy. Lagorio, who is well known in Italy as the unofficial head of the Zionist lobby and has been widely sympathetic in public to Libyan leader **Qaddafi**, has also been now charged with being a member of the Propaganda 2 Masonic lodge.

The nature of the links between the Propaganda 2 and the foreign intelligence networks coordinating international terrorism is currently being investigated by the "Propaganda 2 Commission" of Parliament.

Last week an official "Parliamentary interrogation" was submitted in Parliament formally demanding that Minister Lagorio answer to this charge. Lagorio denied it. It had already been revealed in May, 1981, when the Forlani government published a partial list of Propaganda 2 members, that Lagorio's private secretary was a member of the lodge.

4) Italian **Prime Minister Spadolini**, in a speech delivered on the same day that Judge Imposimato first publicized his investigative findings, said of the international control points of Italian terrorism that: "We know that the terrorist challenge is attempting to strike against our industrial system, our international alliances, our difficult equilibrium of social relations, and at the relations between the different political forces. This is why we are making every effort to know more about the links of terrorism at the international level, such that we may oppose and stop every destabilization plan. . . ."

5) **Pope John Paul II**, in a long address delivered on December 21, focused on the problem of international terrorism for its enormous threat to global peace. He said, "It is my duty to raise my voice against the grave and still unresolved phenomenon of international terrorism which poses a permanent threat to the domestic and international peace of nations . . . The reasons behind these attacks defy reason," the Pope continued, "and grow from unknown roots which, however, can always be traced back to . . . the attempt to inject uncertainty and fear into international life."

On December 14, Pope John Paul during a visit from the Bishops of Sicily, addressed the problem again, this time targeting the **Mafia** which the Propaganda 2 networks were historically responsible for creating and which today functions as one of the subsidiary links between the Propaganda 2 and the terrorist Libyan regime. The Pope praised **Cardinal Pappalardo** for organizing in Palermo in November, 1981, a "day against the Mafia," and delivering a homily against organized crime. He ordered Catholics to actively assist the Church in fighting the illicit organization.

EIR's approach blew the covers

by Mary McCourt

Since early 1978, the Executive Intelligence Review has been publishing the evidence on the real controllers of international terrorism now being revealed by the Italian authorities. The following are highlights:

May 1978: The *EIR* published the exclusive first English translation of the *Dossier San Marco*, by Italian journalist Guido Giannettini. Released to the press in 1974 by then Defense Minister Giulio Andreotti, when the consequences of the 1973 Yom Kippur War and Arab oil embargo were toppling governments in Europe, the dossier had been blacked out of the U.S. media. It dispelled the myth of "left versus right terrorism" and discussed the economic/political reasons for the terrorist operations.

"Among the principal bodies involved with Operation 3947 [a planned coup in Italy in 1969] were: the British DI-6 service, . . . the Israeli military information service; liberal circles allied to the Great Unified Lodge of England and the Great National Lodge of Italian Masonry [Propaganda-2]; the British banks Barclays and Hambros. . . .

At the beginning of 1971, some British and Israeli circles who had attended to 'Operation 3947' made contact again over Italy, asking for . . . an operation to move . . . the country to the right . . . The principal circles [included] in the Israeli government Itzhak Rabin and Ariel Sharon. . . ."

"The Nixon plan for the Mediterranean [the 1972 Rogers Plan] was designed to avert the threatened embargo of Arab-supplied oil. . . . Countermoves destined to provoke the failure of the Nixon plan were put into operation. . . .

The internal U.S. operation consisted of the mounting of the Watergate affair; . . . Henry Kissinger received exceptional powers. . . . The best way to provoke the failure of the . . . Mediterranean alliance [of Italy, Spain, France and Greece] foreseen in the Nixon plan was to

block every move to turn the Italian political axis toward the right, but to turn it instead toward the left. . . . To carry out such a maneuver it was necessary to relaunch the left and above all its actively involved groups like the PSI [Italian Socialist Party]. . . .

"The Israeli Command . . . and the Americans and British . . . progressively reduced their support of the Italian right. . . . The Israeli Mossad [a branch of Israeli intelligence] assumed (and not only for motives concerning the Italian situation) the control over the European extraparliamentary left (end of 1971) . . . The Mossad intervened at the base of left provocations. . . ."

August 29-Sept. 4, 1978: "Inaugurating a new *Terrorism* section, *EIR* brings you, in exclusive, the global picture of how the European "black nobility" centered in the British faction of the Knights of Malta deploy both the left and right varieties of terrorism through Israeli intelligence. . . ."

"Approximately two weeks ago, Israeli Minister of Transportation Meir Amit announced the deployment of Israeli hit teams all over Europe . . . [since] other countries are not sufficiently tough on terrorism, he said, . . . Israel will do the job for them.

"As we will show, it is in fact Israel, together with Britain, that controls international terrorist capabilities. . . . At the time . . . Israeli intelligence squads [were] already in place . . . in Europe . . . [and] would, as usual, operate without the knowledge of the governments of the countries concerned. . . .

". . . announcements of an international terror escalation come at the same time that the official channels in Italy, France . . . have begun to expose Israel as the source of international terrorism. . . . [These exposures were] launched Aug. 17 with an interview in the French daily *l'Aurore* with Italian General Dalla Chiesa, a Carabinieri general recently appointed by Italian Premier Andreotti to head investigations into the foreign networks responsible for the March kidnapping and subsequent murder of former Premier Moro. . . . Dalla Chiesa identified Joachim Klein as an agent of the Mossad. Besides Klein's role in the founding of the Baader-Meinhof, he was the mastermind of the 1975 raid on the Vienna OPEC meeting.

"Klein had been recently at an Israeli kibbutz for extensive Mossad debriefing before . . . deploying to an unspecified country . . .

". . . a heated debate began in the Italian press, including denials of the charge by [PSI head] Craxi . . .

"[West German press] confirmed Dalla Chiesa's claims . . . and revealed that another Baader-Meinhof member, H. Klaar, was in Italy under Mossad auspices during the period of the Moro kidnapping. . . without the Italian authorities being informed. . . .

"What emerges . . . are three levels of operations which jointly run international terrorism . . . the professional hit team level . . . the "cover" level of left-wing

terrorist gangs . . . [and] the level of financing both of the above. . . .

[A prime example of] the functioning of the second level . . . is the case of Daniel Cohn-Bendit. . . . Following 1968 . . . [he] was relocated to Israel. . . . [In September 1978 he met with] terrorist Rudi Dutschke and others from the SPD in West Germany . . . to 'refound the SPD' through the integration of the terrorist underground and the 'greenie' or environmentalist movement . . . with the SPD. . . .

July 10-July 16, 1979: *EIR* cover story, "Time's up for terrorists":

"The Italian Socialist Party . . . is now under police investigation for its ties to some of the most notorious international terrorists: the Red Brigades gang. . . .

". . . Bettino Craxi, a friend of Senator Edward Kennedy and recently endorsed by the *New York Times* to head Italy's new government, was questioned by the magistracy . . . June 27. . . . The entire Socialist Party leadership has come under suspicion of strong terrorist collaboration and collusion. . . . the uppermost levels of Italian terrorist controllers-long identified as such by the European Labor Party in two special dossiers [entitled *Who Killed Aldo Moro* and *Socialist Area: The Party of Terrorism*]-have now come under judicial scrutiny. . . .

"Although there has been minimal press coverage throughout Europe and the United States concerning the dramatic developments in Italy, a major battle is taking shape over whether the results of the Italian crackdown will be applied to those countries where terrorism remains a scourge. . . . According to both French intelligence and former West German security officials, one of the continuing difficulties in clearing out the terrorist organization is the political protection that is afforded the terrorists by leading public officials. . . ."

"It is the method employed by Italian investigators that has been successful in unearthing terrorist controllers in the highest levels, including the calling in for questioning of prime minister hopeful Bettino Craxi . . . any proper approach to fighting terrorism, fighting environmentalism and fighting drugs is identical . . . approach[ing] and trac[ing] upwards the . . . networks to key institutions that control the media . . . [and] our leading institutions. . . ."

"The magistracy [could] not move against individuals like Negri [the professor at the University of Padua who recruited terrorists, was head of the Potere Operaio which incubated the Red Brigades, and who was finally arrested in April 1979] without irrefutable proof of his terrorist activities. . . .

"What changed was the methods by which Judges Alessandrini and Calogero defined that which constituted significant evidence. . . . Once they had defined what they were looking for in the coherent general political objectives of the terrorists and the organized networks which protected them—they finally began to get results."

Financial Channels

Arab financiers of terrorism and drugs

by Judith Wyer

At about the same time that the Propaganda-2 (P-2) Freemasonic Lodge scandal again became front-page news in Italy last December, the government of Giovanni Spadolini made Italy's first overtures to rebuild economic and political ties with Saudi Arabia that were established in 1978 by the Prime Minister at that time, Giulio Andreotti. Under the regime of Spadolini's predecessor, Arnaldo Forlani, who fell from power when the P-2 lodge was first exposed in May 1981, Italian-Saudi relations had soured due to charges of corruption in Saudi oil sales to Italy. The scandal, which originated with Italian Socialist Party boss, Bettino Craxi and his Propaganda-2 cronies, aimed to break Saudi-Italian ties in favor of closer Italian links with Libya. At the same time, Craxi and his friends calculated that the scandal would undercut Saudi Crown Prince Fahd and give leverage to his opponent, Saudi Third Crown Prince Abdullah, a leader of the fanatical Muslim Brotherhood, which controls Libyan dictator Muammar Qaddafi.

The current turn

During a visit to Saudi Arabia in the first week of January, Italian Foreign Minister Emilio Colombo reached an agreement for renewed state-to-state oil purchases and expanded Italian-Saudi economic cooperation, reversing Craxi's sabotage. Colombo agreed to a Saudi proposal that Italy act throughout Europe to promote the Mideast peace plan drafted by Prince Fahd in August 1981 as an alternative to the Camp David framework.

The turn in Saudi-Italian relations coincides with revelations in the Italian press and from the government commission investigating P-2, revelations establishing connections between the fascist lodge and certain prominent Arabs. The scandals have primarily centered upon the Quaddafi regime, but have also begun to touch networks in Lebanon and Egypt.

A well-informed Italian journalist has confirmed for *EIR* accusations appearing in the Italian press that Libyan banker Abdullah Saudi has acted as a crucial go-between in conduiting funds from Libya to the Italian Red Brigades terrorists.

The Islambrokers

Since the initial revelations of the Propaganda-2 Lodge which erupted last year, *EIR* has investigated the Arab and Pakistani connections to the Italian Lodge in pursuit of those links between P-2 and the Carter administration revealed by the Billygate scandal of 1980.

We pursued two lines of investigation which have established direct connections between the Carter administration and P-2. The first is through Abdullah Saudi and Libya; the second is through Saudi financier and court adviser Gaith Pharaon. Pharaon, Saudi and the extensive Mideast financial network with which they are associated are among the backers of the terrorist Muslim Brotherhood, which installed Ayatollah Khomeini in Iran in pursuit of the "arc of crisis" scenario for the region sponsored by Zbigniew Brzezinski.

During the same time that the scandal became public involving Carter's brother Billy and his illegal dealings with the Libyans, Saudi and Pharaon were engaged in intensive business dealings with Craxi and other Propaganda-2 business circles to buy up the Italian state sector. So extensive were their operations that they became known throughout Italy as the "Islambrokers."

Among the many ventures of Pharaon was investment in the state-sector company Montedison; his business partners in this and other ventures included the Bonomi family. Carlo Bonomi was jailed last year during the first round of P-2 revelations which implicated him in illegal financial activities. Pharaon's reported entrée into Italy was through Gianni de Michelis, a Craxi ally, whose father-in-law, Lucien Secouri, a Lebanese by birth, was indicted as a member of P-2. Pharaon also works closely with the Italian Mediobanca, controlled by Enrico Cuccia, another confidant of P-2 circles.

Like Saudi, Pharaon also is associated with Fiat in his "buy-ups" in Italy. Though Fiat chief Gianni Agnelli has not been officially named as a P-2 member, over the years Agnelli has been a close business partner of various P-2 interests.

The entire policy of dismantling Italy's huge state-sector to create a freewheeling "free-enterprise" system is ironically the mastermind of Craxi and the Italian Socialists. American oil magnate and friend of Libya Armand Hammer has been a mover in the so-called "privatization" plan. Last year Hammer formed Enoxy, a private energy company based in Switzerland and

intended to facilitate Italy's conversion to a coal-based economy. Abdullah Saudi's newly formed Arab Banking Corporation has already provided substantial loans for Italian coal projects.

A member of the executive board of Fiat, Saudi maintains control of one of the largest banking empires in the Arab world, which interfaces with the operations of Pharaon and other prominent Gulf financiers.

Since 1972, Saudi has been the principal financial adviser to Qaddafi. He formed the Libyan Arab Foreign Bank (LAFB), Qaddafi's "foreign investment" instrument. Italian sources report that it is through the LAFB that Libya conduits illicit money to both Muslim Brotherhood terrorists and the Red Brigades, as well as conducting Libya's campaign of "buy-ups" in Italy and elsewhere.

During an investigation into terrorism in Italy in 1980, Enrico Paghera, charged with terrorist activities, told Italian judges that one Ronald Stark, a convicted drug merchant, was his liaison with Lebanese drug and terrorist networks. Paghera revealed that a Libyan banker with the Libyan central bank named M. Saudi was a bagman for Stark's operations in Lebanon. Whether this is indeed Abdullah Saudi is not determined, though it is known that Abdullah Saudi was with the Libyan Central Bank before becoming head of LAFB.

The Billygate angle

The earliest connections between the Carter administration and this Mideast banking group were established through Carter's Office of Management and Budget director Bert Lance, by way of the ever-active Armand Hammer. Through his position as board member of the Washington-based Financial Bankshares, Hammer brought Pharaon and a clique of Gulf and Pakistani bankers to Lance, leading to their purchase of the bank. It was also through the "Hammer connection" that Pharaon bought Lance's flagging enterprise, the Georgia National Bank. Lance visited the Persian Gulf and Pakistan to make this connection, as part of Georgia's People-to-People Friendship Force, an institution set up under Carter's governorship which later facilitated the link between Billy Carter and Qaddafi.

Among the other Middle East moneymen Hammer brought together with the Carter administration was then-head of Saudi intelligence, Kamal Adham. Adham has an association with drug-running and terrorism going back to his presence on the board of the infamous Lebanese Intrabank. That institution was disbanded in 1971 following a scandal involving illegal international smuggling. Adham was dismissed from his intelligence post by the Saudi government in 1979 for his role in setting up Camp David.

Another prominent Mideast moneyman is Pakistani

Who is fooling whom within the alliance?

by Christopher White, Contributing Editor

“It is an ironic situation that the black sheep of the alliance, Gaullist France, has turned gradually into the member with the greatest defense preparedness, least influenced by pacifist neutralism, and very supportive of the current American view of the U.S.S.R. . . . The increased Soviet threat has forced the French to consolidate their relationship with the U.S. as a condition to play an independent role, e.g. in the Third World. . . . France may also agree more with Reagan’s view of East-West relations because it fears close West German relations with the East bloc. A more neutralist West Germany, seeking accommodation with the U.S.S.R., would have serious repercussions for France’s room for maneuver and relative power.”

This assessment of the current situation in Europe is taken from a paper, “Pacifist-Neutralism in Western Europe,” presented to the Committee for the Free World-sponsored conference on “The Transatlantic Crisis” by Dutch academic Joris J.C. Voorhoeve. The conference, covered in our National section, was held in Washington, D.C. on Jan. 21-24.

The same views were expressed somewhat more coarsely by British trade-union leader Frank Chapple: “There is too much incoherence in American foreign policy,” the Cockney-accented electricians’ leader asserted. “Germany is the weakest country in the alliance because it lent too much money to the Soviet bloc. The United Kingdom, and then France, are the strongest

because they have an independent foreign policy.” Chapple then joined with other speakers, including the paranoid Henry Kissinger, to urge the United States to compel West Germany to abandon its participation in the pipeline project that will convey Siberian natural gas into Western Europe.

Mitterrand: ‘loyal’ ally

These views are reported here because they have become orthodoxy within the U.S. State Department and the affiliated Washington think-tank circuit over the past year. Under Alexander Haig’s direction, the view has been presented with increasing vehemence that the France of Socialist François Mitterrand would be the ally the United States could count on in Western Europe. Mitterrand, in the view of the deluded officialdom patronized by Haig, can be trusted to play out the game of East-West conflict, while the treacherous Germans will sell out alliance interests in pursuit of economic deals with the Soviet Union.

Even as the Committee for the Free World (CFW) was meeting to bolster Haig’s arguments and activities, that trustworthy Mitterrand government was doing the following:

- France joined the pipeline deal with the Soviet Union, attacked so desperately by Kissinger and his backers. The deal, announced during the final day of the CFW conference, will guarantee France natural gas

supplies for 25 years.

- Over the same weekend French Foreign Minister Claude Cheysson reiterated underlying French opposition to the Reagan administration's Middle East policy, by asserting the conditions that were to be satisfied in achieving such French support.

- And, on Jan. 20 Jacques Hunzinger, the chief of the International Relations Department of the ruling French Socialist Party, outlined how France intends to supplant America's predominant power in Europe and areas of the Third World, as the United States is reduced to a mere regional power in the Western hemisphere.

Hunzinger's thesis is not news to readers of this magazine, who have long been informed that the French government is embarked on a plan—now candidly identified by Hunzinger as “the Third Way”—to use the ongoing economic crisis, unmentioned by either Mitterrand's government or the sycophants of the CFW, to destroy the power of the nation-state, especially the United States and Soviet Union, and impose a neo-Malthusian world order modeled on the policies of Hitler's Finance Minister Hjalmar Schacht, but incalculably worse in its consequences. Under Mitterrand, whose election victory was so greatly assisted by Alexander Haig and his associates, the French government has become a principal instrument in the hands of British, Swiss, and other forces committed to such objectives.

Mitterrand himself has hardly been bashful in stating such objectives, as witness his Christmas call for the elimination of the Yalta agreements. These views are, of course, shared by lunatics in the United States such as Zbigniew Brzezinski and Richard Pipes. Others, including West German Chancellor Helmut Schmidt and British Sovietologist John Erickson, rightly consider that such a policy would lead shortly to World War Three, and is therefore insane. Yet these are the policies Haig and his allies support, even while the French socialists themselves are making a mockery of such loyalty to their cause.

The French gameplan

Hunzinger's speech was delivered before the French Institute for International Relations, the Paris-based sister organization of the New York Council on Foreign Relations. The Socialist leader announced that France intends to replace the U.S. nuclear umbrella over Europe with its own *force de frappe*. This proposal, ludicrous in itself, is made doubly absurd by the political combination that Hunzinger claims will be organized behind it, namely the Socialist and Communist Parties of Spain and Italy, the peace movement and left-wing Social Democrats of West Germany, the Swedish Socialists, and the “unilateralist” wing of the British

Labor Party. This coalition within Europe, Hunzinger argued, will be deployed to support Third World revolutions in Nicaragua and El Salvador, in North Africa and the Middle East, and in Southeast Asia. (Haig has already committed the United States to support Hunzinger and his Spanish ally Felipe González in Central America.)

Despite the thinking of certain circles in the Church of England, there is no way that Hunzinger's strategic delusions could ever be realized this side of general nuclear war. What Hunzinger and Mitterrand are in fact proposing is that France be turned into the sanctuary for every force in the world that is opposed to the continued existence of the nation-state, and that the French government continue to give support to the international campaign to eliminate U.S. influence, especially in the Middle East.

Haig's vendetta

Accordingly, those who propose to continue Alexander Haig's vendetta against the Federal Republic of West Germany would be advised to think again. Such people have 38 particularly fanatical allies now lodged in France under the protection of the Mitterrand government. They are the exiles from the terrorist Baader-Meinhof/Rote Armee Fraktion. Thus far the French, thanks to Minister of Justice Robert Badinter have refused to extradite these vermin back to West Germany to face the law, notwithstanding the fact that such terrorists still constitute an obvious live threat against Helmut Schmidt, himself the object of an international campaign of vilification and slander from the forces which control international terrorism, and from governments such as those of Third Camper Mitterrand. Fugitives from Spanish justice, i.e. members of the Basque terrorist organization ETA, have been accorded the same hospitality by the favorite European government of Alexander Haig and the Committee for the Free World.

Those who have noted that Mitterrand's Third Way turn is accompanied by renewed openings to the Arab backers of terrorism in Europe such as Abdullah Saudi of Libya, and his ally in crime, the Jimmy Carter-connected Gaith Pharaon, must ask themselves whether Alexander Haig and his friends in the Committee for the Free World will be permitted to allow the Mitterrand government to launch a new wave of terrorism and assassination against U.S. allies in Europe and the Middle East—whether it is now time that the deluded rationalizations behind such thinking be cleaned out of our foreign policy establishment, along with those on the payroll of the organized-crime controllers of international terrorism, like Haig's quondam adviser on terrorism, Michael Ledeen, a member of the very same Committee for the Free World.

Brazil's nuclear energy program is under fire but not defeated

by Mark Sonnenblick

Sharp revisions in Brazil's energy strategy for reducing its dependence on imported oil are now being fought out at the highest levels of its government. The press is full of suggestions that in view of the country's severe economic crisis, the government's ambitious plans for nuclear energy should be slashed.

But the absence of any campaign to explain the necessity of nuclear power to the public masks the amazing resiliency of the program. Military leaders—and important segments of the business community—still regard the rapid economic expansion explicitly linked to the nuclear program as a matter of national security. It is a crucial element in their hopes for building their country into a great world power and their plans for having sufficient energy to resolve the nation's gnawing social problems.

The intractable enemies of Brazil's ambitious nuclear development plan rejoiced when they learned General Danilo Venturini, chief military adviser to the President, had requested Brazil's foremost anti-nuclear scientist, Dr. José Goldemberg, to write up and submit his objections to the plan. *O Estado de Sao Paulo* editorialized Jan. 16, "The most important thing about the document lies not in the proposals made in it, but in the spirit which prevailed in its being requested and written. Up to now, the government has been taking an Olympian position, refusing to discuss and negotiate [with dissident scientists—ed.]. The arrogance and insensitivity of President Geisel (1975-79) brought about this absurd nuclear program. . . . With the present government, that intransigent attitude is changing."

This undercurrent of support is most visible in the caution shown by people who would prefer to scrap nuclear power. Rumors had it that the "Plan for Meeting Electricity Requirements through the Year 2000" prepared the state electricity entity, Eletrobrás, was being sat on by the government because of Eletrobrás' opposition to nuclear and coal-generation systems. Eletrobrás is headed by retired Colonel José Costa Cavalcanti, whose reputation as an efficient dam-builder could be his ticket to the presidency. Yet Cavalcanti was reported by the daily *Folha de Sao Paulo*, Jan. 15 to have assured reporters that, by the end of the century, Brazil will have

begun construction of more than the eight nuclear plants contracted from West Germany in the famous 1975 nuclear deal!

Even José Goldemberg, former President of the Brazilian fraternal body to the American Association for the Advancement of Science, felt compelled to spout nationalist arguments and defend the "concept" of Brazilian nuclear development, while condemning its practice. Goldemberg's report to General Venturini was released to the press by its real sponsor, Planning Minister Antônio Delfim Netto, Goldemberg's patron. Goldemberg concludes, "A more modest program, but one capable of bringing the country to dominate nuclear technology, could be accepted, as has happened in other countries." He calls for Brazil to "suspend" the German deal after building only two of the eight contracted plants and neither the contracted enrichment nor reprocessing plants. He demands the "firing of the directors of the present nuclear program." He even wants Brazil's spanking new nuclear engineering facility, built at a cost of over \$250 million to be the world's most modern, to be moth-balled.

Goldemberg cynically advocates "more" nuclear research in Brazil, "so that in future nuclear deals like the one signed with Germany, we can avoid having to import those technologies." If Brazil would have to re-invent nuclear technology, it's a safe bet that it would never again build those big, expensive, energy-producing plants.

They would not get very far with budgets such as the \$1 million per year which Goldemberg's associates at the University of Sao Paulo are asking to set up a thermonuclear fusion research center. Although the plasma physicists involved may be well intentioned, Goldemberg and the British who are "assisting" the fusion program promote it as an *alternative* to fission energy production.

Other enemies of nuclear energy, such as journalist Luis Alberto Bahia, facetiously inform the Brazilian military that "nuclear electric plants are one of the most expensive and roundabout routes to the secrets of the atomic bomb, which could be obtained more readily by putting the dissident atomic scientists back in the labs." On the contrary, it is doubtful that Brazil needs or seeks

the bomb.

Dr. Kenneth Erickson, City University of New York expert on Brazilian energy policy, told *EIR* "Brazil's bid for great-power status is fundamentally an *economic* bid. If they fail in the economic area, then nothing else matters. . . . Brazil's domestic economy is in a real mess. If I were an adviser committed to the idea of 'Brazilian grandeza' [greatness], I would say, 'Nuclebrás is a white elephant which raises our foreign debt. Let's cool it.' "

Delfim Netto hears much the same argument against nuclear power investments from the City of London. He has been blackmailed by the bankers, who insist on the triaging of nuclear energy as one of their conditions for, perhaps, allowing Brazil to borrow the \$17-20 billion needed to pay its bloated debt service this year.

Delfim has been put in a hand-to-mouth position by Brazil's creditors, who last year forced the country to shave expected imports by \$2 billion at the expense of an 11.9 percent drop in industrial production and loss of 300,000 industrial jobs in Sao Paulo alone. Important elections are scheduled for this November, which makes Delfim more anxious than ever to find a "quick fix" to ameliorate unemployment without requiring imports of goods or capital.

Gasohol gassed

Even the alcohol fuel program, the "quick fix" which Delfim championed two years ago as a device for replacing imported oil with home brew, has been severely cut. In this case, the Brazilians have learned at least part of the lesson which *EIR* has been quite alone in teaching since the \$10 billion scheme for Brazil to ferment sugar cane into automobile fuel was launched in 1977. "The 'renewable' fuel program now being implemented in Brazil is at best an extremely costly and totally inefficient non-solution to the energy crisis, and—at worst, a catalytic force for ecological, social, and economic disaster," argued *EIR* in our June 28, 1977 analysis of gasohol.

The inherent wastefulness of biomass energy (except as food) is now—five years later—getting through to Brazilian leaders in terms of the expensive subsidies it requires. Even when miserable \$3/day sugar-cane cutters replace diesel-burning machines in the fields, alcohol costs are roughly double gasoline to produce. And making it requires more energy than it yields. Delfim is balking at throwing his monetary budget further out of whack by having the taxpayers subsidize about half the total cost of alcohol production. It is, therefore, sputtering to a halt. No more new distillery plans will be accepted this year, and give-away state financing for approved projects will fall years behind commitments.

Automakers who spent well over \$100 million in 1980-81 retooling to make cars that run on pure alcohol now regret their incompetent investment. All the majors

suffered heavy losses in Brazil, normally one of their bright spots. Sales of the "alcmobiles" dropped from a sharp peak of 56,000 in November 1980 to only 4,000 in November 1981.

Why nuclear is so important for Brazil

Unlike the alcohol binge, the nuclear question is quite central to Brazil's development. Brazil signed with Germany in 1975 for a complete nuclear fuel cycle capable of generating 10,400 megawatts, based on the assumption that electricity utilization in Brazil would have to continue climbing by over 11 percent annually if Brazil were to pull herself out of backwardness to become a developed world power by the end of this century. Nothing has disproved that assumption.

What the "pragmatic" opponents of rapid nuclear development are demanding is that the goal of "greatness" be abandoned in favor of a more modest goal of "survival." They celebrate Brazil's mere 3.4 percent electricity consumption expansion last year—caused by the industrial decline—as a sign that Brazil "does not need" the added capacity offered by nuclear.

How would a Brazil with truncated industrial growth bring its vast impoverished population into the modern age? Dr. Charles Ebinger of the Jesuits' Georgetown University Center for Strategic and International Studies argued that such development was undesirable in his paper, "U.S./Brazilian Energy Relations: Prospects for the Future." Ebinger presented the paper as part of the festivities organized by his boss, Henry Kissinger in Rio in mid-November. (See *EIR*, Dec. 22, 1981). Ebinger urges the United States to help Brazil disseminate firewood-charcoal systems and "more efficient cooking stoves" developed by American AFD, since "these developments could also slow the rate of rural/urban migration and reduce the movement of people out of the renewable rural energy sector and into the modern energy sector. If such technology were diffused on a priority basis throughout rural Brazil, energy consumption could be reduced drastically in a very few years owing to the large component of cooking in the rural pattern of energy utilization."

It should not be surprising that Kissinger's Latin America energy expert, an advocate of such genocidal policies of energy *reduction*, also advocated in Rio that the Reagan administration continue Carter's policies of thwarting Brazil's development of "civilian nuclear technology, which also has weapons potential." Ebinger's provocative statements evoked angry responses from the Brazilians, who considered them in violation of the promise made by George Bush during his October visit to Brazil that the United State would neither help nor hinder Brazil's nuclear program for a year. Somehow, the Brazilians have the impression that Kissinger and crew represent the United States.

The potential for a nuclear fusion effort

by Uma Zykofsky

Indian nuclear scientist Homi Bhabha predicted in 1955 that "a method will be found for liberating fusion energy in a controlled manner within the next two decades." With this prediction vindicated by research in fusion energy during the past few years, the Indian government in its Sixth Five-Year Plan, released in early 1981, has committed itself to the "development of the capability to move into fusion technology." The first concrete step will be establishing of a high-energy plasma physics research center in the western city of Ahmedabad, while fusion-related research will be stepped up at several institutions throughout the country.

India's growing attention to fusion-related research is also reflected in the inclusion of that area as a new sphere for possible cooperation between India and the United States at the latest Joint Scientific Commission meeting held in New Delhi in early December.

A few days earlier, two U.S. fusion scientists, Dr. Stephen Dean, President of Fusion Power Associates and former director of the magnetic fusion program in the Department of Energy, and Uwe Parpart, Research Director of the Fusion Energy Foundation and an *EIR* contributing editor, visited the institutions in India at which fusion-related research is proceeding. The tour, organized by the Council of Scientific and Industrial Research, included visits to, and meetings with scientists at, the Physical Research Laboratory in Ahmedabad; the Tata Institute of Fundamental Research and the Bhabha Atomic Research Center in Bombay; the Indian Institute of Science in Bangalore; the Saha Institute of Nuclear Physics in Calcutta; and Delhi University and the Indian Institute of Technology in Delhi.

Dean and Parpart briefed scientists on fusion research in the United States, Europe, and Japan and emphasized the need for India to intensify its own efforts in this field. Without having to spend large amounts of money, they added, India could build up the necessary small-scale experiments to train manpower and keep abreast of fast-breaking international work in fusion. Fusion research today, they noted, is at a stage very similar to that of fission energy research in the 1950s, when India set up its atomic-energy program under Bhabha.

Given that India has the largest thorium reserves in the world, Dean and Parpart also emphasized the importance of the proposed fission-fusion hybrid reactors. The hybrids, once developed, would be able to breed large amounts of fissile fuel from thorium—much larger amounts than the conventional fast breeder reactors—for India's conventional fission reactors, even before pure fusion energy reactors come on line.

For India to undertake fusion research, they said, would be consistent with its efforts since independence in 1947 to apply science and technology for rapid economic development. Because of this approach, India today has the third largest number of scientists and engineers in the world—the most vital input for speeding up fusion research. Dr. Dean further pointed out that India's space program and its tested and self-reliant capabilities in nuclear energy give it a head start in entering the fusion-engineering field in the next decades.

At the conclusion of their tour, Dean and Parpart met with Prime Minister Indira Gandhi as well as some of the directors of the Council of Scientific and Industrial Research, the Department of Science and Technology, and the Department of Atomic Energy.

Fusion scientists talk about India

Dr. Stephen Dean, who is presently head of Fusion Power Associates in Gaithersburg, Maryland, was interviewed in the Dec. 6, 1981 issue of the Indian newspaper New Wave. Excerpts follow.

New Wave: You have been in India for 10 days and have toured some of our main cities. What are your general impressions?

Dean: The country has a large number of very qualified and competent and able scientists in all areas, including plasma physics and fusion. They suffer from the fact that there tend to be a relatively few number of fusion and plasma physics people that are spread out among many centers, so that in each center they only have a few people, and therefore they don't get the benefit of interaction among themselves as much as they might.

They also understandably suffer from lack of equipment in fusion research. Experimental groups are working with very little equipment. That limits the kinds of research they can do to very fundamental studies. It also makes it difficult for them to compete on a world scale with some of the research that is going on elsewhere. The kind of research that can be done on the kind of equipment that is available here—the easy research—has already been done in such facilities several years ago. So it

makes it especially difficult for Indian fusion scientists to do research that would gain them the kind of recognition that their abilities warrant.

This is not true in the theoretical areas as theoreticians do not require this kind of equipment, except to the extent that much of the theory today is also done using the computer, and access to some larger kinds of computers and sophisticated software is not yet available here.

New Wave: In India there has been considerable debate on what energy option we should be following. How would you compare fusion with some of the other energy options?

Dean: Fusion is clearly not something that can be used today to solve the energy needs of the next few years, but beyond that time, it is the energy source of preference. . . .

In traveling through your country, I was struck by comments that there were great, undeveloped hydro resources in the country, quite a bit of coal, and also quite a bit of thorium that can be used in nuclear fission reactors. So you do have a variety of options to choose from in the near term to supply your needs. Unfortunately, not all that energy is economically and rapidly developable. Some of it has major drawbacks.

I think one of the major problems that struck me in the short time I was in this country is that you are creating tremendous environmental and biological hazards in your cities from burning so much fossil material. If you have more coal-fired plants, you are certainly not going to do yourself any great good. . . .

New Wave: As far as I know, India is the only country in the developing sector that is thinking seriously about this option. I would like your comments on how you think one should proceed with a fusion program in India. Wouldn't fusion require a very large financial outlay to get it going?

Dean: I think that the country should not feel that it has to construct all of the large facilities that are being built around the world by the countries that are developing fusion now. One can have access to and take advantage of these technologies that have been developed elsewhere by having trained personnel who are knowledgeable in science and engineering go and work at facilities that exist in other countries. These people would gain the knowledge and technical base to be able to build these facilities.

By building up a scientific and engineering base, I think that can be done with relatively modest experimental equipment and a strong theoretical program with extensive coordination, cooperation, and exchange programs and working relations with some of the larger facilities abroad. I think that that way you can postpone the date at which you feel the necessity to build expensive

experimental hardware.

Excerpts follow from a New Wave interview with Fusion Energy Foundation Research Director Uwe Parpart published in the Dec. 20, 1981 issue of New Wave. Parpart toured India in May and June 1980, heading up a 1980 FEF team which prepared a 40-year industrialization program for the Indian subcontinent, in collaboration with specialists there.

New Wave: In your view what would be the prerequisite to get a fusion program going in India?

Parpart: Today what is needed is a government decision and a number of individuals in the field of fusion to say we have to pull together our scientists and our resources and develop a concentrated program in fusion energy development. There are many people who will say that this is not possible for India because the country does not have the resources, too much money is involved, look at the large machines that would have to be built, look at the enormous expenses, and so on.

I would like to point out that first of all, the initial expenses in this development effort are not very large. They might run into the order of a few million dollars a year, which India is certainly capable of spending on research and development of a high technology field. In the past, India has demonstrated that it is capable of spending that much and utilizing it fruitfully.

The money is not so much the problem. I think what is at the moment the problem is to find a solution for how one can concentrate the manpower of those 50 or so experienced plasma physicists in the field immediately related to fusion energy development. Some of these people are in the country and others are abroad and undoubtedly they could be convinced to come back if such an effort were put forward.

It is a management problem, not just a technology or financial problem. It is a management problem that has to be resolved with some dispatch. It cannot be allowed to drag on for months and years, because under those circumstances the people who otherwise will be enthusiastic about such a program quickly find that they are using a lot of their talents and energies in bureaucratic exercises rather than the solution of the problems they were trained to solve.

So I think, and I believe Dr. Dean concurs with me on this, that financially as well as from the manpower standpoint, India is capable of engaging in the problem. The question is one of the national determination of a sovereign nation to develop this program.

The reason I stress this notion of the determination of a sovereign nation is because being able to participate in the international fusion program in the next 30 years on the level with other nations which are now engaged in this work is going to be a very important element of exercising the sovereignty of the nation. This is going to

be the most advanced technological field which will determine the course of development in the next century, and to have an independent capability of participating in this kind of development and to exercise that capability is a major contribution to the exercise of national sovereignty.

On the other hand, to have such a potential as India has with regard to scientific manpower and to fail to make a decision to pull together such a program would be a very serious lapse which would have important negative consequences in the time to come.

It has also been pointed out that, not just in the countries of North America or Western Europe, but also in India's history—from Prime Minister Jawaharlal Nehru to Prime Minister Indira Gandhi—technological and scientific independence, the development of indigenous capabilities at the highest level, are a very essential ingredient of national independence. With regard to fusion we can say today that developing a capability in this field is going to be of the utmost significance.

New Wave: Could you say something about the work you saw on fusion energy on your tour? What do you see as the strong and weak points of the work going on?

Parpart: At the moment, experimental work in plasma physics in the country goes on at the Physical Research Laboratory in Ahmedabad. I think they have a small but excellent program. There is work going on at an experimental center at the Bhabha Atomic Research Center in Bombay and on a small but significant scale at the Saha Institute of Nuclear Physics in Calcutta. There is also a certain amount of work planned more for the purpose of graduate education at the Indian Institute of Technology, New Delhi.

There is no question that the groups at Ahmedabad and Calcutta, with whom Dr. Dean and I had the most extensive discussions, are doing excellent work and that they are enthusiastic about the prospects for development of their work. But as I have said earlier, I think the effort is too diffused and dispersed. I would think that the first order of business is to somehow make a decision to pool some of these scientists and resources in one or two locations which themselves are backed up by sufficient infrastructure in terms of machine shops, engineering capabilities for the support of significant experimental work, and so forth.

I think the time in which a decision will be needed on the building of larger machines in India is about three to five years away. At this point, the appointment perhaps of a coordinator for the fusion program, a selection of individuals who for a certain period of time may be sent abroad—be that to the United States, Western Europe, the Soviet Union, or Japan—to get their hands dirty with functioning experiments in the fusion energy area will be important.

Manpower, I think, has never been a problem in India. I think the problem is in the area of management and administration and in the availability of experimental facilities and the costs involved in these facilities. But I believe that the initial cost involved here, let's say in the first three years or so of a scaled-up fusion effort, will not be large. When we look beyond that, of course, larger expenditures have to be taken into account and when the discussion of expenditures for the next Five-Year Plan begins, there should already be some sense of the direction that this program will take.

New Wave: Everyone is talking about a big fusion effort by Japan. What exactly are the Japanese doing?

Parpart: India in the early 1960s had a very similar opportunity [to Japan] to become one of the leading nations in semiconductor applications. The scientific manpower existed in the form of Indian scientists who had done exceptional work in this field in the United States as well as in other countries. Indeed, certain steps were taken in that direction but the total amount of expenditures that were at that time allocated by India were not sufficient to define critical mass either to get the program off the ground in India or to convince some of these leading scientists that their research would indeed be supported at an adequate level.

I think not having made this commitment in the 1960s in India is something that has hurt the country significantly, and if India is today number ten in the world with regard to production of semiconductor-related technology items and not number two or three, this is directly the outcome of not making the decisions that should have been made at that time.

There is another example with regard to making such a decision in which case India made the proper decisions at the right moment. In the late 1940s and early 1950s, it became clear that nuclear energy was going to be developed as a source for peaceful energy production. Many of India's leading scientists at that time under the leadership of Homi Bhabha made the decision that even though India had many problems to deal with, it was necessary to develop the manpower and the infrastructure so that some 25 years later when the technology would actually come on line, India would not have to import these technologies and patents but would itself be capable of producing nuclear reactors indigenously.

This program was successful, and to the extent it was successful there is a reasonable expectation that a significant share of the energy problem India faces can be relieved through the utilization of nuclear power on the basis of technologies produced in India.

With regard to fusion, we stand today roughly at the same point as Bhabha did in the early 1950s. We know that by the year 2000—a few years earlier or later—these technologies will become available commercially.

Acceleration in India's growth plan

by Paul Zykofsky,
New Delhi Bureau Chief

A few days after 1982 was heralded as "National Productivity Year," India's Prime Minister Indira Gandhi announced her wide-ranging program for attaining the country's immediate development goal. The 20-point social and economic plan was presented Jan. 14 upon the completion of two years of Mrs. Gandhi's five-year term of office. The Prime Minister emphasized the content and urgency by presenting herself in an unusual national radio and television broadcast.

Mrs. Gandhi's decision to make this year's economic performance the foundation for national stability was further highlighted a day later with a cabinet shake-up primarily affecting the ministry which deals with the economy.

Both these moves are viewed as measures to revitalize not only the economy but also the ruling Congress Party as it came under increasing attack in recent months.

Mrs. Gandhi began her speech with sharp criticism of the previous Janata government, whose policies, she stated, had put the economy "in utter shambles." The Janata—whose leaders now head up the fragmented opposition—had created a situation in which "the production system—even the very stability of the country—was in peril."

In the two years that her government has been in office, she added, "our efforts in concentration on repairing the infrastructure have made a visible difference and broad improvement." She cited improvements in power generation and production of coal, steel, oil, fertilizer, cement, and food production over the past nine months.

However, she also noted that the need for increased defense expenditure by India, (blamed on the U.S. decision to supply sophisticated arms to neighboring Pakistan) placed an added burden on the economy. "Had Pakistan not chosen this time to acquire sophisticated arms, 1982 would have been a year of even greater advance for us. As it is we have to spend more on defense. In this the nation can not slacken."

Gandhi stated that the 20-point program presented in 1975 had been "recast and redefined" to pinpoint areas "of special thrust which will show immediate tangible results for various segments of the population."

The key aspects of the new 20-point program are:

- improvement of management, efficiency, and productivity, and timely completion of industrial products along with expansion of capacity in irrigation and power production.
- Quick action against smugglers and hoarders, and against the "black money" economy which diverts resources away from productive investment. This will be complemented by strengthening the public distribution system.
- Improvement of conditions in the rural sector where 75 percent of the population still lives. Because of increasing incidents of inter-caste violence in recent months, special measures to protect tribal and lower-caste minority groups, along with rehabilitation of bonded laborers and other social welfare programs.
- Protection of the environment (particularly against deforestation), voluntary family planning, and application of renewable energy sources in the rural sector.

There may be disagreement with some of the points in the program but few people in India will find fault with the overall plan. The real question remains whether the government can implement them. Aware of this, Gandhi made a special effort to rally the population behind the program: "This program is for each one of you and for this nation which is ours to serve, cherish, and build. I seek your wholehearted cooperation in making the program a success," she said.

This requires, she added, "hard work helped by a clear sense of purpose and discipline. On a steep road there is no time or place for pause. . . . We must get more out of every acre under the plough, out of every spindle in the machinery, out of every technologist and worker, out of every rupee."

In order to ensure proper government direction, Gandhi carried out a cabinet reshuffle a day after the national radio broadcast, shifting various portfolios, and dropping and adding a few lower level ministers. The most important is the shifting of Pranab Kumar Mukherjee from the Commerce Ministry to Finance where he will replace R. Venkataraman, the oldest member of the cabinet. Mukherjee will have the difficult task of administering the three-year \$5.6 billion loan India has received from the International Monetary Fund, which has been the subject of controversy in Parliament.

Venkataraman, meanwhile, is entrusted with the Defense Ministry, which Prime Minister Gandhi has personally run since her government took office. The decision to appoint a full-time Defense Minister takes added importance from the growing tensions with Pakistan. This sense was captured at the swearing-in ceremony in the following exchange overheard by an Indian journalist: Venkataraman told Mukherjee "From now on I pass on my sleepless nights to you." Prime Minister Gandhi responded "I am not so sure."

Program contributes to nation-building

by Paul Zykofsky

The following report was dispatched from Bangalore, India.

While parts of India are still in the bullock cart age, a small group of scientists and technicians have propelled it into the space age, ever since July 18, 1980, when India launched a 35-kilogram satellite into an elliptical orbit around the Earth using the indigenously developed SLV-3 rocket. With the success of SLV-3, India became the sixth nation in the world—and the first developing nation aside from China—to possess its own satellite-launching capability.

As in other countries, India has begun to use satellites for communications and to survey and monitor the nation's resources and weather. But aside from these applications of space for development, the Director of the program, Dr. Satish Dhawan, highlights the importance of space research for what he calls "nation-building." In a recent discussion with foreign journalists visiting the space facilities in the city of Bangalore, Dhawan explained why India has insisted on developing its own satellites and rockets instead of simply purchasing them from abroad: "We are at a stage of development . . . where we have to build our own country and use our best talents in manpower. How do you use them if you go on buying somewhere else? If you buy an airplane, you buy machines or you buy bicycles, you can do that. But [this] is not a commercial proposition; development of a nation we regard as somewhat different. We don't ignore the commercial element, but there are many examples around the world which tell you that, if you don't build your nation yourself, nobody else is going to come and build it for you. You can't buy a new nation from somewhere.

"At a given point of time you can buy a lathe," Dhawan said. "But pretty soon you have to ask the question that it's not the lathes which develop a country but the minds which design the lathes, the machines which build other machines. . . . India is passing through a phase where we do not think that opening it entirely to the commercial element is the way to develop the country. You will not have self-reliance, you will not have the

strength to become so, you cannot influence world markets, you are merely the recipient of the result of world marketing. And raw materials are all that we have been exporting in our past history in colonial times. We have a large experience of *that*. . . . You convert the raw materials to finished goods. *That's* human labor which does that, *that's* value added, that's what you pay for when you go abroad. We would like to have an exchange for it," Dhawan concluded.

Dhawan explained that "for the cost of the total program—in which 10,000 bright Indians have worked—we could hardly have bought two satellites."

A six-year buildup

Since the establishment of a Committee for Space Research in 1962 within the Department of Atomic Energy, work in this area has made significant progress. In 1963 the first rocket launching facility was established for conducting upper atmospheric studies with the help of the U.S., the Soviet Union and France. This was followed in 1967 with the setting up of an Experimental Satellite Communications Earth Station which helped train Indian personnel, and in 1972 with the establishment of an independent Department of Space.

The program's greatest achievements have been reached during the past six years based on a set of targets set in 1970 by its first director, Dr. Vikram Sarabhai, who also headed up the Atomic Energy Department until his death in 1971.

In addition to developing the SLV-3 rocket, in this period India assembled the know-how to build its own satellites. The small Rohini satellite launched by SLV-3 was only used to monitor the performance of the rocket, but India has built four larger satellites for earth observations and communications which are still in orbit. The first three satellites, Aryabhata (at 358 kilograms) and Bhaskara I and II (444 kilograms)—named after two great mathematicians and astronomers who lived in the Indian subcontinent in the fifth and twelfth centuries A.D.—were launched in 1975, 1979 and 1981 by the Soviet Union. They were used, respectively, for scientific experiments and earth observations. Satellite technology was developed further with APPLE (Ariane Passenger Payload Experiment), the first three-axis stabilized geosynchronous satellite built by India. It was launched by the European Space Agency's Ariane rocket in June 1981, and has successfully performed a number of communication experiments.

The next decade

Having built up the necessary infrastructure, expertise, and manpower, India is planning to focus the efforts of the space program on three principal goals: 1) construction and launch by 1985 of a new Indian Remote Sensing satellite with emphasis on agriculture, water management, forestry, mineral geology and oil

exploration; 2) replacement of the INSAT spacecraft being built in the U.S. with an indigenously designed and manufactured second generation satellite by 1985; and, 3) development of a Polar Satellite Launch Vehicle with the capability of launching 600-kilogram satellites into sun-synchronous polar orbits by 1986.

In addition, two complex multi-purpose geosynchronous satellites for telecommunications and meteorology—INSAT-1A and 1B—are being built in the United States by Ford Aerospace. Both will be launched by NASA; the first with a Delta rocket in 1982 and the second from the Space Shuttle in 1983. The INSAT satellites, built to Indian specifications and requirements, will reportedly be one of the most complex satellites ever developed for civilian purposes and is serving as the model for other multi-purpose satellites especially appropriate for developing countries.

The Indian space program is expected to play a growing role in accelerating the country's development by rapidly disseminating new technologies to industry. This process was clearly demonstrated in the construction of the SLV-3 rocket, in which over 100 small and large firms were involved. Dr. Y. S. Rajan, the scientific secretary of the Space Research Organization, noted that, as a matter of policy "we will not do something in-house if we can get industry outside to do it."

Although a few new products have been invented as a result of the space program, there is little doubt that India's most important groundbreaking work in this field has been in devising new applications of space for developing countries. The best example of this was an experimental program carried out from August 1975 to August 1976 which demonstrated some of the potential uses of space for education and development of rural communities. The program, known as SITE (Satellite Instructional Television Experiment), was carried out in collaboration with NASA, which provided free of cost a satellite with high transmission power to beam educational programs to 2,400 small villages throughout India. Each village was fitted with televisions and low-cost dish antennae made of wire mesh for reception purposes. It was the first time ever that direct transmission from a satellite to an individual TV set was carried out. The program, which was carefully monitored on the ground, made it possible to provide specially made instructional television programs relating to agriculture, health care, family planning, animal husbandry, and dairying to people who had never seen a television before.

While Dr. Dhawan cautioned that television could in no way replace the role of the teacher in education, the SITE program, he said, showed that "enhancement of education *can* be done effectively." For example, Dhawan added, television could be used to demonstrate experiments which might not otherwise be accessible to small village schools.



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Two pipelines key to energy prospects

by Dr. Giuseppe Filippini

On Jan. 16, one day after Italian Socialist Party leader Bettino Craxi proposed pulling down the Italian government next spring over the debate on tax laws, the research office of the Italian large manufacturers' association Confindustria presented a report "predicting" that 1982 will see the collapse of the Italian economy.

The report foresees a precipitous drop in productive investments this year and hence an increase in unemployment from 9 to 14 percent. This means adding one million jobless to the two million already officially recognized as unemployed—not counting the vast numbers who are underemployed or receiving government unemployment benefits.

"This is the price that must be paid to lower the inflation rate to 16 percent," the Confindustria report proclaims. But far from being an "objective" projection, this report is viewed by many here as an effort to impose a South American-style economic recipe on Italy, with Craxi waiting in the wings to become Prime Minister and "restore order" through totalitarian reforms of the constitution. The fact that Nobel Prize-winning wizard Lawrence Klein of the Wharton School, author of many an economic plan for South American dictatorships, was brought in to give a speech supporting the Confindustria report did little to quell suspicions.

The Socialist angle

Critics point to the fact that Craxi's allies in the national oil monopoly ENI, their new patron Armand Hammer (who recently bought into ENI), and politicians such as the Socialist Defense Minister Lelio Latorio, have spared no effort to sabotage key energy projects that would help Italy avert the economic catastrophe. The Polish events have been used by the Socialists as the pretext to sabotage the construction of the Siberian gas pipeline to Western Europe which the Italian government, together with ENI and the state-controlled steel company Finsider, had concluded with the U.S.S.R., West Germany, and France.

Most U.S. press commentaries have stressed the West German participation in the East-West pipeline

project and Chancellor Helmut Schmidt's manifest reluctance to sacrifice this deal in the face of U.S. pressures for economic sanctions against the Soviets. Italy's stake in the pipeline is, however, also extremely high.

Finsider is committed to sell \$130 million dollars' worth of steel tubing, and La Nuova Pignone, another state holding, is committed for 19 of the 22 pumping stations (to be paid starting in 1985 at 7.8 percent interest), plus other lesser orders.

Once it is finished, this pipeline will be able to pump 40 billion cubic meters of natural gas into Western Europe from Siberia annually, of which, according to the agreements, more than 8 billion will go to Italy. The payments for the imported gas, in the form of technologies that France, Italy, and the Federal Republic of Germany shall export to the East, will be the decisive factor in broadening commercial exchanges between East and West—a prospect of great interest to Italy's economy.

The Algerian question

But the situation of the gas pipeline between Italy and Algeria is even more scandalous.

Since last October, the pipeline which links Africa to Italy via the Sicilian Channel and the Straits of Messina has been ready. When the methane duct is completed in 1983, 12 billion cubic meters of methane gas per year should arrive in Italy, but already around 4 billion cubic meters could be pumped.

But the spigots remain closed, despite the efforts of various Italian politicians to open them.

What are the obstacles to reaching an accord? The official one is price. The Italy-Algeria accord goes back to the national unity government of Prime Minister Giulio Andreotti in 1977. Precise figures are not at hand, but it seems that Algiers is asking \$6 per BTU (27 cubic meters) whereas SNAM, the ENI subsidiary involved, wants to pay less than \$5.

It is a fact that Algeria is currently invoicing France \$6.11 per BTU for gas, but that France is paying only \$4.30, reserving the right to pay the difference in the form of technology transfers. It is obvious that a similar solution would be ideal for Italy.

The Algerian pipeline, once in use, would also give Europe the possibility of exploiting deposits in Nigeria and the Arab peninsula. Such programs would increase exponentially the trade between Europe, Italy, and the Arab and African nations, provided that the Third World debt is reorganized.

In turn, they make development of industry in Italy's South—long the sore point of the Italian economy—indispensable, with Italy's state-owned steel, chemical, and engineering industries playing the key role in that overdue development.

Book Review

Noam Chomsky and his machine-man

by Richard Schulman

Rules and Regulations

Noam Chomsky

New York: Columbia University Press, 1980

\$17.50; 299 pp.

Once upon a time in the little effluvial duchy of Cambridge-on-the-Charles a controversy broke out among the court fools. One faction of these insisted that man was a machine born utterly empty, which learned to coordinate its clankety-clank by being administered sweetmeats when its random motions took a direction desired by the duchy's administrators; these were called Behaviorists. An opposing faction argued that man could never have become such a complex machine had it not been largely Pre-Programmed at birth; these were the Degenerative Linguisticians.

In recent decades many books have been brought out by the leader of the Pre-Programmed group, Gnome Chomsky. One of these, *Rules and Representations*, was written for a non-specialized academic audience and thus affords the reader an opportunity to survey Chomsky's epistemology without having to suffer an MIT degree-program in linguistics. Although largely a "re-tread" of views presented in previous works, *Rules* has at least done the reader the service of accurately identifying Chomsky's forebears: Descartes and the Cambridge Platonists.

Were Chomsky to add to this lineage the *l'homme-machine* writers of the French Enlightenment, who themselves derive from Descartes, the lineage would be complete. It is with these writers that Chomsky shares the view, permeating and unifying all his writings on language, mind, and politics, that man is a natively pre-programmed Jacobin machine.

Rules and Representations is based on lectures Chomsky delivered at Columbia University. To give the contents the appearance of not merely being stale vapors from an aging professor's trousers, one section crepitates against the Ordinary Language philosophers, Chom-

sky's current straw men, or in this case, Straw-sons.

Two and a half decades earlier, Chomsky, in a review of B. F. Skinner's *Verbal Behavior*, boosted himself to academic fame at the easily-won expense of the Harvard pigeon trainer. Yet, as MIT professor Chomsky's recent work underlines, the two Cambridge academics, once secondary differences are lain aside, agree in the same underlying view of man as a creature of inherently fixed capacities. Both regard creativity—man's essence as human—as unknowable, a mystery, a random mutation. Thus Chomsky in the book under review writes that "The study of grammar raises problems that we have some hope of solving; the creative use of language is a mystery that eludes our intellectual grasp" (p. 222). Similar irrationalist outbursts on the subject of human creativity permeate Skinner's *Beyond Freedom and Dignity*.

To Skinner's operant-conditioning-based environmental determinism, Chomsky, the imputed anti-behaviorist, opposes a genetic determinism parallel to the reductionism of the Konrad Lorenz school of animal-behaviorists. In consequence the two supposed rivals are espousing mere variants of a shared underlying epistemology of zero mental growth. In Chomsky's paradigm, man is a pre-programmed talking computer; in Skinner's, a Big-Brother-programmed talking pigeon.

Enlightenment origins

Both Chomsky and Skinner are scions of an epistemological hoax launched in the 17th century by oligarchical circles determined to crush the Renaissance scientific faction that began with Dante Alighieri and continued through Nicholas of Cusa, Bruno, Stevin, and Leibniz. This Renaissance scientific faction regarded individual human creative mentation and the ongoing development of the universe as one consubstantial Being. To create suitable political conditions for such an identity being developed in the typically bestialized subject of Renaissance Europe, these thinkers sought to foster widely and deeply cultured republican nation-states, based upon consciously enriched national spoken languages. Such was the standpoint of Dante's *De Vulgare Eloquentia* and Leibniz's 1697 essay *On the Improvement of the German Language*.

Against this scientific faction and in defense of its own evil interests, the principal families of Europe's oligarchy launched a project that came to be known by the intentionally deceptive name of the Enlightenment.

Descartes is properly regarded as the founder of this Enlightenment tendency, which emphasized a gnostic dualism between mind and nature—and emphasized formalism in scientific proof. Quickly following in Descartes' footsteps were Hobbes, Locke, Spinoza, and the French materialists. There were heated quarrels on secondary matters but an otherwise fundamental agree-

ment in opposition to the notion of human creative activity as the continued unfolding of God's will throughout the universe.

Chomsky portrays himself as a modern-day continuator of "Cartesian linguistics." His patrons and cothinkers are similarly aware of Chomsky's identity as such a continuator. Thus the Aristotelian *Encyclopaedia Britannica*, under its entry for "Cartesianism," hails Chomsky as the leading modern Cartesian, noting: "Because both the principles [of language] and the capacity to use them can be said to be innate ideas, the mind might then be compared to a preprogrammed computer with creative capacities—a view that presents in contemporary form the old Cartesian questions: how can machines think?"

Such is precisely the concern of Chomsky's MIT colleague Marvin Minsky, and the implied epistemology of MIT Systems theory guru, Jay Forrester, co-author of the notorious and discredited Malthusian tract, *Limits to Growth*. Indeed, there is evidence that Chomsky's theory of language and mind is a kind of *self-fulfilling* evil theory, by being used to "program" individuals, either as terrorists under brainwashing conditions or ordinary schoolchildren through such computer-assisted instructional programs as Control Data Corporation's "PLATO." That Chomsky himself is by no means naïve about these considerations is underlined by his own well-documented political anarchism and support of international terrorists.

Chomsky insists repeatedly throughout *Rules* that his intention in the book, and its predecessors, is to make a definite statement about mind, the importance of innate ideas, and the severe limitations that innate ideas impose on any possible human knowledge and self-knowledge. He falsely but lawfully claims that language learning is complete by adolescence, with "only marginal further change" after this—a statement true, doubtless, of "Clockwork Orange" hoods with their transistor-radio cultures and the masses of citizens who never rise far above a similar fate, but hardly a true statement of the human being who enjoys continuous adulthood intellectual development.

In a similar vein is Chomsky's false, pre-pubescent assertion that a child learns language with virtually no input from adults, and his otherwise inexplicable attacks on those who would emphasize language's function as a means of communication (p. 210, p. 230) and on those who concern themselves with language's first origins. In the one case, the pre-pubescent Chomsky is irritated with language's social aspects, so inimical to the autoerotic infantile ego; in the other, he is irritated with the obvious fact that language had to be invented as some point—by an adult, and then further developed by other adults. Like primitive man or a child or Alexander Pope, his view of language is magical; it is a mere

rearrangement of existing word-tokens using an essentially fixed set of rules. Poetry is regarded as too complex to be dealt with by linguistics at present, whereas in fact, at the hands of a genius, it epitomizes the essence of language itself.

Similarly pre-adolescent is Chomsky's delusion that formal studies in syntax, and studies which base themselves on notions of sentence-grammaticality in particular, say anything significant about Mind. It is as though the Aristotelian Cauchy, who translated Leibniz's discovery of the calculus into a formalist's axiomatization, were to have paraded himself about as the first to understand the calculus. Were Chomsky to have confined himself to doing work on the delimited but by no means useless subject of the syntactic rules of specific human languages, and those rules apparently common to all known human languages, without meddling in psychology, he might have done better.

It is the genius of human language that it has the plasticity, of which the greatest poetry is a concentrated but by no means exclusive expression, to capture, through ambiguity and deliberate extensions of lexicon and syntax new conceptions necessary to the advancement of mankind to higher states of knowledge and material culture.

EIR founder Lyndon H. LaRouche has developed a conception which, although introduced in a different context, has a relevance to the point at hand. Although the visual apparatus human beings are born with is appropriate to a three-dimensional space, whereas the physical universe itself is of a higher dimensionality and topology, there is a projective correspondence between human visual space and the higher-order space of the universe-in-development. So too we may say that language, with its finite, though not fixed, syntactical rules and vocabulary is "projectively" appropriate to mapping the transfinite qualities of Mind.

The starting premise of an actual science of human language is to be found in those who understand the highest uses and extensions of language: the Dante of *The Divine Comedy* and *De Vulgare Eloquentia*; Milton, who bent, hammered, and reformed the English tongue that it might mirror his enormous mind; Leibniz, who established the foundations of the German nation in his 1697 essay "On the Improvement of the German Language;" Shelley, whose "Defence of Poetry" describes, as from inside the mind, the struggle to extend language to name and capture fragile but essential conception.

The study of syntactic phenomena may be expected to have the uses and limits that grammarians' studies have had in the past, when competent. But if researchers in this field tolerate as their spokesman a pretentious fool and terrorist controller, with a fascistic view of mind as a genetically pre-programmed box, the field will deserve all the contempt it gets.

The leadership question

Realizing Ghana's potential and pre-empting the IMF's policies requires moral commitment.

In my last column, I described the Rawlings Dec. 31 coup in Ghana which was consolidated thanks to support from Muammar Qaddafi. I pointed out how the coup followed a fight within the deposed President Limann's PNP party over how to get Ghana's already collapsed economy moving in the face of austerity demands from the IMF (see *EIR*, Jan. 19).

The IMF has teamed up with Qaddafi in efforts to sabotage the development of African countries, and this is no secret to leaders on the continent who are indeed concerned about this two-pronged threat. Yet the crucial concern in this case is not Libya or the IMF *per se*. What has allowed the operations targeting Ghana to succeed is the absence, since Nkrumah, of a leadership willing to develop the population as responsible citizens with a commitment to build their nation.

In 1957 Ghana was the first European colony in Africa to become independent, and in its early years of independence, its population and economy were more developed than any of the other European colonies in sub-Saharan Africa.

After eight years of Nkrumah's centralized rule, Ghana's population in 1965 was 35 percent urban. (Many African countries today remain 90 percent rural; even Nigeria is still 70 percent rural.) And at that time 90 percent of Ghana's population was literate.

Ghana was then the world's

largest producer of cocoa, produced gold, diamonds, and other raw materials, and Nkrumah was building dams, electrical infrastructure, and related heavy-industry applications.

But in 1966 Nkrumah was the victim of the first of a series of military coups which shoved the country down the road to disaster.

The ensuing history of unrelied corruption and economic deterioration has advanced to such a point that, to the surprise of many of my Ghanaian sources, "there was massive support for Rawlings."

"The people felt relieved," said one source. "The leadership of the country was putting forth no meaningful policy to follow. The population was prepared to tighten their belts if they saw some kind of positive policy." The pervasive corruption of officials, and the practice of urban elites of hustling money by whatever means possible, a practice known as "Kalabule," has completely disillusioned most Ghanaians.

Rawlings has no viable solutions for Ghana, and already a cooler domestic reaction is setting in. He did nothing to solve the problems of production and supply following the previous coup d'état he led; his legacy was a chaotic economic situation Limann was never able to overcome.

In a speech a year ago, Limann warned against the dangers of the

corruption prevalent in Ghana; this could lead to "the slow death of civilian rule," he said. Last October, Limann again warned of the danger of a coup if corrupt practices were not eliminated. That month he carried out a cabinet shakeup, while groping for an economic policy that could get the country moving.

But by 1981, the production and price of cocoa had fallen drastically. Much of the cocoa production could not even be transported to ports, resulting in the smuggling of significant amounts to neighboring countries.

In the face of this economic collapse, Ghana's large urban population (by African standards) reverted more and more to corruption to survive. The production and smuggling out of the country of drugs is also reported on a large scale, with the complicity of the police.

When Limann tried to rejuvenate the economy, the only way he saw to attract capital was by opening the country to raw materials looting by foreign speculators. From there it was impossible to revert to Nkrumah's dirigist approach to building the economy.

At the same time corrupt urban elites were importing consumer goods and selling them at black-market rates that brought 20 times more *cedis* than the official exchange rate. For this reason they opposed IMF pressure for devaluation. They did not prevent the overthrow of Limann, however.

Rawling's Jacobin coup represents a low point in the history of post-independence Ghana, starkly illustrating the consequences of lack of leadership in that bedraggled nation.

Abu Nidal: a Mossad agent

A PLO leader has charged that Israeli intelligence runs Palestinian terrorism.

A top-level leader of the Palestine Liberation Organization has charged Israeli intelligence with acting as a controller of Palestinian terrorism.

In an interview in the Feb. 22 French daily *Le Monde*, Isam Sartawi, an official adviser to PLO leader Yasser Arafat, denounced renowned Palestinian terrorist Abu Nidal as an agent of the Israeli intelligence agency Mossad.

"Contrary to appearances," said Sartawi, "Abu Nidal is not an extremist, a maximalist of the Rejection Front, but a traitor who is working for the Israeli services. Austrian security services have established without any doubt that the gangsters of Abu Nidal not only killed Heinz Nittel, an associate of West German Chancellor Schmidt, last May and attacked a synagogue in Vienna in August, but also assassinated Naim Khader, the PLO representative in Brussels, last June. They had also planned to kill Yasser Arafat during one of his visits to Vienna a week later."

"Whose interest is it to kill one of our leaders, except Israel's?" Sartawi queried. "Whose interest is it to discredit the Palestinian resistance by committing anti-Semitic crimes? We do not even ask ourselves these questions anymore, since members of the Abu Nidal group that we are detaining in Beirut are known to have been recruited by the Mossad in the occupied territories."

Sartawi went on to point to

"other Arab countries" that are de facto working with the Mossad to assist Abu Nidal and promote Palestinian extremism—an implicit reference to Syria and Libya.

Sartawi's explosive statements corroborate the recent documented statement by Judge Ferdinando Imposimato of Rome, that the Mossad, working with Libya, the Soviet KGB, and radical Palestinian and Arab networks, is behind both "left" and "right" terrorism in Italy (see Special Report).

A few days prior to Judge Imposimato's statement, Israeli Foreign Minister Yitzhak Shamir, at the conclusion of a visit to Rome, was asked by the Italian daily *Corriere della Sera* whether or not it was true that the Mossad was behind international terrorism. Shamir hastily dodged the question, calling it absurd and refusing further comment.

If effective international action follows up Sartawi's and Imposimato's leads, the tables will be turned not only on Israeli intelligence's terrorist capabilities but on the international network behind the worldwide drug- and arms-smuggling cartel.

Collusion with Israel by radical Arabs (particularly Syrians) is borne out by reports from Arab diplomatic sources that a political deal has been struck between the Begin and Assad regimes to heighten tensions between the two countries. In pursuing a war strategy, President Assad hopes to rally his

country behind him, thereby staving off a coup d'état.

Arab diplomats have expressed the fear that Assad's and Begin's brinkmanship could backfire, precipitating a fifth Arab-Israeli war.

Syrian-Israel interests also coincide in the common involvement of both the Begin and Assad governments in dirty-money laundering and drug-trafficking operations being run through Lebanon. President Hafez Assad's brother Rifaat is one of the ringleaders of these illegal operations, centered on the Israeli-sponsored cultivation of hashish in the Bekaa Valley, southern Lebanon's new cash crop.

According to Turkish drug enforcement sources, the main jumping-off points for drug smuggling from the Middle East into Europe are Lebanon and Syria. In addition to Lebanese hashish, opium and heroin from Iran are being routed through Syria and Lebanon, via the Kurdish sections of Turkey, then on to Turkish Cyprus and into northern Italy and Great Britain. The longstanding "preferred" route for drug smuggling—through Turkey to Europe—has recently been shut down as a result of the Turkish government's clampdown on illegal drug traffic.

Sartawi's revelations about the Abu Nidal-Mossad links should have profound reverberations in Syria, the protector of Abu Nidal. The Syrian government, long kept in power by clever political sleight-of-hand, is now in trouble, and Arab intelligence sources do not rule out the possibility of a coup after a Muslim Brotherhood revolt. Indeed, on Jan. 20, foreign news agencies reported a still-unconfirmed attempted coup in Damascus by air-force personnel.

A new Henriquismo?

Javier García Paniagua could launch the first open effort in 30 years to split the ruling PRI party.

A new rumor with more real content than many is currently making the rounds of the public and private offices in the country: that a certain individual, until a few months ago a loyal member of the "revolutionary family" at the top of the governing PRI party, may run as an independent candidate for the presidency in this year's elections.

The man in question is none other than Javier García Paniagua, former director of the national security police, former Undersecretary of the Interior Ministry, former President of the PRI, and former Labor Minister. García Paniagua had moved through these top posts in rapid succession in less than six years. He pushed hard for the top prize of all in the period just before Planning Minister De la Madrid got the nod instead as the PRI's presidential candidate last September. His frustrated ambitions, according to numerous sources, now represent fertile ground for possible moves to split the PRI itself.

A number of political analysts are calling this a potential new Henriquista movement, referring to the candidacy of Gen. Miguel Henríquez Guzmán, who in 1952 attempted to fracture the PRI with an independent bid against the party's official choice. The Jacobin effort failed in its declared intention of "changing the course of the Mexican Revolution," but its "left" and "right" sponsors did mobilize some mass forces behind it, particu-

larly in the peasant sector.

Behind the 1952 operation was then-outgoing President Miguel Alemán. The situation has not changed today, it appears. The force maneuvering the García Paniagua card is reportedly the same circle of Alemán and his chief protégé, the mayor of Mexico City, Carlos Hank González.

My sources say the objective is a top-to-bottom restructuring of the Mexican system, to eliminate the kind of nationalist, pro-growth tendency which has come to the top of the PRI in key moments of its history and preserved the stability of Mexico.

As in the Henríquez case, a crazy-quilt of left and right forces is emerging behind the García Paniagua option. The Social Democratic Party (PSD), which is angling to become the official Socialist International affiliate in Mexico, put García Paniagua's name at the head of their list of 10 candidates under consideration as their presidential standard-bearer.

Simultaneously the ultra-right-wing *Impacto* magazine ran a prominent column Jan. 14 urging García Paniagua to make an independent bid. "None of the underdeveloped and subsidized opposition parties" can meet the challenges facing the country, wrote columnist Antonio Mendieta. "We believe that the solution must come from within the system, and a solution would be for García Paniagua to launch himself as an independent

presidential candidate. I do not know if that would fix up the problems of the country, but I can tell you that things would change—a lot."

García Paniagua first put together his media machine as president of the PRI from March 1981 to October 1981. During that time, I am told, he bought up a substantial chunk of the Mexican press, with money channeled through the PRI think tank, IEPES. The leftist *Uno Mas Uno* and *Proceso*, together with *Impacto* and a social-democratic wing of the PRI itself, have been in charge of propagandizing on behalf of García Paniagua. First it was as "the dark horse with a good shot at the presidency." Then, after September, it was as "the man loyal to the system who is getting a raw deal." Finally, after he left the PRI presidency and subsequently resigned the Labor Ministry post which he had been assigned but never attempted to fill, the same press issued a chorus of apologies for the man who "has been spurned by an ungrateful party hierarchy."

García Paniagua's own singular lack of political definition has aided him in his course, but his basic strength comes from factions in the military and the security forces who back him. His father, Gen. Marcelino Barragan, was one of the most important military figures of the 1950s and 1960s—and a Henriquista in 1952.

My sources are unanimous in telling me that the abrupt sacking of García Paniagua loyalist Miguel Nassar Haro as head of the Federal Security Police on Jan. 14 was a move by other government forces to neutralize precisely the threat represented by this facet of García Paniagua's apparatus.

International Intelligence

Mubarak clampdown on free zones

Egypt's Mubarak government is moving to clean up Egypt's "free-enterprise zones."

According to a U.S. Commerce Department source who visited the country recently, "These free zones, I guess you could say, are warehouses full of drugs." He noted that "Mubarak isn't happy with the whole thing," and in November announced that the free zone operators had to show they were producing something or they would be thrown out."

In 1977, after Egypt failed to generate badly needed foreign investment, David Rockefeller, Henry Kissinger, and Edgar Bronfman convinced a desperate Anwar Sadat as part of the Camp David policy to create these zones, which are small tracks of fenced lands with warehouses on them. Many free zones now serve as storage and transshipment points for illegal drugs and other contraband, primarily smuggled from Lebanon.

Taking Gaullism out of the Gaullist party

Jacques Chirac, one of the insiders responsible for French President Giscard's 1981 electoral defeat, was re-elected chairman of the Gaullist party the weekend of Jan. 23 at a congress characterized by the absence of any of the old-time collaborators of General de Gaulle.

Chirac's re-election—he was the only candidate presented—and the proceedings of the congress mark the end of the notion of Gaullism as an institutionalized force. The party is now going through a process reminiscent of the post-Stalin era in the Soviet Union: the huge banner pictures of de Gaulle and the large Lorraine Cross customarily displayed at these events—the symbol de Gaulle chose for his resistance fight—were missing for the first time. De Gaulle's name was not mentioned once by Chirac or any other speaker. Michel

Debré and several other leading Gaullists did not show up.

While Chirac was busy trying to paint his movement as "the spearhead of the opposition to Mitterrand," the reality is quite different. Chirac came out with a scarcely veiled appeal for the creation of a European Defense Community—a proposition always considered anathema to the Gaullists. This is precisely what the leading international spokesman of the Socialist Party, Jacques Hutzinger, called for at a private meeting of the French Institute for International Relations last month, and forms the basis for the entente between Socialists and "Gaullists."

Cuba crisis set up for Reagan?

Henry Kissinger's faction in the intelligence community is still trying to present Reagan with another Cuba missile crisis to force the administration into a strategic confrontation with the Soviet Union. The issue is whether the Soviet Union, which has been rearming Cuba massively during the past year, has delivered to Cuba the parts from which to construct MIG-23 fighter bombers capable of carrying nuclear warheads. If so, the Soviets would be in violation of the 1962 understanding reached between Washington and Moscow after the missile crisis, under which the U.S. government agreed to allow the Castro government to exist—as long as no offensive nuclear weapons were ever based in Cuba. Reminiscent of Kissinger's famous discovery of "soccer fields" in Cuba in 1970 ("proof that the Soviets were building a submarine base there), sections of the CIA, State Department, and Pentagon are now arguing that "big crates" delivered to Cuba in November contained the offensive MIG-23 material, and the United States must take action. According to a report in the Miami press, Pentagon intelligence is officially arguing, however, for "more caution," citing an unnamed Pentagon official saying that for all the evidence the United States has, "we could be dealing

with a bunch of empty boxes."

Secretary of State Haig "brought the issue up" with Gromyko during their talks last month.

Egypt to restore relations with Soviets

Egyptian President Mubarak stressed in an interview last month that Egypt was committed to nonalignment, does not consider itself belonging to the "American bloc," and has no interest in joining Alexander Haig's "strategic consensus" against the Soviet Union.

The interview, published in the Jan. 25 issue of the West German weekly *Der Spiegel*, is another indication that the Mubarak government has stepped up efforts to restore relations with the Soviet Union. Following meetings between Egypt's Foreign Minister and the Soviet chargé d'affaires in Cairo recently, Egyptian officials let it be known that an exchange of ambassadors between the two countries is now inevitable.

The Egyptian government reportedly has also asked the Soviets to provide 66 technical experts to assist on major industrial projects in Egypt.

France indicted for harboring terrorists

France is being condemned by its neighbors in Western Europe for harboring terrorists and for its lack of cooperation with security agencies from other countries.

The Bundeskriminalamt (BKA), West Germany's equivalent of the FBI, was reported in the West German *Bild Zeitung* Jan. 25 to be in a furor at the lack of cooperation it has been getting from France since the Socialists took power under François Mitterrand. The BKA is particularly irritated that its repeated requests for help in extraditing 38 West German terrorists—reported to be living

comfortably in French hotels—have met with no response.

The Spanish government also noted in a recently released annual report on the anti-terrorism fight in Spain that the Spanish government “is receiving no aid from France” in its fight against the terrorist-separatist ETA.

Mitterrand’s first official act in office last summer was to release dozens of terrorists from the Action Directe and other terrorist groups.

Ruhr mobilizes in support of industry

Ten thousand workers and their families demonstrated Jan. 26 in the West German steel city of Gelsenkirchen, promoting a program of industrial expansion for the Ruhr industrial heartland of Germany, and also demanding that the city’s last blast furnace not be shut down by its owner, the Thyssen-Schalker Verein. Gelsenkirchen has the highest unemployment figure among West German cities—10 percent, against the national average of 7.3 percent. The closing of the blast furnace will mean, as speakers at the demonstration stressed: “Gelsenkirchen will die.”

The trade union factory council chairman declared: “Interest rates have to come down, exports have to be increased again, investment infrastructure and nuclear power have to be carried out. We need new financing instruments so that we expand and modernize the outmoded parts of the steel plant.”

The demonstration was addressed by the city mayor, the factory council chairman, and the head of the metalworkers union, IG Metall. In their speeches they underlined that a shutdown of the plant would mean unemployment would hit 13 percent, and 1,500 skilled steel workers would be fired, particularly those over 55. The speakers said that an “overall solution” for the whole Ruhr region had to be found, to raise production and finance productive investment.

Gelsenkirchen workers are furious at the role played by the Thyssen concern,

which has repeatedly promised to modernize steel production and then gone back on its word. “Thyssen wants to pursue a new Morgenthau plan, shutting down all industry here,” said one worker. Others reported that Thyssen has kept trade-union delegations waiting for two hours in sub-zero temperatures only to tell them they had nothing to discuss.

France signs 25-year Soviet gas deal

Gaz de France signed an agreement with the Soviet Union to purchase approximately 282 million cubic feet of natural gas annually for the next 25 years. This was the first major contract signed with the Soviet Union since the declaration of martial law in Poland on Dec. 13 (see International).

The French-Soviet gas deal is part of the Soviet project to exploit the vast natural gas fields of the Yamal area of Siberia. The gas will be delivered to Western Europe by the 3600-mile Yamburg-Urengoi pipeline now under construction. European banks and business have enthusiastically joined in the \$15 billion pipeline project that is projected to supply about 30 percent of the natural gas needs of up to 12 countries in Europe by 1990.

Up to the last minute French President Mitterrand was reportedly considering a U.S. proposal to reduce the package by 25 percent, substituting Algerian natural gas, as a “protest” over Poland and a sign of solidarity with U.S. sanctions. The French decision to proceed with the full deal, as originally conceived, came just days after the West German chemical giant Hoechst agreed to build a \$300 million polyester-filament plant in the U.S.S.R.

In October Italy signed a similar agreement for gas deliveries, and Germany’s Ruhrgas, which together with a group of banks led by Deutschebank has spearheaded Western participation in the project, concluded its agreement in November.

Briefly

● **GEN. V. I. VARENIKOV**, First Deputy Chief of the U.S.S.R.’s General Staff, gave a press conference in Moscow Jan. 25, breaking the usual pattern of a low profile for the Soviet military. Varenikov presented the Soviet Defense Ministry’s new pamphlet, “Whence the Threat to Peace?” framed as a rebuttal to the Pentagon’s glossy brochure on Moscow’s arms buildup.

● **GEN. VLADIMIR Tolubko**, Commander of the Soviet Strategic Rocket Corps, has emphasized the danger of miscalculation created by the cruise missile, since it is impossible to distinguish whether an incoming cruise is nuclear-armed. In a Jan. 16 interview published in the East German daily newspaper *Neues Deutschland*, Tolubko said that U.S. programs resting on the cruise “lower the threshold for use of nuclear weapons and create the illusion that it is possible to incapacitate the enemy’s strategic means and avoid retaliation.”

● **KING HUSSEIN** of Jordan announced Jan. 27 after a visit to Baghdad that his nation will mobilize its entire forces to support the Iraqis against the Ayatollah Khomeini’s army. The statement, coming after 18 months of more restricted Jordanian support for Iraq, is tantamount to a declaration of war against Iran, and coincides with growing tensions between Jordan and Syria after Syrian intelligence agents were caught working with the Muslim Brotherhood in acts of terrorism within Jordan.

● **FRANK PEREZ**, the U.S. State Department’s Acting Director of the Office for Combatting Terrorism, stated at a press conference Jan. 28 that “we have discovered incidents where terrorists work with drug traffickers.” His acknowledgement came in reply to *EIR* correspondent Stanley Ezrol’s comments on the recent Italian revelations.

If Reagan dumped Volcker, what would he do next?

by Richard Cohen, Washington Bureau Chief

If President Reagan fails to add substance to rising early-1982 anti-Volcker noises in the U.S. Congress and the White House itself within the next few months, he and the country will face a full-scale disaster by April.

The content of calamity was ruthlessly outlined by Federal Reserve Board Chairman Paul Volcker two days prior to the President's first State of the Union Address, given Jan. 26. Volcker, speaking before the National Association of Homebuilders, an association ravaged in 1980-81 by the Fed's high interest-rate policy, stated bluntly that he will subject the nation to an intensified continuation of the same policy. If Volcker makes good on this threat, he will have turned the screws on the economy the final 180 degrees necessary to detonate a full-scale depression by mid-spring.

Volcker said the same thing to the Joint Economic Committee of the U.S. Congress and the Retired Persons Association on Jan. 26. Volcker's rabid campaigning was precipitated by an unexpected presidential decision reportedly rendered on the morning of Jan. 21. At that time the President made clear to his stunned advisers that he would not promote a series of excise taxes on "luxury" items in his fiscal 1983 budget.

A deal is off

Most Washington insiders are convinced that the excise tax proposal would have been a signal to the Federal Reserve Board and Wall Street that the President would be prepared to strike a deal with Volcker. In his Jan. 19 press conference Mr. Reagan had stipulated that a Fed policy of moderating interest rates would be required to secure economic recovery in July 1982 when the second wave of tax cuts takes effect. The precondi-

tions for a Reagan-Fed bargain were scrapped with the President's no-tax decision. Hence Volcker's new rampage, and Treasury Secretary Donald Regan and the Fed began on Jan. 27 to throw barbs at each other.

The President's decision to resist the tax increase demanded by Volcker and the Bank for International Settlements (BIS) did not result from any in-house re-evaluation of the failure of the President's "Economic Recovery Program," however. The White House faces a budget deficit in the range of \$150 billion with no program for reducing that deficit, and the President added insult to injury by dodging all serious economic questions in his State of the Union address—instead promoting a "fantastic" government shell game reorganization program whose practical chances of getting through the '82 Congress are nil.

According to Capitol Hill sources, this evasion will begin to generate a climate in Washington in which no one will believe that the President can recapture his consensus-making capability on Capitol Hill. Some fearful Republicans here have already termed this process the "Carterization of Reagan."

London-Swiss forces are determined that by April this "Carterization" process, capped by Volcker's spring economic collapse, will result in a Presidency with no independent power. These forces are also committed to eliminating all trusted Reagan advisers by means of contrived scandals no later than April. This outcome can be averted if and only if Reagan and his remaining loyal staff, along with anti-Volcker Democrats and Republicans in Congress, heed the economic recommendations of *EIR* founder and National Democratic Policy Committee Advisory Board Chairman



A Jan. 20 rally in Olympia, Washington.

Lyndon H. LaRouche, who has decided to launch a major intervention into the nation's capital, challenging leading legislators and the White House itself to demand the removal of Volcker and the return of control of the nation's credit to elected officials in order to deal with the economic emergency. LaRouche will urge the introduction of a two-tiered credit system geared to generating real increases in productivity, and a gold-reserve monetary reform that would simultaneously thwart the financial-warfare capabilities of London and Switzerland, and redirect investment toward U.S. re-industrialization. I am convinced that the LaRouche intervention may well be the President's last chance, and the nation's.

Washington observers concur that Congress is now under even more intense pressure to counter Volcker than it was during the summer 1981 recess. And, with the White House itself now at odds with the Fed, press fronts for the BIS, including the *Christian Science Monitor*, have openly warned of an uncontrollable Congress-White House revolt against high interest rates. What this chemistry lacks at present is clear programmatic leadership and a national movement behind it, with the potential to determine the outcome of the 1982 congressional elections. Within the White House and on the Hill, no such leadership exists. What the London-Swiss forces most fear is the way the LaRouche program and the rapid growth of the NDPC are intersecting this revolt potential.

To contain that intersecting threat, the BIS has two instruments: the George Bush-James Baker group within the White House, and the "supply-siders" whose policies would be as destructive as Volcker's.

The resuscitation of David Stockman, who in November openly backed the Volcker-BIS plan for tax increases and defense cuts, by White House Chief of Staff Baker, antagonized long-time Reagan supporters. Baker's strengthened role in White House decision-making signaled the rise of Vice-President Bush, a 25-year ally of Baker. Finally, the danger that Mr. Reagan would capitulate to Volcker's demands for tax increases threatened rebellion among the President's conservative ranks.

Reaction to the Baker-Bush-Stockman ascendancy surfaced during the week of Jan. 18, when 45 groups including Christian fundamentalist organizations and outfits run by Anglo-Swiss agents Richard Viguerie, William F. Buckley, and Ed Feulner of the Heritage Foundation, along with various powerful single-issue groups, issued a "conservative manifesto" condemning the President's "drift toward moderation." Gathered in Washington, they demanded the ouster of James Baker and other White House staffers, and, in tandem with the right-wing social-democratic Committee for a Free World (CFW), which was meeting in Washington the weekend of Jan. 23, urged that U.N. Ambassador Jeane Kirkpatrick replace Al Haig as Secretary of State. They also demanded that Haig's closest aides, Walter Stoessel and, more emphatically Lawrence Eagleburger, be replaced by Fred Iklé, the Swiss mole now at the Pentagon's policy planning division, and James Buckley, currently in charge of arms dealings at State.

Under the banner of domestic populism and international anti-communism, the BIS crowd was creating a "countergang" to their wholly-owned Baker-Haig-Volcker subsidiary. The emergence of this pressure

“frightened the hell out of” the President’s political advisers, as one source put it. They know that outside of LaRouche’s NDPC, these conservative groups represent the only growing political movement in the country. Without them, it would be impossible for the GOP to hold the Senate and maintain a powerful minority in the House in the 1982 elections. Thus the White House response was quick. Baker and Presidential Counselor Edwin Meese III were dispatched to appeal to the group of 45 organizations. Senate Majority Leader Howard Baker reshuffled the 1982 Senate calendar in order to allow the conservative “social issues” of school prayer, busing, and abortion to dominate the Spring agenda. Under pressure from Rep. Jack Kemp (R-N.Y.) to resist tax increases, Mr. Reagan met with Kemp’s friend Richard Rahn of the U.S. Chamber of Commerce and selected business leaders on Jan. 20. That meeting, plus the chants of “no tax increase” from the 45 groups, convinced the President.

The options

The President now faces four economic policy alternatives. While Kemp has now emerged as the champion of this anti-Bush amalgam, what he offers the White House is a Rasputin-like alternative to Volcker. Kemp, fresh from victory on the tax issue, and with increasingly broad-based support, now wants to push a program which would promote lower interest rates but keep money very tight by means of a British-style gold-reserve variant of gold remonetization, something to which the BIS would not be averse.

Baker and Stockman, who originally promoted a deal with the Federal Reserve on taxes, are now urging the President to fence with Volcker while they press for a massive looting of union pension funds in order to come up with the so-called savings that were supposed to be generated by the tax cuts. In a private discussion with Meese, one of my reporters was told that the problem with the economy is *not* Volcker, despite White House signals to the contrary. Other presidential advisers have told me recently that the President still believes his long-term program is working; they point insistently to the decline in the inflation rate, and identify their problem as merely short-term heavy unemployment in the auto and construction sectors. Thus, this alternative amounts to sticking with Volcker and waiting for an illusory recovery.

Third, there is the emerging Fabian Democratic alternative, which Mr. Reagan finds obnoxious and repugnant. Presidential aspirants Walter Mondale, Ted Kennedy, and Jerry Brown are proposing “permanent depression machinery,” centered around wage-price controls, credit controls, and increased taxes on consumption. Those are the options competing with the LaRouche program.

Conference Report

CFW session attacks Germany’s Schmidt

by Graham Lowry, U.S. Editor

The recently concluded Committee for the Free World (CFW) conference on “The Transatlantic Crisis,” a three-day proceeding which nearly drowned in waves of anti-Soviet and anti-German rhetoric, operationally served as an international organizing session to plot the overthrow of the West German government of Chancellor Helmut Schmidt.

Concluding its public sessions with a keynote address by Henry Kissinger, the peripatetic, long-time specialist in political destabilizations and coups, the CFW gathering of European and British oligarchs and their American devotees featured continual public and private denunciations of Schmidt’s efforts to defend West Germany’s national interests and its role as a leading force for East-West detente and international stability.

The public attacks on West German policies at the conference, held Jan. 22-24 in Washington, were coupled with condemnations of President Reagan’s “weakness” in responding to the crisis in Poland, both for not having “retaliated” effectively against the Soviet Union and for having failed to muscle the Europeans—especially West Germany—into joining in broader economic sanctions against Moscow. The efforts to pressure Reagan into plunging into confrontation with the Soviet Union were also aimed at forcing a break between Reagan and Schmidt, to eliminate any prospect of a joint commitment to stabilize the international situation, and pave the way for eliminating the Schmidt government itself. The agenda for such discussions at the CFW conference followed Kissinger’s lead in a pair of wild op eds in the *New York Times* Jan. 17 and 18, in which he railed against Reagan’s “soft” foreign policy line and, in an obvious blast at Schmidt’s detente policy, demanded an end to “appeasement” of the Soviet Union.

British manipulation

But the role of the British monarchy and its oligarchical allies in fomenting these assaults was evident at the conference itself, where British Lord Alun Chalfont, the Conservative Party extremist on strategic affairs, not only chaired some of the proceedings but

took it upon himself to refocus the discussion at the opening of the second day by insisting that participants concentrate more on "political considerations" than strategic and military matters.

The purpose of such British manipulations is not to bolster the United States, but to hurl the United States and the Soviet Union into a head-long period of confrontation that will undermine and destroy *both* nations as world powers. The British-inspired fulminations against U.S. ally Chancellor Schmidt thus represent a calculated plot to not only destroy the Schmidt government, but weaken the U.S. itself.

Chalfont's first puppet voice for this strategem was Norman Podhoretz, husband of Committee for the Free World head Midge Decter, who launched into a diatribe against European "appeasers." Europe is in danger of "Finlandization," Podhoretz charged, because the "contemptibly self-righteous wails and whines of neutralists, appeasers, and Red Vichyites dominate the European air."

Leaving unnamed his prime target—detente's leading European spokesman Helmut Schmidt—Podhoretz gave dramatic testimony to the frenzy driving the overall assault on Schmidt by declaring, "An apocalyptic sense is the only rational response to reality."

In an earlier discussion, Podhoretz told the audience that sentiment in Europe is "better Red than dead, but they do not realize they will be both Red and dead." At that point, a member of the audience rose to contribute

his opinion that the 25-year economic development treaty signed in 1978 between Bonn and Moscow—which has been the basis for Schmidt's stabilizing role—is a new Hitler-Stalin pact.

Lord Chalfont himself argued for a larger role for Britain in setting policy for the Atlantic Alliance, since, he explained, West Germany's political views are inherently unreliable because geographically they are "too close to the Russians." Jean-François Revel, former editor of *L'Express* in France, denounced West Germany as the "weakest" member of the alliance, and for failing to understand that "detente is over." Revel also denounced U.S. "failure" to force a Polish debt default, cancel International Harvester contracts with the Soviets and impose a grain embargo, and cut off high-technology exports to the Soviet Union. The audience did not appear to either recognize or mind the fact that such sanctions against Moscow would hurt no one more than the economy of the United States.

Enter Henry

After two days of such discussions, the conference participants breakfasted on Henry Kissinger's concluding address, for which he tried to don the mantle of statesmanlike spokesman for his cothinkers. "I don't think there is any question but that the alliance is in deep difficulty," Kissinger intoned, "and we do not do ourselves a favor" by pretending that things are all right.



Mr. and Mrs. Kissinger at a Washington event last December.

According major influence to the European peace movement, which in West Germany constitutes the major "left-wing" fascist forces deployed against the Schmidt government, Kissinger claimed that the "demonstrations in Europe . . . show above all the total intellectual collapse of the concept of an Atlantic strategy." Attacking the Europeans for failing to go along with a hard-line policy against the Soviet Union, Kissinger asked, "How much diversity can we stand?" The current level of agreement in the alliance is only "a consensus of the fearful," he said. "If it leads to paralysis and inaction, then the alliance will disintegrate because it will not be relevant to most of the issues that arise."

Kissinger, however, did not explain that his British sponsors would be the beneficiaries of such a disintegration of the Atlantic Alliance, as it would give the British, who otherwise wield little power as a *nation-state* in their own right, enhanced influence over both Europe and Washington.

In the conclusion of his speech, Kissinger declared that this "papering over of crises . . . cannot go on forever. . . . It is in our interests to try and bring some of these disputes to a head in some fashion." During the question period, he made clear that he considered Soviet-West German economic cooperation a prime target, endorsing efforts to force a cancellation of the Siberian-West German natural gas pipeline project. "We should make a major effort, and it seems to me cutting off the credits would be the best way to achieve this."

Plots against Schmidt

Throughout the conference, at which the featured participants from the United States also included U.N. Ambassador Jeane Kirkpatrick, leading "smash the pipeline" State Department operative Richard Perle, and "end of democracy" advocate Samuel P. Huntington, the behind-the-scenes machinations against Schmidt were even more blatant. CFW head Midge Decter told a journalist, "Schmidt responds to pressure. If we build up a lot of pressure, he will respond."

She added, however, that the CFW intends to found a West German branch in the near future, to be headed by Prof. Erwin Scheuch of the University of Cologne, who will work with the oligarchy's Prince Nicholas Lobkowitz and others to build a campaign against Schmidt over the Polish question. At the same time, they hope to rebuild the political fortunes of feudalist Franz Josef Strauss, the discredited Christian Social Union leader who lost his bid for the chancellorship to Schmidt in the last election. In private discussions, another conference participant and CSU parliamentarian, Franz Ludwig Graf von Stauffenberg, spoke openly of plans to eliminate Schmidt.

Abscam

Did the FBI murder a Williams witness?

by Andrew Rotstein

The shocking death under suspicious circumstances of Cynthia Marie Weinberg, estranged wife of FBI sting man Mel Weinberg, has complicated the intrigue surrounding the Abscam case of New Jersey Sen. Harrison Williams. Mrs. Weinberg's allegations that her husband perjured himself repeatedly with FBI complicity in a half-dozen Abscam trials had shaken the Justice Department's three-year-long project to its roots over the past two weeks.

Mrs. Weinberg's death came only two days after Senator Williams, who has openly counterattacked government political targeting and entrapment methods, was admitted to a New York hospital for emergency surgery, forcing postponement in the Senate vote on his expulsion, which had been slated for Feb. 2.

Marie Weinberg was discovered in the Palm Beach, Florida apartment of an acquaintance for whom she had been housesitting. A note was found next to her body, stating that all her allegations against Weinberg and the FBI were true, but that she could no longer stand Weinberg's abuse, which included public ridicule of her character and threats to take away their son. Although the media automatically portrayed her death as a suicide, preliminary evidence strongly suggests foul play:

- Within 24 hours of the Jan. 21 "20/20" national television broadcast which featured a lengthy interview with Mrs. Weinberg, she received a death threat from Weinberg's son by a former marriage. In response to the threats her attorneys, and syndicated journalist Jack Anderson, requested FBI protection as Mrs. Weinberg was a likely federal witness. FBI Director William Webster personally refused the request.

- Two days later, on Jan. 26 Marie Weinberg disappeared from her Palm Beach County apartment along with Mel Weinberg's diaries—documents that are reported to be devastating to both Weinberg and the FBI agents who directed the Abscam operation.

- A series of reports by neighbors indicate that the Weinberg apartment had been under surveillance by two white males in a blue Chevrolet for a 24-hour-period prior to Mrs. Weinberg's disappearance.

- Hours before she disappeared, Mrs. Weinberg had provided her attorney with a detailed packet of new evidence.

- According to the *Philadelphia Inquirer* of Jan. 19, Mrs. Weinberg did not reveal her address in affidavits submitted in court "for fear she would be killed." The same article quotes Robert K. Greene, author of Mel Weinberg's biography, *The Sting Man*, as telling Mrs. Weinberg "that book was very dangerous and 'they would kill for that.'"

- Upon relaying information from Mrs. Weinberg, alleging criminal acts on her husband's and others' parts to the Justice Department, columnist Jack Anderson urged the Justice Department not to funnel such information to the FBI. Not only did Justice give all Anderson's material to the Bureau, but Weinberg himself was fully briefed within 48 hours.

- Several weeks before Mrs. Weinberg's interview on national television, the FBI dispatched eight agents to supposedly "guard" Mrs. Weinberg in her home. She refused to cooperate with them and instead called local police to protect her from the FBI agents.

- Simultaneous with Mrs. Weinberg's abduction, a pattern of intensive harassment was activated against Sen. Harrison Williams and his wife Jeanette. The day after Williams's operation following a fall which severely aggravated a hernia condition, individuals representing themselves as reporters for the New York *Daily News* illegally entered Williams's hospital room at Columbia Presbyterian Hospital in New York City. The initial *Daily News* incident was followed hours later by 25 other ostensible "reporters" attempting to invade Williams's recuperation room. These incidents were followed by a series of phone calls from individuals posing as Williams's attorney, another supposed reporter from the *Daily News*, and a phone call from an individual falsely identifying himself as a reporter from UPI. Williams's security has been tightened.

- The aggressive defense Senator Williams has been waging, in the context of stunning Italian revelations on the control of international terrorism and dirty money, charges against scores of Sicilian heroin-running families, and the spectacular rescue of U.S. General Dozier, threatens to unravel the entire web in which tainted Justice Department networks are operating. In Greene's book Weinberg admits transferring fraudulent certificates of deposit to funders of Italy's Red Brigades.

Judge George Pratt of the Eastern District of New York had several days prior to Williams's hospitalization denied a motion by Williams's attorneys to delay sentencing pending further investigation of Marie Weinberg's explosive charges of perjury and other misconduct.

The Senate has indefinitely postponed deliberations on the Williams case due to the Senator's condition.

Civil Rights

Minority spokesmen support Sen. Williams

by Elliot Greenspan

Reflecting the spreading outrage at the illegal and unconstitutional tactics used in the Abscam prosecution of Senator Harrison Williams (D-N.J.), two New York City political leaders, both nationally prominent civil rights figures, spoke out in defense of Williams Jan. 28 at a press conference held in New York City by the National Democratic Policy Committee (NDPC), and released statements of support for Williams from black and Hispanic leaders from around the nation.

Jack and Montano speak

Hulan Jack, who served as Manhattan Borough President from 1954 to 1961, the first black elected county official in America, and who also served as a New York State Assemblyman for 18 years, was joined by State Assemblyman from the South Bronx Armando Montano. Montano, who represents the 77th Assembly District, is Chairman of the Democratic Program Committee and is the senior Hispanic elected official on the East Coast.

In a prepared statement, Mr. Jack, a member of the advisory council of the NDPC, addressed "the process of entrapment and despicable prosecution of Senator Williams by the Department of Justice," and he cited the parallel between the frameup of Williams and the "vicious" behavior of Abscam prosecutor Thomas Puccio in the case of former New York Assemblyman Samuel Wright of Brooklyn.

"A mobilization of support for Senator Williams is sweeping the country from the North to the South," Mr. Jack said. "Civil rights groups, labor organizations, public officials, and citizens are concerned at the process of entrapment and despicable prosecution of Senator Williams, as perpetrated by the Department of Justice. This case is a clear demonstration that we the people cannot become indifferent and must keep a continuing watchful alert lest we lose our rights to the greed of the autocracy."

Assemblyman Montano, in his remarks to the press, emphasized that, if successful, the attack on Senator Williams would be the prelude to a new onslaught

against minority leaders and the interests of their constituencies and the entire U.S. population:

“Senator Williams has been a great legislator, whose record on the civil rights fight has been exceptional,” Montano said. “America will go down the primrose path, along the road of Global 2000 and ‘planned shrinkage,’ unless this kind of injustice is stopped.” Prosecutorial discretion becomes prosecutorial discrimination when used against Hispanic, black, and other individuals who fight for civil rights.” The press conference was attended by UPI, a major black news service, three leading Hispanic dailies, and two campus-based radio stations.

In response to a question as to whether the press conference had been sanctioned by the Democratic Party, Hulan Jack replied that the Democratic National Committee (DNC) had not come to the aid of Williams. “The DNC sat idly by and allowed the prosecutor to become a dictator in the Williams case,” he said.

Asked by reporters about the relationship between the Abscam cases and the current economic situation, the speakers emphasized that Abscam is nothing but an attack on urban, labor-based Democratic machines, who represent the bread and butter interests of their constituencies against the depression. Mr. Jack referred to the earlier vilification of Harlem Congressman Adam Clayton Powell as a similar operation against the interests of minorities.

Excerpts from statements sent to Hulan Jack for release at the Jan. 28 press conference follow. Other statements were sent by Barbara Simmons, Executive Director of the Washington, D.C. chapter of the NAACP; Sandra Esparza, National President for Youth, League of United Latin American Citizens; William Goodman, Business Manager, Laborers International Union Local #135, Norristown, Pennsylvania; Dr. William Banks, Supreme President of the International Masons and President, WGPR-TV, Detroit; Joe Chaneyfield, Vice-President, Service Employees International Union, Local #305, Newark, New Jersey.

Mayor Coleman Young of Detroit: In times of great economic crisis, government officials and political leaders must be free to be bold and fight—against significant odds—to achieve progress. If our leaders are subjected to harassment and entrapment, as indeed clearly seems to be the case of one of our U.S. Senators, Harrison Williams of New Jersey, then few will retain the courage to lead such political struggles.

With a profound knowledge of the stakes involved for our system of constitutional government and for our economy, I therefore urge my Senators and all Senators to scrutinize, in detail, the Abscam operation, to put the burden of proof on the Abscam operatives of the Justice Department and FBI, and to give Senator Williams full

right of legal appeal to prove his innocence before judging his behavior.

“Official government injustice is the worst form of tyranny a democracy can experience.”

George Forbes, City Council President, Cleveland, Ohio: The U.S. Senate will act soon on the ethics questions pertaining to Senator Williams. It is critical that the Senate treat this matter as the basis for a comprehensive investigation of the practices employed in the Abscam operation. . . .

I will urge my Senators to act accordingly by closely examining the legality of the actions of the entire Abscam operation and to utterly reject any illegal instances of evidence-gathering which may later form the basis of a possible criminal prosecution, and I urge all others who feel the American system of political democracy and economic progress to be jeopardized by possible entrapment to likewise reject such actions.

Hon. William Dyson, Chairman of the Connecticut Legislative Black Caucus: Over the past weeks, we have witnessed new revelations each day of the extent of government wrong-doing in the shameful persecution of Senator Williams. I would ask the following question: Was it Senator Williams’ unflagging commitment to labor rights and to civil rights that made him a target of government entrapment operations? Were the corrupt government operatives who, today, hired felons and convicts to try to entrap Williams, deployed by the same plotters who savagely harassed and set up the Rev. Dr. Martin Luther King, then?

With these questions in mind, I am urging my Senators, and all Senators, to closely examine the *entire* evidence in the Williams case. I urge that the Senate take no action against Senator Williams until his appeals process has been completed and the full evidence presented.

José Torres, President of the Puerto Rican Civil Rights Association: As National President of the Puerto Rican Civil Rights Association, I wish to join with those labor and civil rights leaders, and concerned citizens who have already come to the defense of U.S. Senator Harrison Williams. I know of Senator Williams’ long career in aiding the cause of minorities and labor, and I suspect that it was because he spoke out in defense of civil and political rights that he was targeted by the FBI.

Robert “Buddy” Battle III, Director, Region 1a, United Auto Workers, Detroit: I am taking the occasion of the birthday of the Rev. Dr. Martin Luther King to issue this brief call for justice in America. I am concerned about the FBI harassing and framing up political targets today, as was done to Dr. King, thus jeopardizing our bedrock system of constitutional law. . . .

I know Dr. King would have fought for the civil rights of Senator Williams, long a friend of the labor and civil rights movements.

Why so many Texans are riding sidesaddle

by Nicholas Benton

What follows are excerpts from a speech by Nicholas Benton, regional representative of the National Democratic Policy Committee based in Houston, Texas. It was presented as part of a panel entitled "Who's Who in the Fight Against the Malthusian Genocidalists' Takeover of the Democratic Party Today?" on Jan. 2, 1982 at the International Caucus of Labor Committees' conference in New York City.

Despite illusions to the contrary, the positive impulses for growth in Texas are currently buoyed up, not by economic reality, but by ephemeral boom-conditions whose end is currently well within sight.

Nonetheless, the region represents a great deal in terms of potential, assuming that a new quality of leadership can be developed.

First, look at the situation that has developed in Texas. To my own shock, the urban areas of Texas are rapidly coming to resemble the Sodom and Gomorrah more associated with California and New York.

The social engineers of the British Tavistock Institute are promoting a profile for *reducing susceptible Midwest and Southern populations to degraded hedonists*. I would call the cult of country and western a paranoid form of hedonism. And this Tavistock profile particularly characterizes Houston. It overlaps the cult of "libertarianism." It is the thinking which makes a big thing out of the fact that in Texas, of course, "everyone" is against the government and against labor. One of the main attractions of Texas to large corporations is the fact that it is virtually a right-to-work state.

Right now, it is the oil-boom situation that is bringing people flocking into Texas; but in reality the economy is very rapidly flattening out under the pressures initiated by Volcker. As the situation really begins to level off, and the effects of the depression start to be felt in Texas—a prospect which is beginning to dawn on the people there—you are going to have an extremely grisly situation.

There is no regulation, no zoning, in the city of Houston. There are probably more porno movie houses and arcades in Houston and Dallas than in any other

cities in the United States. Without zoning, these are often located right across from public schools.

Also, there is no infrastructure. With a thousand people a week pouring into Houston alone—people in real desperation coming from the Northeast and other areas of high unemployment—the city does not have public transportation, sewage, or other necessary preparations to handle growth. Fleeing economic ruin, grasping for a piece of the "boom-town" action in Houston, floods of new people, many of them sucked into the country and western style of lunging after fast bucks and fast pleasure, pack congested freeways and "C&W" bars. Little wonder, then, that with this semi-crazed environment, Houston has by far the highest per capita murder rate of any major city in the nation. People get murdered every day in altercations over fender-bender collisions.

Another manifestation is the lack of any real culture to offset the "country and western" brainwashing. On the contrary, the so-called culture of Houston—the opera and art museum, for example—represents the avant garde of *anti-culture*. The Houston Opera is nationally renowned for its productions of works like the linguistic experiment *Willie Stark*. Madame de Menil's new art museum is only the latest in her family's long history of abuses of the minds and spirits of the people of Houston.

To mention the de Menils is to mention what is most fundamentally wrong with Houston. The late Jean de Menil, who headed the Schlumberger Corporation, has been accused of participation in planning the assassination of President Kennedy by Permindex, the New Orleans front for Murder, Inc. Through the de Menils' family ties to the Schlumberger financial interests, they have been aligned with the heirs of Southern interests whose ties to evil British and European aristocrats predate the Civil War. Combined with Morgan and Harri-man money and direct Anglo-Canadian and continental ties today, this nest of evil based in Houston, and extending into Dallas, is a vital component of drug and terror operations.

Take, for example, the little Rothko Chapel that squats in the middle of Houston's downtown gay-pros-



titution “free zone.” This obscenity, designed by a man who committed suicide upon completion, adorned with a pagan fertility cult symbol, was a particularly dirty trick by Madame de Menil, née Dominique Schlumberger, whose evil international networks used it last fall to convene a meeting of Muslim Brotherhood terrorist controllers within weeks after individuals allied with these same forces gunned down Anwar Sadat of Egypt. The purpose of the meeting was to plot the overthrow of the Saudi regime.

The problem

To the extent that there has been an impulse for progress and morality in Texas—and there has been, as I shall describe—it is now up against a stone wall. Even the best Texans, even when they are relatively organized, as one could say the Democratic Party of Texas has been until recently, are incapable of doing anything to save themselves or save the country, at this stage.

For many good people, the shock first hit in Texas last November. In Houston we elected a real fruitcake mayor, Kathy Whitmire. She was elected on the basis of flaunting the support of Houston’s large gay community and environmentalist coalitions, and she won by a landslide. Her professed combination of political liberalism and fiscal conservatism is what is wrecking this country today.

In that same election, a second development was the election of three Libertarian Party members to the Harris County Board of Education covering Houston. They were elected on the program of dismantling the city’s Board of Education altogether. Their campaigns were based on the philosophy that, in principle, there should be no public education, but that, to the extent it exists, it should function on a token system and not as a universal education.

The third development in the election was the overwhelming rejection of a proposed state constitutional amendment designed to guarantee adequate water development for Texas, to remedy an acute water crisis, both in household usage and in the depletion of water tables supplying the agricultural areas of the state, including the nationally vital cattle ranges. But the ballot proposition was overwhelmingly crushed—even though the only organizations that openly came out against it with any force were the Sierra Club and other environmentalist groups.

Finally, the November elections saw the environmentalists succeed, again by an overwhelming margin, in voting the state capital, Austin, out of participation in the South Texas nuclear power facility. This leaves this fast-growing city of half a million with no new source of energy.

Two things are very important to understand in terms of correcting this situation. One leads to the other. The first is Bible Belt religion, the second is, as I mentioned, Texas-style libertarianism.

Texas is in what is called the Bible Belt. In the same way that the high level of literacy and morality in the American colonies was shaped through the influence of the King James Bible and the poetry of John Milton, so was the development of the frontier in America.

This is notwithstanding the fact that, at every step of the way, our British enemy attempted to blunt, misdirect, and actually deploy this tendency to their own advantage, through the promotion of cults and sects. For example, ministers from both the Methodist and Baptist denominations, the most powerful influences in the South, gave weighty assistance to the presidential victory of British pawn, “libertarian” demagogue Andrew Jackson, over the nation-builder John Quincy Adams in 1828.

As the early Christian fathers knew very well in their rigorous treatment of gnostic heresies, religion is susceptible of perversion and deployment for evil, whenever the fundamental implications of the notion of consubstantiality (the idea that God’s creative principle, as it unfolds in the physical universe, and man’s striving for perfection are of the same ontological substance) are removed from primacy in religious expression.

The truly religious person is the one who seeks to order his or her life, to make judgments and actions, on

the basis of a perspective which stretches beyond the span of his or her immediate life, a perspective that reaches across generations, past and future, and seeks to make a lasting contribution.

What the cultists have always attempted to do—beginning with Aristotle's perversion of Plato, based on introducing an absolute separation between God, the "First Cause," and the principle of his creation—is to redefine religion. Rather than acting as a principle of perfection ordering a life, religion is reduced to the "religious experience," evoked in response to a mystic sensation, an incantation, or an individual preacher's "special revelation."

This "religious experience" stands outside the ordering of day-to-day life, and, depending on the particular church, pursuit of it can become an exercise in hedonistic frenzy. This is the essence of what the early church fathers recognized as heresy.

To understand this situation, which is extremely relevant to the Bible Belt, I propose reading William James's book, *The Varieties of Religious Experience*. The book is a manual for perverting every major religion and each specific Christian tendency into this kind of gnostic cult, based upon profiling each of them and redefining them from the standpoint of a "fundamental experience" or "sensuous encounter."

The 'fundamentalism' question

Thus, religion in the Bible Belt today is generally thought of as people who go to church on Sunday for a "religious experience," and then operate their daily lives according to a different set of criteria.

It is equivalent to the problem of television and movies, which induce viewers to substitute for reality a fantasy-view of the world, a soap-opera view, to the net effect of rendering that population totally passive to efficient action, from a principled standpoint, against the forces leading to their own destruction. Now, a whole new satellite-linked TV network, the Christian Broadcasting Network, has been founded to substitute soap operas in the form of Christian "prophecies" for "Edge of Night" and "General Hospital."

Such operations not only lead to passivity, but can misdirect people into pure evil. This is where gnostic fundamentalism can converge with fascist thinking, especially as it is shaped into a movement by our enemies. Take, for example, the regular appearance of blatantly fascist "futurologists" such as Jeremy Rifkin and Alvin Toffler on Christian fundamentalist talk shows. Rifkin, in his evil book *Entropy*, as well as Marilyn Ferguson, in her pro-drug *Aquarian Conspiracy* text, point to fundamentalism as *coherent with the environmentalist redefinition of man* as a caretaker of nature (rather than a vehicle of the *Logos* charged to have dominion over nature, which is the true dimension

of the Biblical view of man).

This is the point of the pseudo-debate between so-called "creationism" and "evolution." Both views are false as presented in the debate. Both are based on an Aristotelean world view. The debate is staged to force potentially positive elements in the population into a mental box, ostensibly in defense either of faith or reason, from which no effective defense of our nation or population can be waged. The notion of consubstantiality in Christianity, as articulated in its most developed form by the great philosopher Leibniz in his *Theodicy*, recognizes the coherence between faith and reason, subsumed under the notion of creation ordered according to the principle of perfection.

The full appreciation of the implications of this view was indispensable for the framers of the U.S. Constitution, the framers and defenders of this republic. That's the point.

Look at the way the religious problem in the Bible Belt leads into the second important factor to understand: the libertarian mentality.

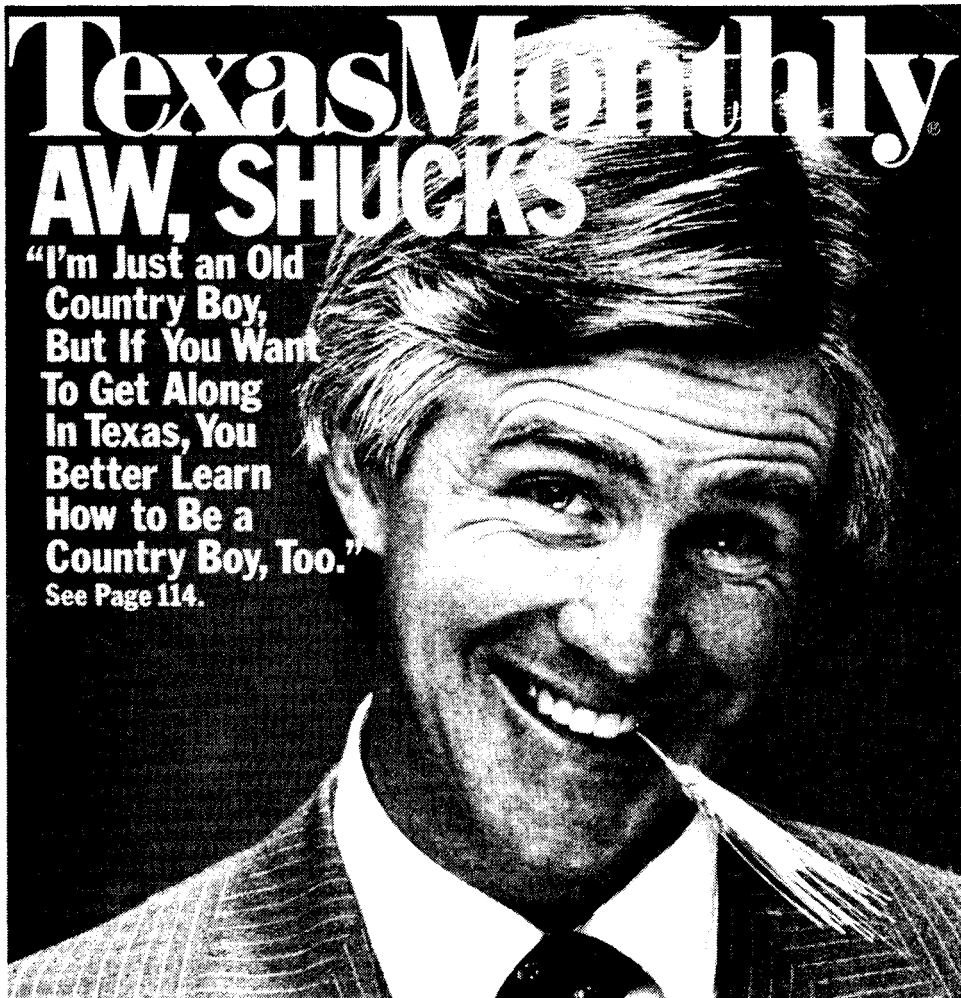
It is this mentality that the Tavistock institute profiles, and for which it prescribes the hedonistic cult of country and western.

This notion of the "Hobbesean man," out to beat the other guy in a world in which it is "each against all" epitomizes the mentality America's enemies seek to foment in our population. It is the mentality which in its obsession for individual gain, will tear down the institutions of democracy. It is the mentality over which tyranny can best rule, because it reduces every man to a petty tyrant.

No wonder it is egged on by every radio call-in talk show on every C&W station in the nation. A selfish little libertarian mind is a pawn of any enemy of the U.S. Constitution who wishes to exploit it. This is what's often called the "Texas go-get-'em attitude." It's not new. It's older than civilization; it is profoundly opposed to civilization.

It's indistinguishable from libertinism, Sodom and Gomorrah, which is why drugs and homosexuality are rampant in the growing country and western culture. It's no accident that Hollywood chose the same effeminate macho actor to star in both the *Saturday Night Fever* and C&W *Urban Cowboy* movies. The whole city of Houston went into a frenzy around the filming of *Urban Cowboy* there. It didn't matter that John Travolta merely substituted his tight discotheque pants for tight leather pants to play the lead role on a mechanical bull in Houston. The town ate it up, and the country and Western craze was launched.

Put these elements together, and it should come as no surprise how, in one election last November, a gay-backed Mayor got elected, water and nuclear programs were crushed, and extremists bent on mutilating public



A sample of the "Texas ideology."

education were placed on the Houston school board.

It's the same tendency which keeps a Phil Gramm in his House of Representatives seat, where he can help subvert the "Boll Weevil" caucus in Congress. Gramm is a Texas libertarian who defends Paul Volcker's high interest rates for the same reasons the British East India Company's house philosopher Jeremy Bentham, the defender of sex with children, wrote *In Defense of Usury*.

Growth advocates in Texas (and elsewhere) are not able to take Gramm on because their own epistemology is not sufficiently well grounded to be able to distinguish between their own positive impulses and the pure evil represented by a commitment to a libertarian point of view.

They are being destroyed by their own fundamental assumptions—that's the reality of the situation. Now they are at their wits' end, as the same elements represented by Jerry Brown and Tom Hayden in California move in for the kill on the Democratic Party in Texas. To the extent this occurs in a larger environment

defined by Volcker's policies, the pro-growth tendency in Texas, barring a profound change, is on its last leg.

The water danger

Will such a profound change occur?

Look at the water situation. Look at the Ogallala aquifer, which is the sole ground water supply for 11 million irrigated acres in the High Plains, covering parts of six states including the Texas panhandle. It is drying up. *Half the nation's cattle and 22 percent of our agricultural exports come from there.* By 2020 or so, all 11 million acres will be out of water unless some new water is transported in.

What's been done about it? Congress voted to contract the A. D. Little Company of Cambridge, Massachusetts, which operates on the premises of the *Limits to Growth* study. They helped waste six years and \$6 million on a study whose conclusions are, in effect, that any course of action is too expensive, except the insanely expensive proposal they are pushing. Right now, the majority of decent Texans accept A. D. Little's assump-

tions, and they are bull-headedly insisting that \$2,500 an acre-foot is not too much to pay to dribble some water in from the Arkansas River! The real solution would be to break out of the box defined by A. D. Little and establish a national water recovery program, based on tapping the vast water supplies of Alaska and Canada, as a cornerstone of an ambitious overall national economic program, as Lyndon LaRouche has done in his four-point program for getting out of the depression.

Short of changing their thinking fundamentally, these Texans cannot even save themselves. They are only ensuring that no water comes to save the High Plains. And without water to the High Plains, the whole country dies, and millions abroad starve.

Without profound change, Texas's best people don't even know their enemy. They don't realize that Robert O. Anderson, head of Atlantic Richfield, leader of the Aspen Institute, sponsor of Jerry Brown, the American Indian Movement and the Friends of the Earth, is directing a scenario for the destruction of the western United States, for a return of the nation to a colonial status. Anderson is acting out the Jeremy Bentham plan for "Balkanizing" North America, devised by the British in the 19th century to capture precious metals and recolonize the U.S. economy.

Research spearheaded by *EIR* Energy Editor William Engdahl shows how the British have plotted the control of Rocky Mountains for well over a century. First, they exploited the Rockies for gold and silver to give Britain financial leverage over the developing United States, an edge which enabled pro-British Morgan interests to repeatedly trigger financial panics in the United States from the 1880s onward.

Then, once the Rockies were fully surveyed, and identified as the greatest concentration of precious metals in the world, pro-British elements began to launch an effort for direct ownership and control of the region. This was launched at the turn of the century when Teddy Roosevelt began locking up land in the Rockies as "national preserves."

Anderson's entire career as a creature of the British-created University of Chicago has been to encircle and move in on this Rocky Mountain "Golden Crescent." Atlantic Richfield is only an instrument for achieving dominion over this region, beginning with the Alaska oil pipeline, a joint venture with a subsidiary of British Petroleum. It now includes the \$45 billion gas pipeline boondoggle just voted up by Congress, and a series of no less than a half-dozen coal slurry pipelines out of the Powder River Basin and other areas in the Rockies. Meanwhile, Anderson has a standing offer to buy any farmland bankrupted farmers want to sell anywhere in New Mexico, and Anderson's British friends, through the Canadian drug-linked firm, Cadillac-Fairview, are

buying up and controlling most of downtown Denver.

No wonder Anderson deploys Jerry Brown, the Indians, and environmentalists to shut down every independent source of cheap energy surrounding this precious region—every nuclear plant, every growth-oriented industry and impulse for development.

This is the heart of the Carter administration's Global 2000 policy, a policy of genocide exponentially worse than Hitler's. It is *based on energy and water control*. Choke off nuclear. Choke off water. Make coal, a highly controllable resource, the only available source of power.

To make it work: profile the population. Divide the United States up into regions, on the basis of differences in populations, and set each of them into defending their own little regions, blind to the overall situation. Promote the "Texas way" here, the "California way" there. This is the point of Tavistock and "country and western." The overview of this scenario is published in the new book, by a *Washington Post* writer Joel Garreau, entitled, *The Nine Nations of North America*. It is a textbook for regional population profiles aimed at helping to make Anderson's resource fascism go down a little easier—with less organized opposition. It says, "You want to be a cowboy? You hate liberals? Great, we've got a nation for you right over here!" It's got an Hispanic state, a nation for environmentalists, a little something for everyone.

A harmless fantasy? Hardly. It's based on Bentham's model, and Robert O. Anderson is spearheading the effort to put it into effect.

This fascist Anderson! The same Robert O. Anderson just got awarded the "Roughneck of the Year" honor by the Independent Oil Producers of America, from the very people he will destroy in carrying out his scenario.

They don't know who is out to destroy them. Anderson, George Mitchell of Mitchell Oil and the Club of Rome, and Armand Hammer of Occidental Petroleum are considered friends, operating right in their midst, as well as the de Menils and Schlumbergers.

I've alluded to the direction the solution must take. *Nuclear and water development on a grand scale*—100 gigawatts of nuclear in six years and an additional 80 million acre feet of water a year from Alaska as soon as we can get it here—must be the cornerstone of an economic revival, the principal recipients to absorb billions in *new low-interest credit* premised on a return to a gold-reserve standard for the dollar, creating millions of new jobs, and stimulating a massive expansion of our capital-goods export capability.

We in the National Democratic Policy Committee are building for this with an important visit to Texas in February by Lyndon LaRouche, in order to shape the institutions in 1982 that we need to save the country.

Mondale's 'Partially Employed Society'

The Quality of Working Life crew at Wharton has well-developed plans for post-industrialism.

The corporatist wing of the Democratic Party is planning to force American labor into the "Partially Employed Society," a secret draft of a speech on productivity obtained by *EIR* reveals.

The speech has been drafted for Carter's Vice-President Walter Mondale. It recommends accepting the permanent loss of "up to 45 million industrial jobs, more than 45 percent of all U.S. industrial jobs, by the year 2000." The goal is to reorganize the U.S. government itself. "This means the decline of organized labor as we know it, the end of traditional collective bargaining, and the rise of a Swedish-type industrial democracy," one writer told reporters.

Mondale, or "Prince Valium" as he was known in the 1970s, isn't coming up with this himself. The protégé of Orville Freeman, a member of the pro-genocide Draper Fund, is being programmed by the labor brainwashers at the Wharton School of the University of Pennsylvania. Behind Wharton stands the British oligarchy's Tavistock Institute, the behavioral-science clinic assigned to profile populations by degree into the "post-industrial society."

The Mondale speech was written by former Chairman of the Tavistock Institute Dr. Eric Trist, who received the Order of the British Empire in 1946 for inducing speed-up in the British army. Trist, now Chairman of the Wharton Management and Behavioral Science

Center in Philadelphia, drew on Dr. Tom Burns, Associate Director of the Center, as co-author of the speech and made it available to Mondale's 1984 presidential campaign.

The speech states that the United States is now in "turbulence," a terminal economic breakdown crisis, and must totally junk traditional institutions. "We are in the midst of deeper and more pervasive changes in our society, that are having profound effects on our most basic values about work, family, education, and leisure . . . [as] part of a transition to the post-industrial society.

"One worrying new aspect of this is what a Wharton social scientist has termed the 'partially employed society.' He believes our current worsening unemployment and regional decline may be only the beginning of a deep and long-term shift toward a society where a much smaller proportion of the population works. . . . Between now and the year 2000, as many as 45 million jobs . . . will be affected by accelerated automation."

Federal Reserve Chairman Paul Volcker and his high interest rates are in fact to blame for the U.S. industrial decline, but Mondale only cursorily mentions that rates should be brought down, and lays the chief blame on American workers for low productivity.

Trist and Burns take as inevitable and irreversible the "turbulence" Volcker has created, then

propose a top-down reorganization of the U.S. government itself. "These new stresses will require institutional responses on a scale we may have difficulty imagining," the speech says. Current macroeconomic frameworks of the U.S. government such as "Keynesian or supply-side economic policies" are "inadequate . . . The real challenge lies in the invention of new frameworks and mechanisms."

"New structures" on the industry, city-wide, and plant-floor level, are to be imposed through the "Quality of Working Life" movement. QWL structures are the same in-plant speed-up and brainwashing programs organized labor—or sections of it—have been resisting for years: programs under which workers give up benefits, wages, and job security in return for not being fired and being allowed more "autonomy" on the job.

Specifically proposed are:

- Establishment of QWL teams in every U.S. company, on the "Swedish model" of "industrial democracy";

- A "new partnership" between government, business, and labor, that is, corporatist boards, to run individual industries and their contracts; and

- "New partnerships on the community level" of similar corporatist board to run major cities. Cited are the Greater Philadelphia Partnership and the New York Partnership, which are sponsoring Hong Kong sweat shops in the name of "free-enterprise zones."

A major concern of labor has been that QWL efforts might undermine established collective bargaining mechanisms," Trist writes. But now the depression will force the QWL issue, he concludes.

STRATEGIC PERSPECTIVES FOR 1982

Feb. 17: The Global Strategic Shift in Light of Recent East Bloc Developments

Feb. 18: The Strategic Implications of the World Economic Crisis

An **EIR** Conference in Washington, D.C.
featuring Lyndon H. LaRouche, Jr.

Poland caught the West napping. Why?

General Jaruzelski's ability to stabilize his country's internal situation was not foreseen by American and British geopoliticians. Nor was the broader, ongoing consolidation of political power by the Soviet bloc military, nor the moves for increased Comecon centralization and a military-directed command economy.

Although Henry Kissinger appears to have held on to his fantasies, these events have knocked expectations of "internal collapse of the Soviet Empire" off the drawing boards. As Chancellor Schmidt and others have warned, a U.S. Federal Reserve-induced depression will destroy NATO.

For those seeking solutions to the present crisis in Western policy-making, this conference will provide detailed analysis—including forecasts of the unique LaRouche-Riemann computer model of the American economy—by the only news organization to have predicted these developments.

Wednesday, February 17:

- 9:00 a.m. Registration
- 9:30-12:00 a.m. The Hidden Strengths of the Soviet Command Economy and the Implications of the Soviet Natural Gas Pipeline
Speakers: Uwe v. Parpart, Director of Research, Fusion Energy Foundation; Rachel Douglas, Soviet Sector Editor, *EIR*
- 12:00-2:00 p.m. Luncheon
- 2:00-5:00 p.m. The Global Strategic Shift in the Light of Recent East Bloc Developments
Speaker: Lyndon H. LaRouche, Jr., Founder, *EIR*

Thursday, February 18:

- 9:00-12:00 a.m. Panel: "Why Does America Face a Second Great Depression?"
Speakers: Dr. Steven Bardwell, Editor-in-Chief, *Fusion* magazine; Uwe v. Parpart; David Goldman, Economics Editor, *EIR*.
- 12:00-2:00 p.m. Luncheon
- 2:00 p.m. The Strategic Implications of the World Economic Crisis
Speaker: Lyndon H. LaRouche, Jr.
-

DuPont Plaza Hotel, Embassy Hall Room
1500 New Hampshire Avenue N.W., Washington, D.C.
Registration fee: \$100.00

National News

New England Archdiocese condemns euthanasia

An extremely strongly worded condemnation of euthanasia appeared Jan. 22 in *The Pilot*, the official newspaper of the Boston Archdiocese, read by Roman Catholics throughout New England. The editorial, entitled "Reverence for Life," was written on the day the Right-to-Life movement marched throughout the country in opposition to the 1973 Supreme Court decision favoring abortion. *The Pilot* condemns not only abortion but "those who seem intent on destroying life at both extremes of the life-cycle itself."

"There is no moral justification for euthanasia," states *The Pilot*, continuing, "It is a particularly insidious proposal which is unfortunately capable of escalation from the terminally ill to the elderly, the retarded, the crippled, and all the 'unproductive' in our ranks."

"Euthanasia flouts God's Providence," the editorial continues; it appeals to sentiment, disregards reason, and insists that the end really does justify the means. We must insist that euthanasia is simply a refined form of murder. . . . We must add that because the person consents to, or even requests, the termination of his life by artificial means does not alter the situation. A human being may neither take away nor shorten his own life nor may the person give permission to others to do so. . . . Man aided by the grace of God, can bear suffering patiently."

Rickover calls for abolishing Defense Dept.

In his farewell testimony to the Joint Economic Committee of the U.S. Congress on Jan. 28, Admiral Hyman Rickover, the father of America's nuclear navy and nuclear industry, called for abolishing the Department of Defense,

the bureaucratic concoction empowered to supervise the armed services in 1947. "To increase the efficiency of the Defense Department," Rickover said, "you'd have to first abolish it and go back to an Army, Navy, and Air Force. . . . I don't know why we have a Defense Department. I don't know what it does."

"If the Defense Department cannot be abolished," Rickover said, "the people who are there should be divided into three groups, with one doing the work and the other two writing letters in long-hand to each other so they would not get in the way. . . ." Rickover also noted that Peter the Great, after hearing another country's lawyers argue interminably, asked an aide how many lawyers there were in Russia. Told four, the monarch ordered: "Go hang four of them."

Rickover, a 62-year naval veteran, is being forced from his post by Secretary of the Navy John Lehman, a 36-year-old protégé of Henry Kissinger who has never seen naval service. Lehman opposes Rickover's perspective of assuring national security through broad advances in science, industrial technology, and general education. Instead, Lehman favors defense "in-width," through expanded spending on obsolete systems such as battleships and aircraft carriers.

Behind the Ginna nuclear plant shutdown

The recently disabled Ginna nuclear plant in New York State was one of 47 nuclear generating units on a "hit list" of plants targeted for shutdown by anti-nuclear groups with cooperation from the Federal Emergency Management Agency (FEMA). The list includes 33 operating plants and 14 under construction for a total of over 40,000 megawatts of electrical generating capacity that would be closed down.

The existence of the environmentalist scenario was exposed by spokesmen for the pro-nuclear Fusion Energy Foundation at hearings Jan. 21 before the Atom-

ic Safety and Licensing Board on the Indian Point, New York plant. The anti-nuclear groups led by the Union of Concerned Scientists and Ralph Nader's New York Public Interest Research Group have targeted 14 percent of New York State's electrical generating capacity for shutdown. This includes the Indian Point Units 2 and 3, supplying New York City, the Nine Mile plant outside of Syracuse, and the Ginna plant near Rochester, New York.

Four days before the minor accident at the Ginna nuclear plant, organizers for the FEF reported meeting three officials of the Federal Emergency Management Agency in the Newark Airport on their way to the Ginna site. The officials, expressing anti-nuclear sentiments, said their intention was to "look into safety problems we know exist at the plant."

The Ginna plant provides 50 percent of the electric power for the city of Rochester. Its shutdown will increase average residential electric bills by \$5 to \$8 per month.

Rostow floats plan for 'independent Europe'

Writing an editorial opinion column in the *New York Times* Jan. 24, Walt Whitman Rostow floats his own variation on Lord Carrington's plan to do away with the Yalta accord in favor of an "independent" Third Force Europe, to be controlled by Britain. The significance of Rostow's remarks is not their originality, but the fact that he is the most influential U.S. policy maker to have endorsed the "Third Way" to date: he was the architect of the Johnson's administration's genocidal Vietnam war policy, and his brother Eugene Debs Rostow is heading up disarmament negotiations policy for the Reagan administration.

"Historical processes make the continued acceptance of the division of Europe unwise, not merely for the West, but also for the Soviet Union," Rostow writes. "First, the coming to maturity and responsibility of the generation in

Eastern Europe born after World War II, to whom the present arrangements make little sense, is likely to render Stalin's empire a source of increasing insecurity rather than security for the Soviet peoples. Young people in Western Europe are asking perfectly fair and understandable questions: Why should Germany not be unified? Why should the European continent be littered with American and Soviet nuclear weapons? Why should U.S. and Soviet forces be stationed in Europe 37 years after World War II ended? . . . What is needed now is . . . for Europeans, East and West, to organize themselves more as Europeans." Rostow outlines a program which includes the following premises: 1) "free elections" in Eastern Europe, to divest the Soviet Union of control over those areas; 2) strategically balanced U.S. and Soviet withdrawal from Europe; 3) "Provisions for heightened multilateral economic cooperation within Europe. This would ensure, among other things, that a powerful united Germany did not seek to establish hegemony on the continent."

The same day, the *New York Times Magazine* ran a feature article Jan. 24 by Laurence B. Silenson and Samuel Cohen, described as the "father of the neutron bomb," who argue that the U.S. should drastically cut its expenditures on conventional arms, concentrate all its defense efforts on a nuclear buildup, withdraw its forces from Europe, and let the Europeans fend for themselves.

Bernstein out to maul Beethoven

A major attack has been mounted on the music of Ludwig von Beethoven, in an attempt to inoculate the American population against being able to hear the great ideas in his best-loved works. The medium—television—is the message, and the messenger is 1950s TV star Leonard Bernstein.

Beginning Jan. 25, and for 11 straight weeks each Monday night, Public Television (PBS) is nationally broadcasting a

marathon performance by Bernstein of the nine Beethoven symphonies, plus the *Missa Solemnis* and the late String Quartet in C# minor, Opus 131. The show's title tells the story: "Bernstein/Beethoven." Leonard Bernstein is the star. The object, according to British recording executives interviewed by *EIR*, is to create a "cult of the personality" around Bernstein, and use the visual TV image of his "friendly face" to obliterate the heard ideas of Beethoven's music.

Specifically, Bernstein is pushing the cult of Dionysius—the theme that Beethoven's music portrays "sheer emotion," not conceptions. In the first show of the series, Beethoven was portrayed as the thing to listen to "in time of deepest sorrow, in time of deepest emotion," such as the funeral for the Israeli athletes murdered by terrorists at the Munich 1972 Olympics, where Bernstein conducted Beethoven's "Egmont" overture. In one of the final shows, Bernstein tells the audience that Beethoven shows us to "learn to die, not with hatred and murder, but with dignity and peace." He cathexizes this dionysian idea of the death wish to the last chorale movement of the Ninth Symphony.

Moynihan seeks malign neglect for cities

The effervescent Democratic Senator from New York, Daniel Moynihan, took the floor Jan. 25 to laud David Rockefeller's proposal to turn all major city services, including police protection, subway transportation, housing, and fire-fighting, over to the private sector.

Moynihan specifically praised the New York City Partnership, a group launched three years ago by Mr. Rockefeller and the major New York banks, which has set up task forces to begin the transfer of services to "private enterprise." As a Partnership brochure states, the organization's efforts are designed as "a model for urban America." Moynihan praised their "ambitious projects with splendid potential."

Briefly

● **REP. MARK SILJANDER** (R-Mich.) has introduced into the House a resolution of disapproval to nullify the Washington, D.C. City Council's new "Right to Die" legislation.

● **ROBERT MICHEL** (R-Ill.), the House Majority Leader, said at a Republican National Committee luncheon in Washington Jan. 28 that "We have to have an [economic] upturn by spring, or early summer at the latest, to hold the troops together in the Congress, and we need it badly in November. . . . Interest rates are coming down, but as the President said the other night, they have to keep coming down."

● **PRESIDENT REAGAN** will ask Congress to appropriate part of the \$7.5 million needed to begin deepening Baltimore Harbor for ocean-going coal ships, Sen. Charles Mathias has announced. Mathias added that a deepwater port near the Appalachian coalfields would help the United States be "a reliable supplier of energy to the world, particularly Western Europe."

● **BERNARD LEWIS**, the Princeton-based British professor whose name is attached to a plan for balkanizing the Middle East through fundamentalism and ethnic strife, dined with the CIA's Henry Rowen and RAND veteran Albert Wohlstetter during the Committee for the Free World conference last month.

● **RICHARD FALK**, the one-world environmentalist and sponsor of the Ayatollah Khomeini, was in Washington in late January in his capacity as a Princeton University expert on international law, arguing against the extradition of terrorists because "today repression marches under the banner of counterterrorism."

The siege of Switzerland

General James Dozier's freedom may bring about benefits even more important than the sweeping sense of relief that the brilliant efforts of the Italian authorities stirred throughout the civilized world. His kidnapers' trail, as Italian authorities have emphasized directly and through the Italian press, leads to the previously inviolable sanctuary for everything dirty in the world, the outlaw-state Switzerland.

La Repubblica's report Jan. 28 of a \$20 billion per annum flow of narcotics-related and other criminal revenues from Italy to Switzerland, with the complicity of all the major Swiss banks, should eliminate any doubt as to the character of that nation's banking system. And since the method of investigation long propounded by *EIR* succeeded in the Dozier case—cracking terror by cracking the narcotics traffic—what will come loose in this case is incomparably more than the handful of criminals' numbered accounts which the Swiss authorities have tossed, like bones, to foreign authorities in past years.

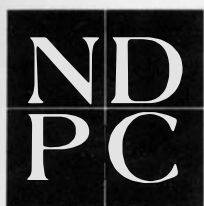
Dozier is alive because the Italian authorities began by putting pressure, including arrests and surveillance, on the rank of "citizens above suspicion" who have given political protection and material support to the Red Brigades, including personalities who figured in last spring's "Propaganda-2" scandal. These include the now-notorious Banco Ambrosiano, whose chairman Roberto Calvi was the de facto treasurer of the P-2 lodge, and whose Swiss manager is now assisting the Roman magistrates with their inquiries, from the vantage-point of a Rome slammer. Using a computer list of 50,000 names, the *Guardia di Finanza*, Italy's financial police, are scrutinizing Italians involved in illegal capital movements to Switzerland.

This is not merely another tax-evasion round-up, nor even simply a major drug case. Switzerland, created as a modern nation by the Venetian Count Capodistria at the Congress of Vienna in 1815 for precisely such purposes, is the command center for all of international terrorism. It contains the headquarters of the European branch of the Muslim Brotherhood, implicated in heroin trafficking from the Mideast to

the United States; the headquarters of the terrorist-support group World Council of Churches; training camps and safe-houses for environmentalist and "left" wing" terrorists of the Baader-Meinhof variety; and the arms and money-laundering facilities which make the whole operation run as smoothly as the proverbial Swiss watch. This present status merely extends the mountain-enclave's role as a refuge for European anarchist terrorism during the 19th century, including the residence of Mikhail Bakunin and his band of assassins.

Switzerland's existence as a political entity owes everything to the city of Genoa's need for a northern base on the trade routes to the Rhine, and later to its need to move its capital base to safety out of the way of invaders. Bank Leu, whose manager is now in jail in Italy on flight-capital charges, was founded as the first Zürich bank immediately after Austrian troops demanded an £8 million payment for not levelling Genoa in 1749, and the entire run of Geneva banks appeared like mushrooms immediately before Napoleon marched through Genoa in 1797. It is not a country but a Genoese-Venetian façade, an armored safety deposit box protected by geography and the most fanatical militarism in the world (with the possible exception of Israel); the entire adult male citizenry is permanently under arms.

The proof that this is true is the simple fact that General Dozier is alive, since the Italian counterterror authorities premised their entire investigation on neutralizing the Swiss level of control over their domestic gangs of thugs. Why the United States has not already done such things as Italy could do, the Defense Department's Mr. Fred Iklé—from the family that until recently chaired the Swiss National Bank—or Mr. Thomas Puccio of the Justice Department's Abscam Gestapo could answer in great detail. What the Italians have demonstrated to us is that it is finally time to have done with a country whose banks sap our currency through international flight capital, while its Bank for International Settlements seeks to dictate austerity to us.



National Democratic Policy Committee **presents**

A National Conference on Water From Alaska

Saturday, February 27, 1982
 Houston Marriott Hotel – Greenspoint
 255 East North Belt Drive, Houston, Texas
 at Intercontinental Airport
 \$50 registration: includes luncheon
 For more information, call Nicholas Benton (713) 266-5445

For the first time since the mid-1960s, a serious revival of interest in tapping the enormous water and hydroelectric potential of Alaska and Canada is occurring. The dramatic threat of shortages facing major agricultural and growth areas of the nation are well known. Overcoming the fiscal and ideological constraints that have doomed regional water development plans in recent years will be the subject of this conference. It will demonstrate both the economic necessity and engineering feasibility of water from Alaska, which would cost less to the national economy than the effects of scarcity and shortages will.

- 9:00-10:00 a.m. Welcome and opening statements**
- 10:00-12:00 noon Panel: "The Engineering Feasibility of Delivering Water From Alaska."** Experts on plans developed in the 1960s and before, including the Ralph M. Parsons Company's "North American Water and Power Alliance," will detail the feasibility and enormous water and hydroelectric yield potential of water from Alaska to Canada, Mexico and the United States.
- 12:00-2:30 p.m. Luncheon and address: "The Moral and Economic Necessity of Developing Population Growth Potential"** by *EIR* founder Lyndon H. LaRouche Jr.
- 2:30-4:30 p.m. Panel: "The Economic Feasibility of Water From Alaska."** Proofs will be presented that the nation will spend more in increased costs due to scarcity if it doesn't transfer water from Alaska than if it does. Panelists: *EIR* Economics Editor David Goldman; California Democrat Will Wertz, challenging Jerry Brown for the U.S. Senate; and Kansas State Rep. Keith Farrar (R-Hugoton), a member of the High Plains Study Council.
- 4:30-6:00 p.m. Closing remarks and reception.**

Mail to P.O. Box 740191, Houston, Texas 77274
A National Conference on Water From Alaska

Name _____ Address _____
 City _____ State/Zip _____ Phone _____

Check one:
 Enclosed is \$ _____ in check or money order (made out to EIR) for _____ registrations at \$50 each.
 Charge \$ _____ for _____ registrations at \$50 each to my (check one) Mastercard Visa.
 Account # _____ Expiration Date _____

Signature _____ (If registering for more than one person, please list additional names on back.)