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May 3, 1983

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Executive Intelligence Review, Dept. MC-1, 304 West 58th Street, 5th floor, New York, N.Y. 10019 (212) 247-8820.

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Executive Intelligence Review
(ISSN 0273-6314)
*is published weekly (50 issues) except for the second
week of July and first week of January by
New Solidarity International Press Service
304 W. 58th Street, New York, N.Y. 10019*

In Europe: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
Dotzheimerstrasse 164, 62 Wiesbaden,
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Colonia San Rafael, Mexico DF, Tel: 592-0424.

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

Brazil subscription sales:
International Knowledge Information System Imp.
Rua Afonso de Freitas 125, 04006 Sao Paulo Ltda.
Tel: (011) 289-1833

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Second-class postage paid at New York,
New York and at additional mailing offices.
3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10
Academic library rate: \$245 per year

EIR

From the Managing Editor

Henry Kissinger's response to President Reagan's March 23 announcement of a policy of strategic defense that would end the era of Mutually Assured Destruction (MAD) has been to term that historic step irrelevant to present realities.

Kissinger proclaimed himself a British agent in his London speech last May 10, stating that he had worked more closely with the British Foreign Office than the U.S. administration as Secretary of State. And as Lyndon LaRouche describes in this week's Special Report, everything Kissinger did on arms control was to the benefit of the Soviets at U.S. expense, whatever his motives may have been. There is no contradiction in these actions on behalf of both London and Moscow. Kissinger is a thug for an anti-American policy faction with branches in both locations.

This network is deploying rapidly to attempt to keep President Reagan from restoring America's military and economic strength. Alexander Bovin, a Soviet member of the Anglo-Soviet Roundtable, told the BBC in London April 20 that there could be "no constructive dialogue" with the U.S. while Reagan was in office. The Foreign Office's Simon Rifkind is going to Moscow for high-level talks. Georgii Arbatov, in the United States for the 14th Dartmouth Conference, attacked beam weapons as "a first-strike capability." And Lord Solly Zuckerman, Britain's ranking peacenik, has published an attack on beam weapons, suggesting that the world would be better off without Mr. Reagan.

In this week's Special Report, we present the evidence submitted to the U.S. Senate in April of Kissinger's deliberate concealment of national security information which would have convinced President Nixon and Congress not to conclude the SALT I arms control agreement. Senate action on this matter is urgent, we conclude.

Subscribers will recall last week's Special Report, documenting the role of the U.S.-based Jerusalem Temple Foundation in prompting bloodbaths and regional wars. Now, the Kach movement in Israel led by Jewish Defense League fanatic Meir Kahane, has termed the April 18 bombing of the U.S. embassy in Beirut "divine justice" against America. Kahane is scheduled to meet with Jerusalem Temple Foundation chief Terry Risenhoover regarding the latter's funding for Kach. Kahane's April 20 statement on the bombing provides grounds for a second agenda item: having the foundation banned in the United States as subversive and terrorist-linked.

Susan Johnson

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Special Report



Henry Kissinger on the lecture circuit at Salem College in Massachusetts not long before Italian judges tried to subpoena him, and an investigative dossier on his manipulations of Nixon administration strategic policy was submitted to Vice-President George Bush, President of the Senate and former CIA director.

Connie Brown/NSIPS

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Is Brazil planning an escape from creditors' blackmail?

by Mark Sonnenblick

Borrowing money in Brazil can cost up to 496 percent interest, President João Figueiredo learned April 13 when the São Paulo Chamber of Commerce presented him with a study based on interest rates published by the banks. Figueiredo wrote a note on the study, "Minister Delfim: how can this be tolerated?" and sent it to Planning Minister Delfim Netto, the mastermind of economic policy in Brazil.

With his characteristic Jesuitical brilliance, Delfim responded with an open letter to the president contending, "In fact, it is not possible to bear the interest rates shown at the top levels of the table. Happily, they do not exist, because a company which tried to pay those interest rates would not survive for long."

Bankruptcies among São Paulo's machine-building, metallurgical, and electronics industries are running at 333 percent of last year's rate. Similar situations prevail in chemicals, construction, and throughout industry. Since Delfim Netto began putting the squeeze on the economy in September 1980, industrial jobs have been reduced by 200,000. With over a million jobless in São Paulo, any spark can start a riot, as happened there April 3 to 5. Riots swept Rio a week later.

The riots may prove the last straw for Brazil's subordination to the dictates of international bankers. Up to 40 percent of the army officer corps blames Delfim's submission to the International Monetary Fund (IMF) for the civil disturbances. While, until now, Figueiredo has defended Delfim Netto's policies, his remonstrance on the interest rates hints that the scales may have finally fallen from his eyes.

Figueiredo meets April 26 to 28 with his Mexican counterpart, Miguel de la Madrid, who also realizes that his country's security demands prompt escape from the debt trap. Bankers are worried that with \$88 billion outstanding each, Mexico and Brazil could turn their debts into a weapon to

force the birth of a new development-oriented international economic system.

Up to now, Brazil has feared to take bold steps to rescue the world from the depression. It has been cowed by threats from bankers and the Kissinger faction in Washington that Brazil would lose its "credit rating," its access to financing, and its valued friendship with the United States if it stopped taking orders from Morgan Guaranty bank.

But by the end of April, the banks stopped financing Brazilian trade—thus eliminating the effectiveness of using threats of credit cut-off to restrain Brazil's actions.

Banks pull the plug on Brazil

Nervous bankers are pulling the props out from under Brazil's shaky \$88 billion debt structure. "The short-term money which had sustained the country since last year is gone; and since it is not coming back, Brazil will have to do something. It is a question of how long you could fool everyone," commented an executive of a Hong Kong-based bank April 20. Brazil's domestic banking system may be the next victim. The smaller Brazilian banks are unable to borrow dollars abroad, and the government will be forced to decide whether to let the banks collapse, buy them up Chile-style, or declare an outright nationalization of the banks à la Mexico—a possibility which even international bankers have begun discussing.

Brazil's biggest creditor banks gathered in London's Dorchester Hotel April 18 to see if they could agree on how—or even whether—to prop up the faltering structure. Less than two months ago, the banks managed to thrash out an agreement which was supposed to end Brazil's debt servicing problems for the rest of the year. Even that has now unraveled.

"I thought they could muddle through the summer, but

now the whole rescheduling package is out of order," a senior London investment banker confided to *EIR*. Official figures show that banks have reduced their short-term lending exposure in Brazil by at least \$1.4 billion during the three-week period at the end of the first quarter.

At the London meeting, the bankers listened while third-level functionaries of the central bank echoed Delfim's tired lies about Brazil achieving a \$6 billion export surplus this year and that "Brazil will need to borrow no additional money." (Bankers Trust calculates Brazil needs \$4-\$7 billion more to get through the year.) Delfim's emissaries insisted that all Brazil needed was for the European and middle-sized U.S. banks which had pulled out from their interbank money-market lending to Brazilian banks to put \$1.5 billion back into Brazil. That will prove easier said than done at a time when bankers are rushing to avoid getting caught in the moratorium which Brazilian economists and even moderate political leaders now believe to be inevitable.

Brazil's central bank head Carlos Langoni denied April 13 that Brazil was \$1 billion behind in paying interest and trade bills. Brazil was only \$999 million in arrears at the end of March, his chief aide, J. C. Madeira Serrano, told foreign bank representatives April 19. Sources at Petrobrás, the state oil company, told the press April 14 that oil accounts were running \$200 million arrears, thanks to 10- to 15-day central bank delays in providing dollars.

During the January and February period when the bankers were trying to keep Brazil playing their game, nine big U.S. banks, which would lose their entire capital were Brazil to go bankrupt, acted as a "safety net" by paying the debts Brazil could not pay. Morgan Guaranty Trust tried to restore the safety net March 10, but Chase, Citibank, and others panicked at taking further risks in Brazil. All the gentlemen's agreements on banks keeping lending to Brazil were off, and "everybody's getting out as fast as possible," in the words of a Chicago banker.

Thieves fall out

It would seem logical for the world's bankers to agree to save themselves from the international collapse which would ensue if Brazil's mammoth debt joined those of dozens of smaller countries in default. But they are at war with each other over who should take the losses for world debts which are bigger than a depressed world can pay.

Kissinger Associates, Inc. has a plan for a global credit dictatorship run through the IMF to give each and all his fair share of the pain. Slick Wall Street lawyer William D. Rogers was made a founding partner in Kissinger's cabal last year with orders to get debts paid at any cost. "We need a mechanism to determine how to allocate austerity—what countries should contract, how by and by how much, what countries should run surpluses. How, in short, should the process of worldwide adjustment be shared?" opined the sado-masochistic Rogers in the *New York Times* April 13. Rogers says that all lending to the Third World should be run directly or

indirectly through the International Monetary Fund.

But the Swiss and their West German cohorts say "no" to all plans to have them share the pain. "The Bundesbank [West Germany's central bank] report threw a pail of cold water on the British and American plans for having the IMF take over the debts," a London banker told *EIR* the next day. The Bundesbank annual report declared the IMF must not allow itself "to be seduced either by creditor countries or by commercial banks into taking over part of the outstanding debts."

Brazil plans escape

The simple-minded greed of all banker factions has pushed the world crisis past the point where even they can manage it. This fact has not passed unperceived by Brazilian strategists, who have prepared options for saving their country from being ripped apart in a world economic breakdown.

Momentum in business circles for declaration of a moratorium on the foreign debt surged ahead in mid-April as the banks cut off financing for Brazil's vital imports and for its exports to markets in the developing countries. Governors such as Tancredo Neves of Minas Gerais state and Jair Soares of Rio Grande do Sul—erstwhile defenders of Delfim's IMF policies—now call for Brazil to negotiate a moratorium with foreign creditors before events bring more radical measures.

Finance Minister Ernãne Galveas vehemently denied ru-

Brazil's cash flow problem

(billions of U.S. dollars)

Payments due between March 15 and Dec. 31, 1983

| | |
|-------------------------------------|---------------|
| Interest (net) | 7.125 |
| Other services (net) | 3.088 |
| Export financing (additional) | .870 |
| Repayment of arrears | .215 |
| Repayment of bridge loans | 2.300 |
| Total requirements | 13.598 |

Dollar inflow expected between March 15 and Dec. 31, 1983

| | Hypothesis 1 | Hypothesis 2 |
|--------------------------------------|---------------|---------------|
| Trade surplus | 4.750 | 1.900 |
| IMF disbursements | 1.589 | 1.589 |
| Jumbo loan signed Feb. 24 | 1.900 | 1.900 |
| Direct foreign investment | <u>1.200</u> | <u>1.200</u> |
| Total inflow | 9.439 | 6.589 |
| Total cash flow deficit | -4.159 | -6.909 |

Note: The difference between the two hypotheses is how far Brazil will fall short of its \$6 billion trade surplus target.

Source: Bankers Trust studies, as reported in *Veja*, March 23, 1983. A Bankers Trust spokesman told *EIR* in reference to the above numbers, "The numbers are not right. They mixed up several reports which were just planning documents. Anyway, our bank is not ready to give numbers out, because we have a sensitive relationship with the central bank." *EIR* believes they are a useful starting point, on the assumption that there is no major withdrawal of banks from short-term financing.

mors in an April 12 Rio daily that he would declare a moratorium when he visited the United States April 22 through 25. People are taking bets on the moratorium date.

Barter: Brazil's new 'safety net'

Under Delfim, Brazil has bent over backwards to please the bankers, but it has not lost all sense of its national interest. Brazil is larger than the continental United States and its leaders plan to make Brazil an advanced industrial nation. When they perceive the banker-run "free market system" as no longer providing for the national security, they will break with it—and that break could be surprisingly soon.

Brazil has prepared by setting up a series of barter arrangements which will guarantee most of its world trade when it stops paying the debt and loses access to hard currency. When President Figueiredo visits Mexico April 26 to 28, he is expected to agree on details of a \$2 billion annual trade arrangement under which neither country will need to have any cash. Mexico will send Brazil almost \$1 billion worth of

oil and receive from Brazil the same amount in Brazilian machinery, oil field equipment, electronics, auto parts, special steels, paper, lubricating oil, soybeans, corn, and sugar.

Brazil's decisions about when and how to break with a failing economic system are political decisions, and Figueiredo is bringing with him to Mexico the leading officials of the government including most of the cabinet, his top civilian and military advisers, and the heads of the big state-sector companies who will be working out additional bilateral and triangular trade deals with the Mexicans.

These agreements and similar ones with other oil and wheat-producing neighbors in Ibero-America could provide Brazil with a "safety net" both better constructed than that formerly provided by the banks and one over which it has sovereignty. It gives Brazil and the rest of Ibero-America the protection from banker blackmail needed to secure the kind of debt postponement that will permit them to become customers again for the modern technologies and equipment which the United States should want to sell them.

Brazilian delivers a message to Wall Street

Wall Street financiers are still trying to figure out what Herbert Levy, a leading Brazilian banker and publisher, meant when he delivered a pointed anecdote at the April 11 Brazil-American Chamber of Commerce luncheon in New York. The story, Levy said, was told to Queen Elizabeth the last time she was in Brazil, and it was reportedly "the first time she ever lost her public composure."

Brazilians may not be the most literate people in the world, Levy began, but they have a certain "wiseness" that has enabled them to get along. He offered the case of a humble family in the interior of Brazil. The only item of nominal value possessed by this poor family was an heirloom porcelain dish, dating back several centuries and engraved with the coat of arms of an ancient noble house. A certain antique dealer got wind of this dish and decided to try to acquire it. Upon arriving at the modest home of this humble family, the antique dealer posed as a mere tourist, and, of course, he was invited inside. On the table was the dish.

The antique dealer struck up idle conversation with the master of the house, until a small cat walked up to the table and meowed, at which point the peasant poured some milk into the dish and placed it on the floor. The antique dealer, watching the cat lap up the milk, seized the opportunity. "What a lovely cat. Extraordinary, in fact. Tell me: would you be willing to sell me that cat? How much do

you want?"

"Oh, I don't know," the master of the house said. "I guess about 10,000 cruzeiros."

The antique dealer quickly handed the peasant the money, and casually added, "By the way, I hope you don't mind, but I'd like to take the dish so I can feed the cat."

The peasant smiled and said, "I'm sorry, sir, but that would not be possible. You see, that is the dish we use to sell cats."

Levy told the story in the middle of an otherwise prepared speech that was extremely critical of the IMF, whose policies he described as "ill inspired" and "dangerous." Of Brazil's \$84 billion foreign debt, he said, \$26 billion is the result of oil price increases after 1975 and another \$24 is due entirely to the increase in U.S. interest rates. That means Brazil is responsible for only some \$33 billion of its debt, and even this must be reorganized, Levy stated.

Incredibly, the American bankers present failed to understand Levy's message. Tony Gebauer of Morgan Guaranty took the podium to disagree with the luncheon's guest of honor, saying that "much has been done" to solve the debt crisis, that he agrees with Levy's call for increasing IMF quotas (Levy said no such thing), and that everything must be done through "existing institutions," particularly an "expanded IMF."

Levy then rose a second time to make his point clearer for the thicker heads among the audience. We have had enough experience with "IMF orthodoxy," he said; it was what Brazil was told to impose following the 1964 coup. Levy added, "We broke with this policy in 1967, and that is when the Brazil Miracle began. That is when we invested in production."

Colombia's industry facing Chapter 11

by Valerie Rush

The mid-April decision by one of Colombia's oldest and largest textile firms to file for bankruptcy proceedings has ripped the covers off one of the filthiest looting operations plaguing Colombian industry and, if properly investigated by the authorities, could cause heads to roll within this country's political and financial elite.

Fabricato, based in Antioquia province, is the country's second largest textile company and a mainstay of the industrial economy. Its management asked for a Chapter 11 reorganization last week when it could no longer hide an unpayable short- and medium-term debt of 9 billion pesos (\$121 million). Stockholders, who have not received a cent in dividends in nearly five years, were not surprised.

Fabricato's directors simultaneously asked the government for an immediate credit line of some \$8 million to buy the raw materials that would keep its doors open. Nearly 7,000 workers had a promised wage increase annulled while their future and that of their 20,000 dependents became a subject of national conjecture.

The nation ⁱⁿasked disbelief, "How did it happen?"

The company's history of ownership speaks volumes. Over the past decade, Fabricato passed from the hands of Medellín industrialists into the clutches of the drug/financial mafia known as the "New Colombia." First was Felix Correa Maya, the head of the Banco Nacional, which was liquidated last year by the Betancur government when it was discovered to be up to its proverbial neck in every fraud scheme imaginable. Correa, whose funds came from the drug trade, is now sitting in a Colombian jail.

After Correa's demise, Fabricato passed to the shadowy Isaac Midlenberg, the owner of several suspect banks in the United States who has earned a name for himself as a vulture who devours bankrupt companies. Feeling the heat of a government investigation, Midlenberg yielded control to the financial group of Casas-Rincon Aguirre, which was exposed earlier this year for fraudulent practices, leading to direct government intervention.

The new board of directors, overseen by the government, had a lost cause on its hands when it took over Fabricato—a once technology-proud company which had been asset-stripped to the tottering hulk it is today. The most scandalous aspect of the case is that, despite urgent orders by the Betancur government for special credit lines to be extended to the

suffering textile industry, not one cent in bank loans has been made available to Fabricato since last year.

Efforts have already been made to cover up the explosive implications of Fabricato's bankruptcy. Fabricato director Robles Echavarría has blamed Fabricato's troubles on everything from the "world recession" to last March's currency devaluations in neighboring Ecuador and Venezuela, but it is these same speculative and looting practices—albeit on a global scale—that have brought the international monetary system to its current state of collapse.

Iván Marulanda Gómez, the young head of the Medellín Stock Exchange, accurately declared: "The 'New Colombia' has given the nation over to a generation of fictiously opulent financiers who managed the money of the public without God or law, and who imposed the demonic and ruinous game of speculation Thus the workers, the honest businessmen were pushed toward the abyss, thus the hopes of the new generations come of working age were frustrated."

Marulanda charged the monetarist administrations of López Michelsen (1974-1978) and his successor Turbay Ayala (1978-1982) with complicity in this looting. Fabricato, he said, was annihilated by "One, the assault of unscrupulous hands and perverse minds, who looted it without being stopped by the authorities of previous governments . . . and two, by the establishment, nine years ago, of an economic policy which closed the door to constructive and hardworking commitment to open it to speculative talents which, without any difficulty, seized hold of the productive sector."

Salvaging Fabricato from liquidation will involve more than a reorganization of its debt structure. While Colombian industries remain at the mercy of a financial elite loyal to Dope, Inc. and preoccupied with their Cayman Island bank accounts, the Betancur administration will have no hope of reviving the industrial infrastructure upon which Colombia's future as a nation depends.

The status of Colombia's vital steel works, Acerías Paz del Río, is exemplary. When Colombia's sole steel producer was discovered to be on the verge of bankruptcy earlier this year, a letter went out to all Paz del Río stockholders from company president and former Finance Minister Jaime García Parra blaming greedy workers for its financial troubles. However, a study commissioned by the steel workers' union on the state of the company revealed the following:

- 95 percent of the company's \$100 million debt is contracted in dollars, at usurious interest rates. Forty-one percent of the debt is owed to Colombian banks which lent dollars to Paz del Río through their foreign branches!

- In 1970, only 15 percent of dividends distributed to stockholders was taken out of the company; in 1980 nearly 100 percent of dividends paid to stockholders left the company, making reinvestment impossible.

- Despite an program to expand steel production to one million tons, production in 1982 actually fell to 219,000 tons, below 1962 production levels! The study claims investment money went to pay interest on the debt.

LaRouche-Riemann U.S. forecast: great possibilities and dangers ahead

by David Goldman

President Reagan's March 23 address to the nation on defense policy inspires immense confidence in the intermediate-term economic prospects of this nation, but leaves great uncertainty concerning the near future.

Despite much talk of an economic recovery, available data for the first quarter of 1983 fall within the range of the modest decline in economic output projected under the "attempted deflation" scenario issued in *EIR*'s January Quarterly Report (see *EIR*, Jan. 25). As the February and March data trickle in, it is clear that the economy remained dead in the water during the first quarter. The Commerce Department reported April 21 that durable goods orders rose only 0.3 percent in March, which, following a 4 percent drop during February, confirms the problem. Since the big February drop had been attributed to a 33 percent drop in military orders, a supposed "blip," the fall was not taken as seriously as it otherwise might have been. The 1.1 percent industrial production index rise during March, as Chase Econometrics comments, simply meant more inventory accumulation and more downturn later.

Intersecting the still-worsening economic situation, the "bouncing-ball" pattern of rising interest rates since January continues to reflect the fundamental pressures associated with a Treasury borrowing requirement 50 percent in excess of conventional sources of funds to purchase Treasury securities. Additional factors raising interest rates are the massive rollover requirement of developing nations' short-term debt, and the emergence of an OPEC deficit.

Assuming that the present trend brings the level of short-term interest rates to an average 10 percent for three-month Treasury bills during 1983 as a whole, about 2 percent higher than at the beginning of January, the LaRouche-Riemann economic model forecasts a 3.5 percent decline in tangible profit of American industry, a measure which corresponds roughly to the movement of the Federal Reserve's industrial production index. Also assumed in this projection are a \$29-per-barrel oil price, unchanged tax policy, and implementation of the President's defense budget.

As in our January Quarterly Economic Forecast, the decline foreseen is uneven. Certain industries show a small rebound, including steel, auto, and rubber, while the capital

goods industries continue to decline drastically.

The current Quarterly Report also reached the startling conclusion that even a major drop in oil prices would fail to produce a significant U.S. recovery (see *EIR*, April 19).

The trajectory of decline projected by the LaRouche-Riemann model will not continue undisturbed. The LaRouche-Riemann model is not a "forecasting device" as such, but a means to accurately simulate the impact of a pre-specified set of economic policy conditions. Circumstances are emerging under which an international financial crisis will break during the second or third quarter of this year, possibly through the formation of a developing nations' "debtors cartel." Neither fundamentals nor the present political configuration provide grounds for confidence that the crisis may yet again be postponed through refinancing mechanisms.

On the other side, a "phase-change" has occurred as of the March 23 address of the President, committing the United States to a new defense doctrine based on technologies which, in their civilian application, promise an industrial revolution more dramatic than that associated with electricity.

In this conjuncture of great dangers and great possibilities, no "forecast" can be made. Although *EIR* concludes that a combination of steadily, but not dramatically, declining output and unsteadily rising interest rates is an accurate characterization of the economy's present trajectory, we expect this trajectory to be interrupted by major political developments.

If it is interrupted through a breakdown in the present financial order, we expect:

- 1) **The outbreak of a major international monetary crisis**, causing a 15 to 25 percent contraction of world trade during 1983;
- 2) **Decline of U.S. tangible economic output by 10 percent** during the course of 1983;
- 3) **Decline of U.S. exports by 20 percent** during 1983 and of **U.S. imports by 5 percent** during 1983;
- 4) **Wildly fluctuating American interest rates**, with **real interest rates** (nominal interest rates minus the Gross National Product deflator) remaining at **about 6 percent**;
- 5) **An official unemployment rate of 12 to 14 percent** during 1983, and **real unemployment** including categories

of unemployed excluded from the BLS index) in excess of 25 percent;

6) Decline of tangible output in the industrial nations' group as a whole by 5 to 10 percent.

However, should the administration rapidly act upon the implications of the President's strategic doctrine, and take measures to reorganize the financial system, the prospects for rapid recovery would be excellent.

Conclusions and assumptions

The base scenario assumes:

1) That changes in tax policy during 1983 will not affect the flow of funds into productive or non-productive categories. According to our analysis of the flow of funds, an attempt to reduce the budget deficit through increased taxation will merely substitute taxation pressure upon corporate and household incomes for credit pressure arising from the deficit.

2) That the President's military spending plans as adopted by Congress during 1982 will remain in place; the impact of the military spending plans have been programmed into the 30-sector model, using Defense Department estimates of the sectoral impact of defense procurement of tangible goods.

The base scenario with added interest costs of 2 percent above the January 1983 level assumes:

1) That the combined continued pressure of Treasury borrowings \$100 billion in excess of normal sources of financing, as well as the continued rollover pressure of developing-sector nations on the international markets, will bring the average interest rate for short-term credit to 10 percent for 1983.

2) That credit is widely available for users of short-term credit, but that long-term credit for capital investment or consolidation of debt remains in short supply due to the extraordinary demands of Treasury financing.

3) That the result of this unusual credit situation will follow a pattern already discernible during the fourth quarter of 1982: while certain sections of consumer credit, e.g. auto loans and mortgages for single-family homes, will be encouraged, capital investment will continue to decline, and goods-producing corporations will be unable or unwilling to amass large amounts of short-term credits in order to rebuild depleted inventories.

4) That the overhead costs of the economy, defined by both the military budget and the additional cost of unemployment compensation and other social welfare programs, will remain high as a result of the depression. In real terms, this implies continued diversion of tangible output away from re-employment of labor, in favor of maintenance of a population made unproductive by the depression. In financial terms, it takes the form of a federal deficit borrowing requirement perhaps 50 percent in excess of total domestic savings, which will absorb that credit fund that might otherwise be available to finance a recovery. The implication is that nothing short

of a thoroughgoing reorganization of the financial system would break the vicious cycle, and that such a reorganization would have to be directed toward restoring the depleted productivity of the goods-producing sector.

In terms of the LaRouche-Riemann model, this means that the labor productivity ratio S/V must be higher than the overhead ratio of d (non-productive expenditures) over V ; if the latter is larger than the former, economic growth cannot take place. No demand-management program is capable of restoring the imbalance between the productivity and the overhead ratios. On the contrary, the austerity demand-management program exercised by the Federal Reserve during the past three years merely damaged the productive sector, while permitting non-productive employment to grow (until May 1982, when non-productive employment also began to fall).

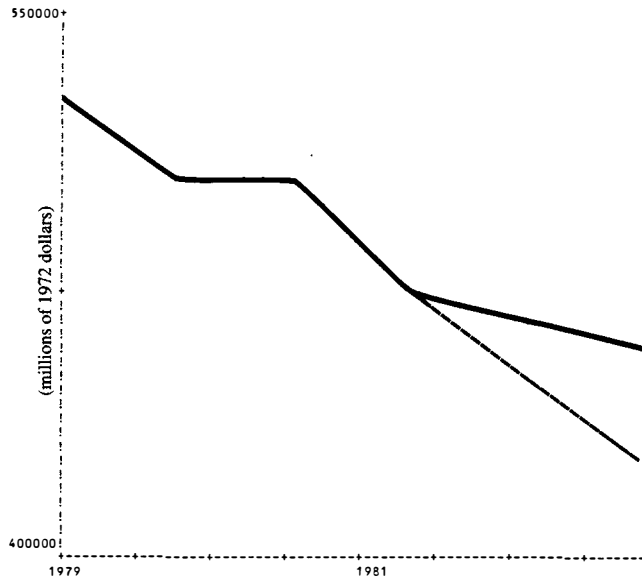
Under normal conditions, an economy's growth rate is limited on one side by the percentage of its tangible profit that must be diverted from reinvestment in the stream of goods-production, into services and other overhead. Under the special conditions of disturbances in the credit system, the economy, in the short term, responds not only to the pressure of overhead costs, or d , but also to the cost of debt service and other financial constraints in excess of previous levels. This excess is included in the projection inputs for the LaRouche-Riemann model as d' . From the standpoint of the individual productive firm, the majority of overhead costs of society as a whole are drawn from its balance sheet in the form of taxation or debt service. Since the banking system, the credit markets, and the federal budget are the means by which a capitalist economy arranges for the reinvestment of profit, financial costs at the level of the goods-producing firm transmit these decisions.

This presents a paradox from the standpoint of economic forecasting. From the standpoint of the firm, a margin of financial payments exists which, at the level of the economy as a whole, corresponds to no margin of real-goods consumption. This financial overhead was the principal determinant of economic developments during the second half of 1981 and during 1982, when it constituted a "surcharge" of overhead costs of approximately 20 percent during this period.

By the beginning of 1983, after three months of aggressive credit creation on the part of the Federal Reserve, the surcharge had shrunk to 10 percent in excess of the physical volume of diversion of output. However, the physical volume of diversion of output, or true d , had grown correspondingly, as a result of higher unemployment and higher federal transfer payments. The economy, at the outset of 1983, therefore carried approximately the same overhead burden, but in a relatively weakened condition.

In the simulations conducted to produce the "base forecast," it was demonstrated that without the impact of military spending during 1983 (the first year in which Reagan administration military spending has a significant effect on the

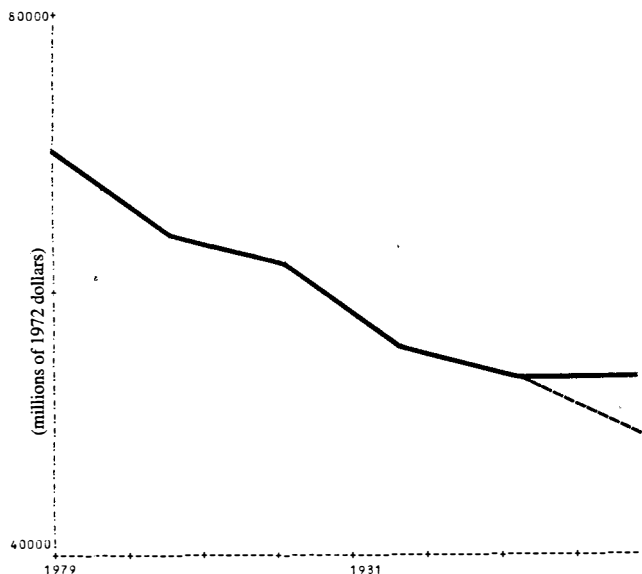
Figure 1



Tangible profit of U.S. economy:
base scenario (—) versus 2 percent rise in interest rates (---)

Figure 1 shows tangible profit for the total economy under the base scenario and the base scenario adjusted for increased interest rates. Under the base scenario, profit falls by 0.2 percent during 1983 and by 2.3 percent during 1984. In the second case, tangible profit falls by 3.6 percent during 1983 and by 6 percent during 1984.

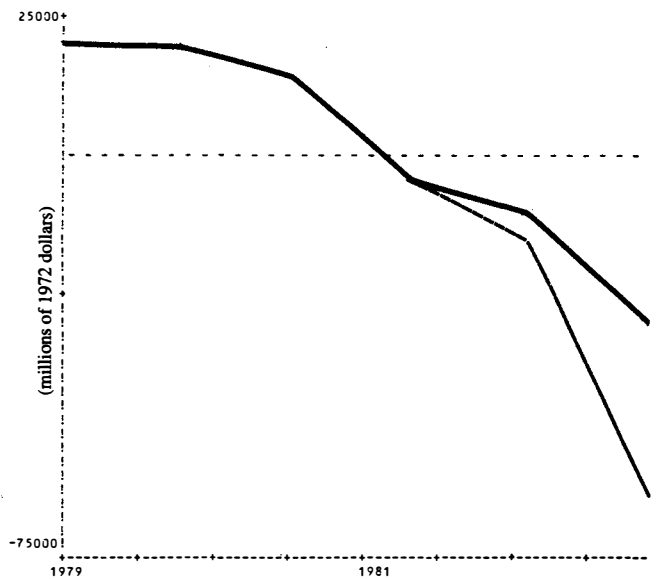
Figure 2



Tangible wage bill of U.S. economy:
base scenario (—) versus 2 percent rise in interest rates (---)

Figure 2 shows the tangible wage bill (variable capital) of the total economy. Under the base scenario, it falls from \$54.1 billion constant 1972 dollars in 1983 to \$53.3 billion, a fall of 1.6 percent during 1983, and to \$52.1 billion during 1984, a fall of 2.2 percent. In the second case, it falls from \$54.1 billion in 1982 to \$51.7 billion in 1983, a fall of 4.6 percent, and to \$48.8 billion in 1984, a further fall of 5.5 percent.

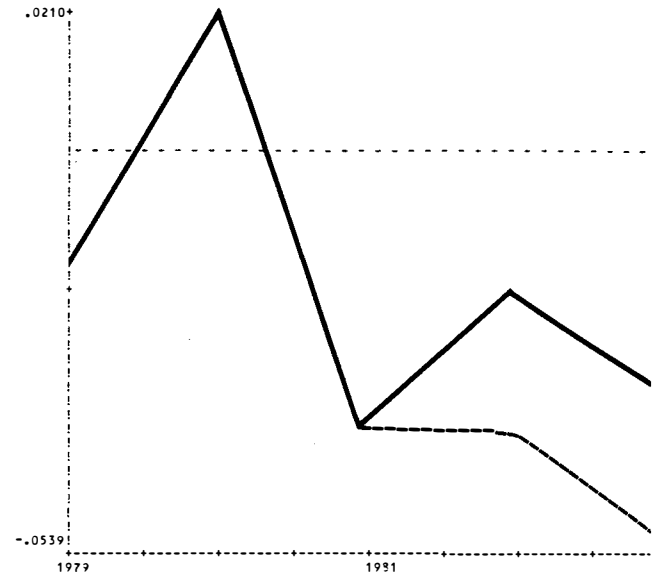
Figure 3



Net capital investment of U.S. economy:
base scenario (—) versus 2 percent rise in interest rates (---)

Figure 3 shows net capital investment for the total economy. Under the base scenario, it falls from negative \$8.9 billion in 1982 to negative \$12.8 billion in 1983. Under the interest-rate scenario, it falls to negative 18.2 billion in 1983.

Figure 4



Rate of reinvested profit (potential growth rate):
base scenario (—) versus 2 percent rise in interest rates (---)

Figure 4 shows the rate of reinvested profit, the economy's potential growth rate (each year's value defines the potential growth during the succeeding year). In the base scenario, the rates applicable to 1983 and 1984 are, respectively, negative 1.9 percent and negative 2.9 percent. In the interest-rate scenario, the applicable rates are negative 3.9 percent and negative 5.4 percent.

economy), the economy would fall sharply. However, since the military budget transfers tangible profit from less productive to more productive sectors of the economy (such as transportation equipment and electrical machinery), the military budget reduced the 1983 rate of decline.

The "base forecast" does not take into account the impact on the financial system of transferring real incomes from productive accounts to federal transfer payments through the overgrown federal budget deficit. The minimum "realistic" condition to account for this effect is included in the second scenario, the base forecast adjusted for a 2 percent rise in interest rates. This scenario includes the less-than-realistic assumption that an economic decline in the context of high real interest rates may continue for some time without undermining the now-tottering financial structure.

The LaRouche-Riemann model analyzes the following categories and ratios of economic output:

- 1) **Variable capital (V)**, or the wage costs of households economically engaged in the production of tangible wealth, measured in terms of their consumption of tangible goods;
- 2) **Raw materials costs of capital inputs (C1)**;
- 3) **Replacement costs of plant and equipment**, in terms of the physical volume of capital goods required to make such replacements (C2), as calculated by the Department of Commerce and the Bureau of Labor Statistics;
- 4) **Net capital investment**, or investment of capital goods

in excess of replacement costs (CN);

5) **Tangible profit (surplus)**, or output of tangible goods in excess of the production costs of tangible goods during a given production cycle (S);

6) **Reinvested tangible profit (S')**, or the component of surplus which is returned to production of tangible goods; the components of the reinvested profit are net capital investment and the margin of expansion of the tangible wage bill and of raw materials inputs;

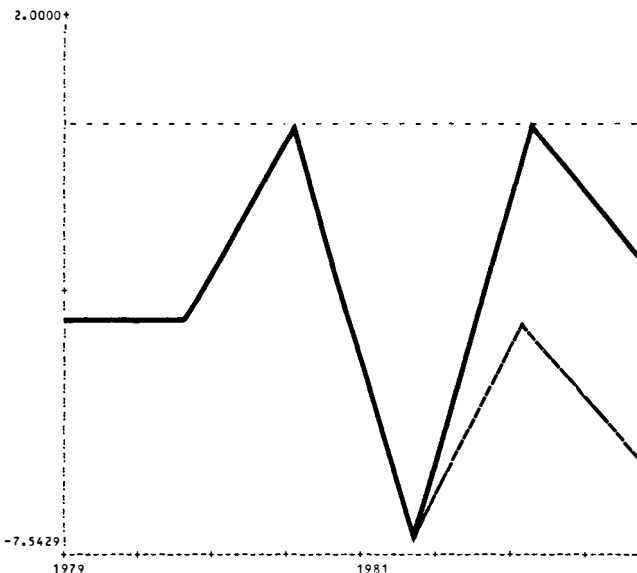
7) **Overhead costs (S - S' = d)**, or the component of surplus which is diverted from production of tangible goods to meet the requirements of private and government services;

8) **Labor productivity (S/V)**, or production of surplus per unit of tangible wage input;

9) **Total economic, or thermodynamic productivity, S/(C1 + C2 + V)**, or production of surplus per unit of labor plus capital inputs. It should be noted that this is both a productivity and a productivity-growth measure. This form of analysis weighs current output from the standpoint of its contribution to future growth. Its measure of productivity, therefore, is the extent to which current inputs of tangible wealth into the production process contribute to the economy's capacity for growth; and

10) **The net surplus, or the reinvestment of surplus relative to the production costs of the total tangible output of the economy.**

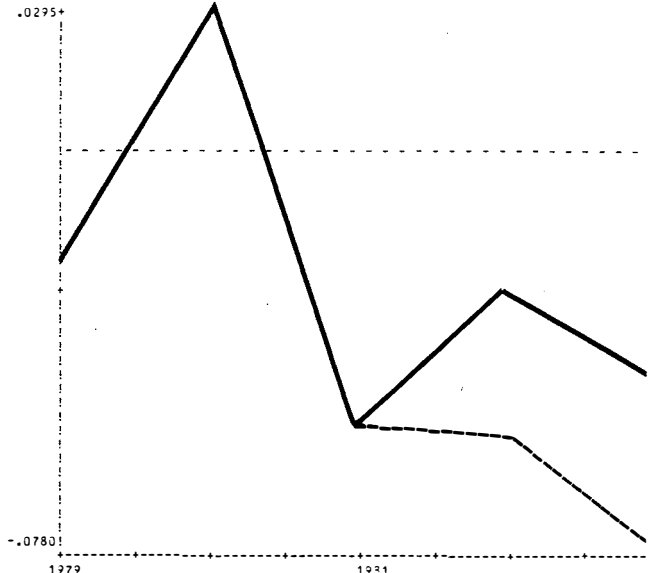
Figure 5



Growth rate of tangible profit for U.S. economy: base scenario (—) versus 2 percent rise in interest rates (---)

Figure 5 shows the growth rate for tangible profit for the total economy. Under the base scenario, profit falls by 0.2 percent during 1983 and by 2.3 percent during 1984. In the second case, tangible profit falls by 3.6 percent during 1983 and by 6 percent during 1984.

Figure 6



Reinvested profit as a percentage of total: base scenario (—) versus 2 percent rise in interest rates (---)

Figure 6 illustrates the decline of reinvested profit relative to total profit, showing the former as a portion of the latter for both scenarios.

MITI defends Japanese policy against post-industrialist attacks

by Richard Katz

The right and duty of a nation's government to promote industry—a policy enshrined in the U.S. Constitution's mandate to Congress "to promote the progress of science and the useful arts"—has now become the subject of an open battle between the governments of the United States and Japan.

At issue is the claim that Japan's "industrial policy" is unfair, a threat to the survival of some U.S. industries, a rival to American supremacy in the high-technology area, and, by some accounts, a national security threat to boot. Such varied sources as the Commerce Department, the Semiconductor Industry Association, the National Machine Tool Manufacturers Association, and the Labor-Industry Coalition for International Trade (LICIT) have all recently issued reports charging Tokyo with sponsoring "illegal cartels," "unfair research subsidies," "unfair low interest rates," and so forth in order to "target" industries for build-up. As one Washington lawyer put it, "The way this word 'targeting' is tossed around, you almost get the image of the Japanese MITI Minister sitting with a map of America on his wall, sticking pins in items labeled computers, machine tools, aircraft, et cetera."

Commerce Department Undersecretary Lionel Olmer—who is part of the Kissinger coterie inside the Reagan administration—charged in a March 30 speech, "Today our firms must compete with a complex system of support that foreign governments have woven for their domestic industries. I am talking here about industrial targeting—a process by which a government can apply a relatively small subsidy in research and development, along with other types of support, and thereby catapult an emerging industry beyond its competitors in other nations. The Japanese and Europeans have targeted computers, aircraft, telecommunications, biotechnology, machine tools, industrial robotics, and other 'cutting-edge' high-technology sectors for special assistance."

Last year, Olmer publicly demanded that the Japanese make "fundamental structural shifts" in their economic system to dismantle industrial policy. This year, he is threatening restriction of their exports if they don't comply. "We are also looking at whether basic changes [in the trade laws] should be made to accommodate industrial targeting," Olmer stated in his March 30 speech. "For example, if a firm can prove that Japan subsidized the development of a new product, probably the best the U.S. company can hope for is to have a countervailing duty applied against subsequent im-

ports. But in most cases, a duty that matched the size of the original seed grant would be woefully inadequate to compensate for the damage already done to U.S. firms."

One of Olmer's own associates, Commerce Deputy Assistant Secretary for Import Administration Gary Horlick, told *EIR*, however, that applying countervailing duties greater than the original subsidies would violate international agreements adhered to by the United States. He added that U.S. law already provides remedies for research, credit, and other subsidies proven to be unfair and/or injurious to U.S. industry, and that such duties have been applied in a number of cases. Horlick suggested that any changes in the law would most likely stress making it easier and less expensive for medium-sized or small firms to bring cases to the government, and perhaps adding to the "injury clause" damage to U.S. firms' export positions in third-country markets. Presently, the House International Trade Subcommittee chaired by Rep. Sam Gibbons (D-Fla.) is holding a series of hearings on this entire issue.

'The functions of the state'

For the first time, Japan's government has issued a direct attack on the opponents of industrial policy, moving beyond the usual defensive denials that "there is no Japan, Inc." In an April 18 address, published in full in *Kyodo News's Japan Economic Daily*, MITI Minister Sadanori Yamanaka insisted that every responsible government, including that of the United States, carries out a form of industrial policy, some more successfully than others:

One of the most important functions of the state is to facilitate economic development and to enhance the popular welfare. Since industrial activity is the cornerstone of national economic development, all states practice a wide variety of industrial policies. . . . I would simply point out the nationalized industries in many European countries, the enormous sum spent by the EC [European Community] to subsidize high-technology companies, and Europe's national industrial adjustment policies centering upon industrial restructuring. In the United States, the National Aeronautics and Space Administration (NASA) and other government agencies funnel vast sums into technological research and development with major spinoff benefits

for private industries.

Yamanaka is not the first to point out that NASA and the Pentagon promote industry in America as MITI does in Japan. The transistor which so revolutionized all aspects of modern life is a direct spinoff of the NASA space program. The current generation of commercial jets are basically redesigns of B-52s and later military transports. Currently, the Defense Department has allocated more than \$400 million to subsidizing R&D for Very High Speed Integrated Circuits, including both basic research in semiconductors, and refinement of manufacturing methods, all of which will aid semiconductor and computer manufacturers. The Pentagon is seeking a \$50 million allocation in fiscal 1984 alone for R&D on "super-computer" development; though the computer is motivated for guidance systems in beam weapons development, it is equally necessary for fusion power and weather monitoring. This parallels MITI's spending of a similar amount over each of the next 10 years to aid Japan's "fifth-generation" computer effort.

The Pentagon and NASA spend a lot more on R&D subsidy than MITI. Indeed, the U.S. government provides the majority of all R&D spending in the U.S., compared to only 25 percent in Japan. Even without counting the defense portion of U.S. R&D, the government ratio of total R&D funding at 37 percent is still higher in the U.S. than in Japan.

Thus, a victory by the opponents of industrial policy would have disastrous consequences for both countries, as Yamanaka points out:

If criticism of other countries' research and development policies is allowed to have an inhibiting effect upon any country's ambitions in basic research and development *this could bring world economic development and human progress to a grinding halt*. President Reagan was quite right in his San Francisco speech to emphasize expanded research and development budgets "to enhance the competitiveness of U.S. industry in the world economy," and *such efforts should be promoted in all countries in order to push back the frontiers of global economic development* [emphasis added].

Unfortunately, the "free marketeers" have succeeded in blocking a civilian industrial policy in the United States itself. Additionally, due to the anti-progress ideologies dominant in recent administrations, U.S. government R&D spending (adjusted for inflation) by 1978 had *fallen* almost 10 percent below 1964 levels, while interest rates for industry kept rising. No wonder U.S. productivity is falling.

What is Japan's industrial policy?

Amidst all the heat over this issue the essence of Japan's industrial policy has been obscured. Most American commentaries have focused on the *techniques*: e.g. special gov-

ernment and private low-interest loans for productivity-enhancing new industries, or government-business leasing arrangements to help small firms buy new products thus creating a bigger market. More important is the *content*: joint private-government planning of frontier technologies whose character is to propel the entire economy forward. This creates an environment within which private industry then makes the thousands of little decisions every day that advance investment and productivity. Yamanaka stressed this point in his April 18 statement:

Frontier technologies are essential to revitalizing the global economy and expanding the scope of economic activity for people everywhere, and all of the advanced industrial countries are intent upon their promotion. The main thrust of Japanese efforts to develop such frontier technologies rests with the private sector, and the government role is restricted to those areas where, despite strong social need, the long lead times, enormous funding requirements, and high-risk nature of the work make it impossible to expect the private sector to undertake the necessary research.

U.S. Undersecretary of Commerce Lionel Olmer is threatening to restrict imports from nations who engage in the dastardly practice of "applying a relatively small subsidy in R&D" to "catapult an emerging industry beyond its competitors." Olmer's policy would undercut the United States as well as Japan.

The latest and best example of Japanese industrial policy was the cabinet decision in early April to approve a bill to create 19 new "technopolis" cities. The idea is to create new science-technology-manufacturing cities of several hundred thousand people each. Under the proposed legislation, 1) high-technology firms setting up plants in the designated centers get tax credits on their investment; 2) research institutes set up in the areas are exempt from fixed property tax, a local tax; 3) local government giving tax breaks to firms receive compensating funds from the national gov-

ernment; and 4) local governments are allowed to issue bonds on easy terms to promote infrastructure support for the technopolis.

Who opposes industrial policy?

On March 10, the Electronic Industries Association of Japan (EIA-J) issued a refutation of the American Semiconductor Industry Association's (SIA) attack on Japan's industrial policy as applied to semiconductors. Much of the statement concentrated on factual refutation of SIA's charges, but the most striking part was EIA-J executive vice-president Toshio Takai's analysis of the motivations of American opponents of industrial policy. The statement is remarkably blunt, in contrast to normal Japanese overpoliteness and indirection:

The American perception of and strategy for high technology are quite obvious. . . . High technology is a fundamental industry on which the international competitiveness of the U.S. economy rests. It involves U.S. national prestige itself because of its close relationship with military technology. . . . Therefore [in the American view] it is both "sanctuary" and "glory" reserved for American industry, and maintaining eternal superiority over other nations is the sacred duty of the Americans. . . . The attempt by foreign countries—Japan as well as European countries—to challenge American superiority in high technology cannot be tolerated. . . . *To undermine the potential ability of foreign countries in putting forth such a challenge, the very structure of industry, or the economy, of the foreign countries capable of delivering high technology should be weakened.* . . . U.S.-Japan friction over high technology is therefore indeed industrial friction. It is a very different kind of friction than the bilateral trade frictions of the 1970s, which involved specific products.

American economic philosophy is antithetical to industrial policy, which implies some form of government intrusion into the private sector that distorts the free market process. However, the fact that some American business and government leaders are biased against industrial policy does not, in and of itself, render industrial policy unfair per se. . . . [In the 19th century] the United States successfully achieved its pinnacle in national industrial and technological development by resorting to a pervasive system of tariffs and government intervention and subvention to protect basic industries [emphasis added].

Takai's description of American opponents of industrial policy paraphrases almost exactly what Lionel Olmer himself said to *EIR* in a 1982 interview published in *EIR*'s Special Report, "Outlook for U.S.-Japan Economic Relations." What Takai overlooks, however, is that industrial America is as

much a victim as Japan of Olmer and his backers, since these people stridently oppose any industrial policy for the U.S. itself. Olmer—along with Paul Volcker and Olmer's previous boss, Henry Kissinger—is part of a faction in Washington which argues that a "post-industrial era" must be imposed upon the United States as much as on other countries. Olmer began his March 30 speech by saying that, upon reviewing all the issues he has faced in the last two years, "a single theme colors much of this disparate array: *the evolution of the post-industrial society* [emphasis added]." This faction, which owned the Carter administration, was exactly what Ronald Reagan campaigned to remove from Washington leadership. However, using Kissinger's hangers-on, the post-industrialists reinserted themselves into the new administration. Olmer himself was a career intelligence man, having spent most of his early career in U.S. Naval Intelligence (a wing of American intelligence suffering from overdoses of the "British disease"). He became the director of Henry Kissinger's Foreign Intelligence Advisory Board in the Nixon administration, and later was the Washington representative of the multinational Motorola corporation, a major semiconductor producer.

When Olmer and Kissinger refer to American political influence, they mean the ability of an Anglo-American multinational elite to use America as a "dumb giant" power base to impose their policies. Hence their concern that a country committed to industrial instead of post-industrial policy has become a growing power.

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Widespread use of lasers will begin to revolutionize industrial processing

by Marsha Freeman

For thousands of years, man has created his machines by striking one piece of metal with another piece of metal shaped as a tool. More recently, he has tempered steel for his tools in huge ovens using large amounts of heat. He has combined one metal with another by means of labor- and energy-intensive alloying to improve the qualities of his tools and implements.

All of this can now be done with lasers.

The March 23 announcement by President Reagan that the United States will embark on a high-technology research and development effort to produce directed-energy beam weapons for defense of the nation means that improved laser and other directed-energy beams will be available for civilian industrial use.

Lasers are already used on a small scale in materials processing industries. But lasers, which can perform almost every function of machine tools, ovens, and furnaces more precisely and economically, could transform modern industry.

Because lasers can be used to drill holes that are smaller, rounder, and cleaner than any competing process in a great variety of materials, they are used on plastics to make cardiovascular catheters and irrigation tubing, on rubber to make baby bottle nipples, and on glass for surgical tubing. Lasers are also used to cut molds in wood, perforate cigarette paper, and cut holes in ceramics and cloth.

Greater use of laser systems in the basic metals processing industries holds the greatest promise for developing manufacturing industries in the near future. The large-scale introduction of lasers will mean large increases in productivity in the machine tool and machinery industries, a development that will transform productive capacity in the entire economy, which is dependent on these basic capital goods industries.

To weld metals, a quick pulse of high-energy laser heat is used to form a plasma of metal vapor above the laser spot; the metal is then cooled to bind the materials. The Illinois Institute of Technology (IIT Research Institute) has found that laser welding uses only two-thirds the energy of currently-used electric arc welding, and can weld an order of magnitude faster at one eighth the total cost.

Lasers are also currently in use for heat treating and hardening metals, and for alloying particularly hard or non-corrosive materials with basic carbon steel. This process economizes on the use of expensive alloying metals and, because it is possible to harden only one portion of a piece of metal, using lasers means that it will no longer be necessary to heat-harden the entire metal piece in a large furnace.

Cheaper laser systems will make this technology available to an even wider array of industrial companies. Smaller machine tool and machinery producers, who make up the bulk of machine manufacturers in the United States, will be able to integrate laser technology into their operations.

Flexible manufacturing

The most exciting potential application of laser systems will be in the development of "flexible manufacturing," in which the multi-purpose laser is wedded to the robot; the human operator no longer moves parts around the factory, but manages a high-technology sequence of operations.

At IIT's Research Institute in Illinois, a test center is in operation to evaluate laser-robot combinations. According to Fred Seaman, the manager of the center, their experimental test cell can make four different parts with only a change in computer commands. Machines do not have to be re-set by human operators—the computer tells the laser how to cut, drill, machine, harden, or alloy the particular part.

Seaman points out that this laser-computer-robotics combination could potentially do 80 percent of all metal-related manufacturing!

U.S. laser experts also report that the Mitsubishi Electric and Fuji Tool Companies in Japan are making flexible manufacturing systems, and that the total Japanese research and development commitment in this promising field is about \$60 million per year.

Future flexible manufacturing centers will be made up of banks of lasers, robotic systems to make any necessary movements around the plant, and computers which supervise the process. Skilled operators will supervise the computers and repair the systems as necessary.

The Heritage Foundation dairy policy

Heritage wants to give Congress's power to set price supports to the Secretary of Agriculture.

‘C’ongress will probably put together another compromise dairy program, combining elements from all the six Senate dairy acts now on the table. There will probably be another dollar reduction in price supports and a modified program to reduce production. It will be another pot pourri bill like the last one.”

This was the assessment of Ron Phillips, after the Senate Agriculture Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices' two-day hearings April 13-14. Phillips is the official spokesman for the Senate Committee on Agriculture, Nutrition, and Forestry chaired by Sen. Jesse Helms (R-N.C.). The purpose of the hearings was to examine the options proposed for re-shaping the dairy program by removing government supports for the industry and bringing production in line with demand by preventing surpluses.

“It's really up in the air,” said Phillips. “It's unrealistic to think that the price supports can continue to rise. The bottom line is that we've got to reduce government costs, and Congress will have to do it, since Block doesn't want to mess with it.” Agriculture Secretary John Block has requested that the dairy industry and Congress come up with proposals before Aug. 1.

Battle lines were clearly drawn between the pro-price-support factions and the free-marketeers at the hearings. Yet each camp's proposal was the same: cut production.

The dairy industry is fighting to

maintain a parity-related price support system, on the basis that if some farmers must go out of business, those that remain should be able to maintain production. The administration wants to deregulate milk production altogether, which could threaten the United States's year-round supply of fresh milk by leaving dairy farmers vulnerable to the seasonal production changes and economic swings.

We need look no further than the Heritage Foundation's *Agenda '83* for the source of the policy direction taken by the administration. The agricultural section, “Bringing a Free Market to the Farm,” attacks price supports for causing “surplus” production. According to author Bruce Gardner, a professor in the Department of Agricultural and Resource Economics at the University of Maryland, this policy “appears to be a classic case of government intervention on a short-term basis that continues long enough to induce economically unjustified long-term investments.”

Gardner calls the dairy farmers' fear of free market policies “paranoia.” Dairy farmers must be weaned from their “psychological addiction . . . to price supports,” Gardner insists, because their fear that prices will fall if supports are removed is unfounded. Farmers are still able to produce a surplus, although price supports have eroded over the past three years and the price of milk paid to the farmer has been frozen since 1980. Yet he fails to discuss the fact that farmers have had to produce more milk

to make up in bulk what they lose in price, a situation that is bankrupting many.

Gardner laments that the Reagan administration has failed to follow through on its initial decision not to increase the support price for milk in the spring of 1981. The administration had decided to reduce dairy price supports by one dollar, but Congress proposed that the reduction be put in effect as a two-phase 50-cent assessment tax on every 100 pounds of milk produced. The plan, finally scheduled to go into effect April 16, would reduce the average dairy farmer's net income by over \$1,000 a year, but will not reduce the price support budget, which is the basis of the Heritage Foundation complaint.

The “best approach,” as proposed by Heritage, is to “give the Secretary authority to reduce the support price each six months by 50 cents per hundredweight, until supply and demand are brought into balance.” Currently, only Congress can cut price supports, while the Secretary can only increase or freeze prices. The dairy industry strongly opposes giving such power to the Agriculture Department.

Desperately trying to maintain government price supports at some level of parity, the Dairy Industry and its powerful lobby are trying to satisfy the administration's demands that milk production be cut. The two largest dairy co-ops jointly presented their Dairy Compliance Plan at the hearings. The plan calls for set-aside payments to encourage farmers to idle a portion of their milk production capacity, and a two-tier pricing system that provides a “disincentive” to increased production. But, while the industry does recognize that increasing exports is the only effective way to cut the surplus, this essential issue was not even addressed at the hearings.

The recovery plot

A second- or third-quarter downturn will become an unprepared President Reagan's biggest crisis.

The announcement on April 21 that durable goods orders rose merely 0.3 percent during March confirms that the previous month's big drop, first attributed to lower defense orders, represented the beginning of the end of the inventory accumulation blip. Indeed, the entire rise in estimated Gross National Product for the first quarter occurred in inventory accumulation, whereas final sales rose a scant 0.9 percent. Since retail sales were negative over the quarter, it is clear that the economy (stripped of inventory noise) remains on a mildly-falling trajectory.

Even Chase Econometrics's Lawrence Chimerine warned that the 1.1 percent rise in industrial output during March (according to the Fed index, which overstates the rate of change of output) simply means more inventory buildup.

At dealer level, auto stocks have risen to the three-month level, and auto assemblies fell during March in response. The same is true, as *EIR* has warned repeatedly, in the other consumer durables sectors which account for the nudge upwards from the economic trough.

Euphoria might not be so great had Fed Chairman Paul Volcker not thrown sufficient funds into the banking system to move banks from a net borrowed to a net free reserve position between the end of March and the middle of April.

As Merrill Lynch analyst Peter Canelo points out, the money supply rise for the week ended April 8 would have been reported at over \$6 billion,

rather than the \$2 billion released by the Fed, except for some dubious tinkering with seasonal adjustments. Volcker is leaning heavily against the fundamental pressures for higher interest rates, using apparent statistical fraud to cover his tracks.

The most interesting question is, why so many individuals are compromising their credibility to blow air into the recovery balloon that had already begun to sag (in public perceptions) by the middle of March.

The "political" aspect is evident: the Reagan administration will stumble into an economic disaster by clutching at the recovery straw, Hariman-linked congressional leaders predict. The President, according to one well-placed congressional source, has "no international economic policy himself and no one to give him one. In the end, this will destroy Ronald Reagan."

Strange events at the Trilateral Commission meeting in Rome on April 19 provide a clearer explanation. According to Italian press accounts, the meeting "marked the beginning of the post-Reagan era." Two speeches in particular were significant. Robert McNamara argued that neither the banks nor the developing nations were responsible for the disastrous world debt crisis, but that the blame lay rather with Reagan and his excessive defense budget. The second speech was by Paul Volcker, damning the administration for opposing more intervention into the currency markets.

For the benefit of the credulous in

Washington, Hobart Rowan reported the McNamara speech as an attack on the Felix Rohatyn-Peter Kenen variant of global refinancing plans, which the administration in any event opposes.

Meanwhile, Undersecretary of State W. Allen Wallis has formulated an American position for the Williamsburg summit that amounts to denying any world debt crisis exists, because the "recovery" will supposedly cure everything. Close associates of Wallis say he believes no such thing.

However, the *Wall Street Journal* is writing the same nonsense for the benefit of the President's breakfastable reading. In a lead editorial April 20, it stated, "Most of the industrialized countries are well on their way to recovery, judging from the official indicators and ebullient stock markets world-wide. . . . [This] would pretty much solve whatever debt problem exists."

"That's not to say that some countries, and some banks, couldn't still go down the tubes. But the market has had ample time to discount the probability of this, and there's no reason it should lead to a panic. Poland has already declared a virtual moratorium on repayment of its debt, and that didn't lead to financial Armageddon, as some predicted. Anyway, there are established national procedures for dealing with potential bank failures."

A small group of Reagan administration advisers is warning, meanwhile, that a major debt crisis might break out as early as June, when most of the Third World convenes for the ministerial meeting of the United Nations Council on Trade and Development in Yugoslavia. However, according to one senior official, "The entire administration is logjammed on the issue, and Williamsburg will be a washout."

Business Briefs

Economic Policy

EIR outlines 'new industrial revolution'

At the Fusion Energy Foundation-sponsored conference on the implications of President Reagan's proposed beam-weapons development policy held in Washington, D.C. April 13, *EIR* founder Lyndon LaRouche and economics editor David Goldman developed in depth how this program would unleash "the greatest industrial revolution in history."

LaRouche emphasized that the United States should spend \$1 trillion on the beam weapons development and associated programs in the remaining years of this decade. Rebuilding "will start slowly—look at 1939 as a point of reference. . . . Our economy is rotten and decayed. [But] it won't cost the American economy a penny."

David Goldman described the new technologies already available, including a device about the size of a minicomputer which can produce 1 ton of steel per day. But with the present U.S. economy in a state of thermodynamic death, he said, no recovery is possible unless we change our investment policy. "What we are proposing is a \$1 trillion defense budget for research and development, with which we could tear out the guts of old capacity and install new technologies."

International Finance

Bretton Woods was Nazi finance plan

The Banker, the exclusive banking journal of the City of London, featured a review of the 1944 Bretton Woods agreement in its April 1983 issue. In "How Strong is the Case for a New Bretton Woods?" Paul Barreau writes that a new Bretton Woods agreement is desirable, and then discussed the its pedigree. "It may surprise most people today to learn that the genesis of the thinking that led to the Bretton Woods agreements lay with Germany. It was in July 1940, after the German armies' drive to the Channel,

that the German Minister for Economic Affairs and President of the Reichsbank, Dr. Walther Funk, outlined a plan for the reconstruction of the European economy. The methods of bilateral trade relations would be developed into a multilateral system. Money would be of secondary importance; the management of trade and the economy must come first. Berlin would be the clearing center and replace London as the world's, or at least Europe's, financial capital."

London could not let this challenge go unanswered. "In November . . . 1940, the Ministry of Information in London, . . . [asked John Maynard] Keynes, to discredit the German propaganda. But "Keynes' response was decidedly cool," as it turned out, because he actually liked the plan of Nazi Economics Minister Funk. "What should be done, Keynes mooted, is 'for Great Britain to offer the same as what Dr. Funk offers, except that we shall do it better and more honestly.' By happy coincidence, parallel constructive imagination was to be set at work later in Washington and Ottawa," and in 1944 became the Bretton Woods post-war monetary order, establishing the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade (GATT).

Canada

Economy 'performing well,' says Trudeau

Canadian Prime Minister Pierre Trudeau defended his government against critics in the nation's House of Commons by declaring that despite an increase in the official unemployment rate and a sharp decline in productivity, the Canadian economy is "performing well."

Trudeau explained that the problem was that although the number of jobs had increased, the number of workers looking for jobs had increased faster. "I wish the young people would look at the reality of these statistics rather than at the gloom forecast by the opposition," he said.

The government announced that unemployment was 12.6 percent in February, seasonally adjusted, up from January's 12.5 percent. Non-seasonally adjusted (the ac-

tual counted number) was 13.9 percent or more than 1.7 million persons. If the numbers of hidden unemployed, the 335,000 workers no longer looking for work because they cannot find any, are added, unemployment is over two million. The more than 17 percent rate of nation joblessness is nearing 1930s levels.

Speculation

Swiss evaluate strategic metals

"The prices of a series of strategic raw materials have risen in the last few weeks," reported the Swiss financial daily *Neue Zürcher Zeitung* April 20. "Price movements were somewhat more pronounced than in the metals traded on the public exchanges."

Apart from discussions of GSA purchases for the United States, the *Neue Zürcher Zeitung* argues, "In Great Britain, the government has proposed a stockpiling program for ferro-manganese, silicomanganese, ferrochromium, cobalt, and Vanadium ore. The purchases effect essentially the same metals which have been mentioned as leading candidates for stockpiling in a European Community study. France has stockpiled considerable amounts of strategic metals in a quiet fashion. In the London specialist trade there were recently rumors of new Swiss purchases. . . . In Japan, a program was recently decided upon to increase strategic reserves of a series of strategic metals to the 60-days level."

The report did not mention considerable purchases and contracts for futures purchases of metals relating to aircraft and aerospace production made by Israel in South Africa.

Domestic Economy

First quarter consumer sales down

Despite the 10-point jump in the U.S. "consumer confidence index" published by the business think tank, the Conference Board,

which they called "the biggest jump in nine years," consumer sales in the first quarter of the year were lower than the last quarter of 1982, the period considered the low-point of the current "recession."

With March's figure of \$91.5 billion, the total retail sales for the quarter is 1 percent lower than the last quarter of 1982. The Commerce Department reports that the preliminary February retail sales figure, which showed a 0.3 percent drop from January, was found to be a 1.2 percent drop when revised this month.

The most disappointing figure to "recovery" advocates was the quarter's auto sales, which were not only below those of fourth quarter 1982 but even below the first quarter of 1982 on a seasonally adjusted basis. Sales for 1983's first quarter, seasonally adjusted, were at an annual rate of 7.8 million units, compared to 8.3 million units in the same period last year.

U.S. Government

Mont Pelerin moles set up President Reagan

Undersecretary of State William Allen Wallis and Treasury Undersecretary Beryl Sprinkel are deliberately sabotaging a U.S. policy initiative on Third World debt to set up President Reagan for a banking crisis later this year. Such a crisis would discredit his administration, economists close to the two officials said April 21. Wallis is the founding treasurer of the Swiss-based Mont Pelerin Society, and a former dean of the monetarist University of Chicago, where he taught Secretary of State George Shultz. Sprinkel is the former head of the Swiss-run Shadow Open Market Committee.

Both Wallis and Sprinkel have stated that there should be "no major new initiatives to deal with the debt problem" by the United States because there is no real debt crisis and "the problem will be solved by the [U.S.] economic recovery," according to sources. This view is being presented to President Reagan as "proof" that his economic policy has worked, and the President as of now apparently will follow the "do-nothing" line at Williamsburg, Washington

sources agree.

However, Wallis is "in fact well aware that whole parts of the world debt structure are completely insolvent," Swiss-born economist Karl Brunner, another student of Wallis, said April 21. "We don't think the recovery will take care of the debt problem in the least. This is a serious international financial crisis, and we need a long-term solution. If the United States does nothing on the debt at Williamsburg, there will be a summer or fall banking crisis. The big banks will come in and demand that the government bail them out, and Reagan will be forced to hand over policy to the IMF or to the people such as Mr. Rohatyn. . . . Reagan will be finished with his economic program."

International Trade

Kissinger consults for Peking

Henry Kissinger is now an official consultant to a Hong Kong-based Chinese company which procures advanced Western technology, according to the April 21 issue of the *Far Eastern Economic Review*. The company, Everbright Industrial Corporation, is headed by Wang Guangying, the brother-in-law of the late Chinese head of state, Liu Shaoqi. Wang is a former Shanghai capitalist, and his sister is Wang Guangmei, Lui's widow and an active political figure in the People's Republic of China today.

Kissinger, according to the *Review*, made a 24-hour stopover in Peking in March to confer with his new employer. The meeting with Everbright chairman Wang took place despite the controversy between Washington and Peking over the American decision to give political asylum to a 19-year-old tennis player who defected from China.

Hong Kong-based companies established by Peking to procure highly sensitive American and other advanced technology have been particularly controversial in Washington. Many Reagan administration officials have favored restricting American business transactions with corporations fronting for Peking, since China is still subject to restrictions pertaining to flow of technology to communist countries.

Briefly

● **EDWIN J. GRAY** was sworn in as a member of the Federal Home Loan Bank Board April 13. It is considered likely that Gray, a member of Reagan's White House staff, will be named chairman of the board when current chair Richard Pratt steps down at the end of April. The appointment is seen as an indication of administration support for the homebuilding industry.

● **FRITZ LEUTWILER**, chairman of the Bank for International Settlements and Swiss National Bank, told British banks that central banks had no right to push bankers to extend further "interbank" loans to debtor countries, the London *Financial Times* reported April 22. Brazil and other Ibero-American debtors have avoided default only through a \$40 billion rise in such borrowings through their banks abroad during the September-February period. Federal Reserve officials complain that Leutwiler is undermining a principal source of funds keeping Brazil and other countries afloat. Bank of England officials are reportedly furious.

● **SHORT TERM CREDIT** lines to big debtor countries are being withdrawn for the first time since the September Mexico crisis, according to one big commercial bank. "This can't persist or there will be big trouble," says one banker.

● **DEFENSE EXPENDITURES** will become the issue of a bitter fight between President Reagan and Congress, according to Fed analysts; they predict that Reagan will have to veto a series of appropriations bills.

● **M1 ROSE** \$3.1 billion in the week ending April 14, following a \$2 billion rise the previous week, reflecting Fed Chairman Volcker's attempt to hold rates down while his re-appointment is under consideration; last year's seasonal adjustment factor would have shown increases three times as large.

Kissinger's treason laid before U.S. Senate

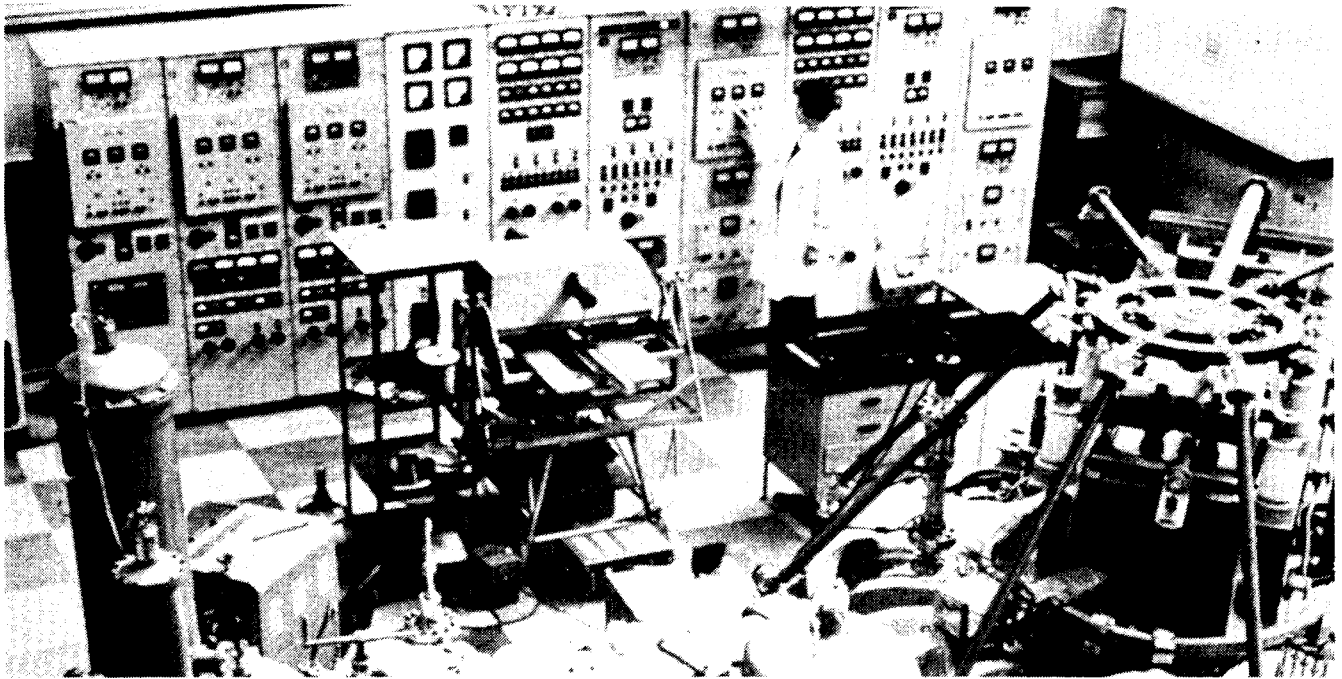
by Christopher White

Below we present new evidence of the treasonous activities of Henry Kissinger. The document in question has been made available to Vice-President George Bush, in his capacity as President of the Senate, and also to the chairmen of the Senate Committees on Intelligence, the Armed Services, and the Judiciary, by *EIR* founder Lyndon LaRouche's political action committee, the National Democratic Policy Committee, together with a request that full investigation into Henry Kissinger's treasonous activities now begin.

The evidentiary document itself, compiled by a team of investigators around the world, shows that the use of the term treason in connection with this aspect of Kissinger's activities in his official and unofficial capacities is nothing if not precise. It is established that since the early 1960s, U.S. administrations have been misinformed and manipulated on questions concerning Soviet military doctrine, Soviet policy on the development of relativistic physics based technologies for missile defense, and the development of such systems themselves; and further, that the success of such misinformation and manipulation has been a significant causal factor in the dismantling of in-depth national strategic and industrial capabilities under the strategic doctrine of MADness.

Now that the President, in his March 23 military policy speech, has acted to correct the suicidal fallacies embedded in MAD doctrines, it is to be stressed that correction of the so-called "Kissinger factor" in U.S. politics has to be moved up to top place on the agenda for executive action. Since that history-changing speech, Kissinger has taken the point in internationally sabotaging the President's policies. As he said in an interview with the Italian newspaper *La Repubblica* on April 19, thereby confirming what has been submitted to the Senate concerning his practice over the last twenty years, "I don't agree with the President's idea that this will generate a whole new world. . . . I must make a distinction between the research and development of these systems, and the philosophy behind them. . . . I don't believe that they can abolish military laws which provide that no defense has been 100 percent efficient against an offense."

Kissinger gave this interview during the course of the Trilateral Commission's



At the Soviet Union's Kurchatov Institute, particle-beam research proceeds, with application to fusion energy and beam weaponry. The Kissinger faction has sought to hobble U.S. programs in both fields.

tenth anniversary celebrations in Rome. The activities of the Trilateral Commission have been premised on the assumption that strategic weapons agreements with the Soviet Union within the context of MAD, create a global terror environment in which genocidal neo-Malthusian doctrines can be implemented against Third World populations. The Soviets, for their part, have accepted such games. In their view, the resulting opposition to the United States within the Third World, plus the degradation of U.S. internal capabilities, has meant that the West could have been destroyed from within by the mid- to late-1980s.

Now the Soviets and Kissinger's controllers see their strategies blown away. Kissinger has been turned loose against everything that induces the rage of his masters.

To break with the strategic nonsense of Mutually Assured Destruction is to break the policy dictates of those who have used the permanent overhanging threat of nuclear blackmail, to hold world politics and development hostage to their own hatred of all that human civilization has accomplished. We have yet to face, in the remainder of this year, the catastrophes attendant on the bankruptcy of the international monetary system, and the crisis with the Soviets over the commitment inherited from the Carter administration's doctrine of "forward defense" to emplace Pershing II and cruise missiles on European soil.

Bringing Kissinger publicly to account for his part in that process will not only assist in mobilizing political forces to contribute effectively to the reversal of the past 20 years' rot in the moral quality of America's institutions of government, it will assist in forestalling dangers that are still to come.

In this section

I. Investigations into indicated withholding of vital U.S. national security information

The text of a memorandum presented by the National Democratic Policy Committee concerning Henry Kissinger's destructive manipulations of the Nixon administration.

II. Moscow's denunciations of ABM defense belied by the Soviet policy record

What Soviet leaders and senior scientific personnel have said about the possibility and desirability of strategic defense against thermonuclear attack.

III. The Soviet ABMs Kissinger concealed

The Tallinn system and its implications.

Investigations into indicated withholding of information vital to U.S. national security by former National Security Adviser Kissinger

Submitted to the U.S. Senate by Lyndon H. LaRouche, Jr.

The first hard indications of Soviet commitment to beam-weapons systems appear in the 1962 and 1963 editions of Marshal V. D. Sokolovskii's *Military Strategy*. Three paragraphs of that text are crucial:

In our country the problem of eliminating rockets in flight has been successfully solved by Soviet science and technology. Thus the task of warding off strikes of enemy missiles has become quite possible.

It is interesting to note that the problem of anti-missile defense is far from being solved in the West. The United States has developed the "Nike-Zeus" and "Wizard" systems . . . for the direct encounter between a missile and an anti-missile missile . . . work is being conducted on the use of space means (anti-rocket "screening" systems).¹

To which is added in a later part of the same text:

Possibilities are being studied for the use, against rockets, of a stream of high-speed neutrons as small detonators for the nuclear charge of the rocket, and the use of electromagnetic energy to destroy the rocket charge in the descent phase of the trajectory or to deflect it from its target. Various radiation, anti-gravity, and antimatter systems, plasma (ball lightning), etc., are also being studied as a means of destroying rockets. Special attention is devoted to lasers ("death rays"); it is considered that in the future, any missile and satellite can be destroyed with powerful lasers.²

The third of these three cited paragraphs is dropped from the third, 1968 edition of Sokolovskii's text. This omission does not indicate that the U.S.S.R. has discontinued such features of its earlier strategy. On the contrary, the omission correlates with most substantial progress in development of such capabilities. Most significant is evidence to this effect presented and discussed at sessions of the Pugwash Conference on Science and World Affairs which Kissinger either attended personally, or to whose proceedings he had direct access through participation by persons and agencies associated with Kissinger's official duties. Most significant among these Pugwash conferences are:

1) The 9th Pugwash Conference at Cambridge, England in which Kissinger chaired Working Group II, Aug. 25-30, 1962. Kissinger's panel was devoted to the subject of "Problems of Balanced Reduction and Elimination of Conventional Armament," a panel which included Soviet representatives S. G. T. Korneev, General-Major N. A. Talensky, and V. A. Kargin of the Soviet Academy of Science.

2) The 11th Pugwash Conference, at Dubrovnik, Yugoslavia, of September 1963, at which the anti-ABM campaign was launched, which Kissinger attended.

3) The 13th Pugwash Conference, at Karlovy Vary, Czechoslovakia, Sept. 13-19, 1964, which Kissinger also attended, at which limited "nuclear freeze" was introduced.

4) The 16th Pugwash Conference, at Sopot, Poland, on Sept. 11-16, 1966, at which Kissinger chaired Working Group II: "The Reduction of Tensions and Political Settlements in Europe."

The recommendations of Kissinger's panel at the 16th Conference are most indicative, as they include: "The reunification of Germany was accepted by all members of the group as a necessary part of any lasting system of security in Europe," a revival of the Gomulka-Rapacki Plan of the 1950s, and a policy which serves as continuing impetus for efforts to de-couple the Federal Republic of Germany from the Atlantic Alliance.

5) Kissinger did not attend the "Wingspread" Pugwash Symposium on "The Impact of New Technologies on the Arms Race," held in Racine, Wisconsin, June 26-29, 1970. However, Arms Control and Disarmament Agency (ACDA)-related officials did.

Participating in this "Wingspread" conference were: Franklin A. Long, 1971-76 Director of the Arms Control Association, Harvard's Abram Chayes, co-author with Jerome Wiesner of the 1969 *ABM—An Evaluation*; Harvard's Steven Weinberg, 1970-1973 consultant for the Institute for Defense Analysis, and for ACDA. Also participating in this conference were Soviet representatives Oleg L. Kozinets of the Physical Institute of the Academy of Sciences, Roald Sagdeev of the Institute of Nuclear Physics, and Vyacheslav Seychev of the Institute of High Temperature.

During the Wingspread conference, Bruno Brunelli of

the Italian Laboratory of Gas Ionization conducted discussions with Sagdeev and Seychev on the potential military implications of pure fusion triggers such as high-powered lasers, high-velocity macroscopic particles, and intense relativistic electron beams. Seychev discusses MHD systems as a compact source of electrical energy for relativistic beams adequate to trigger plasma reactions, and adds:

These special advantages make the MHD generator attractive for military applications. There have been some publications about military applications of MHD generators both for tactical aims and for strategic aims (for jamming radar and other things).

While the summary of the discussion states:

Lasers or electron beams of high enough power to ignite a fusion reaction could conceivably be used as weapons in their own right.

To suggest that this information, conducted with ACDA consultants, was not available to Kissinger et al. in connection with negotiation of the 1972 ABM treaty, is totally beyond credibility. The implication is, that the policies which Kissinger et al. have been introducing to U.S. strategic practice have been directing the U.S. government's efforts in a manner opposite to vital issues of strategic parity, and with more or less full knowledge that this was the effect they were producing by such practices.

Between the conclusion of ABM treaty-negotiations and President Nixon's ratification of that treaty on Sept. 30, 1972, there was a most significant Pugwash event:

6) The 22nd Pugwash Conference, held at Oxford, England, Sept. 7-12, 1972.

At this conference, Manhattan Project veteran Bernard T. Feld issued the false statement lately reported from such sources as Moscow and the *New York Times*:

Development, testing and deployment of ABM systems or components that are sea-based, space-based, or mobile land-based are prohibited, also deployment of ABM systems involving new types of basic components to perform the current function of ABM launches, interceptors or radars (e.g., laser ABM) is prohibited.

The truth is contained within the "Agreed Interpretations, Common Understandings, and Unilateral Statements" appended to the treaty itself. Among the agreed interpretations initiated by both powers are:

[D] . . . in the event ABM systems based on other physical principles and including components capable of substituting for ABM interceptor missiles, ABM launchers, or ABM radars are created in the future, specific limitations on such systems and their components would be subject to discussion in Accordance

with Article XIII and agreement in accordance with Article XIV of the treaty [emphasis added to original].

The applicable section of Article XIII, is:

1(a) consider questions concerning compliance with the obligations assumed and related situations which may be considered ambiguous;

1(g) consider, as appropriate, proposals for further measures aimed at limiting strategic arms.

Article XIV provides for amendments and review.

Kissinger and other specialists in strategic doctrine, weapons systems evaluations, and arms-control fields, were fully aware of the Soviet Sokolovskii doctrine, were aware of the central function of ABM systems in making such a doctrine practicable. They were also aware that at the point Soviet *Military Strategy* edited out reference to relativistic-

Whether Kissinger et al. knowingly falsified vital strategic information out of pro-Soviet or anti-Soviet motives, no Soviet agents could have succeeded better than they have done. They knew we would not have tolerated their policies had they not massively misled us.

physics technologies of ABM systems-design, the Soviet Union was pressing forward with scientific and technological breakthroughs in such military technologies. During meetings at which Kissinger and others reviewed such technologies and their implications, including the Pugwash conferences, this connection was emphasized repeatedly, and clear evidence of Soviet progress and commitment was repeatedly presented.

It is not indispensable to draw the conclusion that Kissinger et al. operated so as witting agents of influence of the Soviet Union, or of some particular current within the Soviet leadership. How effectively Soviet psychological manipulations shaped their views is not an insignificant question, but is not the most immediate and primary issue. The simple, clear, and irrefutable fact, is that they employed their positions of trust and influence, both in official and quasi-official capacities, to falsify the composition of facts available to the Executive and Congress, as well as our



The closing reception of the thirteenth Pugwash Conference at Karlovy Vary.

citizenry generally, and that they did potentially fatal damage to the defensibility of our republic by means of such witting falsification of national strategic estimates.

Whatever their personal motives in this misconduct, they selectively advanced and withheld vital information, to the effect of manipulating the strategic policies and practices of our republic, knowing that we would not have tolerated their policies had they not willfully, massively, and persistently misled us. Whether this was done out of some sympathy with Soviet circles, or done for any different motive, the result has been the same. If the motives involved are arguable, their deeds are not in doubt. They knowingly falsified vital strategic information, to impose upon us policies which were implicitly fatal to the most vital interests of our republic. Whether they did so out of pro-Soviet or anti-Soviet motives, no Soviet agents could have succeeded better than they have done.

A summary of the implications of the Sokolovskii strategic doctrine, and of the growing disparity to Soviet long-term strategic advantage, fostered by the Nuclear Deterrence policy of the U.S.A./NATO, shows clearly how monstrous are the consequences of the actions of Kissinger et al. in connection with this matter.

The significance of Sokolovskii

The doctrine of Nuclear Deterrence (or, Mutually Assured Destruction—MAD) assumes the effects of an intercontinental salvo of thermonuclear strategic missiles to be so devastating for both principal powers, that continued strateg-

ic war-fighting beyond the first hour of general warfare is no longer possible. MAD therefore implicitly restricts the continued development of military capabilities to strategic arsenals plus local-war capabilities. The vast, middle range of classical war-fighting capabilities has been allowed to wither away by attrition. In-depth economic capabilities of major powers and their allies for fighting continued general warfare have been eroded.

The two features of warfare established by Leonardo da Vinci and Niccolò Machiavelli, and made traditional doctrine by the successive work of Lazare Carnot and General Scharnhorst, have been dropped from the agenda of strategic policy-making. The first such principle was the principle of technological progress in developing the productive powers of labor of republics, the material basis for capabilities in depth of mounting and winning war. The second principle was a well-trained and well-equipped citizenry in arms, implying certain technological as well as general cultural strengths of the citizenry. We regressed, in all categories but thermonuclear arsenals, to a parody of the "limited warfare" or "cabinet warfare" doctrines of the 18th century, the doctrines of set-piece warfare fatally discredited a century and three quarters ago, at the battle of Jena.

So, technological progress in maintaining and increasing the in-depth capabilities of agro-industrial republics ceased to be the foundation of our nation's military policy. We and our principal allies have been engaged for two decades to date in transforming our economies into the emiserated rubble and weakness of "post-industrial societies." To any per-

ceptive strategic planner in Moscow, the obvious conclusion has been: "The capitalist powers are destroying themselves from within. Probably, before the end of the century, the Soviet Union will achieve unchallengeable world hegemony. However, during the last moment before it succeeds in destroying itself, the Western powers will become maddened by desperation, and capable of making a thermonuclear attack. We must prepare to defeat such an attack, but without provoking them to resume a high-technology build-up."

There is only one effective technological means for implementing such a military doctrine: strategic (and tactical) systems for destroying missiles in flight. Anti-missile missiles can not satisfy this requirement; super-saturation of rocket countermissile defense (e.g., SPARTAN-SPRINT) is not unduly costly relative to the costs of such rocket-based countermissile systems, while such rocket-countermissile systems have unpleasant side-effects for the defending forces. The degree of firepower required for effective ABM and other anti-missile systems can be achieved only by a range of relativistic-physics technologies derived from the mathematical physics of Bernhard Riemann, and centered around the upper ranges of laser-like devices in the electromagnetic spectrum.

To understand the general feasibility of such ABM systems, and Soviet capabilities for developing and deploying such systems, a few general observations are necessary, and sufficient for appreciating the implications of what Kissinger et al. have done.

A strategic ABM system must satisfy four categories of assignment. These assignments center on the fact that strategic missiles reach speeds of 3 kilometers per second or higher, and carry often multiply-targeted warheads in each, plus the problem of submarine-launched and short-range thermonuclear and nuclear missiles assigned to strategic targets. The targets to be defended are principally four: 1) Major military targets, 2) Major logistical targets, other than population centers as such, 3) Population centers, and 4) Areas targeted for large-scale residual radioactive fall-out. The assignments are:

- 1) A space-based missile-killer system of perhaps four echelons, each echelon assigned to destroy not less than 50% of the missiles and deployed warheads which survive the countermissile action of the preceding echelons. In other words, not more than approximately one-sixteenth of an initial launch of 5,000 or more missiles must survive space-based countermissile measures.

- 2) Anti-Submarine Warfare systems capable of locating, targeting, and destroying submarines at the moment of outbreak of general warfare.

- 3) Point-defense systems based on beam weapons technologies, assuming the functions of the saturable SPARTAN and SPRINT systems.

- 4) Longer-range terminal-defense systems, both to supplement point-defense of military, logistical, and population

center targets, and to eliminate warheads falling between point-defended targets.

The design must assume loss of parts of these echelons of defense to countermeasures, and must have not only redundancy in each echelon, but must have sufficient depth that the terminal and point-defense systems could cope with much more than the optimal expectancy of 6-7 percent of total launch.

A power which shot its capability against such a defense system would be helpless afterward against the power it had attacked.

The principal problem for developing such a defensive system is firepower: speed and frequency with which the systems can accurately target missiles and warheads. The best-available speed is the speed of light, or velocities near the speed of light. The best available frequency is provided by high energy laser-like devices in the upper ranges of the electromagnetic spectrum: X-ray lasers, gamma-ray lasers, and, beyond that "wavicle," or "particle-beam" lasers. In the nearest term, the results desired can be accomplished by lasers in the lower, visible-light portion of the spectrum. Our problem here is delivering high energy-flux densities of energy to power the laser-like devices for which the ideal downstream option is small, controlled thermonuclear explosions of pellet-charges.

There is also the problem of target-acquisition and targeting. On principle, hitting an adversary missile in the stratosphere at orders of 5,000 kilometers distance is an engineering development task, not a fundamental problem otherwise. Aiming the laser-like device is a similar, related problem. The higher the range of the electromagnetic spectrum used in space, the briefer the period the beam must dwell on the target it is assigned to make it non-functional. In space, we should wish to have something in the order of a four-ply system capable of firing 50,000 or more well-aimed shots within an interval of less than ten minutes, together with energy-systems capable of sustaining delivery of suitable high energy-flux density energy to the firing system.

There are other kinds of capabilities in addition to lasers and laser-like electromagnetic beams, but the point to be made bearing on the case of Kissinger et al. is made adequately by limiting our attention to the laser-like part of the program.

The kind of work we require to be accomplished by the beam of the laser or laser-like device is implicitly defined by Professor Bernhard Riemann's 1859 experimental design, entitled "On the Propagation of Plane Air Waves of Finite Magnitude." This deals with the generation of acoustical shock waves, like the "Mach cone" by a supersonic projectile. However, the principle is general, not limited to acoustical shock waves.³ These kinds of waves, peculiar to all media, are called by Soviet scientists "Riemann Waves." These shocks are generated on the condition the wave transmitted is treated as a hydrodynamic wave, approximating a

sine-wave form, like ordinary alternating current in an electrical line. When this transmitted wave encounters an appropriate set of constraints, it delivers shock to the barrier so defined in a manner determined chiefly by its relative amplitude and wave-length, such that a low-amperage wave of high frequency does more work than a high amperage wave of low frequency.

Thus, by concentrating a relative lower amperage into a very high frequency laser beam, the work that beam accomplishes on its target in a very small area can easily be at energy-flux densities above the absolute boiling-temperatures equivalent for any existing material. Our task of beam-weapon defense is to pack fairly high energy-flux density energy efficiently into generation of laser-like beams.

These beams have additional, fascinating and essential characteristics. Coherent electromagnetic radiation behaves

It is not the new strategic doctrine which provokes acerbity in Moscow now; it is the fact that we have elected to resume our former position as a great economic power. Moscow's dreams of a reversal of the new strategic doctrine will fade away, however reluctantly. They will direct themselves to tasks of protracted survival of both powers.

on targets in a most interesting fashion. It "self-focuses" the work done down to very small areas, the areas of molecules, of atoms, of atomic nuclei, and even smaller. We say that different parts of the electromagnetic spectra used for monochromatic laser or other laser-like devices are characteristically "absorbed" by molecules, atoms, nuclei, sub-nuclear phenomena. Its work is, in other words, focused on such sub-microscopic scales of area. The energy-flux densities delivered by a relatively low number of kilowatts are immense.

Moreover, these "absorption characteristics" are well-defined for each upper range of the electromagnetic spectrum. Plotting these ranges logarithmically, as a logarithmic spiral, on the appropriate cone, it is shown that these ranges are harmonically ordered according to the same principles as Kepler's determination of the ordering of the solar orbits, and as Sommerfeld et al. recognized the similar harmonic determination of characteristics of atomic spectra.⁴ As we go beyond the range of gamma-ray laser-like beams, to higher

ranges, the beams of electromagnetic radiation behave also as "particles" ("wavicles"), as Riemann's work implicitly predicts, and produce nuclear transformations. It is in this latter area, the relativistic particle-beam ranges of the spectrum, that the best accomplishments of Soviet scientists and laboratories have been achieved, aided by laboratory programs we have not provided U.S. scientific teams.

One of our principal, continuing difficulties, in attempting to promote such research and development in the United States and Western Europe, is that policy-influencers continue to think of these kinds of relativistic systems in the terms of popular reference associated with the statistical theory of heat. It is not realized, sufficiently widely, that these technologies are not only the basis for immediately developing a revolution in military strategies and tactics, but represent potentially a revolution in our definitions of raw materials and productive processes widely, as well as revolutions in biological science's practice, such as the more or less immediate potential of looking into the molecular structure of living cancer-cells. The benefits to society which could begin to be realized during the coming decade mean a new industrial revolution launched within the remainder of this century, a new industrial revolution which makes the so-called computerrevolution seem a mere child's exercise by comparison, and which increases the potential productivity of an operative in industry vastly more than was accomplished by the successive development of the heat-powered machine, chemistry, and general use of electrical power. We need but to think in terms of the Riemannian physics now being vigorously applied by leading Soviet specialists to the development of beam-weapons technologies.

This is not "music of the future," it is a revolution in military science and industry within our reach now.

It is these technologies which were broadly referenced as the technological kernel of Soviet military doctrine during the early 1960s, technologies which Soviet specialists have defined with accelerating rigor over the intervening decades. To any specialist familiar with the field, what Soviet specialists have described at Pugwash, and other conferences, and what is otherwise rather well-known as Soviet laboratory accomplishment, signifies that the Soviet Union is coming close to the solution of all of the principal problems which must be mastered for deployment of a full-scale strategic ABM system, and tactical systems as well. (Such tactical systems on a cheap, fast MIG-27, costing a fraction of a first line U.S.A./NATO combat aircraft, would be a deadly proposition.)

The tempo of such development, and the manifest commitment to that tempo was known to Kissinger et al. at the beginning of the 1970s, even before the massive further advances since. Sokolovskii's doctrine may appear to be on the "back burner" since approximately 1977, but only until Soviet strategic ABM capabilities are ready to be deployed. If you were a Moscow strategic planner, preparing for contin-

gency of a nuclear strategic salvo from the United States, what would you do?

Against this longer-range Soviet strategy, the only competent strategy available to Moscow, Henry Kissinger et al. caused us to disarm ourselves. One day, when Moscow was ready, the ground-based systems would be deployed fully, discreetly. Then, we would look up and know that Soviet space-lift capabilities had put something equivalent to a four-ply space-based missile-killer system into orbit. If Kissinger et al. had been successful, we would have no alternative but to learn to say "Yes, Comrade" in Russian.

War-avoidance options

We of the United States do not seek war, we seek a durable peace in a world ordered in a manner acceptable to the vital interests of our posterity. Advocates of Nuclear Deterrence informed us that thermonuclear weapons made general warfare unthinkable; that doctrine brought us to the brink of an October 1983 into March 1984 new missile-crisis, far more dangerous even than that of 1962, and gave us no options but either submission or nuclear warfare during the second half of this present decade.

On March 23, President Ronald Reagan acted to change our strategic doctrine. That decision is irreversible. Within hours of the promulgation of the new strategic doctrine, the Soviet Union upgraded its beam-weapons ABM-systems development. Both powers are now irreversibly locked into the new strategic doctrine. The slower-paced, covert aspects of Soviet preparation of strategic ABM capabilities are nullified.

At the moment, Moscow is very unhappy. Sokolovskii is still in effect, but Moscow knows that the implications of the new strategic doctrine oblige us to model a rebuilding of our economy along the lines of our 1939-43 efforts. As the citizen digests the new reality, our institutions of government and political parties will exhibit the political prudence of differing among one another only as to how the new doctrine might be best implemented, not whether to implement it or not. Those among our political currents which resist the new strategic reality will fade from positions of influence.

This reality must become clear in Moscow over the coming weeks. Moscow's dreams of a reversal of the strategic doctrine by a Nuclear Freeze movement or other means will fade away, however reluctantly. Moscow will force itself to reconcile itself to the fact, that the United States of the late 1990s will not be the pathetic heap of whimpering "post-industrial" rubble some gentlemen in Moscow formerly dreamed we were becoming. It is not the new strategic doctrine which provokes acerbity in Moscow now; it is the fact that we have elected to resume our former position as a great economic power. They will continue with Sokolovskii's doctrine, but they will direct it to tasks of protracted survival of both our powers, not to the prospect of dominating us during the course of the 1990s.

The next several years remain dangerous years. Until the

new strategic ABM defenses are established, military capabilities will continue to be dominated by relics of the past. During this period, the only rational option available to the two powers is to negotiate strategic stability over the period between now and the time both powers have deployed their strategic ABM defenses.

If that perception is shared by both governments at the time the threatened missile-crisis begins to erupt this Autumn, both governments will have acceptable options during those negotiations which must occur then. Until March 23, the vital strategic interest of both powers was the deterrent capability of each. Until March 23, the two powers were locked into irresistible strategic forces against immovable forces. What Moscow demanded, we could not permit ourselves to concede. What we demanded, Moscow's self-interests forbade it to concede. They were about to escalate strategically in response to Pershing-II's; we would have been obliged to escalate in countermeasure taken against their escalation. As long as we adhered to Nuclear Deterrence, and their strategic policy was locked into our MAD doctrine, neither of us had any other choice but to hope that the escalation neither could avoid would not lead to a radioactive miscalculation. Now, the new strategic doctrine redefines the vital strategic interests of each. The impossible negotiations of Fall-Winter 1983-84, now become manageable—if difficult—negotiations.

The great source of danger during this period is that our policy-making might be strongly influenced by the same kinds of misdirection we have suffered at the hands of Kissinger et al. during the past. The influence of misdirection is what we must explore and rid ourselves of now. That sort of thinking and influence which misled us into the dangerous conditions looming this past winter, must not be permitted to operate in influencing the new strategic policy-making required by the event of March 23rd.

1. Sokolovskii, V.D., Marshal of the U.S.S.R., *Soviet Military Strategy* (Moscow 1968), 3rd edition. Stanford Research Institute, 1975, page 298. This edition is conveniently referenced to earlier editions.

2. op. cit., page 454, editor's notes.

3. The writer's method of economic forecasting (the quarterly LaRouche-Riemann forecast for the U.S. economy published by *EIR*) includes distinctive mathematical features based directly on this Riemann paper. E. Schrödinger's famous work on the electron was developed from the reference point provided by the same 1859 paper. Ordered, particle-like entities occurring in plasmas, such as "solitons," belong to the same general category. By the very nature of the method as it was developed, Riemann's 1859 paper implicitly defines a principle of universal lawfulness, such that the paper itself, represents what Riemann describes in his 1854 habilitation dissertation as a "unique experiment." Once the experiment was proven for aerodynamics, it was implicitly proven for hydrodynamics generally.

4. These remarks reflect in part work in progress by Dr. Jonathan Tennenbaum in the mathematical (geometrical) fundamentals of quantum electrodynamics from the vantage-point of Riemann.

Moscow's denunciations of ABM defense belied by the Soviet policy record

by Rachel Douglas

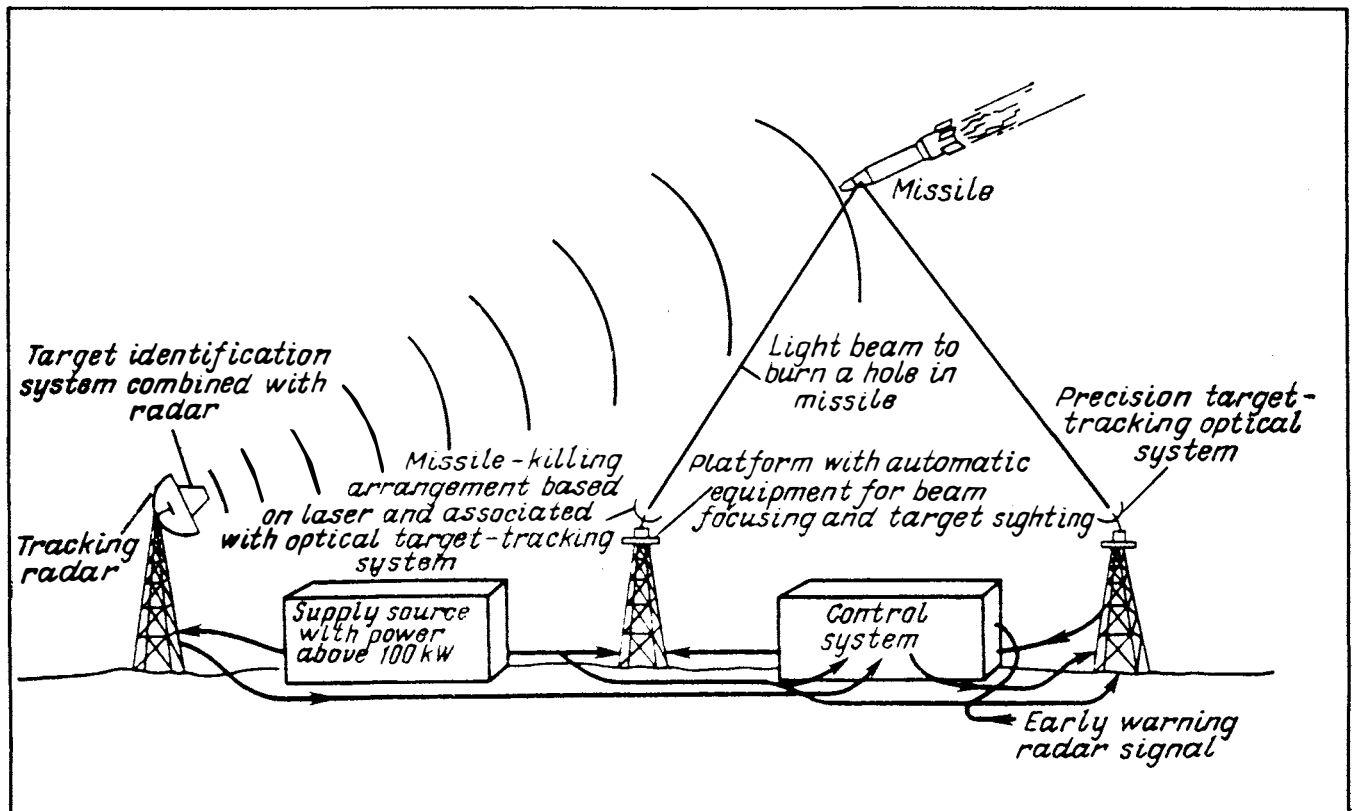
Sixteen years ago, the late Soviet Prime Minister Aleksei Kosygin gave a Western audience a justification of strategic defensive weapons systems. Although brief, Kosygin's statement at a London news conference on Feb. 9, 1967 was conceptually and morally coherent with President Ronald Reagan's March 23 motivation of the U.S. development of such weapons systems. The main point was that defensive weapons could not be condemned for destabilizing the strategic balance.

This item from the recent historical record, together with manifest Soviet military policies both then and now, are enough to show the absurdity of Soviet propaganda against the Reagan policy today. Among the Soviet statements pro-

fessing outrage at the President's March 23 speech, the most curious was an "Appeal to All Scientists of the World," issued April 10 over two-hundred-some signatures of persons identified as Soviet scientists:

Based on the knowledge that we, as scientists, possess, and proceeding from an understanding of the very nature of nuclear weapons, we declare with all responsibility, that there are no effective defensive means in nuclear war and it is a practical impossibility to create them. . . .

In reality, the attempt to create so-called "defensive weaponry" against the other side's strategic nuclear



This diagram of an anti-missile system comes from a book by N. Sobolev titled *Lasers and their Prospects*, published in 1974 in Moscow.

forces, which the U.S. President is talking about, inevitably yields the appearance of yet another element, increasing the American "first strike" potential. . . . Such "defensive weaponry" can do nothing for a country undergoing a massive surprise attack, since it is patently incapable of defending the overwhelming majority of the population. The use of anti-missile weaponry is more appropriate precisely for the attacking side, striving to reduce the ability to make a retaliatory strike. However it also cannot fully prevent that retaliatory strike. . . .

We are further convinced that this act will lead to a sharp deterioration of international security. . . .

Could the drafter of that statement, and those who prevailed upon some of the most eminent Soviet scientists to sign it, have been seeking deliberately to undermine the U.S.S.R.'s own defense programs? It can hardly invigorate the morale of such scientists as N. G. Basov and Ye. P. Velikhov, leaders in the Soviet fusion program whose theories and technologies are contiguous with those required for defensive beam weapons, to sign a ritual incantation they know to be false! Their names, furthermore, were published alongside those of such pseudo-scientists as B.N. Ponomaryov, party secretary for relations with communist parties abroad, and Dzhermen Gvishiani, the Soviet liaison to the anti-technology, Malthusian Club of Rome.

The U.S.S.R.'s pursuit of beam weapons technologies has been extensively documented (see *EIR*, March 15). Nor has the military doctrine that dictates their development been fundamentally changed.

The text *Military Strategy*, edited by the late Marshal V. D. Sokolovskii, appeared in its third edition, in 1968, as part of the Officer's Library series of the Soviet military publishing house. It is cited in current Soviet encyclopedias (published in the 1970s) as a reference of record. Some of its most important tenets, regarding active defense, were reiterated in writings by officers of the Soviet Anti-Aircraft Defense (PVO) forces as recently as 1977.

Maj. Gen. N. Zavyalov, a member of the author's collective of the Sokolovskii book, explained in a 1967 article that strategic defensive capability was central to Soviet doctrine:

Soviet military doctrine does not leave out of account the possibilities of defense. . . . In this, it should be stressed that we recognize not passive, but active defense, built on a new technical foundation, brought to life by the appearance of modern means of conducting war; a defense directed above all against the enemy's nuclear means of attack. Such a defense takes on extraordinarily important state, strategic significance.

'Not designed for attack'

This clear statement dates from the spring of 1967, when then-U.S. Defense Secretary Robert Strange McNamara had first launched the proposal to limit anti-ballistic missile (ABM) systems, in 1966. That proposal was to evolve into the strategic arms limitation talks, or SALT. But the initial Soviet response was chilly. Some Soviets could not believe their ears when they first heard McNamara strenuously arguing to prevent not the Soviet Union, but the United States, from developing ABM capability. For McNamara was against ABMs for the U.S., even in view of the already-existent Soviet program; he claimed that that program existed only because of errors in doctrine on the Soviet side!

And military spokesmen swiftly declared that the U.S.S.R. had no intention of shutting down that program. Maj. Gen. N. A. Talenskii, theoretician with the Soviet General Staff and a participant in several Pugwash conferences on arms matters, wrote in the late 1960s:

Anti-missile systems are purely defensive and not designed for attack. It is quite illogical to demand abstinence from creating such weapons in the face of vast stockpiles of highly powerful means of attack on the other side. Only the side which intends to use its means of attack for aggressive purposes can wish to slow down the creation and improvement of anti-missile defense systems. . . . The creation of an effective anti-missile system enables the state to make its defenses dependent chiefly on its own possibilities, and not only on mutual deterrence, that is, on the good will of the other side. And since the peace-loving states are concerned with maximum deterrence, in its full and direct sense, it would be illogical to be suspicious of such a state when it creates an anti-missile defense system, on the grounds that it wants to make it easier for itself to resort to aggression with impunity.

Some say the construction of anti-missile defense systems may accelerate the arms race. . . . Such a development is not at all ruled out. . . . In any case, there is this question: What is more preferable for security as a result of the arms race, a harmonious combination of active means of deterrence and defense systems, or the means of attack alone?

Talenskii thereby refuted the very argument which Moscow today uses to back its allegations about American "first strike" intentions implied by building defensive weapons!

This was not merely the voice of a military lobby. Kosygin, in the February 1967 London news conference cited above, replied to President Lyndon Johnson's announcement of the McNamaraesque proposal to the Soviets for ABM limitation. Asked, "Do you consider it possible to agree on a moratorium on the development of anti-missile defense systems and, if so, on what conditions?"—Kosygin replied:

This is an important question in the military sphere. I should not like to answer it directly, but want in turn to ask the person who submitted it—I understand that he represents the British Institute of Strategic Research [the International Institute for Strategic Studies—IISS] the following: Which weapons should be regarded as a tension factor—offensive or defensive weapons? I think that a defensive system, which prevents attack, is not a cause of the arms race but represents a factor preventing the death of people. Some persons reason thus: Which is cheaper, to have offensive weapons that destroy cities and entire states or to have defensive weapons that prevent this destruction? At present the theory is current in some places that one should develop whichever system is cheaper. Such “theoreticians” argue also about how much it costs to kill a person—\$500,000 or \$100,000? An anti-missile system may cost more than an offensive one, but it is intended not for killing people but for saving human lives. I understand that I am not answering the question that was put to me, but you can draw appropriate conclusions yourselves.

The McNamara proposal touched off a storm in Moscow right away, as the domestic treatment of Kosygin’s press conference demonstrated. Two days later, the party daily *Pravda* published an article much more favorable to ABM limitations, in which Kosygin’s words were toned down. The author was one Fyodor Burlatskii, which sheds some light on the grain of Soviet propaganda a decade and a half later. Burlatskii was a charter member of a team of Central Committee foreign policy analysts, on which disarmament specialists Georgii Arbatov and Aleksandr Bovin also worked; during its first years, in the early 1960s, the team answered to Central Committee Secretary Yuri Andropov. At that time, however, other Moscow circles leaked the word to Western reporters that Burlatskii’s article was not official policy. The next month, on March 31, 1967, Maj. Gen. Zavyalov published his article in the military daily *Krasnaya Zvezda* about the “extraordinary state significance” of ballistic missile defense.

Strategic Arms Limitation Talks (SALT) opened in 1969, but it took a relationship cozier than McNamara’s with Kosygin to secure Soviet agreement to ABM limitation—Henry Kissinger’s with the Kremlin under President Richard Nixon, which culminated in the Soviet-American ABM limitation treaty of 1972. Kissinger singled out the ABM treaty for special efforts, using the so-called “back channel” of negotiations with the Politburo via the Soviet embassy in Washington. Prime Minister Kosygin, incidentally, took a less and less active role in hammering out SALT, until his portfolio was handed over to General Secretary Leonid Brezhnev more or less completely in the spring of 1971. That, close observers of the Soviet negotiating positions believe, is when the U.S.S.R. made the final decision to

conclude the ABM treaty and not just talk about it indefinitely.

Laser defense

But did statements on the feasibility, nay desirability, of ballistic missile defense cease after the ABM treaty? No, they did not. Soviet military writers still write frankly about war-fighting and war-winning, including “defense of the homeland.”

The crucial element was new technologies. In this realm, excluded from specific limitations by the ABM treaty, the Soviets saw the future. In 1974, two years after the ABM treaty was signed, the Mir (Peace) Publishing House in Moscow issued in English a pamphlet by N. Sobolev, entitled “Lasers and Their Prospects.” In an ample chapter on military applications, from which the accompanying drawing is taken, Sobolev explained rudiments of ground-based beam-weapon defense against nuclear missiles:

To destroy an enemy missile, not to let it reach the target, it is sufficient to put its control system out of action. This can be done by burning through the missile shell or rudders by a laser beam. This will cause vibrations in the missile and result in its complete destruction.

Figure 81 shows a block diagram of an anti-missile system based on the use of lasers. Such a system must have a receiving unit for processing the signals incoming from the early warning and target tracking radar stations. These signals contain information on the coordinates of the approaching missile. The tracking station must aim at the target an optical radar in which a laser serves only for determining the distance to the missile.

Such an optical radar can furnish very precise data on the coordinates of the target, and these data are used to actuate another system employing a high-power laser, designed for destroying the target. The optical radar will focus and aim a powerful laser beam at the most vulnerable point of the missile during a period of time required for a hole to be burnt through the missile. . . .

Another possible anti-missile laser defense system is a project of an orbital space station equipped. . . as well with lasers. . . .

Zavyalov, N. “On Soviet Military Doctrine,” *Krasnaya Zvezda*, March 31, 1967.

Talenskii, N. A. “Anti-Missile Systems and Disarmament,” printed in English in *The Future of Soviet Military Power* ed. L. Whetten. New York; Crane, Russak & Co., 1976.

Kosygin was quoted in Arms Control & Disarmament Agency documentation cited in *Ballistic Missile Defense* by Benson D. Adams. New York; American Elsevier, 1971.

Sobolev, N. “Lasers and Their Prospects.” Moscow; Mir Publishers, 1974.

The Soviet ABMs Kissinger concealed

by Robert Gallagher

Henry Kissinger, as National Security Adviser to President Nixon and chairman of the National Security Council (NSC) Strategic Arms Limitation Talks (SALT) Verification Panel, disregarded and falsified corroborative intelligence estimates of the U.S. Army, the U.S. Air Force, the Defense Intelligence Agency (DIA), and the Office of the Director of Defense Research and Engineering that the Soviets were deploying a nation-wide antiballistic missile (ABM) system.

Kissinger advised President Nixon that there was no conclusive evidence to support intelligence evaluations that the "Tallinn" air defense system based on the Soviet SA-5 missile had ABM potential, and treated it as a mere anti-aircraft system in his effort to bolster the doctrine of Mutually Assured Destruction (MAD) with the SALT I.

The 1972 ABM Treaty between the United States and Soviet Union restricts each country to one anti-missile missile site each. The Soviet system covered by the treaty provides some protection for Moscow with its Galosh ABM missiles. The Tallinn ABM system—reports of which Kissinger disregarded—is now deployed at up to 16 sites around the Soviet perimeter, with a total of 1,200 launchers (see map). Some sources report that each missile is nuclear armed.

Most of the components of this system were deployed before the 1972 treaty was negotiated. The Reagan administration, soon after its inauguration, cited this system as a blatant violation of SALT I. Administration spokesmen expressed fears that the United States was now boxed in by the arrangement negotiated by Kissinger, because if Washington were to abrogate the treaty, such action could be followed by rapid Soviet deployment of a complete nation-wide ABM system.

John Newhouse reports in his book on the SALT negotiations:

What the Americans saw in 1965 was, they feared, just the tip of the iceberg. The existence of Galosh [the ABM system protecting Moscow—R.G.], of large missile- and space-tracking radars, and, withal, of Tallinn seemed to betray a broad Soviet ABM research and development program that, in time, would produce refinements leading to extensive protection of all urban Russia. . . . The Americans began to fear that the Tallin system might also be ultimately designed for defense against missiles, or, at the least, to serve dual purposes. As the SA-5 and its radars began to

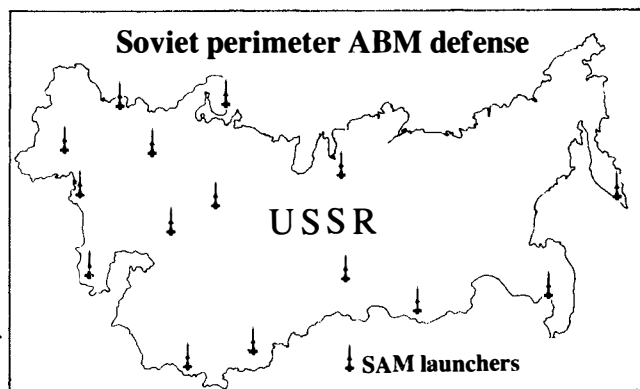
be deployed in large numbers around the Russian perimeter, the Air Force argued—with some support from DIA—that it was illogical for the Soviets to commit such large resources against a diminished American bomber threat unless Tallinn was to have some ABM capability.

Several Defense Department officials, both liberals and conservatives, have testified to congressional committees that the United States deployed multiple, independently-targetable warheads (MIRVs) on its ballistic missiles to overwhelm a vast Tallinn ABM system. Paul Warnke, former aide to Defense Secretary Robert McNamara, told the Senate Foreign Relations Committee in 1971 that "we made the decision to deploy MIRVs in the late 1960s when we feared that the so-called Tallinn air defense system might prove to be a large-area ABM deployment." Dr. John Foster, former Director of Defense Research and Engineering and a supporter of Dr. Edward Teller, told the Senate Subcommittee on Preparedness in 1968 that the Poseidon program (sea-based missiles with MIRVs) "was started mainly because of the uncertainty of the Tallinn threat."

The ink was barely dry on the ABM Treaty when the Soviets began to test the SA-5 as an ABM system in 1972 and 1973 in mock engagements with ICBM nose cones.

U.S. intelligence on the SA-5 is incomplete. For over 10 years, U.S. agencies confused the missile with a less powerful, anti-aircraft missile first detected near Tallinn, Estonia. The SA-5 missile, code named Gammon, has a range of at least 150 miles, is propelled by two or three solid rocket boosters, uses radar homing to seek its targets, and can intercept up to an altitude of 100,000 feet. The missile has gone through numerous upgradings since first deployed in 1967.

The Reagan administration reported in February 1981 detection of large phased-array ABM radars for acquisition and tracking that ring the U.S.S.R., with 10 about to become operational as part of the Tallinn system. The radars are said to reach out thousands of miles to acquire U.S. ICBMs as targets. In addition, the Soviets have developed a rapidly deployable mobile ABM radar, known as the ABM-X-3. Defense officials have compared the SA-5 to the U.S. Army's Nike-Zeus ABM. The Nike-Zeus, however, never had the powerful radars now guiding the SA-5.



Kissinger a fugitive from Italian justice

by Umberto Pascali in Rome

At the Hotel Gallia in Milan on April 18, former U.S. Secretary of State Henry Kissinger was asked by a journalist, "Mr. Kissinger, given the testimony of your having threatened Aldo Moro before his kidnapping and assassination, don't you feel something on your conscience regarding the late Christian Democratic leader?"

Kissinger, shaking and red in the face, exploded. "Nonsense, nonsense! It is LaRouche that persecutes me! Moro was killed by the Red Brigades. You should ask the PCI; the Red Brigades is an offspring of the PCI [Italian Communist Party]. . . . No, I am not a member of the P-2 lodge. No, I am not a member of the Comité Montecarlo. . . ."

Such was the public conclusion (reported by the Italian press the next day) of what has been called "the last adventure of Kissinger" in Italy. A short time later, Kissinger left the country precipitously, followed by a warrant issued by Italian Magistrates Ferdinando Imposimato and Rosario Priore, who intended to interrogate him to clarify the role he played in the Moro affair.

The brief Kissinger visit to Italy had seemed to begin triumphantly, before turning into one of the worst nightmares the quondam American official has ever experienced. Kissinger had arrived on April 16 to participate in an international conference of the Trilateral Commission to be held in Rome from April 17 to 19 at the Hilton Hotel. The aim of the conference was to organize an offensive against Ronald Reagan and in particular against the U.S. President's beam weapons defense project. The whole operation had to be organized

in a delphic way, in order to make it appear that the Trilateralists represent Mr. Reagan's "new line."

The conference was also supposed to be the stage for the return of the great Kissinger to active political life. On April 17, the newspaper *La Stampa*, owned by Giovanni Agnelli, one of the most prominent Trilateral members in Italy, welcomed Kissinger: "The Kissinger we saw yesterday in Rome seems to be completely out of the darkness in which he ended up in recent years, depressed by lack of power. . . . The Kissinger we saw is revitalized and considers possible his return to active politics. . . ." But a day later, the Rome press agency *Repubblica* reported about the decision of the magistrates to interrogate Kissinger, commenting, "A small possibility still remains that Kissinger will escape the interrogation. Why did Kissinger, contrary to the other 340 delegates of the Trilateral conference, and despite the fact that he doesn't have any diplomatic status, not want to stay in the Hilton Hotel but preferred the extraterritoriality of the U.S. Embassy, as guest of his great admirer Ambassador Rabb?. . . Kissinger is taking a rather defensive position. At this point we believe that it would be really unbecoming to escape the interrogation. At the Trilateral Commission conference, Kissinger tried to present himself as ready to accept an official role in the Reagan administration. . . . But an 'official' character who escapes the Rome magistrates is really embarrassing."

Kissinger's arrival at the Trilateral meeting, which included, among others, David Rockefeller, Paul Volcker,

Zbigniew Brzezinski, and Robert McNamara, was preceded by a sweeping campaign organized above all by the Partito Operaio Europeo (POE), informing press, parliamentarians, the diplomatic community, the Vatican, and political parties about the real aim of the Trilateral meeting: to launch an unprecedented destabilization of the Mediterranean region and in particular Italy, to be followed by a series of coups d'état (something very similar to last summer's Operation Nightmare attempt).

A special team of "Kissinger watchers" had followed his moves in the period immediately before his arrival in Italy. Kissinger visited the whole Middle East; after a short stop at the Rome airport April 13, he was in Gedda, Saudi Arabia to attend a special reception together with members of the Royal House and Baroness Von Thyssen, of the family that did so much to bring Adolf Hitler to power. At the same time he traveled to Jordan, Syria, Lebanon, Egypt, and, most probably, to Israel. Some observers wondered, "What is he up to? A new war in the Middle East?" On April 14 he was in Paris, and then on to Strasbourg by private Swiss jet, to meet the president of the Syrian National Assembly, Mohmmud Al Zubi. Finally he flew to West Germany, first to Solingen and then Bavaria. When the Beirut embassy bombing took place, many connected the terrorist massacre to the activities of Kissinger and the Trilateral meeting. As soon as news of the attack reached the Trilateraloids in Rome, Brzezinski shouted, "The Reagan plan is dead!" Also to be noted is that on April 17 the Italian press had carried front-page reports that President Reagan, the day before, had fallen victim to an assassination attempt.

In Italy itself, the day before the conference, Piero Bassetti, who with Agnelli is the best known Italian Trilateral member, released an interview claiming that the party system established in Italy after the fascist period is now dead. He also praised the economic experience of Fascism, that he noted "is now being re-evaluated." At the same time, characters linked to the Trilateral clan like the political scientist Giorgio Galli wrote that the only party retaining credibility with the Italian public is the neo-Fascist MSI; all the others are discredited and finished. The project for the "end of democracies" launched by the Trilateral in 1975 with a report by Harvard professor Samuel Huntington seems to be operative.

'Kissinger killed Moro'

The POE launched its campaign one week before the beginning of the Trilateral Conference. Several press releases and special reports on Kissinger and his friends were delivered to Italian leaders.

A year ago, the POE had supplied magistrates and law enforcement agencies with the Esposto, presented by the party's secretary Fiorella Operto, requesting investigations on Kissinger's role in the assassination of Aldo Moro, organizing the P-2 lodge and super secret lodge known as Comité Montecarlo. Several demonstrations took place in Rome and

Milan, with citizens holding gigantic posters reading "Kissinger Wanted for the Assassination of Moro" and "The Assassin Always Returns to the Scene of his Crime." Shortly after the demonstration, rumors began to spread about the arrival in Italy of a relative of a young waiter killed approximately 10 years ago in Acapulco, the helpless victim of the homosexual violence of Kissinger. Press conferences were held by the POE in Rome, Milan, Paris, and Stockholm, and several thousand leaflets were distributed. During the night someone painted on all the most "strategically placed" walls of Rome the slogan: "Kissinger killed Aldo Moro." On April 18, a 20-meter banner carried by hundreds of balloons flew above the Milan Fair, where it was viewed by hundreds of thousands. The banner read: "Kissinger Killed Moro."

The same day, a large demonstration led by the POE waited for Kissinger in front of the Hotel Gallia in Milan. A roast pig dressed with glasses, overcoat, and neck tie, and carried on a long stick and labeled "Henry," was displayed, and received the attention of 50 journalists and photographers. The porcine guest was heavily photographed, and even gave an interview to a private radio station, answering every question with a cryptic "gnorf, gnorf."

When Kissinger finally arrived, demonstrators also shouted "killer, assassin." Many citizens who joined the demonstration insisted on screaming "faggot!" Newspapers reported on the event the following day. *Corriere della Sera* focused its article on "a puppet made in the image of Kissinger" carried by various demonstrators.

Kissinger arrived in Paris, on April 19, reportedly rather shocked. He had just escaped a warrant and hoped to find a calmer atmosphere there, but in front of the Palais du Congrès where his conference was scheduled, he was confronted with the words "Kissinger killed Moro" portrayed in large letters. At the same time in Rome, in front of the Palazzo Barberini where the Trilaterals had organized a big reception, a gigantic banner was displayed by yet other protesters saying "Kissinger in the Asinara!" (Asinara being the jail for particularly dangerous terrorists and mafiosi). Back in Paris, Kissinger entered the conference room quite nervous. "I will not accept oral questions," he said. Immediately a journalist stood up and stated: "Kissinger, you are an assassin!"

'Kissinger to be interrogated,' declares the Italian press

Below are excerpts from Italian press coverage of Henry Kissinger's battle with the law over his involvement in the murder of former Italian Prime Minister Aldo Moro.

Unità, April 19

"To Be Interrogated Tomorrow: Kissinger Testifies for the Judges in the Moro Trial": [The Italian Communist Party newspaper accompanies its article with a picture of Kissinger with fist raised.] The Roman judges who are continuing to deal with the Moro trial have decided to interrogate Henry

Kissinger before he leaves for the United States. The former American secretary of state is supposed to testify on the famous meeting that he had with the president of the DC [Christian Democracy] in 1974 in Washington, during which—as was stated during the trial last year—Aldo Moro was bombarded with threatening suggestions to abandon his political line of openness to the Italian Communist Party. For some time Judges Ferdinando Imposimato and Rosario Priore, who have been conducting the so-called Moro investigation, have been intending to take into account Kissinger's testimony on one of the most obscure and worrisome aspects of the Moro affair: the pressures and threats that had been addressed to the statesman in the last years of his life, which were serious enough to lead Moro to consider abandoning political activity altogether. When Judge Imposimato went to the United States for the Sindona investigation, he thought about taking advantage of the situation to deal with the Moro case as well, but it was not possible for him to meet with the former secretary of state.

Now the opportunity has presented itself: since last Sunday Kissinger has been in Italy to participate in the Trilateral Commission conference at the Hilton Hotel in Rome, scheduled to conclude today. Yesterday Kissinger flew to Milan to meet the members of the Executive Club. His return [to Rome] was expected this evening. Unlike all the other important American celebrities of the Trilateral, the former secretary of state is not staying at the Hilton, but at the American embassy in Via Veneto, with his wife. His being interrogated as a witness, however, should not encounter procedural difficulties, since he has no diplomatic accreditation in Italy and therefore does not enjoy special immunity. What remains to be established is where and when the deposition should take place: the two magistrates have not announced anything and, in fact, in order to elude journalists' questions, have made themselves unavailable. Kissinger's name was mentioned last year in the courtroom where the Moro trial was taking place by Corrado Guerzoni, who was one of the statesman's [Moro's] closest collaborators.

"Moro," he said to the judges, "was described in American State Department circles as an anti-party pro-communist, who was trying to weaken the DC to force it to come to terms with the PCI. During a reception held at the Italian Embassy in Washington in 1974, there was a conversation," continued Guerzoni, "which was very sharp and bitter, between Kissinger and the DC leader. Kissinger told Moro: 'I don't believe in dogmas, I'm not Catholic, and I cannot share your political approach, which I consider strongly negative.' Moro was deeply shaken by this. The day after the conversation, he fell ill in the Church of St. Patrick and later told me that he wanted to abandon political activity for at least three years."

Guerzoni stated that he had been informed of the dramatic terms of that meeting by the former press attaché of [former President] Leone. Nino Valentino; the latter, however, publicly denied everything. Not more than two days ago, Kissinger himself denied Guerzoni's testimony, in an interview

given to national television. "I respected Moro," he said, among other things, "even if I was not always in agreement with him. And anyway," he added, "during that meeting, we did not talk to each other: he did not know English and I knew no Italian, and there was no interpreter."

L'Avvenire, April 20

"Kissinger Leaves and Snubs the Magistrate:" It was a good opportunity; the presence of Kissinger in Rome could have clarified once and for all all the mysteries around the Moro case. But Kissinger left Rome and the desire of Judge Imposimato couldn't be realized. . . . Corrado Guerzoni, Moro's secretary had testified that Moro came back quite shocked from a visit in the United States after a stormy meeting with Kissinger.

Il Giornale d'Italia, April 19

"Boos and Insults for Kissinger:" At the entrance of the hotel where the press conference was held, a dozen members of the Partito Operaio Europeo [European Labor Party] greeted Kissinger with boos and insults. The police sequestered the signboards, in which Kissinger was identified as the mastermind behind the kidnaping and assassination of Aldo Moro.

Paese Sera, April 19

"Kissinger Doesn't Understand Much about Italy:" Kissinger said [at the Gallia Hotel], "I have difficulties in understanding Italian internal policy." One journalist asked: "Don't you feel something on your conscience for the Moro's kidnaping, given that every time someone speaks about that, your threats to Moro come up?" "Nonsense," said Kissinger, "it's just LaRouche that persecutes me."

Repubblica Press Agency, April 15

"A Trilateral Without Kissinger?:" The first Italian meeting of the Trilateral, the super-lodge of the super-rich, risks beginning without Kissinger, who is the *deus ex machina* and the prototype of the Trilateral. Someone advised Kissinger to keep away from Italian territory and the advice seems to have come from the staff of U.S. Ambassador Rabb in Rome, who remains an admirer of Kissinger. . . . There is the suspicion that some Italian magistrates are curious to learn from Kissinger himself what happened during the famous meeting between Moro and Kissinger. . . . It is reported that the advice hit Kissinger like a blast out of a laser cannon (one of those beam weapons Reagan is talking about that the former Secretary of State is unable to digest). . . . U.S. and Italian friends are doing all they can to ascertain if some judges in Rome or Milan are curious about this. It seems that Prime Minister Fanfani (who will participate in the opening of the conference) and Justice Minister Darida been consulted in a discreet way. They didn't know anything. But which statesman, these days, can read the mind of a magistrate? . . . On the other hand, if Kissinger cuts short his visit, this could be interpreted as a suicide, a laser suicide.

Chain reaction in Mideast: the Lavie, the Beirut bombing, and the West Bank

by Mark Burdman

When Secretary of State George Shultz decided to release sensitive technology to Israel for construction of a sophisticated fighter jet called the Lavie, that decision effectively guaranteed that nearly 50 people, including CIA official Robert Ames, one of President Reagan's closest advisers on the Middle East, would be blown up in the April 18 attack on the U.S. embassy in Beirut.

The bombing was organized by the combined assets of the Israeli intelligence agency Mossad and intelligence networks in Damascus and Teheran.

Barring certain extraordinary countermoves from the White House, Shultz, who is operating at the behest of the man he describes as his "good friend," Henry Kissinger, may have irreversibly undermined Mr. Reagan's efforts to stabilize the Middle East and ensured a new outbreak of chaos and war in the region.

Shultz belongs to that international policy grouping under the sway of former British Foreign Secretary Lord Carrington, a grouping determined to set the Middle East on fire in order to embroil President Reagan in hot-spot crises, eradicate constructive U.S. influence in the region, and keep the White House locked into the Kissingerian geometry of the "balance of terror" strategic policy.

In this arrangement, looked on with favor by Yuri Andropov's KGB and by the old Nazi elements of Geneva and Lausanne who are extremely active in the Middle East, Israel has been assigned the role of a "little Venice," a mini-imperial power holding the key to destabilizations and intrigues throughout the region. Shultz's decision to give the go-ahead to the Lavie project, and thereby provide Israel with functional military independence from the United States, has tipped the balance to the "Venetians" in Jerusalem.

Shultz and his British friends have declared certain old players of the game expendable. In the chain reaction unleashed by the Lavie decision and the April 18 bombing in Beirut, expert intelligence estimates are that the lives of Jordan's King Hussein, the Palestine Liberation Organization's Yasser Arafat, and Saudi Arabia's King Fahd are all in immediate danger.

The "early warning signal" of the new rules of the game was the April 11 murder in Lisbon of PLO peace spokesman Dr. Issam Sartawi by the Abu Nidal terrorist group, which is a combined asset of the Israeli Mossad and the old Nazi International networks based in Switzerland. Knowledgeable Israeli sources estimate that Sartawi was "executed, not assassinated in the strict sense of the word," as a message to other internationally prominent individuals that efforts toward a Mideast peace mediated by the United States would not be tolerated.

Who blew up the Beirut embassy?

The bombing of the U.S. embassy in Beirut was, in essence, a "declaration of independence" from the United States by Shultz's "breakaway" friends in Israel: Defense Minister Moshe Arens, Minister Without Portfolio Ariel Sharon, Minister of Science and Technology Yuval Ne'eman, and former Defense Minister Ezer Weizman.

Despite livid protests to the contrary from intelligence professionals in North America, Israel, and elsewhere, there is no doubt as to the prominent role played by Mossad elements in the bombing of the embassy.

Before anyone could even ask, "Who benefits from this terror?" Israeli government spokesmen, representatives of the Israeli press, and Mossad operatives like Georgetown University's Edward Luttwak issued statements asserting that the terrorism in Beirut only proved that Israel had been right all along in insisting that it must not withdraw from Lebanon, since the bombing attested that Lebanon was ungovernable!

The death of the CIA's senior Middle East analyst, Robert Ames, in the bomb blast was, according to intelligence sources, no accident, but a reflection of an ongoing "intelligence war" between a faction in the CIA and a faction in the Mossad. These sources report that U.S. special envoy to the Middle East Philip Habib was also targeted in the embassy attack, and narrowly missed death when his scheduled arrival at the embassy was delayed.

The group that claimed responsibility for the bombing—the Islamic Holy War group, or Al-Jihad al-Islami in Ara-

bic—is an Israeli-created and -controlled terrorist operation. It was formed as an extremist breakaway group of the Lebanese Shiite organization Al-Amal at the time Israel invaded Lebanon in the summer of 1982. The group is headed by Hussein Moussavi, who is reliably reported to have regular contact with Lebanese warlord and Israeli ally Camille Chamoun. Moussavi is supplied and supported by Israeli mercenary Col. Saad Haddad in southern Lebanon, and also maintains close connections with Syrian drug-runner Rifaat Assad, brother of President Hafez Assad. Last year, Rifaat Assad was said to have met secretly with former Israeli Defense Minister Ariel Sharon in the United States.

The Islamic Holy War group is a conduit for illegal gun and drug-trafficking between Lebanon and Khomeini's Iran. In this capacity, Moussavi is reported to be in close contact with Sadegh Tabatabai, the chief arms purchaser for Khomeini, who ties into the Israeli-connected Swiss arms-trading firms that were named in the Propaganda-2 scandal in Italy. Tabatabai was recently jailed in West Germany on charges of heroin trafficking. According to one Middle Eastern source, Tabatabai has been working since 1977 to create an apparatus among radical Lebanese Shiites who would collaborate with the Israeli Mossad to funnel arms to Iran in exchange for drugs. In December 1982, Moussavi's thugs set up a so-called Islamic Republic of Baalbek in Lebanon's Bekaa Valley, which is the center of opium refining and transshipment. Soon thereafter, Khomeini deployed two brigades of Iranian troops to Baalbek, ostensibly to confront Israel, but in reality to protect the massive illegal gun and drug trade in which the Israeli mafia and Israel's agent Colonel Haddad have a sizeable cut.

Last year, *EIR* reported on a secret meeting at the Chamoun family home in the mountains east of Beirut. Attending that meeting were Ariel Sharon, David Douglas-Hume, and Rupert Murdoch, the British-Australian owner of the *New York Post*, among others. Their agenda was to plot "giving the United States a bloody nose" in Lebanon. It is this collection of drug-pushers who created the Moussavi gang of Shiites.

Shortly after Israel invaded Lebanon, the head of the American University of Beirut, David Dodge, was kidnapped by Moussavi's gang. Under the cover of attempting to rescue Dodge, Chamoun established contact with Moussavi's group. The same terrorists are known to have worked with Haddad's allies within the Lebanese Falange to massacre hundreds of Palestinians in September 1982 in the Sabra and Shatilla Palestinian refugee camps.

Since the overthrow of the Shah of Iran, Mossad elements, working with the British, have used the region's Shiites as a kind of "Mongol horde" battering ram against the Arab countries. This strategy has now moved into a more intense phase. Parallel destabilization capabilities are deployed through the Abu Nidal terror network, which maintains a primary base in Damascus and a secondary base in Baghdad, and whose connections to Mossad were repeatedly exposed by Dr. Issam Sartawi before he was murdered in Lisbon.

From its inception, the Lavie project has represented not one, but two, plans. The "Lavie One" plan involves the construction by Israel of a sophisticated jet fighter rivaling the American-made F-16.

The "Lavie Two" dimensions of the project involve Israeli acquisition of intermediate-range ballistic missile capabilities to fire hydrogen bombs already in Israel's possession. Linked to this is a program for making Israel into "the world's third superpower," in the formulation of former Air Force Middle East desk intelligence chief Joseph Churba, through massive arms sales around the world, particularly in the southern hemisphere. "Lavie Two" transforms Israel into the merchants of death in the Third World, a reality now being preliminarily played out in Central America.

Shultz's predecessor Henry Kissinger laid the groundwork for the Lavie Two infrastructure with a 1974 agreement between the United States and Israel giving an official stamp to Israel's entry into the Ibero-American arms market. This arrangement has expanded exponentially in the past five years under the Begin government. Churba and Israeli Minister for Economic Coordination Ya'acov Meridor have indicated the basic outlines of the policy; in Meridor's formulation, "Israel aspires to become the main agent of the United States in Central America, the Caribbean, South Africa, and Taiwan because, for political reasons, Washington cannot give all the assistance required."

The final component of the Lavie Two arrangement is that Israel, in league with South Africa, Great Britain, and leading Commonwealth countries, assumes control over the flow of vital strategic raw materials supplies, particularly in Africa. Recent reports that Britain's Rolls-Royce multinational was brought into a supply role for the Lavie project indicated a heightened level of Anglo-Israeli coordination.

Unlike the majority of American Jews who sense the dangerous implications of the Lavie project, U.S.-based Christian evangelicals in the orbit of the Jerusalem Temple Foundation give it their complete support. They say frankly that Israel must become "independent of the United States," and that the Lavie jet is a crucial aspect in Israel's confrontation with "the Antichrist." The man who provided Washington's go-ahead for the Lavie plan, George Shultz, is said to be a covert backer of the Jerusalem Temple Foundation's efforts to rebuild Solomon's Temple in Jerusalem and to buy up the territories in the West Bank occupied by Israel (see *EIR*, April 26).

Reorganizing Israel

Shultz's decision on the Lavie consolidates an internal coup during recent weeks by the Arens-Sharon-Ne'eman crowd over the direction of Israeli policy. This applies in the military, economic, and ideological sphere.

Over the April 16-17 weekend when the Lavie decision was made by Shultz, Israeli observers were surprised by the appointment as Deputy Chief of Staff of Gen. David Ivrei, who was until that point head of Israeli Aircraft Industries

and until December 1982, the head of the Israeli Air Force. According to an April 17 *Jerusalem Post* account, Ivri was a prime mover in conceptualizing the Lavie project.

That same weekend, readjustments began to be made in Israeli economic planning. As the country continued in a hyperinflationary economic crisis, the Israeli Treasury issued a statement casting doubts on Israel's most ambitious civilian infrastructure project, the building of a canal between the Mediterranean and Dead Seas. Despite the fact that extensive investments had been earmarked for the canal through investments in Israel bonds in the United States, the Treasury declared that revenue from these bonds could be used for any purpose the Israeli government chose. The Treasury intoned that Israel "cannot afford to fund two major projects requiring massive financing at the same time. Now that the decision to push ahead with the new generation Lavie fighter aircraft has been confirmed, the canal project should be postponed for a few years, if not abandoned altogether."

The Begin government's brazenness extends to the occupied West Bank as well. On April 10, the cabinet announced an expanded settlements program in the West Bank, and public relations campaigns are being mounted to convince the population to resettle in the territories. The World Zionist Organization's Settlement Division, headed by the extremist Mattitayu Drobles, has published a 30-year master plan for expanding the Jewish population of Israel to 6 million from its current level of 3-1/2 million, while holding the Arab birth rate down.

For the first time, the Israeli press is openly publicizing what *EIR* had exposed last year as the "land scam" in the West Bank. Typical of this new trend, the *Jerusalem Post* reported April 14, in an article entitled "Booming Business," about the enthusiastic response to advertisements to buy land from a consortium in the Ramat Kidron area. The consortium, called Jumbo, is run by Israeli chocolate magnate Amiel Fromchencko; Israeli diamond magnate David Moore, a top funder of the international Herut Party grouping of Prime Minister Begin; and Knesset member Ronnie Milo, Begin's son-in-law. Some of the land purchases are coming from abroad; buyers include a group of wealthy Iranian emigré Jews living in Milan.

As *EIR* has documented, the local land-scammers received major assistance last year from Henry Kissinger, who was involved in an elaborate West Bank land-purchase scheme with Britain's Lord Harlech, among others.

An astounding justification for these operations was given in mid-April by outgoing Chief of Staff Rafael Eytan, who declared that the expansion of settlements would make Arab protesters in the West Bank "as effective as drugged cockroaches scurrying around in a bottle." Indicating the current mood in Israel, Eytan was fully exonerated for his statements by Arens, and, in an interview with the Israeli press, Menachem Begin stated that he would like to make Eytan the second man on his Likud Party's electoral list, implying that he views Eytan as his chosen successor.

How Kissinger sabotaged a Reagan Plan breakthrough

Henry Kissinger is personally responsible for sabotaging President Reagan's Middle East peace plan, Arab intelligence sources say.

"Kissinger has a deal in effect with the most extremist elements of the Palestinian movement operating out of Damascus," stated the sources. "When Kissinger met last November in Morocco with Ahmed Dajani, a leading PLO representative, he told Dajani that the Palestinians could do better by working through him than by dealing with President Reagan." Since that meeting, Palestinian radicals Ahmed Jebril, head of the Popular Front for the Liberation of Palestine General Command, and Nayef Hawatmeh, head of the Popular Democratic Front for the Liberation of Palestine, have used Kissinger's "promises" to sabotage PLO chief Yasser Arafat's efforts to come to a deal with Jordan's King Hussein that would help the Reagan Plan along. "The radicals told Arafat that they could get a better deal with Kissinger. They said to Arafat, 'Why should we accept what Reagan is offering if Kissinger is offering something better?'" This torpedoed the Reagan-Hussein-Arafat negotiations, thereby undercutting the Reagan Plan.

The appearance in the April 7 *Washington Post* of a story on the secret meeting between Kissinger and Dajani was the signal that the Jebril-Hawatmeh-Kissinger "deal" was operational, and the assassination of Dr. Issam Sartawi, the leader of the PLO's peace faction and one of Arafat's closest associates, flowed out of that. "It is our view that Kissinger assassinated the Reagan Plan, in the same way that he was behind the assassination of Issam Sartawi," the sources concluded.

One day after Sartawi was murdered in Portugal, Kissinger's friend Jebril gave a press conference in Damascus, in which he said, "I am very, very pleased by the death of Dr. Issam Sartawi."

Jebril is recruiting dissident Algerians and Tunisians for terrorist actions in North Africa, Europe, and elsewhere, using training camps in Damascus and receiving assistance from Iran. According to North African sources, Jebril, who works closely with Hawatmeh, is considered the most worrisome security threat to several regimes in the area.

Elements of the story on Kissinger have appeared in Kuwait's *al-Watan* newspaper.

'United States can't tell Andropov from Ignatius Loyola'

by Timothy Rush

"Look at what we were able to do in Nicaragua; there's no reason why we can't accomplish the same thing in El Salvador. . . . I can't point to any of his advisers as being capable of giving him any but the most knee-jerk anti-communist advice. If Reagan does intervene in the situation, then the U.S. will have made itself a laughingstock."

—Simon Smith, S.J., Jesuit Chief of Mission for the Third World, December 1980

As the Reagan administration gears up to "keep Central America from going communist," in a campaign which includes a highly unusual joint session of Congress, it is receiving such advice as the following from columnist William Safire, in an April 21 op-ed in the *New York Times*: "Don't waste much time proving again that Castroites and Sandinists are supplied by Moscow; that's a given. Point to the four Libyan planes turned back by the Brazilians. . . . Make the point and move on."

The reason Safire is so reluctant to discuss the facts about Soviet or Cuban control of the Central American insurgencies is that socialist bloc involvement is only a subordinate aspect. Putting the President on television to declare an East-West conflict, however, will go miles to discredit him and his administration—exactly what the Soviets want.

EIR founder Lyndon LaRouche, in a series of Washington meetings the third week in April, outlined Reagan's problem as that of the Malaysian monkey trap. The monkey trap is a jar with a narrow neck, baited with a nut on the inside. The mouth of the jar is sufficiently wide to allow the monkey to reach in to grab the nut—but not sufficiently wide to allow him to pull it out. The greedy monkey, obsessed with a possession it "already has," holds on with his hand in the jar, until the hunters bag him.

Such is the Central American quagmire, where Reagan and his advisers believe they "have" the Cubans and the Soviets, if they just apply enough pressure in "America's back yard." But the Jesuits, the Protestant fundamentalist sects, the Moonies, the Israeli Mafia networks of Ariel Sharon, and the Socialist International assets of Brandt and Palme—all the forces who share the arena with Soviet and Cuban operatives—are ready to finish off a President whose

aspirations to restore American industrial and military greatness they detest.

"The U.S. government cannot tell the difference between Yuri Andropov and Ignatius Loyola," declared LaRouche; the Central American bloodbath is not a superpower proxy conflict but a religious war in the worst sense. LaRouche proposed four points to short-circuit, rather than perpetuate,

The Jesuits and Nicaragua

The following excerpts are taken from a new *EIR Special Report*, "Central America: the New Sources of Instability," issued this April. For more information on the 50-page report, available for \$250.00, contact Peter Ennis, Director of Special Services.

In **Nicaragua**, the Society of Jesus has played a preponderant role in the Sandinista movement from the beginning. The Jesuit-run *cursillo* movement and the schools were the recruiting grounds in the mid-1970s for the bulk of the middle- and upper-class students who swelled the guerrillas' ranks, transforming them from a clique of a few dozen to a force of thousands. Virtually every one of the current Sandinista leaders went through the Jesuit *cursillo* movement—with more specialized training provided during the Somoza period at Solentiname, a "Christian utopian commune" run by **Father Ernesto Cardenal**, a Trappist monk, on an island in the middle of Lake Nicaragua. Cardenal, a radical poet-priest, is today Nicaragua's culture minister.

During the period of the insurrection, liberationist priests,

that war:

1) Cut off Israeli arms traffic in the region, the major supplier of arms to both sides.

2) Clean out the Jesuits and the Jesuit fellow-travelers, the organizers and provocateurs of conflict, again from both sides.

3) See to it that a commission composed of respected figures such as that now forming under the Contadora Group, to be headed by President Belisario Betancur of Colombia, be empowered to arrange a process leading to negotiated settlements, while the superpowers withdraw from the region.

4) Formulate a program of "Great Projects," such as the Second Panama Canal, that can serve as the necessary infrastructure and political focus for a process of building up the nations and people of the region.

A swarm of kooks

The Jesuits said it in December 1980: we will make Reagan the laughingstock of the world, playing on the Reagan circle's kneejerk anti-communism. In the same month Jesuit Father Zweifelhofer, head of Third World Policy coordina-

tion for the Society of Jesus in Munich, West Germany, scoffed at the idea of a role for Castro in the region independent of the Jesuits: "Castro first has to work out a model of cooperation with the Church in Cuba. . . . [We] have a better reading on what is going on there [in Central America] than anyone else."

The Jesuits at the time had formidable assets in the newly installed Sandinista government of Nicaragua to capitalize on. But they were hardly less entrenched—on both sides of the conflict—in El Salvador, Guatemala, and the other hot spots of the region.

Now, two years later, the Society of Jesus is poised to finish what they started in the months before Reagan took office. Jesuit Father Johann Baptist Metz of the University of Münster, a ringleader of European support networks for Nicaragua, and a close friend of both "Red Bishop" Sergio Méndez Arceo in Mexico and Father Ernesto Cardenal in Nicaragua, helped bring together the West German Green Party and the Brandt wing of the Social Democratic Party to publish a full-page April 23 advertisement of support for Nicaragua against Reagan, in the *Frankfurter Rundschau*.

nuns and lay people organized popular rural support for the Sandinistas through the *comunidades de base*—the Jesuits' grassroots communities, also known as the "People's Church." The fundamentalist orientation of this movement was underlined by Ernesto Cardenal in an April 1979 pilgrimage he made to Khomeini's Iran. Cardenal met privately with the Ayatollah a number of times, and then went on Iranian radio to proclaim the identity of the Sandinista and Iranian fundamentalist causes, because both had shown that "piety still has a role to play in the modern world."

The role of **Father Alvaro Arguello, S.J.**, the head of the Institute of Historical Research at the Managua branch of the Jesuit University of Central America, exemplifies the day-to-day direction of the Sandinistas by the Jesuits since well before they seized power. Maintaining extensive files on the insurrectionary movement, Father Arguello reportedly centralized all Sandinista communications in his university offices throughout the years of clandestine guerrilla operations.

Jesuits and allied liberationists took a series of top posts in the government: **Xavier Gorostiaga, S.J.**, for example, became deputy planning minister; **Father Miguel D'Escoto**, a Maryknoll priest, became foreign minister; and Ernesto Cardenal became culture minister.

Father Fernando Cardenal, S.J., however, has been identified by knowledgeable Nicaraguans as the controlling power within the Sandinistas today. The more-powerful brother of better-known Ernesto, Fernando Cardenal headed the government's literacy program, and now plays a leading role in the youth movement. He maintains excellent relations

with all factions of the Sandinistas, placing him in a decisive mediating role. Cardenal and the Secretary of the Junta, who is also a Jesuit, report nightly to the head of the Jesuit Order in Nicaragua, according to reliable sources.

The power of this "People's Church" faction was nowhere better demonstrated than in the now-famous defiance of the Pope during his March 5 visit to Nicaragua. Not only did Ernesto Cardenal confront the Pope directly at the airport as the Pontiff arrived, but "People's Church" leaders drowned out the Pope with Sandinista slogans at several points during the subsequent open-air mass.

El Salvador has been a similar experimental testing ground for the Jesuits since at least the mid-1960s, when the Order took a 180-degree turn and, ostensibly abandoning its long-standing alliance with the ruling local oligarchy, embraced radical Liberation Theology. Raising the banner of "land reform," scores of Jesuits and Jesuit-trained Maryknolls, Capuchins, Diocesans, and members of other religious orders were deployed to organize or take over existing peasant groupings; the Christian Democratic Party; the social-democratic National Revolutionary Movement (MNR); and the student groups that spawned the guerrillas. The takeover of the mass institutions was facilitated by the Jesuit monopoly on the leading educational institutions. The San Salvador branch of the Jesuit University of Central America included **Guillermo Ungo** on its faculty before his brief entrance into the governing junta and subsequent exit to head the negotiating arm of the guerrillas, the FDR. Fellow junta member at the time **Ramón Mayorga** was no less than the head of the university.

Metz revealed that his good friend François Houtart, S.J., of Belgium's Louvain University, will sponsor a mid-May conference of Jesuits and fellow "liberationists" at Louvain to "examine the Central American situation." Houtart is hardly an objective social scientist. In the 1960s, he achieved notoriety for indoctrinating several generations of Latin American "dissident" priests in outright terrorism, as in the case of Colombian padre Camilo Torres. A speaker at the conference is to be Nicaragua's Maryknoll priest-turned-foreign minister, Miguel d'Escotto.

Metz also indicated that he worked closely with the head of the Nicaraguan Information Bureau in West Germany, one Herr Schultz. Schultz told investigators April 20 that "there is no way the U.S. administration can overthrow the Sandinista government. As soon as they start deploying troops, we will send 5,000 youngsters to fight in Central America. The Guatemalan, Salvadoran and Mexican [sic] guerrillas will all join in a region-wide war." His information office, Shultz reports, has launched a mobilization which will begin at the end of April in 30 European cities.

The fundamentalists' role

The Jesuits are satisfied with the progress of another project they have helped along—the spread of Protestant fundamentalist sects, who hate the Pope almost as much as the Jesuits themselves, and believe that war and butchery herald the day of redemption.

The growth of these sects is extraordinary throughout the region. The ramifications go far beyond the rule of "born-again" genocidal zealot Efraín Ríos Montt in Guatemala.

Take the case of the Summer Institute of Linguistics (SIL), a giant "Bible Belt" missionary center which maintains thousands of fundamentalists in remote regions of Central and South America to translate the Bible into local tongues, and sow the basis for "Thirty Years War"-type religious turmoil. The Mexican government threw the SIL out of Mexico in March 1982, after it had been operating with impunity for almost 50 years. "Left" Jesuits had demanded their ouster—and "right" Jesuits, concentrated in Mexico's fascist PAN party, immediately sprang to their defense. If these fundamentalist fanatics are kicked out, claimed PAN deputy Carlos Chavira on April 20, "all religious organizations run the risk of being eliminated little-by little."

The Unification Church Moonies have moved rapidly into this congenial atmosphere. According to sources in Mexico, the Honduran army chief who is overseeing the training and deployment of "contras" against Nicaragua, General Gustavo Alvarez, is a newly inducted member of the Unification Church cult. The wife and daughter of figurehead president Roberto Suazo Córdoba are members of a fundamentalist sect called El Cenáculo.

Swarming across the region in tandem with the Jesuits and the fundamentalists are the mafiosi of "Greater Israel" fanatic Ariel Sharon, selling weapons to all comers and happy to see the conflicts spread. Since President Jimmy Carter

deliberately transferred the arms franchise in the region to Israel in 1977, under a subsidy program for Israel called "human rights U.S. arms cut-off," Israeli arms sales have soared. Standard issue in Ríos Montt's army are Galil rifles; General Alvarez commands an air force in Honduras of Israeli-supplied planes. The Sandinistas, despite loud public squawks over the Israeli role and deepening ties to PLO and Libyan networks, themselves maintain an interface with such Israeli arms merchants as David Marcus Katz through resident Lebanese families.

Finally there is the Brandt/Palme wing of the Socialist International, who in December 1980 first mapped out a campaign to destroy the Reagan administration by hanging it with a "new Vietnam" debacle in Central America (see *EIR*, Jan. 13, 1981). Typical of their dealings was the secret meeting between Henry Kissinger and Pier Shori, number-two man in Palme's foreign ministry, in Sweden at the beginning of April. Shori has been Palme's almost full-time emissary on Central American issues since his participation in the 1980 Socialist International planning session against Reagan in Washington. After the Kissinger-Shori meeting, Swedish and U.S. television blossomed with the face of one Peter Thorbyornsson, a "freelance" Swedish journalist who had just toured Central America and could report all the particulars of growing U.S. involvement in the covert war against Nicaragua.

Depopulation warriors

The predominant faction within the U.S. State Department, which knows better than to follow the "kneejerk" anti-communist reaction of some of Reagan's inner circle, is thoroughly complicit in leading the President's hand to the monkey jar. This is the "Global 2000" faction which shares with the Brandt Socialists, the fundamentalists, and the Jesuits the diseased Malthusian mentality that resources on earth are fixed and that a growing human population, particularly in the developing sector, is overrunning them. Incessant fratricidal conflict is the inevitable way such "overpopulation" is eliminated, lament these Malthusians.

Thomas Ferguson, head of the Latin American desk at the Office of Population Affairs in the State Department, explained the theory and practice of such "population wars" in early 1981: "There is a single theme behind our work—we must reduce population levels. Either the governments will do it our way, through nice, clean methods, or they will get the kinds of mess that we have in El Salvador, or in Iran, or in Beirut. We look at resource and environmental constraints, we look at our strategic needs and we say, that this country must lower its population, or else we will have trouble. So steps are taken. . . . The government of El Salvador failed to use our programs to lower their population. Now they get a civil war because of it. . . . There will be dislocation and food shortages. They still have too many people there."

There has been no change in outlook, only refinement of methods, in the succeeding two years.

British try to rally NATO members against Reagan's beam-weapons policy

by George Gregory

Appropriately, the site of strategically sane and public responses in Europe to date to President Reagan's commitment to develop and deploy directed-energy beam weapons is Italy: the leading Catholic daily *L'Avvenire* on April 14 sent an unmistakable message to American bishops and Catholics that "there is something new in Reagan's project. It expresses an element conceptually progressive relative to the presently hegemonic strategic conception, because it moves from nuclear deterrence to anti-nuclear defense. . . . Who could possibly not see the danger of such unbalanced equilibrium of terror?"

Military spokesmen have also found their way into the press. Retired Adm. Franco di Gianbernardino wrote in *Il Giornale* April 15 that "the new system can be realized soon, within five years," and then detailed known Soviet achievements in the applications of laser technologies to weapons systems. With an insight remarkable nowadays in Europe, Admiral Gianbernardino also argued that beam weapons "will make negotiations on the Euromissiles easier," because "the concept of MAD—mutually assured destruction—would be abandoned."

In France and West Germany, however, official responses gravitate around West Germany's Defense Minister Manfred Wörner's formulation that U.S. development and deployment of beam weapons mean nothing to Europe, or will not mean anything until the year 2000. Behind official phraseology lies the fact that "the British are all over the place on a rampage against beam weapons," as one official close to the Bonn chancellory remarked in astonishment.

Especially in West Germany, political, military, and government circles generally are having a hard time making up their minds just what it is they fear most: Russian SS-20s, against which Pershing II IRBMs offer no defense, or the howlings of the British, upon whom West Germany depends so much for its semblance of a "stable" relationship with the Soviet Union—or even the fact that Reagan's beam weapon program ensures that the United States will not quit the world stage as a super power, militarily or economically.

The Royal Institute doth protest

This confusion combines with the protest that "we have not yet been officially informed" of the new U.S. strategic doctrine to drop MAD. Five European foreign policy institutes, all modeled on the Royal Institute for International

Affairs (RIIA) in London, such as the Council on Foreign Relations in New York, jumped into the breach in mid-April with a report on "Recommendations for a European Security Policy." The study was authored by Karl Kaiser, also an adviser to former West German Chancellor Helmut Schmidt, from the German Society for Foreign Policy; Thierry de Montbrial from the Institut Français des Relations Internationales in Paris; William Wallace of the RIIA; Cesare Merlini from the Istituto Affari Internazionali in Rome; and Edmund Wellenstein from the Netherlands Instituut voor Internationale Betrekkingen. The report describes, in outline form, the "necessity of an independent European security policy," a favorite project of former British Foreign Minister Lord Carrington, in view of the United States "decoupling" from defense of Western Europe.

The authors are also quite blatant in their view that such "independence" gained by a U.S. "decoupling" is desirable for Western Europe in view of "differences of opinion" with the United States over issues of détente and economic relations with the Soviet Union. "There are voices heard today calling for a European defense structure as a kind of reassurance in case of a withdrawal of the United States from their alliance duties," the report says. While disclaiming any intent to seek an "equidistance" between the two superpowers, the report does say that a "European nuclear strike force would be required," under command of a European Defense Minister, "which would effect a minimal deterrence and which would have to consist of a strategic second strike capability of such a force that unacceptable damage could be caused upon the enemy; this strike force would have to include, furthermore, tactical nuclear weapons of medium- and short-range for deterrence in Europe"²—in other words, Europe should seek its own version of MAD.

"Recommendations for a European Security Policy" was issued on the eve of the meeting of the Trilateral Commission in Rome, where the chief subject on the agenda was defense policy, but not one word was said about the U.S. commitment to develop and deploy beam-weapons, nor about "mutually assured survival." Instead, Henry Kissinger loudly proclaimed that "developments 15 or 20 years hence" were irrelevant.

What is not irrelevant is the fact that, under continuation of the MAD strategic doctrine, the stationing of Pershing IIs in Western Europe marks what Lyndon LaRouche has called

a "countdown to nuclear war" because the very technology of the SS-20s and Pershings, both highly precise, low-flight-time weapons, signifies that the practical necessity of "launch on warning" would become policy. Christian Democratic advisers to the Bonn government have told *EIR* that the Soviets have "promised" that they would not "adopt a policy of launch on warning." With such "promises," the Soviets are feeding into British efforts to declare President Reagan's March 23 speech "irrelevant" (see article, p. 52).

However confused these advisers are about the significance of the President's speech, they admit that "this is a promise which it would be deadly to believe." Other advisers to the chancellery and foreign ministry in Bonn report that the Anglo-Soviet influence in France extends so far that some French circles are trying to convince the Germans that "the credibility of the U.S. deterrent has been so undermined by the Americans themselves that we [West Germany] will have no choice but to seek sanctuary under the French nuclear umbrella." Reportedly, confidential discussions have been offered to the West Germans on "convergence of strategic doctrine" on this matter, but so far the West Germans remain confused and cautious.

The very idea of making such an offer, however, clearly reflects the influence of Thierry de Montbrial's contribution to the "Recommendations for a European Security Policy" document.

A major problem is that the claim that the U.S. commitment to Europe is "not credible" carries considerable weight both in France and West Germany, because both countries are convinced that official NATO doctrine, and therefore U.S. policy, is represented by the so-called Rogers Plan, named for NATO Commander Bernard Rogers.

As a top CDU military adviser, who did not want to see his name in print, stated the point: "You recall the fact that Rogers worked for Maxwell Taylor for several years, and that Taylor is the military thinker of the 'Gang of Four,' " the "nuclear freeze movement" run by Robert McNamara. "It is no wonder that non-U.S. and non-British NATO staff people increasingly suspect that the purpose of demanding that we focus on an increased build-up of conventional forces in Western Europe is really the same thing that Robert McNamara is aiming for. In fact, privately, the joke is going around that our own peace movement extends all the way from our environmentalists into the top levels of the NATO command! Up to now, General Rogers had been able to cover it up, because he speaks official NATO-ese rather well, but the fact is that Robert McNamara is running NATO." In the same breath that this adviser repeated the official Bonn government assessment of beam weapons, that they mean nothing to Europe immediately, he also insisted that it was necessary for the United States and Soviets to get the "strategic context for negotiations clear," and praised Defense Secretary Caspar Weinberger's proposal for intensified redundancy in the "hot line" system to Moscow as a step in that direction.

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Bonn gets a chance to defuse the Euromissile crisis and 'green' riots

by Susan Welsh

As the deadline nears for installation of American medium-range ballistic missiles in the Federal Republic of Germany, that country is heading for a fullblown political crisis. The "battlefield country" of Europe, West Germany would be the first to be destroyed were the Euromissiles ever to be launched. Apart from that, Germany will become a political *Trümmerfeld* (rubbleheap) by autumn, unless certain shifts occur very rapidly.

President Reagan's March 23 announcement of a new U.S. military doctrine based on crash development of defensive beam weapons points the way out of West Germany's dilemma, although few German politicians have so far recognized this. By ending the age of "Mutually Assured Destruction," Reagan has created the basis for improved U.S.-Soviet political relations (despite public Soviet pronouncements to the contrary), which would benefit the Federal Republic. The implementation of Reagan's policy will also unleash an industrial recovery in the United States comparable to that which President Roosevelt mobilized during World War II. By aggressively supporting Reagan's move, Bonn could defuse the "peace movement," help to mediate a solution to the missiles crisis, and set its own economy on the road to industrial recovery.

German government response to the Reagan policy has so far been guarded and cool (see article, p. 41). Former Chancellor Helmut Schmidt, a Social Democrat, has been touring the world with Henry Kissinger, delivering speeches denouncing the U.S. defensive policy as "destabilizing." The German press has been hostile to what is caustically described as the U.S. President's "Star Wars plan"; and statements by U.S. political leader Lyndon H. LaRouche and his associates backing Reagan's move—widely covered in the press in Italy, France, and other European countries—have been totally blacked out in the Federal Republic.

'Hot autumn' planned

German law enforcement authorities are meanwhile bracing themselves for an autumn of mass demonstrations and violence on the part of the "peace movement" and the Green Party. At an April 17 meeting in Cologne, 700 peace movement representatives met to plan out a series of actions such as "human chains" to blockade U.S. military installations and the headquarters of the German army, the *Bundeswehr*.

"We have to be ready for illegal but nonviolent actions which will extend civil disobedience and make this state ungovernable," the conference document declared. In fact, violence is a foregone conclusion. Terrorists are known to be planning to attack military facilities with molotov cocktails and guns, the plan being to provoke clashes that leave behind the corpses of "martyrs."

A further aspect of this mobilization is the growing participation in the "peace movement" of self-avowed Nazi groups and right-wing "punks" under neo-Nazi control. A case in point is the infiltration of the "movement" by Michael Kühnen, leader of the "Action Front of National Socialists" and advocate of what he calls "the original national socialism." Kühnen, who was released in November from four-and-a-half years in prison for his illegal Nazi activities, was scheduled April 20 to lead an illegal "March on Bonn" in honor of Adolf Hitler's birthday! He and his supporters, including gangs of purple-haired "punks," are to march in uniform with Nazi banners.

The focal point for the "hot autumn" is of course the Green Party (*die Grünen*), which now holds 21 seats in the federal parliament. The ecologist party threatens to make the country ungovernable, by "street tactics" as well as by blocking legislation it opposes.

In the state of Hesse, this goal has already been achieved. Nine Green state parliamentarians have succeeded in blocking the functions of government, with no solution in sight. Hesse governor Holger Börner does not have a majority for his Social Democratic Party in the legislature, and so relies on support from the Greens. But they have refused to support his 1983 budget (since it includes some minimal funding for nuclear power and other industrial projects). So the state has no budget, and the opposition Christian Democrats are demanding new elections, in hopes of securing a majority for themselves. But the Greens are also blocking this—a parliamentary "gridlock" now prevails.

EAP election campaign

The European Labor Party (EAP) in West Germany, headed by Helga Zepp-LaRouche, has called for new elections in Hesse in June to destroy the Greens' operation. A partial slate of EAP candidates has been announced.

EAP Vice-Chairman Uwe Friesecke stated, in a speech

April 18 launching the election campaign, that the focus of his party's effort will be to force a shift in the country on the beam weapons issue and to mobilize support to ban the Greens as unconstitutional (the German Basic Law prohibits the formation of fascist parties).

The EAP is the only party that has campaigned consistently against the Greens as a principal threat to the future of West Germany as an industrial republic. For two years it has circulated dossier material on the "brown" fascist origins and ideology of the Greens and their international controllers—material whose accuracy is now being demonstrated in the merging of "left" and "right" in the peace movement.

The beam weapon issue is poorly understood in Germany, where the population is influenced by media hostility to Reagan's policy and by fears that a U.S. anti-ballistic missile defense system would lift the "nuclear umbrella" over Europe. If the United States were no longer threatened by a Soviet nuclear strike, the media line goes, what would guarantee Washington's military commitment to Western Europe?

Instead of working with Reagan to develop an overall policy centered around beam weapon defense—one which would include a major European scientific contribution to the development of these systems—Bonn leaders are fixated on "Euromissiles" and Soviet tanks. Former Chancellor Schmidt, and the Kohl government along with him, has pressed for a negotiated solution to the missile problem at the Geneva arms talks—even though no arms control agreement could have guaranteed the security of either superpower under the circumstances. Now that the beam weapon policy could for the first time virtually guarantee that superpower security, Europe suddenly feels irrelevant and scared.

Friesecke in his election speech stressed that the EAP would seek to cut through this foolish attitude and convince Germans that Reagan's policy is in their own interests. "Facts don't count in this country. Nobody here has understood until now what the Reagan doctrine means . . . Weinberger said he would be happy if the Soviets would develop the same defense policy system. But naturally this was not reported in the German press . . . Those close to Reagan understand what this is all about, and German politicians would be better off to open their minds and realize the seriousness of the situation too."

We are now on the verge of a new "Cuban-missile-style crisis," Friesecke said, as well as an economic crisis of catastrophic proportions. The beam weapon policy can turn both of these situations around. The EAP, he said, will show how beam-weapons defense and the civilian technologies related to it can revive a national sense of "Great Projects," of a mission as the workers, scientists, and inventors who develop advanced technology to develop the world. The EAP will propose using the industrial potential of the West to, first, industrialize the Third World and develop advanced agriculture there; second, launch a new industrial revolution with laser technology; and third, colonize space for the benefit of mankind as a whole.

FRANCE

Lejeune undercuts right to life movement

by Dana Sloan

On April 7, 1983 in Wiesbaden, West Germany, *EIR* founding editor Lyndon H. LaRouche, Jr. described Prof. Jerome Lejeune of Paris as one of the most evil representatives of Christian fundamentalism.

Jerome Lejeune, through his connections in France, the United States, and Italy, is engaged in an international campaign to sabotage the Club of Life, founded by Helga Zepp-LaRouche as an international counterpole to the Malthusian Club of Rome organization. He and his cultist friends are systematically spreading the rumor that Mr. and Mrs. LaRouche and the General Secretary of the European Labor Party, Jacques Cheminade, are "KGB" agents. His first attacks came out at the moment when Lyndon LaRouche first identified the conspiracy of Anglican, fundamentalist, and KGB forces behind the May 1981 assassination attempt against Pope John Paul II, and when Cheminade spoke at the 1982 French Right to Life (*Laissez-les-Vivre*) congress, where he denounced the Club of Rome.

Lejeune's use of the "KGB" slander is revealing, especially when Professor Lejeune's own history, contacts, and comings and goings are known—including at least one trip to Moscow since 1980, during which he was received by Leonid Brezhnev himself. Certainly such preferential treatment indicates that Prof. Lejeune, who hides behind his profession as a specialist in genetics (he is reported to have discovered the chromosomal defects that lead to mongolism), is much more than he appears to be. Lejeune has admitted to different sources that what he fears is the exposure of the existing links between the Catholic Integrist (fundamentalist) movements in the West and certain "Eastern forces." Second, he seeks to prevent the development of the Right to Life movement in France and elsewhere into a broad, principled coalition against the Club of Rome and Malthusianism generally. He has emphasized that the fight for the right to life should remain "exclusively limited against abortion," because "other issues would confuse the membership, and it is very dangerous to educate the masses."

Like Soviet Communist Party leader Yuri Andropov and the Heritage Foundation circles in the United States, Lejeune is a staunch opponent of the beam weapons program announced March 23 by President Reagan, and instead favors the deployment of Pershings and cruise missiles. To an army of scientists, engineers, and qualified soldiers he prefers a

“force of determined foot-soldiers that, unfortunately, democracies are unable to produce.”

As opposed a close friend of French Club of Rome member Andre Danzin, Lejeune is also a member of the American Society of Human Genetics, which publishes a journal called *American Journal of Human Genetics*, printed by the University of Chicago Press. The journal is an offshoot of the *Eugenical News*, whose “race purification” advocates were financed by the family of Averell Harriman on the eve of World War Two to promote Nazi race science in the United States. Lejeune’s association with the race scientists also involve his relationship to Dr. Ziegfried Ernst of Ulm, West Germany.

The deranged Dr. Ernst, who like Lejeune is a member of the World Federation of Doctors for Life, has conceived a project to “re-establish the kingdom of God on earth,” based on “genetic heritage.” According to Dr. Ernst, Paraguay—the paradise of dope traffic and Nazi activities involving associates of Klaus Barbie—is the ideal location for this revival, which should bring together the “5 million Germans presently living in Chile, South Brazil, and Paraguay.” Dr. Ernst is known to be particularly interested in working with Professor Lejeune’s Venezuelan contacts to further his project.

In Italy, Lejeune, a member of the Academia Pontifica, works with Roberto di Mattei, who heads a group called Lepanto, which publishes a magazine for the “Christian crusade.” Di Mattei is associated with the powerful Pallavicini oligarchical family for whom he has sponsored and organized conferences. Lejeune’s friends are presently planning to celebrate the 300th anniversary of the Holy Empire’s victory over the Turks in Vienna. They look forward to pitting Christian fundamentalism against Islamic fundamentalism, to create a climate for race riots and totalitarian measures of emergency-states.

In Spain, Lejeune and his friend Genevieve Poullot of the group “SOS-Futures Mères” are using the issue of abortion in an attempt to detonate an oligarchical fascist coup in that country, where certain conservative forces are ripe for any adventure.

But it is without a doubt Lejeune’s relationship with Tradition, Family, Property (TFP) that best exposes his posture as a devoted supporter of Pope John Paul II. Lejeune professes to having a close spiritual and ideological affinity with a group, headquartered in Paris on the Rue des Renaudes, which publishes a review called *Permanences*. The constellation of the Rue des Renaudes includes CLC, the Cité Catholique (now known under the name of Office International des Oeuvres de Formation Civique) and the Institut Culturel et Technique d’Utilité Sociale (ICTUS). TFP, the Brazil-based cult financed by the Braganza family, was officially invited at least twice (in 1974 and 1976) to participate in the Lausanne, Switzerland congress organized by the Office International at the Palais de Beaulieu.

TFP, according to the Feb. 27 1982 issue of the Brazilian popular magazine *Manchete*, is currently carrying out its

military training programs by using photographs of John Paul II for their target practice. As early as 1974, the TFP group had officially declared itself in a “state of insurrection” against the Vatican that Professor Lejeune pretends to serve. Down to this very day, the Paris representatives of TFP refer to Professor Lejeune as one of the most distinguished French representatives of their views. Back in the United States, Professor Lejeune has an equally revealing set of close acquaintances. The latter include the Benedictine priest with a Ph.D. in sociology, Father Paul Marx, who is president of Human Life International of which Lejeune is a member. Father Marx, who recently declared that he was “too busy” to issue a statement against euthanasia of the elderly practised in Los Angeles, praises Dr. Ernst as “the great German pro-lifer . . . who fought the Communists for four years in the Second World War,” indicating that he at least approves of Dr. Ernst’s Nazi past. Father Marx recently toured Portugal to participate in the worship of “Our Lady of Fatima,” the cult figure of TFP.

The constellation in which Lejeune finds his most important base of support in the United States also includes:

- the Christian fundamentalist network centered around Christendom College in Virginia and its theology department headed by William Marshner. His wife Connie is one of the most active retailers of the line that LaRouche is “KGB,” a slander she picked up from Larry McDonald’s office. Mrs. Marshner is editor of *Family Protection Report*.

- Randy Engel, national director of the U.S. Coalition for Life, who has assisted the financing of Professor Lejeune’s genetics research activities. The most recent issue of *TFP Newsletter* (Vol. III No. 16) prominently displays Engel as a pro-life leader. Then there is the interesting fact of Professor Lejeune’s professed close relationship with Eunice and Sargent Shriver who are nominally Roman Catholics. Under President Lyndon B. Johnson, Sargent Shriver was director of the Office of Economic Opportunity, during the period in which OEO financed the massive proliferation of birth control clinics across the United States. Simultaneously, Shriver was serving as Director of the Peace Corps, which of course was heavily involved in implementing the population control policies of the State Department’s Agency for International Development throughout the developing countries. It is the stated policy of the Club of Rome—which Lejeune refuses to attack—to restrict birth rates among the “black, brown, and yellow peoples,” according to one of its founders, Alexander King.

Professor Lejeune and his friends are a threat to the existence of humanity. They are not only sabotaging the fight against Malthusianism, but they have worked with the circles planning the assassination of Pope John Paul II. They are at the precise point of intersection of the Nazi International, the revival of fundamentalist cults under a Christian cover, and the Club of Rome and KGB operations. This is what they are trying to hide by accusing Lyndon LaRouche and his collaborators of being KGB agents.

British protecting drug-money flows

by Renée Sigerson

In Cambridge, England this month, what was described by observers as a "highly secretive" gathering occurred, involving British Commonwealth officials assigned to review the scope of organized crime operations in former British dependencies. From excerpts available so far, the Commonwealth Secretariat "anti-fraud task force" reported in print: "Many small countries, whose national budgets would be pocket money to the international criminal, unwittingly play host to organized crime by allowing it to deposit money in their banks. Such countries easily become operational centers for the criminals and ultimately their governments and national economies are taken hostage by a nameless force whose money is backed by drugs, guns, and an ever-widening circle of corruption and manipulation."

The meeting occurred a few months after U.S. officials had visited London to solicit support from the British Foreign and Commonwealth Office in cracking down on the estimated \$20 to \$80 billion drug-money laundering system which operates unabated in former British dependencies in the eastern Caribbean. During those interviews, British officials flatly refused any such cooperation, asserting that the drug problem is an internal American affair.

Asked to comment on accounts of the Commonwealth event, U.S. specialists on drug enforcement reported that this was the first time to their knowledge that British officials—albeit Commonwealth, not Foreign Office officials—had ever admitted that drug-based crime posed a serious political problem in British territories.

The international narcotics trade is run, from the top, by an interlocking network of high-level, secret masonic organizations, which wind through British, Canadian, Swiss, and Mediterranean banks. Leading and secondary U.S. banks facilitate this trade—whose U.S. component is \$150-\$200 billion per year—playing the role of captive couriers for the foreign masterminds of crime at the top.

In connection with a broad crackdown on financial fraud, launched by the U.S. executive branch in 1982, large amounts of new evidence are being compiled by U.S. investigatory groups on how this high-level criminality has served to undermine the United States. In London, Switzerland, and oth-

er money centers, these investigations are being viewed with utmost concern.

The IMF's role

Evidence now being made public by U.S. agencies indicates that the control level for protecting the world drug trade also extends to international financial agencies largely supported by the U.S. taxpayer. Chief among these agencies is the International Monetary Fund (IMF), which is now asking the United States for an increased \$12 billion contribution.

The information coming to light shows that the IMF has been "in bed" with the British, in particular, in protecting the drug trade since at least the late 1960s. The IMF has acted as a vehicle for the British in making the British application of common law to the drug problem the controlling practice in the entire international financial community.

In Great Britain, narcotics consumption is legal; only marketing of drugs is a criminal offense. Additionally, British law argues that offshore banking havens which launder drug-money flows should be allowed to do so, on the grounds that the "cost" of attempting to apply enforcement proceedings in offshore banking centers is outweighed by the "benefits" of allowing offshore banking to continue unhindered.

The International Monetary Fund adheres, officially, to the British concept of law applied to drug offenses. Officials at the IMF's sister organization, the World Bank, have repeatedly justified the right of Third World countries to market narcotics, on the grounds that such commerce facilitates debt repayment. The IMF itself has a division which specializes in designing and authoring offshore banking regulation, for underdeveloped countries which have been convinced that getting a "cut" on the massive international crime game will help them earn revenues. The United States, IMF officials have argued in print, cannot object to such practices, since the "benefits" to offshore haven countries which facilitate illegal money-laundering are as valid as the "cost" to the United States of having a drug problem. The division of the IMF which works with offshore banking havens is the Central Banking Department.

The British-IMF complicity on the drug money question dates back to the period when Britain began releasing its Caribbean dependent territories for "independence." Prior to independence, the currency authorities in these islands had been under the control of the Bank of England. As the drug trade began flourishing in the Vietnam War period, it was necessary for the Bank of England to "distance" itself from its increasingly dirty progeny. A series of negotiations was held between the Bank of England and the IMF, whose outcome was an IMF-sanctioned \$20 to \$80 billion annual pass-through via these territories of drug funds raised in the United States. Informed sources report that throughout these negotiations, the presence of organized crime groups was frequently discussed, and the evaluation was reached that nothing should be done about the problem.

The Chinese attempt to bleed Vietnam

by Daniel Snider

Fighting escalated between Vietnamese and Chinese armed forces along their common border during the third week in April, with reports of heavy shelling and clashes between units of ground troops. The battles are the most serious since border skirmishes two years ago, and the Peking regime has issued threats hinting at a repetition of their 1979 invasion of Vietnam.

The Chinese are attempting to put military pressure on Vietnamese and Kampuchean forces who have been carrying out a dry season offensive against the Chinese-armed and backed rebels of the genocidal Khmer Rouge operating on the Thai-Kampuchea border. The attacks have targeted both the Khmer Rouge and their allies in the "coalition," the forces of ex-Prince Sihanouk and former Premier Son Sann.

While Vietnamese diplomatic sources told this news service that they do not expect a repetition of the large-scale 1979 Chinese invasion at this time, they are remaining vigilant. The Peking regime, through various mouthpieces, has made every effort to keep the threat of invasion alive.

In its public statements, Peking has tried to paint Vietnam as the instigator of the border battles—a tactic the Vietnamese Foreign Ministry described as "the thief crying 'stop thief.'" Yet the Chinese have all but admitted that they are in fact responding to events on the Thai-Kampuchea border; the Chinese Communist Party newspaper Peoples' Daily complained: "The Vietnamese authorities have increased provocations on the Sino-Vietnamese border in an attempt to tie up China and prevent it from supporting the just struggle of the people of Kampuchea and Thailand."

The Chinese attacks on Vietnam are a response to the increasing collapse, both militarily and diplomatically, of their Kampuchean rebel clients. The dry season offensive of the Heng Samrin government and the Vietnamese against the bases of the Pol Pot forces and their allies have undercut the pretensions that these rebels pose a threat to the Phnom Penh government. A propaganda campaign waged through the *New York Times* and *Washington Post* has indicted the Kampuchians and Vietnamese for "atrocities" against civilians, but independent observers have not confirmed their charges.

According to recent reports, these rebels have recently received new shipments of Chinese arms, and the Thai government has assisted them with sanctuary and artillery cover for their retreating forces.

Indochinese foreign ministers meet

Both Peking and the Thais, as well as the U.S. State Department, fear the increasing international disenchantment with continuing diplomatic support for the charade of the "coalition government of Democratic Kampuchea," the alliance of Pol Pot, Sihanouk, and Son Sann, which still holds the Kampuchean seat at the United Nations. At the recent New Delhi Non-Aligned summit, a meeting of 101 developing nations, it was decided to deny this group the legitimacy of representing Kampuchea despite a heavy Chinese-backed lobbying effort by Singapore and other members of the Association of Southeast Asian Nations (ASEAN) to bring Sihanouk to the conference.

The importance of the Non-Aligned decision was underlined in mid-April at a meeting of the foreign ministers of the three Indochinese countries—Laos, Vietnam, and Kampuchea—held in Phnom Penh. The communique issued following the meeting praised the resolution on Kampuchea adopted by the Non-Aligned summit and called for talks to take place between ASEAN and the Indochinese countries based on the Non-Aligned formulations.

The foreign ministers' statement referred to a proposal made by Malaysian Foreign Minister Ghazali Shafie following a meeting he held in New Delhi with Vietnamese foreign minister Nguyen Co Thach. Shafie suggested that talks be held between ASEAN and the Indochinese countries. Shafie had positively received a Vietnamese concession that such talks could be take place without the direct presence of the Heng Samrin government. However, the Shafie initiative was tabled at a recent ASEAN foreign ministers meeting due to the opposition of some ASEAN states, particularly Thailand.

An editorial on March 26 in the *Indonesia Times*, decried the ASEAN decision to freeze the diplomatic opening. "ASEAN has let a golden opportunity pass, and many will regret it," the Indonesian daily said. "To let the Kampuchea question drag on will harm both ASEAN states and the Indochinese states . . . will prevent useful cooperation between the two sides and the emergence of peace and security in the Southeast Asia region." The daily concluded with a warning that "it will also augment the influence of the big powers in this region," a reference to not only the United States and the Soviets but also to fears of the Chinese role.

The foreign ministers also announced that there will be a partial withdrawal of Vietnamese forces from Kampuchea, the second such withdrawal which the Indochinese countries, at a summit meeting in February, had announced would occur annually. The withdrawal reflects the improved security situation inside Kampuchea, including the increased capacity of the armed forces of the Heng Samrin government.

The Black Nobility's weapons smugglers

Four traffickers now awaiting trial were trading in military secrets as well as nuclear devices.

The Roman Black Nobility and the Savoy family, the Italian dynasty responsible for bringing Mussolini to power who were banned from Italy when the population ratified a republican constitution in 1947, have been discovered to be involved up to their oligarchical necks in the huge East-West weapons and drugs smuggling network: the Bulgarian Connection. Italian magistrate Judge Carlo Palermo, who handed down indictments against others involved in the operation last year, has just arrested four of the oligarchs' weapons smugglers with connections to Italian and American secret service factions and those of the East bloc.

The smugglers' traffic was not handguns and nickel bags. In arms they were fencing helicopters, tanks, Exocet missiles, and nuclear devices. Their main activity, however, was conveying information on military equipment to nations in both the East and West.

Now awaiting trial are the weapons and spying organization controllers:

- Glauco Partel: known as the "Italian von Braun" because of his self-proclaimed expertise in missiles, controller of Missilistic Transportation Study Center in Rome, a fluent speaker of Russian.

- Massimo Pugliese: a member of the Italian Carabinieri state police and an official of the SID, the precursor organization of the current Italian secret service. Pugliese was a member of the so-called Bureau D of the SID, the infamous counterintelligence section. Pugliese was also head of the

Sardinian branch of the Italian secret service from 1964 to 1970, a longtime member of the infamous Propaganda-2 Freemasonic Lodge headed by former Mussolini aide Licio Gelli, and house publicist for the now-deceased Fascist controller and banished holder of the Italian throne, Umberto of Savoy, and;

- Their associates Carlo Bertonici and Vincenzo Giovannelli.

At the time their collaborators were preparing the attempted assassination of Pope John Paul II in Portugal last year, Pugliese was preparing a coup against the Italian government along with monarchists Edgardo Sogno and Filippo de Jorio.

What became known as the "Sogno Coup" had as its aim destroying the Italian constitution. The conspirators considered it too republican.

But what may have exposed the cabal's activity was the coup attempt last year in Sardinia financed by Libyan Muslim Brotherhood fanatic Mummar Qaddafi. Brought to testify before an Italian parliamentary commission investigating the terrorist Sardinian Banditism separatist grouping, Pugliese had said the prospect of an upsurge in Sardinia was unthinkable. The subsequent coup attempt poured light on Pugliese's connections to left-wing revolutionary billionaire Giangiacomo Feltrinelli and the Banditism during the 1964-70 period.

When Judges Mario Marchetti and Walter Basonne went to interrogate Pugliese where he is being incarcerated in Trento, they found him represented by Vincenzo Caredda, lawyer

for the leader of Sardinian separatism, Meloni.

Along with Partel, whom he started working with in 1971 after severing formal connections to the Italian secret service, Pugliese established contacts with secret services in several East bloc countries. In the late 1970s the two masons tried to sell a tactical beam weapon invented by Rollando Pelizza of Brescia to an East bloc secret service.

Pugliese's frequent dinner host Umberto then commissioned him to write a book on the *sacra sindone*, the supposed picture of Jesus Christ owned by the Savoy family. Umberto's appreciative letter of commendation and the fascist monarch's portrait Pugliese was given by the oligarch are still in his residence.

Now it has been exposed that the son of Umberto, Vittorio Emanuele di Savoia—who expects to be dubbed the new Italian king in exile—was also a member of the P-2 Lodge and fully involved in the international weapons smuggling business along with Renato Gamba, who has also been arrested by Judge Carlo Palermo.

Pugliese is also a frequenter of the salons of Roman Black Nobility Countess Maria Anonietta Nicastro and Princess Elvina Pallavicini, the founder of the anti-Pope Bishop LeFebvre cult.

According to the Milan daily *Repubblica*, investigations indicate that the core of the weapons-trafficking wing of the P-2 Lodge to which Pugliese adhered was based in Monte Carlo. The parliamentary commission investigating P-2 began to uncover this connection last July, when they arrested Ezio Giunchiglia, a P-2 leader, secretary of the Comité Montecarlo, the Monte Carlo Lodge, and, at the time, a member of the defense ministry.

Washington's no to debtors' cartel

Regan and Shultz warn Mexico not to join any Latin American solutions to the continent's economic crisis.

When Secretary of State George Shultz, Treasury Secretary Donald Regan, and Commerce Secretary Malcolm Baldrige visited this country April 17 to 19, the overall impression the visitors left is that they came to swing Mexico away from its peace efforts in Central America, and its recent moves to join other Latin American countries in a joint solution to the continent's economic crisis.

Donald Regan publicly expressed his concern over the possibility that Mexico will join countries such as Brazil in a "debtors' cartel" as a way of forcing a workable renegotiation of their foreign debts. In a press conference April 19, Regan said that Mexico and Brazil "want no part of such a debtors' cartel. They think that they have put into effect a reasonable program under the International Monetary Fund." He went on to warn the two countries that their existence as sovereign political entities was threatened if they tried to create such a "cartel": Brazil and Mexico, he said, are "both very proud nations, proud of their financial reputation as well as their political independence, and they do not intend to sacrifice that."

There is obviously some nervousness in the Treasury Department over what President de la Madrid and Brazilian President João Baptista Figueiredo will discuss when Figueiredo arrives here April 26. The press has been reporting the two heads of state will talk about the financial cutoff to which their countries have been subjected. Barter deals exchanging Mexican oil

for Brazilian industrial goods will reportedly be signed.

"On a practical basis, we can look for programs of economic complementarity and integration, to accelerate technological collaboration," said de la Madrid after a meeting with Colombian President Belisario Betancur in Cancún, Mexico on April 10.

During a speech to the U.S.-Mexico Bilateral Commission (a cabinet-level consulting group between the two countries) on April 18, Shultz communicated the State Department's displeasure with this outlook. Mexico, he said, is part of the "democratic force of North America" together with the United States and Canada. The statements were quickly taken here as a reference to the discredited "North American Common Market," a David Rockefeller-inspired scheme which would make of Mexico a mere supplier of raw materials.

Most important, Regan made a point of implying that Washington has arrogated to itself the right to make sure that Mexico is complying with the austerity program which this country worked out with the International Monetary Fund late last year. He also insinuated that the U.S. wants Mexico to change its foreign investment laws. This had a particularly adverse effect here, since the laws, which limit foreign investment to a 49 percent stock participation, are seen as a pillar of Mexico's economic sovereignty.

It was, however, George Shultz whom the press and politicians here regarded with most distrust. There was

a universal suspicion that his assignment was to take advantage of this country's economic troubles to align Mexico's with the State Department's geopolitical shenanigans in Central America.

This suspicion was built up by Kissingerian geopoliticians in the department who in recent weeks have made a point of provoking a "Cuban missile"-style crisis over Sandinist Nicaragua. On April 11, the *Washington Post* reported that the Soviet Union was considering deploying nuclear missiles to that country. On April 18, an unnamed administration official reported that the United States was refueling AWACS planes in Mexican airspace to spy on Nicaragua.

Shultz announced in a speech in Dallas April 15, that Mexico's economic problems "could force the country into a situation similar to that of Central America."

All of this was obviously not appreciated here. By the time Shultz was sweetly saying in front of Foreign Minister Bernardo Sepulveda that when it comes to Central America, "there is no voice which deserves more respect than that of Mexico," an anti-U.S. demonstration of 3,000 people was already taking place in front of the U.S. embassy.

Furor over the State Department's Central American policies was expressed by the ruling PRI party and opposition parties' deputies in a congressional debate April 16. On April 18, the national committee of the PRI put out a statement through the national press warning of a coming showdown in Central America and calling on a popular mobilization behind the de la Madrid government's efforts together with Colombia, Venezuela and Panama (the Contadora Group) to resolve the bloody conflicts in the region.

International Intelligence

Aspen Institute backing Reagan's enemies

One of the supposedly most pro-American institutions in West Germany, the Aspen Institute in West Berlin, is backing the opponents of President Reagan in the United States, in the West German peace movement, and in the ecology movement. A mid-April seminar at the institute, conducted under the theme "Where is Germany Heading?" focused on the Greens.

One of the German participants in the seminar was the leading anti-Reagan spokesman of the oppositional Social Democrats in Bonn, Karsten Voigt. He left immediately after the seminar for the United States to talk with both left-wing and right-wing adversaries of Reagan. Voigt confessed in a recent discussion that he has "personal contact" with people operating against Reagan and Defense Secretary Caspar Weinberger from the Heritage Foundation and other supposedly conservative circles. The Aspen meeting took place while the West German peace movement gathered in Cologne to prepare its "wave of actions" against U.S. military installations this autumn.

The institute is inviting not only leading West German greenie Wolf-Dieter Hasenclever to the conference beginning May 8, but also Donald Ross, the head of Ralph Nader's Public Interest office in New York, and representatives from various anti-government organizations such as "Proposition 13." West Berlin Aspen Institute head Hamilton called Proposition 13 "very clever—they managed to cut tax payments by one half"—which is what the Greens want to do.

Legal victory against Petra Kelly

The Frankfurt Supreme State Court (Oberlandesgericht) April 14 granted Campaigner Publications, the publisher of *Neue Solidarität* newspaper and *EIR*, a major legal victory. *Neue Solidarität* dealt Petra Kelly a blow last summer by publishing a profile of the German Green leader whose career to a

large extent is due to her preference for men the age of her grandfather—like Hubert Humphrey, the recently deceased Sicco Mansholt, and pro-Green former NATO general Gerd Bastian.

This profile destroyed Kelly's image as a "Joan of Arc of the peace movement;" it may well have been the reason for Kelly's first nervous breakdown some weeks later. Nevertheless, she sought a preliminary restraining order forbidding Campaigner Publications staff to publish.

She succeeded in obtaining a preliminary restraining order forbidding the use of the formulation "Petra Kelly—A NATO Agent?" and publishing her very embarrassing remarks about Bastian. The order was upheld by the Frankfurt state court. After Campaigner Publications appealed the decision the higher court decided to deny the restraining order.

Extensive proof was presented to the court explaining that the peace movement has actually been created by NATO circles who use it to promote strategic arms control, to foster their plans for a conventional military buildup against the Third World.

Exemplary of the peace movement creators is Admiral Carroll, the second-in-command at Adm. Gene LaRocque's Center for Defense Information. The center is one of the leading think tanks of the peace movement whose personnel consist of former military and intelligence officers, who suddenly decided to turn into peaceniks. Carroll attacked the possibility of beam weapons as early as August 1982.

U.N. to give population award to India, China

The United Nations Fund for Population Activities (UNFPA) will be giving its first annual awards to countries whose population reduction programs are complementary to those of the U.N. UNFPA is making the awards available "to heighten the awareness of population problems in the world."

This year awards will be presented to Prime Minister Indira Gandhi of India and Qian Xinzhong, chairman of the Chinese National Committee on Birth Control and Population Planning.

A UNFPA official explained that India was chosen as the first recipient because of its "very enlightened policy in population. . . . They brought it down on their own. . . . This is complementary to our own policies."

On China, the official said, "It is the fact that these practices of infanticide are a traditional custom in China and perhaps it is going on in a few cases in isolated villages, but certainly not in the larger cities. I have been in China plenty of times and you never see this kind of thing. And if you are referring to the article in the *New York Times* by those so-called students, I am sure that it is not condoned by the government there."

The April 11 *Times* article on "Infanticide in China" was written by two "student" citizens of the People's Republic of China who opposed the U.N. award for genocidal actions in the name of population control. The government's birth control policy has resulted in thousands of female infants being butchered, drowned, or left to die. Women who have given birth to female infants have been mistreated. The writers' statements were based on reports in China's daily newspapers.

The UNFPA awards are being determined by a special advisory committee, including Raul Prebisch, head of the U.N. Economic Commission of Latin America; Professor Theodore Schultz, dean of the School of Economics, University of Chicago; Gunnar Myrdal, Swedish recipient of the Nobel Prize; N. Kihisi, former prime minister of Japan, and K. Dadzie, High Commissioner to London from Ghana.

Nakasone to map ASEAN development program

Japanese Prime Minister Yasuhiro Nakasone, scheduled to visit the ASEAN (Association of South-East Asian Nations) countries beginning April 30, has told reporters that the ASEAN region is the "most economically dynamic in the world today," and promised Japan's assistance to the region, especially in high technology.

The *Japan Economic Daily* reports that officials of MITI, as well as the Japanese finance and foreign ministries, are working

around the clock to put the finishing touches on Nakasone's "industrial plant renovation plan," the centerpiece of his ASEAN tour. Japan is conducting a survey of industrial plants in ASEAN to select those in need of renovation. The number of plants in such sectors as steel, power, communications, and food could run into the hundreds. Once the survey is completed, Japan will start sending technicians and engineers to the ASEAN countries to further diagnose the problems and begin accepting ASEAN personnel for training in Japan. This phase could begin this summer, while the plant renovations are scheduled to begin some time next year.

Regarding defense, Nakasone insisted the ASEAN countries have nothing to fear in Japan's recent statements about defending sea lanes up to 1,000 miles from Japan. This is not a new policy, he said, but only a statement of resolve. This is intended, among other things, to demonstrate to the United States that Japan is committed to defending itself—a precondition for Japan to be able to expect help from the United States.

Spain denounces Britain for Gibraltar provocation

The British "Malvinas fleet" of warships pulled out of the port of Gibraltar April 17, after a provocative five-day visit that drew angry denunciations from Spain. The Spanish government deployed three naval vessels to Algeciras Bay, near Gibraltar, the week before to ensure the security of Spanish territorial waters, and sent urgent notes to both the International Civil Aviation Organization and the International Air Traffic Association protesting disruption of airspace as a result of British anti-submarine exercises off Gibraltar. The senate of Spain unanimously voted a motion which "laments the presence of units of the British fleet in Gibraltar."

Even Spain's opposition party, Alianza Popular, which has historically been close to the British Thatcher group, blasted the British fleet deployment, demanding that Spain send its fleet to the area and rip up the so-called "Lisbon Agreement" under which the Gibraltar issue is to be negotiated.

The Foreign Office in London April 18 stood by statements of its representative the week before implying that Britain will block Spain's entry into the European Community unless Spain agrees to open the border with Gibraltar.

Brazil lending cut: forced moratorium next?

With Brazil in arrears on interest payments and payments to oil suppliers by some \$1 billion to \$1.5 billion, the large international banks have begun cutting back their short-term exposure in Brazil. Trade credits made available to Brazil by the banks dropped from \$9.7 billion in mid-March to \$8.3 billion by mid-April, a cutback of \$1.4 billion in short-term lending which one banker called the fastest rate of drop possible for the banks to pull out.

"The short-term money which had been sustaining the country since last year is gone, and since it is not coming back, Brazil will have to do something. It is a question of how long you could fool everyone," commented an executive of a Hong Kong-based bank April 18.

Brazil's domestic banking system may be the next victim. The smaller Brazilian banks are unable to borrow dollars abroad, and the government will be forced to decide whether to let the banks collapse, buy them up Chile-style, or declare a nationalization of the banks, a prospect even international bankers have begun discussing.

The Caracas daily *El Mundo* commented April 16 that the Venezuelan government, facing an IMF-directed run on its own currency, is "seriously considering" a proposal by the Brazilian government to declare a joint debt moratorium.

But David Rockefeller's "Debt Squad" held its second meeting in mid-April in Rio de Janeiro. The head of the debt squad (formally known as the Americas Society Debt Commission), Russell Marks, dedicated his speech to threatening that no moratorium can be declared because the "conflicts of interests" between the Latin American countries are so big that no countries can act together and that a moratorium would mean a cut-off of all international lending.

Briefly

● **THE DANISH** Ecology Policy Association, the Association of Danish Ecology and Peace Movements, and a group called Revolt From the Middle met in Roskilde, Denmark April 8 to plan the founding of a Danish Green Party modeled on the Green Parties of Germany and Sweden.

● **MEXICAN** and Spanish efforts to resolve the conflicts in Central America increased April 14 when Spanish Foreign Minister Fernando Moran met with his Mexican counterpart, Bernardo Sepulveda, in preparation for a May meeting of the heads of state of the two countries.

● **E. P. THOMPSON**, leader of the European Nuclear Disarmament (END) organization, is making a tour of the United States in opposition to the new U.S. beam-weapons military defense policy. "There is only one way to stop this crazy policy, and that is through intensified coordination of actions between the U.S. and European peace movements," he said before leaving Great Britain.

● **ARMED FORCES** Network (AFN) television news, official channel of the U.S. armed forces in Europe, ran a three-part series starting on its April 13 nightly news program featuring Fusion Energy Foundation spokesman Jonathan Tennenbaum and *EIR* correspondent Paul Goldstein. The two described the significance of President Reagan's beam weapons policy.

● **A U.S.S.R.** Politburo-level struggle is being rumored, according to "Soviet sources" quoted by the Associated Press April 17. Soviet sources contend that regional party officials are "rallying around" Leonid Brezhnev's protégé Konstantin Chernenko, who was defeated by Yuri Andropov in the bid for party general secretary. The split has reached the point that the Central Committee plenum, expected to take place in April or May, has been postponed until June.

Harrimanites move to regain military policy control

by Graham Lowry

The command levels of the British oligarchy, working through the U.S. circles of Averell Harriman and Henry Kissinger, are mounting a furious counteroffensive against the new strategic defense doctrine announced by President Reagan on March 23. In concert with Soviet leader Yuri Andropov, the British and their allies in the United States are employing every available means to sabotage, delay, and ultimately overturn the President's policy.

The opposition is fully aware that the President's decision both repudiates the deadly Kissingerian crisis-management under the doctrine of Mutually Assured Destruction (MAD), and mandates a dramatic reindustrialization of America's economic power through revolutionary directed-energy and plasma technologies. In the face of that threatened defeat of Britain's long war of attrition and subversion against the power of the American nation-state, London has simply "gone bonkers."

EIR has uncovered some of the details of a secret meeting held in Britain the weekend of April 9 to plot out a multi-pronged attack against Reagan's decision to develop space-based beam weapons for missile defense. According to one source who attended the meeting, organized under the auspices of Britain's International Institute for Strategic Studies (IISS), the British marching orders were delivered to a group of U.S. think tankers, journalists, and congressional staff members all committed to maintaining the MAD doctrine and nuclear terror.

Participants at the meeting adopted a four-point strategy:

- The full array of congressional networks associated with anglophile Averell Harriman, the former New York governor, will be activated to delay the shift of strategic

doctrine away from MAD, obstruct passage of the Reagan defense budget and any significant funding for beam weapons development, and push through resolutions banning the development and deployment of beam-weapon missile-defense systems.

- Debate around the shift in doctrine, to the extent any is permitted, will be manipulated to show that the President's program is unworkable unless its supporters can prove that the defensive system is foolproof, and not even one missile could sneak through.

- The opponents of beam weapons will continue to lie that the President's program is "Star Wars, 21st-century stuff," the source who attended reported. The opposition will only accept "a small R&D budget for beam weapons research, provided everybody agrees that the program won't be implemented until the 21st century." Meanwhile, the media are to continue to promote Gen. Daniel Graham's conventional-technology "High Frontier" ABM program, because "everybody knows that his program will not work. It weakens Reagan's arguments to have him running around."

- President Reagan is to be branded a "warmonger" by the Harriman-controlled media. The *Washington Post* has already used that description in a headline, for a story charging that Reagan's continuing demand for an increase in the defense budget and his plan for "nuclear war in space" justify such vilification. More seriously, the President is threatened by U.S. entrapment in a "no-win" war in Central America, an operation emphasized at the IISS meeting (see article, page 38).

Following the IISS meeting, columnist Flora Lewis, a foreign policy scribbler for the Harrimanite *New York Times*



Christian Curts/New Solidarity

"We've expanded our military policy department."

and a participant at the secret meeting, referred to the weekend "discussion" and summarized the general strategy against the beam weapons policy—stall implementation, insist on the MAD doctrine in the meantime, and seek a ban on space-based defensive systems. Lewis lied that "the space-based laser . . . that Mr. Reagan has in mind . . . is 20 to 30 years away, if it ever proves feasible. . . . But . . . the effort must not be allowed to become a race and the need for a negotiated agreement is more urgent than ever." Lewis called for Senate passage of a resolution "prohibiting all space-based and space-directed systems."

Less than a week after the IISS meeting, Oxford-educated Larry Pressler, Republican senator from South Dakota, held rigged hearings on anti-missile systems in his arms control subcommittee of the Senate Armed Services Committee. The center of attention was a resolution sponsored by Pressler and Sen. Charles Percy (R-Ill.) that would ban deployment of any weapons, including defensive systems, in space. The hearings, which featured Gen. Daniel Graham peddling his conventional weapons ABM system as a fraudulent version of President Reagan's policy, were organized by subcommittee staff director Alex Glicksman, another participant at the IISS meeting.

The Kissinger networks inside the administration, who unsuccessfully tried to prevent Reagan from announcing his beam weapons defensive policy to the American people on March 23, have waged as bold a campaign as they dare to deny that any repudiation of MAD has taken place. Despite the President's public confirmation that his decision meant precisely that, and that he has committed the United States to the doctrine of Mutually Assured Survival, the State De-

partment's Richard Burt told an Overseas Writers Club luncheon on April 5, "We do not have a new strategic doctrine." Responding to a question from *EIR*, the former *New York Times* correspondent, recently under Senate investigation for possibly treasonous disclosure of classified secrets during the Carter administration, insisted that "what President Reagan is talking about is exploring a new opportunity. . . . We have certainly not altered our strategic doctrine."

At the same time, the Kissinger crowd has worked to draw President Reagan back into an arms control process premised exclusively on the offensive deterrence equations of MAD. Late last year, when preparations for the new beam weapons defensive strategy were already underway, the President was persuaded to appoint a "bipartisan" commission to resolve the impasse with Congress on how to deploy the MX missile. Dubbed the Scowcroft Commission, for its chairman Brent Scowcroft, Kissinger's former National Security Council flunky, it quickly took broader authority for reviewing the entire U.S. strategic force posture.

Then on April 11, right after the IISS meeting, the twice-delayed report of the Scowcroft Commission was released, conceding the vulnerability of the MX missile in any land-based deployment, but arguing at the same time that no effective ABM defense systems could be developed in the foreseeable future. White House sources close to the President recognized the trap thus set for Reagan, who was expected to accept the recommendations of the Scowcroft Commission, by having to follow his new defensive strategy decision with an endorsement of a report denying any significance to ABM systems.

For the moment, the President has chosen to simply sidestep the contradiction, though his enemies will attempt to make the most of it. In his public response April 19 to the Scowcroft Commission report, Reagan reiterated, "On the 23rd of March, I spoke to the American people about our program for strengthening this nation's security and that of our allies and announced a long-term research effort to reduce, some day, the threat posed by nuclear ballistic missiles." He endorsed the commission's recommendation that 100 MX missiles be deployed in existing Minuteman silos, and that a new small, mobile missile (the "Midgetman" advocated by Henry Kissinger and the Harriman Democrats) be developed to reduce future "vulnerability." In a background briefing, a senior Defense Department official could only report that the President endorsed those two recommendations, "but he doesn't necessarily endorse the narrative of the report."

The British made no effort to disguise their hand in promoting the Scowcroft Commission report as the alternative to President Reagan's decision to develop defensive beam weapons. The *Financial Times* of London launched a wild, half-page attack on the President's policy April 18, raving on about this "dangerous Star Wars" provocation against Moscow—in terms identical to those of an article published in *Izvestia* April 15.

Instead, the British journal insisted, the United States must follow the dictates of the Scowcroft Commission. The same day, the April 25 issue of *Newsweek* was released, with a commentary by New York Council on Foreign Relations president Winston Lord denouncing “lustly swings” in American foreign policy and demanding that “the next administration, whether Democratic or Republican, should pursue a balanced policy from the beginning . . . appoint some members of the opposition; selectively use the Scowcroft Commission model, and strive for inter-agency coherence.”

The British are especially enraged that President Reagan decided upon such an historic reversal of America’s long decline into strategic and economic ruin *despite* the fact that he is virtually surrounded by lieutenants of Henry Kissinger and Averell Harriman. In the face of opposition from the stable of Kissingerians presided over by Secretary of State George Shultz, from Harriman-linked White House Chief of Staff James A. Baker III, and from such clones of anglophile Elliot Richardson as Baker’s deputy Richard Darman, President Reagan acted out of a deep commitment to ending the reign of thermonuclear terror. His strongest support came from his National Security Adviser, William Clark, whom he designated to oversee implementation of the beam weapons program. For the British-led counter-offensive, the IISS meeting singled out Clark as the primary target, along with Defense Secretary Caspar Weinberger, who has publicly championed the President’s decision.

On April 11 Weinberger called reporters to the Pentagon to counter frenzied repetitions in the U.S. press of the British-KGB “Star Wars” line against defensive beam weapons. Consistent with the IISS marching orders to the media, not one of the major wire services or dailies reported what the Defense Secretary had to say. “It is not a Star Wars fantasy,” Weinberger declared. “Before announcing this proposal, the President held lengthy meetings with his top advisers, both civilian and military, on technical and policy matters.” Summarizing those discussions, Weinberger said, “We all recognized that the search for strategic defense is so eminently desirable that we can and will find solutions to any problems that might develop along the way.”

Weinberger reiterated the President’s determination to end the built-in trigger for nuclear war in the MAD doctrine. “A truly stable superpower relationship would be one in which both sides were protected from attack,” the Secretary said. “Deterrence would be strengthened because we would remove from an aggressor the capability to attack us, rather than merely threaten retaliation after an attack had taken place.”

Also blacked out by most dailies was NASA’s April 11 announcement that President Reagan has requested the space agency to prepare a full set of options for the development of space stations, including fully functional manned operations on a permanent basis.

During little more than a week following the IISS meeting, in-place Harrimanite opposition to the defense budget

backed by Weinberger and President Reagan escalated with an open revolt by Kissinger Republicans on Capitol Hill, led by Senate Majority Leader Howard Baker, Budget Committee chairman Pete Domenici, and Finance Committee chairman Robert Dole. Domenici publicly attacked the “faction” in the administration that was refusing to compromise on the defense budget, leaving no doubt that his primary target was Weinberger. On April 7 Domenici’s Senate Budget Committee voted 17 to 4 to cut the administration’s proposed defense budget increase from 10 percent to 5 percent.

The IISS counteroffensive against the President’s policy has been unrestrained in its attacks on National Security Adviser William Clark. The issues of *Time* and *Newsweek* that hit the stands April 18 both ran major stories denouncing Clark’s role in the administration, insinuating the “warmonger” theme. Contrasting Clark “with intellectually forceful predecessors like Henry Kissinger and Zbigniew Brzezinski,” *Time* attacked Clark for his determination “to let Reagan be Reagan” and blamed him for the President’s hard line on the defense budget and on Central America. *Newsweek* added, “What many find worrisome is Clark’s knack for bringing out the deepest strains of Reagan’s innate conservatism, untempered by congressional or geopolitical realities.”

But amidst all the clamor over the “dangers” of having so much power in the hands of “an amateur” and blunt calls for Clark’s removal, *Time* made clear the primary motive for the attack: “And last month Clark encouraged Reagan to make his Star Wars missile defense speech, despite the worries of other Reagan aides that it would reinforce the President’s reputation for hawkish loose talk.”

So the battle for America’s future—whether its military and economic survival can be won through the President’s decision to develop beam-weapons missile defense systems—is escalating rapidly. It is an openly declared international battle, as preliminary reports from the Trilateral Commission meeting in Rome the week of April 18 confirm. Presentations from Henry Kissinger, Robert McNamara, and a host of international oligarchical figures made it clear that the destruction of President Reagan is their top strategic priority.

As the Italian Communist Party newspaper *Unità* gleefully reported April 20, “The present policy of the U.S. administration yesterday received the most violent and biggest blow by a Trilateral meeting that day by day proves to be the center in which the post-Reagan era is being prepared. What is under attack is the whole range of Reagan’s options, including security and armaments, financial policy, North-South and East-West relationships, and Euro-American relations. The protagonists of so large an offensive are the managers of the biggest multinational corporations, financiers from all over the world, intellectuals of the American democratic area, representatives of the European political world. . . . In other words, what is shaping up is a powerful block of economic and political forces of America, Europe, and Japan that are unequivocally opposed to Reagan.”

Why Hayden's greenies lost in California

by Anita Gallagher

On April 12, the Tom Hayden-backed incumbent slate for City Council was thrown out of office in its home base of Santa Monica, California. The vote was a shock to the Los Angeles press, which had pronounced victory certain for the "heavy favorite" Hayden slate a full 10 days before the election, and had gloated over the Hayden machine's unchallengeable power as "the establishment."

How was Hayden beaten? Through the campaign of two city council candidates backed by *EIR* founder Lyndon LaRouche's National Democratic Policy Committee, Kevin Zondervan and Rodney Sabel—even though hundreds of anti-nuclear activists had poured into Santa Monica for the election. The LaRouche Democrats hammered home a simple, unassailable idea: Hayden's organization supports the same policies as Adolf Hitler, and is officially linked to the neo-Nazi Green Party of West Germany today.

It will be very difficult for the U.S. press, even after the fact, to come up with an explanation of why Jane Fonda's well-financed husband lost. They may chatter about the absentee votes and organizational measures taken by the self-designated opposition slate, the All Santa Monica Coalition. But the answer lies in the determination of the LaRouche candidates to organize Santa Monica voters against the "green" fascism Hayden represents.

Kevin Zondervan, an engineer employed in the aerospace industry, and Rodney Sabel, an electrical contractor, threw down the gauntlet in the campaign with a brochure that charged, "With Tom Hayden's victory in the State Assembly race in 1982, fascism has been consolidated in Santa Monica." The NDPC identified Hayden's policies on economics and energy as the same as those of Adolf Hitler and Benito Mussolini: rabid opposition to high-technology investment in capital goods, in favor of labor-intensive economics of the sweatshop and, ultimately, the concentration camp.

A shock effect was added by the Zondervan-Sabel campaign when it exposed that Hayden's CED is officially linked to the West German Green Party through the Green Alliance, located in Newport Beach, California. Werner Vogel, the senior member of the West German Green Party slate to parliament elected in March, had been forced to resign his seat one week after he was exposed as having helped to carry out the Final Solution, as a Nazi interior ministry official. ministry official.

The NDPC-backed candidates immediately issued thou-

sands of green-colored leaflets with Werner Vogel's picture. In a press conference and at candidates' nights sponsored by the NAACP and other organizations, the candidates had near-daily press coverage in the last 10 days of the campaign.

The NDPC candidates placed three half-page advertisements in the Santa Monica *Evening Outlook* over a seven-day period. The first targeted an estimated 35 percent Republican vote with the title "LaRouche Democrats Endorse President's Beam Weapon Program,"

The second half-page ad proved to be the heavy artillery of the series. Appearing the day before "Holocaust Week" in the United States, the ad was headlined, "To Commemorate the Holocaust: Drive Green Fascism Out of Santa Monica." The ad quoted Rudolf Bahro, the leader of the Green Party, on the party's neo-Nazi anti-industrial program: "It is not our goal to put everybody back on the payroll. . . . This industrial economy can never be rebuilt. . . . There are not too few people working, but far too many." The ad also quoted the Israeli Parliamentarian Ehud Olmert on the danger of the rise of anti-Semitism the Green Party represents, and a statement signed by five Reform rabbis in New York City denouncing the Green Party as neo-Nazi. The indictment of the CED-Greenies was again counterposed to the future of development and sense of national purpose the President's beam weapon development program had opened up.

The third ad was the coup de grâce: a half-page targeting the CED-Greenie-backed policy of euthanasia against the elderly. The message took as its starting point the murder of a 55-year old patient, Clarence Herbert, in California's Kaiser Permanente Hospital System when the patient failed to come out of a coma immediately after optional surgery. "The Nuremberg Tribunals, which hanged the Nazi doctors guilty of committing euthanasia, stated that the concept of 'a life not worthy to be lived' was the 'small beginnings' of the Holocaust of 20 million souls," the NDPC candidates said.

The CED has promoted the work of death cult priestess Elisabeth Kübler-Ross, while Petra Kelly, the Jane Fonda of the Greenies, has opened a hospice for terminally ill children. In talks before the senior citizens of Santa Monica—a beautiful city on the Pacific Ocean chosen as a retirement home by many—the NDPC candidates contrasted to the Hayden death cult, Dr. Barney Clark's heroic fight to contribute to mankind with his artificial heart—a NASA spin-off.

The NDPC ads endorsed only one of the three candidates in the All Santa Monica Coalition, because one had worked with Hayden in 1976 and another had worked for Hayden candidates and supported Jane Fonda's nomination to a public position. Four days before the election, the ads were perceived as so damaging to Hayden that City Councilman-Elect David Epstein demanded not to be identified as a past supporter of Hayden.

A defeat for Manatt

The NDPC's aggressive exposure of the neo-Nazi character of the city government succeeded as nothing else would

have. Hayden's CED, with the active support of Democratic national chairman Charles Manatt, a California banker, controls one-third of the central committee of the California Democratic Party. It maintains a substantial organization throughout the state of California, with patronage bestowed through its administration of government grants for studies, CETA projects, and art projects.

Besides running on government money, it is standard operating procedure for the Hayden organization, like the Hare Krishna and other cults, to lie to outsiders about its goals and supporters. Like Mussolini's blackshirts, the CED organizes around "local control" schemes. Only if the population is blinded and irrationally enraged can the CED's stratagems work. Will Wertz, the NDPC's West Coast coordinator, commented after the NDPC's defeat of Hayden, "If he runs again, Hayden won't win if he spends \$10 million."

The defeat of Hayden's machine in its home base is the high point in a series of votes for sanity the NDPC has catalyzed in a state which Charles Manatt and Averell Harriman tried to make into a showcase. The trend started with William Wertz's campaign against Jerry Brown for the U.S. Senate primary last June, when Wertz nailed Brown as the tool of Tom Hayden. Brown never recovered, losing to Republican Pete Wilson in November, and taking down with him Mayor Tom Bradley of Los Angeles (the Democratic candidate for Governor), with Manatt presiding over the debacle.

The Dellums case

The Socialist International's Rep. Ron Dellums is also on the ropes. First, the NDPC charged Dellums with backing genocide, exposing to the black community of Oakland his refusal to stop euthanasia in Washington, D.C. In March, Dellums came under investigation for buying marijuana and cocaine on the floor of the U.S. House of Representatives. The house staffer who turned state's evidence has since passed two lie detector tests.

Dellums's political machine lost four out of five seats for the Oakland City Council under opposition from two LaRouche Democrats in an April 19 election. Although NDPC-backed city council candidates Chris Goodey and Fred Lehmkuhl, who opposed Dellums protégé Wilson Riles, Jr. in District 5, were given only an official 3 percent of the vote each, it was their campaign for jobs in a beam-weapon economy that beat the Dellums ticket. Glendale is situated next door to Lawrence Livermore Laboratories. Riles not only gave a radio speech proposing the legalization of all drugs, which outraged the largely black community of Oakland, but told the same voters that there was no unemployment problem in Oakland if its jobs were kept from the largely white bedroom communities. Riles, the only member of Dellums's Oakland Progressive Political Alliance to win, did so through a suspicious increase of 20 percent in his vote total during the last two hours of counting.

The same network has been further weakened by the death of Rep. Phil Burton (D-Cal.) on April 10. Sources

report that Burton had collected damaging information on every anti-Manatt political figure in northern California.

LaRouche Democrats won double-digit votes in 4 out of 10 Los Angeles municipal elections on April 12, further cracking Manatt's hold over the party apparatus in his home state. Of the 10 Los Angeles NDPC-backed candidates, William Wertz won 14 percent of the vote in Los Angeles City Council District 10. Wertz's opponent was Democratic National Committee member David Cunningham.

In three of four campaigns it ran for the Los Angeles Community College Board of Trustees (a position which launched the political career of Jerry Brown), the NDPC also scored double-digit votes. Marianna Wertz, known citywide as a founding member of the Club of Life and an anti-drug spokesman, won 13 percent of the vote against Marguerite Archie in a five-way race. NDPC-backed candidate William Perry won 15 percent in a six-way race and Larry Hutton, also endorsed by the NDPC, won 15 percent in a three-way race.

Campaigns for beam weaponry

The double-digit votes for LaRouche Democrats represent a defeat for Manatt because Wertz's city council race, as well as the other campaigns, were run specifically against the Manatt-backed nuclear freeze, posing the LaRouche program of defensive high-energy beam weapons. The campaign emphasized the theme that the President's adoption of a high-technology strategic defense presents the opportunity to restore classical education and a future for youth.

It is possible that the actual NDPC votes may have been higher in the April 12 elections. Will Wertz, for example, won 30 percent of the absentee ballots; with 1.44 percent of the vote in, his total hit 31 percent, then dropped off subsequently to 14 percent.

The vote for Marianna Wertz in particular shows the NDPC's growing strength in the heavily Jewish San Fernando Valley, despite a campaign of Anti-Defamation League (ADL) slanders. The *Los Angeles Times* was forced to print a retraction when it called Democratic city council contender Khushro Ghandhi a "minor party" candidate. The *Daily News*, based in the San Fernando Valley, which ran an April 3 libel entitled "ADL Rips 14 Candidates," was compelled to publish a reply from Board of Trustees candidate Marianna Wertz on election day.

The NDPC's California membership of 10,000 has now achieved a succession of victories since the beginning of the year. George Hollis's campaign for mayor of San Diego established the NDPC as a force in that city; on March 29, the NDPC's Sam Kahl won 38 percent of the vote for Portland, Oregon School Board; and on April 5, Peter and Linda Carlston won 19 percent of the vote in the suburban Los Angeles Glendale school board race.

The NDPC has announced that it will back Evelyn Lantz in the special late-June election for Rep. Phil Burton's seat, against Sala Burton, a Harriman Democrat.

Harrison Williams's appeal denied; court upholds corrupt tactics of FBI

by Mary Jane Freeman

The U.S. Court of Appeals for the Second Circuit in New York has, by its April 5 denial of the Abscam appeal of former U.S. Senator Harrison Williams, reified precedents only found in the Nazi criminal justice system of the Third Reich. The decision rendered by a three-judge panel, an almost word for word regurgitation of the trial court's decision, is an abdication of the role of constitutionally mandated independent judiciary.

The elimination of an independent judiciary—the constitutional check on the abuse of power by other branches of government—has been the wish of America's British adversaries ever since 1787.

Such abdication by the courts means the FBI will now have a free hand to rampage as a political police force, framing up citizens at will, as was done by the Nazi Gestapo. Only if Americans act to prevent the FBI from perpetrating Abscam-like stings in proverbial "big brother" fashion will Americans regain their constitutional rights.

The Second Circuit opinion, written by Judge Jon Newman, begins by citing the fact that Williams, on the FBI's own videotape, did *not* take a bribe, then denying that this fact would in any way affect the legal issues in his case. The opinion reads, "The evidence against Williams and Feinberg differs in significant respects from that presented in previous Abscam trials, but the major legal issues are similar." Judges Amalya Kearsse and Henry Friendly of the panel concurred in the opinion. (Newman and Kearsse are both Carter appointees to the Second Circuit. Abscam was a creation of the Carter administration designed to "watergate" constituency-based office holders.)

In the lower court, George Pratt, then federal district judge, also ignored the lack of any overt criminal act on the part of Williams. He went so far as to say that forgery of a senator's signature was "merely a technique" which "furthered the overall investigation." Then on Jan. 16, 1982, finding no violation of Williams's due process rights, he sentenced the 23-year veteran of the Senate to three years in prison and a \$50,000 fine.

Once Williams was sentenced, Pratt was rewarded with a promotion to the Second Circuit Court of Appeals. Judge

Newman's rubberstamping of Pratt's ruling was probably not less influenced by his sharing of offices with Pratt when Pratt first came on the Circuit than by the Circuit's desire to "prevent a split in the Circuit" on similar issues of law. To insure that "no split" would occur, the Williams appeal was assigned to *two* judges who had ruled on the other Abscam cases before this Circuit, i.e., Newman and Friendly. This is contrary to proper procedure in the appellate courts, and meant that Williams would have no chance of a fair hearing. Usually, cases are randomly assigned, and if a difference of opinions arises within the circuit an *en banc* hearing of the entire circuit is held, rather than the differences being merely suppressed. Thus Williams was not only subjected to a trial-by-press but also faced a judicial panel which had already prejudged his case and which had a personal and judicial stake in upholding Abscam convictions.

Predisposition not needed

Undercover investigations are normally set up to intersect *ongoing criminal activity*, such as undercover agents selling or buying drugs from suspected drug traffickers or setting up a used-car lot to catch car thieves. In Abscam, agents and their middlemen established "Abdul Enterprise" to make loans available for legitimate business projects in the United States.

Normal "sting" operations proceed from already established evidence that the person to be investigated or "set up" is predisposed to commit a crime. Not in Abscam, however. A *de facto* presumption operated: any perceived political opponent of the Carter administration would be framed up under the guise of so-called "white collar crime." In the Second Circuit opinion the judges admit that "Normally, predisposition refers to the state of mind of a defendant before government agents make any suggestion that he should commit a crime." But in this case they found, "The time when the crime was first committed virtually coincided with the pertinent time for assessing predisposition."

The FBI pursued Senator Williams for 13 months trying to get him to commit a crime. After he refused to accept thousands of dollars in bribe money, Williams did say he would look into the possibility of one of the "Abdul Arab

shieks” immigrating to the United States—in no way a crime in itself. For this he was called “predisposed” by the irregular standard concocted during the course of the trial. The “pertinent time for assessing predisposition” was after 13 months of harassment.

Legitimate equals criminal

“The criminal opportunity presented to Senator Williams differs in one important respect. The financial inducement, the \$100 million loan, was initially discussed in connection with *what appeared to be an entirely legitimate business transaction* [emphasis added.]” Relying on their previous opinion in the Abscam case of Rep. Ozzie Meyers, case Newman quotes, “At some point deliberate governmental efforts to render ambiguous (i.e., legitimate or illegitimate) events over which agents can exercise considerable control would transgress due process limits of fundamental fairness.” (*Meyers II* 692 F2d. at 843) Admitting that such circumstances arose, his opinion says, “The subtle shifting of a legitimate proposal into an unlawful one, as occurred in this case. . . .” Yet he concludes, “On the record we find no unconstitutional conduct that taints the validity of a judgment

of conviction.”

Since Newman insists upon mimicking the government script created for Abscam, he had to rule that nothing done by government agents could be outrageous. All evidence to the contrary was summarily discounted. Newman writes, “It is understandable that agents who have heard a suspect make incriminating statements. . . will be anxious to provide an opportunity for the suspect to repeat these statements” Newman contends that sting-man/conman Mel Weinberg simply “spelled out for the Senator how to commit the crimes” but that Weinberg’s “‘coaching’ involved neither pressure nor persistent exploitation of personal weakness, as might occur if an agent preys upon an addict’s need for narcotics.”

In a self-serving manner, Newman flaunts his “no split in the Circuit” predisposition in concluding that the Williams case is not different from other Abscam cases. “We have previously declined to hold that the Abscam operation violated the Due Process Clause . . . and we see no basis for concluding that the activities of the government operatives directed against the defendants in this case exceeded the constitutional limits of fairness.”

Second Circuit appeals court a bastion of organized crime

No one familiar with the background and proclivities of the U.S. Court of Appeals for the Second Circuit in New York expected that Sen. Harrison Williams or any other Abscam victim would stand a chance of having an FBI-orchestrated conviction overturned in that court.

The Second Circuit, like the lower federal district courts and the U.S. Attorney’s offices for the Southern and Eastern Districts of New York (Manhattan and Brooklyn), has always been the bastion of the East Coast financial oligarchy: the Morgans, the Harrimans, and so forth. As faithfully as it serves the financial elite, it protects the underside of their financial empire—organized crime. The ties between the East Coast banking and money-laundering establishment and the underworld go back to the 1920s and 1930s, when prosecutors in the Southern District of New York—exemplified by Thomas Dewey—became the focal point for control over the mob. This relationship was cemented during World War II, when the British-spawned U.S. intelligence service, the OSS (led by Wall Street lawyers such as William Donovan and Allen Welsh Dulles) recruited Mafia chieftains Charles “Lucky” Luciano and Meyer Lausky into their employ.

Murray Gurfein, Thomas Dewey’s chief assistant,

who during the war was a personal go-between between Lansky and the OSS, was later appointed a judge on the Second Circuit. Gurfein was also head of the OSS’s Psychological Warfare Division.

Judge Walter Mansfield came out of the OSS law firm of Donovan, Leisure, Newton, & Irvine, headed by OSS director William Donovan. Judge Mansfield’s wife was the personal secretary to Sir William Stephenson, the representative of Britain’s Special Operations Executive who set up the OSS and ran U.S. intelligence, including the FBI and the FBI-influenced Anti-Defamation League (ADL), during World War II.

Judge J. Edward Lumbard was at one time an assistant to Donovan.

Judge Henry Friendly, who sat on the panel which rejected the Harrison Williams appeal, was trained in Dewey’s law firm.

Judge Wilfred Feinberg is the brother of Abe Feinberg, a top official of the ADL- and mob-linked American Bank & Trust Co. which was looted of \$40 million in 1975-76 under the protection of U.S. Attorney (and present Manhattan District Attorney) Robert Morgenthau.

Just as Abscam prosecutor Thomas Puccio—with reputed ties to Italian drug-mafia networks—maneuvered the Harrison Williams prosecution into the Eastern District of New York to be sure he could get his conviction at all costs, he could be equally sure that such a conviction would be ratified by the corrupt Second Circuit Court of Appeals.

Kirkland boosts the FBI and the IMF

by Lonnie Wolfe

AFL-CIO President Lane Kirkland, the highest ranking member of the Trilateral Commission in the labor movement, is now giving open assistance to the FBI gestapo operation that ran the Abscam-Brilab frame-ups of political and labor leaders. Kirkland, congressional sources report, is working hard to get passage of a new piece of legislation that would make such frame-up easier—with full knowledge that among the targets will be leaders of the labor movement. Kirkland, these sources report, has been given assurances that the FBI will only target his enemies, especially in the building trades and Teamsters, two sections of the labor movement noted for their political independence.

At the same time, Kirkland has ordered the AFL-CIO to come to the aid of another of his friends—Federal Reserve Chairman Paul Volcker, the man most responsible for wrecking the U.S. economy. Kirkland, speaking through an underling, put the AFL-CIO on record in Senate testimony in mid-April supporting the \$8.5 billion International Monetary Fund quota increase while demanding increased power for the Federal Reserve to restrict bank lending. Kirkland and the AFL-CIO covered their posteriors by fulminating against the banks, neglecting to tell anyone that their position was worked out in consultation with fellow Trilateral Commission member Volcker.

Kirkland's "Abscam Enabling Act" is S-336, the so-called labor racketeering reform legislation sponsored by Sens. Sam Nunn (D-Ga.) and Ted Kennedy (D-Mass.). Should it become law, one Senate aide stated that it would set up "a duck shoot of Teamsters and building trades leaders."

That "duck shoot" has already claimed Teamster President Roy Williams, who was forced out of office on April 20 following conviction on bribery-conspiracy charges. The FBI and Justice Department spent more than \$2 million fabricating and constructing wire-tap evidence to show that Williams conspired to bribe Sen. Howard Cannon (D-Nev.) to stop trucking deregulation legislation. The legislation passed in 1980, with Cannon's backing, and the Senator denied the Justice Department's claims under oath. The jury admitted that the evidence was confusing and contradictory, but under pressure from the Justice Department and the presiding judge, found Williams guilty nonetheless.

The Justice Department then offered Williams a deal: resign his Teamster posts and take probation. He refused.

Williams then received an outrageous 55 year prison term—an effective death sentence for a man suffering from lung disease. The deal was offered again, and in mid-April Williams finally accepted.

Kirkland's silence through this frameup tells how he stood on the issue. The AFL-CIO president reportedly was elated over the elimination of Williams, who had committed the ultimate sin of supporting Ronald Reagan in 1980 over Trilateral Commission member Jimmy Carter.

The Williams case would have been even easier for the Abscam gestapo if the Kirkland-backed S-336 had been in place. Under its provisions, an indicted union official would have the burden of proving his innocence, contrary to constitutional guarantees. In addition, a convicted union official would be immediately removed from office and barred from holding office for 10 years, regardless of the court appeal process.

"All a prosecutor need do is get enough evidence for an indictment," said a staffer for the Senate Labor and Human Resources Committee which is now about to vote up the bill. Then he could force union leaders to cop a deal, and leave office, or face expulsion and loss of their union benefits and pensions."

Supporting the bailout

Kirkland didn't have enough nerve to appear at the Senate Banking Committee on April 11 to testify on behalf of the IMF quota legislation. Instead, he sent Henry Schechter, the head of the AFL-CIO Office of Economic and Monetary Affairs. Schechter reported that AFL-CIO "recognizes the need for IMF action" and for the quota increase. That quota increase will by no means bail out the bankrupt Fund, but it will place the United States politically behind the IMF and its British and Swiss sponsors and their plan to enforce a permanent depression on the advanced sector and genocidal levels of austerity on the Third World.

Schechter lied that loans to the developing sector and Eastern Europe are the cause of the credit squeeze in the United States, giving a salute to Nazi economist Milton Friedman. When Schechter's anti-bank rhetoric is stripped away, what stands are the same arguments used by Morgan and Chase Manhattan to justify a U.S. bail-out of the IMF.

It would be impossible to pass the quota if Kirkland did not deliver labor's support.

Schechter then reiterated the policy which was adopted, after consultation with the Fed, by the AFL-CIO Executive Council at its winter meeting two months ago: increased Federal Reserve regulation of bank lending to developing sector countries. The whole routine is designed to promote passage of the IMF quota, by directing debate from the merits of the quota increase to the question of banking regulation amendments. Although the specific regulations proposed by the AFL-CIO are unlikely to make it to the final version of the quota, thanks to Kirkland the bill will recommend increasing Volcker's power over foreign lending.

MX hearings ignore strategic reality

At hearings of the Senate Armed Services Committee on April 20, Democratic and Republican senators hailed the just-released MX Commission report as a symbol of "a real bipartisan consensus." The senators, like the report they are supporting, ignored the reality of President Reagan's March 23 call for a new strategic doctrine to end the doctrine of Mutually Assured Destruction and instead focused on the commission's recommendations to deploy MX missiles in hardened silos and to develop "Midgetman" single-warhead missiles.

While President Reagan has endorsed the specific proposals of the commission as a way of solving the MX basing problem, he continues to locate the longer-term option of deploying the Midgetman as a possibility to be determined by future research and development and continues to stress the change in U.S. policy from reliance on strategic offense to one of strategic defense.

Senators instead focused on the MX Commission as, in the words of committee chairman John Tower (R-Tex.), a "cornerstone of a new national consensus in defense." Scoop Jackson (D-Wash.) praised the Commission as a "genuine bipartisan body reaching out across party lines." Secretary of State George Shultz, a known opponent of the President's new policy of strategic defense, was only too glad to echo these praises for the commission (many of whose staff are intimates of Shultz adviser Kissinger), saying that its "recommendations are a historic decision which will now shape our strategic relations for a time to come."

Only Sen. Dan Quayle (R-Ind.) attempted to interject reality into the hearing, asking if the President's en-

dorsement of the Commission report, which does not mention "the so-called Star Wars approach," and whose members have expressed skepticism of that approach, diminished the President's emphasis on the new strategic doctrine. Secretary of Defense Caspar Weinberger eagerly jumped at the questions, saying, "I'm glad you asked that and glad that you said 'so-called Star Wars,' because the President's enthusiasm for this remains very strong."

Anti-immigration bill gains in Senate

Immigration legislation backed by AFL-CIO President Lane Kirkland that would establish a Nazi-modelled identification and policing of the American workforce gained in the Senate the week of April 13.

Backers of the legislation sponsored by Sen. Alan Simpson (R-Wyo.) defeated a series of amendments sponsored by Sen. Edward Kennedy (D-Mass.) in the Senate Judiciary Committee. The full committee then voted 13 to 4 to send the legislation to the Senate floor.

Aides working on the legislation said that Kennedy was interested in protecting his liberal image by opposing parts of the bill for civil liberties reasons. "If Teddy wanted to stop the bill," said one aide, "he could have done so easily. He is going to let it pass. It was all for show. . . ." Kennedy had in fact served on the commission that helped recommend portions of the legislation, including its proposal to create a worker I.D.-card system.

A Senate vote is expected on the legislation, which is co-sponsored in the House by Rep. Roman Mazzoli (D-Ky.), by May 1. With backing from Kirkland and the Justice Department,

the bill is expected to pass by a wide margin. Almost identical legislation passed the Senate by an 80 to 19 margin last session, only to die in the lame duck session in December.

The bill is modelled on the racist immigration restriction legislation rammed through the Congress in the 1920s by networks associated with the family of Averell Harriman. It is vigorously opposed by Hispanic political organizations and by the Mexican government, which have correctly charged that it would militarize the U.S.-Mexican border.

Spokesmen for the House Judiciary Committee say that hearings will be scheduled on the legislation in early May. Supporters in the House are worried that House Majority Leader Jim Wright (D-Tex.) might be willing to let the bill stall on the floor, as he did in the lame-duck session. They are counting on the AFL-CIO to pressure House Speaker Tip O'Neill (D-Mass.) to move the legislation. "We could have this thing passed by the summer," said a House Judiciary Committee spokesman, "or it could sit for a long time. He might let those dumb Hispanics screw things up for us all."

Arms control negotiator confirmed by Senate

Efforts by the Kissinger Republicans and Harriman Democrats in the U.S. Senate to cripple President Reagan's ability to conduct strategic and foreign policy failed on April 14, when the Senate voted 57 to 42 to accept the nomination of Kenneth Adelman as director of the Arms Control and Disarmament Agency. The Adelman nomination had been used by the "arms control" crowd in the Senate as a bludgeon to attempt to force the administration to alter its arms control stance.

An unusual number of moderate and conservative Democrats, such as Sam Nunn (Ga.), David Boren (Okla.) and James Exon (Neb.) voted against the Adelman confirmation, indicating that a Democratic party line was in force.

A number of senators did address the substantive issues facing the Congress. Sen. Larry Pressler (R-S.D.), surpassing his previous outrageous stance, made clear where the opposition to Adelman originated by calling for the rejection of Adelman and the appointment of a special arms control envoy in the person of either Gerald Ford or Henry Kissinger!

Sen. Malcolm Wallop (R-Wyo.) approached the question of space-based weapons from the standpoint of President Reagan's March 23 speech, arguing that if Adelman takes advantage of this, he can achieve real arms control, "Technology can provide new and different arguments. The prerequisite is the existence of American space-based laser ABM stations. No one should doubt that the Soviets are working on them as hard as they can. True arms control would not be served if the U.S. were to decide not to take advantage of the technology of the 1980s."

Mathias proposes weakening Senate

Senator Charles Mathias (R-Md.), one of Congress's most outspoken advocates of the *Global 2000 Report*, the IMF, and the replacement of the U.S. Constitution by a British parliamentary structure, is the originator of a special Senate study which calls for major institutional changes in the U.S. Senate.

As chairman of the Senate Rules Committee, Mathias sponsored a resolution over a year ago calling for a

special study committee to be set up to examine the workings of the Senate. The resolution was passed and the study group established under the co-chairmanship of former senators James B. Pearson (R-Kan.) and Abraham Ribicoff (D-Conn.), both liberals. With the release of the recommendations in mid-April, the Rules Committee will now proceed to hearings in May.

Majority Leader Howard Baker is quoted as saying about the recommendations that they will "scare some people to death." And the authors conceded that "a cursory glance at the recommendations could cause one to judge the report to be quite radical, to place new and additional restraints and limitations on the Senate membership and to change the role played by single individuals or small groups of senators in the overall proceedings of the Senate."

While the report assured one that "this is not the case," the proposals themselves indicate that they indeed would undercut the unique role of individuals to retard the precipitous actions of "episodic majorities" in the upper chamber. The recommendations: streamlining the Senate agenda, making it more rigid; putting restraints on individual senators' ability to delay proceedings; placing restrictions on debate to shorten, and possibly eliminate the unique Senate filibuster; streamlining the committee structure; and televising Senate debates.

House ready to move on IMF quota increase

The House Banking Subcommittee on International Trade, Investment, and Monetary Policy has scheduled hearings on April 26-28 and May 3-4 on

the issue of increasing the U.S. commitment to the International Monetary Fund quota, and is expected to vote approval of the over \$8 billion increase on May 4. While very few members have declared themselves "for" the IMF, the quota increase legislation is expected to "move very quickly" through the international financial community dominated House Banking Committee, and be passed by the full committee by their May 15 budget deadline.

In the Senate Banking Committee a vote on the IMF was delayed from the week of April 11 until the week of April 25 in order to give all sides time to study proposals by banking regulatory institutions for increased regulation and supervision of lending by large U.S. banks. This "regulate the banks," anti-big bank line is being used as the cover to sell greater power to the Federal Reserve and the IMF.

Witnesses for the committee hearings in the House have all the ingredients for a staged debate. Bankers will be represented by the American Bankers Association and the Bank of America. Philadelphia's Wharton School, which openly advocates genocide as an economic policy, will have two witnesses.

The May 4 hearings will be entirely on H.R. 1083, which opposes loans to South Africa because of apartheid. Witnesses will include Rep. Julian Dixon (D-Cal.), the chairman of the Congressional Black Caucus, TransAfrica, and the American Council on Nationalities Service.

One of the few congressmen to openly tout the IMF was Rep. Lee Hamilton (D-Ind.), vice-chairman of the Joint Economic Committee. Hamilton argued in the April 20 OpEd pages of the *Washington Post* that the IMF was crucial to "global economic recovery" and for U.S. exports.

National News

Beam weapons prevail in Boston debate

Fusion Energy Foundation scientists Uwe Parpart-Henke and Dr. Steven Bardwell, along with Dr. George Chapline of Lawrence Livermore Laboratories, debated with nuclear freeze leader Michio Kaku in a full-day session April 16. The subject was the feasibility of beam weapons technology to end the MAD nuclear "balance of terror" defense policy. The debate was sponsored by the University of Boston's Fission-Fusion Club.

Kaku did not present a competent argument on the technical infeasibility of beam weapons, but insisted that the beam weapon policy is coherent with the objectives of "warmongers" Robert McNamara and James Schlesinger.

His anti-beam-weapon stance was refuted by a second scientist, Dr. Michael Callahan, a physicist with the Carnegie Mellon Institute in Pittsburgh who two years ago co-authored with Costa Tsipis (the MIT scientist given most play by the media as the authority on the infeasibility of President Reagan's beam weapon plan) a policy paper titled "Energy Laser Weapons; A Technical Assessment." After the presentation by Lawrence Livermore's George Chapline, Callahan said: "I don't disagree with anything that Mr. Chapline just said. . . . When I heard President Reagan's speech, I have to admit, I was encouraged."

Dr. Chapline stated that "those who support President Reagan's proposal have a very wide range of technologies to utilize. We can use anything that is not prevented by the fundamental laws of physics."

Federal judge rules to protect infanticide

Club of Life leader Nancy Spannaus issued the following statement on the April 14 federal court ruling which struck down President Reagan's order that food and medical care be provided to handicapped infants in all hospitals which receive federal subsidies.

"The only thing more shocking than the fact that the federal government would have to issue an order to prevent deliberate starvation of infants to death in our nation's hospitals, is the fact that a federal judge has struck that ruling down.

"Judge Gesell declared the Reagan administration ruling to be 'arbitrary and capricious' and to have been taken without allowing time for the normal 'public comment.' He also indicated that he thought the regulation was shaped in order to 'prevent parents from having any influence upon decisions as to whether further medical treatment is desirable' for a handicapped infant.

"Has our nation, conceived as a nation under law, now stooped to where the courts mandate a public opinion survey before protecting its citizens from murder? Are parents to be given the right to murder their infants in the name of 'self-determination'?"

"The Club of Life heartily supported the Reagan administration's move to cut off any hospital that denies food and drink and other care to handicapped infants. The outrage which forced itself on President Reagan's attention was a particularly heinous example, the example of Baby Doe. In this case the court upheld the right of parents to condemn the child to death by starvation despite the availability of medical treatment for its handicap and of lines of individuals who made themselves known to be willing to adopt it. Judge Gesell has upheld this Nazi court decision, and we in the Club of Life will move to support the Reagan administration's appeal of this outrageous ruling."

Malthusians plan show of force

None other than Jimmy Carter will give the keynote address at a Washington, D.C. conference being billed as "a show of force" for the "Global 2000" population reduction policy draft that was produced under the Carter administration.

The *Global 2000 Report* called for reducing world population growth by at least a third by the end of the century.

The June 2-3 conference is organized by the Global Tomorrow Coalition, the umbrella group of environmental and population policy groups run by former Club of

Rome director and Kissinger aide Donald Lesh. Organizers of the event claim this is the first step in the launching of a drive to make the Global 2000 doctrine the explicit policy of both the Democratic and Republican Parties.

The participants include Russell Train, head of the U.S. World Wildlife Fund, and U.S. chairman of Prince Philip's action group; Russell Peterson, the head of the Audubon Society and member of the Committee for the Year 2000; and Republican Elliot Richardson, also from the Committee for the Year 2000.

Los Alamos scores fusion breakthrough

Scientists at Los Alamos National Laboratories reported in mid-April that they have achieved a major breakthrough on their CTX fusion experiment. The CTX was directed at generating a self-organized magnetic fusion plasma which is called a spheromak because it closely resembles the shape of a sphere. This type of magnetic fusion could vastly improve the prospects for cheap fusion energy since it is inherently based on minimizing the capital requirements for magnetic fusion reactors. The CTX also has major implications for near-term beam weapon systems.

Theoretically, it appears that there is no limit to the energy flux densities that can be generated in "self-organized" plasma structures. Since generating the conditions for nuclear fusion or producing a directed energy beam (in the form of charged particles, laser beams, or hyper-velocity projectiles) can be shown to be a direct function of electric and magnetic field intensities, the Los Alamos success in producing a self-organized, self-improving magnetic plasma structure is of the profoundest importance.

While experiments are proceeding along these lines in Japan and the Soviet Union, as well as Princeton and other U.S. labs, the CTX was the first spheromak experiment to actually achieve full spheromak generation and burn through the impurity radiation which normally dominates the initiation of magnetic fusion experiments.

Most significant was something totally unexpected by the Los Alamos experimen-

ters: as predicted by *Fusion* magazine in 1980, once formed, the CTX plasmoid began to exhibit dynamic, self-improving behavior. Specifically, like the ZT-40, the CTX plasma began to act like a dynamo. The CTX spheromak gobbles up external plasma and magnetic flux and transforms it into the requisite elements for its continued existence.

Baltimore courts uphold FBI

Continuing a pattern of subservience to FBI gestapo methods, U.S. District Judge Mary Johnson Lowe denied a motion April 18 for a preliminary injunction brought by the National Caucus of Labor Committees to prevent the FBI from harassing contributors to an NCLC member running a congressional election campaign.

The injunction was sought after FBI agents interviewed a number of contributors to the 1982 congressional campaign of Debra Freeman, a LaRouche Democrat who ran in Baltimore against incumbent Barbara Mikulski in the Third Congressional District. After Mrs. Freeman garnered almost 20 percent of the official vote, the *Baltimore Sun* announced that it intended to destroy Mrs. Freeman's political career, and published a series of lying and libelous articles about Mrs. Freeman's campaign finances. According to plan, the FBI then moved in to interview and harass Freeman's supporters and contributors.

While the FBI tried to claim that it was acting in good faith, simply following its duty to investigate published allegations of wrongdoing, the NCLC showed that the facts were otherwise. Because of the FBI's 15-year history of illegal and unconstitutional operations against the NCLC, including admitted "Cointelpro" operations and interference in election campaigns, the FBI must be subject to an exacting scrutiny before it is permitted to intrude into the area of political activities protected by the First Amendment, argued the NCLC.

Without even holding an evidentiary hearing, Judge Lowe denied the motion for a preliminary injunction and further quashed NCLC subpoenas issued to the FBI in Baltimore, simply taking at face value the FBI's assertions that they were conducting a bona

fide law enforcement investigation. This was, of course, the same justification that the FBI has used for years to justify outrageous intrusions into the lives of political figures, public officials, and labor leaders in the form of illegal Cointelpro operations.

EIR will soon publish further material on FBI malfeasance.

Italian government can extradite Kissinger

Although Henry Kissinger narrowly escaped the interrogation warrant of Italian magistrates (see article, p. 32), the Italian courts can still interrogate Kissinger and extradite him to Italy for trial. A spokesman at the U.S. State Department Bureau of Consular Affairs advised *EIR* April 22 that there is no problem for the Italian courts to seek an order from a U.S. court compelling a U.S. citizen to testify in a criminal matter. The procedure is spelled out in Title 28 of the United States Code, Sec. 1782, "Assistance to foreign and international tribunals and to litigants before such tribunals."

Once the Italian authorities have decided to charge Kissinger with a crime, the former Secretary of State can then be extradited to Italy under the terms of the "Treaty on Extradition between the United States of America and Italy," signed Jan. 18, 1973. This treaty mandates extradition for persons charged *inter alia*, with any of the following crimes:

Murder, manslaughter, assault with intent to commit murder, rape, indecent assault, unlawful sexual acts upon children, kidnapping, abduction, false imprisonment.

"Extradition shall be granted for the Italian offense of *associazione per delinquere* if the request establishes the elements of a conspiracy, as defined by the laws of the United States, to commit any of the offenses mentioned in this Article. . . . Extradition shall also be granted for attempts to commit, conspiracy to commit, or participation in, any of the offenses mentioned in this Article."

This treaty took effect on March 11, 1975. The proclamation was signed by President Ford and his then-Secretary of State, Henry Kissinger.

Briefly

● **DEFENSE DAILY**, a Washington-based newsletter, summarized Uwe Parpart-Henke's address to the April 13 Fusion Energy Foundation conference on directed energy beam technologies in its issue the following day, under the headline, "Foundation Says Space-Based BMD Could Be Deployed in Ten Years." The article included Parpart-Henke's refutation of the charge that a beam weapon BMD would be destabilizing, reporting his argument to the contrary that it could lead to agreements to reduce and eliminate offensive nuclear weapons. Also reported is his explanation that countermeasures to beam weapons would be "very, very expensive."

● **PRINCE CHARLES** and Nancy Reagan inaugurated a six-month "arts" festival commemorating Britain's role in destroying New York City April 13. Everything being celebrated in the festival is British—starting with the British occupation of the city during the Revolutionary War! The booklet put out by the committee in charge of the festival—courtesy of that perfervid British asset, the *New York Times*—gives an idea of what the British want to celebrate. An essay by Kingman Brewster, the chairman of the English-Speaking Union of the United States (an organization for reunification of the two countries under the monarchy), crows about the "ties that bind."

● **DR. FRED WILLS**, a founder of the Non-Aligned movement and the Club of Life, addressed a group of students and professors at Baruch College, New York on the need for Caribbean nations to join the fight for a New World Economic Order, and to master the science and technology of beam weapons. Wills was the featured speaker at Caribbean Week activities April 20. He is a former foreign minister of Guyana.

Dr. K's career in economics

Henry Kissinger, to whom we have devoted much attention in this issue of *EIR*, has been detested over the years by many businessmen and government officials around the world who, nevertheless, did not view the odious geopolitician as a power in matters of economic policy. Last year's formation of Kissinger Associates, a consulting firm headed by Dr. K. and former British Foreign Secretary Lord Carrington, made the Kissingerian maneuvers in that sphere rather more visible than before.

Now we have on record the Kissinger Associates formula for the world economy. In an April 14 op-ed published by the *New York Times*, William D. Rogers, a partner in the consulting firm, declares: "We need a mechanism to determine how to allocate austerity—what countries should contract; how and by how much; what countries should run surpluses. How, in short, should the process of worldwide adjustment be shared."

"Adjustment," of course, is the International Monetary Fund/Federal Reserve Board code word for the butchery of industrial sectors and of human population potential. Rogers demands a dictatorship over private lending to underdeveloped countries, a dictatorship run by the IMF. The *New York Times* editorialized on April 15 in support of Rogers's "valuable ideas," urging Congress to approve the IMF's pending quota increase in the meantime.

Rogers is one of Kissinger Associates' "troubleshooters" in the Third World sphere. While on sabbatical at Cambridge University from his law practice, he appeared in Venezuela at the beginning of this year with the title of chief special adviser to the finance minister on foreign debt, just at the moment when it became apparent that forces in Venezuela were moving to bring together a Latin American debtors' cartel. Last August, immediately after the publication of *Operation*

Juárez—*EIR* founder Lyndon H. LaRouche, Jr.'s proposal for using "the debt bomb" to force the restructuring of world credit flows that would provide economic development to debtor nations and vastly expand industrial export markets—Rogers, we are told, was assigned by Kissinger to stop the proposal's momentum.

Rogers comes from the Washington, D.C. law firm Arnold and Porter, whose senior partner Thurman Arnold established the Institute for Policy Studies in 1963, the spawning ground of terrorist and environmentalist operatives in the United States and abroad. Arnold and Porter overlaps with the, let's say, unpatriotic faction in the Central Intelligence Agency. Rogers left the firm to run the State Department's Policy and Planning Division for Latin America under Henry Kissinger.

"Troubleshooting" can take on literal references in the Kissingerian modus operandi. It should be recalled that Henry Kissinger made strenuous interventions on the matter of economic policy well before the founding of Kissinger Associates. When Pakistani Prime Minister Zulfikar Ali Bhutto persisted in plans to bring nuclear energy to his nation, Kissinger told him, "We will make a horrible example of you"; Bhutto was overthrown and hanged by the drug-running dictator Zia ul-Haq. Kissinger, who explicitly says the era of growth is over, came close to hanging the world economy as a whole, in fact, when he rigged the Mideast war that led to the first great oil crisis of 1973-74, then (as *EIR* has authoritatively documented) tricked the Shah of Iran into being overthrown, and precipitated the second oil crisis of 1978-79.

Some say that, as his flight from interrogation in Italy on April 18 indicated, Henry Kissinger is washed up, no longer of use to the "new dark age" strategists who created him. Let us hope that his career will soon come to an end.

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