

# EIR

Executive Intelligence Review

January 4, 1983

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# EIR

## From the Managing Editor

**I**n this special issue of *EIR*, which reviews the turning points of 1982 and the questions that will shape 1983, you will find that the growing influence of *EIR* founder Lyndon H. LaRouche, Jr. is at the heart of both subjects. If the recent activities of some British, Soviet, and other nations' leading circles are a measure, LaRouche is presently the world's most controversial figure—despite the lack of physical or official political power commanded by LaRouche and his collaborators. The most recent furor over LaRouche's beam-weapons ABM defense proposal is merely a large increment in an already intense controversy. Apart from the beam-weapons issue, the center of "the LaRouche factor" in world affairs is the successful performance of the LaRouche-Riemann economic forecasting method. LaRouche has emerged as provably the world's leading economist, at a time when economic policy is increasingly the central question.

It is an astonishing anomaly that a personality of LaRouche's obscure origins should have been placed so prominently in the midst of world policy affairs during the recent period. LaRouche himself has pointed to the 1962-63 period of the emergence of the doctrine of Mutually Assured Destruction, and the corollary economic and cultural policies in the West, as the key to his rise to international attention. LaRouche's consistent rejection of the past 20 years'—indeed, the past 100 years'—decline of industrial civilization made him "significant by a process of elimination," an apostle of "technological optimism" in an age increasingly dominated by hedonistic irrationalism.

He insists that there is reason to hope that the cultural decay of the past century, and the military-political effects of the MAD era, can be abruptly reversed in 1983: "I can guarantee nothing, but there is both a theoretical and empirical basis to hope we are presently at the point that a new renaissance in Western culture can emerge. Repeatedly in history, a nation has been dominated by a culture which was truly evil, like the culture of imperial Rome. Yet, although that evil culture appeared unchallengeable, mankind arose from the disaster such cultures caused. There is capacity for goodness and reason in human beings which, unfortunately, is sometimes made efficient only by grave crisis."

*Susan Johnson*

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## **ERRATA**

The following errors appear in this issue. On page 5, the date of Lyndon LaRouche's initial beam-weapons initiative should be 1977, not 1975. On page 6, the duration of the LaRouches' meeting with India's Prime Minister Gandhi should be 35 minutes, not 45. And in the Year in Review, which begins on page 18, the citation of that meeting was misplaced. It took place, not on Feb. 23, 1982, but on April 24, 1982.

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"Mr. Liberal," the patrician Democratic elder statesman Averell Harriman, and his family have for decades promoted "Nordic race science" and fascist movements.

# Depression politics: an Age of Instability

by Nancy Spannaus

Few would disagree with the *Executive Intelligence Review's* assessment that the determining development of 1982 was the fullblown emergence of the second great depression of the 20th century. Taken worldwide, the economic decline is already worse than that of the 1930s; and alignments are shifting radically between and within nations, in a manner best characterized as a scramble for survival.

Unlike the 1930s, the world economy is not going through a downturn from which the human race can expect to recover after a lapse of 10 to 20 years. As our founder, Lyndon LaRouche, elaborated at the beginning of 1982 and again at a conference in the end of October, the question posed by this depression is the survival of human civilization itself. Horrors like those of Nazi Germany are *already being carried out* by agents of the oligarchy and its international financial institutions on a far broader scale than Hitler's throughout the nations below the Tropic of Cancer. The world as a whole is on the verge of a phase-change, into a situation analogous to that of the depopulation and holocaust of 14th-century Europe. It is the accumulated achievement of nearly 500 years of scientific endeavor which is currently on the verge of being lost.

Among the pillars of 20th-century politics that has nearly been destroyed in this upheaval is the global role of the United States. Washington, D.C. has been manipulated, stupid, and wrong many times in the aftermath of World War II, but by and large it maintained its weight and potential as a superpower. It was bad enough that the United States was dismantling its own economy by tolerating the policies of Paul Volcker; in April of 1982 the tragedy went further. When the Reagan administration abandoned Latin America and supported Britain in 1982's Malvinas war, it declared itself worthless as an ally, much less a powerful ally. The result was to destabilize all governments friendly to the United States, and to turn over whole areas of the world, most immediately the Middle East and Asia, to the Soviet and/or British sphere of influence.

Given the commitment of the British and the Soviet Union—especially under the latter's new KGB-dominated government—to the destruction of industrial capitalism, this development will accelerate the genocidal destruction carried out



Philip Ulanovsky/NSIPS

*U.S. unemployment reaching 1930s levels: yet the world needs everything Americans could produce, to end enforced backwardness.*

by the depression collapse.

Only the emergence of an alliance of nation-states committed to an emergency program for ending the world depression could conceivably reverse this process, including the devolution of the United States. Many governments who are now faced with national suicide if they accept the prescriptions of the international financial institutions for dealing with the deepening depression, are looking for such a program. The LaRouche plan for a new monetary system—available in the governmental sphere since 1975—has moved to the center of the international agenda as the alternative to the austerity programs of the traditional and now woefully discredited economic experts.

Most striking is the record of the LaRouche-Riemann economic model, which in contrast to every other competitor has accurately projected the effects of the usurious policies of Federal Reserve chairman Paul Volcker since the autumn of 1979. The December 1981 projections of a 7 percent decline in manufacturing and other real productive activity in the United States over the year was dramatically vindicated when the official figures were released in July; we reprint in this issue's economics review the graph of comparison we issued then. Although the Reagan administration has remained locked in its forced embrace with Volcker, the international ripples of our econometric studies soon brought an increasing number of governments to LaRouche's door.

The increase in LaRouche's economic policy influence has been seen most dramatically in Ibero-America, the section of the world Britain had openly dubbed her colonial preserve during the Malvinas crisis. The momentum toward a debt

cartel that would demand a monetary reorganization based on low-interest credit for massive technology transfer to the developing sector, slowed dangerously after Mexican President José López Portillo's economic defense measures on Sept. 1. It is not yet dead: the simple fact that the over \$300 billion in Ibero-American debt cannot be paid—even were police states installed throughout the continent—has kept the LaRouche "debt bomb" proposals and the financial reorganization plans outlined in the July document "Operation Juárez" on the table.

In the same way, the decline in U.S. strategic power that Henry Kissinger, the *New York Times*, and Alexander Haig have foisted onto the Reagan administration has begun to have a boomerang effect in terms of increased LaRouche influence. Once again it was 1975 when LaRouche first pointed out that the Soviet Union was developing particle-beam weapons that could destroy incoming ICBMs in flight, and, once placed in space stations, could render the U.S. strategic arsenal useless. In February 1982, LaRouche presented Washington, D.C. with a full-blown proposal on how U.S. crash development of an energy-beam defense could eliminate the threat posed by Soviet scientific superiority, and simultaneously serve as a "science driver" to reverse the rapid rate of world economic decline. In late October we saw the first signs that the Reagan administration, at the behest of leading nuclear physicist Edward Teller, was considering such a proposal. Interest has not been restricted to Washington; successful meetings, attended by many generals, among others, have now been held in Rome, Bonn, Paris, and Madrid, as well as in over 50 cities in the United States.

Of one thing there can be no doubt: world politics in the next few months will be determined by the LaRouche factor, and on the outcome rests the fate not only of today's world, but generations to come.

### **Permanent instability?**

Except for the case of Mexico, where succession is mandated to occur every six years, the abundance of government changes this year can be ascribed to the destabilizing effects of the depression.

Most crucial were the cases of Helmut Schmidt of West Germany, Zenko Suzuki of Japan, and Giovanni Spadolini of Italy. All three were victims of their own pro-American policies in a period where America was standing behind the genocidal austerity of the International Monetary Fund. Schmidt, whose strength was found in his commitment to economic growth and East-West cooperation as a means of stopping otherwise inevitable conflicts leading toward world war, acerbically criticized the Volcker policy—but was too cowardly to mobilize his trade-union base and the rest of the Federal Republic behind a real economic-recovery program. Suzuki, after having made overtures to Latin America during the Cancún summit, was torn by indecision when confronted by the need to introduce a policy independent of the United States. Spadolini, however, made a lasting contribution by moving with the Vatican on the drug and terror network that represents one of the international oligarchy's greatest assets in destroying nation-states' ability to resist austerity.

It is impossible predict the actions of the successors of these three important governments. The rate of economic collapse will either force their early replacement, or precipitate a rapid shift toward recognizing economic realities and acting upon them. Such has been the case, for example, with the Mitterrand government of France, which has been forced to look toward the developing sector for economic ties to salvage its foreign trade. Such could also be the case for the new Socialist government in Spain.

Governmental changes in South America are considered in many quarters as significant as musical chairs. But the central role that Ibero-America has to play in determining the outcome of the world debt crisis, a role that emerged under the stress of British imperialist assault, has somewhat changed that situation. A national spirit has swept Ibero-America. The most welcome change occurred in Colombia, until July one of the gendarmes for IMF policies on the continent. The new President, Belisario Betancur, elected in regularly scheduled elections, has radically shifted politics by taking the leading role in calling for joint debt renegotiation by all of Ibero-America with the United States. Betancur's longstanding collaboration with the Vatican faction responsible for the development policies of Pope Paul VI presages a increasing role for the Church in Ibero-America, consonant with the development policy elaborated by LaRouche.

The implications of the change of leadership in the Soviet Union may seem to be isolated from the "Western" economic

crisis, but not even knowledgeable Soviet spokesmen believe that. The Soviet consensus has already accepted the premise that the Western powers are reverting to depression and fascism, and since a period before Brezhnev's death seemed to have resolved not to act to stop it. Are they willing to accept the inevitability of nuclear war, then, rather than aid in the fight to save the Western economies? That is the fight that will increasingly emerge around Moscow.

It was during an *EIR* seminar in Bonn in May that LaRouche called upon the United States to adopt the economic policy measures, based on great industrial projects, that would return it to its role as superpower. Only a "deal" between the two superpowers can guarantee world peace, he insisted. The British, and their agents such as Henry Kissinger and Averell Harriman, have to be told that they are irrelevant, that their ideas of a multipolar world are ridiculous, and that the United States and U.S.S.R. are going to make treaties on the development of beam weapons that will lay the basis for a real economic program for peace.

The immediate consequences of American failure to take up this policy lie in Asia and the Middle East. Israel, through British agent and mafia boss Ariel Sharon, moved into Lebanon in June, and has been hooting with impunity at the United States ever since, with the result of hideous bloodshed in Lebanon, the West Bank, and the Persian Gulf. The summer also saw China begin to move away from Washington toward a modus vivendi with the remaining superpower, Moscow. All of Asia is showing signs of this realignment.

### **The battle over LaRouche**

The growth of LaRouche's influence, in ideas internationally and mass organization in the United States, is among the most dramatic developments in 1982. The 20 to 40 percent vote that LaRouche Democrats got in the primaries created a shock wave internationally despite the near-universal blackout of the fact in the United States, and the international press.

But the potential for LaRouche's ideas can only be understood by putting this domestic base against the international recognition of the economist's input into government policies.

Two trips by Mr. and Mrs. LaRouche in spring 1982 underline the degree to which the developing nations are looking to LaRouche. Their India trip in April featured a 45-minute talk with Premier Indira Gandhi, soon to be head of the Non-Aligned movement, which is meeting in March. A visit to Mexico in May included not only a talk with President José López Portillo, but also a short press conference for LaRouche from the presidential palace.

At the same time LaRouche representatives have found an open door, and often an open press, in Argentina (in the summer), Venezuela, Spain, France, and Egypt. Contrary to what Henry Kissinger says, LaRouche is becoming a household word in Ibero-America.

The negative attention to LaRouche also testifies to the recognition that LaRouche's program represents the only



# Financial collapse exposes depth of trade shrinkage

by Renée Sigerson

The debt crisis which erupted during 1982 forms part of a historic turning-point in world economic development. A third of all nations—nearly all of Latin America, most of Africa, and all of the secondary powers of the Soviet bloc—failed within the span of a few short months to meet payments on obligations to the international banking system. This has occurred along with the onset of a fundamental breakdown crisis in the Western world's largest economy, the United States, and a severe worsening of economic conditions in West Germany and, only to a lesser extent, Japan.

A series of emergency financial measures has been activated by governments and international agencies, such as the International Monetary Fund, to keep financial relations "intact" until early January. These measures do not even begin to address the fact that, to describe the state of the world economy most plainly, a large proportion of the world is bankrupt.

Since August, more than \$20 billion in emergency "bridging" funds has been made available to debtor countries by the U.S. Treasury, the Bank for International Settlements, the IMF and private commercial banks to stopgap otherwise guaranteed defaults. In addition, an equal amount of debt has been "restructured" for payments five years down the line, and another \$10 to \$15 billion has been "frozen" pending restructuring agreements during 1983.

### Emergency measures: a farce

These emergency measures fall incontestably short of a solution to the debt overhang. During 1983, it is expected that several European countries, including France, Italy, Sweden, Ireland, Belgium, and Denmark, will require emergency financing from special international agencies such as

alternative to the discredited bunkum of the IMF, Bank for International Settlements, Club of Rome, Wharton School, and other feudalists, misnamed economists. Death threats became particularly intense in August—following the issuance of what was then a private document called "Operation Juárez," but in the midst of the rapidly expanding economic nationalist ferment throughout Latin America. Kissinger Associates, an operations grouping headed by one of LaRouche's chief enemies, was formed then. And evidence began to mount that Kissinger-associated thugs were deployed to Europe in an effort to kidnap, or murder, Helga Zepp-LaRouche. In September two attempts at vehicular homicide against Mrs. LaRouche occurred, one of them one year to the day following a 1981 attempt that left Mrs. LaRouche with longlasting back and neck problems. As if to produce the pedigree for the attacks, the London *Observer*—typically British intelligence journalistic operation with ties to the royal household—in October slandered the LaRouches.

London had other reasons to be upset, of course, and they showed it in the lead to the *Observer* article. LaRouche's associates had succeeded in pointing Italian authorities in the direction of British Freemasonic circles in their search for the directors of the drug traffic and terrorism, and the investigations were becoming a bit too hot for London to handle. Equally upsetting was the fact that the Italian courts heard public testimony implicating Henry Kissinger in the Red Brigades assassination of Christian Democratic statesman Aldo Moro.

The surfacing of Dr. Teller's campaign for beam weapons—a program clearly mirroring LaRouche's—smoked out a slightly different but related set of enemies: the *New York Times* and the Soviet KGB secret service. The attack on LaRouche is not simply a vendetta, of course. It represents the commitment of the oligarchy, in league with the desperate Soviets, to move fullsteam ahead with their population wars, resource seizures, and total economic depression. Nowhere is this shown more clearly than in the attack on the founding and functioning of the Club of Life, an international association initiated by Mrs. LaRouche and committed to putting into effect a new world economic order based on spreading the fruits of human reason, through technology transfer and scientific education, into the developing sector, thus simultaneously reviving cultural optimism in the previously industrialized North. A barrage of assassination threats, and lack of security protection, prevented the LaRouches from attending the Rome conference of the Club of Life; press blackouts have since been the rule.

The Club of Life, representing leaders from four continents, was successfully founded because enough individuals realized that reality dictated they fight for an economic reorganization like that outlined by LaRouche, or face the end of civilization. The reality of the depression began to hit in 1982; the LaRouche method—the method of Leonardo da Vinci, Gottfried Wilhelm Leibniz and the American system—is the only one that points to survival.

the IMF's General Agreement to Borrow fund. It is expected that the level of financing requirements in Western Europe will consume the entirety of new available IMF funding agreed upon by governments in the latter half of 1982 following a lengthy series of meetings. How the developing sector's emergency requirements will be met has not yet been figured out.

The scope of the global payments crisis is partly the outcome of declining world trade, which in the second half of 1982 apparently fell 15 percent in dollar terms. Industrial-country exports were nearly \$30 billion lower in the first nine months of 1982 compared to 1981, with the rise in the value of the dollar covering up an even larger drop in volume. The decrease in export markets has already eaten into the payments of the OECD economies, and it is expected that during 1983, the export decline rate will reach 20 percent.

The plummeting of world trade, which is pulling the props out from under the financial system faster than international agencies can deploy their "fire brigade" squads to patch the system up, lays bare another, yet more fundamental substrate of the world economy, where the real source of the breakdown crisis is to be found.

The 1982 debt crisis follows nearly a decade of deliberate, across-the-board disinvestment in the basic industries of the major industrial countries, particularly in the United States and Western Europe. Until the outbreak of financial collapse in the Third World, the effects of this disinvestment had been concealed in two primary ways: Western Europe and Japan

desperately geared up exports to maintain employment levels and income to industry, while the United States rigged a financial "taxing" system, based on an overpriced dollar and high interest rates, to subsidize its internal credit system. Increasingly over the decade, the developing sector was thereby forced to subsidize the traditionally industrialized economies, a rigged game most of the Third World was quite willing to play so long as the annual current account deficit in the Third World was still financeable within the system as a whole.

How this parasitic dynamic has worked is demonstrated in the tragic case of West Germany. The collapse of capital investment to below replacement levels for industry throughout the 1970s was hidden only because export-dependency in manufacturing rose to over 50 percent. The first indications that Germany's export markets were shrinking came in July, fueling a political crisis which triggered the bankrupting of the country's seventh largest industrial firm, AEG. At the end of 1981, unemployment in Germany was still manageable, at 876,000; by December 1982, unemployment reached the crisis level of 2,030,000, a high point since World War II, and most of it occurring in the second half of the year, in step with the accelerated breakdown of the international financial system.

### End of the rigged postwar monetary game

As the West German case shows, the intensity of the shock now being administered to the world economy in-

## Real versus nominal trade deficits of developing nations

(in billions of 1972 dollars)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
<b>All non-oil-exporting nations</b>											
Export volume . . . . .	56.83	82.3	82.2	81.8	91.29	95.58	103.22	112.92	119.24	123.85	131.77
Import volume . . . . .	66.47	93.0	99.97	95.58	99.21	105.95	114.42	127.00	131.95	134.85	139.16
Real trade balance . . .	—	-10.7	-17.77	-13.78	-7.97	-10.37	-11.2	-14.08	-12.71	-11.0	-7.39
Nominal trade balance in current dollars . . . . .	—	-10.5	-32.8	-40.4	-25.7	-23.0	-33.0	-47.6	-70.6	-75.2	-75.5
Excess trade deficit due to worse terms of trade . . . . .	—	-0.2	15.03	26.62	17.78	12.63	21.8	33.52	57.89	64.2	68.31
Interest payments on external debt . . . . .	—	4.6	5.7	7.5	8.3	10.1	14.2	20.7	30.1	37.5	40.8
Total excess deficit due to worse terms of trade . . . . .	—	4.4	20.73	34.12	26.08	22.73	36.0	54.22	87.99	101.7	109.1
Total outstanding debt (cumulative) . . . . .	—	96.8	120.1	146.8	181.4	221.8	276.4	324.4	375.4	436.9	505.2

Source: International Monetary Fund

volves much more than the shortcomings of "irresponsible" international bankers, or the much-touted "mismanagement" of Third World economies.

For the entirety of the postwar Bretton Woods period, there has existed no agreed-upon policy within the organizations of Western nations to maintain the real industrial potential of the economies subsumed by this system. There has been no commitment to foster technological "drivers" within those economies to guarantee higher rates of manufacturing productivity.

The largest economy in the Bretton Woods system is the United States. Graphically suffering the inevitable consequences of this policy failure, the United States no longer has the capital base to merely sustain current levels of industrial output. In 1980, capital investment outlays of \$250 billion fell flat in real economic terms, merely serving to sustain then-current production levels. In 1981-82, the situation worsened gravely. In real economic terms, the same nominal level of capital outlays occurred alongside an actual \$60 billion reduction of the productive value of the capital and infrastructure base of the economy.

In 1979, for the first time in its history, the United States ran a manufacturing trade deficit. By 1982, it has become evident that the U.S. economy no longer has the means to internally produce the capital goods it needs merely to maintain its own industries. Four-fifths of its labor force is now employed in services-related sectors which produce no goods for basic industry needs. The manufacturing trade deficit has thus continued, while the overall trade deficit for 1982 will hit \$42 billion, heading towards \$70-\$100 billion in 1983.

The United States now consumes 42 percent of all manufacturing exports produced in the Third World. At face value, it would seem this Third World import-dependency might be serving the developing industries in those countries. However, these manufactures are being financed with a grossly overvalued dollar, sustained by speculative capital inflows and high interest rates. The cheap manufactures now entering the United States form part of the subsidy which the U.S. credit system—in a replay of Britain's looting position within its pre-war colonial empire—is exacting from the developing world.

### **Recovery prayers**

Publicly, the common theme which has come up at every debt negotiation this year is that the world financial crisis will be more manageable in 1983 because the United States will spur an economic "recovery." Privately, very few world leaders believe this will happen—although even fewer fully grasp the process by which this crisis can indeed be brought to its end.

While there is no sensible alternative to the U.S. dollar as the world trading currency, the terms of agreement whereby the dollar system serves as a vehicle for forced disinvestment in the manufacturing sectors of all nations within the

system must be abandoned.

What has been appropriate about the international role of the dollar is that only a country as large and highly internally diversified as the United States can sustain the disruptions to its internal credit system engendered by printing enough free-exchange currency to finance global trade. However, to the extent that the United States has gutted its manufacturing potential through disinvestment, precisely those characteristics which allowed the dollar system to function at all—size and diversity of real productive potential—have tended to evaporate. A sound and politically feasible alternative to the international dollar, during a transitional phase in which the United States would hopefully relaunch investment in technological drivers in basic manufacturing, would be an Ibero-American continent-wide currency unit. In its totality, the Ibero-American continent qualifies as a large and diversified economic base for the issuance of such currency.

Historically, it has been proven that backing paper currencies with gold is the best means for linking currency values to some truthful measure of an economy's real productivity potential. In either case—restoration of a viable dollar system, or creation of an Ibero-American industrialized common market—gold valuation of the currency would be necessary.

The Bretton Woods system never took into account any measure of the real productive potential of the subsectors in the system. Conceived from its origins by the identical force which ran the British colonial empire, the dollar system now operating is economically more dangerous than Britain's pre-war empire system.

Going beyond the mere raw materials and cheap labor heists of the old British system, the devolution of the U.S. economy has begun to unleash a scale of global looting comparable to the Schachtian—that is, Malthusian—policies launched against the "Eastern territories" of Europe by the Hitler machine in the 1930s. Although the United States, politically, is not yet strictly fascist, its parasitic relationship to its "trading partners" is moving in that direction. In economic terms, this is shown by the fact that over the past 12 months, the disinvestment cost within the U.S. economy reached a scale where, even were there an "economic upturn" on the 3 to 7 percent scale reached in previous periods of ending recessions, it would be insufficient to restore 1980 levels of productivity and output. The United States is running a net trade deficit that represents 7 to 10 percent of its total industrial output at this point. In the last 20 years, there has never been a point at which the U.S. economy has grown more than 10 percent in a single year. Even assuming such an extraordinary turnaround—which nobody talking about a "recovery" has even suggested—this would be only sufficient to hold the economy to current levels of activity.

The fact that the developing sector "supports" the traditionally industrialized sector with cheap export products has been obvious for a long time. Further elaboration of how this

has been financed, however, reveals the startling magnitude of the actual subsidy the Third World has provided to the traditionally industrialized sector.

During 1982, rigorous accounting procedures show, the developing sector countries issued a financial subsidy of \$150 to \$175 billion to their industrial trading partners. This subsidy has two components: the adjusted trade deficit plus flight capital.

The adjusted trade deficit takes the following into account: the worsened terms of trade for the developing sector over the last decade are largely the product of unnecessarily low wages and exaggerated currency devaluations, which reduce prices on exports to the point where it is impossible for the developing sector to finance imports without external loans.

Following the 1979 oil crisis and dollar interest-rate increase, the terms of trade disadvantage for the Third World doubled, and the import deficit increased from \$47.6 billion in 1979 to \$70.6 billion in 1980. Import reductions—the result of austerity programs imposed on orders of the IMF and the international banks—leveled off the deficit to \$75 billion for 1981 and 1982. Ironically, the real trade deficit (measured in 1972 constant dollars and prices), at \$7.39 billion was lower in 1982 than at any other point in the past decade.

By adding to the nominal deficit the interest-rate cost of financing Third World imports, and subtracting the \$7.39 billion real deficit measured in 1972 terms of trade, the first component of the Third World's 1982 financial subsidy to its creditors is shown to be \$109.1 billion, somewhat above 1982's apparently "unfinanceable" current account deficit.

In addition to that, between \$50 and \$75 billion in private speculative funds were taken out of banking systems in the developing world this past year for investment in high interest markets in the Western banking system. Thus, the effective financial subsidy of wealth denied to the developing sector to the advantage of creditor nations is over \$150 billion: nearly 70 percent of the entire debt, including principal payments, owed during 1982 to the international banking system.

With the added feature that the United States is now increasingly a rentier economy which survives through the political "aura of power" of its banking system, the current parasitic relationship between the developing and traditionally industrialized world is an expanded version of the relationship which the United States had to the defeated nations of Japan and Germany after World War II. Detailed dissection of the German economy documents that Germany—unlike Japan—never succeeded in extricating itself from the setup whereby its cheap exports undermined its capacity to invest in regeneration of its own capital industries. Thus, the rapidity with which German employment levels collapsed this year.

This does not compare, however, to the rapidity with which negative growth will overtake parts of the Third World, beginning with Latin America, during 1983, unless a halt is

called to the looting process. The declining levels of imports, far advanced in Latin America, is an alarm signal that these economies are reaching a point of ravaging economic decline.

From currently available information, the four major Latin American economies—Argentina, Brazil, Mexico, and Venezuela—have told their creditors that, in aggregate, they will require about \$50-\$60 billion in financing from the international agencies and banks in 1983. While it remains entirely in doubt whether such funds will be forthcoming, that amount still accounts for only 50 percent of the debt due during 1983, plus the backlog of debt frozen during 1982.

If the IMF and BIS have their way, a substantial additional proportion of the debt will be financed by export earnings. Nominally in behalf of maintaining competitiveness in exports, massive devaluations were undertaken across the continent during the course of the year. Brazil devalued its currency by 68 percent; Argentina by 89 percent; and Mexico by somewhat over 50 percent. Simultaneously, imports are being drastically slashed. In 1983, according to the IMF's deal with the Mexican government, Mexico will import only \$10 billion worth of goods, less than half of the \$24 billion it imported in 1981.

Brazilian officials claim Brazil must now export 10 percent more goods in volume terms to maintain 1981 export levels in dollar terms. As these countries attempt to sell everything which is not nailed to the ground, it is clear that the IMF expects somewhere between \$10 and \$30 billion of the unmatched financing need in Latin America to be supplied by import reductions and mortgaging export earnings to debt repayment.

How long can an economy sustain exports if it cannot import capital goods to maintain its basic industries; how can an economy "internally generate" those capital goods, if it is forced by the IMF to eliminate government subsidies to the industries which must supply them? Moreover, even in purely financial terms, the emergency bailout program does not add up and is several tens of billions of dollars short of financing sources, even after stringent levels of austerity have been applied.

It is no secret that during 1983, the emergency "fire brigade" system will not hold together on its own terms unless two drastic measures are implemented: 1) a large percentage of the offshore banking market where much of the Third World debt is booked, is shut down, and the debt simply written off by government regulatory agencies; and 2) the U.S. government assumes direct, large-scale responsibility for refinancing the private sector debt, triggering a financial breakdown of the internal U.S. banking system. In short order, this would topple the international system in any case.

From the standpoint of reality, the Bretton Woods system declared a moratorium against itself during 1982. To prevent the next 12 months from becoming an economic Armageddon, a handful of governments must juridically recognize that the post-war world economic system did in fact expire one day last summer.

# End-point for America's labor force: the destruction of industrial potential

by Leif Johnson

Last year at this time, *EIR* warned that the United States' economy's production of tangible goods would fall at a 7 percent annual rate during 1982—in contrast to the otherwise-universal recovery forecast. This decline, according to studies conducted employing the LaRouche-Riemann model of the American economy, did not represent a mere continuation of the "recession" that had begun during the summer of 1982, but a threshold past which the United States would lose its physical and labor-force capacities to recover.

In September 1982, we warned that the 7 percent rate of decline was about to become a 10 percent rate of decline—which indeed began with October 1982. However, the dominant characteristic of next year's economic development will have less to do with the oppressive effects of Federal Reserve monetary policy than with the first emergence of the underlying, fundamental deterioration of the U.S. economy. The deterioration of capital stock, including the apparent fastest period of disinvestment in American economic history, and, more importantly, the deterioration of working skills in the U.S. population have become a more decisive barrier to recovery than the Federal Reserve itself. Whether the Federal Reserve may try to revive the economy by reversing decisively its post-1979 policy is a matter of conjecture; but if this is the case, the irony of 1983 will be the Federal Reserve's inability to revive an economy that has become, in the LaRouche-Riemann model's analysis, technologically dead. Nothing short of a total national commitment to major technology breakthroughs affecting basic industry—such as *EIR* proposes in the case of beam-weapon missile defense systems—will bring the dead back to life.

Last year at this time, *EIR* identified two tendencies in the American economy that must be understood and reversed. First, we said that the sharp fall-off in steel production beginning in the summer of 1981 would continue into 1982 and produce the Second Great Depression of the 20th century. Secondly, we said that this depression was far more serious than that of the 1930s, because we were entering "a depression within a depression." The crisis is not merely a financial one—although it is obtruding on that level. Nor does the crisis originate with the lack of tangible production which underlies the impending financial crises.

The real crisis is found in the ruin of the American labor

force, under the weight of a 30-year program of "de-industrialization" and the moral rot of the media and its drug-rock culture. The population is now largely incapable of using its industrial skills or assimilating new ones.

Today the proverbial man in the street knows that his country is sinking into economic ruin. He feels the unemployment that has engulfed nearly one in every four workers; he knows, moreover, that the nation has gone from one "that could do everything to a nation that can do nothing." The question for 1983 is whether the development of work skills can be mobilized on a level equivalent to that achieved during World War II, retrieving the U.S. economy for the benefit of the world economy.

## The 1982 turning-point

To review the scope of the 1982 economic collapse:

- More businesses were wiped out in 1982 than in any period since the 1930s. Dun and Bradstreet reports that business failures for the year through Dec. 9 totaled 24,229, compared to 16,259 for the equivalent period in 1981.
- The Federal Reserve Board's "anti-inflation fight" has cleaned out such large numbers of medium-sized and smaller supply and wholesale enterprises that it is now impossible to recover the nation's former levels of steel, auto, or housing

**Figure 1**  
**Ratio of U.S. exports to imports**

Finished manufactured goods in the two depressions

Year	Ratio	Year	Ratio
1927	2.25	1965	1.43
1928	2.49	1970	1.15
1929	2.54	1977	0.79
1930	2.50	1978	0.87
1931	2.04	1979	0.94
1932	3.87	1981	1.03
1933	4.50	1982*	0.89
1934	4.67		

\*through Sept. 1982

Source: Historical Statistics of the U.S. Department of Commerce  
Calculation: *EIR*

**Figure 2**  
**Steelworkers as a percentage of the U.S. civilian labor force**

Year	Steelworkers (thousands)	Percentage
1933 .....	313	0.61
1934 .....	409	0.79
1979 .....	453	0.44
1980 .....	399	0.38
1981 .....	391	0.35
1982 .....	247	0.22

Source: AISI

production, without a rebuilding of that industrial base. What has been lost are machine-tool shops and producers, especially those connected to the auto industry; steel and building-materials wholesalers and producers; farm-equipment dealers; and other businesses essential to the production and distribution of manufactured products.

● The nation's most strategic industrial sector, machine tools, after maintaining its order books through the first phases of the Volcker onslaught, has collapsed. At current rates of new orders, it will run entirely out of work at some point in the coming year. The following figures show that the nation is losing its ability to produce its own tools. Net new orders for machine tools in 1982 will be \$1.478 billion (very close to our September prediction of \$1.411 billion), which

deflated to 1972 dollars gives \$.55 billion, a figure less than half the previous year's, a quarter of 1980's orders, and less than one-fifth the level of 1979. At the end of 1982 the order backlog, \$1.240 billion, was only one-third the total shipments for the year.

In 1975 the United States exported \$419 million worth of machine tools while importing \$317 million. In 1981, only six years later, as domestic machine production collapsed, exports rose to \$319 million, but imports more than quadrupled to \$1.431 billion.

● From January to the last week of November 1982, steel capacity utilization has fallen from 60 percent to 31 percent—despite wild price cutting by domestic and foreign manufacturers. (For example, prices for steel tubing and steel pipe, much of which is consumed by the badly depressed oil industry, have dropped 40 percent.)

Shipments of steel products to the auto industry for the first 10 months of each year, fell 31.8 percent from 1981 levels; construction and maintenance, 31.7 percent; machinery, equipment, and construction equipment, 43.5 percent; electrical equipment, 24.0 percent; and oil and gas extraction, 51.0 percent.

● Despite the desperate need for new industrial capitalization, commercial and industrial loans granted by the nation's major banks have declined to \$215 billion, a loss of 6 percent since October. Adjusted for inflation, the loss is somewhat higher.

For the four weeks ended Nov. 17, large bank commercial and industrial loans fell 16.3 percent. Commercial paper of non-financial companies fell 50.5 percent, making the

**Figure 3**  
**The U.S. civilian workforce in two depressions**

	Total (thousands)	Percentage of productive	Percentage of non-productive	Ratio of Productive to nonproductive
1927 .....	46,375	58.4	41.6	1.44
1928 .....	47,105	57.5	42.5	1.39
1929 .....	47,755	58.1	41.9	1.38
1930 .....	48,523	53.5	46.5	1.15
1931 .....	49,325	48.2	51.8	0.92
1932 .....	50,098	43.1	56.9	0.75
1933 .....	50,882	42.7	57.3	0.74
1934 .....	51,650	44.5	55.5	0.80
1977 .....	97,401	33.2	66.8	0.49
1978 .....	100,420	33.7	66.3	0.50
1979 .....	102,908	33.9	66.1	0.51
1980 .....	104,429	32.6	67.4	0.48
1981 .....	108,667	31.2	68.8	0.45
1982 .....	110,644	28.8	71.2	0.40

**Productive:** Manufacturing, construction, transportation and utilities, mining.

**Non-productive:** Services, government, finance, insurance, real estate, wholesale trade, retail trade, unemployed, and self-employed.

**Source:** News, Bureau of Labor Statistics, U.S. Department of Labor; *Historical statistics of the U.S.*, U.S. Department of Commerce.

decline for the past three months 34.2 percent. Total commercial and industrial loans and nonfinancial company paper fell by 23.1 percent, yielding a loss of 3.9 percent over the preceding three-month period.

- The nation's exports of capital goods have continued the precipitous plunge that began in the end of 1980. At its peak; capital-goods exports earned slightly more than \$21 billion at an annual rate. By the end of the first quarter of 1982, they had sunk to \$11 billion, a loss of almost half. Compare the high ratio of U.S. industrial exports to imports during the first great depression with the near-breakeven ratio in the current depression (see Figure 1).

- The nation's gross unemployment rate is now just under 23 percent, or 25 million jobless Americans. Nearly the entire rise in unemployment over 1982 came from the industrial sector, which lost almost 10 percent of its workers.

### The labor shift

Since World War II, the ratio of productive workers to non-productive workers has gone from two productive to one non-productive worker, to the reverse. In other words, forty years ago, when one worker in what we now call service or administrative tasks was supported by two manufacturing, farming, mining, or transport and utility workers, today those two manufacturing workers must support four non-productive workers. The unemployed are necessarily in the non-productive category since they must be maintained by those workers still producing goods.

In the short span of Paul Volcker's regime, the ratio of productive to non-productive workers fell from 5:10 to 4:10, since virtually all the joblessness of the present year originates with the manufacturing sector while service occupation employment remains steady.

Figure 2 shows the dramatically low levels of steel workers as a proportion of the total population compared to the 1930s. While productivity in such industries has increased, the figures mainly indicate the incredible shrinkage in the proportion of the population engaged in learning and using industrial skills. These figures are a subset of the totals in Figure 3, showing the relative proportions of the working population engaged in productive and non-productive work.

"Shift to the service economy" is thus a euphemism for economic depression. The result is to destroy both the knowledge of the real economy and the work skills of the population.

Misallocating the labor force produces chronic impoverishment of the population both culturally and physically. It necessarily creates a large pool of permanent—if disguised—unemployment, which has now reached, as we have indicated, nearly one in four of the potential workforce in the United States. Massive prolonged withdrawal of a major section of the population from the creative tasks of their own economy, whether this comes in the form of extended unemployment or employment in non-productive bureaucratic functions, is a pre-condition for the birth of modern irrationalist movements, or fascism.

## Econometrics

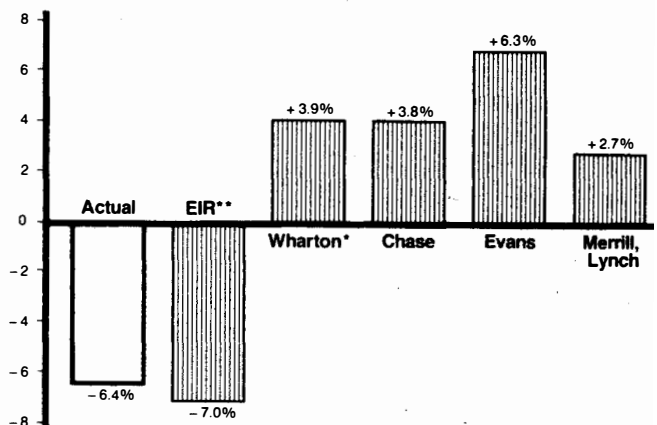
# LaRouche-Riemann model's forecasts and analyses in 1982

by Mary McCourt

In 1982, predictions on the course of the devolution of the U.S. economy made by application of the LaRouche-Riemann econometric model to the actual measures of economic health—the technological level at which productive labor functions, rate of reinvestment of capital, investment in energy production rather than so-called energy saving—have been as precise as predictions made by other models have been inaccurate. The model has established, moreover, that without the degree of technological innovation and capital investment that would be achieved by a national program to develop anti-missile beam weapons, U.S. economic collapse has become irreversible. A second generation of the model

### Comparison of Econometric Forecasts

Changes in Industrial Production Index, January-March 1982 (annualized)



\* Forecast Sept., 1981

\*\* Forecast Nov., 1981

Source: EIR, Forecasts of various econometric firms

capable of predicting the effects on the economy of such "shock waves" as a beam-weapons development program, or the current 20 percent collapse of world trade, is now being developed.

During 1982, LaRouche-Riemann model studies of the economies of Colombia, West Germany, Mexico, and Japan, as well as the United States, have been made available to political and business leaders in those nations. A summary of their findings:

Two studies of the United States published in the July 27 and Nov. 2 issues of *EIR* both confirmed the accuracy of predictions of productive collapse made by the model at the end of December 1981, and debunked all predictions of a "consumer-led" or any other recovery originating in the "magic of the marketplace." In the Nov. 2 report the analysis of the primary factor the present generation of the model can predict—how current production will affect future production—was made under two possible conditions. The first was a continuation of the present trajectory, with amounts of credit available to the economy remaining on the levels of August 1982; the second, taking into account the actual tendencies of economies to either develop or collapse at exponential rates, forecasts the effects of the atrophy of available credit on the economy. Under these conditions, the economy will suffer \$80 billion (in constant 1972 dollars) of lost production, a production loss greater by one-third than if present credit availability continues.

Two important studies of the effects of new investment on the U.S. economy were carried out during 1982. The April 6 study showed, using historical data, that the productivity of a national economy is not the sum of individual sectors' productivity, but a global characteristic which closely correlates with investment in infrastructure. The study both identified the lack of such infrastructure investment as a cause of the current economic disaster, and concluded that renewed infrastructure investment on a broad scale would be the *most efficient* means of effecting economic recovery.

The second study was generated by Lyndon LaRouche's assertion in his recent statement on economic shock waves, that "from one standpoint in analysis, economic recovery is theoretically an impossibility . . . [the development of anti-missile beam weapons is proposed in the interests of the total national security of the United States, both military and] the need for a shock-effect revival of economic growth. . . ." The study, published Dec. 28, demonstrated that the beam-weapons development program proposed by LaRouche would immediately improve productivity to such a degree that the economy could recover and grow.

The LaRouche-Riemann study of the West German economy, after the August bankruptcy of that nation's seventh-largest firm, AEG, demonstrated that the post-1950 *Wunderwirtschaft* was ended, and fully established for the first time that the failure to make essential technological and educational investments in industry and labor had rendered the German economy terribly vulnerable to the effects of the

collapse of world trade. Two decades of high export levels totally out of proportion to the rate of domestic investment, actually set up the German economy for its current precipitous collapse.

A study of Colombia's economy demonstrated that the failure to move rapidly from an early 1970s boom of light industrial production into heavy industry and high-technology capital-goods production, was the root of the past decade's stagnation in that nation. The study published Aug. 10, projected the effect of creating a "Ruhr" region, or highly concentrated area of heavy industry in Colombia. Combined with infrastructure investment, heavy industry development would cause the productivity of the Colombian economy to rise continually, to reach a level equal to that of developed nations by the turn of this century.

In late October, analysts in the United States and Mexico used the LaRouche-Riemann model to project an optimal path for industrialization in Mexico. Mexico's ability to resist IMF pressure and secure the future of its population depended upon correcting serious errors in investment policy, and bringing forward its "hidden economic potential." Despite boom-level growth of the economy, the vital development of future capacity to grow, embodied in machine-tool as opposed to durable-goods production, declined over the past decade. Oil revenues were used for importing high levels of finished goods rather than technology. But the model analysis demonstrated that backward agriculture, transportation, and construction methods are economic constraints that can—and must—be corrected to remove the drag on the economy. Mexico must convert its industrial base from consumer goods to broader industrial capacity in order to develop.

A research team is now working to complete the essential mathematical breakthrough outlined by Lyndon LaRouche, the model's author, to create a second-generation model capable of analyzing the effects of non-linear "shock waves" on the economy.

The crucial concept of this second-generation model is the direct application to economics of 19th-century physicist Bernhard Riemann's equations for physical shock waves.

Shock waves can only be produced in a medium in which some dimension of motion "beyond time" exists, and in which there is an increase in the rate of motion in response to the amplitude of some disturbance of the medium. In economic terms, technology is the dimension beyond time in which motion can occur. This explains the apparently "anomalous" growth rates in developing economies, such as Japan's, when new technologies come on line. The "disturbance" of the economy is created by new capital investment; applied to critical areas at sufficient levels, capital investment can create a "shock wave" of technological and economic progress. The research team is now determining what data will most appropriately reflect the technology dimension of the model, and how to precisely map the motion of an economy within one set of technological constraints by the *same* set of equations which show the generation of "shock waves."



# The LaRouche factor in U.S. politics: 20%-40% showing in the elections

by Warren J. Hamerman

During 1982, the year that initiated the campaign for the American presidency in 1984, candidates from the “LaRouche wing” of the Democratic Party headed by the *EIR* founder won between 20 and 40 percent of the vote in primary elections for nationally crucial federal and state offices. During 1982 as well, three of LaRouche’s leading political opponents for the 1984 Democratic Party presidential nomination—Jerry Brown of California, Ted Kennedy of Massachusetts, and Edward Koch of New York—were forced out of presidential competition under a storm of political opposition in part mobilized by the LaRouche forces.

In each of the elections where a LaRouche Democrat won between 20 and 40 percent, the candidate was running against the official party apparatus and relying upon the independent “insurgent” political machine built by the fastest-growing political action committee (PAC) in American politics—the National Democratic Policy Committee (NDPC), which numbers well over 20,000 members with chapter organizations throughout the United States. Throughout the past decade, LaRouche has been the only national political leader on the American scene advocating a program for a New World Economic Order to reverse the depression; he founded the NDPC, whose advisory committee he chairs, in 1980, after the renomination of Jimmy Carter, a renomination whose disastrous results he fully predicted.

### The results

The 1982 election tallies in Pennsylvania, New York, Maryland, and Minnesota confirmed the growing political strength of the NDPC and LaRouche, who ran in 16 state Democratic primaries for the party’s presidential nomination in 1980.

Lyndon LaRouche’s mass political following in the United States has been built, particularly since 1976, through a succession of historic half-hour television addresses which LaRouche delivered either on national television or to large audiences during political campaigns. In the half-hour television format LaRouche has addressed questions of global economic and strategic concern from the standpoint of res-

toring the type of “American System” program pursued by the Founding Fathers of the United States. At the same time, the television addresses were designed by LaRouche to shift policy planners away from commitments to post-industrial society doctrines and toward an American commitment to a New World Economic Order and world peace through scientific and technological progress.

Nearly 400,000 Democrats voted for LaRouche spokesmen in the 1982 primaries in New York and Pennsylvania alone, demonstrating the support for LaRouche’s program for re-establishing an active political connection between morality and economics by means of the New World Economic Order.

**Pennsylvania:** In the May 18 Democratic primary for the gubernatorial nomination, Steve Douglas, a spokesman for Lyndon LaRouche for approximately a decade, won 35 percent of the vote in Philadelphia and 22 percent overall statewide while finishing second in a four-man race. Douglas won 18 of the 66 election wards in Philadelphia. On the weekend before the election he had appeared with LaRouche in one of the NDPC’s special half-hour television broadcasts to the voters.

In a post-election interview, Douglas said: “On that half-hour spot, I spoke for 10 minutes on the issues of ending the economic depression, and Mr. LaRouche addressed the strategic issues which confront not only the citizens of Pennsylvania, but every other American citizen. He spoke in particular on the Malvinas Islands crisis and the Tory takeover of the United States in Washington under the auspices of traitors such as Alexander Haig.

“The combined effect of the organizing around policies to rebuild the state and Mr. LaRouche’s addressing the broader issues of the current crisis—including something that is on everyone’s mind, the fear of war—had an enormous impact on the population of the Greater Philadelphia area, and that, I think, was reflected in the voting on Tuesday.”

Steve Douglas won over 147,000 votes statewide. He swept most of the black, Hispanic and Italian-American wards in Philadelphia. The 18 wards Douglas carried there were

divided nearly evenly between white and black industrial-worker constituents, and several of the wards had Hispanic communities that turned out in sizeable numbers.

**California:** In a primary marred by an unprecedented pattern of computer "breakdown" across the state, Gov. Jerry Brown was awarded 51 percent of the vote in the Senate race while his most aggressive opponent, NDPC-backed Will Wertz, was credited with 1.1 percent. An early June 9 edition of the *Los Angeles Times* showed Wertz, after 18 percent of the precincts had been counted, with 28,805 votes—nearly twice Wertz's final official tally. Nonetheless, the hard-hitting campaign waged by Wertz, LaRouche's California coordinator, contributed to Brown's surprise defeat in the November general election. It also laid the basis for a powerful LaRouche political machine in a mega-state which will be crucial for the 1984 elections. Already NDPC-backed Democrats have announced for over 100 election contests in California in 1983.

**Minnesota:** In the Sept. 14 Democratic primary for Congress in the 2nd Congressional District in southwestern Minnesota, LaRouche Democrat Patrick O'Reilly polled 37 percent of the vote against an incumbent Congressman. O'Reilly won two counties and well over 50 election precincts outright. Minnesota is the home state of former Vice President Walter Mondale, and O'Reilly's opponent Bill Frenzel was directly financed by the Mondale machine in the state. In fact, Mondale ordered the state Democratic Party hierarchy to stop the LaRouche Democrat candidate. O'Reilly, a family farmer, was campaigning in a heavily Republican, predominantly farm district. A few days before the primary, when he appeared with Lyndon LaRouche on another of the NDPC's special half-hour television broadcasts, LaRouche declared: "This crisis is not merely a replay of the Depression which Coolidge and Hoover gave us back in 1931-32. This is much more serious" LaRouche detailed a sweeping program to restore American System economics to the nation and support a comprehensive debt reorganization of Third World debt. In his campaign O'Reilly had taken LaRouche's lead in supporting the Sept. 1 measures of Mexico's López Portillo as a model for bankrupt American farmers in their fight against the Federal Reserve. Despite counter-efforts and dirty tricks by the Mondale forces, the LaRouche candidate won well over 20,000 official votes, or 37 percent, in the Democratic primary.

**Maryland:** Also on Sept. 14 in the once-thriving steel-export state of Maryland, two LaRouche spokesmen, Debra and Lawrence Freeman, ran in Democratic congressional primaries. Debra Freeman challenged Rep. Barbara Mikulski, an open advocate of the notorious Global 2000 plan for genocide against the Third World prepared by the State Department under Jimmy Carter and Cyrus Vance. As in Pennsylvania, California, and Minnesota, the voters saw a special half-hour television broadcast by Lyndon LaRouche and the candidate before the election. Debra Freeman won nearly 20 percent of the official vote against Mikulski, running well

over 30 percent in many election districts; in four precincts she polled over 40 percent. In the poor, heavily unemployed industrial working-class districts of South Baltimore she ran well over 30 percent. In the Jewish areas of the northeastern sector of the district she was given 10-17 percent. Lawrence Freeman, running against Rep. Parren Mitchell, was awarded about 10 percent, winning 10 election precincts outright as he finished second in a three-way race.

The official results given Debra Freeman in particular are, in the estimates of every political insider in Baltimore, understatements of the vote. Through massive election fraud Mikulski managed to hold down the Freeman vote to 20 percent. Many long-time political analysts in Baltimore believe Debra Freeman took well over 40 percent of the vote, if not winning, in fact.

**New York:** In the widely watched Sept. 23 Democratic primary in New York, well-known LaRouche Democrat Mel Klenetsky ran against the racist enemy of the New World Economic Order, a self-admitted deployable of Averell Harriman, Sen. Daniel Patrick Moynihan; and LaRouche Democrat Fernando Oliver ran for Congress in the 18th Congressional District in the South Bronx against Congressman Robert Garcia. Despite an effort by LaRouche's opponents to keep the Klenetsky vote down by all dirty means available, Klenetsky received over 161,000 votes. Throughout black and Hispanic voting areas in New York City, Klenetsky was given vote tallies of between 30 and 40 percent. In Jewish areas the pattern was 25 to 30 percent. Around the state, the LaRouche Democrat won many black and Hispanic election districts outright; in the upstate city of Rochester, he won 23.4 percent of the vote. In the four major towns in Suffolk County his total was about 25 percent. As in the other September primaries Klenetsky appeared on television shows throughout the state with Lyndon LaRouche's message to the voters on his program to end the world depression.

Klenetsky had challenged New York City Mayor Ed Koch in the September 1981 primary. In 1982, the LaRouche Democratic machine mobilized in New York State to ensure that Ed Koch was eliminated at the starting gate in his plan to become a contender in the 1984 presidential elections by winning New York's governorship. It was the LaRouche/Klenetsky constituencies throughout the state who provided the margin ensuring the defeat of Koch (Felix Rohatyn's political puppet) for governor. The hard-fought three-way Oliver campaign in the South Bronx was given 13 percent in one of the most fraud-ridden elections in American history.

The Democratic results in New York are a highly significant indication of the growing mandate for a New World Economic Order. In early September Klenetsky traveled to Canada during the height of his campaign to the IMF meeting to endorse the López Portillo challenge to the International Monetary Fund and London banks. Throughout his campaign Klenetsky campaign workers held rallies on Wall Street against the London/New York genocide austerity program against the Third World and for the LaRouche program.

## November tests of strength

The emergence of the LaRouche factor in American politics was dramatically demonstrated in the November elections. For nearly nine months the LaRouche political machine in the United States had battled both the "left" fascist program of post-industrial austerity represented by Jerry Brown in California and the "right-wing" variant of the same program grouped around New York's East Side Conservative Club and Mont Pelerin Society. In a political test of strength the LaRouche mobilization provided the margin in defeating California's Jerry Brown campaign for the U.S. Senate and millionaire Republican Lew Lehrman's bid to become Governor of New York State. The defeat of Jerry Brown by over 6 percent, and the defeat of Lehrman despite his expenditure of \$11 million in campaign funds, resulted from aggressive National Democratic Policy Committee exposés of Lehrman's and Brown's murderous austerity policies and organized-crime connections, exposés which rallied both traditional Democratic and Republican constituencies.

The defeat of Jerry Brown in California had the added significance of representing a defeat as well for Los Angeles banker Charles Manatt, the corrupt chairman of the Democratic National Committee who had attempted to shield Federal Reserve Chairman Paul Volcker from LaRouche's attacks on his policies. Brown's defeat in California was the culmination of a long campaign which began when LaRouche got more votes than Brown in the 1980 Democratic presidential primary in the state of Connecticut.

In the November general election Brown was counting upon a mobilization for a nuclear "freeze" referendum to bring out demoralized youth to vote for his "Aquarian Age" policies. In early October polls showed the freeze referendum winning by over 24 percent. However, LaRouche's National Democratic Policy Committee and the Fusion Energy Foundation, founded by LaRouche, led a campus-to-campus, town-to-town campaign to expose the blueprint for genocidal "population-elimination wars" against the Third World behind the so-called nuclear freeze movement of Robert "Bodycount" McNamara and other advocates of a conventional arms buildup. As a result of the campaign by LaRouche's forces, the nuclear freeze referendum barely carried 52.2 percent of the 7.2 million votes cast—or about 1.2 million votes less than projected. By election night, freeze coordinators in California were so shocked by the impact of the LaRouche intervention that they went on national media to complain that "People are running around trying to make it look like we were leading the country to war."

Since Jerry Brown had irrevocably committed his political fortune to the nuclear freeze campaign, his political career ended in 1982.

In November, LaRouche Democrat Sheila Jones ran as an independent endorsed by LaRouche in the Chicago congressional elections against incumbent Sidney Yates, who has played a role in pro-euthanasia legislation and the promotion of government funding of the rock counterculture.

Despite the fraud which turned her 20 percent-range vote into less than 5 percent in notoriously corrupt Chicago, Jones became known throughout the Chicago area as a fearless opponent of drugs and advocate of classical education, campaigning with the theme, "For the Dignity of Man." In Texas, LaRouche Democrat Nick Benton ran a write-in campaign against Ron Paul, a nationally known advocate of Milton Friedman's policies. In a number of precincts in the Houston district, Benton and the incumbent Congressman Paul ran evenly in the November election. In some economically depressed precincts Benton outpolled Paul—an unprecedented occurrence for a write-in campaign with a shoestring budget.

## The 1983 calendar

During 1982 the official political institutions in the United States—from the AFL-CIO leadership of Kirkland through the corrupt official bureaucracy of the Democratic Party National Committee under banker Charles Manatt—proved anathema to the electorate because these institutions have refused to provide any leadership for the nation out of the world depression crisis. Kennedy, Brown, Koch and, of course, Jimmy Carter are eliminated from contention for the 1984 Democratic presidential nomination. Mondale, formerly Carter's Vice-President, could barely keep a LaRouche Democrat from winning an election against a member of his own machine in Mondale's home state of Minnesota.

The political calendar for 1983 in the United States is defined by rounds of municipal elections throughout the nation as well as the preparations for the 1984 presidential campaign. From coast to coast several hundred leading LaRouche spokesmen will be running for municipal office by taking LaRouche's policies and programs to the electorate. Mayoral candidates have begun their races in Chicago, Houston, Philadelphia, Boston, San Francisco, Baltimore, and smaller cities. The list also includes city council candidates in Los Angeles, Seattle, Baltimore, and Santa Monica, and school board candidates in New York City; Portland, Oregon; San Diego; and Tri-cities, Washington.

The wide national presence of LaRouche candidates running in 1983 will strengthen the NDPC leader's position as a Democratic presidential contender in the delegate selection process which dominates 1984. Throughout all 50 states in 1983, the LaRouche organization will be putting together his state-by-state delegate slates and campaign organizing coordinators. The National Democratic Policy Committee has chapter organizations in over 45 states with subscribers and members throughout all 50; during the summer of 1982 a "Draft LaRouche for President" statement began circulating throughout the nation signed by 1,500 endorsers representing constituent organizations. The initiators included party officials, trade-union officials, civil rights leaders, religious leaders, and spokesmen for agricultural organizations. An additional feature of the grouping which initiated the "Draft LaRouche" statement is that it is bipartisan—including both Republicans and Democrats.

# The Year in Review

## JANUARY

**1** Helga Zepp-LaRouche issues call for the formation of the Club of Life to counter the genocide and cultural pessimism being promulgated by the Club of Rome.

**5** Lyndon LaRouche issues four-point program to end the depression.

**14-17** "Atalaya '82," a semi-secret meeting of European oligarchs and Mexican businessmen, plots economic and political warfare against Mexican President López Portillo's policy of rapid national growth.

**17** Italian magistrate Ferdinando Imposimato reveals to the press evidence of international intelligence services' involvement in using terrorism to destabilize Italy.

**21** Marie Weinberg, estranged wife of the sting man in the U.S. Justice Department's Abscam operation against Sen. Harrison Williams (D-N.J.), Mel Weinberg, appears on ABC's nationwide program *20/20*, stating that her husband had perjured himself in giving evidence.

**27** Marie Weinberg is found dead after receiving threats.

**28** Italian police free kidnapped U.S. Gen. James Lee Dozier from Red Brigades terrorists in Padua.

**29** Sterling Bank is sued by representatives of the Italian government for funding a \$27 million fraud operation for Mafia banker Michele Sindona.

## FEBRUARY

**4** Arrest of Luigi Scricciolo, chief of international affairs for the Italian UIL labor federation, and liaison with Lane Kirkland's AFL-CIO in the U.S., for the kidnapping of General Dozier.

**15** Meeting of the European Community finance ministers sends a delegation to President Reagan to discuss the disastrous effects of rising interest rates on Europe.

**17-18** *EIR* conference in Washington, D.C. presents evidence of effect of growing Soviet military and economic power on strategic balance.

**16** Helmut Schmidt meets with President Reagan.

**18** Mexico devalues the peso by 28 percent and adopts an "adjustment program" of severe austerity measures.

**23** Lyndon LaRouche and Helga Zepp-LaRouche meet with Indian Prime Minister Indira Gandhi in New Delhi.

**23** The Club of Rome makes a legal complaint against Lyndon LaRouche for his and his associated organizations'

international campaign to stop Club of Rome organizing.

## MARCH

**2** British Conservative Party leader Edward Heath speaks in Fulton, Missouri, presenting new tripartite strategy for a world dominated by "Mother Russia," "Fortress America," and "Independent Europe."

**4** Sen. Harrison Williams tells the U.S. Senate that the Abscam operation is a threat to the sovereignty of the executive branch of government, during debates on his expulsion.

**8** National Anti-Drug coalition sues the *Chicago Sun-Times*, the Anti-Defamation League of B'nai B'rith, and Illinois Attorney General Tyrone Fahner for sabotage of their right to organize.

**11** Senator Williams announces his resignation, precluding an expulsion vote, and indicts the American press for its complicity in his frame-up.

**11** The bipartisan "nuclear freeze" resolution is introduced to Congress with 106 signers.

**14-20** Muammar Qaddafi visits Social Democratic Prime Minister Bruno Kreisky of Austria, and meets with leaders of the European "peace movement," to plan the terrorist "Operation Nightmare" of the Sicilian separatist movement.

**15** Initial reports issued of 5 percent contraction of world import levels through 1981: the first contraction since 1958.

**15** Appointment of Carabinieri General Dalla Chiesa as a "super-prefect" to fight the Mafia in Palermo, Sicily.

**24** Soviet Prime Minister Leonid Brezhnev makes overtures to China and Japan in a public address.

## APRIL

**1** Argentina retakes the Malvinas Island from Britain, ending British occupation since 1833.

**3** British naval deployment against Argentina.

**4** Anti-NATO demonstrations in Sicily are minor, a setback for the peace and freeze movements.

**4** British Foreign Secretary Lord Carrington resigns over the Malvinas crisis.

**7** Lyndon LaRouche issues statement "Why We Must Insist Absolutely that the Monroe Doctrine Be Enforced Now," identifying the major issue facing the United States in the Malvinas crisis.

**13** Eleonora Moro, widow of the former Italian Prime Minister murdered by the Red Brigades, tells the Italian press

that an important U.S. political figure (later identified as Henry Kissinger) threatened her husband prior to his kidnapping.

**16** The British government threatens to withdraw from NATO, and "wreck" the alliance, if the United States does not support Britain in the Malvinas conflict.

**29** U.S. Senate votes 79-1 to support the British in the Malvinas War.

**30** Reports reveal that the Bank for International Settlements, the central bank of central banks, had reduced commercial bank lending to LDCs to "zero growth" by the end of the first quarter of 1982.

## MAY

**3** Group of 30 calls for new international banking council to dictate credit flows to private borrowers and governments in the event of financial collapse.

**6** Lyndon LaRouche, speaking in Bonn, calls for "Great Enterprises" to reverse the world depression.

**7** NATO issues "out-of-area deployments" doctrine, officially adopting British Empire military policy.

**10** Henry Kissinger, speaking before the Royal Institute of International Affairs, outlines how he promoted British domination of U.S. foreign policy during his tenure in the State Department.

**12** An assassin deployed by the Blue Army cult of Our Lady of Fatima attempts to murder Pope John Paul II.

**18** National Democratic Policy Committee-backed gubernatorial candidate Steve Douglas polls 20 percent statewide and 35 percent in Philadelphia, in Pennsylvania primary.

**23** Lyndon LaRouche, on a tour of Mexico, calls for Ibero-America to use the "debt-bomb" to break control of the world economy by the BIS and IMF.

**24** Yuri Andropov installed as Secretary of the Central Committee of the Soviet Communist Party.

**26** Lyndon LaRouche meets with Mexican President López Portillo.

**30** Belisario Betancur elected President of Colombia, defeating Dope, Inc.-connected López Michélsón.

## JUNE

**2** Argentina surrenders to the British invasion forces in the Malvinas War.

**5** Versailles economic summit fails to propose any solutions to financial crisis; upholds IMF conditionalities policy.

**6** Israel invades Lebanon.

**10** NATO heads of government meeting endorses "out-of-area" deployments policy.

**13** French franc devalued by 10 percent.

**14** U.S. steel capacity down to 43.1 percent, lowest level since the Great Depression.

**18** Italian banker Roberto Calvi, President of the Banco Ambrosiano, found hanged in London.

**25** Alexander Haig removed from office as U.S. Secretary of State.

**26** Israel and Lebanon establish a cease-fire.

**30** Canada's Dome Petroleum announces default on \$1 billion in bank debts due in September.

## JULY

**4** Miguel de la Madrid elected next president of Mexico; the PAN party announces it is in a state of insurgency against the Mexican government.

**8** Lyndon LaRouche issues statement that the U.S. should declare that it is not responsible for Eurodollar debt.

**10** LaRouche publishes a major strategic document, *The Toynbee Factor in British Grand Strategy*.

**11-12** BIS meeting in Switzerland comes to agreement in principle that the U.S. government must take the \$1 trillion Eurodollar debt as its official obligation.

**17** Secretary of State George Shultz and Henry Kissinger meet privately for seven hours to discuss the U.S. State Department; the appointment of Kissinger protégé Helmut Sonnenfeldt is the first result of this meeting.

**23-24** West German Chancellor Helmut Schmidt attends the secret meetings at Bohemian Grove in California with George Shultz and Henry Kissinger.

**28** Indira Gandhi visits the United States.

**31** *Panorama* magazine names Henry Kissinger as the international figure who threatened Aldo Moro before his kidnapping and murder.

**31** Kissinger is identified as a member of the Monte Carlo Freemasonic lodge in testimony before the Italian courts investigating the Propaganda-2 scandal.

## AUGUST

**3** Security sources report Roy M. Cohn attempt to kidnap and assassinate European Labor Party chairman Helga Zepp-LaRouche.

**13** Mexico runs out of funds for debt repayment and imposes exchange controls. The United States provides \$1.2 million in immediate bailout loans.

**14** Founding of Kissinger Associates.

**17** Tadashi Nakamae of Daiwa Securities calls for an orderly debt moratorium to deal with the international financial crisis.

**18** The West German government arranges a bailout for the bankrupt AEG firm, the seventh largest in Germany.

**29** Death of international Zionist leader Nahum Goldmann in Paris.

## SEPTEMBER

**1** Mexican President López Portillo nationalizes the Mexican banking system and sets up full exchange controls.

**3** General Dalla Chiesa is assassinated in Sicily.

**3** IMF meeting in Toronto fails to raise the funds to cover the \$660 billion in debts that the developing sector declares it cannot pay.

**4-6** Mass rallies in Mexico support the bank nationalizations by López Portillo.

14 NDPC-backed Democrats Pat O'Reilly and Debra Freeman poll official returns of 37 and 19 percent in congressional primaries in Minnesota and Maryland.

16-17 Massacre in PLO camps carried out by Falangists during Israeli occupation of Beirut.

17 The fall of Helmut Schmidt's Social Democratic-liberal coalition government in West Germany.

19 Social Democrat Olof Palme elected Prime Minister of Sweden.

20-21 Conference on "Threats to Industrial Democracies in the 1980s," keynoted by Henry Kissinger, held at CSIS in Washington, D.C.

23 NDPC candidates Mel Klenetsky and Fernando Oliver poll 16 and 13 percent officially in New York primary.

26 The SPD wins 45 percent in state elections in Hesse, West Germany.

## OCTOBER

1 Helmut Kohl forms new Christian Democratic government in West Germany.

1 López Portillo, speaking at the U.N., warns that Ibero American nations may jointly cease to pay their debts if no new economic development policy is created.

3 *London Observer* publishes slander on Lyndon LaRouche, confirming complicity of Henry Kissinger, Roy Cohn, and U.S. ambassador to Italy Maxwell Rabb in attempt to assassinate both Lyndon and Helga LaRouche.

10-12 Ibero-American summits call for debt negotiation on debtor's terms.

10 Hernan Siles Zuazo inaugurated President of Bolivia; announces cooperation with other Ibero-American nations to fight drug traffic five days later.

11 Prime Minister Zenko Suzuki of Japan announces he will not seek re-election.

14 President Reagan announces campaign to stop organized crime-run drug traffic.

20 World Wildlife Fund press conference announces its international campaign to fight particularly Third World development projects in order to "protect the environment," after their international conference in Bali.

20-25 Club of Life founded in Rome and in simultaneous international conferences in Europe, the United States, and Ibero-America.

24 "Prime affair" breaks in U.S. press, when United States investigates Britain's refusal to give a "damage assessment" of Geoffrey Prime's spying for the Soviet KGB.

26 Dr. Edward Teller, in a speech to the Washington, D.C. National Press Club, calls for the development of beam weapons as the only means to end the threat of nuclear war.

25 AFL-CIO operatives caught in attempt to blackmail Colombian labor leader organizing for the Club of Life.

25 Yasuhiro Nakasone elected Prime Minister of Japan.

28 Felipe González and the Socialist Party of Spain win national elections.

## NOVEMBER

2 United States population rejects both extreme left and right—Jerry Brown and Lewis Lehrman—in elections.

4 Kuwait daily *As-Siyassah* publishes story of the Kissinger-Lord Carrington-Ariel Sharon plan to profit from the fraudulent sale of West Bank land.

7 Death of Soviet Prime Minister Leonid Brezhnev.

10 Aldo Moro's former press aide Corrado Guerzoni names Henry Kissinger as the man who threatened Aldo Moro prior to the latter's 1978 murder, in his testimony at the Red Brigades trial.

11 An international campaign forces Pakistan's Zia ul-Haq to release Begum Nusrat Bhutto from Pakistan to seek medical treatment abroad.

15 First free elections in Brazil since 1964.

17 *New York Times* defends Ariel Sharon by accusing the Israeli Labour Party of conspiring with the U.S. to attack Begin's government.

17 A raid directed by New York District Attorney Robert Morgenthau on PMR Printing Company launches political witch-hunt against LaRouche-led National Caucus of Labor Committees.

20 Pope John Paul II denounces Mafia in Sicily.

23 Italian magistrate Carlo Palermo begins series of arrests that break into the major East-West drug- and arms-smuggling operations.

27 French President Mitterrand calls for a new world monetary system during his trip to Egypt.

27 European Committee for the Development of Nuclear Energy formed by political and nuclear industry leaders from five European nations in Strasbourg, France.

29 GATT talks end in impasse on world trade, as trade levels sink to worst volume since the 1930s.

30-Dec. 3 President Reagan travels to Ibero America; receives realistic assessment of financial crisis from governments of Colombia and Brazil.

## DECEMBER

2 Pro-Kissinger Christian Democrat Amintore Fanfani forms government in Italy.

3-6 Pakistan's Zia ul-Haq meets continent-wide opposition from the Pakistani People's Party and the Club of Life during visit to United States and Canada.

6 Twenty-four hour general strike over economic crisis in Argentina.

10 Finance ministers' meeting at Schloss Kronberg, West Germany, is "bigger failure than Toronto IMF meeting."

17 Lyndon LaRouche presents beam-weapons development program in Madrid, Spain.

20 Mexico reverts to open market exchange rate in addition to special government-regulated rate for peso; peso value cut in half on exchange markets.

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*This chronology was compiled by Mary McCourt.*

# Operation Juárez: fight for economic growth follows the Malvinas defeat

by Dennis Small

Will there be an Ibero-American Common Market formed by December of this present year? It will be the most savage political fight of the post-war period. If Ibero-America loses, then we all plunge into a depression for which no recovery is presently in sight during the remainder of this century.

Lyndon H. LaRouche, Aug. 28, 1982

In a famous 1969 exchange with Gabriel Valdés, then Foreign Minister of Chile, Henry Kissinger is reported to have insulted the visiting diplomat by telling him that world history has never been fundamentally affected by anything Third World nations do. With consummate racism, Kissinger pontificated:

"You come here speaking of Latin America, but this is not important. Nothing important can come from the South. History has never been produced in the South. . . . What happens in the South is of no importance. You're wasting your time."

Valdés responded: "Mr. Kissinger, you know nothing of the South." "No," Kissinger answered, "and I don't care."

With a vengeance, the events of 1982 in Ibero-America have proven Kissinger wrong, a fact which has hardly escaped the nervous British oligarchy which deploys him. As a result of the Malvinas War during the spring of this year, the nations of Ibero-America united to try to put an end to such colonialist adventures once and for all, and in the course of the summer, at least three times to *EIR*'s direct knowledge, came within a hair's breadth of declaring a moratorium on their \$300 billion in unpayable foreign debt in order to force the creation of a New World Economic Order. Although the British oligarchy and the International Monetary Fund have so far managed to defuse this ticking "debt bomb," Ibero-America ends 1982 still deliberating the policy options presented to its leaders throughout the year by *EIR* founder Lyndon LaRouche in his book "Operation Juárez": forced joint renegotiation of the continent's foreign debt, and the

creation of an Ibero-American Common Market to defend the area's right to industrialization.

The fact that the continent's three largest debtors—Mexico, Brazil, and Argentina—each went to the IMF and accepted its conditionalities in late 1982, has been glibly cited by Kissinger and the international banks as proof that they are once again in political control of Ibero-America. But what they ignore, what they are philosophically incapable of grasping, is the fact that in 1982 the Malvinas war *changed the rules* of politics in Ibero-America—permanently.

## The Malvinas era

1982 began for Ibero-America pretty much the way 1981 had ended: with the brutal population war in Central America dominating events. In early January, U.S. Secretary of State Alexander Haig met in Washington D.C. with the Spanish Socialist International leader Felipe González, to try to work out terms under which the left-versus-right civil warfare would continue to rage across Central America. On March 23, the "born again" Ayatollah Ríos Montt seized power in Guatemala with backing from the State Department, and promptly stepped up border provocations against neighboring Mexico while promising a crusade against the left throughout the area. And less than a week later, on March 28, El Salvador held its much-heralded elections—fraudulent elections which served only to give a mantle of respectability to right-wing terrorist commanders like Roberto D'Aubuisson, under which they have since perpetuated the civil war. Haig's plan to use these crises to bring about escalating, direct U.S. involvement in the region's bloodbath, was contained only by repeated warnings from American allies in the continent—Brazil, Venezuela, and Mexico—who insisted that the United States was risking a re-run of the Vietnam debacle, and that they would have nothing to do with Haig's provocations.

Then, on April 2, the world changed dramatically. Argentine military forces seized control over the Malvinas Islands in the South Atlantic, which the British had illegally

occupied and claimed since 1833. Holding an unquestionable historical claim to sovereignty, the Argentines were pushed to take military action by the total intransigence of the British in all negotiations, and by lying American promises, transmitted by Special Ambassador Gen. Vernon Walters, that the United States would side with Argentina and pressure the British to make concessions.

But if the Argentines were fighting simply for control of the Malvinas, the British were not—a fact which slowly began to dawn on the Ibero-American continent.

The British deliberately provoked the Argentine move for far broader, strategic reasons. A conventional war in the Third World was used to force a reorganization of NATO to encourage members to engage in “out-of-area deployments,”—with an eye toward 1983, when they foresaw the developing-sector debt crunch reaching crisis proportions that would require NATO “gunboat diplomacy” to collect the debt. So what was at stake for the British was emphatically *not* the Malvinas; what was at stake was the preservation of their entire bankrupt monetary system. The Malvinas War was simply the incident required to usher in a new era of genocidal warfare against the developing sector.

*EIR* founder LaRouche had foreseen such a development in the early months of 1982, and issued a series of public alerts that the British were about to fabricate a major strategic crisis. In early March, for instance, LaRouche warned in the pages of *EIR* that “this ongoing economic collapse is the general setting and added source of energy for the various strategically crucial crises about to erupt beginning the April-May 1982 period.” Mexico, he added, was a special target of the British oligarchy.

When the Malvinas War exploded one month later, on April 2, LaRouche moved quickly to try to prevent the U.S. government from siding with the British colonialists. On April 5, LaRouche publicly called on the Reagan administration to apply the Monroe Doctrine, and use American military force, if necessary, “to prevent European military action in the hemisphere.” LaRouche further warned: “If we permit British military action in this matter, there is no credibility remaining anywhere in the world for either the foreign policy or the strategic posture of the United States.” If the U.S. sides with Britain, it will be the death-knell of American influence over Ibero-America, he added, all of which will side emphatically with Argentina.

LaRouche was seconded by Sen. Jesse Helms (R-N.C.) two days later, who also called for the U.S. to apply the Monroe Doctrine. *But not a single other major American political figure* spoke out against the British travesty—a fact which is today burned into the memory of Ibero-America’s political leaders. On April 29, 1982, a truly black day in American history, the United States Senate voted 79-1 to support the British invasion of Ibero-America; only Jesse Helms dissented.

Throughout April, as Alexander Haig pretended to “me-

diate” the conflict, *EIR* issued warnings that Haig was acting as a direct representative of the Queen of England—just as his friend and protector, Henry Kissinger, was a British agent. Finally, on April 30, the Secretary of State ended his charade and put the U.S. on record in full support of Britain—support which took the form of invaluable American logistical aid and armaments supplies to the British. LaRouche demanded that Haig be immediately fired and tried for treason.

When the nations of Ibero-America called a meeting of the Organization of American States in late April and tried to invoke clauses in the 1947 Rio Treaty which mandate collective hemispheric action against *any* outside intervention, Haig personally ensured that the United States abandon its treaty commitments as a signator of the Rio pact, and vetoed the OAS resolution.

Fury, combined with fear, swept all of Ibero-America. The nation that they had viewed as their historic ally, the nation on whom they had depended for their own national security since World War II, had turned against them. They took careful note of who their few friends were in the United States, and began to deliberate on how to bring into being *new* institutions capable of ensuring their sovereignty and economic development. Should the United States be expelled from the OAS? Should an entirely new, Ibero-American political body be formed? Should the continent turn inward and henceforth depend only on itself, militarily and economically? Should aid be sought from the Soviets?

In the weeks and months that followed, the laws of the political universe changed in Ibero-America. The unthinkable was thought; the unspeakable was stated bluntly; and *some* of the undoable was done. “Leftist” regimes like Cuba’s and Nicaragua’s joined cause with “rightist” governments like that of Argentina. Colombia and Venezuela, two nations tightly aligned with U.S. policy for decades, each announced that they would be applying for membership in the Non-Aligned Movement. Country after country canceled participation in the traditional annual *Unitas* naval maneuvers with the United States. Nations openly talked of breaking diplomatic relations with the United States. Venezuela withdrew several billions of dollars it had deposited in British banks. And every important political leader in the continent expressed outrage at America’s endorsement of colonialism, and especially at what was repeatedly termed “Haig’s treason.”

With the world around them in turmoil, the nations of Ibero-America were thrown back on their own history and that of the United States for explanations and antecedents. The world witnessed extraordinary events, such as when an angry President Royo of Panama, widely viewed in the United States as a radical and a leftist, lectured the American population about its own republican roots, explained the nature and origins of the Monroe Doctrine, and demanded that the U.S. live up to its historical commitments.

By early May, Lyndon LaRouche was firmly established in Ibero-America as a reliable “friend” in the United States.



Moreover, daily events were proving him right: the world worked the way LaRouche, and no one else, had told Ibero-Americans that it did. Thus, many top leaders of the continent smiled knowingly when NATO's defense ministers met on May 7 in Brussels, and issued a joint statement advising member nations that they "may be required to facilitate" military operations "outside of the NATO area." So too did they nod when Henry Kissinger confessed publicly on May 10 to being a British agent-of-influence within the U.S. government.

LaRouche intervened continuously to orient and shape the Malvinas ferment into a winning strike force. He reiterated his earlier explanations that "the British are preparing for total war," and insisted that Ibero-America had to respond in kind. The best way to destroy the British, he elaborated, was by hitting them at their weakest point: the British monetary system. On May 3, for example, he suggested that Ibero-America join Argentina and "seize and expropriate all British assets" throughout the continent, on the grounds that they were contraband of war.

A high point of LaRouche's campaign to get Ibero-America to drop the "debt bomb" on the British came during his late May trip to Mexico. On May 27, LaRouche emerged from a 40-minute meeting with Mexican President José López Portillo to tell five dozen waiting journalists at the presidential residence that Ibero-America should take the current crisis as an opportunity to turn the "debt weapon" back on the British and force a restructuring of the world economic system. He also suggested that Ibero-America form a Common Market to defend itself from the economic warfare that the Malvinas Era has ushered in.

At an emergency OAS meeting in Washington the following day, this reporter had the opportunity to discuss LaRouche's proposal with a number of the region's Foreign Ministers. They were more than familiar with the idea. It would be "perfectly legitimate" for Argentina to cease payments on its debt to Great Britain, Panamanian Foreign Minister Jorge Illueca stated for the record, adding that "Mr. LaRouche's proposal . . . is a very important proposal for any official of a Latin American government." Argentine Foreign Minister Nicanor Costa Méndez told *EIR* that "the possibility [of using the debt weapon] cannot be ruled out."

But for all the talk, no one actually dropped the bomb. Furthermore, the Argentine armed forces backed off from an all-out military confrontation with the British. The outcome was predictable. On June 14, the British retook the Malvinas.

Ibero-America had shown enough combined brains and courage to *start* a just war; but not enough of those two qualities to *win* it.

Present in Buenos Aires at the time, I transmitted LaRouche's message to the people and government of Argentina in a nationally televised interview: we will work to reverse the terrible treason Alexander Haig has committed against all Ibero-America, and we urge that Argentina and

the entire continent regroup to use the debt weapon against the British, now more than ever. Until this debt issue is resolved, one way or the other, the Malvinas will be an unfinished war, and the British will try to "dismember" your nation for ever daring to challenge their world order.

A wave of hope swept Ibero-America when Alexander Haig was finally fired on June 24—a move widely credited to LaRouche's influence—but George Shultz's Ibero-Amer-

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*As a result of the South Atlantic war, the nations of Ibero-America have united to try to end such colonialism once and for all. And, in the course of the summer of 1982, they came at least three times within a hair's breadth of declaring a moratorium on their \$300 billion in unpayable foreign debt in order to force the creation of a New World Economic Order. The IMF temporarily defused this ticking 'debt bomb,' but the continent is still deliberating the LaRouche policy options.*

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ican policies soon proved identical, although his style was different. Throughout the remainder of June and July, Argentina itself turned inward, beset by tremendous political instability in the wake of their Malvinas defeat. Continental leadership passed to the governments of Venezuela and Panama, both of which worked to construct new hemispheric institutions. Venezuela's OAS Ambassador Hilarión Cardozo played a particularly important role in this period, urging the continent to take *concrete* steps toward unity, such as in seeking a joint renegotiation of the area's foreign debt.

On July 28, Panamanian President Aristides Royo traveled to Venezuela to coordinate plans with Venezuelan President Luis Herrera Campins. As he arrived at the Caracas airport, there was an assassination scare against him, as a nearby National Guardsman "shot himself." When he returned to Panama two days later, on July 30, Royo was

overthrown as President and replaced by Ricardo de la Es-  
priella, a former employee of Chase Manhattan Bank.

*EIR* learned shortly thereafter that, on the eve of his trip  
to Venezuela Royo had decided to announce a moratorium  
on Panama's debt. Only his overthrow stopped him from  
dropping the "debt bomb."

The pawprints of Henry Kissinger were all over this one.

## Kissinger and Operation Juárez

With the overthrow of Royo, the British and their allies  
within the United States, for the first time since April, turned  
the corner and began to regain some political initiative in  
Ibero-America. The Royo message was read loud and clear  
in every capital in the continent, especially Caracas, and in  
early August the British decided to take advantage of this  
fear and launch a frontal assault.

Britain's principal weapon against Ibero-American unity  
was economic warfare. They cut off virtually all U.K. credit  
lines to the area, and got American bankers to adopt this  
criminal policy as well. A press campaign was stepped up  
against the Venezuelan bolivar, and rumors of an imminent  
devaluation were circulated to try to provoke a devaluation.  
Argentina was squeezed mercilessly. And Brazil, understood  
by all to be the swing factor that could make the "debt bomb"  
alliance either work or not, was sweet-talked by the interna-  
tional financiers to believe that they would continue to get  
loans, if they didn't join in with Argentina and Mexico on the  
debt question.

Throughout this entire month of brutal economic warfare,  
the subject of an Ibero-American debt moratorium was on  
everyone's lips. For example:

- Argentina's Ambassador to Mexico, Rafael Vásquez,  
told the press that "the debts of Mexico, Argentina, and  
Brazil are not a disadvantage, but an opportunity against the  
powerful."

- Former Argentine Foreign Minister Oscar Camilión  
told *EIR* that it was "time for the continent to discuss joint  
debt renegotiation . . . [and] development."

- The leading French daily *Le Monde* editorialized on  
Aug. 18 that "Individually Mexico, Brazil, and Argentina  
appear weak; but they could turn their individual weakness  
into collective strength by combining against their creditors."

- Venezuela's Humberto Celli, the Vice-President of the  
Latin American Interparliamentary Meeting which opened  
Aug. 23 in Bogota, Colombia, called at that meeting for a  
10-year moratorium on Ibero-America's debt.

- And the parliamentary gathering itself issued a final  
communiqué demanding "that the debts be renegotiated in  
such a way as to facilitate the recovery of the developing  
countries," and urging that a "Latin American Economic  
Community"—a kind of common market—be set up to fa-  
cilitate industrial development.

During this August brawl over the debt question, the  
unifying force across Ibero-America was a policy document  
drafted at the beginning of that month by Lyndon LaRouche.

Entitled "Operation Juárez," LaRouche prepared the propos-  
al at the request of various Mexican officials he met with  
during his May trip, and first circulated it privately among  
top Ibero-American leaders. Broad public circulation fol-  
lowed shortly.

"Operation Juárez" is a virtual manual, both theoretical  
and technical, of *how* Ibero-America can and must proceed  
on two principal programmatic points: 1) joint foreign debt  
renegotiation, designed to bring about the creation of a New  
World Economic Order; and 2) the establishment of an Ibero-  
American Common Market.

"Operation Juárez" quickly became the rallying point of  
all those forces in Ibero-America still intent on winning the  
unfinished battle behind the Malvinas War.

## 'Iranizing' Mexico

As Argentina and Venezuela were being subjected to  
economic assault, and Brazil tempted with a chimerical "spe-  
cial deal," the British turned special attention on the López  
Portillo government in Mexico. As one of the leading Third  
World spokesmen for high-technology industrialization and  
a New World Economic Order, the British knew that López  
Portillo had to be battered into submission if their designs  
were to succeed.

In late July and early August, the British and the inter-  
national banks launched a violent wave of capital flight against  
Mexico. Literally billions of dollars were sucked out of the  
economy in the span of a few weeks, and a sharp devaluation  
of the peso—the second in 1982—was forced in August.

*EIR* had warned as early as January 1982 that such a  
major assault on Mexico was being planned, including the  
shattering of the ruling PRI party. Then in March, LaRouche  
again sounded the alarm in the pages of *EIR*:

For nearly six years, I have been regularly updating  
my warnings to leading Mexican patriots, that the  
same U.S.-based forces which were responsible for  
the destruction of Iran are engaged in a master-plan  
for the "Iranization" of Mexico. Now, with the de-  
velopments of recent weeks, all the preconditions for  
a 1983 destruction of the Republic of Mexico have  
been successfully emplaced.... Now, I fear, I have  
failed. I fear that Mexico will begin to be destroyed  
from within during the course of 1983, and that there  
remains no bastion of patriotic forces in Mexico with  
the combined knowledge, will, and objective power  
to mobilize effective resistance. . . .

LaRouche concluded by urging Mexico to slam down  
total foreign exchange controls *before* more of the nation's  
wealth was looted by capital flight, and to nationalize those  
elements of the private banking system which refused to  
cooperate with the government's industrialization program.  
LaRouche, in fact, is on record calling for Mexico to impose  
exchange controls as early as July 1981.

President López Portillo decided that he would not sit back  
and watch his nation be destroyed. On Aug. 5, he ended the

free convertibility of the peso by establishing a dual exchange rate. One week later, when the capital flight did not abate, he froze all dollar bank accounts inside Mexico—an effective expropriation of about \$4 billion to be compensated only in pesos. At the same time, he announced that Mexico was unable to meet its payments on the principal of its foreign debt—a de facto moratorium on a portion of the debt—and stated that Mexico had entered negotiations with the U.S. government, the IMF, and the Bank for International Settlements in Switzerland. He told the press that Mexico was willing to continue servicing its debt—if the international institutions did not push Mexico up against the wall. The clear implication was that if they did, Mexico would officially default.

The next days were tense. López Portillo sent a team of his most trusted negotiators to the United States. U.S. officials demanded that Mexico agree to sell oil to the United States at \$20 per barrel, over a third under the OPEC price, and President López Portillo, *EIR* later learned from highly reliable sources, at that point told his negotiators on the phone to return to Mexico immediately, and that the next day he would go on national television to declare a unilateral moratorium on Mexico's foreign debt. Less than a half hour later, our sources report, the United States backed down from the outrageous oil demand.

Had Mexico dropped the debt bomb at that point, even without backup from the other Ibero-American nations, it would have driven dozens of top American banks into bankruptcy overnight.

On Sept. 1, with financial warfare continuing against Mexico, López Portillo took the historic steps of slapping total exchange controls on the Mexican peso, and nationalizing the country's entire private banking system because it had been a crucial accomplice to the capital-flight sabotage.

These Mexican moves sent shock waves across the continent; there were even threats that similar steps might be taken elsewhere (e.g., Colombia or Argentina). But Mexico was essentially left to do battle alone in August, as the British divide-and-conquer strategy took hold.

Argentina stupidly struck a "deal" for the simultaneous unfreezing of Argentine and British funds that had been blocked since the war—a deal wrapped up at a secret Aug. 19 meeting in New York City between Argentina's Washington ambassador Esteban Takacs and Henry Kissinger. *EIR* blew the story of this meeting at the time—along with the fact that Fat Henry himself was planning a secret mission to Argentina, Panama, and Mexico to escalate the financial blackmail. Less than a week later, on Aug. 24, Argentina's anti-monetarist central bank head Domingo Cavallo was replaced by a pro-British team at both the central bank and the Finance Ministry, and from that point forward Argentina was largely out of the "debt bomb" picture.

Venezuela also succumbed to British financial warfare during this period. Finance Minister Ugueto, after desperately searching the the United States and Europe for enough

credit to cover the country's aggravated capital-flight problem, came to terms with the Bank of England: Venezuela would return its withdrawn deposits to the British banks, in exchange for the promise of eventual loans.

Brazil, too, was played by the British, who led them to believe that they would be spared the Mexico-Argentina treatment if they behaved themselves. In a September visit to Brazil, this writer told many political and economic leaders—including Planning Minister Delfim Netto—that they were being set up as suckers in this way, and that the British and the IMF had every intention of strangling Brazil financially too—once the Nov. 15 elections in that country were out of the way. *EIR*'s friendly advice was dismissed, however, with polite references to our imperfect understanding of Brazil's sophisticated ability to "manage its debt."

Today, less than a month after the Nov. 15 elections, Brazil is taking its turn in the IMF barrel—and is quite as bankrupt as Mexico or Argentina ever were, sophistication and all.

It was this set of capitulations by the Ibero-Americans which also shaped the outcome of the early October meeting

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*President Reagan, visiting South America to try to rebuild relations, found leaders demanding a financial restructuring that will permit their nations to industrialize. The U.S. answer to the financial crisis has been to firefight, throwing money at problems one by one. Nothing has yet been offered in the way of global debt renegotiation.*

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of the United Nations General Assembly. It has since become public knowledge that Mexican President José López Portillo entered that meeting with two distinct drafts of his Oct. 1 speech. In one—which he ultimately did not deliver—he reportedly was to announce that Mexico, with support from the continent's other major debtors, was declaring a debt moratorium. *EIR* subsequently learned that López Portillo concluded that he lacked the necessary backing from the rest of the continent to go with the debt bomb.

What the Mexican President did say, however, was quite dramatic: "We cannot continue in this vicious circle," he stated, "since it could well be the start of regression to the Dark Ages, with no possibility of a Renaissance. . . . Payments suspension [of foreign debt] is to no one's advantage, and no one wants it. But whether or not this will happen is

beyond the responsibility of the debtors. . . . It is everyone's responsibility and it must be assumed by everyone. Common situations produce similar positions, with no need for conspiracies or intrigues."

Thus, for the third time in 1982, did Ibero-America nearly declare a debt moratorium.

### **Belisario Betancur**

At precisely the point the British appeared to have brought the "debt bomb" motion under control by financially bludgeoning into line the "big four" debtors (Mexico, Brazil, Argentina, and Venezuela), the British got slammed with a new threat of a debtors' cartel from a totally unexpected quarter. On Oct. 14, the just-inaugurated president of Bolivia, Hernán Siles Zuazo, called on the nations of Ibero-America's Andean Pact (Venezuela, Colombia, Peru, Ecuador, and Bolivia) to pursue a "joint renegotiation of their foreign debt." He also blasted the "cocaine mafia" that had run Bolivia freely until he took power.

Within 48 hours, the president of Colombia, Belisario Betancur, who himself had assumed office only two months earlier, accepted Siles Zuazo's proposal. In fact, there are strong indications that Belisario was the motor force behind the proposal in the first place.

The Belisario government in Colombia, as former Venezuelan President Carlos Andrés Pérez has noted, is turning out to be "the surprise of the year" in Ibero-America. His election and subsequent policy initiatives are perhaps the single clearest example of how the Malvinas War changed the laws of politics in the continent.

During the March 1982 primary (*mitaca*) elections in Colombia, Belisario and the other conservative Party candidates trailed behind Liberal candidate Alfonso López Michélsen. But López Michélsen was closely associated with then-President Turbay, who proceeded to outrage the Colombian electorate in April and May by openly siding with the British and the U.S. State Department in the Malvinas crisis. As a result, the Turbay-López axis was thunderously voted out of office on May 30, and Belisario Betancur was elected by a landslide—the first time a Conservative candidate had been elected to the presidency in over two decades. He received strong backing from the powerful Colombian Catholic Church.

Belisario is redrawing the entire political map of Colombia. He is reportedly using his enormous personal popularity to organize a National Movement to replace the traditional Liberal-Conservative split, and he has adopted nationalist policies that have badly hurt the drug-running mafias that dominated the country under the previous administration. He has nationalized a number of banks engaged in drug-linked speculative activities, and threatened to do the same to the entire banking sector—Mexico-style—if they don't get into line. He has launched serious corruption investigations, which have resulted so far in the issuing of arrest orders against over 100 top officials of the past regime. And he has

called for uniting the continent around tasks of joint economic development, appealing to Humboldt's First Botanical Expedition of the late 18th century as a model of how the frontiers of science and technology must be again expanded today.

Belisario is today one of the biggest headaches for the British in all Ibero-America. He will probably pick up the mantle of continental leadership, now that Mexican President López Portillo was replaced on Dec. 1 by the more cautious Miguel de la Madrid. Belisario is a "wild card," a new factor who is an important part of the legacy of the Malvinas War, and which the British have not yet figured out how to deal with.

### **Reality strikes**

As 1982 drew to a close, U.S. President Ronald Reagan wisely decided to visit Ibero-America to try to rebuild some of the relations shattered during the Malvinas crisis. He found a continent that is demanding a New World Economic Order that will permit it to industrialize.

The Reagan administration's answer to the financial crisis has been to firefight, to throw growing amounts of money at problems as they explode, one by one. Nothing has been offered in the way of a global debt renegotiation, or a policy to decisively increase the volume of world trade and economic activity.

The IMF, meanwhile, is awash with smug confidence that they have Brazil, Mexico, and Argentina at their door, hat in hand. But the application of IMF conditionalities in these countries is already producing economic chaos and social dislocation that is threatening to boomerang against the IMF itself. On Dec. 6, for example, over 5 million Argentine workers went on a 24-hour general strike to protest the country's economic crisis and the government's deal with the IMF. In Colombia, organized labor is calling for joint debt renegotiation and the nationalization of the Colombian banking system. In Venezuela, the CTV labor federation is on a mobilization to remove the IMF-linked head of the Venezuelan central bank, Leopoldo Díaz Bruzual, for wrecking that country's economy. And in Mexico, labor has made it clear that it will not tolerate the imposition of the levels of austerity that the De la Madrid government agreed to with the IMF.

If the IMF and the international bankers continue to push their genocidal policies, the continent of Ibero-America is going to explode in a mass mobilization against them in early 1983—and LaRouche's "debt bomb" will once again be at the top of the continent's agenda. As Mexican President José López Portillo warned in his Oct. 1 United Nations speech:

"When the international community is incapable of generating the minimum conditions needed for generalized progress, peoples have to choose between the misery of abject subsistence and the harsh road of revolution. Such is the drama of Latin America today. Such are the prospects of most of the nations here represented."

# 'Two hundred years of chaos' or a breakthrough toward development?

by Mark Burdman

As 1982 drew to a close, *Executive Intelligence Review* Editor-in-Chief Criton Zoakos and Middle East Editor Thierry Lalevée began a visit to Cairo, Egypt for an intensive round of meetings with representatives of the Egyptian government and Egypt's policy-making elite in the military and in the fields of foreign affairs and economics.

Zoakos and Lalevée, whose findings and interviews will be featured in *EIR*, went to Egypt to explore with the policy-makers of that country the potentialities for transforming Egypt into "the new Japan of the Middle East" over the next decades. Zoakos and Lalevée presented to Egyptian leaders the program, previously published in *EIR*, for the nuclear energy-based, high-technology development of Egyptian agriculture and industrial infrastructure. The "new Japan" perspective is being put forward as the alternative to the International Monetary Fund/Bank of England plan to turn Egypt back to the 19th century and as the means to stabilize the regime of President Hosni Mubarak against the onslaught of religious fanatics and terrorists controlled by the British royal family and the international mafia.

The Zoakos-Lalevée visit highlights the drama that has unfolded in the Middle East throughout the past year and whose outcome will be in large part determined during the early parts of 1983: whether stable nation-states will emerge in the Middle East, or whether that region will descend into further bloodshed and chaos. It has also become a focal point in the international intelligence warfare between the Anglo-Soviet and traditional American networks signaled by the "Prime Affair" at Great Britain's Cheltenham center (see article page 49).

The intelligence warfare has taken on a new dimension following the September-October shake-ups in French intelligence that have brought the French into open confrontation with the British throughout the region.

Following the June invasion of Lebanon architected by Anglo-Soviet point man Defense Minister Ariel Sharon of Israel, the British enunciated a new doctrine for the Middle East. This was expressed concisely to *EIR* in mid-summer by Philip Adams, former British ambassador to Sudan and Egypt and head of the elitist Ditchley Foundation in Great Britain. According to the Toynbee-esque Adams, the Mideast was about to enter a new "cycle" that would be characterized by "200 years of chaos." As has happened again and again over the past centuries, Egypt has emerged as the strategic core of the battle between republican and oligarchical tendencies in the region.

How that fight is resolved in Egypt will help to determine whether the past months' ascendancy of irrationalist over nationalist forces in Israel can be reversed; whether Lebanon can again become a unified nation; whether a viable basis can be found for Palestinian self-determination; and whether the growing influence of British and British-allied Soviet KGB forces in the oil-producing areas of the Persian-Arabian Gulf can be contained.

At the strategic crossroads between the advanced sector "North" and the developing regions of Asia and Africa, the Middle East has become a battleground as the world economy has deteriorated in the last months of 1982. Top Anglican sources told *EIR* bluntly in mid-November that what would unfold in the next period in the Middle East would be "many Northern Irelands, a criss-crossing pattern of wars between tribes, sects, and religious groups," that would drench the whole region in bloodshed.

Before this policy was put out publicly to *EIR*, preparatory arrangements for unleashing this chaos had been made in early 1982 at a secretive conference at New York's St. John the Divine Cathedral, the American center for the Church of England's intelligence operations. This conference, run

by Ditchley coordinator Cyrus Vance and entitled "Religious Violence in the Middle East," brought together the core group of British agents who had helped install Ayatollah Khomeini in power.

The on-the-ground activation of the Ditchley-Church of England plan has worked in stages. The key branching-point was the Israeli invasion of Lebanon, which was launched to undercut then-ongoing probings by the Reagan White House for a new American policy approach to the Middle East. While Sharon arranged the invasion from the inside, the trigger for launching it was the early-June assassination attempt in London against Israeli ambassador Shlomo Argov, which occurred when British agents stripped Argov's security and allowed members of the Abu Nidal terrorist group a shot at Argov.

The massive Israeli onslaught into Lebanon, which resulted in at least 15,000 casualties, sent shock-waves throughout the region. When the Reagan administration began to make efforts in September to re-stabilize Lebanon through building up the central power of newly elected President Bashir Gemayel, agents of the Anglican Church and British intelligence murdered Gemayel and opened up Lebanon for new chaos.

### Washington's two peace plans

On Sept. 1, Reagan had unveiled his new plan for the Middle East, centering around bringing Palestinian representatives and Jordan into the geometry of regional peace talks formerly incorporating only Egypt and Israel.

From the outset, however, there were *two* peace plans, not one.

The White House circle had an incompletely formulated conception, lacking the necessary regional development underpinning, to find a coalition of forces that could stabilize the Middle East heartland and thereby aid the process of stability in the volatile oil-producing regions. Secretary of State George Shultz and former Secretary of State Henry Kissinger, however, had an entirely different idea: the establishment of a new "crisis-management shuttle diplomacy" framework that would give vastly more maneuvering room in the region for Lord Carrington and his royal patrons.

The sabotage of American Middle East policy has been across-the-board in the months leading up to the end of 1982.

●In the Israeli-occupied West Bank, Kissinger and Carrington have been cooperating with an assortment of Anglo-American operatives including British Lord Harlech, Morgan Grenfell's Roy Jenkins, the World Wildlife Fund's Robert McNamara, Manhattan District Attorney Robert Morgenthau, and Israeli Defense Minister Sharon around a "land scam" real estate-buying operation whose intended consequences is the annexation by Israel of this territory. A preparatory move, typified by the Nov. 17 charge in the *New York Times* by Senior Editor Max Frankel that the Labour Party was colluding with the Reagan administration to halt U.S.

aid to Israel, has been to "watergate" those Israeli factions opposed to the transformation of Israel into a fundamentalist fascist state. The "land scam" was exposed in early November by the Kuwaiti press and exclusively in the English-language media by *EIR*.

●In Lebanon, the Kissinger group in the concluding months of the year has been supporting those factions among the Maronite Christians, Druzes, and Shiite Muslims opposed to the central authority of President Amin Gemayel, the man through whom both the French and the Americans would seek to stabilize and rebuild Lebanon. The point man in this Kissinger-London subversion has been former Lebanese President Camille Chamoun, who maintains close historical, financial, and political ties to KGB layers operating out of Bulgaria.

●In Egypt, the British royal family, deploying the Bank of England, Morgan Grenfell, and Barclays' Bank, has been building up destabilization capabilities against President Mubarak through religious fundamentalist groups, among both the country's Muslims and Christian Copts. Coordination of these destabilizations has run through the international mafia, agents of Scottish Rite Freemasonry, the old Farouk-ist monarchist crowd centered in Paris, and the personal agents of Jihan Sadat, the anglophile widow of former Egyptian President Anwar Sadat. The destabilization capability has been built up by undermining Egypt's economic potential through the austerity policies of the IMF and the genocidal "population control" policies of the U.S. Agency for International Development. *EIR* exposés of AID have been echoed in the latter months of 1982 by the Egyptian press.

●In Jordan, Kissinger and Lord Carrington have been colluding with the Hashemite monarchy of King Hussein to restore Hashemite monarchist influence in parts of both Iraq and Saudi Arabia, under projected conditions of increasing chaos in both countries triggered by the ongoing shock-waves of the genocidal Iran-Iraq war. Carrington and Fabian Society coordinator Lord Caradon both travelled to Baghdad and other Gulf regions in December 1982, reportedly to make contact with old pro-monarchists of the pre-1958 era to organize for the Hashemite restoration. King Hussein has been induced to believe, following his October induction into the 33rd degree of Scottish Rite Freemasonry, that such a project is the only way to "save his throne." He has reached this conclusion as part of a British "package deal": Palestinian groups have been reportedly promised parts of the "east bank" of the Jordan River as a homeland, and Israel has been assured annexation of the West Bank. The Hashemites restoration idea is part of a wider plan, recently expressed by the Freemasonic-linked King Hassan of Morocco, that 1983 will usher in "the era of the monarchies in the Middle East" to replace "the era of the republics." This is the leading edge of British plans to "re-colonize" the Middle East.

●In the Gulf, Sharon, the British, and Soviet KGB networks under the influence of Soviet First Deputy Prime Min-

ister Aliyev have reportedly been arranging an Iranian military expansion into the oil-producing heartlands of the Gulf. Sharon, in the view of Washington observers, hopes to use such adventurism to justify Israeli military action into the Gulf. This would effectively shut down the flow of oil from the Gulf to Europe, increase European dependency on the Soviets for energy, and re-structure the global energy grid into Western and Eastern blocs.

As the year came to an end, the British apparently were confident that they had a deal for the Middle East with the new crowd in power in Moscow. A Dec. 16 British Broadcasting Corporation commentary cited a senior editor for the Fabian London *Guardian* as asserting, first, that the British would pursue global arms negotiations with Moscow irrespective of what Washington did, and, second, that the British think "the United States should stay out of the Middle East, because Americans don't understand a damned thing about the psychology of the Arabs."

### Shift in French policy

In large part thanks to the shifts in French policy dating from the September-November period, the Washington administration has many cards to play if it wants to counter the British plan for the Middle East.

The immediate test in the first days of the New Year will be whether Paris and Washington can come to an agreement to jointly deploy troops in substantial numbers to stabilize Lebanon. *EIR* founding editor Lyndon H. LaRouche, Jr. has recommended that tens of thousands of troops be dispatched to this end, and that Washington and Paris come to the relevant accords to freeze out the British.

Recent French moves around Egypt suggest other possibilities.

In November, French President Mitterrand went to Egypt and arranged for the transfer of nuclear technology and French development aid to Egypt, in the context of wider Paris-Cairo cooperation on mutual security concerns. Immediately afterward, Mitterrand traveled to India, and arranged for the sale of uranium fuel for India's Tarapur nuclear reactor (see article page 40). As Mitterrand's India trip concluded, Mubarak arrived in New Delhi. This Non-Aligned atoms-for-peace geometry is being looked at with interest by anti-Kissinger administration-linked policymakers in Washington.

In early December, the French received a \$2 billion loan from the Saudis, in part to fund Egyptian purchases of French Mirage jets, a deal that had been arranged in Cairo by Champs Elysée military affairs chief General Saulnier, the factional opponent of the Scottish Rite faction in French ruling circles.

The Riyadh-Paris-Cairo arrangement occurred in the midst of a barrage of unprecedented anti-British editorializing in the Saudi press. These commentaries were ostensibly triggered by Margaret Thatcher's sadistic snub of an Arab League delegation visiting London. But it is most likely that the Saudis have, in their own way, begun a counterattack against

British destabilization efforts. As the French moves evolved toward the end of the year, British assassination threats and other blackmail against Mitterrand mounted, and the early weeks of 1983 will show whether these threats will lead Mitterrand and his advisers to back off from their anti-British moves.

### Options for Israel

Another "wild card" in the situation is the internal situation inside Israel.

Although the Israeli policy has been generally irrational in the past months, a commensurate rise of anti-Sharon political activity has taken place in the country. In September, following the gruesome revelations about the massacres of Palestinians in Lebanon's Sabra and Chatila refugee camps, this ferment expressed itself in demonstrations of upwards of 400,000 people—over one-tenth of the population—against the intervention policy in Lebanon. These demonstrations forced Prime Minister Begin to agree to the creation of an independent Commission of Inquiry to investigate the Sabra-Chatila events. Over the course of the last two months of 1982, the ongoing findings of the Commission have revealed a pattern of lying, subterfuge, and immorality by Sharon and others in the government that has not only been shocking, but has created the conditions for Sharon's downfall in early 1983. To "save his throne," Sharon, the would-be "King of Israel," might launch some new outlandish explosions in the region, but by the same token, new political forces might coalesce to restore some sanity in Israel.

Observers in Israel are closely watching the actions of one political figure who might determine whether Israel can survive as a nation-state: President Yitzhak Navon.

Navon, a cultured individual who is particularly popular in the Oriental Jewish community that has traditionally provided Begin's support base, must decide in the first weeks of the new year whether he will step down from the presidency and run for prime minister. His early-January trip to the United States, including a Jan. 5 meeting with President Reagan, will likely be instrumental in determining how Navon decides to jump.

The underlying ferment in Israel at a time of unprecedented moral, economic, and political crisis is reflected in the fact that *EIR* exposés of Henry Kissinger's links to international terrorism and the mafia are probably better known in Israel than in almost any other country in the world. The anti-crime magazine *Meir*, which has a circulation of upwards of 40,000 (equivalent to a readership of two million in American terms), has for the last months of 1982 run consecutive features on Kissinger's involvement in the Red Brigades murder of Italian Prime Minister Aldo Moro and other aspects of the former Secretary's illicit behavior.

During the first weeks of 1983, *Executive Intelligence Review* will be releasing a special comprehensive report on the political, economic, and cultural dilemmas facing Israel.

## After the China card's demise, the winds of change begin to sweep the region

by Daniel Sneider

Asia, the continent where almost two-thirds of humanity lives, is a place where change takes place slowly. In a continent where cultures and civilizations are measured in millennial terms, people tend to talk of a decade as a short span of time.

Even in political terms, stability seems to be the most dominant feature of Asian life. This past year only one major government change took place—in Japan, where the Suzuki cabinet fell and was replaced by the administration of Prime Minister Yasuhiro Nakasone.

Yet the winds of change are stirring, and during the past year we have witnessed the portents of great shifts that could change the political, economic, and even the cultural face of Asia in the years immediately ahead.

The strategic map of Asia during the post-war period had been determined largely by the U.S.-Soviet Cold War polarization. That map underwent major changes when China split with the Soviet Union in the early 1960s, and, little more than a decade later, shifted its weight toward a strategic axis with the United States. The American presence in Asia, which had become totally focused on the Vietnam War by the mid-1960s, has for the past 10 years been largely a projection of the single pole of the illusory "China Card." American relations in all parts of Asia, from the Indian subcontinent to Southeast Asia and even to the "cornerstone" alliance with Japan, were shaped by the pursuit of an alliance with the People's Republic of China.

To a large extent the presence in Asia of the Soviet Union, itself a geographic Asian nation, has also been shaped by its response to the Sino-American combination. Nations and relations among nations, have been determined in many ways by their response to this new aspect of the U.S.-Soviet confrontation.

If the year 1982 has any single significance, it is that it marks the end of that era of Asian political life. While the China Card may linger on as a policy in the minds of many Washingtonians, a new dynamic is clearly developing in Asia. The renewal of high-level contacts between the Soviet

Union and China, after almost 15 years since their cessation; the shift of Chinese policy toward a more "balanced" distance from the United States; and the growing tensions between Tokyo and Washington over trade and defense issues are all harbingers of that new dynamic.

These changes reflect the perception in Peking, Tokyo, and other Asian capitals that the United States cannot be depended on. Leaders of these countries search for signs of a positive Asia policy, and find nothing. It is not surprising that—as the Chinese have done—they then go elsewhere to ensure that they have kept all their doors open. All Asian governments are watching to see how the Sino-Soviet moves toward normalization will shift the balances and alliances in the region.

### The collapse of American power

The immediate catalyst of the shifts now taking place is not hard to identify: it is the effect of the decay of American power, both strategic and economic. The nations of Asia, including both the allies of the United States and its adversaries, are well aware that the United States is less and less able to act as a global power. Whether they like this fact or not—and most do not—Asian nations are considering the options before them should the decline continue.

That decline is linked in the minds of these nations with the global economic crisis. The depression has shrunk markets for exports while the U.S. Federal Reserve and the IMF/Bank for International Settlements monetarists have imposed cutbacks in credit and increased the debt burdens of many developing countries to an intolerable point. Asia's two questions—will the United States reassert its strength as a world power and will the U.S. economy, and with it the entire Western economy, recover?—are essentially the same question.

There has been a flow of Asian leaders to Washington in 1982, including the leaders of Indonesia, Singapore, the Philippines, India, Pakistan, and Japan. In most cases they were seeking an answer to their own questions about the future



course of America in Asia. In most cases it is apparent that they came away disappointed and confused, at best.

At the same time there is a cautious searching in two directions. One is unmistakably toward the other great power. Moscow has paid more attention to Asia, which borders the Soviet Union from Turkey in the west to Japan in the east, than to any other area of the world except Europe and the United States. The funeral of Soviet President Leonid Brezhnev witnessed a remarkable gathering of Asian leaders, more numerous than from any other region, including Afghan President Babrak Karmal, Pakistani military dictator General Zia ul-Haq, Indian Prime Minister Indira Gandhi, Vietnamese leader Truong Chinh, Philippines First Lady Imelda Marcos, and most striking, then-Chinese Foreign Minister Huang Hua, the highest-ranking Chinese to visit the Soviet Union since the early 1960s.

### **The Asian non-alignment**

The roads from Asia do not lead only to Moscow and Washington. The other direction being tested may be simply termed "Asian non-alignment." One of the least understood, and least visible, trends in the past year has been toward greater Asian political and economic self-reliance. There is a slight but significant shift, for example, in the patterns of trade, particularly in East Asia, with less trade between these countries and the U.S./European market, and more within Asia itself. A good part of this involves the constantly growing economic interdependence between the developing countries of Asia and the Asian industrial giant, Japan.

It is certain that if the depression continues in the West, as the chimera of a "recovery" fades, a de facto Asian economic zone will begin to emerge, one which must necessarily depend on the continued relatively better performance of the Japanese economy and the better situation of Southeast Asian and even South Asian economies compared with the economies of Africa and Ibero-America. In inner circles in Tokyo there is discussion, for example, of a "fallback strategy" in the event of total global economic collapse: forming a semi-autarchic economic bloc including China, Southeast Asia and Korea, and possibly the South Asian countries.

Economic regionalism, so-called "South-South" cooperation among developing countries, has been the topic of formal conferences and informal discussion in Asia during 1982. While no one in a position of political power sees this as a substitute for a recovered world economy—and most are still "waiting for the recovery"—there is serious consideration of how such measures might marginally ensure survival in a time of crisis.

As for political non-alignment: the Non-Aligned movement of course had its birthplace in Asia, founded by nationalist leaders like India's Nehru and Indonesia's Sukarno, who from the first days of independence in the late 1940s and at the Afro-Asian summit in Bandung, Indonesia in 1955 had declared their unwillingness to be trapped into choosing between the two post-war "blocs." Non-alignment, which as

Nehru many times made clear was not "neutrality," embodied from its earliest days a positive commitment to eradicate the political and economic legacy of colonialism. The rapid economic development of the former colonial nations was always seen as the key objective.

In the midst of the current world crisis, what is evident in Asia is a renewed desire to keep the U.S.-Soviet conflict out of the area, whether in South Asia in response to the Afghan crisis or in Southeast Asia around the Cambodia question. Non-aligned nationalism is the closest one can come to a label for the policies being pushed throughout Southeast, South, and even East Asia (including China)—a nationalism that is not focused so much, as in the past, on anti-colonialism in the political sphere as on the insistence that a world order be created to allow for economic as well as political independence.

The 7th Non-Aligned heads of state summit meeting will be held in March 1983 in New Delhi and India, through its premier statesman, Indira Gandhi, will be the chairman of the Non-Aligned movement for the following three years. That New Delhi summit will be a watershed for not only Asia but for the entire developing sector; it will test the political will of the developing countries to force debt reorganization and the creation of a new international monetary system.

India, under Mrs. Gandhi's leadership, is the nation most capable of leading the Non-Aligned at this moment. During the past year Mrs. Gandhi has traveled to Washington and Moscow, and has strengthened ties in Western Europe, particularly to France, whose President, François Mitterrand, visited India in November. India has sought to provide a bridgepoint between East and West and also to find allies in the West for the restructuring of the world economic order, the subject of much Franco-Indian discussion.

The restoration of better relations between India and the United States, despite differences over U.S. military aid to Pakistan, opens up the possibility which India desires of removing South Asia as an arena of U.S.-Soviet confrontation. It is in this context that talk about a settlement of the Afghan situation has some credibility, although the intentions of the parties involved remain to be fully tested by the U.N.-mediated talks between Afghanistan and Pakistan. The coming year will provide evidence of whether a political settlement, including an end to the Pakistan-based guerrilla operations, withdrawal of Soviet forces and creation of a new government in Kabul, can be reached.

The Indian role may also be important in a Non-Aligned settlement of the Cambodia question. While the ASEAN nations (Thailand, Indonesia, Malaysia, the Philippines, and Singapore) and the Indochinese states (Vietnam, Laos, and Kampuchea) remain in political confrontation over the issue, during 1982 the outlines of a settlement began to come into view. ASEAN's backing for the formation this past year of a "coalition" of anti-Vietnamese Khmer guerrilla forces dominated by the murderous Pol Pot group and including former Prince Sihanouk is viewed by people in the area as an attempt

to create a bargaining chip for talks with the Vietnamese and their Cambodian allies.

For the Vietnamese, the major concern is Peking, a concern shared by many in ASEAN, not least the Indonesians. There is broad agreement among the ASEAN countries and the Indochinese on the need to create a "zone of peace" in the region; the shape of talks over Kampuchea will necessarily include a broader understanding along these lines, although how long it will take to reach that point is still uncertain.

The key here, as in the case of concerns over Afghanistan, is that the countries of Asia do not want Cold War politics to impose conflict in the area. It is not uncommon in the ASEAN nations, which are allied with Washington in many respects, to encounter vociferous criticism of a United States which obsessively views everything in light of the "Soviet danger," and is insensitive to the actual political realities of the nations in the region. The general complaint in capitals like Jakarta is that the U.S. doesn't really "care" about what is going on in Southeast Asia.

### **The Japanese question**

Perhaps the most important Asian development of 1982 took place in Japan, where there is growing unease over relations with the United States. The Suzuki government's fall in October can be seen as a product of internal Japanese political compulsions triggered by the problems of economic slowdown and trade war, as well as tensions with the U.S. over differing views on strategic security issues. American pressures on Japan to increase its defense spending, coupled with escalating demands on the trade front, are the major issues of concern.

The general Japanese view is that they are being victimized for their relative economic success in the face of a global economic crisis caused in large part by the monetarist policies of the U.S. monetary authorities and their allies in London and Switzerland. Even on the defense issue, the Japanese object to direct pressures for increased spending and for a larger regional Japanese defense role in the Western Pacific, something that was reflected in strong Japanese opposition to the economic sanctions against the Soviet Union.

The new Nakasone government is likely to act on the increasingly nationalistic sentiments in Tokyo, although the first effort will be, as is always the case, to ease tensions over trade and defense with Washington. No one in Tokyo seeks a confrontation with the United States on these issues—they fear it and wish to avoid it. But it is also clear that we will see subtle moves to "diversify" Japanese foreign policy in the area of economic cooperation with the Soviet Union and with developing countries, especially in Asia. One of the more low-keyed but important efforts is an upturn in Indo-Japanese economic relations.

The Japanese are carefully considering how to handle the crisis in their relations with their American ally. The "consensus" policy still is to do anything to maintain that alliance. But the discussion beyond that covers many options, such as

the improvement of ties with Moscow (although not at the expense of the huge Sino-Japanese link) and an economic "pan-Asianism" reminiscent to some of the ill-fated "Greater East Asian Co-Prosperty Sphere." The Japanese must tread carefully in any case, because there is little love for a revival of Japanese domination of Asia, as evidenced by the sharp objection from ASEAN quarters to U.S. pressures for an expanded Japanese military role in the region.

### **Will Moscow gain in Asia?**

The developments in Sino-Soviet talks during this past year have raised the prospect in some minds of a full-scale Sino-Soviet reconciliation which would totally reshape the Asian scene. The prospects for such a return to the 1950s are considered very dim by most experts, including Asian ones. However, it is clear that Peking has moved to "non-alignize" its foreign policy, hedging its bets with Moscow while keeping the door open to Washington, and trying to refurbish its image as a part of the "Third World." The Chinese talks with India are significant as an indication of their attempt to work their way out of the profile of a U.S. ally.

Even if the Soviets and Chinese do not become friends, the Soviets have undertaken a drive to build up their relations throughout Asia. The spring speech of the late Soviet President Brezhnev in Tashkent was not simply an overture to the Chinese—the most noted aspect of that event—but also included an overture to the Japanese and praise of India and of Indo-Soviet relations as a model for "friendly" ties throughout the area. This was followed by the breakthrough in talks in Peking and Huang Hua's visit to Moscow. Yuri Andropov has explicitly stated the continuity of his policy with the Tashkent speech.

All this has revived talk of a Soviet "zone of peace and stability" in Asia, an idea floated by Brezhnev in the 1970s. The creation of some formal Soviet-sponsored pact in Asia is highly remote, but the re-emergence of these ideas reflects the reactions of Asian nations to the global economic crisis and failure of U.S. policy.

If Moscow is succeeding to some extent in Asia, it is not so much because of the greater attractiveness of the Soviet Union, but because the Soviets have been able to project their policies as being more in tune with Asian sentiments than those of the United States. In short, Moscow succeeds because it has moved toward Asia, at least in appearance, not vice versa. That policy includes Soviet support for the stability of governments like that of India, even against the positions of local communists, support manifested not only politically but in increasing trade and economic ties with Asia.

If the United States is to reassert its role in the region, it will have to take note of the winds of change, of the kind of Asian nationalism which exists, and the strong impulse for economic modernization throughout the continent. No one will buy a relationship shaped solely on the grounds of strategic confrontation with the Soviet Union—those days are over, even in Peking.

# Can leadership be mustered against the International Monetary Fund's murder?

by Douglas DeGroot

The consequences of the continuing collapse of the world financial system, and of the failure to replace it with a development-based alternative, are shown most dramatically in Africa. Over the course of 1982, as the depression deepened and international trade contracted, the balance-of-payments deficits of African countries continued to rise, and African nations had no recourse but the lender of last resort, the International Monetary Fund (IMF) with its murderous conditionalities.

Most of Africa has been in a dark age of imposed social breakdown and backwardness since the centuries-long organized looting of the continent's population for slaves began. Independence from colonial status in the early 1960s brought with it the hope that the horror maintained by colonialism could finally be ended through education and economic development.

After rapid improvements made in the first decade of independence, however, Africa's situation began to deteriorate, as the Bretton Woods system unraveled. Africa is now being offered only one option by the IMF and World Bank: return to the backward subsistence economies of the colonial era while dissolving the governments that have been painstakingly built up over the past two decades. As Tanzanian President Julius Nyerere said earlier this year: "We are poorer today than we were in 1962," just before Tanzania became independent.

Historically, the African policy of the forces behind Bretton Woods has been to keep African nations dependent on a limited number of raw-materials exports—agricultural cash crops or minerals. Because of this dependence, African economies are especially vulnerable to the drop in world trade and the drop in world market prices of their commodities. The large scale increase in the cost of oil beginning in October, 1973 aggravated this process.

Attempts to resist the IMF conditionalities have been widespread, since few leaders are willing to dismantle their countries, but unsuccessful. Early this year, the IMF cancelled a \$1 billion loan it had promised to Zambia because

conditions had not been met. The IMF demands included devaluation of the Zambian Kwacha, a reduction in food subsidies, and internal credit limits. Zambia's crime was to loan money from its central bank to the vital copper industry, to keep it functioning in the face of low export prices. After failing to obtain commercial loans, Zambia had no alternative but to begin negotiations again with the IMF in September.

As one Zambian put it: "What good does devaluation do when the major problem, given how our economy is set up—dependent on copper—is lack of demand for copper?"

## South Africa and Qaddafi

The IMF and World Bank have ample means for destabilization at their disposal to keep countries in line. They have two capabilities for carrying out destabilizing activity: the government of South Africa and Muammar Qaddafi, the Libyan strongman. Pretoria played the role of the agent of destabilization in southern Africa throughout 1982. Qaddafi's networks of troublemakers extend almost everywhere else in the continent.

South Africa's military depredations have hit the following countries in the region during 1982:

- **Angola:** Part of Cunene province in southern Angola is still occupied by South African troops; in addition, South Africa supplies the anti-government guerrilla group Unita, which still disrupts infrastructure throughout southern Angola. In November, Angolan President Eduardo dos Santos announced that since Angolan independence in late 1975, South African military activity inside Angola has caused \$10 billion of material and property damage, not to mention loss of human life.

- **Mozambique:** In addition to incursions by the South African military there, South Africa sponsors an anti-government Mozambique National Resistance (MNR), carrying out sabotage activities inside the country. At the end of November, the South African Foreign Ministry threatened Mozambique with MNR "followup operations with resulting serious implications for the people of the region"; on Dec. 9, the

MNR reportedly destroyed most of a 100,000-ton oil storage depot in Beira, Mozambique, which supplies a significant amount of oil to another of South Africa's neighbors, Zimbabwe.

● **Zimbabwe:** Trials of subversives in Zimbabwe during 1982 revealed that the operatives were trained in South Africa. When the Zimbabwe military had engaged a hostile force inside the country, several of those killed turned out to be South African soldiers in disguise. South African authorities claimed their troops had gone into Zimbabwe without authorization.

In addition, 100 helicopter-borne South African troops attacked Lesotho, a small country entirely surrounded by South Africa, ostensibly searching for members of the African National Congress, which is leading the fight against the feudal South African apartheid system, and killed 42 people.

South Africa also ran assassination squads into another small state in the region, Swaziland, this past year. There are 20,000 troops stationed in Namibia, located between South Africa and Angola. South Africa has illegally occupied Namibia since the late 1960s, when the United Nations resolved that its League of Nations trusteeship over South West Africa (Namibia) should be brought to an end, and elections for an independent government held. South Africa is illegally occupying Namibia, and supplies its troops presently occupying southern Angola from Namibia, as well as the anti-government Unita. Pretoria still refuses to engage in negotiations leading to Namibian independence.

South Africa is also training 5,000 nationals from the frontline states—Angola, Mozambique, Zimbabwe, Botswana, Zambia, and Tanzania—near South Africa, according to African sources, for purposes of carrying out sabotage against these states.

For obvious reasons, South Africa has no scruples about imposing murderous austerity on its own black population, and therefore had no trouble qualifying for a huge \$1.1 billion loan from the IMF in 1982. The loan "exactly equals the increase in South Africa's military expenditures from 1980 to 1982," according to one report. It is also roughly equivalent to the cost of maintaining South Africa's military presence in Namibia for one year.

Qaddafi, the northern component of this destabilization apparatus, has been quieter than usual for most of 1982, partly because he was short of cash, and also because he wanted the prestige of being Organization of African Unity (OAU) chairman this year, for which he needed African support.

By Oct. 7, the old Qaddafi reasserted himself, announcing the need to murder Libyan dissidents abroad. At the end of November he was rebuffed on his second attempt to become OAU chairman, and British sources now report that they expect him to go on a rampage. Libyan oil production has tripled since the first quarter of 1982, allowing him to clear up back debts, and he has the money to activate his

training camps and deploy his arsenal of weaponry, using his connections to various Islamic fundamentalist opposition groups throughout Africa to take advantage of austerity-provoked strife.

## Failures of leadership

Despite widespread opposition to the IMF in Africa, the lack of understanding of who the real culprits are behind the IMF, or the lack of the political will to take them on politically on the part of African leaders, has given the forces behind the IMF essentially a free hand in dismantling African nations.

The failure of the OAU to convene its annual summit this year does not bode well for Africa. Precisely at the time when use of developing-sector debt as a weapon against the forces behind the IMF is being openly discussed, especially in Ibero-America, African leaders have not been able to meet and deliberate on their economic situation, and what must be done politically to secure a new international economic order.

The first attempt to hold the summit in August was sabotaged by playing on the profile of some African leaders who are automatically disposed to back liberation groups ostensibly fighting colonialism. Morocco and the Polisario group were battling over whether Morocco would get the phosphate-rich former Spanish territory in the western Sahara, or whether it would become a separate entity with a tiny nomadic population, as Algeria and Libya wished. The conflict split the OAU, and as a result a quorum was not reached.

African leaders subsequently agreed to shelve the Sahara issue so the summit could proceed. This attempt, in late November, also failed, basically due to Qaddafi. He objected to the new Chad government of Hissain Habre, which won power over a combination of factions Qaddafi had originally installed by means of a military intervention in December 1980.

Now, in the wake of Vice-President George Bush's seven-nation trip through Africa in November, and the subsequent five-hour meeting in Washington Nov. 26 between South African Foreign Affairs Minister Roelof Botha and U.S. Secretary of State George Shultz, the South Africans have greatly escalated their activity against the frontline states. Throughout his tour, Bush had reiterated the South African demand that any attempt to settle the Namibia independence question be preceded by a pullout from Angola of Cuban technicians and troops. This means that it will be impossible to begin negotiations, since this precondition will never be accepted by the frontline states.

The economic policy pushed by Bush came straight from the World Bank's Berg Report, an anti-development blueprint. It is thus clear that the United States will provide no alternative to the Qaddafi-South Africa-IMF combination which is now wrecking Africa. At the rate this combination is moving, the continent's leaders will soon have to join the debt bomb faction in the fight for a new world order, or there will be no African nations left.

## Space exploration, medical research, and infrastructure: the gains in 1982

by Marcia Merry Pepper

Twice during the 20th century, the United States has "mobilized the sinews of peace in order to provide the sufficient base to also produce the sinews of war. That means we do not have to have a war to get out of a depression," economist Lyndon LaRouche told an international conference in Bonn, West Germany May 6. But, LaRouche stated, we must have a way to mobilize the prerequisites for peace. To do this, entire populations must be mobilized to ensure their nations carry through "Great Enterprises" of economic and scientific development. LaRouche proposed two specific Great Enterprise projects: raising the standard of living of Third World populations, and colonizing space.

Japanese leaders had considered presenting a "Great Enterprises" policy to the annual summit meeting of heads of state in Paris on June 5. But in the conditions of that meeting, of maintaining the IMF financial system at all costs, the presentation was withheld. *EIR* became the only Western news journal to publish the Global Infrastructure Fund proposal written by Mitsubishi Research Institute founding chairman Masaki Nakajima. In January, Toshio Doko, former president of Keidanren, Japan's major business federation, had formed a 15-person study group to undertake critical discussions of the projects proposed in the GIF proposal, first released in 1977. The primary conclusion of the study group is the necessity for more intensive organizing for the projects proposal.

### Third World development

Third World development projects have been at the center of world politics in 1982. After the blatant neo-colonialism of Britain's U.S.-backed invasion of the Malvinas, political leaders and organizations throughout Ibero-America began to look for development strategies and trade routes outside the IMF-dominated system, particularly under the pressure of billions of dollars of unpayable debt. The most ambitious development projects for the 1980s outside of Siberia have been planned for Brazil. Most of these are endangered by the collapse of world trade and by IMF moves to co-opt Ibero-American governments under the pressure of bankruptcy at

the end of 1982. The project designs exist, but their realization in Ibero-America, as in Egypt, India, and other regions, depend upon the political resolution of the debt crisis.

Carlos Alzamora, head of the Latin American Economic System (SELA), released a new study at a December meeting held in Lima, Peru showing that Ibero-America will need \$400 billion in capital goods for development in the course of the 1980s. Ibero-America now produces 25 percent of its capital goods, but this could be increased to 60 percent with sufficient financial investment.

President Reagan was met with a memorable presentation of the "development or debt bomb" alternative during his early December Ibero-American trip. After seeing the projects underway in Brazil, he praised Brazil's "leadership and vigor" in undertaking "daring projects like Itaipu, the biggest hydroelectric plant in the world. . . ."

On Nov. 5, the presidents of Brazil and Paraguay inaugurated the massive new Itaipu Dam, on the Paraná River, the border between the two nations. Sixty-two stories high, the dam will have 18 generators to produce 12,600 megawatts of low-cost electricity, the largest hydroelectric facility in the world. Angra I, Brazil's first nuclear power plant, built with Westinghouse Corporation, was opened in March for testing on the coast south of Rio de Janeiro. A twin facility was planned for a nearby site, part of an ambitious nuclear power program, to eventually include exports.

Yet at year end, the Itaipu's electricity generation initiation date has been postponed from 1983 until 1984, and the nuclear program has been stalled. The official explanation is that there is an "oversupply" of energy, and therefore no need to bring on line new sources of energy, even those completed and waiting. The real explanation is that with collapse of trade, adverse exchange rates, and flight capital, Brazil's economy in 1982 will register a negative growth rate for the third year in a row. The letter-of-intent signed Dec. 16 between the government and the International Monetary Fund specifies that the government budget for state sector industry and infrastructure projects be slashed by 16 percent rather than the 4 percent cut already planned. The hydroelectric and

nuclear programs, and in fact all other major improvements will be in effect stalled. The only project approved by the IMF for go-ahead is the huge Carajás iron ore mountain—18 billion tons of hematite, 66 percent pure iron—which could begin in 1985.

During his February trip to Washington, Egyptian President Hosni Mubarak requested that a \$1 billion annual grant from the United States to Egypt be released from AID's control, which forbids Egypt to use the money for nuclear power development or large projects. One such outstanding project is the Qattara Depression. This refers to a massive geologic basin 450 feet below sea level, lying 50 miles south of the Mediterranean. A 4,200 square mile lake can be constructed by bringing in Mediterranean sea water. On the conduit canals, up to 10,000 MW of hydro-power could be produced.

Over a period of 50 years, the lake will produce a favorable surrounding climate and promote vegetation in what now is useless desert. The preliminary surveys have been completed with the help of German technical experts, and Mubarak has formed the Qattara Development Authority to do feasibility studies. This project, and other irrigation, port, and petrochemical developments could make Egypt the "Japan of Africa." Of all Third World nations, except India, Egypt has the largest pool of scientists and engineers—an invaluable resource for the Mideast and Africa as a whole.

### **Siberian projects scaled down**

The Siberian development projects have also been altered in scope and timetable due to the world economic downturn. There are three major development zones, each involving one or more "Territorial Production Complex," and the Soviets have contingency plans for how and when to scale down developments. In West Siberia, work is going ahead on the oil and natural gas fields, just east of the Ural Mountains. Despite political controversies, the famous Siberian pipeline is proceeding. It will be the second Soviet gas pipeline from the gas fields west. Preparatory work is also proceeding on a large river diversion project to channel water southward, away from the north-flowing Ob-Irtysh system, and into the central Asian rivers that empty into the Aral Sea, thus providing vast irrigation waters for the dry plains.

However, in far eastern Siberia, construction is being modified on the Baikal-Amur Railway (BAM), which goes north of the famous Trans-Siberian Railway. BAM was originally conceived as a key freight-export artery, but with world export prospects dim, BAM will be less fully developed. The rich Yakutsk gas fields—conceived only as an export venture—will probably not be developed at all in the foreseeable future.

### **Accomplishments in space**

After two test flights this year, the first fully operational flight of the Space Shuttle Columbia was launched Nov. 11. This flight successfully deployed two communications sat-

ellites, marking the first commercial success of the Shuttle.

The greatest success of the Shuttle flights is the significant decrease in turnaround time between flights. After just two flights in 1981, the Columbia made its third test flight beginning March 22, during which several scientific experiments were carried out. The June 27 final test flight carried the Shuttle's first Defense Department payload.

By 1985, NASA officials project that a Shuttle can be launched every month. The second orbiter vehicle Challenger, is scheduled for launch on Feb. 4, 1983, and two more vehicles are now under construction.

Of even greater long-term strategic importance, the Soviet Union announced Nov. 7 that it is pursuing a manned space program aimed at launching a large, permanent space station in 1985. This "Cosmograd," or space-city project, will be critical for space colonization. The NASA leadership brought in with the Reagan administration has proposed that the United States itself begin funding for a permanent space station in 1984—essential to the revival of U.S. leadership in space exploration, after the "no new projects" policy of the Carter administration. In line with this revival of the U.S. space effort, the first new planetary program since 1977 was also proposed this year, to do radar mapping of Venus by the end of the decade.

Although the Office of Management and the Budget has consistently attempted to cut space funding, funding has been maintained, by direct appeal by NASA officials to President Reagan. The success of the Shuttle this year becomes all the more important in the political fight to sustain space exploration as a U.S. national priority.

### **Space technology creates medical breakthroughs**

The space program's potential for broad economic effects is demonstrated in the successful implantation of an artificial heart, the world's first, by U.S. physicians at the University of Utah Medical Center Nov. 27.

Congress had voted up funding for an overview of artificial heart research in 1963, at the height of Kennedy-era enthusiasm for landing an American on the Moon by 1970. The report issued by a large task force called an artificial heart feasible by 1980.

Research depended in major part on work done for space exploration. NASA and the aerospace industry had pioneered computer-controlled sensing of biological parameters, miniaturization, materials, and energy sources used for the Jarvik-7 model implanted in Dr. Barney Clark. With the primary engineering problems now basically solved, funding at the originally charted \$50 million a year could make an artificial heart, with a fully implantable and long-lasting energy source, available in three years. Because heart disease is one of the leading causes of death in the United States, the increased longevity and prolonged working time possible with a mass-produced artificial heart would more than pay the social costs of completing this project.

# EIR Interviews in 1982

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During 1982 *EIR* interviewed nearly a hundred leaders in the fields of politics, business, economics, and science. We present highlights from many of these interviews below. (The dates given in parentheses refer to the issue of *EIR* in which the interview appeared.)

## Ibero-America's fight

**Carlos Andrés Pérez**, President of Venezuela 1973-79, leader of the Acción Democrática party (April 6).

*On high interest rates.* "No country in the world can continue its economic development with a cost of money like that proposed by such a policy." Pérez characterized the push for lower interest rates as "a part of our struggle for a New World Economic Order."

*On Central America.* "Central America is not a part of the East-West battle nor is its dramatic situation a product of communist infiltration in the area."

**Nicanor Costa Méndez**, Foreign Minister of Argentina during the Malvinas crisis (June 15). Costa Méndez had characterized much of the American media as carrying "lies and half-truths" about Argentina's position.

*On the Monroe Doctrine.* "[It] is absolutely applicable in the case of the Malvinas."

*On Britain.* "British colonialism is voracious and merciless. That is why in all of its former colonies it has reaped only hatred."

**Jorge Illueca**, Foreign Minister of Panama (June 15).

*On joint renegotiation of Ibero American debt.* "Of course, it is a tremendous weapon—I believe LaRouche has put his finger on the wound, because our experience tells us that the economic factor is much more painful for certain countries than, even, the killing of some of their citizens."

**Jarbas Passarinho**, President of the Senate of Brazil (May 18).

"We are opposed to all vestiges of colonialism in Latin America and South America especially," but "on the other hand, we have no special reason to involve ourselves directly in this problem [the Malvinas]."

**Hilarión Cardozo**, Venezuelan ambassador to the OAS; as of July 1, president of its Permanent Council (Aug. 31).

*On "limits to growth".* "The creator of man and of the earth did not and has not set any limits other than those which

His own will have shown in the life of people and of nations. Now some people, who surely did not participate in the creation of the world, want to arrogate to themselves the faculty of being gods in order to obstruct and destroy its growth and expansion."

**Alberto Oliart**, Spanish Defense Minister (Aug. 10).

*On NATO intervention into the Third World.* "I cannot imagine under what conditions my country could have an interest in intervening militarily in countries which you have called Third World countries, and which are not included in the geographically delimited area of the North Atlantic treaty."

**Dr. Oscar Camilion**, former Foreign Minister of Argentina and former ambassador to Brazil (Sept. 14).

Camilion, who said that when he was a youth he so admired Alexander Hamilton that he used his name as a pseudonym on his journalistic work, noted that "The main thing is to get the Latin American countries to coordinate industrial development goals."

*On environmentalism.* "We think that the only really noxious pollution is the pollution of hunger, of misery, of backwardness, of ignorance—that is, the pollution of underdevelopment."

**Gilberto Avila Bottía**, outgoing president of the Latin American Parliament, Minister Without Portfolio and adviser to Colombian President Belisario Betancur (Sept. 14).

Avila Bottía spoke of the need for a Latin American common market, and a development bank to promote modern industry and agriculture. He also reaffirmed Colombia's crackdown on illegal drugs, and posed to North Americans the question "What are you going to do with marijuana?"

**Aly Mohamed Negm**, Deputy Governor of the central bank of Egypt, and Vice-Chairman of the Third World caucus at the IMF, the Group of 24 (Sept. 21).

*On Mexico.* "We want Mexico to survive. We stand beside Mexico as a developing country, in its battle to develop its economy and industrialize."

**Dr. Maritza Izaguirre Porras**, Venezuelan Minister of State for Planning and Coordination (Sept. 21).

Izaguirre Porras backed Mexico in its showdown with the IMF. "We learned a lot during the Malvinas War."

**Dr. Javier Arias Stella**, Foreign Minister of Peru (Oct. 19).

Arias Stella supported the warnings on the debt crisis of the Mexican and Brazilian heads of state at the U.N. General Assembly at the start of October. Questioned on his own nation's relationship to the IMF, Arias Stella said that it was good, "but not one of submission."

**Rodrigo Lloreda Caicedo**, Foreign Minister of Colombia, (Oct. 19).

While noting the "deep-felt anguish" of underdevelopment, the foreign minister declared that "The answer of imposing greater austerity could have validity . . . but also for those developed countries which spend more than is required."

**Dr. Luis Valencia Rodriguez**, Foreign Minister of Ecuador (Oct. 26).

Rodriguez elaborated on his Oct. 7 U.N. speech on the need for a coordinating committee to reassert Ibero-American unity in the wake of the Malvinas crisis.

**Carlos Alzamora**, Permanent Secretary of the Latin American Economic System (SELA) (Nov. 16).

"We should acknowledge that . . . if the creditors are meeting practically every day to consult, there should be no reason for Latin Americans to be the only ones to think this kind of concerted effort and consultation is a sin."

**Leonardo Montiel Ortega**, Director of Technical Studies at the Universidad de Santa María, and an adviser to the Venezuelan Federation of Labor (CTV) (Dec. 28).

"The IMF and its adulators . . . are trying to induce the economic collapse of our countries. . . . And the Malvinas is a test, a live exercise or dress rehearsal, of the bellicose action against our countries which could come if the political and economic strategy pushed by the IMF fails. . . ."

"It also shows that Latin America must become a great bloc, and stop being a kind of disintegrated or spineless middle class of the world . . . because we know that if the debt is not paid, the very international financial system—led by the IMF and the Swiss banks—would be shattered like a broken mirror."

### 'Great Enterprises' for development

**Masaki Nakajima**, founding chairman of Mitsubishi Research Institute; former head of Mitsubishi Steel and Mitsubishi Bank (Feb. 23).

Nakajima described how his 20-year, \$500 billion Global Infrastructure Fund (GIF) plan evolved from the search for a better solution than war, to the problem of mobilizing the world economy: "Mankind needs something so they can see, through their eyes, what is peace."

**Dr. Fasihuddin Mahtab**, former Minister of Planning and Minister of Agriculture, and current Finance Minister of Bangladesh (Mar. 30).

With proper irrigation and other technology, and financial support, "We can produce four times the present level of 15 million tons [of food]."

**Shigeaki Ueki**, president of Brazil's state oil company, Petrobras (May 18).

"I believe that the ideas of the Club of Rome on the limits

to expansion and growth, or the old theories of Malthus, are a certain form of pessimism. And the best reply, in my opinion, is the development we have had in our country and of many other countries similar to Brazil in recent years."

**Dr. Eliezer Batista**, President of Brazil's state mining company, the Companhia Vale do Rio Doce (CVRD) (May 18).

Batista described the CVRD's giant Carajás iron and steel project, as well as joint undertakings with Japan to produce aluminum and alumina, which taken together are an investment of \$7 billion over four years.

**Antonio Delfim Netto**, Planning Minister of Brazil (Oct. 26).

"We must change our investment pattern in the direction of exports. Carajás is really the beginning."

**Admiral Carlos Castro Madero**, President of Argentina's National Atomic Energy Commission (Aug. 3).

Castro Madero called President Eisenhower's Atoms for Peace program "a golden era," and said that the current nuclear non-proliferation movement "leads precisely to proliferation."

**Eugenio Marín**, head of the Energy Commission of the Spanish Employers Association (Aug. 10).

*On Malthusianism.* "If we all drop dead, there will be no population problem."

**Shigeo Nagano**, President of the Japan Chamber of Commerce and Industry (Aug. 31).

Nagano emphasized the need for development of the Third World and to secure global economic recovery.

*On India.* "The idea of large irrigation projects came from the construction of a second, sea-level Panama Canal . . . if the water streams of the Himalayas could be diverted into the Rajasthan desert, they could irrigate a huge area for food production . . . we can [thus] invite the political stabilization of that area."

**Philip E. Culbertson**, Associate Deputy Administrator of NASA (Sept. 7).

"You can look at civilizations in the past that clearly show that if man stops asking those fundamental questions about his relationship to both the universe, the Earth and the solar system, then I think civilizations soon die. . . . What other program can you name that effects all of our lives, and our children's lives, and the lives of those who are yet to come, in the way that the space program does?"

**Edwin Kintner**, head of the DOE Office of Fusion Energy until January 1982 (Sept. 28).

Reviewing U.S. and other advances in fusion, Kintner pointed out that the future of the U.S. program depends on whether its wide-ranging requirements "could be organized on a political and a social basis in a **directed** way."

**Stephen O. Dean**, President of Fusion Power Associates, and formerly Director of the Confinement Systems Division of the Office of Fusion Energy at DOE (Sept. 28).

Noting that from a purely technical standpoint "the laser could have been invented in 1910 instead of 1960, and the



new developments in polarized fusion could have been realized 25 years ago" Dean stressed that fusion power should immediately move into the engineering stage.

**H. K. Jain**, Director of the Indian Agricultural Research Institute (Sept. 28).

"I keep insisting that India has the potential not only to be self-sufficient, but to be a major exporter of foodgrains. . . ."

**Toshio Doko**, former President of Keidanren business federation, former President of Ishikawajima-Harima shipbuilders, and former President of Toshiba. Doko is currently head of the Japanese government commission charged with proposing a budget-cutting "administrative reform" and also the advisory commission studying Nakajima's proposed Global Infrastructure Fund. (Nov. 23).

Doko, known as Japan's "prime minister of business," described how Japan has coped with the stagnation and then contraction of world trade since the 1973 "oil shock." Doko said that "Japan has been providing economic assistance to the developing countries" but requires the administrative reform to allow Japan to increase that assistance.

## The U.S. administration speaks against Japan

**Lionel Olmer**, U.S. Undersecretary of Commerce for International Trade (May 25).

"I want U.S. companies to have access to the Japanese workforce, Japanese capital, and ultimately to the Japanese marketplace. . . . We don't have an industrial policy because it is not in our nature to applaud government central planning."

**William Brock**, U.S. Trade Representative.

On June 9 Brock told *EIR*'s Richard Katz that he was launching a campaign to get Japan to raise its interest rates, touching off a considerable furor (June 29). Japanese officials labeled Brock's demand "irresponsible," replying that the U.S. should lower its rates. Speaking again to Katz on June 29 (July 27), Brock said, "It's quite possibly so" that high interest rates are a greater threat to the West than is the Soviet Union. But Brock confessed that the U.S. didn't know how to bring interest rates down.

## The search for a Mideast peace

**Gen. Mordechai Gur**, former Israeli Chief of Staff, currently a member of the Knesset (parliament) and part of the Labour Party leadership (July 20).

*On the occupation of Lebanon.* "We shouldn't be involved in putting together a sovereign government for Lebanon and forcing the withdrawal of the Syrians. . . . We on our side must replace military courage with political courage."

Gur opposed "red-line" tripwires, a U.S.-Israeli anti Soviet pact, and Israeli arming of Iran. A report on the Gur *EIR* interview appeared in the *Jerusalem Post*, and triggered a controversy in Israel.

Other pro-peace Israeli nationalists interviewed by *EIR* included Knesset members **Yossi Sarid** (May 18) and Mor-

dechai Virshubsky (Aug. 31). Former Iranian Prime Minister **Shahpour Bakhtiar** was also interviewed (Aug. 26) in Paris, where he is in exile.

**Raymond Edde**, former chairman of the Lebanese National Bloc (July 27).

"If the aim of the Israelis were to decapitate the Palestinian resistance, they could have launched an Entebbe-style operation against the leadership. . . . I accuse Israel of having a long-standing agreement with Hafez Assad [of Syria] so that they each could take a part of Lebanon."

**Nemer Hammad**, Representative of the Palestine Liberation Organization in Rome (Oct. 26).

"When this [late-summer 1982] declaration of Mendes-France, Goldman, and Klutznick spoke about the need for a peaceful solution to the [Lebanon] conflict, and the need for mutual recognition, we considered this very important. . . . Until that recent point all the Israeli aggressivity was defended by the main Jewish organizations."

**Philip Klutznick**, former President of the World Jewish Congress, Secretary of Commerce under Jimmy Carter, former chairman of the executive committee of the Anti-Defamation League (Jan. 26).

Klutznick discussed his efforts to bring about an "autonomy" agreement as a step to settling the problem of the Palestinians on the West Bank. Questioned about the ADL's charges that *EIR* founder LaRouche is an anti-Semite, he responded "the thing that I abhor most about some of my colleagues is when they use the word anti-Semitism too loosely."

## Leaders from Asia

**Nguyen Co Thach**, Foreign Minister of Vietnam (Oct. 5).

Thach discussed prospects for the ASEAN nations and the Indochinese nations agreeing on an international (but not U.N.) conference on Cambodia, and the flimsy Pol Pot-Sann Sann-Sihanouk "coalition" opposing the Vietnamese-backed Heng Samrin government there.

**Ghazali Shafie**, Foreign Minister of Malaysia (Nov. 2).

"We have put drugs in the category of a security problem."

**Begum Nusrat Bhutto**, leader of the Pakistan People's Party (Dec. 21).

Allowed to leave Pakistan for medical treatment only after an international campaign on her behalf, Mrs. Bhutto warned that Pakistan under Gen. Zia's martial law would become "another Iran": "Because the Jamaat-e-Islami, which is a fanatical Muslim party . . . are training their people for civil war," with Zia's protection.

Mrs. Bhutto also reminded the American people of what its government's response to a far milder martial law in Poland has been, in contrast with the U.S. embrace of the Zia dictatorship.

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*This summary was prepared by David Wolinsky.*

# The oligarchy's plan to control the new governments of Europe

by Webster Tarpley in Wiesbaden

The end of 1982 leaves the continent of Europe in the lengthening shadows of the most sinister crisis since the Second World War, a crisis whose portent shakes the foundations of European civilization. From every point of view, it is five minutes to midnight for this old continent.

The present threat to Europe emerges from three primary sources.

1) First are the indigenous continental families of the European oligarchy of the Hapsburgs, Thurn und Taxis, Hohenzollern, Savoy, Pallavicini, and Orleans ilk, who are celebrating the failure of the modern nation-state in Europe, and who are busily preparing various versions of a return to the Holy Roman Empire of feudal fiefdoms, bucolic depopulation, and abolition of urban life. The families involved agree broadly on the Holy Roman Empire program, but lock into violent contention on the secondary question of just which dynasty should be in command.

The unprecedented activism of oligarchic family circles has been signaled by renewed monarchical ferment in favor of the former ruling houses of Austria, Prussia, Italy, France, Portugal, Albania, and Romania, with Egypt and some others not far behind. In addition, the patent bankruptcy of existing governmental institutions has revived and remoralized the oligarchy-centered currents of what was dubbed in the early 1930s universal fascism—free of accommodation to national considerations—exemplified by the Italian Fascists who rallied around Mussolini in his 1944-45 Republic of Salò, the Nazi puppet state created in northern Italy, or by the European SS divisions who provided Hitler with his last Pretorian guard in the ruins of Berlin in April 1945. January 1983 will mark the fiftieth anniversary of Hitler's seizure of power in Germany, and the occasion has already proven a heady tonic to such Nazis and neo-Nazis as the former Algerian dictator Ben Bella, his friend François Genoud, and the German fascist writer Ernst Jünger, who was awarded the prestigious Goethe literary prize several months ago. In Italy, Mussolini's offspring Countess Edda Ciano and Vittorio Mussolini have been interviewed in the mass media about their father's love of family life, and even Italian Communist Party mayors in Emilia-Romagna are preparing to celebrate the centennial

of the birth of Il Duce in his home town of Predappio. These developments had been prepared earlier in the year by a Milan exhibition on the Fascist era entitled "The Thirties," the basic theme of which was that people were better off under Fascism.

In this overall climate, the regional liberation movements the Nazi occupation sponsored throughout the continent are augmenting their activity, from the Jurassic Liberation Front in Switzerland to a movement called "Venezia Libera," which is drilling with bombs and machine guns in their Venetian lagoon in preparation for erecting an independent entity with Count Volpi di Misurata as the new Doge.

2) The second forces now lacerating European society are the British oligarchy and the British secret services, who have not deviated from Lord Carrington's basic orientation of ejecting U.S. troops and influence from the continent and establishing a Third Force alongside the two existing superpowers, grouped around the British strategic nuclear forces and fleet, and under British political and diplomatic domination. Further down the road lurks the British imperial yoke for Europe, an idea which has caught the imagination of some of the malcontents among the continental oligarchy.

The British provided a convincing demonstration of their power over Europe in April, May, and June of this year, when they successfully exacted full European Community support, complete with economic sanctions, for their colonial adventure against Argentina in the Malvinas. In particular, when François Mitterrand joined Helmut Schmidt at the latter's bungalow in a Hamburg suburb in May to declare their fealty to Margaret Thatcher's atavistic dreams of empire, the entire edifice of European war-avoidance strategy laboriously assembled since 1976 by forces around the Paul VI-Moro-Andreotti combination in Italy, Giscard in France, and Schmidt in West Germany, came crashing down, leaving Europe the passive object of British strategic machinations and *Realpolitik*. Schmidt was in effect willing to sign his own political death warrant in order to obey the orders coming from London; by knuckling under he became useless to all parties and his departure became a foregone conclusion. As a result of this process, the strategy of NATO "out-of-area"

military adventurism and aggression became an established fact for all of Western Europe; and the refusal of the Italians and Irish to prolong the British-imposed economic sanctions against Argentina did not change this picture, although they were a rearguard struggle in which the European Labor Party played a distinguished role.

3) The third decisive factor is the emergence of an offensive of the Soviet KGB against Western Europe, which has reached its full development with the advent of Yuri Andropov and his associates in the Kremlin. Until recently, the prevalent face of Soviet policy toward Europe was that of Brezhnev, whom an eminent Vatican diplomat once privately praised as a man of peace, at heart a conservative, most prudent and cautious, fatherly, and predictable. This was Brezhnev, the partner of Schmidt and Giscard, the Brezhnev who had moved the West German population with the cultural and historical optimism of the television speech he delivered on the occasion of his Bonn visit in 1978.

Andropov incarnates the other, darker side of Russian history: the world of *Raskolniki*, the Old Believers, the dissident current on the edges of the Russian Orthodox Church, tortured, mystical, messianic, irrational, racist. One of the factional issues between Brezhnev and Chernenko on the one hand and the Andropov KGB group on the other has been the advisability of attempting to decouple Western Europe from the United States and of attempting to submit this continent to Russian influence. Brezhnev and Chernenko are reliably reported to have rejected this perspective as the most likely formula for World War Three, which is a realistic assessment of the behavior of a future "Fortress America" in the wake of such a development. Andropov, on the other hand, is committed to a decoupling of Western Europe from Washington, and is manifestly now moving in this direction, attempting to overcome the resistance of his domestic factional adversaries as he proceeds.

Although the ultimate goals of these three groupings are not compatible, their immediate program of action especially in regard to the liquidation of U.S. influence and the rollback of industrial society, converge sufficiently in the short to medium run to make them natural allies. The collaboration of Lord Carrington and Andropov and of their secret services SIS and KGB, mediated through British triple agent Kim Philby, now a KGB general, has become an international scandal of the first rank. Political analysts have further pointed to Henry Kissinger and Andropov as "parallel lives" in Plutarch's sense, with a long pattern of symbiosis in their careers. The continental oligarchs, including the Swiss and Belgians, are in constant association with the British and the Russians to enhance their dynastic chances in the expected pattern of monarchical restorations.

### **'Independent Europe' and Fanfani**

The order of battle of these forces for 1983 can be established already. They are determined to make this coming year a kind of super-1968, marked by chaotic mass upsurges

of the greenies and peace movement around the issue of the installation of the Pershing and cruise "Euromissiles," which is scheduled for the end of the year, four years after the original decision of December 1979. That decision, it should be remembered, was prepared by Kissinger's September 1979 announcement that the U.S. nuclear umbrella over Western Europe was a thing of the past. With the planned deployment by Moscow of orbital relativistic beam-weapons systems, the Pershings are obsolete even before they go into production, to say nothing of the cruise missiles, which have scant hopes of penetrating the already revamped Soviet air defenses. But although their war-winning potential is nil, the Euromissiles have been a godsend to the enemies of Schmidt, and have also contributed to the ascendancy of the Andropov group. Now, in 1983, the potential of the Euromissiles to provide this unifying issue for a continent-wide anti-American upsurge, violently hostile to nuclear energy and to modern industry in general, will be revealed. These new fascist Vandals are now on the march.

A typical figure for the projected Carrington-Andropov "independent Europe" of 1983 is none other than the new Italian prime minister, Amintore Fanfani. Nothing could be more foolish than to try to map him on a linear political spectrum as a "right-winger." True, Fanfani was a professor of Fascist mysticism under Mussolini, has written on Fascist geopolitics and Fascist corporatist economics. But he was also the expeditor of the "opening to the left" by the Italian Christian Democrats in the early 1960s when he headed up the first Center-left government of the post-war period. Fanfani together with his now-deceased associate Giorgio La Pira, the Social-Catholic mayor of Florence, was present at the creation of the world-wide anti-Vietnam war ferment, when La Pira undertook a global mediating mission. Perhaps the only accurate label for the diminutive Fanfani is that of a third-order Franciscan friar, a secular member of the religious order whose recent Charter of Gubbio has made every Franciscan into a militant preacher of the Malthusian genocide gospel of the Club of Rome and Aurelio Peccei.

Fanfani's elevation to the prime ministership is a direct affront to the United States. The man he replaced, former Prime Minister Giovanni Spadolini, had worked closely with U.S. officials to save the life of U.S. General James Dozier, kidnapped by terrorists a year ago. Spadolini had been won over to the war on drugs perspective favored by the most intelligent and patriotic components of the Reagan administration, and had visited the United States during the waning days of his government to seal an accord with Reagan to wage war on the drug mafia through a U.S.-Italian alliance. Hours after his return from the United States to Rome, Spadolini was ousted from power. One of those who helped overthrow him, Sen. Cesare Meragorza of the Assicurazioni Generali di Venezia insurance giant, cynically remarked that Italy does not need a prime minister who makes such frequent journeys to Washington. In other words, Spadolini had to go because the Anglo-Soviet entente will not tolerate pro-Amer-

ican heads of government in Europe.

Persistent rumors circulating in Rome indicate that Fanfani may have secured the benevolent opposition of the Italian Communist Party (PCI) to his government by a promise to repudiate the Euromissiles installation some time next year, bowing to the mass pressure of the peace marches the PCI is actively organizing.

In Italy, the peace movement is inseparable from the Sicilian, Sardinian, and other regional separatist movements, which are in turn transmogrifications of the Mafia, the 'Ndrangheta, the Camorra, and other drug rings. In Italy, just as in West Germany, the funding for the green-peace movement often comes from Libya's outlaw dictator Qaddafi, or from the nearest Bulgarian diplomatic mission. The present scale of KGB-Bulgarian involvement in the peace movement in these and other countries would be inconceivable without the revenues derived by the KGB from the drug trade, in which its involvement rivals that of the British and Chinese secret services.

On the day Fanfani received the confidence of the parliament in Rome, PSI Defense Minister Lelio Lagorio announced that NATO was no longer sufficient to guarantee Italian defense, but that something more had to be provided. Just what this might be was indicated more clearly by PSI deputy Falco Accame, a leader of the Italian peace movement, who called for a European defense force with headquarters in London. Accame's colleagues in the leadership of the Italian peace movement, like former NATO General Nino Pasti and PCI extremist leader Gian Carlo Pajetta, are a representative sample of the KGB-SIS Philbyite types who are now gearing up for the new year of struggle. Their base is cosmopolitan: at a recent peace gathering in Milan, the ego-ideal offered to the young protesters by a Freudian psychologist was none other than Benito Mussolini.

### The magistrates' war on terror

Given the constellation of forces backing Fanfani, Italy would be certain to cease to exist as a country, were it not for the gallant struggle of the only residual republican elite left on the continent, the country's magistrates. Although the voluminous discoveries of their investigations have gone criminally unreported in the Anglo-American cultural ghetto, these fighting judges have unearthed more evidence of the oligarchical conspiracy behind terrorism, dirty finance, drugs, kidnapping, and media manipulation of institutionalized evil than any other force in this country.

The judges who are generally in their forties, see themselves as the heirs of Judge Vittorio Occorsio, killed in Rome in 1976 by the terrorist bandit Concutelli, and of Judge Emilio Alessandrini of Milan, slain by terrorists in January 1979. Most are assiduous readers of the publications of the Partito Operaio Europeo (European Labor Party) on terrorism and related questions, which more than one of them has privately pointed to as providing a precious overview in which highly specialized and specific leads and discoveries can be situated.



*Not "arms control" but a real peace strategy is required for Europe's survival.*

Judge Imposimato of Rome earlier this year made headlines by publicly denouncing the Israeli Mossad's role in steering the Red Brigades. He has been interrogating UIL trade unionist Luigi Scricciolo, a terrorist who has confessed to being a Bulgarian agent. Most recently, Imposimato has issued arrest warrants for PSI Mafia members of parliament Giacomo Mancini and Antonio Landolfi of the Calabrese 'Ndrangheta, warrants which have not yet been served because the two gangsters involved continue to enjoy parliamentary immunity. Judge Calogero of Padua is preparing to bring Red Brigades ideologue Toni Negri to trial early next year, along with co-conspirator Oreste Scalzone, if the later can be extradited from France. Judge Marchetti has been rounding up Sardinian terrorist separatists of the old Feltrinelli networks who are now in the pay of certain U.S. intelligence operations. Judge Ilario Martella has been unearthing substantial portions of the international conspiracy that tried to kill the Pope in May 1981. Judge Siclari is probing the British Freemasons behind the murder last June of Roberto Calvi of the P-2 lodge and the Banco Ambrosiano.

Judge Gentile of Bologna, probing the September 1980 bombing massacre at the Bologna railroad station established the existence of the Monte Carlo Lodge, where terrorist Stefano Delle Chiaie rubs elbows with Henry Kissinger. Judge Carlo Palermo of Trento has brought to light the immense Turkish-Bulgarian-Italian NATO-KGB drug and weapons smuggling operations around Henri Arsan, and has jailed 200 members of this ring. Judge Dell'Osso of Milan,

the man who shut down the Ceresto drug refinery, is continuing his assault on the drug mafia from other flanks. Judge Aquiesci of Milan is investigating the allegations made by Fiorella Operto of the POE in a legal brief submitted on the role of Henry Kissinger in the 1978 kidnap-slaying of Aldo Moro by the Red Brigades. Judge Falcone is presently investigating the September murder of Carabinieri General Carlo Alberto Dalla Chiesa, one of the most distinguished veterans of the anti-terror fight, who was gunned down in Sicily because of his knowledge of the British sponsorship of the Sicilian Mafia, as his personal papers and the testimony of a colleague revealed later. These judges are joined by effective police officers, like Commissioner De Francisci of the DIGOS, who ran the war-room operations that located and freed Gen. Dozier, and intelligence men like Gen. Lugaesi, the head of SIMSI, the military intelligence unit. These magistrates are one of the most significant forces fighting for the cause of civilization.

### West Germany after Schmidt

The fall of Helmut Schmidt on Oct. 1, and the advent of the present Kohl-Genscher "transitional government" (the phrase was coined by Bavarian party boss Franz-Josef Strauss) has ushered in a phase of extreme political, economic, and social lability in West Germany. Schmidt, as already noted, sealed his own doom by lining up with London during the Malvinas crisis. His propensity to toe the line for the British and IMF is based on a deep, fatal character flaw, which is not unrelated to the fact that he was a British prisoner of war during World War II, and underwent the regulation "Wilton Park" brainwashing, mandatory for future leaders of the Federal Republic. In addition, as was luridly flaunted this past summer during the twilight of his chancellorship, Schmidt is a Freemasonic brother of George Shultz and Henry Kissinger in the Bohemian Club of San Francisco. In effect, Schmidt fell because he preferred his "friendship" with Shultz, Kissinger, and the Warburgs of Hamburg to the programmatic ideas repeatedly offered him by the European Labor Party. As a result, he never managed to correct his supine acceptance of the "IMF conditionalities" line for the Third World rammed through by Henry Kissinger at the 1975 Rambouillet economic summit. Since his ouster, as is perhaps inevitable in such cases, Schmidt has personally degenerated at a rapid rate.

Schmidt's fall coincided with a massive qualitative acceleration of the economic collapse of West Germany, where the rate of growth of joblessness and bankruptcies is now the most rapid in the world. *Der Spiegel*, the organ of the Hamburg cocaine-sniffing set, recently depicted the officially reported 2 million unemployed as an overwhelming tidal wave; but the real figure is closer to 3 million, and will certainly be in the 5 to 7 million range by the end of the year. Each factory closing at MAN, Magirus Deutz, AEG, Arbed-Saarstahl, and other large companies has a multiplier effect that decimates subcontractors and the local service sector.

As a result of this breathtaking economic implosion, the real essence of West German politics for 1983 lies in the question of the application of the emergency laws enacted in the late 1960s. The substance of politics in West Germany is now reduced to several competing plans by rival political factions to occupy the post of emergency-rule chancellor. Here, everything depends on being in power when the state of siege begins. The state bureaucracy at all levels is known to be preparing the required machinery for rule by decree and economic regimentation, and references to "Notstand" [emergency] in the political and economic spheres are now commonplace, although the credulous citizen may not always understand what is being referred to.

The trade unions and political parties have been largely shattered as institutions by a series of scandals during the past 12 months, starting with the "Neue Heimat" affair, which pointed the finger of bribes and other corruption at the top officials of the Deutscher Gewerkschaftsbund (DGB), the national West German trade-union confederation. Under its new leader, Ernst Breit, the DGB has manifestly struck a deal with the Kohl regime to sell out the working class by any means necessary.

First came the programmatic framework for this, an economic program with no reference to exports and world development, in a country in which about half of everything produced must be sold abroad. Then came the case-by-case betrayal, best exemplified in the Arbed-Saarstahl crisis, in which the IG Metal union agreed to sacrifice the workers' Christmas bonuses (which represent a substantial fraction of their annual wages) to limit firings and plant closings. The workers accepted this proposal, which was immediately revealed as the psychological battering ram for further, devastating concessions and layoffs. The DGB leaders, by the way, are among AFL-CIO chief Lane Kirkland's most obedient underlings.

In the case of the parties, the demolition work has been accomplished through the so-called party financing scandal, pushed by *Spiegel* and *Stern* magazine, whose director, Henri Nannen, is a veteran of Dr. Goebbels's Propaganda Ministry, but who today blocks with the left SPD and—you guessed it—the peace movement. The affair has made every leading politician of each important party immediately vulnerable, since all the parties were indeed on the take. Further ramifications of the affair threaten to break up the Flick-Konzern, one of the few large industrial conglomerates still hanging on. In the wake of these scandals, the West German political parties, which have always been engines of social control since their founding by the occupying powers, have reached a new level of *Gleichschaltung* ("rationalization").

The Kohl regime, which was ushered in on Oct. 1 by Free Democrat Hans-Dietrich Genscher's repudiation of the coalition with Schmidt, has now succumbed to a rigged vote of no confidence in the Bundestag. In the 1980 election, Genscher's election posters had asked voters to support the "Schmidt-Genscher government," and seldom has a mandate

been more spectacularly betrayed. Genscher, a politician with multiple links to organized-crime circles, is now running neck and neck with Judas Iscariot in the polls as the most hated man in Germany. Kohl represents the banality of evil, an opinionated, narrow-minded petty little man, whose feelings about his office range from adolescent pride and complacency to blank terror. He is a buffoon, way over his head, and functions as a front man for a regime larded with servants of the southern and southwest German aristocracy. In the 10 weeks that this regime has been in power, it has been occupied primarily with the drawing up of a bone-crushing austerity budget directed against workers, pensioners, and students.

Kohl's rigged vote of no confidence has also detonated the biggest constitutional crisis since the creation of the Federal Republic in 1949. Kohl asked for a vote of confidence in which it was pre-arranged that his own CDU, CSU, and FDP majority would abstain. The goal is to proceed to early elections in March, which Kohl hopes will give him a solid majority for a full four-year term in power. The difficulty arises from the fact that the West German constitution, haunted by the memories of Weimar, explicitly forbids a majority of the parliament to dissolve the parliament, which is now what is happening. Kohl, indeed, has a clear and viable majority. A final decision on the March 6 vote is expected from Federal President Karl Karstens in the first week of January, and big surprises cannot be ruled out. In the meantime, there are the results of the Dec. 19 early elections in Hamburg, where the SPD increased its vote by 10 percent and attained an unexpected absolute majority, roughly corresponding to the SPD's share of the Hamburg vote over the past several decades. The SPD and CDU-CSU are converging on their standard, machine turnout of habitual voters, while the FDP's voters are shifted to the Greens.

### **The SPD, Strauss, and the EAP**

After his fall from power, Schmidt was unceremoniously dumped by Brandt, Glotz, Bahr, and other SPD leaders as the SPD chancellor candidate, although the public reason for this was the state of the ex-premier's health. Schmidt's successor is the former Hitler Youth officer, Hans-Jochen Vogel, of the left wing of the SPD. Vogel's candidacy signals the beginning of the end for the trade-union-based Kanalarbeiter faction of right-wing Social Democrats, many of whom, like former Defense Minister Georg Leber, are quietly departing from the scene.

Vogel started off as the mayor of Munich, and then moved to become mayor of West Berlin, where he concocted the outrageous notion of the "juridical vacuum" (Rechtsfreieraum) to justify police non-intervention against lawless and other violent greenie squatters and house occupiers. Vogel's aim is a full coalition with the fascist Greens, and with green fascist *Pasionaria* Petra Kelly his vice-chancellor. Vogel's support for the peace movement sounds very much like the line coming out of the East German communist party, and he

has all but repudiated the NATO two-track decision on the Euromissiles that Schmidt had clung to until the end. Interestingly, Vogel was in Rome to meet Fanfani on the latter's first day in power.

Vogel's embrace of greenies and peaceniks mirrors a process taking place throughout the SPD under the totalitarian control of party boss Willy Brandt, whose World Bank Commission just called for a war on Ronald Reagan. Holger Börner, the prime minister of the federal state of Hessen, had until recently represented the classic Kanalarbeiter line, favorable to nuclear energy and fuel reprocessing, and to the building of a third runway at Frankfurt International Airport. Börner, who had once called the greenies "ecological fascists," Börner, who had vowed never to collaborate with them, is now coordinating his legislative proposals with the Greens in the state parliament, who have become the decisive swing factor in every vote.

West German society at present has no integument to hold it together, no viable mass institutions around which the citizens can rally in the crisis. With the existing institutions discredited and moribund, the instinct of the terrorized population is to get under cover and to survive as individuals, whatever the cost. Such is the heritage of almost 40 years as an occupied nation, under occupying powers East and West determined to extirpate all political virility. The shock of Schmidt's fall was followed by a terrifying moment of recognition of the dangers of the situation, and then a relapse into apathy and despair.

An unpredictable factor in the German situation is the personality of Franz-Josef Strauss, an abrasive bronze soul who nevertheless possesses a certain reality principle in his firm knowledge that there must be factories and economic activity if he is to be able to skim off the top. His vested interests lie largely in the military and aerospace firms of the Munich area, and branch out into auto and electronics.

Kohl and Genscher would like to hold the elections in March and emerge with a CDU-CSU just shy of the absolute majority, and the FDP still in the parliament. Genscher and his FDP sidekick, Count Otto von Lambsdorff, figure that if they can weather the storm through March, they will be in place with a four-year mandate that will take them comfortably to the imposition of emergency rule—after which the FDP's vote-getting ability will be immaterial, since Genscher and Lambsdorff will be permanent fixtures of the quasi-dictatorial regime. The neo-Nazi *Nationalzeitung* has called on its readers to join the FDP.

Strauss is not happy with that perspective, especially in light of the massive plant closings occurring around the Munich area, which spell trouble for him politically and, more importantly, in regard to his day-to-day take. Strauss has on such occasions come out to champion the rights of the workers. Strauss's answer to Kohl and Genscher is to destroy the FDP with elections if necessary, but in the meantime to prepare for a Grand Coalition with the SPD, which he has been hyping in public. Sharing Strauss's interest in a Grand

Coalition are a whole series of northern German industrialists who, like Strauss, have been locked out in the cold by Kohl's austerity. An article praising Gerd Bucerius, owner of Hamburg's *Die Zeit* weekly, indicates that the Freemasonic Hamburg mafia that runs Helmut Schmidt is betting on the Bavarian and his CDU-CSU-SPD alliance plan. With Kohl now officially only a caretaker, Strauss might attempt a constructive vote of no confidence. In any event, Strauss wants to make Kohl a "Winterkönig," a winter king who will not make it to the springtime, like the Elector of the Palatine, Frederick V in 1620 in Bohemia. Leisler Kiep, the CDU leader of Hamburg, seems to be in on the deal, and Helmut Schmidt himself may be supporting Strauss, who is the man who can help him settle his score with Genscher.

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*The present threat to Europe emerges from three primary sources: the continental monarchists' drive to restore a Holy Roman Empire of feudal fiefdoms and bucolic depopulation; British plans to make Europe a strategic "Third Force" against the United States; and the replacement of Brezhnev's detente policy with Andropov's policy of rolling back Europe's industrial societies into Jacobin darkness. The question of averting these dangers is fundamentally a question of culture.*

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In addition to the Kohl-Genscher and Strauss-grand coalition variants, there is, of course, a third possibility—an SPD-Green coalition under Vogel. This variant, the most cataclysmic of them all, is harder to impose because the blatant KGB and East Berlin Staatssicherheitsdienst [state security police] role in such a coalition make it repugnant to the United States and French occupying powers.

The EAP is gearing up for the March elections with slates in each of the 10 federal states, which will permit, among other things, a number of nation-wide television appearances by Helga Zepp-LaRouche, who will be heading up a party slate in North Rhein-Westfalia, the hard-hit industrial center of the nation which includes the Ruhr. The EAP will be

seeking to administer a final *coup de grace* to the FDP, whose final disappearance is the precondition for any constructive political changes. At the same time, the EAP will seek to bar the Greens from entering the federal parliament, and will use the beam-weapons issue and the associated perspective for economic recovery to break up the existing peace movement, in reality a gaggle of dupes for conventional warfare and McNamara's NATO out-of-area schemes. The "higher peace movement" represented by the EAP, in Germany and the other European countries, will be decisive for defusing the Anglo-Soviet insurrection scenario which otherwise will dominate 1983. The EAP will be making special efforts to reach the unemployed before they drop out of society or gravitate to the peace movement as the only visible protest vehicle on the scene.

### **France's potential**

The one European nation which retains the capability of so orienting its national policies as to break free of the joint grip of Lord Carrington and Andropov is France. After some one and a half years in power, the presidency of François Mitterrand was overtaken by a convergence of crises in the economic, state security, military, and political domains which made imminent shipwreck on the rocks ahead unavoidable if the course were not rapidly changed. Much of the chaos resulted from the policies of Mitterrand's own French Socialist Party (PSF), aggravated by the world economic situation, and especially by the commitment of British intelligence to have Mitterrand fall victim to an assassination plot. It was above all this last factor which resulted in Mitterrand's mid-summer reversal of field on the terrorism question, a shift that has led to some signal defeats for the Basque ETA, Action Directe, and the like. It was at that time that Franceschi took over the role of security coordinator, reporting directly to the president at the Elysée Palace. More recently, the ascendancy of the group around General Saulnier at the Elysée posts in the French intelligence community has consolidated this outcome.

Mitterrand's PSF base comprehends vast numbers of local politicians, especially mayors of small provincial towns who have been a staple feature of the regime. Such mayors, whatever their party affiliation, have an organic commitment to economic growth. Thus, although PSF ideologues and officials like Jacques Attali may work to inter the nuclear option, many PSF mayors want reactors and reprocessing plants to be built in their areas.

More broadly, Mitterrand has increasingly come under the influence of the institutions of the Fifth Republic, as created and prescribed by the masterful constitution of General Charles de Gaulle. These institutions and this bureaucracy, arrayed according to de Gaulle's constitutional norms, have brought Mitterrand under the most insistent pressure to come up with new policies that may permit the continued existence of the institutions themselves. Institutional survivalism, the characteristic response of the Fifth Republic state

apparatus to the present unprecedented crisis, is now impelling Mitterrand to recast his entire mode of operations, and this process is still in mid-career.

Among the institutional survivalists, the provincial Socialist mayors are joined by certain older barons of the Gaullist movement who have no place in the current institutionalized pseudo-Gaullism of Jacques Chirac. The attitude of the French military will be of decisive importance. Mitterrand's stability depends at the moment on the cementing of an alliance between the PSF circles grouped around the Grand Orient Freemasons and the top military leadership. A key man for this interface has been Defense Minister Hernu, who is committed to a high-technology French army, and is ready to sacrifice the numerical strength of conventional infantry units if necessary in pursuit of this goal. Hernu has been the despair of the Anglo-American utopian strategic ideologues because of this policy, which directly contradicts the McNamara-Kennan-Bundy-Smith recipe for a conventional buildup. Indeed, Hernu has directly attacked the notion of a nuclear freeze.

Mitterrand thus stands at year end at a critical turning point. The French franc has been mercilessly battered over the past months, and the foreign exchange reserves of the Banque de France have been virtually exhausted, despite the floating of a loan on foreign capital markets. As Jacques Cheminade, secretary of the Parti Ouvrier Européen, has asserted, Mitterrand is now the one head of state in Europe with both the institutional prerogatives and the impelling necessity to play the LaRouche card. The French economy, already beleaguered by depression, cannot survive the first months of 1983 without a policy of strict exchange controls, emergency government credit issuance for carefully defined productive purposes, especially high-technology exports, and aggressive government policies of establishing preferential axes for barter deals of technology transfer with developing-sector nations, including automatic support for the demands of debtors' cartels in Latin America and elsewhere in the Third World, such as are likely to emerge at the Non-Aligned conference in India in March.

Several signs in this direction have emerged from Mitterrand's recent landmark interview in *Le Monde*, the semi-official organ of his regime. Mitterrand spoke there of the necessity of applying debt moratoria to the French domestic economy, and called for a policy of population growth that echoed the demographic doctrine of General de Gaulle, who wanted 100 million Frenchmen. Shortly thereafter, Mitterrand confirmed French delivery of two nuclear reactors to Egypt, and then announced France's intentions of selling nuclear fuel to India, a country repeatedly blackmailed by the Anglo-American uranium cartel. More recently, Jean-Pierre Cot, the development minister, was sacked on the urging of Mitterrand's close associate Guy Penne, who no longer wished to tolerate a French minister whose decisions on Africa were virtually dictated by Amnesty International, the notorious British intelligence arm. Political observers are

now scrutinizing the evolution of the French Foreign Minister Claude Cheysson, who during the first year in office cleared every move with Lord Carrington, then running the Foreign Office in Whitehall. Cheysson's next moves may provide the best insight into Mitterrand's intentions.

De Gaulle showed that France alone was sufficient to checkmate British schemes to dominate Europe. France can become the Third World's best ally among the OECD countries. Additionally, she must steer clear of British scenarios for European-American trade war, one of the tools of the Anglo-KGB forces in attempting the decoupling of the western allies, as the GATT skirmishing recently showed.

### The question of culture

The question of the short-run future of Europe is above all a question of the human soul, and therefore of culture. In this realm the LaRouche organizations, including the Club of Life, the European Labor Party, the Anti-Drug Coalition, the Fusion Energy Foundation, the Humanist Academy and others, have played the role of a truly great power, the only serious opposition to the Venetian would-be rulers of the *Zeitgeist* at the Cini Foundation and the Société Européenne de Culture. The traditions founded at the Mannheim Conference on Friedrich Schiller in November 1980, and the Dante Conference of December 1981 in Rome, have been honored and amplified. The founding meetings of the Club of Life, in Rome, Paris, and Wiesbaden in October of this year were, in addition to being events of great political impact, cultural events of the greatest magnitude in the struggle to free men's minds from historical and cultural pessimism, which have proliferated unchecked in Europe. Faith in science and reason have been fostered above all by the ICLC campaign for electron-beam space platforms, a campaign flanked by *EIR* seminars in various national capitals. More than 1200 Milan high-school students, teachers, and concerned citizens attended the Humanist Academy's conference on the occasion of the 500th anniversary of the arrival of Leonardo da Vinci in Milan, giving rise to a series of press polemics which have not subsided, but which have provoked the intervention of the KGB's leading thug, Georgii Arbatov. A European Nuclear Committee, an institution without precedent, was inaugurated at Strasbourg in December, and the new organism will join hands with the Club of Life in sponsoring large-scale conferences on the New World Economic Order and the Non-Aligned Conference in Paris and other European capitals on February 19-20. The Anti-Drug Coalition, in addition to the impulse imparted to the war on drugs in Italy and other countries, was instrumental in getting the Rolling Stones kicked out of Florence and condemned as pagan by the Cardinal of Naples. The Club of Life also mobilized to help rescue Nusrat Bhutto, leader of the outlawed Pakistan Peoples' Party, from detention by the brutal Zia regime in Pakistan. In all these activities, the LaRouche organizations have kept the spark of humanist culture alive in the gathering darkness of present-day Europe.



# Will Moscow maintain the delusion that Western collapse is to its advantage?

by Rachel Douglas

When the era of Leonid Brezhnev's rule in the U.S.S.R. came to an end in 1982, merely by comparison with the self-collapsing West, the economically faltering Soviet Union met its leadership crisis as the stronger world power, in defiance of the stubbornly maintained myth that the Soviet bloc and the Soviet Union itself would soon come tearing apart at the seams. The same world crisis that reveals the foolishness of that notion, also casts into sharp relief the most dangerous strategic miscalculation of the Soviets themselves: their conviction that such Western collapse will ultimately rebound in their favor.

The posture taken toward the crisis-ridden West will determine history's judgment on the post-Brezhnev Soviet leadership, regardless of its domestic successes or failures, because the resolution of the crisis—either into a recovery led by great development projects all over the world and in space, or into total collapse and fascism—decides whether or not there will be nuclear war. By this standard, already in the last three months of Brezhnev's rule, and with growing intensity under the new General Secretary Yuri Andropov, attitudes and actions the Soviet Union expressed in 1982 were dangerous ones.

The keynote of Soviet propaganda became, by year's end, "Us and Them"—the cold-war-style title of an October article by Brezhnev's Central Committee information chief Leonid Zamyatin, which expressed a theme struck again and again by Georgii Arbatov of the U.S.A.-Canada Institute and a host of others. Soviet diplomacy focused on securing stable conditions around the vast perimeter of the U.S.S.R. and Warsaw Pact countries. Toward the West, Moscow issued a stream of initiatives, strictly on the disengagement track on which East-West relations have been running around and around for so many years—while under conditions of collapsing civilization, the outbreak of war is hastened by the McNamaras and other "nuclear-freeze" architects in the halls of elite institutions and by the anti-technology movement that they and Moscow jointly support under the fraudulent banners of "peace."

When Dr. Edward Teller combined a call for developing directed energy beam weapons, a policy put on the Washington policy agenda by *EIR* founder Lyndon LaRouche, Jr., with a proposal to pool international efforts to solve the "common tasks of mankind," Moscow's response was a violent slander of Teller as a "cannibal" in the Dec. 1 issue of *Literaturnaya Gazeta*.

### Men and institutions

The two highest-ranking members of the Communist Party Central Committee's Politburo died in 1982: Brezhnev in November, and in January, Mikhail Suslov. The departure of Suslov, known as the protector of Marxist-Leninist ideology but also a mighty power-broker, opened the gates to a rapid reapportionment of power, in which Andropov laid claim to Brezhnev's party leadership post. Long-time Brezhnev associate Andrei Kirilenko, often his stand-in on matters of economic policy, was eclipsed throughout the year and resigned from the Politburo in November. Andropov outmaneuvered Konstantin Chernenko, Brezhnev's aide, who had risen rapidly since 1978 but lacked his own base among regional party leaders. Chernenko remains on the Politburo and Central Committee Secretariat, positions of great power; but Brezhnev's old machine from the southern Ukraine is dwindling, and the hordes of officials throughout the country who owed their jobs to his patronage have no more guarantees.

When Andropov assumed the title of Central Committee Secretary on May 24, taking back a former job and finding his stepping-stone to Brezhnev's job, he was coming from 15 years at the head of the Committee for State Security, the KGB. He quickly drew on KGB colleagues to fill key positions outside the security sector proper. Of these, the most dramatic appointment was that of the Azerbaijani party chief, formerly KGB commander in that republic, G. A. Aliyev, as First Deputy Prime Minister of the U.S.S.R., in line to succeed the 77-year-old Premier Nikolai Tikhonov, member of Brezhnev's inner circle. In his first speeches to the Central Committee, Andropov spoke portentously about correct

“placement of cadres,” and swiftly replaced the Railways Minister and others who had hung on to their jobs even in the face of criticism from Brezhnev. The official press heralded a new anti-corruption campaign, a special expertise of Aliyev, for which the Interior Ministry (MVD), the national police force, had been decapitated and given KGB leadership. Andropov’s successor at the KGB in the May to December period, Vitali Fedorchuk, replaced long-time Brezhnev intimate Nikolai Shchelokov as head of the MVD. Fedorchuk’s rise in the Ukrainian KGB took place in the Andropov era and featured a shake-up of the MVD in the Ukraine.

Before heading the KGB beginning in 1967, Andropov worked in the foreign relations apparatus of the Central Committee, a wing of the party historically descended from the Communist International—the wing most attached to a permanent adversary relationship with the United States and least involved with the attempt, under Brezhnev, to give East-West détente some underpinnings in trade and other economic projects that would help both sides. This Soviet tendency, which encompasses individuals from the KGB itself and from foreign-policy think tanks such as IMEMO and Arbatov’s U.S.A.-Canada Institute, is ideologically congenial to and historically interlocked with British intelligence—specialists in the manipulation of confrontation between Russia and America.

Because of this, and because of Andropov’s espousal of some economic reforms, quite a few London strategists and others greeted Andropov’s elevation almost euphorically, as the harbinger of the Soviet Union’s taking the road through “market socialism” to the status of post-industrial society, compatible with, and not threatening to the West as it decays.

Neither Andropov himself, nor certainly the other elements of the ruling consensus, promise to fulfill such dreams. Andropov depends on the support or tolerance of a coalition in which individuals fundamentally committed to technologically-vectored industrial growth are central. They are managers of industry and, most important, the military. Marshal Dmitrii Ustinov, the Defense Minister, is a key figure in the Politburo after Brezhnev.

Brezhnev’s next-to-the-last speech, given Oct. 27, was an address to military officers in which he spoke of technological breakthroughs at the frontiers of science, applicable in weapons as well as industry. Andropov made sure in his November Central Committee plenum speech to assure the defense sector of receiving “all its needs.”

In October and November, articles in two Soviet economics journals advanced the idea that advanced technologies—directed energy beams, in particular—can transform the productivity of entire branches of Soviet industry. These polemics underscored the potential for solutions to unlock a most crucial array of bottlenecks in the Soviet economy: the obstacles to wide proliferation of advanced technologies pioneered in the defense sector. In a February 1982 Washington seminar and subsequent *EIR* cover story on “The Hidden Strengths of

the Soviet Economy,” we developed the strategic implications of these potential solutions; that seminar was where Lyndon LaRouche first called for the parallel creation of beam weapons by the Soviet Union and the United States, as the rational course for both powers.

### Fortress-building

It fell to Ustinov to reiterate the Soviet military doctrine that rejects the possibility of limited nuclear war and steadily increases the U.S.S.R.’s war-fighting preparedness. In his July 12 *Pravda* article, Ustinov indicated that the Soviet response to installation of new medium-range, nuclear-armed missiles in Europe, the Pershing IIs with their five-minute flight-time to Moscow, would consist not merely of matching the United States in weapons, but in increased readiness for total war. Elaborating a Politburo warning about “countermeasures” to the Pershings, Ustinov wrote that an attempted first strike against the U.S.S.R. would bring “an all-crushing retaliatory strike,” meaning that at the first detection of a Pershing launch from Western Europe, there would be a full-scale strike against U.S. weapons and territory.

Andropov’s first arms proposals and Arbatov’s propaganda, the latter since October focused on the possibility for Western Europe to become a disarmament-movement-dominated counterweight to the United States, signal that Soviet policy towards NATO in the next months will consist of a big push for the “nuclear freeze,” feeding tension between the United States and Europe and the growth of anti-technology agitation in both places.

For the rest of the world, the intensity of Soviet diplomacy was a function of various regions’ proximity to the U.S.S.R.

In September, Brezhnev gave a six-point Mideast peace plan, machined to dovetail with Arab League proposals, while Soviet press explanations of the plan stressed the replacement of U.S. diplomacy by multilateral responsibility for the region. During the summer war in Lebanon, the Soviets replaced Syrian weapons, but showed no inclination to get militarily involved more directly in the Mideast.

In Asia, Moscow sought alignments of stability, on which the Soviet leadership might hope to rely even as the rest of the world plunged into ruin. Andropov’s first diplomatic meetings were with Prime Minister Indira Gandhi of India and, more unusually, Pakistan’s Zia ul-Haq. But the most dramatic shift occurred in Moscow’s relations with Peking, beginning with a feeler from Tikhonov on Feb. 14, when he spoke of “concrete steps” Moscow wanted to take towards “normalization” of relations with China, and said there were “no problems in Sino-Soviet relations that could not be decided.” Brezhnev expanded the overture in an April speech in Tashkent, and by the time of his death, “normalization” talks were under way and the Chinese Foreign Minister was greeted by Andropov in Moscow for the first time since the 1960s.

# American intelligence wakes up to the truth about the Anglo-Soviet connection

by Konstantin George in Wiesbaden

If the British intelligence service were to coin a phrase that would best summarize the past 30-odd years of Anglo-Soviet intelligence coups and policy successes, it would read in the spirit of the famed P. T. Barnum saying: "There's an American sucker born every minute." The year 1982 marked a turning point in this ugly and repetitively boring post-war process of Britons hoodwinking Americans. This year, through a series of Anglo-KGB operations which have been exposed, American intelligence officials are now aware of how they've been played for suckers. All-out intelligence warfare is raging.

The recent exposure and conviction of British citizen Geoffrey Prime as a key Anglo-Soviet intelligence operative, responsible for handing over to the KGB thousands of top-secret documents and codes from the Cheltenham communications center where he worked, marked the point of no return in American tolerance of Anglo-Soviet capers. The exposure, in which certain U.S. intelligence circles played no small part, came after a wave of disgust in those circles at Britain's Malvinas War.

Previous crucial disclosures of Anglo-Soviet operatives from the 1920s "Cambridge Apostles" faggot cult includes the original homosexual defection pair, Guy Burgess and Donald MacLean, who crossed over in 1951, and their equally queer associate Kim Philby, who defected in 1963 to a new nominal career in the KGB, where he remains to this day with the rank of general. Philby was joined a few years later in the Soviet Union by Soviet master spy George Blake, who had been arrested in 1961 as part of a sweep of a major Soviet network in Great Britain, only to "miraculously escape" from a maximum-security British prison, and successfully reach Soviet soil. At the end of the 1970s, the "fourth man" in the Burgess-MacLean-Philby affair was publicly exposed and found to be a key official of the British royal household, Anthony Blunt.

No sooner did the Prime case "close" on Nov. 10 with a 38-year sentence designed to placate the enraged American intelligence community, than a Canadian Professor, John Hambledon, was arrested and charged with having passed documents marked "cosmic" (the highest possible classification) to the KGB during his tenure on the economic staff at

NATO headquarters in Paris from 1956 to 1961. Hambledon, in his testimony, admitted to having been in regular contact with the Soviet KGB and the East German Staatssicherheitsdienst (known colloquially as "Staasi," pronounced Shtazee) since 1947.

The highlight of Hambledon's spy career—as he stunningly revealed during the trial—was his 1975 meeting in Moscow with then KGB chief Yuri Andropov, at a Moscow apartment. Hambledon received eight years in prison. In between the Prime and Hambledon convictions, a co-worker of Prime's at Cheltenham mysteriously "committed suicide."

Yet another Anglo-Soviet caper recently exposed is that massive amounts of super-secret U.S. material flowing through the Reading, Great Britain, Cray-1 computer facility, were tapped into by Soviet agents, accessing it from the International Institute of Applied Systems Analysis in Laxenburg, Austria. IIASA was founded in 1972 by Dzhermen Gvishiani of the neo-Malthusian faction of the Soviet leadership, and McGeorge Bundy, former chairman of the NSC under Kennedy-Johnson, with the supervision of the late Lord Mountbatten's science adviser, Lord "Solly" Zuckerman. IIASA was established as the interface between the Club of Rome's Western and Eastern divisions, and the project center for neo-Malthusian "global modelling."

The Prime Affair and its sequels are exemplary of an array of joint Anglo-Soviet operations designed to undermine U.S. power and influence around the globe, including Western Europe. These Anglo-Soviet espionage activities, past and present, have succeeded in conduiting to Moscow every major U.S. military secret—all of which are, unfortunately, shared under the "special relationship" with Great Britain.

### Two case histories: then and now

To be able to slay this Anglo-KGB monster, Americans need a knowledge of history, their own as well as Russia's. Two case histories illustrate the continuity and the conceptual congruity in Anglo-KGB operations and their pre-1917 fore-runners. The two case histories are the London-manipulated Polish uprising of 1861, and the London-KGB joint destabilization of Poland since 1978. It ought to be clear to anyone that the London-KGB Polish operation, though it has not yet

succeeded in destroying Poland and precipitating a blood-bath, has nonetheless, through manipulation of Soviet fears and anxieties concerning regions bordering the Soviet Union, been a key element in the events and processes which led to the election of Yuri Andropov, the KGB head, as general-secretary.

In the 1860s Russia's chauvinistic, Slavophile anti-industrial landed oligarchy used the pretext of the "Polish crisis" to force the first partial shift in the Russian factional situation in their favor, against the general pro-American and pro-industrial policies of Czar Alexander II. Alexander II caved in to the demands of the secret-police faction led by the evil anti-American and pro-British scoundrel Count Dmitri Tolstoy, to not merely put down the Polish insurrection, but to rape Poland through brutal repression and forced Russification. The legacy of the Russification à la Tolstoy enforced on Poland then still haunts us today.

The 20 years from 1861 to 1881 saw all-out factional warfare inside Russia between the pro-American faction and the oligarchic-secret police faction allied with Britain. The secret police deployment against Alexander II included a massive terrorist-smuggling network called the Narodnaya Volya, or Narodniki. This operation assassinated Alexander II in 1881, bringing to power the mystical chauvinists led by Dmitri Tolstoy and the Russian Orthodox leader Pobedonovstsev, Procurator of the Holy Synod. In that same year, exactly 100 years before the attempted assassinations of President Reagan and Pope John Paul II by Anglican-Jesuit-KGB networks, U.S. President James Garfield was also assassinated by a British operative. In 1865, Abraham Lincoln had fallen to the bullets of a British-run assassination plot. One year later, his Civil War ally Alexander II, had narrowly missed assassination, also through a British-linked attempt. These are just a few highlights of the raging U.S.-British intelligence warfare in the 19th century and its extension in the history of Russian factional warfare.

The Narodniki-Tolstoy secret police linked to terrorists of the 1870s became, in exile in Switzerland—then as now a notorious safehouse for such types—the 1880s founders of the Russian Social Democracy—Plekhanov, Axelrod, and Vera Zasulich. This was Wave I of Anglo-Venetian operatives establishing the Social Democracy. Wave II, the faction within the Bolsheviks which Lenin opposed, included Anglo-Venetian operatives grouped around Alexander Helphand "Parvus," L. Trotsky, N. Bukharin, Ryazanov, C. Rakovsky, G. Zinoviev, Kamenev, to name but a few of the wretches involved in the Anglo-Swiss attempted dissolution of Russia through "permanent revolution," an operation which Lenin brilliantly foiled.

A study of Christian Rakovsky's role and career as an Anglo-Venetian operative and his pre-World War I training (along with many other left Bolsheviks including Trotsky, Lunacharsky, and Balabanoff) at the Mazzinist Freemasonic Bologna school, would be of enormous value to Italian magistrates, among others currently investigating the Bulgarian

network connection in weapons and drug smuggling and attempted assassination of the Pope. For Rakovsky was the creator of the Bulgarian Social Democracy, and later, the disproportionately large Bulgarian Communist Party. Under the tutelage of the Rakovsky-Zinoviev-Comintern machine, the Bulgarian CP (note the case history of Georgii Dimitrov) played an exceptionally large role in the Comintern. Andropov and the KGB are the heirs of the Suslov-Kuusinen-Ponomarev Comintern crowd in the Kremlin. In France, for instance, the name of Andropov has long carried the sobriquet "Son of Suslov."

### **A grand offensive**

The Anglo-KGB plan is to achieve a decisive strategic weakening of the United States, while reinforcing of the Andropov shift in Soviet policy to favor the interests of Soviet oligarchic-minded factions who share the racist and genocidal impulses of London. The last century's U.S.-British warfare reflected in massive and bloody Russian factional struggles is no less the case today. In the past four to five years which marked Andropov's rise to power, hundreds of Soviet officials, party, government, police, and military, have died in air and car crashes, or expired at ridiculously young ages of "sudden" heart attacks and illnesses.

A full-scale Anglo-KGB offensive for 1983 is already underway. A top British source disclosed in December that Kim Philby will soon be publishing Part II of his memoirs, dealing with the late 1950s to the present, "to create mischief and stir confusion" in the West. Western European sources with extensive networks in the East bloc say to expect "a major KGB offensive in the West, an offensive so big as to elicit countermeasures," adding, "the Bulgarians are extremely active in West Germany, especially in the Munich area.

The rash tempo of the Anglo-KGB offensive has been occasioned by the prospects of President Reagan moving to develop a U.S. beam-weapons program. Under the geometry of joint U.S.-Soviet development of beam weapons, the East-West mediating role played by Britain and Israeli intelligence on the basis of their nuclear weapons capabilities, would vanish overnight, and a U.S.-Soviet strategic relationship would exist, unmediated. No one dare underestimate the rage exuding in British intelligence, oligarchic-minded currents, and a large portion of Israeli intelligence at contemplating such a direct threat to their power and influence.

A lot of damage has been done to U.S. interests by the British-KGB apparatus since the Burgess-MacLean defection in 1951, several weeks after Gen. Douglas MacArthur was sacked by British agent-of-influence Averell Harriman, the policy controller of the Truman White House. Nineteen eighty-three could provide the opportunity where the tide, long running in Britain's favor, may be turning to the advantage of America. Now, as in the last century, there will be no problem in distinguishing Russian patriots from chauvinists and Malthusians. The patriots will ally with American patriots.

# Narcotics, terrorism, and weapons traffic: an East-West conspiracy at the center

by Nora Hamerman

One of the more promising, but less reported, developments of 1982 was the U.S. administration's unleashing of a "war on drugs" policy. On Nov. 17, 1982, President Reagan himself gave a speech at Florida's Homestead Air Force Base. Standing amid tons of illegal drugs and millions of narcotics dollars confiscated by the South Florida Task Force, Reagan paid tribute to the task force's achievement and vowed that his administration's goal is "to break the power of the mob in America" and nothing short of that. He said, "We mean to end their profits, imprison their members, and cripple their organizations."

This publication, the world's leading authority on organized crime, has reason to believe that at least some forces in the Reagan White House are serious about that objective. Exactly a year ago we described 1981 as "the year of the global assassins" and charged that the bullets that had hit Egypt's Sadat, Pope John Paul II, and Ronald Reagan were not the product of "lone assassins" but served a common political aim. That aim is the destruction of all nations and institutions, and all national and world leaders, who would stand in the way of the imposition of a global "post-industrial" order. Drugs, as we have insisted since 1978 when *EIR* coined the term "Dope Inc." for the international illegal-drugs cartel, are merely the most effective means to that end.

Reagan is one of the survivors of the 1981 murder attempts who fought back in 1982; Pope John Paul II is another. At the beginning of the year the Pope gave his support to a "Crusade against the Mafia" declared by the Catholic Church in Sicily. In October, he went to Palermo, the capital of Sicily, to reiterate that policy. And during the course of the year, steps were taken to free Vatican finance from the grip of a network of individuals linked to the outlawed Propaganda-2 (P-2) Freemasonic lodge, a high-level conspiratorial organization deployed by British secret intelligence with coordinating capabilities in "left" and "right" terrorism and in the drugs-weapons traffic that makes terrorism possible. There can be no doubt that the Church's efforts to disentangle itself

from certain operations of the P-2 bank, Banco Ambrosiano, opened the way for one of the crucial developments of this year, the Jan. 25 indictments and the November opening of the trial of more than 75 top "Mafiosi" involved in a Sicily-to-U.S. heroin ring, in Palermo.

In December, Reagan asked the U.S. Congress for more than \$130 million to finance 12 special anti-drug task forces, modeled on the South Florida unit. The President's program is recognized that the drug networks, the terrorist networks, and the mafia are one animal. Although this was not publicly announced, sources in the U.S. Attorney General's office told *EIR* that when Attorney General William French Smith toured Asia and Western Europe this fall, his discussions with his counterparts centered on joint international efforts to combat both drugs *and terrorism*.

### The case of Bolivia

Until elections this past fall brought to power President Hernan Siles Zuazo, Bolivia was a haven of avowed Nazi terrorists, many of them fugitives from European justice, who ran the lucrative (and rapidly growing) cocaine trade to Europe and the United States. As his first act in office, Siles Zuazo ordered the arrest of two long-wanted fascist terrorists, Stefano Delle Chiaie and Pier Luigi Pagliai, kingpins of the Bolivian cocaine trade. Although Delle Chiaie is still at large, Pagliai was caught and extradited to Italy. Among the crimes for which the pair is wanted is the August 1980 train-station bombing in Bologna, Italy, which killed more than 80 people. As we go to press, the Bolivian government has purged from the military former President Luis García Meza, who carried out the 1980 "cocaine coup."

The Bolivian cocaine trail leads to some much bigger fish, however. According to testimony given in the Bologna cases to Italian magistrates, Delle Chiaie got his orders for the Bologna massacre from an April 1980 meeting of the "Monte Carlo Lodge" in Monte Carlo, led by Licio Gelli, Grand Master of the outlawed Propaganda-2 Freemasonic

lodge, which was revealed in 1981 to have been involved in every major coup attempt and terrorist atrocity both "left" and "right" that had taken place in the previous decade in Italy. Among the members of the Monte Carlo Lodge of Gelli, according to witnesses, was former U.S. Secretary of State Henry Kissinger.

Kissinger's name cropped up in another connection. It was Kissinger who, on Nov. 17, 1981, had chaired a meeting in Rio de Janeiro of the Georgetown Center for International and Strategic Studies to which some of the world's most notorious narcotics bankers were invited. Brazil then emerged rapidly for the first time as a principal outlet for cocaine from landlocked Bolivia to European and U.S. markets.

It is important to underline Kissinger's links to a thug like Stefano Delle Chiaie. Not by accident is Kissinger best known in the developing countries as the enforcer of the debt-collection policies of the London and Swiss bankers, policies now directed toward grabbing the raw materials of the "South." At the same time Siles Zuazo was cracking down on the cocaine mob, he took the initiative to call on the Andean Pact countries to jointly renegotiate their foreign debt. The Andean Pact was founded on the basis of Pope Paul VI's *Populorum Progressio*, a document which insisted that debt payment must never be carried out at the expense of vital economic development.

The test of the Reagan administration's "war on drugs" will be U.S. willingness to give full back-up in cleaning the Nazi-cocaine network in Bolivia, no matter what Henry Kissinger and his influential friends have to say on the matter. The second is that there will not be an effective economic recovery unless governments act on the understanding that Dope, Inc.'s underlying political aim is to block the new world economic order and maintain, at all costs, the power of the oligarchy.

### January-March: The Dozier affair

Italian anti-terror squads liberated NATO General James Dozier from his Red Brigades kidnapers Jan. 28 in Padua, turning the tide in a decade-long battle between the state and the terrorists who had claimed the life of former Italian Prime Minister Aldo Moro in 1978. Probably more important than the freeing of Dozier, and certainly crucial to its success, was the little-publicized fact that on Jan. 25, three days earlier, Judge Falcone in Palermo, Sicily had handed down 75 indictments against a ring running vast amounts of heroin into the United States via Sicily every year. The ring included Dr. Joseph Miceli-Crimi, an aide to Propaganda-2 lodge chief Licio Gelli.

The same day Dozier was freed, Italian police arrested 40 members of a drug-running gang, part of the "mafia" protecting the Red Brigades in northern Italy. Leader of the gang was a close associate of Italian Socialist Party controller Giacomo Mancini, whom *EIR* has long indicated as a mafia and terrorism boss. It was not until October, however, that

Mancini himself was quietly indicted. The gang arrested Jan. 28 was running drugs from Turkey into northern Italy via Bulgaria, another lead with large future implications.

In mid-January, while Dozier was still in the hands of the Red Brigades, Prime Minister Giovanni Spadolini called a meeting of his national security council and elaborated a six-point program against organized crime, including investigating particularly the banking side of the drug mafia, putting under severe scrutiny the firms and suspected import-export companies. "Organized crime and terrorism are two inter-linked aspects of the threat against our democratic institutions," Spadolini declared. "We must fight back with intransigent firmness."

On Jan. 9, Italian police captured fugitive Prof. Giovanni Senzani, accused in the Moro murder of 1978. On Jan. 17, Judge Ferdinando Imposimato, the Rome magistrate in charge of the investigation of the Red Brigades, gave a press conference charging that several foreign intelligence agencies, including the Soviet KGB, the Israeli Mossad, and Libyan intelligence, were collaborating with the Red Brigades against Italy.

The Dozier investigation and the Palermo indictments opened up several U.S. leads. One was through P-2 member Francesco Pazienza, who reportedly delivered P-2 funds to State Department adviser Michael Ledeen to promote the rise to power of the Italian Socialists. Another trail led to the Carter administration and the "Billygate" scandal via Socialist lawyer Michele Papa, the point-man in Sicily for various Qaddafi-funded "Sicilian separatist" operations. Papa arranged Billy Carter's trip to Italy in 1977.

Then on Jan. 29 Italian magistrates sued Sterling National Bank of New York City, the bank which handles all financial operations for the Anti-Defamation League of B'nai B'rith, for having financed a \$27 million fraud operation for jailed Sicilian financier Michele Sindona. Sindona was one of the indicted in Palermo for heroin trafficking; he had claimed in his defense in the fraud case around Franklin National Bank in New York, for which he is currently serving time, that he was working with the "CIA" to raise money for a "Sicilian separatist" coup against the Italian state.

In February, one of Italy's top trade-union officials, Luigi Scricciolo, international affairs chief of the UIL labor confederation, was arrested as a Red Brigades member. It turned out that the Italian secret services had received information more than a year earlier that he was supposed to deliver information extracted from General Dozier. Scricciolo had been protected because the heads of the Italian secret services, until May 1981, were members of Licio Gelli's Propaganda-2 lodge. The Scricciolo case highlighted yet another U.S. connection to the P-2/terrorist conspiracy—Scricciolo had been working for years in close collaboration with the International Affairs Department of the AFL-CIO. Witnesses captured in the Dozier rescue testified that Scricciolo, while handling the liaison between Western trade unions and Polish

Soilidarity, was simultaneously functioning as the “public relations” officer of the Red Brigades.

## Operation Nightmare

On March 17, Lyndon LaRouche rushed to relevant U.S. government agencies his estimate that the transatlantic “peace movement” was massively complicit in assisting a prepared, Qaddafi-backed revolution in Sicily against U.S. ally Italy. Subsequent information confirmed that the deployment of U.S. and European “peaceniks” against the placing of U.S. missiles in Sicily was a planned cover for the mobilizing of another kind of insurrection within Sicily itself. LaRouche linked this plot to Sindona’s complaint that he had been a faithful asset of U.S. intelligence services “hung out to dry” to take the fall for a dirty operation against the Vatican’s finances in the Franklin National Bank affair. It is very credible that Sindona was indeed shipped back to Sicily, as he claimed, to help organize a Carter administration-sponsored Sicilian insurrection.

LaRouche continued by noting, in his *EIR* article published April 6, that “this is also the crowd that organized the attempted assassination of Pope John Paul II” by Turkish assassin Ali Agca, a member of the Grey Wolves fascist heroin-running gang. At the top, this network is run by the literal heirs and survivors of the Nazi regime, the Black International. It was they who backed, from behind the curtains, the meeting of Libyan dictator Muammar Qaddafi in Vienna during the second week of March with various leaders of the European “green” peace movement to discuss the building of separatist movements.

The Sicilian separatist revolt was code-named Operation Nightmare and, we reported, was being readied under “a truly nightmarish alliance including Qaddafi, British secret intelligence, Soviet military intelligence, and U.S. networks including Secretary of State Alexander Haig.” *EIR*’s intervention, along with the warnings of La Rouche and the European Labor Party in Italy, helped to defuse Operation Nightmare.

Most important in the Spadolini government’s retaliation was the naming of Gen. Carlo Alberto Dalla Chiesa, deputy head of the Carabinieri (military police), to the position of “super-prefect” in Palermo to “unleash an attack against the Mafia” and to “investigate the drug traffic, including identifying its political and international links.” Through the month of April, *EIR* documented that “Sicilian separatism” had been a creation, along with the Mafia itself, of British secret intelligence, and that the current P-2 lodge was being backed by Edward, Duke of Kent, cousin of the Queen of England, in a conspiracy to return the Savoy monarchy to power in Italy. In a Special Report published April 20, we detailed the hand of the old Nazi networks and their Swiss banking supporters behind the present-day coup and terror network.

And, in a document published in the July 20 *EIR*, LaRouche warned that this old Nazi network was playing the “Soviet card,” in an effort to lure elements of the Warsaw

Pact into certain limited forms of collaboration with a “world-federalist” project which would envision the shattering of nation states by ethnic separatist movements.

In September, Gen. Carlo Alberto Dalla Chiesa, Italy’s leading anti-terrorist police official, was gunned down in Palermo by Mafiosi armed with Soviet-made Kalaschnikov weapons. In November, Italian magistrates following up a three-year investigation cracked the Milan base of a huge East-West drugs-for-weapons ring, with close ties to the Banco Ambrosiano (see article page 40).

LaRouche’s warning has proved prophetic for what is now being pursued as the “Bulgarian track” in three separate investigations in Italy—three different crimes which until late this year, *EIR* was alone in insisting were intimately connected. The three cases are AFL-CIO international affairs associate Luigi Scricciolo, the Red Brigader who has confessed to being a Bulgarian spy; the Milan Stipam company as the Italian end of the East-West drugs-weapons ring; and the attempted assassination of the Pope by Ali Agca.

## The Middle East branch of Dope, Inc.

The “separatist” terrorism run by these networks is also the hallmark of the Middle Eastern components of the Dope, Inc. network. As *EIR* highlighted in a Dec. 14 cover story on Egypt, President Mubarak is now fighting for his life against the Alexandria-based drug mafia, which is the local branch of the Mediterranean-based Mafia operating in the Lebanon/Syria region, Israel, Turkey, Egypt, and Italy, and controlled at the top by the Grand Mother Lodge of England. It was the Grand Mother Lodge which the European Labor Party, in a legal brief submitted to a Milan court in August, urged must be investigated in the ritual murder of banker Roberto Calvi, former president of the Banco Ambrosiano who was found hanged in May under Blackfriar’s Bridge in London.

Egypt and Pakistan, which are the source for most of the heroin processed in Sicily and shipped to the U.S., present the challenge of the real “war on drugs” to the Reagan administration in the same stark way as Bolivia. As long as U.S. State Department aides prefer Henry Kissinger and David Rockefeller’s “Open Door” policy of collaboration with the drug mafia in Egypt to offering debt relief and economic development, that country will veer dangerously toward destabilization and disintegration. As for Pakistan, the recent warm welcome given to dictator Zia by the administration—even though Zia’s own family and closest associates have been implicated in the world’s biggest heroin trafficking—cannot co-exist with a serious war on drugs.

If the United States, France, Japan, and other industrialized powers fail to support the New World Economic Order in 1983, it is certain that the “war on drugs” will soon be lost. The spectacular achievements of Italian magistrates, the sacrifice of General Dalla Chiesa, the efforts of American drug enforcement officials, and the fight of Mubarak, Siles Zuazo, and other national leaders during 1982 merit a full victory.

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## The Kissinger Case

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# Dr. K.'s career takes a turn for the worse

by Mark Burdman

As 1982 neared its end, things began to go very badly for Dr. Henry Kissinger.

As bad as things were, 1983 promises to be a lot worse.

There is a rumor being widely circulated from the corners of Byzantine Bavaria, through the circles of insiders in Tel Aviv, and into the faraway regions of Ibero-America's Southern Cone, that if somebody surfaces on Jan. 20, 1983, claiming to be Henry Kissinger, it will be an impostor.

The real Dr. Kissinger is, from all signs, to be relegated to the dustbins of history and the dark fires of the Inferno faster than many might have imagined as recently as the spring of 1982.

On May 10, a pompous and self-obsessed Henry Kissinger, adopting the image of a self-confident sage, appeared before his real mother (apologies to the unfortunate woman in New York's Washington Heights), the Royal Institute of International Affairs in London, the home base of the British royal family's foreign policy apparatus. The confidence belied an underlying uneasiness about the buzzing gossip in high-society circles in London and elsewhere about why his vampire-like wife ("Die Fledermaus" as Franz-Josef Strauss might put it) had reacted with such apoplexy, to the point of committing assault in an airport, when the question of Henry's love for little boys had been raised.

On May 10, it was in the back of Henry's mind: were there covert gossip-hungry enemies lurking in the crowd, who might pop an unpleasant question at an inopportune moment?

It was the period of the so-called Falklands War. Henry rose to speak, and proclaimed his unshakeable admiration for the "Hobbesian" British system of "world order" founded on the belief that all men were in eternal war against all.

Henry had confessed: he was a beast.

But it was a world in turmoil, a world of grave crisis, of escalating crisis, and Henry's overarching bestiality and lewd personal pursuits were beginning to be perceived as a liability by some of those powerful Venice-centered forces who presume to rule the world.

In early October, *EIR* founder and American political leader Lyndon H. LaRouche, Jr., summed up the point in a now-famous piece entitled, "How Henry Kissinger Will Be Destroyed." LaRouche said in part:

"Soon, most probably, Henry Kissinger will be destroyed, at the zenith of his apparent political power. Probably, his tragic downfall will be awe-inspiring to many, and may be regarded as terrible, apocalyptic justice by many religious folk.

"One might wish that this scoundrel would survive the Fate of Oedipus about to strike him. Let him be a politically powerless, friendless piece of wretched political carrion, walking from place to place, to be the object of scorn for those widows and orphans who know him to have been the instrument of their own deprivation. So, let that course of history be God's justice on this unspeakable *Golem*.

"Admittedly, we cannot forecast the details of the matter. Kissinger is reportedly a cardio-vascular risk, and, because of his psycho-sexual similarities to the Emperor Nero, might choose that coward's way out of his troubles. . . .

"Suddenly, Kissinger's sponsors have two choices, and no other. Dump Kissinger, because he and what he represents have become worse than useless, or continue to deploy Kissinger, and go down into apocalyptic ruins with him.

"The not improbable thing is that they will dump Kissinger and perhaps stop his mouth, as many other oligarchs accomplices's mouths are stopped nowadays, to prevent a Kissinger, angry at being dumped, from unleashing such information as the files of Pocantico Hills. It is their oligarchical nature, to deal so with too-well-informed tools who have become more a source of potential embarrassment than anything useful.

"So, God's laws destroy the Olympian usurpers. So, Kissinger is about to be destroyed."

Evidently, Fat Henry quickly got the message.

### Tirades against LaRouche

For almost a decade, the pompous ogre (Franz-Josef Strauss might call him an "Ungeheuer") had systematically and brutally harassed the LaRouche organization and its supporters, while claiming all the while that "LaRouche did not exist." By Oct. 22, 1982, all this had changed dramatically.

Before a prestigious audience at the American Stock Exchange's "U.S. Perspectives II" conference in Washington, Kissinger went into a wild tirade against LaRouche, in response to an *EIR* correspondent's bare mention of the name "Bhutto," the former Pakistani president whose juridical murder Kissinger had personally orchestrated.

All of Washington was soon abuzz, and insiders continued to talk about it as the year came to an end: "Boy, Kissinger really became unhinged! He really made an ass out of himself! What's going on?"

Troubles soon followed Henry Kissinger to Europe.

On Nov. 2, a special-operations "Kissinger Watch" was created in West Germany, with tracking capabilities extending from Ireland through the Middle East.

The Kissinger Watch, penetrating top-level circles of British intelligence, discovered that Kissinger was due in London from Nov. 12-15 for a series of secret meetings,



beginning with a private dinner at 10 Downing Street with Maggie Thatcher, and culminating in a shadowy conclave with various controllers of British and Venetian intelligence.

The Kissinger Watch established that a prime focus of these conclaves would be to put the finishing touches on a nasty real-estate-buying operation in the West Bank.

Leading anti-British intelligence factions around the world began to pick up the details of the story. On November 6, the Kuwaiti News Agency circulated a dispatch of an article that appeared on the same day in the Kuwaiti newspaper *As-Siyassah* citing "well-informed French political sources" on the land-scam scandal. The dispatch read in part:

"It has been revealed that there will be a series of secret meetings in London Nov. 14-15 involving Dr. Kissinger, Alexander Haig, Lord Carrington, and various British personalities such as Lord Harlech and Julian Amery, as well as Miles Copeland, a former CIA agent in Egypt, living in London for the last 15 years. . . . The London meeting will aim at gathering the necessary money for investments in the West Bank and Gaza, and their exploitation for real-estate speculation. The sources have pointed out that the early release of the news of the meeting may lead to its cancellation.

A controlled aversive environment was building around Kissinger.

On Nov. 10, in the ongoing Moro-Red Brigades trial in Rome, an associate of the murdered former Italian Prime Minister Aldo Moro, Sr. Corrado Guerzoni, revealed that Kissinger had been the "important American politician" who had blackmailed Moro and effectively ordered Moro's kidnapping and murder—as LaRouche's associates in the European Labor Party had charged in a legal brief filed in Milan on Aug. 14, 1982.

Kissinger's enemies, actual and prospective, began to smell blood.

### Strange occurrences

On Nov. 10, Fat Henry arrived in Paris. Informed French circles, enraged at Kissinger's duplicity, told *EIR* that he was secretly bad-mouthing U.S. President Reagan, in alliance with AFL-CIO chief Lane Kirkland, in order to put Walter Mondale into the White House in 1984. These French circles have since been investigating the hypothesis that the close personal relations between Kissinger and the disreputable French Justice Minister Robert Badinter lie in their mutual sexual preference for pre-pubescent boys.

On Nov. 11, Kissinger arrived in Munich for private meetings with Bavarian State-President Franz-Josef Strauss. While Strauss and Fat Henry huddled privately in the executive chambers, Strauss's aides listened in the next room with intense interest to the information about Kissinger's illicit pursuits. Strauss is the world's past master at political intrigue and blackmail.

On Nov. 12, Kissinger was receiving calls in his Munich hotel room from British sources (associated with the ubiquitous "Ms. Queer," an expert Kissinger-watcher) telling him

that he was "not wanted" in London. The airports in Munich and London were abuzz with stories about Kissinger's procurement of male models.

On Nov. 13, Lord George Weidenfeld, chief of the prestigious Weidenfeld and Nicolson firm, indicated to *EIR* that he was dismayed by all the publicity his relationship with Fat Henry was attracting. Mrs. Elma Dangerfield, London's most perspicacious gossip, told *EIR* that "we've gathered that Kissinger is on the decline"; "Henry Kissinger has become too expensive for us," she insisted. Further south, Venetian intelligence coordinator Count Volpi di Misurata acknowledged the possibility that Kissinger was on the way out.

### Press revelations

The crescendo mounted.

On Nov. 14, Italy's *Il Giorno* shocked the world with a story that newly installed Soviet leader Andropov had over the years as KGB chief accumulated a vast file on Kissinger's "nocturnal sexual escapades" and was prepared to use that to blackmail Fat Henry at any moment. Three days later, the same paper cited *EIR* as the source of additional information reporting Kissinger's involvement in a sordid "homosexual international, a sort of 'gay' brotherhood."

The story was out of the bag, and Kissinger was becoming clinically paranoid, leaking a story through the Italian paper *La Repubblica* Nov. 16 that all the attacks on him in the world were to have "originated with a campaign against the ex-Secretary of State, orchestrated for some time by an American political group, the so-called Labor Party of Lyndon LaRouche, who accuse Kissinger of being at the center of many 'international conspiracies,' not excluding the kidnapping of Moro."

By year's end, the only relevant question had become: which of Kissinger's many enemies will put the finishing touches on his demise? Will it be those Israelis who hate Kissinger for his lying and deceitful diplomacy and barely concealed anti-Semitism? During the last weeks of 1982, hundreds of thousands of Israelis had read with delight the exposés of Kissinger's ties to international terrorism and the mafia appearing in the popular anti-crime monthly *Meir*.

Will it be the Ibero-Americans, burning with anger at Kissinger's genocidal policies toward that continent? The Nov. 14 issue of Venezuela's daily *El Mundo* on the pages reserved for the tales of common criminals, had reported the Guerzoni bombshell as "confirming the charges of Lyndon LaRouche that Henry Kissinger was the intellectual author" of the murder of Moro. Journals in Peru and Argentina have followed suit with extensive dossiers on Kissinger's collusion with the International Monetary Fund to topple governments and bring Nazi economics south.

Or perhaps the American population will break out of its media-induced docility, and make Kissinger pay for his three decades of betrayal, for Watergate, the 1973 "oil war," the doctrine of nuclear terror, and all the rest?

Or, finally, maybe it will be the British themselves.

# LaRouche-Teller proposal dislodges MAD doctrine and 'nuclear freeze'

by Paul Gallagher

In the battle over Western defense strategy, 1982 did not turn out to be what Britain's Tavistock Institute, the BBC, and MIT had planned, the year of revival of J. Robert Oppenheimer and Bertrand Russell. Instead, it became the year of Edward Teller and Lyndon H. LaRouche, and the prospect of mutually assured survival through "defensive nuclear weapons," i.e., energy-beam anti-ballistic missile systems.

At a Feb. 17 *EIR* meeting in Washington, D.C., LaRouche proposed a counterattack to drive back the green-fascist "European peace movement" then beating on the door of the United States.

## 'Disarmament doesn't work'

"Disarmament doesn't work," said LaRouche. "Disarmament movements throughout this century are the prelude to general war. Peace requires an open U.S.-Soviet race to develop relativistic energy-beam ABM defenses, 'beam weapons.' Technologies can be perfected, beginning with high-power laser technologies, to knock out the proverbial 99 and 44 one-hundredths percent of ICBMs launched. War-avoidance means that one or both of the superpowers must develop this capability."

Because the "peace movement" is premised on the Mutually Assured Destruction doctrine of Henry Kissinger and Robert McNamara, which has frozen the strategic situation around the terrifying and unopposed offensive power of the nuclear ICBM, the movement in truth contributes to the most dangerous threat of military holocaust in the 20th century. Hothoused in Europe, funded by Libya's Qaddafi and the KGB, and engaged in violent demonstrations, this "peace movement" was a *planned destabilization* of Helmut Schmidt and Ronald Reagan, manipulating popular fears associated with Mutually Assured Destruction under the special conditions of a world economic and political crisis.

This international "nuclear freeze" movement was initiated by military and scientific intelligence specialists operating under the direction of Britain's Tavistock and Royal Institute for International Affairs, as well as its U.S. branch, the Council on Foreign Relations, the Stockholm International Peace Research Institute (SIPRI), and similar think-tanks of the northern European oligarchy.

When brought to the United States during 1981, "nuclear freeze" was put under the operational direction of the Union

of Concerned Scientists (UCS), an elite network of "former" military-intelligence and weapons specialists which is currently the most influential anti-nuclear organization in the country. In March 1982, overall control of the "peace movement" was assumed by Robert Strange McNamara, McGeorge Bundy, George F. Kennan, and Gerard Smith at the CFR. This "Gang of Four," as UCS leaders like Daniel Ellsberg, Richard Falk and Henry Kendall refer to them, wrote an April *Foreign Affairs* article proposing a policy of "no first use" of nuclear weapons. This "doctrine," which has received the most effusive public encouragement from Yuri Andropov's Soviet KGB, was nothing but a proposal for a rapid *conventional arms-buildup* by the NATO powers, combined with a halt to any further advances in nuclear weapons, and an absurd pledge not to use nuclear weapons except *after* an all-out attack.

This proposed to make Europe a "conventional" shooting gallery, as French Defense Minister Hernu has scathingly observed. The preoccupation of McNamara et al., however, was the "new era" of "NATO out-of-area deployments" against the Third World, launched by the British attack on Argentina. This doctrine, often accurately referred to as "population and raw-materials wars," requires a conventional military buildup and a tacit Soviet agreement to allow NATO a free hand in most of the underdeveloped sector.

Such a buildup is the policy of the "nuclear freeze," and an outline of it was drafted during 1982 at MIT, by Kendall and others associated with UCS in between leading "peace" rallies. The movement, built through media hype, was a weapon to destabilize President Reagan and force him to accept this lunatic doctrine, in the face of Soviet nuclear modernization and all-out ABM beam-technology development programs, which Kissinger and McNamara insisted could be halted by negotiation and "the crumbling of the Soviet empire."

As Dr. Teller succinctly stated in an Oct. 27 National Press Club presentation, if this McNamara "nuclear freeze" doctrine prevailed, the United States faced either surrender or the certainty of nuclear war during the 1980s. In a December interview with the German daily *Die Welt*, Teller compared the European "greens" to the fascist brownshirts of the inter-war period; Teller was a graduate student in Germany during that time.

Dr. Teller had launched an organizing effort against the "nuclear freeze" during the California state referendum debate on nuclear weapons in September; he then campaigned nationally for a crash program of beam-weapons development and a policy of "attacking the cause of war" through high-technology development of the Third World.

When Teller entered the battle as a public spokesman of great scientific stature, the White House made a clear if unannounced shift to a commitment to beam-weapons ABM development. The program is still secret, but the commitment has moved more and more to center-stage in the arms debate since the MX missile's legislative defeat.

The public presentations of Teller, LaRouche, and the Fusion Energy Foundation "surfaced" the energy-beam technology-breakout potential so rapidly and powerfully that British intelligence and U.S. congressional liberals are scrambling for fallback positions. The socialist and liberal media of Europe and the United States have issued assaults on reawakened "technological optimism," demanding that space-based ABMs be outlawed by new treaties or congressional resolutions, such as introduced by former Rhodes Scholar Sen. Larry Pressler (D-N.D.).

## Policy development

Following LaRouche's February proposal, hundreds of National Democratic Policy Committee (NDPC) chapters across the U.S. circulated LaRouche's pamphlet, "Only Beam-Weapons Can End the Kissingerian Age of Mutual Thermonuclear Terror." In Washington, D.C. the Fusion Energy Foundation conducted educational work among congressional, military, and government representatives concerned with undercutting the "freeze."

By late fall, FEF spokesmen had presented three general public briefings on Capitol Hill at the invitation of members of Congress: 60 to 70 persons attended each briefing. Sessions of questions and debate involving foreign diplomats and U.S. military men followed the presentations.

FEF specialists Steven Bardwell and Charles Stevens had no access to classified reports of work in this highly (and foolishly) secret area on the frontier of industrial technology. They had gained an overview of relativistic beam-weapons potentials from knowledge of plasma physics and fusion research, and from seven years of following and reporting aggressive Soviet development of high-power pulsed particle-beam and laser-beam sources. The U.S. programs they monitored as well were fitful, lagging far behind the Soviet concentration of effort.

Bardwell and Stevens followed up LaRouche's booklet with a detailed analysis of the revolutionary potential of high-frequency, or x-ray, lasers, which was widely read in Congress. Bardwell also drafted for *EIR* a 40,000-word technical report on beam-weapon technologies, comparing the U.S. and Soviet efforts in each field and detailing the industrial effects of developing these technologies.

Teller has insisted on dropping the secrecy of the pro-

gram, since the technological principles involved in directed-energy beams are long since no secret, at least to scientists in the five nations which have developed thermonuclear weapons. He also emphasizes that while ABM development will restore rationality and "buy time," these frontier technologies must be used rapidly to attack the underlying cause of war, the forced poverty and backwardness in developing nations.

## The spectre of Vietnam

In early October came a turning point in the debate. The Union of Concerned Scientists gave the "Einstein Peace Award" for 1982 to Robert Strange McNamara, McGeorge Bundy, and other CFR butchers of the Vietnam War, because of their *Foreign Affairs* article. The FEF's Dr. Steven Bardwell then began a 15-day tour of California, engaging in campus debates and speeches at the height of the "freeze" referendum debate; he found that students and professionals discovering the "McNamara connection" wanted nothing more to do with the nuclear freeze. With Bardwell and Teller transforming the California debate, the "freeze" fell from a 25-point landslide in early October polls, to a 3-point margin a month later on election day.

Other "freeze" spokesmen—M.I.T.'s Henry Kendall, Princeton's Richard Falk, and Daniel Ellsberg—were forced to admit the truth: they were not for disarmament at all, but promoting a conventional arms buildup to "back off" from nuclear technologies in the advanced countries. And they opposed all Third World nuclear energy and related economic development projects. Above all, Kendall and Falk told interviewers, they opposed the "American technological optimism" of an ABM crash program.

This "peace movement" was in fact supporting the new conventional arms doctrine of NATO—with funds conduited from a Soviet KGB which thoroughly approved of the change!

## A 'higher peace movement'

Since Dr. Bardwell's California tour in late October, the fight over beam-weapons policy has entered a crucial phase, eliciting shifts at the highest levels of NATO governments. In November and December, FEF spokesmen presented their program for energy-beam anti-ballistic-missile defense as a new peace initiative at 40 U.S. campuses, speaking to thousands of students and teachers, and receiving wide press coverage. They also made presentations to personnel at advanced-technology corporations, and met with members of Congress and executive office staffs.

Across Europe, Lyndon LaRouche and his scientific associates there, have addressed audiences of government, industry, and military officials in all the major European capitals except London, proposing a beam-weapons oriented "technology race" by both superpowers. They drew 60 representatives each in Bonn and Munich; 65 in Strasbourg; 50 in Paris; 30 in Stockholm and in Madrid; 20 in Brussels.

In Milan, at a conference organized by associates of LaRouche on the subject of Leonardo da Vinci, 1,500 people

attended. Speakers threw the Italian press into a weeklong uproar by stating: If Leonardo were alive today, he would be proposing and designing energy-beam ABM weapons. Yet despite the howls of the press and the arm-twisting of British intelligence assets in Rome, Dr. Jonathan Tennenbaum's presentation on beam-weapons there two weeks later was attended by 45 top Italian government and military representatives and others.

Meanwhile Dr. Teller appeared before the National Press Club in Washington, on NBC's "Nightline," and other television broadcasts, and then himself went to Israel and Europe.

The vigor and density of these initiatives elicited reactions around the world. The opponents of beam-weapon development, who would have preferred never to have been obliged to discuss the subject publicly, began to do so. The outcry began in earnest the week of Nov. 12, with editorial attacks in the London *Financial Times* and London *Guardian* on the notion of developing space-based laser ABM systems. That week the directors of the Tavistock Institute and Royal Institute for International Affairs, speaking to reporters in Europe, denounced "this beam-weapon thing as typical American technological optimism," in the words of one. The head of the Stockholm International Peace Research Institute, a central "nuclear freeze" planning group, denounced "fools" such as MIT's Prof. Costa Tsipis for claiming that beam-weapons were technically unfeasible, rather than suppressing the whole ABM idea.

On Nov. 18, the *Boston Globe* carried a full-page editorial blasting "Pentagon Atari" which admitted that space-based ABMs are on the near horizon and called for a national debate geared to halt them. (The *Globe* has refused to reprint a letter from LaRouche proposing to begin this debate at once.) The *New York Times* and *Los Angeles Times* followed with editorial attacks on space-based military systems; the Soviet *Literaturnaya Gazyeta*, whose editor heads the Soviet-British Friendship Society, published a violent attack on Dr. Teller, while only elliptically referring to his current activities.

In Europe, press coverage directly reflected government policy shifts. Heavy-handed slanders of LaRouche and FEF were run in the German and Italian press, and NATO pressure on the Belgian government succeeded in cancelling an invitation to Bardwell to address a government-sponsored energy-policy forum in Brussels, because he was scheduled to speak on beam weapons at another, earlier event in Belgium. In France, however, *Le Monde* gave prominent and accurate coverage to the beam-weapon proposals. French Defense Minister Hernu conducted a pro-nuclear attack on the NATO "conventional buildup" lunacy. Swedish and other Scandinavian industry-linked newspapers noted: only through the route of U.S. and Soviet ABM development, can ICBM disarmament follow.

### The congressional shift

In the United States, as the National Democratic Policy

Committee founded by LaRouche takes the beam-weapon question to the public at large, the battle has become intense, and in some quarters desperate. Opponents of an anti-missile defense are now acknowledging the need for ABM systems—though not, they say, for energy-beam development. Members of Averell Harriman's Democratic bloc in Congress, led by Sen. Larry Pressler of South Dakota and Kennedyite Joseph Moakley of Massachusetts, have moved to introduce resolutions barring all space-basing and testing of new military systems; these, however, have gone nowhere so far. An opposing resolution, sponsored by Senators Syms and Laxalt with the support of 54 others, has called for an end to Mutually Assured Destruction and development of strategic defensive systems. This forecasts an administration flanking response to the MX defeat; in fact, first-stage high-power laser ABM systems can be developed in the same time frame and cost as the MX program.

Meanwhile the Los Alamos Laboratory Theoretical Division has suddenly declassified a 1954 attack on Dr. Teller by Hans Bethe, an attack which was made into a cause célèbre by *Science* magazine and the *New York Times* wire service. The article—which among other things claims that the United States could have countered Soviet development of the hydrogen bomb without developing that weapon itself—has chiefly served, however, to fuel the interest generated by the NDPC and FEF in the beam-weapon potential.

Some of the younger scientific associates of Dr. Teller directly involved in U.S. beam-weapon development programs, have contributed articles on the technologies to defense-related journals—journals distributed to Congress as well. Other defense journals are publishing reports of FEF summaries of beam-weapon potentials.

One forthcoming article by Livermore Lab's Dr. Lowell Wood in *Defense Science* (January 1983) is said to be the most direct rebuttal of "scientific" arguments against space-based ABMs ever published by a scientist directly working on these "secret" technologies.

Will secrecy and MAD be simultaneously lifted off the back of U.S. science and technology? In remarks prepared for his organization's year-end national conference in New York, LaRouche insists that this can and must be accomplished with a crash program for beam-weapons. LaRouche observes that Soviet state policy, as distinct from that of Soviet military specialists, will not abandon the MAD terror-threat and its dismal "disarmament" correlate. Americans are, however, beginning to show support for breaking the MAD bind; LaRouche states his agreement with Teller that the Soviets "are not adventurers," and will respond with cautious rationality to such a development. In any case, they currently have the lead in the ABM development effort.

As these advanced energy-beam technologies come into the light, LaRouche concludes, "American technological optimism" can accomplish a true economic recovery, and establish the basis for the political avoidance of war, which, he specifies, no weapons system alone can provide.

# Will Reagan remain boxed in by the BIS 'permanent depression' plan?

by Richard Cohen

The early months of 1983 will decide whether the U.S. administration musters the will to reverse the current slide into deep economic depression and irreversible decline in national-security capabilities. Any serious presidential moves to that end will require a public and ruthless break with the Swiss-based Bank for International Settlements (BIS), the International Monetary Fund (IMF), the axis of City of London and New York banking interests and their two chief Washington-based spokesmen, Federal Reserve Board Chairman Paul A. Volcker and former Secretary of State Henry A. Kissinger.

The parameters of this projected 1983 political crisis became clear during the recently concluded lame-duck session of Congress, when two new political factors surfaced limiting the damage of late-year BIS efforts.

Washington and the U.S. Congress had been delivered a striking message as a result of the 1982 national elections. Notable shifts in both the electorate and organized local constituency groups, all suffering under the weight of increasing unemployment and general benefit cuts, made it known that any further tampering with the already pillaged domestic U.S. budget and with important entitlement programs, especially Social Security, would be politically intolerable.

### The BIS policy

Starting in April 1981, this journal alone has covered in detail the history of BIS-Volcker Tavistockian blackmail of the White House. At that time, inside agents of the BIS, Office of Management and Budget (OMB) Director David Stockman and presidential economic adviser and current chairman of the President's Commission on Social Security Alan Greenspan led a whispering campaign charging that Reagan's budget cuts were not enough; Stockman publicly suggested cuts in the Social Security program. The BIS, at their annual meeting in June 1981, warned that if the President did not meet their conditions, then Paul Volcker would have no alternative but to stick to high interest rates. The BIS demanded that Reagan seriously cut the U.S. defense budget, cut the rest of an already whittled-down domestic budget, initiate cuts in entitlement programs including Social Security, and finally, increase taxes and do away with Reagan's

personal income tax cut program. Since June 1981, the President has made significant concessions to these demands.

After an October-November 1981 presidential concession calling for deeper cuts in the U.S. domestic budget than the already austere Reagan '82 budget, a policy pushed through by Stockman and his mentor, White House Chief of Staff James Baker III, disaster struck. Reeling under the impact of growing unemployment and a decreasing revenue base, both the White House and the Democratic-controlled Congressional Budget Office (CBO) were forced to project even more shocking budget deficits into the planned 1983 budget—deficits they claimed were sure to require high interest rates if not drastically cut.

A bandwagon of leading Republicans and Democrats swung into action by the beginning of 1982 to front for the BIS-Volcker effort. The Democratic National Committee (DNC) chairman, banker Charles Manatt, AFL-CIO President Lane Kirkland, and former Vice-President Walter Mondale moved to subvert efforts among moderate Democrats in the House of Representatives and the Senate, led by House Majority Leader Jim Wright, Sen. John Melcher and Sen. David Boren to forge an alliance with the White House against BIS-Volcker blackmail. Then, these three Volcker frontmen led a public campaign blaming Reagan for high interest rates while claiming that Volcker was only doing his job. Now-leading candidates for the 1984 presidential nomination Sen. John Glenn, Sen. Gary Hart and Sen. Fritz Hollings also covered for the BIS-Volcker effort.

Of even more importance for the White House at that time was the boisterous conversion of the Senate Republican leadership to the BIS plan, headed by Senate Majority Leader Howard Baker (R-Tenn.), Senate Finance Committee Chairman Robert Dole (R-Kans.), and Senate Budget Committee Chairman Pete Domenici (R-N.M.). Reagan was told that he would either have to drop the second and third year of his tax cut proposal or drastically increase taxes. By mid-January 1982, after intensive consultations and meetings with leading New York commercial and investment bankers, Dole and Domenici's staffs had crafted a ground-breaking excise tax proposal.

By May 5, after a series of unholy backroom negotiations

between James Baker, the Senate Republican leadership, and O'Neill, a BIS-crafted new budget austerity package was agreed to. In addition to "deep cuts" in the domestic U.S. budget, the May 5 plan called for an additional \$99 billion in extra taxes in fiscal year 1985.

By October 1982 the absurdity of the BIS-Volcker monetarist policy was plain. After the most energetic, painful budget cutting in recent history and immediately after the most sizable tax increase in post-war history, the U.S. budget deficit had risen from an original OMB-estimated \$42.5 billion for fiscal year 1982 to a now-conservative estimate of \$190 billion for FY84. Most other responsible estimates go well over the \$200 billion level.

Exacerbating the sham of Reagan's March 5 deficit projections, the White House was informed no later than June-July 1982 of impending bankruptcy of a number of U.S.-based money-center banks if a U.S.-sponsored international financial bailout did not occur. Instrumental in that BIS-centered initiative for pilfering the U.S. Treasury was the appointment of George Shultz to replace the wayward Alexander Haig as Secretary of State.

Volcker responded to this massive pressure on the budget deficit by beginning to lower interest rates. In fact, Volcker's first steps toward seriously increasing the money supply in order to try to save the banks was conduited to the President in September by one of his chief lieutenants, Jim Baker, as a deal. According to sources close to the White House, Baker, Stockman, and other agents of the BIS told Reagan that as a condition for reducing interest rates, Volcker would require a commitment on the part of the White House to broach the entitlements issue, consider either the elimination of the third year of the personal income tax cut or increase taxes, and cut important programs out of the U.S. defense budget. While Reagan was never reported to have agreed to this quid pro quo, BIS agents in the administration continue to pressure the President to capitulate.

### **The lame-duck impasse**

Following the November elections, the Congress moved to complete business in a curious lame-duck session. Senator Dole, acting on behalf of Volcker and the BIS, proposed that the central topic of the session be the volatile Social Security issue. The President's Commission on Social Security, chaired by Greenspan with Lane Kirkland as a key member, rushed to push an austerity package on the issue. The lame-duck session, however, never took up the Social Security issue. Terrified congressmen, senators and White House political aides following a reading of the 1982 election tea leaves, were warned not to touch the issue. The message was clear—the American people would not sustain a Congress or a President that would push further cuts in the U.S. domestic budget (untouched in the lame-duck session) or more hideous cuts in Social Security and other entitlement programs.

But the lame duck session saw the President make concessions. The December continuing budget resolution did

not contain funds for the production of the MX missile. As this journal alone reported even prior to the Nov. 2 elections, Secretary of State George Shultz and his friend Kirkland had extracted post-election economic and national-security compromises from President Reagan and Defense Secretary Caspar Weinberger. Shultz reportedly re-emphasized the BIS threat that "economic recovery" in 1983 is impossible without a sharp reduction in the federal deficit. Reportedly, Shultz was instrumental in rigging the scheme which sent the MX program into the lame-duck session attached to the ill-fated "densepack" basing mode. According to sources close to the Pentagon, both Weinberger and Reagan agreed to the Shultz plan knowing that it would be fatal to the MX. What these sources emphasized, however, was that the President's MX concession, no matter how well papered over by White House public relations efforts, would only be the first step in securing even deeper defense cuts in 1983.

Senate Republican leaders, headed by Majority Leader Howard Baker, were privately lobbying for a broader defense cut package, while opening the door for more sizable "public works" jobs programs in 1983. Speaking on national television on Nov. 18, Baker suggested that even larger "permanent depression" programs than the just-passed "highway" jobs program may be needed in 1983.

Sources close to the White House report that the President is unprepared to meet the demands of the BIS. Firstly, they point to the President's tenacious rejection of further Democratic make-work bills during the lame-duck session. They say that the President will stick to his guns next year. Secondly, these sources report that the President, Counselor Edwin Meese III, and National Security Adviser William Clark are actively assessing alternatives to the now-defunct MX missile. They report that one of the alternatives involves a version of space-based directed-energy beam anti-ballistic missile systems first suggested by *EIR* founder Lyndon H. LaRouche and Reagan intimate Edward Teller. Finally, these White House sources say that the President is not prepared to go beyond small ad hoc bail-outs while facing an uncontrollable budget deficit. Reportedly, he believes that the largest part of bank stabilization must come from the "recovery." In addition, I have been told that the President will not seek re-election if recovery is not visible by October 1983. In short, the President has no concessions to make. Failure to replace the MX with a beam-weapons defense system would mean fundamental capitulation on national security matters, and an attempted hyperinflationary bank bail-out, even when accompanied by BIS threats and blackmail, does not give the President what he desperately needs—an economic recovery.

What the BIS is afraid of is that the LaRouche program which answers both the national security and economic recovery dilemmas facing the President as he enters the third year of his presidency—the LaRouche proposal for a productive investment-led recovery spearheaded by a commitment to a "crash program" of beam-weapons development—is gaining the momentum necessary to bring along the President.

## Shultz follows the Al Haig policy track

by Graham Lowry

On May 10, 1982, Henry Kissinger stood before the Royal Institute of International Affairs, celebrating the bicentennial of the British Foreign Office, and publicly detailed his career as a British agent, operating under secret agreements between Her Majesty's government and the string of highly placed, treasonous officials in Washington throughout the postwar era.

Kissinger's London admissions, confirming what *EIR* founder Lyndon LaRouche and his associates had documented with ever-accumulating detail since 1975-76, set off belated recognition among leading figures and ordinary citizens internationally that their notions of how the world works were dangerously inadequate. The glimpse Kissinger provided into the oligarchy's ongoing role also stands as a paradigm of a crucial development in the international strategic situation during the past year—the renewed emergence in world affairs of the oligarchy operating *in its own name*.

Kissinger acknowledged in his London speech that while serving as National Security Adviser and Secretary of State to Presidents Nixon and Ford, "I kept the British Foreign Office better informed and more closely engaged than I did the American State Department," and that in a number of negotiations, "I worked from a British draft with British spellings. . . ." His affirmation of treason came as the British monarchy was celebrating a new defeat of American national interests—the destruction of U.S. hemispheric alliances and the Monroe Doctrine through Washington's backing Britain's colonialist war against Argentina.

That humiliation was orchestrated by collaboration between British Foreign Secretary Lord Carrington and Secretary of State Alexander Haig, Kissinger's former lieutenant and fellow inside-man in the British-directed watergating of President Nixon. In the wake of the Malvinas disaster, tolerance of Haig in too many political quarters—including President Reagan's—was at an end. But, taking advantage of a severely weakened Reagan administration, Her Majesty's Government sought to consolidate even greater control over Washington, employing its so profusely self-avowed agent Henry Kissinger.

Lord Carrington "diplomatically" stepped down from his post; the visibly frenzied Alexander Haig was dumped from the State Department; and American foreign policy was placed

in the hands of George Shultz, Kissinger's single most important collaborator. Secretary of State Shultz inaugurated his new role by soliciting the "expert" policy advice of Kissinger and a host of Kissinger's former top aides. Kissinger's renewed prominence was furthered from London with the announcement that Lord Carrington would join the board of Henry's newly formed operation unit, Kissinger Associates, along with such cult-deploying oligarchs as Aspen Institute head Robert O. Anderson and Swedish Volvo chief Pehr Gyllenhammar.

Plans for the next phase of destroying the United States as a superpower were made during the annual midsummer rites—complete with hooded priests and symbolic funeral pyre—of the California-based Bohemian Grove, the more than century-old secret society.

At its late July gathering, the Mandalay Lodge of the Bohemian Grove had as its keynote speaker Henry Kissinger. Breaking from their forest rituals, George Shultz, Alexander Haig, Gerald Ford, and other members of the U.S. policy-making elite listened while Kissinger reviewed the collapse of U.S. economic power.

According to one report that escaped the clamp of secrecy, the centerpiece of Kissinger's address was the message that U.S. policy must now be fully overhauled in accordance with its having been stripped of superpower status. Henceforward, Kissinger told the Bohemian cult, "the United States needs to conduct a different kind of foreign policy that accounts for its diminished economic influence—a foreign policy that would be more like that of Great Britain." As Aspen Institute spokesmen and other advocates of the British parliamentary system such as Lloyd Cutler, Shultz's legal counsel, have emphasized in coded statements, returning America to oligarchical domination requires destroying its republican form of government as well, along with the institutions which enable its citizenry to promote the development and advancement of the nation's interests as a whole. As a part of that effort, Kissinger and Shultz are determined to remove American foreign policy-making from even such nominal constitutional oversight as the power of the Senate to confirm or reject nominations to State Department policy positions.

Pursuant to the Kissinger group's timetable for consolidating its power after the November elections, the State Department announced in early December that Shultz intends to abolish the department's Policy Planning Staff and replace it with a new "Foreign Policy Planning Council" drawing upon the "broader foreign policy community." News of this planned coup, revealed at a department press briefing, has been blacked out by the major media, even though under questioning the department spokesman admitted that the "broader" planning council would consist of the members of Kissinger's "Saturday seminars" that Shultz regularly attends. Sources in the foreign service emphasize that the reorganization has been designed to exempt the planning council from Senate confirmation, while giving its members access to the widest range of classified government material.

# 1982 frameups and inquisitions put the U.S. Constitution in jeopardy

by Linda de Hoyos and Susan Kokinda

Since March 11 of 1982, when the Senate forced the resignation of Abscam frameup victim and 21-year congressional veteran Senator Harrison Williams of New Jersey, the U. S. Congress has been operating in an environment of political blackmail and frameup. On Dec. 16, that atmosphere was sanctioned and encouraged by the report of the Senate special committee charged to investigate the methods of the Justice Department's Abscam-Brilab entrapment campaign. In a press release accompanying the report, committee chairman Charles Mathias (R-Md.) declared—in contradiction even to the facts presented in the report—that “The worst fears about Abscam—the chilling vision of an executive branch conspiracy against the legislature with overtones of manipulation and cover-up—have proved to be evanescent.”

The Senate Select Committee had been called into existence during the Senate trial of Senator Williams, in the face of volumes of evidence showing that the Carter Justice Department and the FBI had violated the Constitution and perpetrated felonies in carrying out a campaign to entrap selected congressional targets on charges of corruption. Furthermore, as was pointed out a number of times on the Senate floor during the March 8-11 trial, that the executive branch should take upon itself to test the ethics of members of the legislative branch in itself constitutes a broad violation of the constitutional separation of powers.

The Abscam campaign to “create crime” resulted not only in the forced resignation of Senator Williams, but the removal from office of seven members of the House of Representatives, all of them, as Senator Williams, known for their long-standing ties to the American labor movement. And Williams and his seven colleagues in the House were only the most highly publicized cases. Before Abscam, no member of the United States Congress had ever been expelled except on grounds of high treason!

Using the same methods of frame-up and politically selective witch-hunt techniques, the FBI and the Justice Department during the Carter years succeeded in forcing the arrest of 20,000 trade-union, business and political leaders across the country—in nearly every case selecting people who participated in old-line urban Democratic political machines.

The Senate Select Committee has not only acted to cover

up this grossly unconstitutional campaign, but has demanded that the Congress appropriate more funds to such “undercover” entrapment operations.

It was around the Harrison Williams case, however, that finally the FBI's methods were placed on trial, first because of the courageous refusal of Sen. Harrison Williams to surrender to his kangaroo court conviction and the Senate Ethics Committee's demand that he immediately resign, and second, because of a broad-based mobilization behind Williams by the National Democratic Policy Committee, founded by *EIR*'s contributing editor Lyndon LaRouche. Despite literally hundreds of thousands of calls into the Congress from Americans mobilized by the NDPC, it was not enough to put some backbone into the Senate, which forced William's resignation after four days of full Senate debate. The constitutional issues were presented both there, and most clearly by LaRouche, in a widely circulated statement.

“A Senator of the United States was convicted, not of any offense nor of any morally-tainted action. He was convicted on the *ex post facto* charge that he might, in some manner not tried before the court, have ‘a disposition’ for corrupted behavior at some future time and place.

“If such a slander is upheld, as a precedent in law, then let us quickly send three quarters of the Congress to federal prison, beginning with the Senate Ethics Committee, which bent to the corrupting influence of political pressures in the matter. . . .”

Now LaRouche himself is under the same kind of unconstitutional judicial attack. In a replay of the brazenly irregular methods used in Abscam, on Nov. 16, seventeen persons calling themselves detectives of the New York City police force burst into the offices of the PMR Printing Company (which prints publications associated with LaRouche) with a search warrant for materials pertaining to a pull-out called “Profiles of the Times” that appeared inserted into the Sunday edition of the *New York Times* Oct. 24. The men found nothing, but handed out subpoenas to every person on the premises. This is just the beginning, it is known, of a grand-jury fishing expedition under the direction of New York County District Attorney Robert Morgenthau—in collusion with the FBI—against LaRouche and the National Caucus of Labor Committees, LaRouche's political cadre organization.



In this case, the goal is to force the security stripping of LaRouche in preparation for an assassination of a Democratic Party leader who has made known his availability to run for President in 1984.

### The creation of crime

In the LaRouche case, nine members of the NCLC have been called to testify before a grand jury, even though Morgenthau has refused to specify what crime—if any—is under investigation. In the case of Senator Williams, despite repeated efforts on the part of the FBI to force the Senator to carry out a crime, *no crime was ever committed*. To the consistent offers by the FBI sting men that Williams take a bribe, the videotapes show that the Senator's answer was equally consistent—"No, no, no."

Yet, it is known that in Abscam-Brilab, the FBI and the Justice Department, including prosecutor Thomas Puccio, perpetrated felonies and lied to the courts in order to judicially hang their targeted victims. Documents of the FBI and Justice Department itself showed that the Abscam team had manufactured evidence, committed forgery in order to entrap unknowing congressmen, that FBI men and sting man Mel Weinberg had been involved in gift-taking and bribery themselves, and had on a number of occasions lied to the courts. No charges were ever brought against them.

Mrs. Marie Weinberg, estranged wife of the sting man, had stepped forward early in January with the evidence of her husband's gross illegalities while under FBI direction. That evidence she had presented in an affidavit form in court, and in interviews with Jack Anderson staff member Indy Badwer. In February, Mrs. Weinberg disappeared. Two days later she was found hanged. The FBI ruled her death a suicide, without investigation.

### On whose behalf?

In its four days of deliberations on the Williams case, one question was never raised: on whose behalf was the Abscam witch-hunt against constituency-based congressmen perpetrated? The answer would have entailed an immediate and thorough investigation into the prosecutors themselves. Both Weinberg and Puccio, for example, were documented by the *EIR* to be operatives for the British-dominated forces of Dope, Inc. in the United States, represented on a more respectable level by the chairman of the Senate Ethics Committee, Malcolm Wallop, cousin to Queen Elizabeth.

Weinberg, according to statements he made in Robert Green's biography, *The Sting Man*, helped conduit money to the terrorist Red Brigades in Italy. All the evidence accumulated in Green's book and subsequently, indicates that when Weinberg told his FBI colleagues "We want Moynihan; we want him," he was speaking for the dope-trafficking syndicate controlled by Meyer Lansky, and financially dominated by the British.

For his part, as the prosecutor for the Eastern District of New York, Puccio was responsible for overseeing the flood

of drugs that pour through Kennedy Airport every day. His ties to the drug mafia are rumored to be much stronger and lead to Italy, where Sicilian mafioso Michele Papa likes to refer to Puccio as "my good friend."

And what about crime-buster, "Mr. Clean" Robert Morgenthau? Not only does he have a standing policy of refusing to prosecute drug pushers arrested on the street, and protecting child pornography and other criminal degradation; Morgenthau covered up the biggest banking scandal in the decade of the 1970s, the collapse of the American Bank and Trust. After the bank had been bilked by Dope, Inc.'s David Graiver in connivance with ABT officer and Morgenthau campaign manager, John Samuels, Morgenthau allowed the bank's top executives to go scot free on charges that in other cases had put banking officers behind bars for 20 years.

These are the self-appointed watchdogs of politics, but the aim is not merely to do away with people who, like LaRouche, have proven to be an extreme nuisance to the dope mafia. The aim is to destroy the American republic. The real content of the assault on the Congress was telegraphed during the Senate debate on Abscam by the corrupt chairman of the Senate Ethics Committee, Malcolm Wallop, who summarily declared that, in his view the traditional influence-trading that goes on between members of Congress, the administration, and constituencies constitutes a violation of Senate ethics. In response, Vermont Sen. Patrick Leahy warned that the Senate must clarify "to what extent that [influence trading and boasting] creates an unethical situation, because if it does, we may be here for the next couple of years trying 99 more people."

But Wallop's contention goes to the heart of the matter. If the levels of austerity that the British are currently demanding against the United States are to be enforced, a constituency-based Congress cannot exist. Abscam and the Select Committee's whitewash has merely cleared the way for making the destruction of the U.S. Congress all but official. At the end of October, a semi-secret group came together to form a Committee on Constitutional Systems whose purpose is to elaborate a systematic rationale for replacing the constituency form of American republican government with a parliamentary form modeled on the legislative components of the British monarchy. The members of the CCS, including Robert McNamara, William Fulbright, Elliot Richardson, Walter Cronkite, C. Douglas Dillon and Lloyd Cutler, represent a critical coming together of the American proponents of the British Malthusian demand for a "post-industrial society."

There is, as of now, nothing in the United States Congress to stop them—with the exception of the constituency potential represented by LaRouche and the National Democratic Policy Committee. Other than that, the Abscam blackmail of Congress is today still operative: Mathias reported to the press that before the Committee had finalized its report, the FBI had shown each member the Bureau's file on each of them!

# How EIR exposed the Harrimans' Nazi record

by Robert Zubrin

Until this year Averell Harriman had an international reputation among his admirers and detractors as a pro-Soviet statesman who supported environmentalist causes as one expression of his liberal commitments. This picture was destroyed in 1982, as an *EIR* investigation brought to light a series of startling facts, revealing, among other things, a 30-year effort by the patrician Harriman family, including Averell Harriman, to create and put in power a Nazi-modeled fascist movement to turn the United States into a "Nordic race state." The *EIR* investigation also documented extensive Harriman involvement in promoting the Hitler movement in Germany itself, and collaboration between the Harrimans and the Nazis in assuring the extermination of six million Jews, among others.

The intelligence breakthrough which brought the Harrimans' secret to light occurred as follows. *EIR* founder Lyndon LaRouche, focusing on Harriman's current central role in organizing the green-fascist movement in Western Europe, had in December 1981 identified the Harriman grouping as a key target for investigation. The key to the Harriman puzzle emerged when it was noted that an extensive overlap existed between Harriman linked "population control" organizations such as the Draper Fund, ZPG, and the Club of Rome, and anti-immigrant groups such as the Federation for American Immigration Reform.

On the basis of this overlap it was hypothesized that the Harrimans, as the leading patrician sponsors of the "population control" movement in America after World War II, would be found before the war in the forefront of those running the Nordic race supremacist agitation which led to the Immigration Quota Acts of 1921. Following up this thread enabled *EIR* to unwind the well-hidden truth about the Harrimans. We discovered:

- That in 1910, Mary Averell Harriman, Averell's mother, had donated an 80-acre estate and \$500,000 to establish the Eugenics Record Office in Cold Spring Harbor, which was to function alongside the Harriman-Morgan-run American Museum of Natural History as the leading institute of Nordic race science in the world.

- That from 1910 through 1939, the Harriman funded Eugenics Record Office (ERO) pumped out a stream of fraudulent racial studies, which served the purpose of creating Nordic race supremacist movements in the United States and Germany; and that ERO publications continued to openly and vocally support Adolf Hitler throughout the 1930s.

- That the Harrimans organized numerous anti-immigrant conferences, notably including the 1921 Second International Congress of Eugenics in New York City in 1921, on whose executive committee Averell Harriman served, along

with such leading American race ideologues as Madison Grant and Henry Fairfield Osborn. That conference was responsible for drafting and assuring the passage of the anti-Semitic, anti-Italian Immigration Quota Acts of 1921 and 1924.

- That the Harriman Third International Congress of Eugenics in 1932 honored as its president leading Nazi race scientist Prof. Ernst Rudin, who trained the personnel who ran the Nazi death camps.

- That the Eugenics Records Office wrote the forced sterilization laws for Nazi Germany and attempted to have similar laws passed in the United States.

- That in 1927, Averell Harriman met with Benito Mussolini and returned to the United States to tell the *New York Times* that he was "very impressed" with Fascism.

- That it was Harriman's business partner, Montagu Norman, who arranged for the financing of Nazi rearmament, going so far as to defy the consensus in the City of London by transferring to Germany all of Czechoslovakia's gold reserves after Hitler violated the Munich Pact in 1939.

- That Harriman personnel from the ERO successfully lobbied to prevent German Jewish children from being allowed to leave Nazi Germany for the United States, and were directly responsible for turning back to certain doom 937 Jewish refugees on the ship *St. Louis* in 1939. In all, about 3,000,000 Jews who might have escaped the holocaust through immigration to the United States were killed as a result of the Harriman agitation.

- That Harriman ERO personnel successfully discredited for 20 years the cure for pellagra discovered by Dr. Joseph Goldberger in 1914, thus murdering about 3 million blacks and 3 million poor whites from the American South.

- That as late as 1963, Averell Harriman held a meeting of the same eugenicists who built the 1930s movement at his home, Arden House.

- That after World War II, it was eugenicists from the Harriman ERO and allied eugenics organizations who were responsible for setting up the entire array of Harriman-run post-war "population control" and environmentalist groups—a fact that completely blows the cover of these supposedly liberal formations as being anything other than racist operations committed to destroying the Third World.

This documentation was published by *EIR* in its Sept. 7, 1982 issue and then brought to the public in millions of leaflets by the National Democratic Policy Committee, whose advisory board LaRouche heads, playing havoc with the Harriman control over the ethnic minorities who comprise the majority of the Democratic Party in the United States. The *EIR* exposé has initiated a process of ridding U.S. politics of the "families" who created Mussolini and Hitler as experiments in their New Dark Age project.

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