

EIR

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EIR

From the Managing Editor

The calm before the financial storm is now shaken within the Reagan administration by White House advisers who now realize the accuracy of *EIR*'s predictions that an international debt crisis would break open before November. The danger is that the first response to that crisis on the part of the fools and cowards otherwise known as the bulk of U.S. congressmen will be to slash military spending. America would remain defenseless against a Soviet nuclear strike. The economy would shatter despite any number of budget cuts. The administration would collapse. The citizenry at large would realize that there is a national security emergency—after it was too late.

It is impossible to achieve the crash program for antiballistic-missile directed energy-beam defense that is required to counter the Soviet Union unless the debt catastrophe is averted. *EIR* founder Lyndon Hermyle LaRouche, Jr. wrote his August 1982 "Operation Juárez" policy proposal for that purpose. Operation Juárez would freeze unpayable debt of both OECD and Group of 77 nations, and on the basis of a gold-backed monetary system generate massive credit for capital-goods exports from the advanced sector to the underdeveloped nations.

Consider, conversely, that it is impossible to reverse the current conditions of underdevelopment which are hobbling, if not murdering, most of the world's population, unless industrial momentum is revived in the so-called advanced sector. On the basis of plasma physics applications spun off in civilian sectors from the beam-weapons program, the energy supplies and technological breakthroughs can be achieved to create unlimited wealth.

What is standing in the way? In large part, the mental fog among upright and intelligent Americans who nevertheless consider spokesmen like Gen. Daniel Graham a voice of patriotism. In this week's Special Report, we describe Graham's pedigree in the Kissinger-Schlesinger circles responsible for the Vietnam war, the Mutually Assured Destruction/limited nuclear war doctrine, the oil crises of 1973 and 1979, and the dismantling of U.S. strategic defense. Will the West wait for the ultimate disaster on the economic and military front before its citizens bestir themselves to take responsibility for national survival?

Susan Johnson

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The Italian Undersecretary of Defense advocates the development of the space-based defensive laser systems proposed by President Reagan on March 23 to replace nuclear deterrence. Secretary Ciccardini calls these defensive systems a means for genuine progress in an extremely dangerous international situation characterized by the Soviets' determination to maintain nuclear superiority at any cost and their "theological" fear of Western technological superiority.

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Central banker's arrest: a warning to creditors

by Cynthia Rush

International bankers choked on Oct. 3 when one of their own—Argentine central bank president Julio González del Solar—was greeted by federal police upon his return from the International Monetary Fund's annual meeting in Washington and detained for 24 hours for questioning on his role in negotiating debt refinancing contracts with foreign creditors against the national interest.

González del Solar was released only after the U.S. Treasury and State Department resorted to Henry Kissinger's habitual tactic of "making a horrible example" of any country that challenges his policies of destruction. Washington sources have told *EIR* that State and Treasury threatened Argentina with a total trade and credit embargo if the ruling junta permitted nationalist forces to humiliate such a prominent ally of the banking community as González del Solar.

The central bank president had offered "absolute guarantees" for the refinancing contract between the state-sector airline Aerolíneas Argentinas and a banking consortium led by Morgan Guaranty which established jurisdiction of New York state courts over all aspects of the agreement. The same contract was to have been extended to all 31 state-sector enterprises, whose foreign debt totals \$8 billion.

Acting on a complaint raised by local attorneys accusing the central bank president of "treason," judge Federico Pinto Kramer of Rio Gallegos issued a ruling invalidating the Aerolíneas contract and put a halt to all further negotiations on state-sector debt. Creditors responded by freezing disbursements of a \$500 million tranche of a \$1.5 billion term loan and \$324 million tranche of an IMF standby loan. The government was given until Oct. 17 to reverse the judge's ruling or become the first debtor nation to enter officially into default.

While González del Solar was held incommunicado awaiting transfer to the Patagonian city of Rio Gallegos following his unceremonious arrest, Argentina's organized labor force, numbering 7 million workers, paralyzed the country Oct. 4 in a 24-hour general strike. Characterized by those on the scene as the most effective in recent history, the strike was called to protest not only the government's austerity policies but also its willingness to refinance the foreign debt on terms that "irreversibly damage national interests and national sovereignty and seriously compromise a future which does not belong to them."

The arrest of González del Solar—the first such high-level official to be detained in Ibero-America—unnerved the bankers and their political allies, who accurately fear that such tactics could spread to Brazil and other major debtor nations. Action to turn around the judge's ruling came directly from Henry Kissinger and State Department special ambassador Vernon Walters who maintains influence among certain factions of the Argentine Army high command.

Following a high-level emergency summit of army generals on the evening of Oct. 5, Army commander-in-chief Gen. Cristino Nicolaides issued a communiqué stating the Army's view that "it is absolutely necessary that the country respect and fulfill its international commitments, as has been its custom throughout history." Interpreted by many analysts as a threat to cancel the scheduled Oct. 30 general elections, the communiqué also condemned "the irresponsible actions of certain sectors and individuals who are using the renegotiation of our foreign debt as a pretext." This latter phrase was an undisguised attack on nationalists within the Air Force who had backed Pinto Kramer. Action by these forces, the

communiqué warned, “seriously conspires against returning the country to constitutional normality.”

On Oct. 5, under acute pressure from circles in the Army and Navy, Judge Pinto Kramer was forced to release González del Solar and renounce jurisdiction over the legal investigation into the debt renegotiation. An appeals court remanded the case to a Buenos Aires court, where observers expect the case to be resolved in favor of the creditors.

A financial Malvinas

But the Argentine case, and that of other Ibero-American debtors, is far from settled.

Accounts from foreign bankers and other political and press analysts have tried to portray the Argentine events as the results of one provincial judge’s eccentric actions, or one more example of “irresponsibility” from the overly nationalistic and “emotional” Argentines. “Demonology must be on the loose when the head of the central bank is arrested for violating ‘sovereignty’ by repaying an airline debt,” raged a *New York Times* editorial on Oct. 5. Actions like Judge Pinto Kramer’s are “immature” sputtered an analyst from the Boston-based Arthur D. Little Company—“typical of Latin American and other ‘new’ countries.”

But what happened in Argentina is one skirmish in a much larger battle. With their predatory tactics for seizing debtor assets and natural resources—the “debt to equity” strategy outlined by Alan Greenspan and Henry Kissinger at an Aug. 27-29 American Enterprise Institute meeting in Vail, Colorado—the International Monetary Fund and other creditors have pushed relations with the Ibero-American debtors to the point of a “financial Malvinas.” If existing U.S. policy trends toward Ibero-America are not reversed, said *EIR* founder and U.S. presidential contender Lyndon H. LaRouche in an Oct. 7 statement, all of these nations will explode in social upheaval. “This vital part of the world’s food-producing potential will explode in social crisis,” LaRouche warned. “The food-producing potentials of Argentina and southern Brazil are of the highest strategic importance for not only the United States, but most of the world as well. . . . The economic strength and political stability of this hemisphere is the foundation of the United States’ economic strength. We need a strong Mexico, a strong Brazil, a strong Argentina.”

LaRouche calls on “relevant White House circles” to immediately reverse “the insane looting policies of the International Monetary Fund.” In the meantime, the debtor nations are drawing the line at creditor assault on their sovereignty. In Argentina, Judge Pinto Kramer’s detention of González del Solar was carried out on the basis of a law specifying that any government official who prejudices the country’s interests in negotiations with a foreign or international entity can be arrested and sentenced to a minimum of 10 years in jail. Although González del Solar is now back in Buenos Aires, the formal proceedings against him have not been dropped. As the *New York Journal of Commerce* lamented in its Oct. 7 editorial, the same law applied to Gon-

zález del Solar “could just as easily apply to other members of the uneasy Argentine negotiating team.”

If nationalist efforts have been temporarily stymied with the intervention of the Argentine Army, they will undoubtedly resurge after the Oct. 30 general elections, in which candidates of the mass-based Perónist party are expected to win. Perónist leaders have been most precise in identifying the debt renegotiation contracts as tantamount to the territorial occupation that took place in Ibero-America in 1903 when Teddy Roosevelt supported the European creditors who sent gunboats into Venezuela to collect their debts.

Continental ferment

The arrest of a prominent representative of the international banking community—González del Solar was formerly employed at both the IMF and the World Bank—lays the basis for staking out other Ibero-American central bank presidents and financiers who represent their nation’s interests in name only.

Many of these figures are part of Henry Kissinger’s financial and drug-linked mafia, which has preyed on the continent’s economies and its populations for decades. Brazil’s Planning Minister Delfim Netto, Peru’s Finance Minister Rodríguez Pastor—not to mention Kissinger’s polo-playing friend, former Argentine Finance Minister José Alfredo Martínez de Hoz—are all reportedly sweating it out at the thought that they might be next on the chopping block. Martínez de Hoz is already the object of an ongoing investigation into the size and origin of Argentina’s foreign debt. Political and labor leaders in Argentina charge that a substantial portion of the foreign debt contracted under Martínez de Hoz’s reign at the finance ministry (1976-81) is “fictitious”—that loans never reached their destinations, but ended up in a speculative whirlpool. According to two economists working on the investigation, the foreign debt could be overstated by as much as \$10.8 billion.

The mayor of the city of Rio de Janeiro has wasted no time in following Judge Pinto Kramer’s example (see article, page 6). Citing a clause in the Brazilian legal code that says that foreign loans must be used for “productive purposes” only, Jamil Haddad announced the repudiation of an “unconstitutional” \$150 million debt contracted under former mayor and Kissinger intimate Israel Klabin.

This action intersects growing opposition to the IMF. On Sept. 29, close to 100,000 people demonstrated in eight cities against the IMF under such slogans as “Moratorium Now, It Only Has to Be Declared,” “The People Are After Delfim’s Head”—a reference to the pro-IMF planning minister—and “One, Two, Three, Four, Five Thousand: The IMF Will Be Thrown Out of Brazil!”

Brazilian congressmen representing different political tendencies have responded to demands from U.S. Treasury Secretary Donald Regan that they approve the IMF-inspired Decree 2045, which slashes wages by 30 percent, with calls for “an intransigent defense of the sovereignty of the Con-

gress." A judge in the northern Brazilian region of Pernambuco has set a legal precedent with his ruling that workers have the right to strike against IMF wage-gouging policies.

Operation Juárez

Not only is Ibero-America's opposition to the International Monetary Fund widening, but it is finding programmatic content in the proposals of Lyndon LaRouche. The *EIR* founder's well-known Operation Juárez, a plan to reorganize the international monetary system along lines conducive to rapid industrial growth in both the advanced and developing sector, plus additional *EIR* exposés, are providing ammunition in virtually every debtor country against those factions whose loyalties lie with the international financial community.

Indicative of this environment is the response by Brazilian senator Saturnino Braga to the news that LaRouche had just announced he will seek the Democratic Party's presidential nomination in the 1984 elections. Told by correspondents of LaRouche's proposals for the formation of a debtors' cartel and the creation of an Ibero-American common market, Braga responded "this is perfect. This is in our interests. It is in the interests of Brazil and Latin America. It is even more important and significant that a candidate for the Presidency of the United States is making such a proposal. I am pleased with this news."

In Argentina, *EIR* press releases detailing creditor strategy for transforming debt into equity, to pave the way for asset and resource grabs, have had wide circulation. Later this month, *EIR* will release a Spanish-language book in Buenos Aires, "An Industrialized Argentina, Axis of Ibero-American Integration." With a prologue written by Lyndon LaRouche, the book is a detailed presentation of Argentina's development potential in the context of an Ibero-American common market arrangement. It can be expected to have reverberations throughout the continent.

In Brazil, there is a fierce battle raging within the military as the friends of Vernon Walters threaten to stage a coup if more nationalist-oriented factions insist on opposing agreements with the IMF. In the absence of an orderly reorganization of the international monetary system along the lines of LaRouche's Operation Juárez, the continent faces military coups and vast social and economic chaos. The end of October looms as a crisis period. A 30-day moratorium granted by foreign creditors to Venezuela will expire; Argentine elections are scheduled for Oct. 30; and Brazil is supposed to receive "new" money from the IMF.

For the moment, rescheduling talks in Argentina remain at a standstill, along with the disbursements of \$800 million in foreign credit. In response to this situation, the central bank has decreed emergency measures, including a 60-day freeze on dollar accounts and on regulations authorizing sale of foreign exchange. Unable to obtain dollars for imports, manufacturers are estimating that industry will run out of imported raw materials within 20 to 30 days.

Brazilians challenge legitimacy of debt

by Christian Curtis in Rio de Janeiro

The municipal government of Rio de Janeiro announced Oct. 4 that it will not meet interest payments due Oct. 21 on a \$150 million loan syndicated by the Bank of Montreal in 1979. There are two reasons: the first, as Mayor Jamil Haddad explained, "There is no other choice, since the money does not exist." Second, there is evidence that the debt is illegal under Brazilian constitutional law.

Section 4320 of the Federal Regulations on Public Budgets, an adjunct to the constitution, states that city and state governments can only borrow abroad, with congressional approval, "for productive investments and projects." According to charges made by the Haddad administration, former mayor Israel Klabin contracted the loan solely for the purpose of covering the 1979 budget deficit. "There is no evidence anywhere in this city that this money was used for productive purposes," Undersecretary for Planning Armando Aoad told *EIR*. "Since the debt was illegal, we see no reason we should pay. Furthermore, we can't."

EIR has independently documented Klabin's preference for speculative over productive financial activities (see *EIR*, Dec. 15, 1981). As mayor and then as head of the Rio state bank, Klabin made no secret of his ambitions to join the Trilateral Commission and to make Rio into "another Hong Kong," with an offshore money market which could facilitate the takeover of Brazil by the underground economy. Klabin hosted the Rio meetings of Henry Kissinger's Georgetown Center for International and Strategic Studies and the Club of Rome.

Theoretically, once the municipality of Rio defaults, responsibility for the Oct. 21 payment falls upon the federal government, which guaranteed the loan. However, "guarantees" from Brasilia, which is already in arrears by over \$3 billion to international banks, are far from solid these days. There may well be challenges to the debt's legality at the federal level; where opposition to Brazil's creditors is growing—even inside the government's own PDS party. And, finally, the municipality is not alone in questioning the constitutionality of refinancings. The state of Rio de Janeiro has an equally suspect \$150 million debt syndicated by the Bank

of Montreal. Sources here report that the state government, led by the populist nationalist Leonel Brizola, will follow Haddad's precedent.

The key question is who—or what—else might also follow the lead of the Haddad administration. In an interview with *EIR*, Armando Aoad and Rio Planning Secretary Samir Haddad (the mayor's brother) indicated they were aware of parallels between their own demands that debt meet socially useful goals, and the ruling in Argentina that threw central bank president González del Solar in jail only two days before. "It's too bad we don't have a law like 4230 regulating the federal government," Haddad chuckled.

According to official budget records provided to *EIR* by Aoad, the growth of the city's foreign debt has outstripped local revenues by a ratio of 50 to 3, since the Bank of Montreal loan was signed in 1979. City income for the current month of October will be 17 billion cruzeiros. Of that, Aoad explained, 15 billion will pay the city's wage bill, 1.5 billion goes for school and hospital food programs, and the remaining 0.5 billion will barely provide gasoline for the city's fleet of garbage trucks.

"As you can see," he said, "we can't pay."

October 21 will thus mark the first default by a municipal government in the city's 418 years' history.

The municipality's declaration of nonrecognition of the loan intersects what is already an extremely tense situation in Brasilia over the issue of the country's \$90 billion foreign debt. A special congressional inquiry panel has been holding closed hearings on the debt, and reliable sources indicate that recent signs of tension within senior military ranks are due to questions being raised by the commission. Gen. Newton Couz, the recently appointed commander of the military region that includes the capital, called an officers' staff meeting at his headquarters last week to denounce all military personnel who provide testimony to the commission as "misfits" and "incompetents." The declaration provoked a young captain to stand up and defend the honor of his father, General Leo Etchegoyen, who had earlier testified relating to charges of personal corruption against Delfim Netto, Brazil's planning minister and the country's strongest defender of IMF policies. General Cruz responded by jailing both Etchegoyens, father and son.

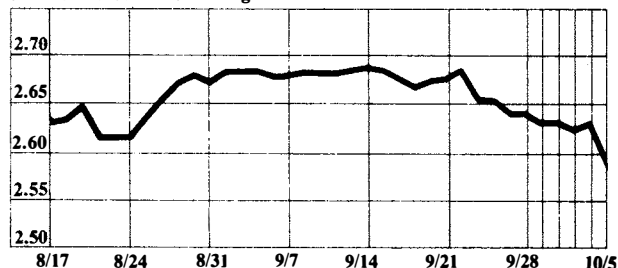
It will not be that simple to contain Brazilian nationalism. At the same congressional hearings, the central bank's foreign area director, José Madeira Serrano, reportedly shocked listeners by calmly suggesting Brazil might join a debtors' cartel. According to the Oct. 6 *Jornal do Brasil*, Madeira Serrano said, "There is already a mobilization for negotiations in common and we are obliged to move towards the formation of a debtors' club for more harmony in debt negotiations, stronger bargaining power, and more reciprocal knowledge."

"We have no aversion to a debtors' club, only practical difficulties," he is said to have concluded.

Currency Rates

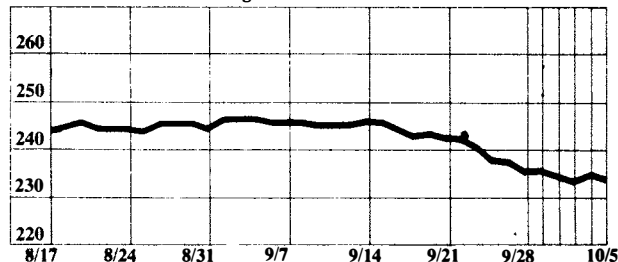
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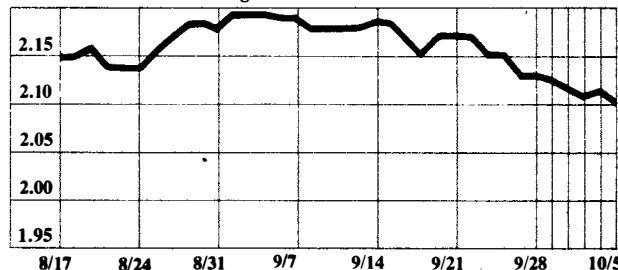
The dollar in yen

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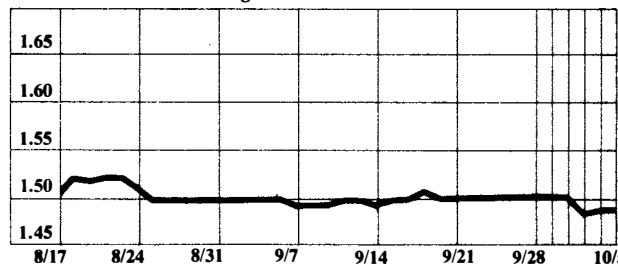
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New York late afternoon fixing



The U.S. acreage reduction policy means cartelization and famine

by Marcia Merry

In 1983, corn production alone fell over 50 percent because of the removal of over 20 million corn acres from production under the 1983 Payment-In-Kind (PIK) and other acreage reduction plans, and the effects of one of the hottest and driest summers on record. Yet, on Sept. 28, U.S. Secretary of Agriculture John Block announced his 1984 feedgrains program, which will make only those farmers who agree to idle 10 percent of their land eligible for much needed government financial assistance. While this acreage reduction program—a variation of the acreage set-aside programs of recent years—is designed to remove fewer acres than were kept out of production during the disastrous 1983 growing year, the 1984 reduction in feedgrains (including corn, grain sorghum, and soybeans) will escalate the process of making the world food supply a prime commodity for international speculation. Armand Hammer, who built his career on financial dealings with the Kremlin, started buying bankrupt meatpacking companies, several years ago, based on the recognition that meat “will be the oil of the 1980s.”

American farmers require a package of emergency measures—debt moratoria, low-interest production credits, and no-foreclosure orders—to keep producing. But Block has insisted—in conjunction with the State Department—that only limited drought relief, in the form of reduced-interest loans, will be provided to selected farm states. Block told the *Washington Times* Oct. 3: “This year has seen big winners and big losers. . . . Next year is going to be pretty much the same as 1983. There will still be a number of failures; but remember, some are going out of business, more farmers are coming into business, particularly small, part-time farmers.”

Food shortages ahead

Feedgrains are the key element in the meat supply cycle, in which poultry production has the shortest production cycle, red meat the next, and finally dairy herds, which take years to develop. The impact of the existing feedgrain shortfall is already evident. Despite the much publicized “surplus stocks”

of corn and soybeans, corn feed prices have risen 30 percent in the last six months, and soybeans by 40 percent. Farmers have begun liquidating herds, including an estimated 15 percent of the breeding stock.

The immediate result is cheaper, plentiful meat in the supermarket, but when the full impact of the herd cutbacks begin to hit, by the spring and summer of 1984, there will be severe shortages and high prices. The Texas A & M University Agriculture Department predicts a 20 percent meat price increase—a conservative estimate.

In early August, when the feedgrain disaster was already plain to see, Block nevertheless announced the continuation of a wheat PIK program for 1984 to reduce wheat acreage and surplus production. Farmers who agree to take 30 percent of their base wheat acreage out of production will then be eligible for certain loan programs and grants of government wheat for 75 percent of what they would have grown on an additional amount of reduced acreage. The USDA justified continuing PIK because, in their view, the U.S. wheat output was not significantly affected by the drought, and not sufficiently reduced.

The income crisis U.S. farmers are facing may force large numbers of wheat farmers to sign up for the program. According to one national forecaster, 50 to 60 percent of all farmers are technically bankrupt. The USDA attempted to alter farm income statistics in their September report by adding into income categories such factors as a “non-money” income of \$16 billion, the “imputed value” of home grown food for the family and animals (see *EIR*, Oct. 4).

The resulting cutback in wheat output for 1984 could be far worse than the disaster in corn production this year. In recent years, the United States on average has produced 15 percent of the world’s wheat harvest. In addition to the planned PIK reductions, the current year’s drought reduced soil moisture in the western winter wheat belt (where wheat is planted in the fall, and harvested by mid-summer), which also cut the crop.

As food production is cut, control of food processing and distribution is being taken by international conglomerates tied into the Swiss-based financial interests. The two largest beef processors in the United States are Cargill, Inc.—the Minneapolis world grain trade company, whose policy headquarters is now located in Switzerland, and Oxidental Oil's Armand Hammer. Cargill is also now the largest flour miller in the United States.

The food weapon

Armand Hammer, Cargill, and a network of directors of similar food trade companies—Nestlé's, Bunge, Dreyfus, Andre, Continental, Phibro and others—have been working through government and private channels to put into effect the food scarcity scenario announced by Henry Kissinger in 1974 in Rome at the World Food Conference. At the time Kissinger, claiming regret for starving millions, said food should be treated as a "strategic issue" and food "reserves" should be created. He commissioned a secret State Department study on strategic food vulnerabilities of nations which has never been declassified.

The first step in controlling the flow of world food supply is to eliminate the U.S. potential to produce bounteous harvests, such as the recent years' average of 60 percent of all world soybeans, and 50 percent of all the world's corn. Secondly, these companies are implementing barter deals in strategic commodities, cutting out the opportunity for trade deals independent of their control. In September, Cargill concluded a 20,000-ton rice barter deal with Ecuador in exchange for barter rights on Ecuadorian output. A conference on "World Food Security, Scarcity, and Barter" will be held in February 1984 in Davos, Switzerland, hosted by the Management Association, a front group of directors of the interlocking food, insurance, and shipping companies.

USDA Secretary Block recently appointed Daniel Amstutz as Undersecretary for Commodities Trading. Amstutz was with Cargill for 25 years, with special functions concerning commodity manipulations in Cargill's Swiss office, Tradax.

Think tanks funded by these companies have been producing computer simulation scenarios on famine and the politics of scarcity. One such program is already in use at the Humphrey Institute of Public Affairs at the University of Minnesota, endowed with Cargill and other grain monopoly money. This scenario forecasts a world food shortage scenario beginning in 1984.

The computer simulated "game" says that the President will be forced to declare an emergency, and the United States "must now make some life-and-death choices between friends, adversaries, hungry street mobs, traditional paying customers, dehydrated infants, and military allies." The outcome, according to one of the designers, Lincoln P. Bloomfield, an M.I.T. professor who was on President Carter's

National Security Council, is that "Washington is now ready to move on the international grain reserve negotiated in Rome in 1974."

These same companies and networks are funding a propaganda barrage on behalf of cutting back U.S. cropland because of the need to prevent erosion in the name of "conservation." Block, in his official report to Congress this September on the effects of the drought, praised his disastrous 1983 PIK program, saying "The massive sign-up [by farmers] means over 80 million acres were removed from production and put into conservation uses, representing the largest soil, water, and wildlife conservation effort ever undertaken by farmers in one year."

In announcing his plans Sept. 28 for feedgrain acreage reduction Block stressed, "I am referring to the 1984 program as an acreage conservation reserve, to give special emphasis to the administration's objective. We want to encourage farmers to place more erosive land into conservation uses while continuing to balance supply and demand during 1984. The current PIK program accomplishes this, and our goal in 1984 is to encourage a continuation of this very important conservation practice. . . . The point is, it is not always in the farmer's best interest to plant fencerow to fencerow."

'The future is nuts'

The malthusian Club of Rome held an international food conference in Budapest, ending Sept. 30, at which they predicted that within 20 years the United States will no longer "be the granary of the world." The U.S. representative at the conference, Ed Pasarini, complained that "the United States produces an incredible variety and quantity of food for 230 million Americans and another 200 million persons in the world. But at what price? At the price of an immense waste of energy and of erosion of land."

Pasarini concluded, "The grain fountains of Texas and Iowa are going to be dried up and everyone should begin to think about new agricultural products that will not provoke erosion, as has been going on. Rather, you should think in terms of getting food from the trees. The future is in the nuts and the oil one can extract from them."

The less radical version of this line has been promoted in Washington, D.C. and science and policy journals by the Conservation Foundation. In 1980 they held a conference on "U.S. Agriculture as a Strategic Reserve." Writing in the February 1983 *Scientific American*, on "The Future of American Agriculture," the Conservation Foundation stressed that "erosion is likely to increase as the nation responds to the demand for exports."

In fact, the areas of problem erosion are directly attributable not to exports, which are falling, but to farmers' lack of income, which makes it impossible to scientifically manage farmland, and to foreign flight capital ventures which buy up grazing land for quick-profit grain crops.

The latest *Executive Intelligence Review* quarterly forecast for the U.S. economy will document the fact that the Federal Reserve Board, the official source for industrial production indices, has been underestimating inflation and overestimating industrial output by as much as 80 percent to show an "economic recovery."

This recovery hoax has been used during the past 12 months by Secretary of State Shultz and the Treasury Department to persuade the President and much of the U.S. business community that the crisis of unpayable international debt would be overcome, and that the man most responsible for forcing the U.S. economy into depression, Paul Adolph Volcker, should be reappointed as Fed chairman.

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Federal Reserve fraud Texas style

by Leif Johnson

EIR's revelation that the Federal Reserve Board's Index of Industrial Production is systematically exaggerating U.S. manufacturing output while the Bureau of Labor Statistics systematically underestimates inflation, has caused concern among trade associations, businessmen, and trade unionists. It turns out that the Washington Fed could learn a few lessons from the Dallas Federal Reserve Board, which publishes its own Texas Industrial Production Index (TIPI).

This year, using the same base year, 1967 = 100, and using the same output data, the Dallas Fed suddenly began reporting much higher values for their TIPI. The Dallas Fed had revamped their TIPI upwards by nearly 75 percent between 1982 and 1983. In December 1982, the overall index stood at 154.5 (1967 = 100). In January 1983, it stood at 268.6 (1967 = 100), an increase of 73.9 percent.

When *EIR* discovered this remarkable transformation in the index values, we called the Dallas Fed for an explanation. Frank Berger, one of the institution's economists, reported that many inquiries had been made, and he had been charged with fielding them.

The reason for the change was simple: the Dallas Fed had decided to revise its old index because it thought that the old index was not high enough. A consultant was hired from Southern Methodist University to use the same data base (kilowatt hours and manhours consumed in Texas industries) to create a new index.

How could such a radical change in the index be justified by the same data base, *EIR* demanded. It all depends on the productivity factors used, Berger explained. *The consultants considered that the productivity figures used in the old TIPI were too low, so they increased them. They changed to productivity data (product per manhour and kilowatt hour) taken from 1967-1972 as a base to 1970-73 as a base which produced the new TIPI.*

"You're not the first person to call and complain about the figures. Many think the new series is too high. We are in the process of making another index altogether that will be lower than the new series but will preserve all the business cycle curves."

EIR: "But how can you arbitrarily make such large changes?"

Berger: "You see, you can create an index any way you want. If it seems reasonable, you go with it."

EIR: "Well can you send me the manual that you have used to create the new series?"

Berger: "No, we are in the process of the developing the new series so we can't send anything. But I don't think the document is public, anyway. You can call the Atlanta Fed, they also have an industrial production index."

Gene Sullivan of the statistical sector of the Atlanta Fed was quite willing to send a booklet explaining the industrial index for the Sixth Fed District (Atlanta), but explained that the index had been discontinued several years back.

"It just didn't seem to work. We began the index in 1971 using kilowatt hours as the basic measure of actual production, but our procedure was different from that of the Washington Fed.

"We discontinued the series because the productivity factors never seemed to work. Maybe the impact of energy conservation and new technology distorted the index."

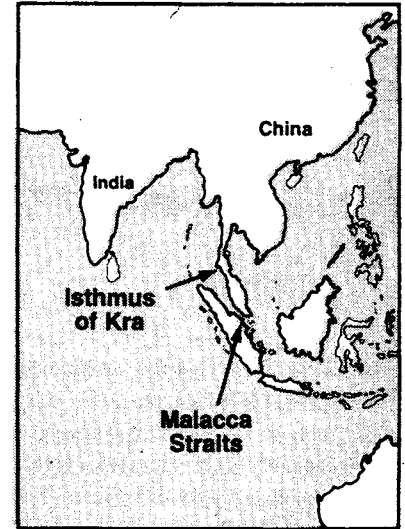
Asked how he knew the index wasn't working, Sullivan replied, "Well, our values always came in under those of the Washington Fed."

Transforming the Industrial Production Index

	Old TIPI*	New TIPI	New TIPI divided by old TIPI
Base Year	1967	1967	
	100.0	100.0	1.0
Month	1979	1979	1979
March	149.0	235.9	1.58
April	148.9	236.9	1.59
May	149.2	238.3	1.60
	1981	1981	1981
March	155.6	273.9	1.76
April	155.6	277.9	1.79
May	155.4	283.6	1.82
	1982	1982	1982
March	160.8	283.1	1.76
April	160.8	282.9	1.76
May	156.9	279.9	1.78

Both the old and the new TIPI are constructed by the Dallas Federal Reserve Board. Both series use 1967 = 100 as the base year. Not only are the values divergent, they are becoming more so, as the month-to-month ratio shows.

*Texas Industrial Production Index



World trade requires construction of Thailand's Kra Canal

by Richard Freeman

If an 80-mile-long canal were dug through the Isthmus of Kra in Thailand, it would save about 1,200 miles in shipping transport in Asia. This absolutely vital undertaking is one of several projects which Masaki Nakajima of Mitsubishi Research proposed in 1977 as a Global Infrastructure Fund (GIF) program which, when realized, will increase the world's productivity by two to three times, in a conservative estimate, and perhaps as much as 10 times. The Kra Canal is one of the centerpiece projects for the world, and examining the need for its construction sheds light on the working of the Asian and the entire world economy for the past 20 years, and for 40 years into the future.

The Asian Pacific-Indian Basin is already the center of gravity of world trade; it does not have to become that. By building this canal and launching other projects of the GIF, such as diverting the water flows of the Ganges and Brahmaputra Rivers in the Indian subcontinent for irrigation and agriculture, the levels of trade and productivity will be increased to the point where a second Kra Canal will be needed early in the 21st century, and perhaps a third Asian canal either through the isthmus or close by.

The idea implicit in the whole GIF, and explicit in Lyndon LaRouche's development plans for the Indian and Pacific Ocean Basins (see *EIR*, Sept. 13); is that building the Kra

Canal will lead to other infrastructure development. This entire economic development process will enhance trade levels, a process which in turn calls forth and makes possible other infrastructural projects. The new infrastructure will further raise trade levels in a self-developing building cycle. This is why the Kra Canal, once built, will have to be enlarged or another canal will have to be built beside it.

Asia: center of gravity of world trade

In Asia over the past 20 years, tonnage of imports rocketed from 171.6 to 912.9 million tons, and exports from 81.8 to 540 million tons. There was a compounded rate of import growth of 8.7 percent *per year*, 9.9 percent for exports, and for two-way trade, 9.1 percent a year (see **Figure 1**).

To give an idea of the tremendous advance this represents, a comparison should be made between what has been going on in imports in this area with that in the United States and West Germany. The import growth in Asia illustrates the principle that economies that import heavily what is needed will grow fastest; all ideas of import substitution, cutting imports to feed exports—the policy of the IMF and World Bank—do not work. Japan and Korea imported heavily, moved toward high technology in industry, and expanded their exports.

In this area, industrial production growth matches pretty closely with export-import growth (see **Figure 2**). Between 1960 and 1980, Japan's two-way trade increased 10.3 percent a year, and industrial production increased 9.0 percent a year; Korea's two-way trade increased 18.8 percent per year, production 17.3 percent per year—for 20 consecutive years! This while the economies of the West were going through worsening slumps.

Within Asia, the Far East has the best record; the Southeast second; the Indian Basin lags behind—only India has moved forward there.

What is interesting is to compare this record to that of the

Figure 1
Actual levels of Asian trade, 1960-80
(In millions of metric tons)

	1960	1980	Annual compounded growth rate 1960-80
Imports	171.6	912.9	8.7
Exports	81.8	540.0	9.9
Total two-way trade	253.4	1452.9	9.1

Figure 2
Compounded yearly growth rates, 1960-80
(In percent)

Nation	Imports	Export	Total two-way trade	Industrial production	GDP
Japan	10.2	10.6	10.3	9.0	—
Korea	18.2	21.0	18.8	17.3	—
Hong Kong	7.3	7.2	7.4	—	7.5
Far East	10.5	11.1	10.6	—	—
Indonesia	9.5	9.2	9.5	—	5.5
Malaysia	7.6	2.9	4.4	8.6	—
Singapore	8.4	9.5	8.8	—	8.4
Philippines	8.5	4.2	6.2	5.6	—
Burma	-5.8	-6.8	-6.4	—	3.2
Thailand	12.3	8.8	10.6	—	8.4
Southeast Asia	8.6	7.0	7.6	—	—
India	3.4	11.2	6.0	5.2	—
Pakistan	1.7	3.7	2.2	4.2	—
Bangladesh	NA	NA	NA	NA	NA
Sri Lanka	-1.1	2.7	-0.3	—	—
Indian Ocean Basin	1.9	8.9	4.8	—	—
Australia	1.9	15.1	10.4	3.8	—
New Zealand	3.5	8.7	5.5	NA	NA
Fiji	5.0	2.8	3.9	NA	NA
Oceania	2.4	14.3	9.7	—	—
West Germany	3.4	3.7	3.5	3.7	—
United States	4.3	6.0	5.0	4.1	—
World economy without Asia	5.5	5.7	5.6	—	—

so-called industrial powerhouses of the West, the United States and West Germany. The two-way trade of Germany had only 3.5 percent growth per year between 1960 and 1980, that is, slightly more than one-third that of Asia. Similarly, growth in industrial production in the Far East is three times higher than that of West Germany. The United States' economic growth also compares poorly with Asia's.

The per annum growth rate of Asia in trade during this period is 80 percent higher than the rest of the world's, 90 percent higher than that of the United States, and 150 percent greater than West Germany's.

In 1960, twenty-two percent of all two-way trade shipped through the Suez Canal was either an export or an import to Asia; currently the level is 58 percent. In 1960, thirty-three percent of the Panama Canal's two-way trade involved Asia; it is now 46 percent. The Suez and Panama Canals are becoming, in effect, merely funnels into the center of gravity of world trade, Asia (see **Figure 3**).

A few more statistics make the point: 42.5 percent of all iron ore shipped in the world ends up in Japan. When the rest of Asia is included, it's 49.9 percent of the world's iron ore, 44.5 percent of all coal, 33.9 percent of all grain—the three big dry-bulk items. This means that 39.9 percent of all dry-bulk goods in the world are going into Asia, and that two out of every five metric tons moving in the world are going into or out of Asia (see **Figure 4**).

An analysis of Asia's trade flow shows very heavy volume of trade with the United States, totaling 126 million metric tons. Trade with South America totals 60 million tons. This adds up to 709 million metric tons into Asia.

The most remarkable fact is that the Indian Basin, which includes Sri Lanka, Pakistan, India, and Bangladesh, has very little trade with the Pacific Basin nations, except with Japan. Surveys of Indian Basin trade flows show that India exports very little to Asia. The Kra Canal would be, not just a symbolic, but a very real linking of these two important regions.

It is a problem that India is not trading with its closest neighbors, which are also developing-sector nations, but almost exclusively with the East bloc or advanced sector nations. It is essential to link up India's skilled scientific manpower and capital-goods production with the fastest growing

Figure 3
Asian-originated or -bound trade as percent of total

	1960	1980
Suez Canal	22.5%	58.2%
Panama Canal	33.4%	46.2%

Figure 4
Imports by type
(In thousands of metric tons)

Area	Amount	Percent of world import trade
Iron ore		
World	314,370	100.0
Japan	133,370	42.5
Other Asia	23,212	7.4
Coal		
World	188,445	100.0
Japan	69,108	36.7
Other Asia	14,747	7.8
Grain		
World	198,147	100.0
Japan	28,435	14.3
Far East	30,653	15.4
Indian Ocean	8,381	4.2
Total: majority of dry bulk goods		
World	797,138	100.0
Japan	238,349	29.9
Other Asia and India Basin	79,899	10.0
Crude oil		
World	1,361,900	100.0
Japan	211,500	15.5
Other Asia	164,500	12.1

region in the world. This is what the Kra Canal will accomplish.

As an estimate, about a quarter of all Asian trade has to go through the Malaccan Straits. A quarter of all Asian trade

is more than the combined trade moving through the Suez and Panama Canals each year.

The next step is to determine how much Asian trade, and therefore shipping through the Malaccan Straits, will grow. I propose looking at three possible scenarios.

First, what would happen if Asia does not continue the trade growth levels of the last 20 years? The growth levels for this period are 8.7 percent in imports and 9.9 percent in exports per year. This is Case 1. We are assuming a 5 percent growth in exports and a 5 percent growth in imports per year. By the year 2003, in 20 years, two-way trade will increase 2.7 times based on the most minimal assumptions of economic growth. The Straits of Malacca cannot handle that volume of shipping (see **Figure 5**).

If a second scenario is considered, Case 2, based on the assumption that the levels of the past 20 years will hold, which is not unrealistic if these infrastructure projects are built, then, by the year 2003 there will be 5.8 times today's volume of trade.

If for Case 3 it is assumed that, as a result of these Great Projects and a rational reorganization of the world economy, there is a 1.5 percent increase of yearly Asian trade levels above those of the past 20 years, then there will be 7.6 times the current volume of trade by the year 2003.

The next step is to look at what happens to trade volume by the year 2023, forty years from now, under the assumed scenarios. Assuming the levels of Asian trade stay at those of the last 20 years (Case 2), there will be 34 times the level of current trade by the year 2023. Under the increased trade scenario, by the year 2023 there will be an increase of 59 times over current levels of trade!

The Malaccan Straits are already the most-traveled straits in the world. No government in the world or international

Figure 5
Three projected levels of Indian-Pacific Ocean Basins trade growth (compounded annually)

Case 1: Export growth per year: 5.0 percent; import growth per year: 5.0 percent

Year	Imports	Exports	Two-way trade	Comparison to 1983
1983	912.9	540.0	1,452.9	—
2003	2,422.2	1,432.7	3,854.9	2.7 times greater
2023	6,426.8	3,801.6	10,228.4	7.0 times greater

Case 2: Historical growth levels of 1960-80; export growth per year: 9.9 percent; import growth per year: 8.9 percent

Year	Imports	Exports	Two-way trade	Comparison to 1983
1983	912.9	540.0	1,452.9	—
2003	4,841.9	3,567.4	8,409.3	5.8 times greater
2023	25,680.7	23,566.8	49,247.5	33.9 times greater

Case 3: Export growth per year: 11.4 percent; import growth per year: 10.2 percent

Year	Imports	Exports	Two-way trade	Comparison to 1983
1983	912.9	540.0	1,452.9	—
2003	6,368.8	4,678.4	11,047.2	7.6 times greater
2023	44,431.1	40,532.3	84,963.4	58.5 times greater

body, including Indonesia and Singapore, has an accurate measure of the number of ships going through the Malaccan Straits. *EIR* has estimated the number to be 33,300; the only other estimate was slightly higher.

EIR has estimated that the average ship traveling through the Malaccan Straits is an 18,000 dead-weight tanker or cargo ship. This is the average weight of the ships going through the Suez Canal. Half the tonnage, 9,000 deadweight tons, is cargo.

Under Case 1, shipping will be up to 89,837 tankers a year. It would be impossible for this number of ships to travel through the Straits (see **Figure 6**). Far worse would be the situation by the year 2023 in Case 2. The continuation of historical Asian growth rates from 1960-80 will increase the number of tankers to 1,127,955 per year. In Case 3, if growth rates increase only slightly, 1,946,471 ships will go through the Malaccan Straits each year.

Currently, 91 ships pass through the Straits each day. Under Case 3, this would increase to 5,330 ships going through the Straits *each day* by the year 2023.

This makes it clear that soon after the year 2000, if the growth rates continue, a second canal will be essential.

The countries of this region have accomplished incredible growth—particularly by Japan and Korea, both of which have used American System methods of economic dirigism since World War II. However, many countries of this region still have a serious lack of electricity and other infrastructure (see **Figure 7**). Infrastructure growth has not kept up with the level of overall industrial growth.

Figure 6
Freight-laden ships passing through the Malaccan Straits by the years 2003 and 2023, under cases 1-3

Present: 33,273 ships per year		
Case	2003	2023
1	89,837	232,911
2	192,834	1,127,955
3	252,857	1,946,471

Energy supply is the basis of economic growth. Korea, Indonesia, Taiwan, India, and Thailand have made great progress in building energy production per capita. But, when compared to the energy and electricity standards of West Germany and the United States, the nations of Asia, except Japan, are sorely lacking. Nations such as Burma are totally underdeveloped in terms of energy per capita.

The growth program centered on the Kra Canal will build the needed electricity and infrastructure. If this is done, by 2023, Asia will not only be the center of gravity of world trade and population, but the center of gravity of the world economy overall.

This article is based on a presentation by EIR economics analyst Richard Freeman at the EIR's conference on "The Development of the Indian and Pacific Ocean Basins," in Washington, D.C., Sept. 15.

Figure 7
Per capita energy production and consumption

Country	Energy consumed (coal equivalent)				Electrical energy production	
	Total (In million metric tons)		Per capita (In kilograms)		(In billion kilowatt hours)	
	1980	1970	1980	1970	1980	1970
Australia	88.2	64.1	6,032	5,123	95.9	53.9
Burma	2.2	1.6	63	59	1.3	0.6
Kampuchea	—	—	—	—	—	—
China	565.5	347.7	602	429	300.6	107.0
Taiwan	37.7	15.3	2,202	1,055	40.7	14.0
Hong Kong	7.3	3.8	1,433	952	12.6	5.1
India	126.4	76.4	191	142	116.3	61.2
Indonesia	33.3	13.8	220	116	7.1	2.3
Japan	408.0	317.4	3,494	3,098	612.0	395.5
Laos	—	—	—	—	—	—
Korea	54.3	20.9	1,422	648	40.0	9.6
Malaysia	11.3	6.1	838	582	9.0	3.5
Pakistan	18.0	10.7	218	82	16.1	8.7
Philippines	15.3	9.7	316	263	18.0	8.7
Thailand	17.2	6.7	371	183	15.0	4.5
Vietnam	7.8	12.6	148	300	3.9	2.1
West Germany	352.5	311.1	5,727	5,124	368.8	242.6
United States	2,369.7	2,227.1	10,410	10,870	2,356	1,640

India launches the INSAT-IB satellite

by Ramtanu Maitra

"You can't just buy a new nation from somewhere," Indian Space Research Organisation (ISRO) Director Dr. Satish Dhawan told foreign journalists once when asked why India insisted on developing its own satellites and rockets. India's nation-building effort got another boost as the multipurpose satellite, INSAT-IB, launched from the U.S. space shuttle Challenger Aug. 31, prepared to occupy its geostationary orbit 36,000 kilometers above the equator.

INSAT-IB was scheduled to be in orbit on Sept. 9 but its deployment was delayed when the five-panel solar array, the main source of power of the satellite, refused to open, despite a week-long attempt to open it by the Master Control Facility engineers at Hassan, near Bangalore. Suddenly, on Sept. 10 the panels opened up, one hour after the satellite was turned to face the sun.

The INSAT system is an advance over earlier Indian satellites. Whereas a whole generation of satellites such as Bhaskara, Rohini, and Apple were experimental types, INSAT has been designed to carry out operational functions for national requirements. The INSAT program was initiated under the directive of Prime Minister Indira Gandhi in 1975.

Besides being the first commercial payload taken aboard the Challenger, INSAT-IB is unique because of its threefold capabilities and functions: telecommunications, television broadcasting, and meteorological surveillance. Although there are military satellites of this type, INSAT-IB is the first such civilian satellite.

The INSAT system's space segment requires two identical satellites parked in geostationary orbits looking down on the Indian Ocean region. INSAT-IB (replacing the failed INSAT-IA) will be the main satellite, backed up by INSAT-IC. Work has already been authorized for INSAT-IC and it is expected to be launched by the U.S. space shuttle in the second half of 1986.

INSAT-IB is fitted with 12 C-Bank transponders to inter-

link telecommunication among 31 Earth stations—28 fixed and 3 transportable. The Oil and Natural Gas Commission has set up three Earth stations—two portable—for monitoring oil well performance and safety data. The INSAT system is also outfitted with two high-power national coverage transponders for television networking. Each transponder is capable of handling direct broadcast television, which will be beamed to some 100,000 TV sets, mainly in the rural areas. INSAT will also provide over 8,000 two-way long-distance telephone circuits potentially accessible from any part of the country.

The system is also fitted with a Very High Resolution Radiometer (VHRR) for meteorological applications, one of its most important functions. This characteristic of INSAT-IB is of great significance since no existing global satellite has the capability to provide meteorological coverage of the Indian Ocean region.

With the help of INSAT the quality of weather forecasting, so essential for India's agricultural sector, will improve significantly. Presently the country receives four pictures a day via the orbiting American and Soviet weather satellites.

With the INSAT system firmly established by India, it will be possible for other developing nations to learn the technology from India and make use of it, if not build their own satellite systems. During talks with newsmen recently Dr. Dhawan pointed to such prospects. But he was careful to stress that it was first necessary to prove the satellite system's capability to the domestic audience before taking up any space "consultancy."

Certain Arab nations have already shown interest in obtaining Indian advice on their space programs, he said, and India is now discussing the possibility of sharing benefits of the INSAT system with neighbors like the members of ASEAN, the association of South East Asian Nations. Dr. Dhawan said that future systems might actually incorporate the specific needs of neighboring nations.

The successful operation of INSAT-IB will silence those who had launched a malicious campaign against the Indian Space Research Organisation, particularly since the INSAT-IA, put into orbit last year, failed to function properly. The campaign was directed as much against India's commitment to conquer advanced technologies as at ISRO itself. The space agency was charged with "literally throwing away money into space" by manufacturing "hodgepodge satellites," to quote a typical smear.

"A certain official" at Ford Aerospace, where the satellite was manufactured according to Indian design specifications, was quoted saying that the problem with INSAT-IA was caused by Indian engineers' attempt to "shove three spacecraft into one." Subsequent discussion with Ford officials revealed the story to be a hoax, and an analysis of the fault sequence has clearly shown that the basic design philosophy is sound and had nothing to do with INSAT-IA's failed mission.

Gold falls below \$400

The continual drain internationally on liquidity implies a lower gold price, only the advance signal of a broader crisis.

Although the eccentric means through which Mr. David Saxon of Bullion Reserve chose to end his life argue against any suggestion of foul play, the new interest in the underside of the gold markets among regulators is suggestive. While the collapse of the gold price below \$400 may, in the short-term, be related to the panic among the many investors whose link to the gold market is a toll-free number in Fort Lauderdale, nonetheless the price move tells us something broader.

When the central banks of the major industrial nations gathered for their monthly discussions at the Bank for International Settlements in Basel in mid-September, a basic change in policy occurred. The Federal Reserve did not change its monetary stance after last June, reducing the per annum rate of reserve-creation from 12 percent during the first half of the year to about 2 percent during the third quarter, but the European central banks belatedly shifted to a tight monetary posture.

This turn was announced, first, in the German Bundesbank's monthly report for September under the headline, "Against Too Much International Liquidity," and later by the statement of M. Jacques de Larosière of the International Monetary Fund at the IMF meeting Sept. 27 in Washington.

The effect was felt immediately on both the currency markets and the gold market. The dollar is now worth more than 2.6 deutschmarks for the first time since June, after tipping above

2.7 marks in August. This is apparently the result of a marked turnaround in Bundesbank policy, which had been inordinately expansive earlier in the year as the government of Helmut Kohl sought to buy an economic recovery. The credibility of this effort has since faded, and the Bundesbank has reverted to the outlook of the Swiss National Bank, to the consternation of some in the Frankfurt banking community.

Although there is considerable talk about a "correction" of the dollar's excessive price and lower American interest rates, the gold market development suggests an entirely different view. While gold may become attractive at points of crisis, the grinding pressure of illiquidity in the international system forces many holders to sell in order to raise cash.

Earlier in the year, the exhaustion of developing nations' (as well as Portuguese and perhaps French) gold stocks depressed the gold price, and it is possible that additional sales from those quarters will continue to do so. However, the selling is much broader; Italian gold exports to the Mideast show a drastic decline this year, reflecting the deficit position of the oil-producing group, and the position of American small investors has deteriorated just as some brokerage firms have run into trouble.

Despite the somewhat forced official enthusiasm of the South Africans for gold investments at this time,

many gold-market specialists are speaking of a major decline in the price from present levels. It is useless to speculate about when, and how deeply, such a price collapse may occur; it is nonetheless evident that the stage-setting provided by the central banks is conducive to such a development.

All this might change in a moment, e.g., the central banks might panic at the resiliency of South American nationalism and reverse the harsh policy they maintained at the last Bank for International Settlements meeting. The Federal Reserve might be forced to bail out American banks *en masse*, causing a run from the dollar into gold.

Nonetheless, the world banking community is still contemplating its own liquidation, and the insurance premium of many investors, i.e., their gold holdings, will be the first casualty.

It is no longer possible to pinpoint a special area of weakness in the market. The Bundesbank's turnaround puts the rest of Western Europe into roughly the same position as Brazil or Argentina, since nothing but West German monetary largesse permitted the austerity programs of Belgium or Denmark to sustain their currencies during the past several months. With the strain upon the weaker OECD countries come strains upon their banking systems, and the clients of those banking systems.

In this atmosphere, relatively small shocks to the gold market, such as those introduced by American regulators, may have far-reaching impact. No such scandals are ever accidents; it is when the general liquidity environment tightens that the embezzlers and cheats are inevitably exposed.

Mr. Saxon will not be the last casualty of this process, and the decline of the gold market may be the advanced signal of a much broader problem.

Business Briefs

Brazilian Debt

Brazil's new debt terms 'laughable'

"Brazil is to get two new loans for \$12 billion; terms eased" the *New York Times* wrote on its front page Oct. 7. Closer examination finds the banks magnanimously reducing interest spreads—by exactly one-eighth of a percent—and doubling the grace period on principal payments to five years. Brazil's well-hidden request for a five-year moratorium on interest payments was rejected by the 60 banks which were convened under the auspices of the International Monetary Fund in Washington Oct. 6.

The token reduction of interest to 2 percent over LIBOR, and possible reductions in fees, are a cynical concession to nationalist reactions in Brazil against "suicidal" efforts to service its \$90 billion debt. "The bankers are making asses out of themselves. The new terms are laughable," a Baltimore banker told *EIR*. Brazilian sources figure the better terms will save \$100 million on the estimated \$12 billion in interest Brazil must pay next year. But Brazil will be more than \$4 billion short even if it manages to export 50 percent more than it imports. The country will be bankrupt again in June, at the latest, New York bankers confirm.

Furthermore, European, British, and regional banks are largely unwilling to put their share of the \$6.5 billion in new money. And the entire refinancing is dependent upon the Brazilian Congress accepting wage cutting Decree Law 2045 later this month. Confronted by the refusal of even his own party to try to pass this draconian bill, President Figueredo retreated Oct. 5 and said he would negotiate new terms with the Congress.

European Debt

France's demand: 'Third World must pay'

Under pressure from France's own overwhelming debt burden, the Mitterrand gov-

ernment is apparently attempting to force debt restructuring on its bankrupt debtors in the developing sector.

France does not expect to recover its loaned capital, but, according to an early-October issue of the *Nouvel Observateur*, "The only thing she can expect to avoid, is that we would avoid, through last chance solutions, a generalized bankruptcy of the Third World, which would provoke a collapse of the whole monetary system."

"To avoid the worst, i.e., the collapse of the international monetary system under the terrifying weight of the \$700 billion debts accumulated by the Third World was the aim of the IMF meeting in Washington [Sept. 27-30]," the *Nouvel Observateur* reports.

France is on the front lines of the countries holding bad debts, amounting to between 100 to 150 billion francs—funds the nation will probably never see again. This is one third of the value of enormous industrial contracts signed in the world for the past 10 years. The three main debtors are Iraq, Brazil, and Nigeria, of which the weakest is Iraq.

Mexico

Monterrey Group sets up private-sector cartel

The closely knit group of oligarchic families which controls Mexico's heavy-industry center of Monterrey has created a private-sector version of a debtors' cartel in Mexico—a development unprecedented in Mexico's private sector, *EIR* sources report. The half-dozen giant conglomerates which dominate the city owe a total of \$7 billion to foreign creditors, fully half of Mexico's total private-sector foreign bank debt of \$14 billion.

According to the Oct. 4 *Wall Street Journal*, the conglomerates are refusing to discuss arrangements for renegotiation of the debt with either the Mexican central bank or the foreign creditors until the spreads and fees they would have to pay are brought down. In addition to a base rate of over 2 points over LIBOR, the Monterrey compa-

nies face rescheduling fees of roughly 1 percent, and payment of a special tax, heretofore paid by the foreign bankers. The tax would add roughly two points more to the amount the companies would pay, for a total of five points over LIBOR.

The Monterrey companies are denying they are involved in any cartel activity: according to the *Journal*, they are claiming that it is just an accident that they all have exactly the same position. The government and the foreign creditors are increasingly worried that Monterrey's resistance will help sink the overall private-sector debt rescheduling plan, called Ficorca, due to be completed by Oct. 25. If Ficorca falls apart, the whole "Mexico success story" may follow suit.

International Trade

Japan to curb steel exports to U.S.

Japan's largest steelmakers announced at the beginning of October that they would voluntarily curb exports to the United States in order to prevent any recurrence in bilateral friction in steel trade, according to *Jiji press*. Japan's exports to the United States had increased sharply in the July to September period.

Japanese steel exports to the United States rose to 1.2 million tons in the third quarter, up from 960,000 tons in the same period last year. Overall Japanese exports to the United States may increase by 7 to 8 percent from 1982, to a total of 4.15 million tons.

Domestic shipments by U.S. steelmakers have remained low over the same period. U.S. steelmakers are claiming that an ostensible increased demand for steel due to the purported economic recovery in the United States has been met by imports. Japan's producers are apprehensive that they will again be subject to strong criticism from U.S. producers unless Japanese exports are cut.

Despite the fact that their earnings will be lowered by the voluntary export cuts, Nippon Steel Corporation, Nippon Kokan,

and other large steelmakers are considering holding down fourth-quarter exports to ensure that total exports do not exceed 1982 levels.

International Finance

FAZ: Strategic issue is debt, not missiles

The West German daily *Frankfurter Allgemeine Zeitung* published an editorial Oct. 7, warning of the danger of a financial collapse. Title "Mountains of Debt," it began: "The missile debate which is dominating everything ensures that other existing problems are not noticed. . . ."

"To the broad public, the grave international debt crisis is not an issue. But the experts know that all the dangers emerging from the enormous mountain of debt of the countries of Latin America, Africa, and East Europe for the world economy and the international monetary system are much more realistic than the often-worshipped threat of nuclear war."

The *FAZ* contended that after the Mexico debt crisis of last September, bankers have somehow managed to "prevent the debt bomb from exploding," but, at last week's IMF meeting in Washington, "it became clear that the calm on the surface is deceiving."

"In all of the big debtor nations, resistance against the obligations of payment is growing. . . especially in South America. It will be unavoidable to concede a debt moratorium and to extend the repayment of the debts over a period from 10 to 15 years. It will be unavoidable, too, to grant new commercial credits to these countries. . . ."

Research and Development

USDA using dart board instead of Landsat?

The head of the private-sector Geosat committee in California stated at Oct. 5 that the

U.S. Department of Agriculture must be "using a dart board" to decide what their crop forecasts will say—the only way the USDA could have achieved its demonstrated inaccuracy of prediction. At the same time, this spokesman reported that at recent government hearings, all the government agencies that testified on the future of the satellite Landsat system said they have "no requirement" for this data!

Industry specialists and NASA have already demonstrated that the Landsat remote sensing data can be successfully used to predict agricultural production. As early as 1979, their estimates of Soviet grain growth were within 1 percent of the final reported production after the harvest.

Agriculture

Food and fiber commission proposed

At the instigation of Kansas Governor John Carlin, a new member U.S. Food and Fiber Commission could be formed after the Midwest Governor's conference in Kansas Oct. 9-11.

The Commission would function like the Federal Reserve Board, explained Prof. Barry Flinchbaugh, the resource person for the bipartisan group set up in Kansas to lobby for the national commission. Flinchbaugh is an agricultural economist at Kansas State University.

The group's chairman, farmer Adrian Polansky, explained that among its proposals is a call for establishing an export bank, modeled after the Federal Land Bank, to finance overseas sales. "To achieve acceptable income, U.S. agriculture must either learn to operate in the international market or scale down its production by at least a third," Polansky stated.

At least part of U.S. agricultural programs should be financed with farmer contributions, he claimed. In addition, a revenue insurance program should be developed to stabilize family farm income, to replace direct government support for the farmer.

Briefly

● **MEXICO** signed an agreement with 500 international banks to restructure \$8 billion of debt Sept. 29. With this agreement, which follows the agreement to restructure \$11.4 billion in August, Mexico will have nearly completed the restructuring of \$20 billion in public sector debt which was part of the overall agreement with the IMF in December 1982. The debt restructuring has been delayed several times over the past year.

● **YUGOSLAVIA'S** largest and third largest banks, the Beogradska Banka and Yugobanka, are going to merge, according to reports by the Yugoslav government, to further restrict handling of credit and foreign currencies. *Die Welt* reported Oct. 3 that the northern provinces of Slovenia and Croatia are very opposed to this policy, because they fear total Serbian control over banking.

● **THE IMF** is threatening halt the recently signed agreement between Peru and the Club of Paris private creditors and to end loans to Peru, according to *Peru Economico* magazine. The IMF, claiming that Peru did not fulfil its goals for September, is sending a delegation to Lima in order to go over the government's statistics, and is demanding new austerity measures on exchange and tax policies. Peru is in arrears with the World Bank and the Interamerican Development Bank.

● **U.S. BANKS** have been trading in their Brazilian debts with interest arrears of more than 90 days for Mexican debt paper in order to avoid having to report the Brazilian debt as "non-performing" on their quarterly balances closing Sept. 30. One New York bank traded \$150 million in Brazilian paper with big arrears plus \$100 million in cash in return for \$250 million in Mexican paper, on which interest is being paid, with a Brazilian offshore bank.

The psycho-sexual impotence of Gen. Danny Graham

by Lyndon H. LaRouche, Jr.

It is clear that Lt.-Gen. (ret.) Daniel Graham hates me enviously, not because of anything I have done, but because he is professional military officer enough to be able to recognize that I manifest a specific quality which he lacks, the psycho-sexual capacity to make genuine "command decisions." I do not use "psycho-sexual" in the sense Dr. Sigmund Freud misanalyzed the problem, but of the capacity for "love" as Apostolic Christian teaching, for example, defines "love."

Perhaps at some time during the past, General Graham was not impotent; perhaps, like so many professionals, he lost an important part of himself—his soul—in Bundy's and McNamara's long war in Vietnam. A certain special quality is required of military commanders who train and lead troops into battle, a quality of love based on risking the highest personal physical sacrifice in fruitful service of a higher purpose. It is a quality of command reflected in Gen. Douglas MacArthur's conduct of the War in the Pacific, his approach to the post-war development of Japan, and his design of the Inchon landing in Korea. Perhaps Danny Graham had something of this quality once during his military career; the common feature of every observation of Danny Graham's behavior during the past year is a lack of that specific quality most indispensable in the military commander.

I have no personal malice toward poor Danny Graham on this account, but only the wish that his lost soul might be redeemed. Nonetheless, in his present position as the Heritage Foundation's leading spokesman for the "High Frontier" concoction, he is doing grave damage to the most vital strategic interests of the United States. His psycho-sexual problem is therefore no longer a private matter.

To quote former President Nixon, "Let's put this into perspective." Danny Graham is unfortunately not exceptional on this point. Beginning "Operation Phoenix," when military professionals were degraded into the roles of Burkes and Hares in Vietnam, the former potency began to evaporate from dedicated military professionals and others involved. The more they did as they were ordered by the evil Robert McNamara et al., the more they mutilated that special moral conviction upon which the republican patriot relies, as his deepest personal resource, for effective command. They were condemned to fight a useless war in the most



U.S. Army photograph

The Vietnam War, a quagmire in which dedicated American military leaders were morally destroyed.

abominable manner, to no outcome but Henry A. Kissinger's abortion of the tiresome conflict, and the humiliating spectacle confronting veterans of the war as the balance sheet was struck on 30 years of U.S. post-war Vietnam policy, in Vietnam and Kampuchea, in 1975.

The war in Vietnam itself was fought against the repeated advice of General MacArthur. Worse, it was fought under the auspices of semi-secret agreements with the Soviet government negotiated by U.S. Eastern Establishment accomplices of Bertrand Russell through channels led by the Pugwash Conference series. It was fought under the auspices of the Nuclear Deterrence doctrine of Dr. Leo Szilard's "Dr. Strangelove" address at the second Pugwash Conference, in Quebec, of 1958. The escalation of the war which President Johnson launched following the assassination of President John F. Kennedy, was the projected first of a series of local wars to be fought under the United States' adoption of a strategic policy of Nuclear Deterrence. Under McGeorge Bundy, Robert McNamara, James R. Schlesinger, Henry A. Kissinger, and so forth, Johnson's war in Vietnam became a war in abominable violation of every principle of modern strategic doctrine, and degenerated rapidly into a population war against the civilian populations of Vietnam and Kampuchea.

A soldier, of course, does his duty as ordered; this is especially the code of the professional officer. Except under military government, the officer corps has no latitude to resist abominable commands of government, once policies of that command are securely established according to specifications of the military code of honor. No conceivable alternative

exists for military policy as such. Under a constitutional republic, such as our own, the moral responsibility lies with the civilian for every action conducted according to orders by the military.

This republican military system works as long as the civilian command is both intelligent and moral, and as long as the civilians seek and weigh the best counsels of the military professionals. What happens then if the civilian command is both immoral and a pack of bungling cretins from the standpoint of military science? What happens to the officer who must, year after year, practice a war-fighting policy which all of his training and code of honor instruct him to be militarily incompetent in form and immoral in conception?

The effect of the 1964-72 conduct of the war in Vietnam on the U.S. military immediately affected by such abominable circumstances is often mistakenly explained in terms of unpopularity directed against the military from within growing portions of the civilian population. The truth is, that the U.S. military tradition—the tradition shared in exemplary fashion by General MacArthur—provided the military professional no honest basis for defending the way in which that war had been conducted. His impulsion to defend the military arm of our republic as a necessary institution, left him no resort but to defend that institution as an agency of national political will, an agency of force per se, while leaving the citizen within the officer no moral argument of self-defense otherwise. He could not defend the conduct of the war competently, sincerely, from the standpoint of U.S. military tradition nor from the standpoint of vital U.S. interests defined otherwise.

The honest military professional was left implicitly with the proposition that he must defend the importance of the U.S. military institutions despite those institutions' extended journey through the morass of Indochina. Thus, his confidence in his own powers of judgment was eroded, together with his sense of certainty respecting the moral commitment underlying the training and deployment of those institutions.

This intellectual and moral predicament seized upon corresponding flaws within the personality of the officer affected. What quality within the individual corresponds to the state of mind in which that individual loses a sense of efficient connection between the rigorous exercise of his mental-creative powers of judgment and his willful practice as an individual? The common name for such a flaw in the personality is psycho-sexual impotence.

Now, the United States is confronted by a threat to its very existence. This is a time when every resource of the U.S. military tradition must be mobilized and the nation mobilized economically as during the "crash program" efforts of 1939-43. The civilian population and large chunks of the military are gripped by psycho-sexual impotence left over from the experience of the war in Vietnam. Danny Graham's obsessive, foolish formulation of his "High Frontier" dogma is the most concentrated expression of that psycho-sexual impotence.

Let us examine this crisis, and then examine the problem of psycho-sexual impotence in the setting of the kinds of command decisions required of the executive branch and its military institutions in face of that crisis.

The real Soviet threat

Since 1962, the Soviet military command has been continually planning to win a war against the United States according to the outline set forth by the Zhukov-Sokolovskii-Ograkov current of the Soviet military, Marshal V. D. Sokolovskii's *Soviet Military Doctrine*. From the beginning, in 1962, that doctrine has had two leading features. To overcome the threat of thermonuclear "assured destruction," the Soviet military has combined the lessons of the German Liberation War's (Freiherr vom Stein, General Scharnhorst) conduct of the war on the Russian front against Napoleon Bonaparte (Russian depth), with emphasis on development and deployment of ABM weapons based on "new physical principles"—laser weapons, and so forth.

Now, the combined effects of relative superiority of Soviet military capabilities and the Malthusian destruction of the West from within economically and morally, have created for the Soviet leadership a "window of strategic opportunity," at the same point the Soviet command is emplacing new kinds of ABM radar facilities preparatory to saturating Soviet defenses with beam weapons.

The present Soviet command is convinced that the combinations of relative weakening of U.S. military strength, Soviet success in promoting European disengagement from



A soldier on guard during "Operation Masher," January 1966.

U.S. Army photograph

the United States, the Nuclear Freeze movement steered from Moscow, the worsening economic depression of the West, and imminent international financial collapse, will enable the Soviet Union to force a humiliating and historically decisive strategic backdown of the United States before the November 1984 U.S. elections, thus assuring Soviet world-hegemony thereafter.

This Soviet posture, reflected in the shooting down of KAL Flight 7, in the deployment of Qaddafi in North Africa, the deployment of forces of Iran and Syria in the Middle East, the unleashing of terrorism against the 1984 Los Angeles Olympics, and the "Sputnik" effect of Soviet deployment of beam-weapon capabilities soon, is based partly on sly and thorough long-range calculations, but is also based on a fanatical, messianic quality of irrational commitment not distant in quality from the outlook of Ayatollah Khomeini.

However, the root of the strategic problem facing the United States is not the Soviet leadership or Soviet military capabilities as such. The heart of the problem lies within the West, in the policies of the circles represented by McGeorge Bundy and Henry A. Kissinger. The root of the strategic problem is the semi-secret agreements which the friends of the late Bertrand Russell and David Rockefeller—as well as Kissinger's current business partner, Britain's Lord Peter Carrington—have negotiated with the Soviet leadership through channels including the Pugwash Conference and the Dartmouth Conference.

It is these Pugwash Conference-centered forces, including Kissinger, who imposed upon the United States and NATO not only the Nuclear Deterrence, SALT I, and 1972 ABM Treaty doctrines, but who have also created and steered the upsurge of a Sodom and Gomorrah counterculture and the degeneration of Western economies into Malthusians' "post-industrial society" wreckage during the past period of more than 15 years.

The essence of the strategic problem of the United States is twofold. Immediately, we must mobilize to persuade the Soviet leadership that thermonuclear confrontation is inadvisable. At the same time, we must uproot and demolish every vestige of the evil doctrines of Bertrand Russell and the Pugwash Conference.

Danny Graham may oppose the 1972 ABM treaty, which he proposes we explicitly violate. Otherwise, he opposes every strategic policy upon which the very existence of the United States depends. He has not only demonstrated his stubborn military incompetence by proposing space-based anti-missile nuclear rockets, a 20-year-old design which has been hopelessly obsolete for nearly a decade. He proposes to pit this obsolete, and ultimately useless, High Frontier design against a qualitatively superior Soviet development of beam-weapon defenses. Worse, he loudly—and incompetently—opposes the technologies able to match Soviet ABM capabilities, technologies advanced by our nation's most qualified scientist specialists in these matters, including Dr. Edward Teller.

The Soviet command laughs at, and richly enjoys Danny Graham's silly antics. If Graham succeeds, Soviet victory over the United States is assured. Naturally, the Soviets accuse President Reagan of intending to adopt Graham's obsolete designs. It makes very good Soviet anti-U.S. propaganda. They would hope that the United States would be foolish enough to listen to Graham. Danny Graham may not be personally a traitor by disposition, but no Soviet agent assigned to his position in U.S. life would act any differently than Graham has done. We think the root of the problem is by no means treasonous impulses, but rather is simply a product of psycho-sexual impotence. We have compassion for poor Danny Graham; he may be in fact a spiritual victim of McGeorge Bundy's and Robert McNamara's conduct of the war in Vietnam.

What is '*Entschlossenheit*'

In his *On War*, Karl von Clausewitz employed and popularized the use of an ordinary German word, "*Entschlossenheit*," in his efforts to focus upon the distinguishing innermost quality indispensable to the military commander. In English, we would prefer "quality of command decision."

The importance of this term in military science was established by the new doctrine of military practice erupting out of Lazare Carnot's revolution in warfare, beginning 1793-94. Starting from the pivot-point of production and deployment of massed fire of new generations of mobile field artillery, Carnot redesigned the arms of warfare and their battlefield deployment, and raised the principles of firepower and mobility to new heights of importance, making technological attrition and logistical depth the leading qualities of concern to the central military command.

This revolution in warfare incorporated lessons tested in the American Revolution. The American, who represented a

90 percent literacy rate, more than twice that of Britain then, was culturally a superior fighter over the British soldier, a fighter whose individual cultural superiority and reliability under fire (potentially) were realized in such forms as aimed fire of riflemen in skirmish-line tactics, an effective increase in both firepower and mobility of the individual soldier. This general conception was rooted in the earlier work of George Gemisthos and Leonardo da Vinci during the 15th century, and Niccolo Machiavelli's doctrine of republican war-fighting at the beginning of the 16th century, as well as Gottfried Leibniz's work on weapons design and warfare, and mastery of the geometry of fields of fire by the French command of Vauban, Monge, et al. The individual citizen of any republic which is committed to technological progress, is potentially superior per man to any opposing sort of military force, both in durability of political will, individual resourcefulness, and in ability to discover and exploit new, usable dimensions of warfighting deployments.

The opposing, prevailing doctrine, prior to Carnot's reform, was called "cabinet-warfare doctrine." This was a doctrine based largely on relatively fixed positions and associated rules of battle conduct. It was a doctrine designed for desertion-prone, illiterate, "hayfoot-strawfoot" soldiers of the solid line of musket-fire and relatively fixed artillery position, and so forth.

Massed fire of mobile field artillery, faster-moving columns of infantry trained to deploy for combat from these columns, and reforms in the use of cavalry, enabled outnumbered French forces to demolish the 18th century armies of Europe, culminating in the destruction of Prussia in a single day's battle at Jena, in 1806. This cleared the way for the Prussian reformers around vom Stein, Humboldt, and Scharnhorst, to introduce to Prussia republican military reforms based on the model of reference developed by Carnot. This French tradition was injected massively into the U.S. military beginning 1815, and was affirmed by the experience of the 1861-65 war under Generals Grant and Sherman, crushing the highly able cabinet-warfare armies commanded by Lee et al. It was also massively confirmed at Sedan during the same general period, by a Prussian military which had not neglected the American lessons of 1861-65.

This is the historical basis for the modern military tradition prior to Nuclear Deterrence. It is the tradition to which we must instantly return.

This military tradition introduced two elements of fluidity into the conduct of warfare. First, it made *mobile development* the essence of tactics and strategy. This in itself already required military commanders to expand the scope of their mental life, to comprehend the battlefield in the enlarged terms of reference—the added dimensionality—mobile development implies. The genius of MacArthur's Pacific war and the famous work of General Patton in Europe are illustrative of the lessons of Grant, Sherman, and Sheridan. Second, even more important, the commander in the field and in

the general staff is obliged to devise on the spot virtual revolutions in war-fighting—doing what was previously considered to be “unthinkable.”

In both aspects, the proper metaphor is the term “flank.” One must find in either mobile development as such, a flank of one sort or another with which the adversary has not prepared himself to defend effectively, and to accomplish this by aid of maneuvering him into a position in which such a flank appears. or, one must recognize in one’s capabilities the possibility of doing something effective which simply has not been prescribed in any of the manuals of training programs.

This sort of behavior in the mental life of commanders is closely related to creative scientific work, to the work of genuine discovery. If a commander has the developed psychological aptitudes to make such tactical and strategic discoveries, the question of command then bears down upon two interrelated features of his psycho-sexual makeup. Does he have the temperament to push through his processes of thinking to the point of discovering a possibility, and working that through to its conclusion quickly? Second, does he have the will to deploy his forces ruthlessly, effectively to execute that discovery in battle?

This, in bare bones, is what Clausewitz signifies by *Entschlossenheit*—the quality of command decision. This is the quality Danny Graham presently demonstrates himself not only to lack; he is bitterly hostile toward anyone who lacks his own psycho-sexual impotence on this point.

The secret of ‘creativity’

The secret of creativity is most efficiently and quickly described by reference to a conception introduced by Plato, the notion of *the hypothesis of the higher hypothesis*. This approach enables us to quickly, thereafter, locate the psycho-sexual element of impotence in thinking such as Danny Graham’s. The distinctions to be understood are as follows:

Simple Hypothesis. In this kind of attempted problem-solving, the individual seeks to explain the phenomena under consideration in a way which does not conflict with any of the established principles of knowledge and practice of his peer group of reference. In the design of physical experiments in routine scientific work, this means that the hypothesis formulated for design of the experiment does not violate any principle which the experimenter believes to be the prevailing assumptions and formulations of science in general or the localized area of specialized interest.

Simple hypothesis typifies non-creative modes of scientific or other thinking in which apparent logical consistency with established opinion prevails.

Higher Hypothesis. In all creative thinking, as typified by thinking leading to greater or lesser scientific revolutions, an experiment is selected which conclusively challenges one or more of the most fundamental of the prevailing assumptions of either science as a whole or some branch of scientific inquiry. A successful such experimental demonstration

therefore overthrows the elaborated superstructure of algebraic or analogous formulations of either scientific work generally, or some branch of scientific inquiry.

“Higher Hypothesis” is by its nature intrinsically in opposition to the outlook of “Simple Hypothesis.” That distinction is key to the issues of psycho-sexual impotence, for reasons we shall indicate.

The fact that man’s progress since the “agricultural revolution” involves successive scientific revolutions—at least, implicitly so—and that technological progress causes increase of the potential relative population-density of society, prompts us to examine a deeper principle underlying successful higher hypotheses. Successive technological revolutions represent an increase in the per-capita power of mankind over nature, and therefore a line of progress in man’s attempt to master the underlying laws of the universe. This implies that there must be some underlying ordering principle governing the connection of one successful scientific revolution to its successors: a common principle of discovery, common to all properly defined higher hypotheses.

The Hypothesis of the Higher Hypothesis. This is a form of experimental hypothesis which selects its experimental subject to test the existence of an underlying common principle of scientific discovery.

The *isoperimetric theorem of topology* is an example of such experimental work. The work of Plato, Pacioli, Leonardo da Vinci, Kepler, Euler, on the study of the universal implications of the Platonic solids is another example. Karl Gauss’s discovery of the commonly underlying principle of self-similar conic and elliptic functions is another example: the “arithmetic-geometric mean.” The “Zeta function” of Riemann is an example of an incomplete effort of the same quality.

This does not represent the discovery of final, perfect universal laws of discovery. It represents the ongoing work of science in uncovering common principles of discovery which are valid as far as man has gone, and which are yet to be improved upon without repudiating the conditional adequacy of what has been discovered earlier to this purpose. This activity, of well-defined hypothesis of the higher hypothesis, is the essence of all scientific-creative work, and the exemplar of the proper meaning of the word “reason.” For emphasis, let us call it the principle of “creative reason,” a principle which Immanuel Kant failed to comprehend.

“Creative reason” is the inborn, divine potentiality of each human individual. However, to bring this forth in the individual, that individual must reach a certain level of moral development, a level corresponding to the line of upward development described by Dante Alighieri in the “Paradiso” canticle of his *Commedia*. True, a certain formal development of the knowledge of science (for example) is required to make such moral potentiality efficient for scientific work, but no amount of education and related qualifications can produce a creative thinker unless this moral development is

also present.

The moral development required is briefly identified in the following terms of reference.

At the moment of our birth, we are each predominantly irrationalist hedonists, infantile existentialists or anarchists. We possess the divine spark of potential development of reason, but at that moment we are dominated by our sensual desires for immediate satisfaction of our appetites in the here and now. If we mature—as many adults have not developed much beyond infantilism today—the certainty of our death persuades us that a life dedicated to momentary pleasures enjoyed in the flesh contributes nothing but memories which die with us in our graves. To live an existentialist's hedonistic, irrationalist life is therefore to live like a beast. If our lives are to be something more worthy than that of the cattle we slaughter rightly according to our needs, there must be something of our having existed which endures beyond our death, of durable benefit to mankind more generally. Therefore, to every person who is not an infantile beastlike, immoral existentialist, the true self-interest of each individual life is that of developing both the powers to contribute durable benefits, and to employ those potentials to the utmost for this purpose.

A wicked society might probably crush the good contributed by its individual members, and prefer the pleasures of Sodom and Gomorrah. Thus, we cannot limit our concerns to our own good works—unless we are fools. We must ensure that society as a whole is disposed to foster the development of potentialities for good in each individual, and to nurture the good contributed by each individual. That becomes the center of self-interest for the moral, sane individual.

For every moral and sane person, the center of his or her self-interest is knowledge of principles empirically displayed in the course of human history as a whole—in *universal history*. We must discover what principles govern the course of successive generations either toward advancement of the human condition, or toward deterioration. We must discover the principles of judgment which must guide us individually, and as a nation, if our life's work is to be of durable benefit for generations to come.

In Christianity, and in the Judaism of Philo—the Judaism of 2,000 years of Jewish survival—universal history is the empirical evidence of the lawful will of the Creator. It is man's duty to discern that lawful will with increasing perfection, and to govern the individual will and will of nations accordingly. In Christianity, this centers around the figure of Jesus Christ, and the principle of trinitarian consubstantiality as set forth in the Gospel of St. John and the "*Filioque*" principle of the Latin version of the Nicene Creed. We must share God's expressed love toward mankind, and seek to perfect our knowledge and practice of the lawful ordering of the universe according to the motive supplied by our own participation in that love. This is the highest condition mankind may achieve in Dante's "Paradiso" canticle.

It is that standpoint—that moral standpoint—which exemplifies the potential for creative reason. The ability to think rationally, and also to act rationally, according to universal values so defined, requires such a notion of individual self-interest, and the motive supplied as passion by that kind of love.

Without those moral qualities, an individual may be very clever—diabolically clever in a bestial way, but not a person gifted with the power of creative reason.

Rage and psycho-sexual impotence

The principal correlative of Danny Graham's recent public behavior is an intense but petty rage, directed against me (most strenuously), against Dr. Teller, and against everyone who challenges the perfection of his ill-conceived High Frontier concoction. It is a quality of rage like that of Friedrich Nietzsche, M. Bakunin, or Fyodor Dostoevsky. It is morally bestiality.

An honest man in Graham's shoes would delight in learning something new and important, to become as quickly as possible a leading spokesman for something far better than he advocated yesterday. That is the pleasure of the creative mind, the pleasure of which no individual ought to deprive himself or herself. Does not a bright child in school delight in learning new things which overthrow earlier, wrong beliefs? Graham lacks—has lost—that capacity for beautiful, child-like delight in new discoveries.

Like a miserable Caliban, he roars and rages against everyone who threatens his present obsession with the technologically obsolete. The issues of the welfare of the United States—even in face of a menacing strategic crisis—can not penetrate his perception. Danny's obsession comes first; if it is no good for the United States, so much the worse for the United States.

There have been such generals aplenty in military history. There was the case of Field Marshal Haig, whose family announces that Gen. Alexander Haig is its cousin. Haig butchered the youth of Britain in France, in one insane infantry charge after another into artillery, machine-gun fire, and trenches, and left the cream of the youth of Britain hanging dead meat on the barbed wire of France. There have been such generals in history aplenty, men whose rage-governed petty obsessions with obsolete military ideas produced such slaughter.

This rage is the most prominent phenomenon of acute psycho-sexual impotence. It is the rage of the rapist, of the habituator of prostitutes, the rage of the homosexual, for example. A few simple obsessions, linked to a perverted sense of existentialist's self-interest, define the extent of the domain within which the person afflicted with such psycho-sexual impotence defines his simple hypothesis. Danny Graham's petty ego is the span of his present patriotic fervors. Perhaps it is the walking corpse of something which died in Vietnam. If so, it is not the only case of such a casualty.

Why Henry Kissinger loves Danny Graham

by Jeffrey Steinberg and Leo Scanlon

On Tuesday, Oct. 5, 1983, *Executive Intelligence Review* sponsored an historic conference in Bonn, West Germany, "Beam Weapons: Implications for Western Europe," which brought together leading European military and scientific specialists. It was an impressive show of Allied support for President Reagan's March 23, 1983 announcement, as U.S. Commander-in-Chief, that America would repudiate the Pugwash doctrine of Mutually Assured Destruction and replace it with a strategic focus based on beam-weapon anti-ballistic missile defense (Mutually Assured Survival). The event—the first high-visibility discussion in Western Europe of President Reagan's return to classical military doctrine since March 23—was marred by a virtual boycott by the U.S. military and defense corporations—a boycott ordered and enforced by U.S. Ambassador Arthur Burns, acting under the likely orders of Henry A. Kissinger.

Not coincidentally, just one week prior to the Bonn seminar, Lt. Gen. Daniel Graham, guru of the High Frontier mania, swept through West Germany speaking before conservative audiences sponsored by such institutions as the Konrad Adenauer Stiftung and the KGB-contaminated Western Goals, Europe. According to West German sources, General Graham represented his High Frontier proposal—a potpourri of "quick fix" sure-loser conventional anti-ballistic missile defense systems, many of which were laughed off the drawing board in the early 1960s—as "official" White House policy. The retired general, coiffed in a pompadour out of the court of Marie Antoinette, reportedly flashed a letter on White House stationery acknowledging receipt of a complimentary copy of his booklength apologia for the High Frontier program of space-based conventional garbage as "proof" the President had embraced Graham's strategic defense plan on March 23.

The Graham road show through the Federal Republic was used by the State Department and other Kissingerian centers of opposition to the Reagan laser ABM program to mobilize a vicious personal smear effort against *EIR* founder and contributing editor Lyndon H. LaRouche, Jr.—the keynote speaker at the Bonn beam-weapons conference—and a broadside counter-organizing effort against the meeting. The Federal Bureau of Investigation, operating through the U.S.

Embassy legate office, and General Graham's own former agency, the Defense Intelligence Agency (DIA), were also reportedly brought into the Arthur Burns campaign to sabotage public discussion of the truth about the White House's strategic policy break with the KGB's Pugwash crowd.

Curiously, General Graham had attempted—unsuccessfully—earlier this year to capitalize on the press blackout and disinformation effort against the President's March 23 speech by scheduling a tour of the Federal Republic to peddle his High Frontier wares. According to sources close to the Konrad Adenauer Stiftung, a leading conservative think tank associated with the ruling Christian Democratic Union party, Graham's earlier overtures were rejected out of hand. "The general's proposals had no credibility in West Germany. . . . Neither did he."

According to West German sources, it was only on the basis of a heavy-handed personal intervention by U.S. Ambassador Arthur Burns that the Konrad Adenauer Stiftung and other BRD institutions consented to host Graham.

On Sept. 30 in Washington, D.C., another Kissinger long-time asset, former State Department intelligence director William Hyland, a fellow at the nuclear freeze-linked Carnegie Endowment and the incoming editor of the New York Council on Foreign Relations' quarterly journal *Foreign Affairs*, used the occasion of the Middle East Institute's conference to add his name to the impressive list of Kissingerians embracing General Graham and denouncing President Reagan's ABM defense program. Hyland denounced the laser defense plan as a threat to world peace: "Whoever develops the laser defense first—the U.S. or the U.S.S.R.—will have a first strike advantage. This will upset the strategic balance. I prefer," Hyland asserted, "General Graham's High Frontier plan."

No sooner had General Graham returned to the United States from his West German jaunt than he repeated his overseas misrepresentation of the President's strategic doctrine shift—this time in the nation's capital. On Sept. 29, Graham hosted a press conference called to announce the formation of a new political action committee, attached to High Frontier. Dubbed "Space Frontier," the new PAC will lobby explicitly against the development and deployment of

a laser ABM system. Stated Graham, "We are calling for off-the-shelf technologies that have been technologically perfected for 20 years. We are not talking about lasers. This is the President's program," Graham lied.

Schlesinger's man at DIA

Daniel Graham has paraded himself around since 1979 as a Reagan conservative. What, the reader must ask, has catapulted the former DIA chief into the position of principal asset in the desperate efforts of the Kissinger crowd to wreck the President's beam-weapons ABM initiative on behalf of the insane Pugwash doctrine of MAD and Dr. Kissinger's friends and controllers at Moscow Central?

Some naive folk in Washington have suggested that the retired general is merely venting his infantile rage at the President for failing on two occasions to appoint Graham to the coveted post of deputy director of the Central Intelligence Agency, a post he had been led to believe would be his immediately after the Reagan inauguration in 1981.

However, preliminary inquiries by this intelligence service into the career record of the Man From High Frontier strongly suggest that General Graham—since his public emergence during the height of the LBJ-McNamara-Bundy Vietnam fiasco—has always been an asset of the Kissinger establishment, specifically of the oligarchical recruiting mill constituted back during World War II by Fritz Kraemer, the man who brought you Kissinger, James Rodney Schlesinger, and Alexander Haig. From the late 1960s, Graham was the "loose cannon" inserted into the military and intelligence establishment to obscure and divert strategic intelligence evaluations in a direction conducive to Henry Kissinger's successive betrayals of the United States in Vietnam, SALT I, the ABM Treaty, SALT II, and the developing strategic showdown between Washington and Moscow.

Body-counter

In 1967, after 20 years of apparent obscurity within the Western European and Pacific Commands of the U.S. Army, Daniel Graham arrived in Vietnam to assume the post of chief of Current Intelligence Indicators and Estimates, Division of the Military Assistance Command. In that capacity he was responsible for preparing the intelligence estimates of North Vietnamese and Viet Cong troop strength and disposition—and for compiling the all important "body count" statistics used by McNamara and Kissinger to perpetuate the genocidal fraud that the United States was "winning the war."

During this period, the Central Intelligence Agency was preparing statistics showing the force strength of the North Vietnamese Army to be in the range of 450,000 combat-ready troops. The Graham statistics claimed a figure of half that number, a figure later proven to be disastrously understated. Graham later admitted that the figure prepared by his office was tailored to prevent a "press reaction." In recent testimony before a congressional committee, Graham

In 1973 General Graham penned an article for Army magazine—the launching pad for an attack on the CIA which would provide then Secretary of State Henry Kissinger with the intelligence smokescreen he needed to convince the White House and Congress to approve a string of treasonous "strategic arms" treaties between the United States and Kissinger's Moscow masters. Was Danny Graham witting in this effort?

shrugged off a question about his deflated force estimate of the North Vietnamese by stating, "This shows that intelligence isn't an exact science. It requires a lot of judgment."

Having demonstrated his willingness to place political considerations over accurate military intelligence, Graham completed his tour of duty in Vietnam in 1970, returning to Washington, D.C. to be promoted to the rank of major general and to assume the post of Assistant Director for Collection, U.S. Estimates Section, DIA. From no later than his return to the Pentagon, Graham, by his own admission, became an asset of the systems analysis—"limited nuclear war" clique of strategic madmen grouped around the person of James Rodney Schlesinger. When Schlesinger was axed as Secretary of Defense in the Halloween Massacre of 1975, the loyalist Graham immediately resigned his post as director of the DIA. In the intervening five years, however, Graham had played a central role in the dismantling of the CIA and related U.S. intelligence capabilities.

Intelligence estimates

In April 1973, on the eve of James Schlesinger's assumption of the post of director of Central Intelligence, Gen. Daniel Graham penned an article for *Army* magazine, the official journal of the Association of the U.S. Army. That article, titled "Estimating the Threat: A Soldier's Job," was the launching pad for an across-the-board attack against the CIA, an attack that would provide then Secretary of State Henry Kissinger with the intelligence smokescreen he needed to convince a blinded White House and Congress to approve a string of treasonous "strategic arms" treaties between the United States and Kissinger's Moscow masters.

Was Danny Graham witting in this effort? While the

verdict is still out on whether the former DIA chief was wholly witting in the Kissinger sellout of U.S. national security in the SALT and ABM treaties, Graham was clearly witting in his campaign to dismantle the CIA and scuttle certain programs of strategic modernization of the U.S. arsenal.

In his *Army* article, Graham argued for the dismantling of the CIA's Estimates Section and for the return of that entire function to the DIA: "The trend towards independent analysis has been gathering over the past two years and there are now analytical staffs in the civilian intelligence community paralleling those of the DIA on almost every military intelligence subject. . . . It stemmed from a series of bad overestimates, later dubbed 'bomber gap,' 'missile gap' and 'megaton gap'. . . . Fortunately, the somewhat dismal picture outlined above has brightened measurably over the past few years. . . . Several factors account for this: DIA pulled up its socks and put proper emphasis on the estimates job; a new crop of more professional, less conformist intelligence officers is available for estimating work and, most important, there is a new appreciation of the intelligence function among our military customers."

Washington Post columnist Victor Zorza led a pack of Eastern Establishment military commentators in instant published praise of the Graham piece, making the link to the Kissingerian disarmament fraud then being played out: "The real issue behind the struggle over the reorganization of the CIA concerns the whole direction of U.S. defense policy, and, therefore foreign policy. . . . Now a basic change, which is as yet barely perceptible, is taking place under the surface. The U.S.-Soviet agreements on the limitation of strategic arms, and Mr. Nixon's grand design for a 'generation of peace' have brought entirely new factors into military policy. The major weapons programs such as the B-1 bomber and the Trident submarine missile systems which are now pending are far more costly than any in history. . . . The issues involved in this conflict, which will have a major bearing on strategic arms limitations and disarmament, are so momentous that the next battle will be joined almost before the last is over."

Graham's aesopic language scarcely concealed a twofold plan: Flood the DIA with a herd of RAND-MIT vintage systems analysts and launch a "Stalin purge" of the CIA.

Thirty days after the appearance of the Graham article, the general's idol James Schlesinger became director of CIA. In his ensuing six-month tenure, the first of two major bloodlettings was unleashed that would leave the agency decimated.

In subsequent testimony before a string of congressional committees and blue ribbon panels, including the Pike Commission, one CIA veteran after another was paraded up to demonstrate in graphic detail that the results of the Schlesinger purges—harbingered in Graham's *Army* magazine battle cry—blinded the U.S. national security establishment to

the tremendous strides made by the Soviet Union under the umbrella of SALT and ABM, leading to the present serious and widening "window of vulnerability."

Team A-Team B

The wrecking process orchestrated by Fritz Kraemer's "Bobbsey twin" routine between Henry Kissinger and James Schlesinger was temporarily aborted with the Halloween Massacre of 1975, which led to the instant resignation of General Graham from the directorship of DIA. As Graham told the *Washington Post*, "No one told me to do it. I left because I am a Schlesinger man."

Graham made an unsuccessful bid for electoral office in Virginia, and then moved quickly back into the old fight. He became the point man for a grouping which was loudly arguing against the creation of an intelligence czar with cabinet level responsibilities. He argued with the same litany of attacks he had brought up in 1973: "CIA today contains elements competing with the National Security Agency . . . Air Force . . . Navy . . . State Department . . . DIA . . . and even with the FBI's domestic counterespionage and counter-subversion mission. CIA staff elements have an adversary relationship growing up between that agency and all others in intelligence."

Graham's call went unheeded for the time being when President Gerald Ford reorganized the CIA's power giving greater authority to its new director, George Bush.

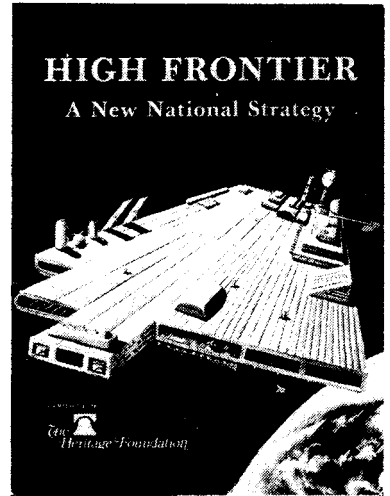
In an article written in 1979, Graham described his program—Schlesinger's program: "Neither the CIA nor the Pentagon nor any director of National Intelligence nor any single bureaucracy should have control over the analysis of the information the United States receives. . . [we must] decide that there should be more than one, and that both should have equal resources, and equal access to the nation's policy makers. This institution of competitive analysis might be achieved by strengthening the size, independence, and competence of the DIA, or by separating the analysis side of CIA from the Directorate of Operations, and then splitting it into the analytic agencies, each perhaps augmented by some of the assets which now belong to the DIA."

In layman's terms: Dismantle and cast to the wind the entire U.S. intelligence apparatus at the very moment that the Soviets were making decisive strides toward an unchallengeable first strike capability.

Under the 1977-80 Carter administration, Graham's proposal was activated with the notorious "Team A" versus "Team B" debate, a rigged rival evaluation study, pitting a selected crew of Kissinger and Schlesinger protégés, all wedded to the limited nuclear war doctrine, against the CIA's Strategic Estimates Group. The results were the predictable casting of a new level of fog over the strategic debacle being rigged by the Kissinger crowd—all to the delight of the Soviet high command.

Gen. Graham's 'High Frontier' of obsolescence

by Robert Gallagher



"High Frontier" is a revival of a 25-year old design for a space-based anti-ballistic missile defense, the Defense Advanced Research Projects Agency's (DARPA) 1958-64 Project Defender program, which proposed satellites armed with small rockets that would kill intercontinental ballistic missiles (ICBMs) with sprays of small pellets.

Unlike weapons using laser or particle beams, High Frontier's space rockets would not be able to travel fast enough to reliably intercept ballistic missiles in their boost phase. Thus a real defense of U.S. industry and population would be impossible in case of war—as High Frontier admits. The doctrine of deterrence or Mutually Assured Destruction (MAD), which Gen. Graham purports to oppose, would thus in fact be retained.

High Frontier space rockets would lumber so slowly that only 50 percent of their intercepts could occur during the critical boost phase of the trajectory of their ballistic missile targets. After the boost phase, which lasts only 200 seconds, the missile begins to disperse its multiple warheads, multiplying the number of targets. The missile's rocket engines turn off, making detection and tracking with High Frontier technology more difficult. Graham admits that his system would be vulnerable to Soviet ground-based or space-based directed-energy weapons.

The High Frontier Global Ballistic Missile Defense (GBMD) system would consist of hundreds of satellite "trucks," each armed with 40-45 small rockets, in circular orbit 300 nautical miles above the earth. Because of the long flight time to target, the trucks would have to guide the armed carrier vehicles to their intercept points. In a hypothetical engagement, a rocket would approach an ICBM and release its warhead that would home in on the target and spray pellets at the ICBM. This approach originated and was first tested against Titan I boosters under Project Defender.

High Frontier's proposal for point defense of silos by firings of swarms of 10,000 ten- to fifteen-inch-long projec-

tiles is also drawn from the obsolete Project Defender system.

Counterposed to Graham's High Frontier are the proposals circulated separately by Lyndon H. LaRouche, Jr. and Dr. Edward Teller, for development of anti-ballistic missile (ABM) systems based on directed-energy beam technologies. LaRouche stated that effective nuclear defense must be based on directed-energy technologies in order to confer the advantage in war-fighting upon the defense, over offensive ballistic missiles. Directed-energy beams have this advantage, since they deliver their destructive power at the speed of light. If a beam weapon system can "see" its missile target, the target is dead.

Yet General Graham opposes these beam technologies, and has argued for negligible funding for their research and development. He admits in the foreword to *High Frontier: A New National Strategy* that his proposal "may not be the best technical option available to us [emphasis in original]." He states that he knew directed-energy beam weapons were both technically possible and superior, and opted against them anyway: "Although I was convinced that spaceborne defenses, perhaps using beam weapon technology (lasers, etc.) are feasible, I was unable to conceptualize a system which could stand up to doubters." Another High Frontier official explained that they chose to abandon directed energy technologies because "there was no consensus in the scientific community that lasers could provide the basis of a system to deploy in six to seven years."

Working with the Heritage Foundation, Graham reduced his support of directed-energy weapons to a proposal for a meagre funding increase of \$100 million a year for a limited research and development program. But within less than a year of the February 1981 issuance of the High Frontier proposal, President Reagan had already increased the defense directed energy technologies budget by more than that amount, though funding remains far below the "crash program" required to build these systems rapidly.

New traps baited in Central America

by Carlos Wesley

The Central American situation has markedly deteriorated since President Reagan put Henry Kissinger in charge of U.S. policy for the region. The modus operandi of the Kissinger crowd is a step-by-step escalation and widening of the conflict, to decimate the population of the region—exactly the way Kissinger waged the Vietnam war.

The crisis is still being falsely cast in terms of an East-West confrontation, in order to divide Ibero-America and thus pre-empt the kind of unity on the debt issue that could force the adoption of policies for a true worldwide economic recovery. It is not the Soviets or Cubans who are pulling the strings of the leftist Sandinistas and Salvadoran guerrillas—and the rightists that are fighting them—but the nominally Catholic Jesuit order and related cults which control both factions in neo-colonial style, with the assistance of the Kissinger faction in the United States.

This is not to say that the Soviets have no complicity in the attempt at genocide against the people of Central America. Moscow's attitude toward the all-out destruction of the region was expressed by Soviet President Yuri Andropov in an April 25 interview with the German magazine *Der Spiegel*, in which he said that the United States could do whatever it chooses to countries in its sphere of interest—he specifically referred to Nicaragua—so long as the Soviets were allowed to have their way in theirs, i.e., Afghanistan.

Rio Treaty to draw in U.S.?

Under the threat of a cut-off of U.S. support unless they produce results soon, the anti-Sandinista rebels known as the "contras" have intensified their attacks against Nicaragua. On Oct. 4 they blew up an oil storage facility, the only source

of supply for the country's entire Atlantic coast.

The constant raids have pushed the Sandinista government into a flight-forward mood. At the end of September, Nicaragua's Defense Minister claimed the right of hot pursuit against rebel bases in neighboring Honduras—where close to 4,000 U.S. troops have been engaged in maneuvers that are scheduled to continue until the end of this year—and Costa Rica. The Nicaraguans admitted on Sept. 28 that their troops had fired against a Costa Rican border post.

Nicaraguan Defense Minister Daniel Ortega said last month that he is seeking combat airplanes from the Soviet Union, because the United States is not allowing Nicaragua to obtain them from Western countries. The introduction of Soviet MIG planes into Nicaragua, say U.S. officials, would be considered sufficient justification for a direct military intervention on the part of the United States.

The government of Costa Rica threatened Oct. 5 to invoke the Rio Treaty (TIAR) against Nicaragua in the event of further attacks against its territory. That would empower Costa Rica to call upon any member of the Organization of American States (OAS), including the United States, for military assistance—expanding the Central American conflict into an all-out regional war. U.S. ambassador to the OAS William Middendorf declared that Washington would fully back Costa Rica's invocation of TIAR.

Just before Kissinger took over the United States' policy making for Ibero-America in August, the Contadora Group had obtained the agreement of all the Central American countries—including Nicaragua—to expel their foreign military advisers and enter into non-aggression treaties with each other. They had also succeeded in getting the government of

El Salvador to sit down at the negotiating table with the rebels.

But those efforts have, so far, come to naught. The Salvadoran negotiations have collapsed. Now Henry Kissinger is escalating his work of destruction.

In a speech last June in Houston, Kissinger said that Mexico had to be made to understand that it would face problems unless it changed its policy toward Central America. In the last week of September, the International Monetary Fund reportedly told hard pressed-Mexico: either you cut off oil supplies to Nicaragua, or your own international loans will be cut off. Mexico, along with Venezuela, provides low-cost oil to Central American nations under the San José accord.

Condeca revived, Monge activated

In August, a few days after Kissinger took office as head of Reagan's Bipartisan Commission on Central America, the president of Guatemala, would-be ayatollah Efraín Ríos Montt, was overthrown and replaced by Gen. Oscar Mejía.

Whereas Montt had resisted efforts to involve Guatemala in the regional conflict, on Oct. 1 Mejía hosted a secret meeting of Condeca, the Central American Defense Council, an organization that for all practical purposes had ceased to function 14 years ago. The meeting was attended by the head of the United States' Southern Command, Gen. Paul Gorman, as well as by Gen. Gustavo Álvarez, El Salvador's minister of defense, and by the head of Panama's National Guard, Gen. Antonio Noriega, as an observer. A statement was issued pledging the member countries of Condeca to "the use of force" to fight off the "extra-territorial Marxist-Leninist aggression against Central America."

Meanwhile, in preparation for his tour of Central America this month, Kissinger arranged for AFL-CIO president Lane Kirkland, a member of his commission, to sponsor a Sept. 30-Oct. 2 meeting on "Threats to Democracy in Central America," in conjunction with the AFL-CIO's Florida convention. This meeting—which was co-sponsored by the Institute for Free Labor Development (the AFL-CIO's State Department-funded arm), Georgetown University, and the Social Democrats U.S.A.—included a strategy session between Kissinger and several of the State Department's assets in Latin America.

Among them was Costa Rican President Luís Monge, whose most notable achievement since taking power has been to officially turn over his nation's long-term policy making to the Aspen Institute, a leading Malthusian institution headed by Kissinger crony Robert O. Anderson of Atlantic-Richfield.

Monge let out the content of the Kirkland meeting when on Oct. 3 he cast aside Costa Rica's traditional stance, and declared that he agreed with Kissinger's view that the Central American conflict required a military solution. "We agree that a military solution by itself is not enough," he said, "but the military way is inevitable."

ETA-Basque terror role: the real exposé

by Herbert Quinde

The much publicized arrest of a Basque ETA terrorist in Costa Rica, deployed to assassinate top leaders of the anti-Sandinista "contras," is cynically being used to fuel the anti-communist fire by Henry Kissinger and George Shultz, who are intent on increasing the body count in Central America.

What is being papered over is the fact that the terrorist deployment reveals active collaboration between a division of the Nazi International's separatist movement—ETA advocates the violent separation of the Basque country from the nations of Spain and France—and the Jesuit-led Nicaraguan government, backed by Cuba and the U.S.S.R. The intelligence agencies involved in the revelations (particularly the Israeli operatives of organized crime-linked former Defense Minister Ariel Sharon, who have close ties to the Costa Rican government), know that the whole dirty story leads right back to some of the closest associates of Henry Kissinger.

On Sept. 14, Angel Edmondo Solano, the Costa Rican minister of public security, announced that an ETA plan had been uncovered to eliminate leaders of the anti-Sandinista group ARDE, including Eden Pastora and Alfonso Robelo. Solano stated they had discovered a "veritable spider's web" with "incredible" international ramifications. The analysis from numerous channels is that the ETA team was trained and deployed by the Nicaraguan interior ministry, which is using European terrorists unknown to Central American security agencies.

On Sept. 13, Dirección de Inteligencia y Seguridad agents had arrested Gregorio Jiménez Morales (alias "El Pistolas"), an ETA member since 1980, who confessed to heading a several-member hit team. According to reports, he was deployed by ETA to track ARDE leaders. In May of this year, he traveled from Brussels to Moscow, to Havana, and then to Managua, where he stayed until early August for training. Jiménez Morales reportedly confessed receiving military training in a camp named Bilsa near Managua, run by Cuban and Palestinian advisers.

Spanish interior ministry sources have revealed that at least 100 "ETArras" have been trained in Nicaragua in the past two years, the majority belonging to "aboveground" terrorists who were forced to flee Spain. ETA-Sandinista contact began before the fall of Nicaraguan dictator Somoza in 1979, and included ETA instruction of Sandinistas in the use of explosives during the civil war.

The smell of an orchestrated exposé surfaced when Israeli intelligence-connected Spanish sources began to put out the

line that Nicaragua has eclipsed Libya as a training camp for international terrorists.

Israeli intelligence, which commands the majority of "on-the-ground" information gathering for the United States in Central America, has long monitored the existence of Arab and European terrorist "international brigades" fighting with the Sandinistas and safehoused throughout the region. The Sandinista army includes Polisarios, Libyans, Palestinians, Granadans, Cubans, Russians, and East Germans.

But the lucrative arms traffic in Central America servicing both sides is in the hands of intimates of Henry Kissinger. One of these is Ariel Sharon; also involved is Arnold and Porter, the law firm of Henry's "consulting business," Kissinger Associates. According to Mexican government sources, the "international brigades" are armed through shipments of Uzi machine pistols among other weapons originating in Tel Aviv, passing through Costa Rica and Nicaragua, and finally into Pacific ports in southern Mexico. And law-enforcement authorities have known for a long time that ETA uses Costa Rica as a base for the arms-for-dope trade.

Team International: the Nazi/Communist connection

Nevertheless, the "spider's web" discovered by Costa Rican authorities did not include mention of Team International. Directed by Sami Al-Banna, the nephew of Palestinian terror kingpin Abu Nidal, Team International is a reorganized network of Arab, European, and American terrorists which demonstrates the collaboration between the Nazi International, the Russian KGB.

The American Indian Movement (AIM), named by Spanish sources as under investigation in the ETA/Sandinista connection, is a case in point. The Spanish daily *ABC* reported that U.S. intelligence agencies had made aerial reconnaissance flights over Nicaragua because of concern over reports that AIM members were being trained in terrorist camps to be deployed in the United States.

In fact, the International Indian Treaty Council (IITC), an affiliate of AIM, has been an official adviser to the Sandinista government. William Means, brother of AIM leader Russell Means, is the executive director of IITC offices in New York City. The Means family is infamous for its participation in the Wounded Knee incident which left two U.S. federal law-enforcement officers dead. The IITC also collaborates with the radical PLO faction funded by Libya's Qaddafi.

AIM and IITC personnel include lawyers who function as "diplomatic couriers" between separatist groups controlled by the Nazi International. Johnny Mohawk, AIM leader and editor of *Akwesasne Notes*, is a board member of the Nazi International's West German-based Society for Endangered Peoples. For many years, he and other AIM operatives have maintained relations with Herri Batasuna, the political front man for ETA.

Something is rotten in

by Cincinnatus

There was something very rotten in the state of Denmark the week of Sept. 5. Since Olof Palme—who's the social-democratic prime minister of Sweden—happens to be about as popular with some Danes as a bushel of snakes at a church social, Palme's official visit to Copenhagen was not entirely a happy one. One of the local evening daily newspapers ran a story about Olof's Nazi uncle—the one who headed up I. G. Farben operations at the Auschwitz concentration-camp. Palme had a hopping-mad fit right then and there. You might have thought someone had mentioned the name "LaRouche" to him.

Naturally, as the monkey said to Darwin, we mustn't necessarily judge a fellow by his relatives. I'd say that this Olof is one of the cases we'd have to make an exception to that general rule. Right off, looking up the branches of Palme's family-tree, there's this Nazi uncle on one branch and that cousin R. Palme-Dutt, who used to be a high mucky-muck with the British Communists and Moscow. The reason so many Danes and Norwegians hate this critter Olof so much is not just that Olof runs pretty much with the same crowd as Henry Kissinger; they consider Olof out-and-out pretty much a Soviet tool. When one social democrat considers another social democrat a Moscow tool, you've just got to pay attention to the facts involved. Then, at the same time, there's this Dr. Per Engdahl from Malmö, Sweden, who's head of the Nazi International in that neck of the woods. Dr. Engdahl, who knows Palme personally, says Olof's a genuine fascist, and points pretty convincingly to the program of the Social Democratic party in Sweden to prove the point.

Around Europe, there are a lot of fellows the intelligence services have listed as "Nazi Communists." These are fellows with Nazi pasts, some still connected to François Genoud's Nazi International, who are also working with the Soviet KGB against the United States. Some of these fellows are social democrats, others are key figures in the anti-nuclear-energy and peace movements in Europe, some run around in burnooses and call themselves something like Sheikh Achmed von Schicklgruber. I won't go into all of that here. I'll just tell you a few key facts about Olof's connection to

the state of Denmark

this Nazi uncle of his, and let you think about it for yourself.

It's a long story, with a long list of who begat whom, as you'd expect from a Russian aristocratic family like Palme's. I'll cut it all down to a few of the most essential points, and perhaps tell you some of the rest another time.

Sven Olof Joakim Palme (that's his full name, according to the official records) was born in 1927 to a couple called Gunnar Palme and Elizabeth von Knieriem Palme. Keep your eye on that mother's maiden name, "von Knieriem" (Russian: "Knirim"). We don't have the date of the father's birth handy in our dossier, but we know that he died in 1933, that he was an official with a Swedish insurance firm, and had married his wife in Freiburg, Germany, in 1916, when he was a medical student. There are two other children besides Olof listed. One, Johan Claes Woldemar Palme, was born in 1917; he's a major attorney in Sweden today, and handles a lot of legal claims for the Soviet government. There was also an older sister, Chatarina, who married a fellow called Professor Ake Nilsen.

Although the mother, Elizabeth, was never linked to actually Nazi circles (and there are a good number in Sweden), she was active in right-wing circles generally during the old days, and lived on to 1972, according to our reports.

As we said, Olof's father died in 1933, when Olof was six. His mother took the family to her grandfather's baronial estate in Latvia, an estate called Skangal, about seventy miles northeast of Riga. Olof's uncle, Johann August von Knieriem, the I. G. Farben Nazi official linked up with the 1940s Auschwitz operations, became pretty much a second father to the two Palme boys, up to the time Mrs. Palme scooted back to Sweden in 1939.

This uncle, earlier, had moved temporarily to Berlin, where he married into a family of major stockholders of the BASF firm, and began his career with the firm as legal counsel in 1923. BASF was one of the firms which merged to form the I. G. Farben famous during the Nazi period, and Uncle August, as the Palme boys called him, became a high official with I. G. Farben and a big mucky-muck inside the Nazi Party. Uncle August was a key figure in I. G. Farben's



Olof Palme in Washington, D.C.

NSIPS/Stan Ezrol

Auschwitz operations, and, according to Nuremberg Trial records, was one of the two high-ranking Farben officials to make personal inspections of the concentration-camp during the time worn-out slaves were being sent up the smokestack there. You begin to see why Olof was so hopping-mad at that Danish evening newspaper for bringing up this Uncle August.

Farben's investment in Auschwitz was the biggest investment made in slave-labor operations there, and one of the biggest investments in such activities made by any German firm during the Nazi period. If you wish to look up the details, you could read Joseph Borkin's *The Crime and Punishment of I.G. Farben* (1976), or Tom Bower's *Blind Eye to Murder* (1981). For example, those of you who read about Allen Dulles and his Nazi buddies will be interested to know that SS General Karl Wolff was a key figure in Farben's deals with the Nazi officials running Auschwitz. According to the records, a healthy fellow brought into Auschwitz would survive doing hard labor for Farben (on a starvation-diet) for about three months, before the worn-out slave was sent back to Auschwitz for gassing and cremation. Reports say Farben paid between three and four marks a day for adult slaves, and

about one-and-half marks for child slave-labor.

Uncle August was on top of this dirty business, and turned up in the dock at Nuremberg after the war quite naturally enough. Uncle August got off, even though it was proven during the trial that Uncle August knew exactly what sort of business he was up to his neck in. The Nuremberg prosecutor, Judge Hebert, was disgusted at what he considered a massive miscarriage of justice, and there was a lot of talk about covering-up secret Farben deals involving Standard Oil and GAF, as well as the deal, later, with some top Swiss bankers close to the Nazis. You could ask to look into the archives of Thurman Arnold, who was head of the Anti-Trust Division of the Department of Justice during some of that time. That's the same Arnold who co-founded the big Washington law-firm of Arnold and Porter, and who helped steer the left-wing Institute for Policy Studies back during the 1960s.

The trouble is, Olof's Uncle August didn't do anything which ought to surprise a fellow who'd looked into the von Knieriem family tree.

The von Knieriem family is a prominent part of that collection of so-called Baltic Germans who served the Russian czars from before the time of Napoleon Bonaparte into World War I. This was the circle which produced the Nazi philosopher (if you'd call him that) Alfred Rosenberg. In fact, Rosenberg was educated under the direction of members of the von Knieriem family and the crowd around them, and was a top Nazi occupation-official in charge of the part of the Nazi apparatus with which Uncle August worked directly during the Auschwitz time. This Rosenberg had been a pupil of Olof's grandfather, Woldemar von Knieriem, and of another Palme relation, Eduard Kupffer, and also of a crony of Grandfather Woldemar's, a fellow called Wilhelm von Ruediger. This von Ruediger is a relative of the present-day Aleksei von Ruediger, today a chancellor of the Moscow Patriarchate of the Russian Orthodox Church—which means a top Soviet KGB official.

There is nothing accidental about the von Knieriem family's connections to Alfred Rosenberg. From about 1915, when Rosenberg began picking upon Dostoevsky's racial theories and anti-semitism from around the Riga circles of the von Knieriem, and studying the Bolsheviks in Moscow later (before turning up with these anti-semitic, Dostoevskian ideas in Bavaria), what Rosenberg was adopting was pretty much standard stuff in those Riga circles of German Balts saturated with Russian cultural dogmas. You could say pretty accurately that Dostoevsky is the Russian version of Friedrich Nietzsche; moreover, it was peddlers of Dostoevsky in Germany, like Berlin's Moeller van den Bruck, who cooked up the idea of a Nazi Third Reich from studying Dostoevsky's demands for a Third Roman Empire to be ruled by Russia.

Olof Palme isn't just some fellow with the misfortune to have a critter like Uncle August up his family tree. The family

is saturated with that kind of tradition, including tradition of services to the Russian states. Olof may not agree with Uncle August on each particular point of what Uncle August did, but what he pushes as head of Sweden's social-democracy is pretty fascist stuff, as Dr. Per Engdahl (*EIR*, May 25, 1982) insists, a Swedish version of such Russian fellows as Tolstoy, Dostoevsky, and Berdyaev.

Just a few of the begats to complete the general picture.

Although the von Knieriems were in the Russian civil service as far back as the eighteenth century, the first of the family known to enter the Russian nobility proper was Johann Melchior von Knieriem, who was made a member of the hereditary Russian nobility in 1814. In 1845, the von Knieriems were given a big hereditary baronial estate at a place called Muremoise, called Murmuize in the local Latvian language. Later, they were given another hereditary estate about six or seven miles south of Muremoise, called Skangal, the hereditary estate of Olof's grandfather and mother, where Olof was raised from 1933 until the family scooted out in the nick of time in 1939.

To give you some idea of the importance of this family in the Russian service (not counting Olof's own connections more recently), here are a few samples of Olof's immediate ancestors from the Russian Imperial Encyclopedic Dictionary and such sources:

Aleksandr Aleksandrovich Knieriem, born in 1837, became one of the highest officials in the czarist judicial system, famous in his time as the Russian translator of Jeremy Bentham's writings on law, which are pretty evil stuff in their own right.

Yegor' Ivanovich Knieriem, born in 1807, was professor of German at Moscow University.

Ivan Fyodorovich Knieriem, died in 1882, was another high-ranking official in the czarist judicial and criminal-justice system, which means very close to the predecessor of the present-day Soviet KGB, the Okhrana.

Then, there was Olof's grandfather, **Johann Karl Woldemar von Knieriem**, the owner of the Skangal estate, born in 1849 at Muremoise, then the part of the Russian imperial province of Livonia. His second marriage, in 1885, was to Elisabeth Kupffer. Like most of his family, and like Olof's older brother, he first took up the study of law, but switched to polytechnical tracks, and was rector of the polytechnic at Riga and, during World War I, at Moscow. From 1915 until Rosenberg's move to Bavaria, Rosenberg was in the orbit of this von Knieriem and his circle. The old fellow died in 1935. It is not presently known to us whether Woldemar had any other children besides Elisabeth, the mother of Olof Palme. Technically, this makes Olof's older brother, the Soviets' lawyer in Sweden, the heir of the estate and implicitly a hereditary official of the Russian service, and Olof his brother's heir-apparent to those titles. A typical Swedish social-democratic leader.

Is Druze separatism a precedent?

by Our Correspondent

“Not an entirely unexpected development,” was the reaction of U.S. Mideast negotiator Robert MacFarlane to Lebanese Druze leader Walid Jumblatt’s announcement over the weekend of Oct. 1 that he was forming a separate administration for Druze-controlled territory in the Chouf mountains of Lebanon.

Jumblatt denied that his move is a break with the beleaguered Lebanese state, asserting that he is merely taking over the reins of civil administration until such time as a central authority is restored. But defections of Druze troops from the Lebanese national army, the establishment of control points on access roads into the Chouf, and other actions of separation, belie his words. Jumblatt’s move is the spearhead of a renewed assault on the 1943 agreement between rival political and religious factions which has been the basis of the modern Lebanese nation—an assault that threatens to plunge that bloodied nation back into civil war and partition.

But the development of an autonomous Druze entity is not a matter of concern for Lebanon alone. The Lebanese Druze are establishing the precedent-setting moves for religious and ethnic separatist ferment which is being encouraged all over the Mideast. Readers of this publication will be aware of such strategic designs in the name of, variously, the Bernard Lewis Plan, an intelligence gamemasters’ strategic plan to break up the nations from the Indian subcontinent through to the Atlantic coast of north Africa into a bloody patchwork quilt of competing religious, ethnic and tribal entities—which is the same in intent as the strategic approach Jimmy Carter’s National Security Adviser Zbigniew Brezinski used to call “the Arc of Crisis.” Now this approach is deployed against the United States.

Jumblatt’s Druze, along with their allies in factions of Lebanon’s Shiite community backed by Iran’s Ayatollah Khomeini, are leading the fight to drive U.S. peacekeeping forces out of the country, and out of the region. Their efforts are backed by Russian Islamic political warfare specialists, their allies such as Henry Kissinger in the United States, and the faction associated with Ariel Sharon in Israel.

Jumblatt’s move was immediately greeted by Yitzhak Shamir, Israel’s incoming Prime Minister, and by Yuval

Neeman, member of the Pugwash circuits which have spread nuclear weapons technology to Libya and Pakistan. Shamir praised the “excellent relations” that exist between Israel and the Druzes.

Shamir and Neeman express the kind of thinking represented by the World Zionist Organization’s Oded Ninon in his recent paper, *A Strategy for Israel in the 1980’s*. “The West led by the United States is unable to withstand the global pressures of the U.S.S.R. throughout the world, and Israel must therefore stand alone.” By, Ninon recommends, acting to break up each of the states of the Arab world into the elements sociologists, anthropologists, and so forth define as the constituent religious and ethnic parts. “All Arab states east of Israel are torn apart, broken up and riddled with inner conflict, even more than those of the Maghreb. Syria is fundamentally no different than Lebanon except in the strong military regime which rules it. . . . This national ethnic minority picture, extending from Morocco to India and from Somalia to Turkey points to the absence of stability and a rapid degeneration in the entire region. . . . The entire region is built like a house of cards, unable to withstand its severe problems.

Soviets support separatism across West Asia

While the Soviets are supporting the Druze breakaway in Lebanon, along with their cronies in Israel, they are also preparing major moves in the area of the Persian Gulf, again on the same separatist profile. Such Soviet actions are run through the Institute of Oriental Studies of Yevgenii Primakov, whose magazine *Asia and Africa Today* has just endorsed what it calls “autonomy” for the Baluchi populations of Pakistan.

MacFarlane, a former member of Henry Kissinger’s National Security Council staff, is not exactly a stranger to the development of these plans. He implemented what has been euphemistically called the current ceasefire in Lebanon to further such plans for Kissinger, who now speaks of his high regard for Syria’s President, Soviet leasee Hafez Assad, while working for a further undermining of U.S. influence in the area.

Sacrificing the Lebanese government to centrifugal tendencies inside the country, encouraged from the Soviet Union, Israel and treacherous elements within the United States, will add momentum to such centrifugal tendencies throughout the area. At this point the beleaguered U.S. marine force at Beirut airport is the only obstacle to the plan on the ground. At stake is not only the integrity of Lebanon, or the U.S. position in Lebanon, but the U.S. position in the Middle East as a whole.

If the policy is not corrected, the U.S. position will be destroyed in the Middle East for the rest of the century, say Lebanese insiders loyal to the 1943 agreement which provided the basis for their state.

Saudi Arabia: a generation beyond the Dark Ages

by Gail G. Kay

“Saudi Arabia in the Year 2023” is the title Lyndon LaRouche has given to his proposal to invest Saudi Arabia’s oil wealth in projects that would turn the Arabian peninsula and areas in Egypt and the Sudan into centerpieces of global development. LaRouche’s proposal is the subject of an *EIR* Special Report released in June 1983.

In his report, LaRouche calls on the Saudis to look beyond their dependence on oil, to develop those resources the country lacks most. The task for the entire Arab world over the next four decades will be the greening of the desert; the second is the creation of a scientific elite, so that Saudi Arabia and neighboring nations become exporters of some of the most advanced science and technology in the world.

To accomplish the latter task, LaRouche proposes the creation of a “science-city” modeled on the Ecole Polytechnique of Lazare Carnot, which will be the center of an agro-industrial complex comprising both producing industries and experimental facilities.

The first week of September 1983, I visited Saudi Arabia and saw first-hand what the prospects for LaRouche’s proposal might be. What I saw can only be described as one of the most astounding and contradictory stories of the 20th century.

First and lasting impressions

My introduction to Saudi Arabia was a flight down the Arabian Gulf coast from Jubail to Dhahran. The Gulf coast is the heart of the Saudi oil industry; it is a spectacular testament to a process that in one generation has brought Saudi Arabia out of the 18th century—in economic terms. Culturally, little has changed.

Jubail is one of two city-building projects at the center of the third Saudi five-year plan. By the end of the 1980s, \$50 billion will have been invested to make Jubail “the industrial capital of the Middle East.” From the air, it looks like an artist’s schematic diagram, with its harbor built 7 kilometers into the green waters of the Gulf.

Down the coast is a major electric-generating complex, each of whose two plants produces enough electricity for the city of Kansas City. Next is the computerized container port

of Dammam, and then Ras Tanura, home of the largest oil refinery in the world.

Then I stepped into the airport at Dhahran. I was immediately reminded that this industrializing nation is simultaneously a conservative Muslim religious state.

The annual *Hajj* to Mecca was just beginning, and early pilgrims from Bahrain, an island 25 miles offshore, were trickling through the airport. The women were covered from head to foot, and veiled. Among the men, the *ghutra* and *iqal*, the familiar headcloth with double-coiled rope, and the *thawb*, a loose-fitting, ankle-length shirt, though by no means universal, are very common. A corner of the airport is set aside with prayer rugs for the faithful to make their five-times-daily devotions.

Just outside the airport, you are confronted by a six-lane superhighway very much like the New Jersey Turnpike and with about the same volume of industrial traffic, which runs the length of the Arabian Gulf, from Kuwait to Qatar and beyond.

My first impression was confirmed as I began to look into the recent history of the country. The rate of change that has taken place in Saudi Arabia in 35 years, little more than my own lifetime, was almost beyond belief.

At the turn of the century, Saudi Arabia did not exist as a nation. Rather there were desert tribes scattered throughout the peninsula, and a trade-based oligarchy along the Red Sea coast largely living off taxes on pilgrims to the Muslim holy sites in Mecca and Medina. Nominally the peninsula was part of the Ottoman Empire, but with the possible exception of the Red Sea trading areas, it had little if any exposure to European civilization.

In the fall of 1901, Abdul-Aziz ibn Abdul-Rhman al Faisal al Saud, later King Ibn Saud, heir to a royal house in exile, rode out of the desert with 40 men mounted on camels and proceeded to wage Bedouin tribal warfare to regain his hereditary title. Approximately 30 years later, in 1932, he had unified the tribes of the peninsula under his leadership by means of war and marriage, renaming the country the Kingdom of Saudi Arabia.

Since the mid-18th century, the House of Saud has been

the politico-military arm of the Muslim fundamentalist Wahhabi sect. Heads of the family were Imams, or religious leaders, of a sect that believed that all objects of worship other than God himself are false, and that those who so worship are deserving of death, be they infidel or muslim. Furthermore, the sect held that true knowledge was based solely on the Koran, and the Sunna—the sayings and manner of life of the Prophet.

This last dictum led in Ibn Saud's early days to repeated fights with religious leaders over the introduction of such infidel inventions as cars, telephones, radio, and aircraft. It provided the religious justification for banning science, music, and the arts from court life.

In line with the puritanical bent of Wahhabism, the House of Saud prohibited smoking, drinking, and personal finery—Saudi Arabia is still a dry country. It did allow its followers to take four wives at any one time, provided each is treated equally, and divorce was instantaneous—an option of which Ibn Saud availed himself such that by his death in 1953 he had had 300 wives!

Enter the 20th century

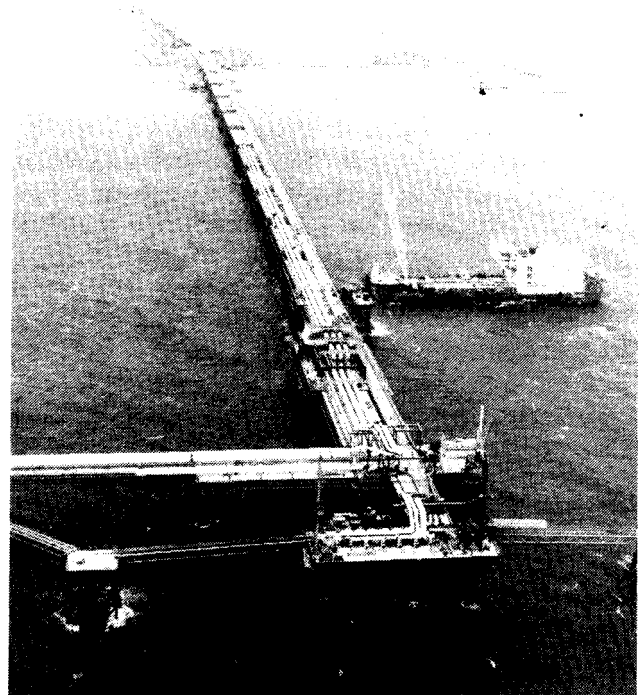
Oil was first struck in commercially significant quantities in the late 1930s, but World War II interrupted its development. Until the oil revenues began to flow in the late 1940s and early 1950s, national revenue in the kingdom depended upon proceeds from the dates of the oases, taxes on religious pilgrims, and whatever subsidies Ibn Saud could wrench from the British to pursue his tribal warfare against pro-Turkish tribes. As late as 1953, there was no government and no banking system. In that year, the last of his reign, King Ibn Saud called for the creation of a Council of Ministers. Slavery was not declared illegal in Saudi Arabia until 1962, well after his death.

In 1950, average daily crude oil production in Saudi Arabia was about half a million barrels per day. It doubled by 1958, again by 1965, again by 1970, and again by 1974. In 1980, its peak year, (due in part to Saudi efforts to compensate for the loss of Iranian oil thanks to Khomeini), production hit 10 million barrels per day.

The two most important problems to be solved in developing Saudi oil were building an industrial infrastructure and creating a skilled labor force. The first two five-year plans, largely under the direction of King Faisal, saw \$280 billion invested to that end.

City-builders in the second generation

The nation of Saudi Arabia is almost as large as the entire continent of Western Europe, or approximately one-fourth the size of the United States. Its population is only 6 million; labor has always been in short supply. A major part of the industrial workforce today is contract labor, hired in the tens of thousands for one-, two-, and three-year contracts from such nations as Pakistan, India, the Philippines, Thailand, and Korea.



Building the seawater pumphouse at the oil and gas refining center at Yanbu on the Red Sea.

Royal Commission for Jubail and Yanbu Annual Report 1980-81

In the 30 years since the death of Ibn Saud, an entire generation of Saudis, including women, have received training and advanced education such that in the next decade they will run the nation's largest industry. The rate of that process is astounding. From 1953 to 1963, skilled Saudi workers for Aramco, the American-led consortium of oil companies working in partnership with the Saudi government, rose from 9 percent to 57 percent; by 1980, over 45 percent of the management and supervisory positions of Aramco were held by Saudis, many of whom today hold multiple graduate degrees from the top universities in the United States and United Kingdom.

Saudi Arabia is now at the midpoint of its third Five-Year Development Plan, slated for completion in 1985. The centerpiece of the plan is a city-building project, focused on the ports of Jubail on the Arabian Gulf and Yanbu on the Red Sea. The Saudis intend to use these two polls of development to transform the peninsula and the Arab world. The overall aim is to make Saudi Arabia less dependent on oil by building primary industries.

In 1977, when the project started, Jubail was an 8,000-person fishing village on the Arabian coast; Yanbu was a decaying rest-stop for the camel caravans and religious pilgrims on the Red Sea. By the end of 1982, the population of

the two cities combined had passed 70,000.

Now, Yanbu will be home to six industrial projects: a crude oil export terminal, a natural gas liquid fractionation plant, three oil refineries, and a petrochemical complex.

Jubail will have an 800,000-ton-a-year steel plant—which will reduce by 50 percent Saudi Arabia's imports of reinforcement bars and wire rod for building—and a plant to produce 500,000 tons a year of nitrogenous fertilizer, most of which will be available for export to the rest of the Middle East. Chemicals will play the biggest role in Jubail's exports: four petrochemical complexes will produce nearly 4.5 million tons of chemicals a year. In addition, there will be two refineries.

Connecting the twin cities is a 1.5 million barrel oil pipeline that gives Saudi Arabia a desperately needed back door to the Mediterranean and Western Europe.

In line with this city-building project, great emphasis is being placed on education. In the next generation, the Saudis want scientists where today they have oil technicians and managers. King Saud University in Riyadh is slated for \$1 billion in investment, much of it in the sciences, such as theoretical physics. The thinking behind both the Jubail-Yanbu city-building project and the expansion of King Saud University is motivated by a desire to build the "biggest and the best" of their kind in the Muslim world.

That type of thinking, an American brand of "great projects," has dominated Saudi development since the end of the Second World War, and is the essential ingredient that has built a national economy in one generation. It has not yet, however, transformed a culture that in many respects has not changed since the mid-18th century.

Fundamentalist pressures

As a woman, I was quickly made aware of the proper code of conduct. Inside the Aramco camps, dress is casual but discreet. (Even though the temperature stayed about 105°F, I do not recall seeing any women wearing shorts and sleeveless blouses in public.) Outside the camp, there is an unspoken rule that Western women respect the Muslim code; that is, while not adopting the veil, they are fully covered, wearing floor-length skirts and long-sleeved blouses. Among Western women who live outside the oil camps, it is not uncommon to wear the abayah, an all-concealing floor-length cloak which the Muslim women pull over their heads. In some public buses, women ride in a glass-enclosed section at the back of the bus.

Much of this is not new in Saudi Arabia, although I was led to believe that the last five to six years has seen a marked increase in the enforced restrictions. Two factors have contributed most to this: 1) the impact throughout the Middle East of the fundamentalist Khomeini revolution in Iran and 2) the seizure of the holy mosque in Mecca in November 1979 by religious fanatics. In a country where political power is still shaped by deals with the religious leadership, the

government has had to make concessions under the pressure of these events.

The week before I arrived in Saudi Arabia, it was announced that Saudi women would no longer be allowed to leave the country for higher education. When I returned to New York, I was told that the government had successfully resisted pressures from the religious leadership to enforce the wearing of veils inside the oil camps. I was also told that the religious police had on occasion punished women who were not properly covered by painting their legs green.

Also, the religious dictum that the faithful must pray five times a day is strictly enforced. Businesses literally shut down for one-half to three-quarters of an hour.

The effect of all this on the morale of the population, particularly the oil-boom generation, is reflected in the stories about students and business people returning to Saudi Arabia. As their plane approaches its Saudi destination, passengers retire to the restrooms to change from designer jeans to the *thawb* and *abayeh*. Many who have the money to do so, and there is a lot of money, spend a good deal of time out of the country. Stories of wild and opulent living in the West, especially by members of the royal family, are well known.

Finally, one is never very far away from the war zone anywhere in the Middle East.

A mere three hours outside of Dhahran, my plane crossed the Bekaa valley in northern Lebanon, and although a ceasefire was in effect, smoke could still be seen along the horizon line over Beirut. In the afternoons in Dhahran, Saudi F5s and F15s would take off almost daily for maneuvers somewhere in the region. The highway leading to and in the immediate vicinity of the Ras Tanura refinery is studded with anti-aircraft emplacements.

In recent months, sea mines have drifted into the Arabian coastal waters from the Iran-Iraq war zone. Mines have exploded on the beaches and offshore in areas of important Saudi offshore oil projects. As yet no damage has been reported; the damage will come when the Iranians shut down oil traffic in the Gulf, a situation which many analysts think is simply a question of time.

After the oil

When I left Saudi Arabia, I was filled with a tremendous sense of excitement at what has been accomplished; at the same time I had a sense of how fragile those accomplishments are.

Saudi Arabia is a religious fundamentalist monarchy sitting in the middle of a war zone—the shooting wars of Lebanon and just across the gulf between Iran and Iraq, and the cultural onslaught from Libya to Khomeini's Iran to turn the entire Middle East back to fundamentalism.

In a little over 30 years, Saudi Arabia has built a national economy. In the next 30 years it must draw on the skilled labor force of this oil-boom generation to create a citizenry that will defend those accomplishments.

A 40-year plan to develop the Arab world

by Judith Wyer

The decade of the 1980s will most likely offer the Arab world the last opportunity to overcome persistent backwardness and poverty which is at the root of the turmoil in the region. *EIR* has just published a lengthy study by Democratic presidential candidate Lyndon H. LaRouche entitled *Saudi Arabia in the Year 2023*, which provides a methodological framework for Arab development, which LaRouche's economics staff will apply to writing a detailed economic program for the region. LaRouche applies his groundbreaking LaRouche-Riemann economic model to formulating a plan "for an Arab world so interdependent, that no economist can consider competently the sovereign interests of any one Arab state without studying the political and economic interdependence of that world as a whole," to quote LaRouche's introduction.

A thousand years have passed since the great Renaissance of the Middle East and North Africa. Since then a stultifying poverty has been imposed by British, Venetian, and Dutch colonialists, and the Ottoman Empire. Today, oil wealth offers a chance to reclaim the greatness of the Arabic-speaking world's Renaissance heritage. But that wealth is already diminishing. Therefore, LaRouche urges that the Arab states unify into a common market as the only efficient means to achieve integrated agricultural and industrial growth in the 1980s.

Recently returned from a tour of Southeast Asia and Japan, Mr. LaRouche proposed a bold development approach to the Pacific Basin, based on selected great infrastructural projects—an approach publicly endorsed by Egyptian President Hosni Mubarak earlier this year. In this context, LaRouche locates the role of the Arab world both as investors in Asian development, and moreover as the economic bridge to Africa.

"Excepting Lebanon and Syria, the entire region east of the Libyan desert orbits around the massively populated Asian subcontinent. The stability, growing prosperity, and peace, of the region of Pakistan, India, Sri Lanka, and Bangladesh, is the most vital strategic economic interest of this entire, combined region, of Arab and black African states east of the Libyan desert. It is therefore also the vital strategic interest of the Arab world as a whole," writes LaRouche.

Among the mega-projects he mandates, is a canal connecting the Nile to the Red Sea, to hasten trade between Africa and the East. The construction of the west-east lines

of trade and communication within the Arab world, including a railway system across Africa, is long overdue. LaRouche foresees the development of Africa south of the Sahel as linked to increased South Atlantic trade with Brazil and the Rio de la Plata complex, thereby establishing the basis for commerce between all of the nations of the South—from Asia through Africa, to Latin America.

This west-east railway "spine" is to traverse the Sahel as part of an integrated plan for greening the Sahara. For the entire expanse from the Maghreb to the Persian Gulf, LaRouche outlines a series of projects of land reclamation coupled with large-scale desalination projects. Here he calls for research and development of nuclear and directed-energy technologies to cheapen the costs of mass-applied desalination.

For the Arab there is no greater development priority than overcoming the historic problem of lack of arable land, not only because it constrains agriculture, but more critically because the predominance of desert lands restricts the growth of the population. Nowhere is this more visible today than in Egypt, which is undergoing a frantic race to reclaim land as its population grows.

Developing capital of mind

LaRouche provides a thorough historical overview of the genesis of his economic method, locating it in the tradition of political economy associated with the Fathers of the American Revolution—traceable from Plato to the court of Caliph Haroun Al-Rashid and the 15th century European Renaissance.

This tradition of statecraft and science views the development of the mind—labor power—as fundamental to economic growth. LaRouche emphasizes that although Saudi Arabia and other Arab states are blessed with vast oil resources, their ultimate wealth will be measured by the levels of culture and education of future generations.

In the final section of his study, *The Social Composition of Development*, LaRouche presents his most detailed elaboration to date of how to use the LaRouche-Reimann model to measure the increase in "relative population density." This provides a means for determining the rate of growth of a population's mastery over technology—the very foundation of economic development, since it is new technologies which constantly redefine natural resources.

LaRouche concludes by calling for the creation of a "science city" in Saudi Arabia to become the center of scientific education for the entire Arab world, to create the scientists and technicians needed to shift national wealth away from oil and other raw materials to the innovation of new technologies and unlimited national wealth.

Saudi Arabia in the Year 2023 is available from *EIR* for \$100. Contact William Engdahl, 304 W. 58th Street fifth floor, New York, New York 10019, (212) 247-8820 or (800) 223-5594 x818.

‘Opposition to beam weapons comes from the lack of military culture’

The Italian Undersecretary of Defense, Hon. Bartolomeo Ciccardini, granted the following interview to Paolo Vitali and Giuseppe Filippini of Executive Intelligence Review in Rome on Sept. 24. In it the defense official concurs with recent statements by high-ranking Italian military officers, including Gen. Gianfranco Farotti, who described beam weapons as “the basis for arriving at . . . universal peace” in an eight-page article in the Armed Forces journal, Rivista Militare. Farotti is head of procurement for the Italian Armed Forces. In addition, Gen. Giulio Macri (Ret.), former candidate for the Italian Parliament and one of Italy’s top experts in advanced-technology weaponry, praised President Reagan’s call for development of beam weapons in the September issue of the widely circulated Italian weekly, Gente. Macri was interviewed on the same theme in EIR last June.

EIR: How do you assess the projected new antimissile defensive system proposed by President Reagan last March 23?

Ciccardini: I am not a technician or scientist; I speak as a politician. I prefer the equilibrium of the shield to that of the lance; it is a defensive equilibrium, which is safer and can appeal to good faith. It is not a constant race like that of missiles against missiles.

I therefore advocate a political decision which would accentuate replacing the nuclear deterrent with systems that guarantee defense.

Is a laser shield perfect? It is still difficult to say, but every step in this direction is right. I find ridiculous the attempt to ridicule the American President’s proposal by calling it science fiction or “star wars.”

EIR: There is a debate in the United States initiated by Democratic Party spokesman Lyndon LaRouche, on the need for a crash program to build these defensive systems which would produce a fundamental impact on the world civilian economy. This position has been recently taken up again in

Italy by Generals Macri and Farotti. What is your view?

Ciccardini: I speak for a certain tendency. I am convinced that defense represents an important lever for technological advancement which can be re-utilized in civilian life. I will give an example. Today in Italy we would not have an aeronautics industry with very advanced aircraft construction, nor specialized skills, nor even a national airline, had there not been previous technological development and research carried out by the air force.

We too must take part in these new technological developments. To give another example, I would like to recall that on the international level we contributed significant parts for the Tornado. We should not only be happy therefore with technological developments and the “spinoffs” into the economy, as has taken place through the American National Aeronautics and Space Administration (NASA); it is also important to reshape our research programs to participate with our specialized capabilities in similar great projects undertaken together with friendly countries.

We can do good things in Italy. To accept the new strategic defense policy means also spending money in order to share later in the results.

EIR: President Reagan and Defense Secretary Weinberger since last March have offered the Soviet Union the possibility of joint development of these new defense systems. Hence the bad faith of Soviet attacks on the new American strategy is evident. How should one evaluate this attitude?

Ciccardini: The superiority, the defensive guarantee of the shield compared to the lance lies precisely in this, that to prove one’s own good faith, one of the sides can offer the shield to the other: “Let’s make ourselves equal.”

This can contribute to lowering the psychological resistance of the adversary, something which with missiles is impossible. All the sarcasm, in our country and elsewhere, about “star wars,” as if this led to an increase in the danger

of war, is due to a lack of military culture which afflicts the political and intellectual world.

These new defensive systems represent real progress in relation to the present extremely dangerous strategic situation. They represent a change in mentality. We must favor the defensive attitude rather than the policy of deterrence.

Once the deterrent is used it is finished—once the deterrent is fired, it is no longer a deterrent. It is strange how persons who ought to have been very happy about this new defensive possibility have instead described President Reagan as a cowboy in a science fiction film.

EIR: What is being done in Italy in this direction?

Ciccardini: There is also theoretical work in Italy, but no decisive programs yet. There is a debate in our country on the validity of possible defenses. From a strategic standpoint we must understand that Italy is also important for the southern flank, not just because of the frontier at Gorizia [Italy's last outpost at the border with Yugoslavia], and therefore the image of a tank battle in the Po valley fought with nuclear bombs is not the only possible scenario.

I repeat that we need a reinforcement of the defensive approach with respect to the deterrent, for which reason we need a more effective defense not just in Northern Italy, but also on the southern front, and in particular we need defensive

projects that could function as an antimissile or anti-aircraft shield even in the southern part of the country.

It is no accident that today the radar and interception network is more important than 15-20 years ago, and that there is a need for an effective anti-aircraft system on the entire national territory. Already this debate is leading toward a more defensive mentality.

EIR: How can one confront the escalation of provocations by the Soviet Union, especially after the shootdown of the South Korean airliner?

Ciccardini: The Soviet attitude is complex and is shaped by complexes. There is a dangerous shift in balance between East and West, an unbalance. The Soviets have seen their conventional superiority drop thanks to western technological progress in tactical arms, and they could lose it altogether if the West spends more.

The Soviets have, however, increased their own nuclear response capability, to the point of reaching near-superiority. In a certain sense the roles are reversed, and that tends to increase tension and danger. Today we see that, at the Geneva negotiations, the U.S.S.R. does not want to lose its nuclear superiority at any cost. What the U.S.S.R. fears is the potential technological development of the West, also of Europe and Japan. The U.S.S.R. still manifests an encirclement

complex, in a way I would venture to call theological, and this has been so since the time of Stalin. The U.S.S.R. considers the Western proposals aggressive, and every project is seen with mistrust, as an "anti-Soviet plot." There is no hope for a rational response in the short term.

EIR: How can we deal with this situation?

Ciccardini: Up to now we have lacked the conditions to coordinate a unified response, on the technical as well as diplomatic level, between Italy, the U.S.A., and our other allies. What counts at this time is a full adherence to the philosophy of defense: to replace the atomic deterrent with defense-based arms.

This project needs all possible political support. Technically we are still in the initial phases, we need to know more, but political support is extremely important. We must defend President Reagan's proposal from the very foolish attempt to downplay and deride it.

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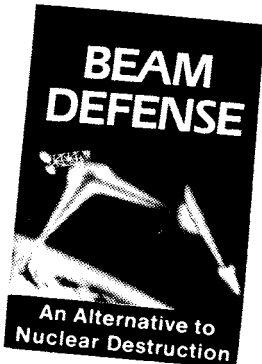
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The KGB moles under the Dome

The Soviet Union and SRI are instrumental in the plot for a "new Crusades" in the Middle East.

On April 16, 1982, in every Mosque in Soviet Central Asia, only one sermon was given: the American-backed Zionists are digging underneath the Muslim shrine of the Dome of the Rock and intend to destroy this shrine. In the words of the Central Asian Muslim Board, the sermons "stigmatized with disgrace these brigands attempts to undermine this sacred mosque which are being allegedly perpetrated with a view of finding Solomon's Temple."

Last month, the holy war scenario intensified when an Israeli court released, with no charges, a group of 29 Gush Emunim thugs who had attempted an armed occupation of the Temple Mount earlier this year.

The Temple Mount plot, exposed by *EIR* over the past year (see Special Report, April 26, 1983), is part of a broader scenario for the destruction of the Middle East through what one high-ranking Anglican Church official described as "100 years of religious warfare." The plot to destroy the Middle East has been a joint project of forces in both the East and West, flowing from the 1957-58 Bertrand Russell-organized Pugwash Conference. Pugwash's explicit target is the institution of the sovereign, secular nation state. From the Soviet side the Pugwash group includes the entire Soviet "Islam establishment" headed by First Deputy Prime Minister Geidar Aliyev; in the West, it includes the U.S. State Department under George Shultz and Henry Kissinger, and most importantly, British intelligence, includ-

ing British Freemasonry and certain leaders of the Anglican Church. The most potent weapon being wielded by the Pugwash forces is religious fundamentalism, whether of the Islamic, Christian, or Jewish variety. The Dome of the Rock, one of the holiest shrines of Islam, is a convenient trigger for the broader shift into religious fundamentalist warfare.

The following are the most recent developments in the Christian fundamentalist-radical Zionist Temple Mount Foundation's (TMF) attempt to destroy the Dome of the Rock through the TMF's efforts to "rebuild Solomon's Temple" on the site.

- Funds have been pumped into the TMF's coffers from U.S. defense contractor, Hewlett-Packard, the VEECO Corporation, and the Biblical Research Foundation of Irvine, California.

- High-profile tours of the United States have been conducted by TMF founder and former Stern Gang terrorist Stanley Goldfoot and his associate, British Freemasonic agent Asher Kaufman. A series of articles will appear on the Temple Mount, including one in *Commentary* by Barbara Ledeen, husband of Kissinger asset Michael Ledeen.

- A major expansion of the archaeological work in Israel itself is being led by a seven-man team from the Stanford Research Institute (SRI). The team is headed by former mental patient and alcoholic Lambert Dolphin, and its work has already pro-

voked rioting at the archaeological sites in Jerusalem.

Some have ascribed SRI's participation in the Dome of the Rock provocations to the huge profits to be made by Arco petroleum chief and SRI Board member Robert O. Anderson, when oil flows are cut off from the Persian Gulf following the expected *jihad*. The truth is more complicated. SRI is part of the Pugwash back channel, through which U.S. "strategic thinkers" such as Richard Pipes and Marshall Shulman meet with such Soviet officials as Georgi Arbatov and KGB official Dzhermen Gvishiani.

These meetings, beginning in April 1973 in Washington and continuing in subsequent years with intimate tête-à-tête in Moscow, focused heavily, by the admission of all concerned, on the Middle East, a point underscored by the constant presence of Soviet Orientalology Institute head, Yevgenii Primakov.

During the 1970s, the Soviets also retooled their Middle East policy away from "communism" which is not particularly appreciated in the Arab world, into an Islamic posture. From the Soviet Central Asian Muslim mosques in Tashkent and Bukhara, the Soviets began cranking out official mullahs by the hundreds, for deployment into the Arab world. Under the Pugwash arrangements, the Soviets have also been handed substantial British intelligence and old Swiss Nazi assets in the Middle East. Increasingly, this entire apparatus has been oriented toward a "new Crusades" in reverse. Soviet assets such as Qaddafi of Libya have begun calling for a pan-Islamic *jihad* versus the "Christian-Zionist imperialists." And the lunatics on the other side of the street, those Zionists and Christian fundamentalists controlled by the SRI, such as Stanley Goldfoot and Asher Kaufman, are providing their justification.

The wrong salute

A flap over the flag has one of Mexico's most prominent columnists on the political ropes.

José Antonio Pérez Stuart, the widely read columnist of Mexico's prestigious daily *Excelsior*, set off a political scandal in mid-September which has cost him his business backing and may end up costing him his job.

It was already a scandal of sorts that Pérez Stuart had the kind of forum which his "Portafolios" column gave him among the Mexican and foreign business community of Mexico City. A former member of Mexico's best-known neo-Nazi group, the MURO, Pérez Stuart regularly made anti-Semitic references in his column, combined with repeated insinuations that the best way to deal with Mexico's problems was a Chile-style coup.

The new flap seemed to involve nothing more significant than a flag-presentation ceremony. On Sept. 11, Gen. Arturo López Flores, the number-three official in the Defense Ministry, ceremonially presented the national flag to the leadership of the Mexican Employers' Confederation (Coparmex).

To appreciate the significance of this event, it is necessary to give a word on the line-up of Mexico's private sector associations. Three major associations were established in the late 1930s as officially-registered private-sector lobbying groups with a defined interface with the government: the Confederation of Chambers of Industry (Concamin); the Confederation of National Chambers of Commerce (Concanaco); and, in the late 1940s, the more nationalist National Confed-

eration of Processing Industries (Canacindra).

Two private-sector groups sprang up later outside any government framework, and frequently in almost insurrectionary opposition to it, the Businessmen's Coordinating Council (CCE) and Coparmex.

Few in the government have forgotten that Coparmex was a principal backer of the "Mexico in Liberty" series of meetings late last year which threatened the then-incoming de la Madrid government with a "civic insurgency." Many Coparmex regional officials have since then either supported the fascist PAN party or run as PAN candidates themselves.

The government does not normally present flags to private institutions "in the trust of the nation," as the ceremony goes, so the Coparmex event was definitely a message. Observers interpreted the event as a government challenge to the Coparmex leadership to show more loyalty to the nation than it had in the past, especially given Mexico's collapsed economic condition and rising regional tensions.

José María Basagoiti, the head of Coparmex declared as he received the flag that "being a businessman implies being a patriot, having the disposition of putting national interests above private ones."

Pérez Stuart put an entirely different interpretation on the event. In his Portafolios column of Sept. 14, he stated that the army was giving Coparmex recognition as "the only employers' grouping with real represen-

tation and weight in terms of relations between the state and the private sector." He insinuated that there was in fact an alliance between the army and businessmen in Coparmex against the rest of the government—a dramatic assertion to make, since he himself has long insisted that a military coup would require exactly this combination.

The Pérez Stuart view, which he repeated in a column later the same week, caused stupefaction in business circles. Sources close to Basagoiti say that the Coparmex chief called on Pérez Stuart to publish an immediate retraction of the offending statements. According to these sources, Basagoiti called the business columnist "crazy," and accused him of attempting to set up the private sector by fueling a confrontation between the army and the president.

Many other business leaders were angry, too. *Excelsior* decided to drop Pérez Stuart from its pages. However the offending columnist received a last-minute reprieve. According to reliable sources, it came through the intervention of the former mayor of Mexico City, Carlos Hank González, one of Mexico's most wealthy and corrupt powerbrokers, who heads a business consortium called Hermes.

Pérez Stuart began to repay favors on Oct. 4. In a column pleasing to Hank's sponsors in international drug and hot-money trades, he called for Mexico's border city of Tijuana to become the Hong Kong of the 1990's "when the British lease" on the island runs out in 1990.

Pérez Stuart has also emerged as one of the IMF's most passionate defenders. Mixing his love of the IMF with his anti-Semitism, he declared a year ago that the Mexican Labor Party, a leading advocate against the IMF, was part of "Zionist networks" seeking the economic ruin of the country.

Jayewardene's dilemma

India holds the key to his reconciliation with the Tamil minority in Sri Lanka.

After several weeks of intense diplomatic activity between Sri Lanka and India, Sri Lankan President Junius Jayewardene has been left with little room to maneuver. Not only has Jayewardene's bid to gain fame and political longevity as a key Anglo-American card in the region against India flopped miserably, but ironically his very ability to stay in power now rests with Prime Minister Indira Gandhi.

Mrs. Gandhi's personal envoy, senior Indian diplomat G. Parthasarathy, spent the last week of August in Sri Lanka meeting with all relevant Sri Lankan political leaders. He met with Jayewardene twice behind closed doors and with the leader of the opposition Tamil United Liberation Front (TULF), S. Amirthalingam, as well as with right-wing Sinhalese leaders.

The Indian diplomat's sensitive mission is to seek a common ground on which the Tamil oppositionists and the Jayewardene government can start negotiations toward freer and more meaningful participation by the Tamil minority in the Sinhalese-dominated political process. It is the Jayewardene government's insistence on the retention of the present unitary as opposed to federal political system, on the one hand, and the refusal of TULF leaders to give up the option of a separate state on the other, that has made Parthasarathy's job difficult. India can play a conciliating role since the ethnic Tamil group are descendents of Indian immigrants who retain ties to their cousins in India.

Parthasarathy's trip, considered by many a major concession on Jaye-

wardene's part, followed a hastily arranged visit to India by Hector Jayewardene, the Sri Lankan president's brother and personal envoy, who had several long discussions with the Indian prime minister. The message the president's brother carried back home was simple: shouting about separatism aside, a political reconciliation with the Tamil minority is the only adequate safeguard for Sri Lanka's unity.

Jayewardene has since been caught in two serious cases of duplicity, creating serious credibility problems. First, and particularly damaging, is the report that he sought military assistance from U.S. and British forces to prevent an alleged Indian invasion of Sri Lanka. After denying the report for weeks, Jayewardene meekly admitted to the *Indian Press*, a New Delhi daily, that he had indeed sought such assistance from the United States, the United Kingdom, Pakistan, and Bangladesh.

Second, it has been revealed that the Sinhalese military went on a communalist rampage killing Tamilians in Colombo while the president was in the presidential palace protected by tanks. It has been further revealed that while Gamini Dissanayake, Jayewardene's minister for Lands and Mahaweli Development, was seen encouraging the Sinhalese army to burn down Tamilian and Indian property, Minister of Industries Cyril Mathew was urging the army to rout the Tamilians at Trincomalee, a Tamil majority port city, to make room for the Sinhalese population to move in. Ma-

thew is well known as one of the strongest proponents of handing over Trincomalee to the United States as a fueling base for the Diego Garcia naval installation. Bringing in such facilities at this time would accomplish nothing other than the reversal of the past two year's hard-fought improvements in U.S.-India relations.

In spite of such scandalous exposures, a cunning Jayewardene had to use his symbiotic relationship with the Sinhala right wing to "play politics." In an interview with the London *Times* conducted while Parthasarathy was in Colombo, Jayewardene said that India has no business interfering in Sri Lanka's affairs and that he would be pleased if Mrs. Gandhi keeps her hands off the island-state. Although charges of Soviet and East German involvement in the rioting made by Jayewardene as a pretext to seek military help from the United States and to ban three left-wing political parties have been proven to be nothing more than a charade, the Sri Lankan president continues to harp on the theme.

As Mrs. Sirimavo Bandaranaike, the former prime minister stripped of her civic rights by Jayewardene, said in an interview with an Indian daily, India's conciliating role is the only hope to bring the warring groups together. Expressing little confidence in the Sri Lankan government's ability to act responsibly, Mrs. Bandaranaike pointed out that the government's chief spokesman, Douglas Liyanage, is himself a convicted criminal, having been convicted in 1961 of attempting to overthrow the government. He later used bribery to escape the jail term.

Mrs. Bandaranaike pointed out Jayewardene's dilemma: "Obviously, he wants the Indian auspices as he can not say to his Sinhala chauvinists that India should be given a role in the domestic problem of Sri Lanka."

Planned shrinkage of the workforce

The result of Ottawa's "post-industrial" policy: one out of six now lives below the poverty line.

The Canadian government is scarcely even pretending that there is an "economic recovery" any more, as a new study released Sept. 30 by the National Anti-Poverty Association made front-page newspaper headlines with its revelation that four million Canadians are now living below the poverty line—about one person in six. The past two years have seen a 25 percent increase in the number of welfare recipients.

Canada is facing the worst depression of its history, the result of the Trudeau government's policy of zero demographic and industrial growth. The latest census results released Sept. 20 show that the population has reached a mere 24.9 million—about the size of the state of California—and achieved a growth rate of 0.8 percent during the last year. Rather than boost this demographic stagnation through immigration, the government is imposing new immigration ceilings. Ottawa's policy is also to shift employment out of industrial manufacturing into the service sector and the "post-industrial society"—compounding the economic crisis.

During the past decade, there has been a sharp decline in both the birth rate and in immigration. The proportion of Canadians under the age of 17 sank in 1983 to 26.8 percent from 35.7 percent in 1971, and the targets for immigration set for 1985 are not expected to hit the 1981 level.

The latest ceiling on immigration was set in a Department of Immigration paper produced in June 1982 and entitled "The Canadian Economy and

its Implications for Immigration," which the press recently obtained under the Access to Information Act. The report reveals that the government's intent is a zero-growth economy. The projections set in 1981 for the period until 1985 were not only cut back then but were cut again last November by about 25 percent. The *Montreal Gazette* reports that "The paper predicts only 7,000 selected workers will settle in Canada this year, a 60 percent reduction from 1982."

Behind this anti-immigrant policy is former Minister of Employment and Immigration Lloyd Axworthy, who followed a Club of Rome script to shut down the manufacturing sector of the economy. The new minister, environmentalist "acid rain" fanatic John Roberts, is expected to fully enforce this commitment.

The productive capacity of those workers still employed is being savagely reduced through speedup and other measures. Ford Canada president Kenneth Harrigan, for example, was quoted in the *Toronto Globe and Mail* Aug. 10 as stating that the company "will increase production by 25 percent by adding four hours of production to each of the two 40-hour shifts for the next two weeks and increase that to eight additional hours on each shift beginning Aug. 22."

"We look at this as a period of opportunity," said Minister of Economic Development Donald Johnston when he announced in May that the "technetronic revolution" would mean "the loss of 1 million to 2 million jobs, by 1991." On Sept. 21 Johnston in-

formed the House of Commons that "full employment may no longer be a sensible and reasonable goal."

Minister of Trade and Commerce Edward Lumley had declared in March that the Canadian government was abandoning any effort to develop an industrial strategy. Lumley "put the lid on the coffin of a federal industrial strategy," stated the *Globe and Mail* on March 30.

Canada's post-industrial shift was spelled out in July at a conference in Couchiching, instigated by the Club of Rome. Futurist John Kettle observed there that "in 1982, thirty-six per cent of Canada's national output came from the information sector of its economy, while only 28 per cent came from industry." Stuart Smith, chairman of the Club of Rome's Science Council of Canada, said "We shouldn't get hung up on the idea that services aren't wealth producers." Emphasis should be put on "intellectual resources" rather than "natural resources," he said. Arguing that industrial jobs have been easily replaced in the past, Smith advocated that Canada "should become a provider of services rather than natural resources."

Figures for 1982 indeed reveal that profits and outputs of key sectors of basic industry are falling at an alarming rate. Steel production, for example, suffered the worst decline ever in 1982, according to *EIU Quarterly Review of Canada*. The three largest steelmakers, Stelco, Algoma, and Dofasco, reported an after-tax loss of \$66 million compared to profits of \$73.9 million in 1981. The output fell by 13 percent to a piddling total of 10 million tons.

Canadian corporate profits as a whole for 1982 have been 33.3 percent below the level of 1981, which itself showed a decline of 10.5 percent from the previous year.

International Intelligence

Craxi lets Kissinger off in Moro case

"The birth of terrorism in Italy cannot be traced to planned initiatives taken outside Italian borders. The terrorist phenomenon is Italian." This is the verdict issued at the end of the trial for the kidnapping and assassination of former Christian Democratic Prime Minister Aldo Moro.

The famous meeting between Moro and Kissinger in New York in September 1974, where, Moro's aide testified, Kissinger issued what amounted to a death threat against Moro if he did not stop trying to form a government of national unity with an independent Mideast policy, is considered "unimportant" vis-à-vis the Moro assassination. According to the verdict, the Red Brigades alone planned the murder. The only problem was that the Italian secret services failed to realize what was going on!

The Italian public is well aware that, when Moro was kidnapped, the secret services were under the control of the illegal fascist Propaganda-2 Freemasonic Lodge, to which Kissinger was connected through the Comité de Montecarlo, while Kissinger protégés such as Michael Ledéen had their own channels to the Red Brigades.

Japan and China submit joint message to U.S.

For the first time, the governments of China and Japan have jointly presented a request regarding American foreign policy, following a U.N. meeting on Sept. 29 between Japanese Foreign Minister Shintaro Abe and Chinese Foreign Minister Wu Xueqian.

Previously, both Asian countries had requested through separate channels that Washington refuse to make a deal with Moscow on medium-range missiles in Europe without taking into account Asian interest in removing and/or balancing the 100 Soviet SS-20s already deployed in Asia.

For many years, with various twists, China has enunciated a policy of trying to

work with the Third World as well as the "Second World" of Japan and Europe to reduce the power of the United States and the Soviet Union.

In a related and most unusual development, Chinese Communist Party General Secretary Hu Yaobang told a representative of a Japanese opposition party on Oct. 5 that China "wants to have improved relations with the Soviet Union, and also hopes Japan and the Soviet Union will have better relations."

Who arranged slanders of EIR in Ibero-America?

Two recent slanders of *EIR* in the Peruvian press have been traced to Henry Kissinger's assets in the U.S. State Department.

The articles, which appeared in the Sept. 18 and 25 Sunday editions of the newspaper *La Prensa*, quoted extensively from U.S. drug lobby sources in order to characterize *EIR* and its founder, Democratic presidential candidate Lyndon H. LaRouche, Jr., as "neo-Nazi." The U.S. embassies in Peru and other Ibero-American nations have circulated a press packet on *EIR* containing the slanderous articles quoted by *La Prensa*.

In Peru, the purpose of the slanders is to discredit *EIR*'s exposé of the plans by international bankers to obtain "equity" in the developing sector nations. *EIR*'s release on the American Enterprise Institute meeting in Vail, Colorado on Aug. 29, at which Henry Kissinger and Alan Greenspan demanded equity holdings in the developing sector economies in exchange for a stretchout of payments on their usurious debt, has been widely publicized in the Peruvian press and Congress. *EIR*'s charges were confirmed in a *Wall Street Journal* article Sept. 30.

In 1976, under the direct orders of Henry Kissinger—as shown in official U.S. government Freedom of Information Act releases—the Peruvian government shut down *EIR*'s offices and expelled *EIR*'s correspondents after detaining one of them, Gretchen Small, in jail.

In Panama, *EIR* and LaRouche have been

labeled "KGB fronts, who want the Latin American nations to declare a moratorium, so that relations with the United States are destroyed, and the Russians can step in."

The source of the slander was reported by sources to be Mayin Correa, a journalist celebrity who heads the Committee for Democracy in Panama, an "anti-communist" grouping. Correa is tied to Bobby Eisenmann, a Miami-based entrepreneur with reputed mob connections, who publishes Panama's main opposition newspaper, and to other sectors of the local oligarchy.

Qaddafi tries to undercut Niger

Libya's Muammar Qaddafi has attempted to stage a coup in Niger, a francophobe, predominantly Islamic country which neighbors Nigeria, Chad, and Upper Volta, as *EIR* predicted. When the Upper Volta government was toppled by a coup in July, Qaddafi had also prepared an alternative leadership for Niger.

Niger's uranium exports account for the largest portion of its foreign exchange. French interests are heavily involved. Any destabilization attempts against the Niger government would have to involve French complicity of the type most clearly demonstrated in the appeasement of Qaddafi in Chad.

There, the French are now ready to set up President Hissene Habre for a fall. On Oct. 5, the day before the Niger coup attempt, a Franco-African summit in Paris collapsed over the issue of recognizing Habre as president. The Mitterrand government is suspected of seeking to replace Habre with a less nationalist figure willing to negotiate with Qaddafi pawn Goukouni Woddei.

Paris sputters against beam weapons

French Prime Minister Mauroy issued a call for a ban on anti-missile energy-beam weap-

Briefly

ons in an Oct. 2 speech to war veterans. Mauroy said that international strategic negotiations have led to the banning of some kinds of weapons and the development of some others, among which some that threaten the credibility of the French deterrent. Thus, the French would not take part in any strategic negotiation as long as there is no agreement to ban anti-missile defensive systems.

In other words, Mauroy admitted that the French *force de frappe* is now obsolete, but chose to advocate depriving France of a true defense.

In response to a letter on military policy from Socialist deputy Alain-Paul Bonnet, Defense Minister Charles Hernu stated that he believes beam weapons can indeed lead to important developments, but public discussion of French work on lasers is incompatible with military secrecy.

Soviets and Khomeniacs destabilize Pakistan

The U.S.S.R. and its friends in Teheran are throwing enormous assets into Pakistan, to create internal chaos there and to foment a crisis extending into the Indian subcontinent and the Persian Gulf.

The combined Soviet and Iranian onslaught has taken the opposition to Pakistan's General Zia out of the hands of nationalists from the Movement for the Restoration of Democracy, and is beginning to form the same kind of "Nazi-Islamic-Communist" axis that was responsible for installing Ayatollah Khomeini in power in Iran.

The lead editorial of *Le Monde* warned on Oct. 1 that Pakistan's national unity might be shattered, as increasingly ethnic-defined movements in Baluchistan and the Northwest Frontier ally with movements in the province of Sind against the province of Punjab. Iran is pouring "immense amounts of support" to Shiite-Islamic opposition groups in Sind Province, *EIR*'s sources say. Of Pakistan's 17 million Shiites, about one-half live in Sind.

While criticizing the policies of General

Zia, *Le Monde* stresses that the issue has reached the question of whether Pakistan can continue to exist as a nation.

Le Monde asserts that the Soviets are pouring support into "Baluchistan irredentism," and have a prime interest in weakening Pakistan's national integrity.

In the most recent issue of *Asia and Africa Today*, the journal of the Soviet Orientalology Institute, Soviet author Vladilen Baikov reports how the wicked central government of Pakistan is oppressing the centuries-old tradition of fierce independence of the noble Baluch tribes.

Back from an extensive visit to the remote mountain provinces of Baluchistan in southwestern Pakistan, Baikov reports on the progressive Baluchi mullahs, called sardars: "The traditional form of government, that is, the power of sardars, survives despite all attempts of the central government to break the hold of the sardars and to introduce central rule from Islamabad. . . . Tribal traditions have firm roots: the people cherish their loyalty to their clans and their sardars. . . . I was lucky to meet Muhammad Akbar Khan, sardar of the Bugtis. 'My status puts me in the class which is usually referred to as the exploiters,' Akbar Khan told me, 'but I view myself as a progressive, because I favour the establishment of a progressive social order.' "

Under the banner of anti-imperialism, Baikov makes it clear that not just Pakistan is to be dismembered to constitute Baluchistan: "With calculated disregard for traditional ethnic and cultural links the British colonial power arbitrarily divided the Baluchi lands; the territory west of the Goldsmith line went to Persian Baluchistan, that north of the Durand line to Afghan Baluchistan, and that south of the Durand line to British Baluchistan."

The Soviets calculate that a crisis inside Pakistan would not only add a new strategic embarrassment for President Reagan, but would have an immediate chain-reaction effect in the Persian Gulf. Pakistani troops, which might have to be withdrawn for domestic action, are the linchpin of the Gulf's security system, particularly that of Saudi Arabia.

● **THE ITALIAN** magistracy is being mashed by Prime Minister Bettino Craxi, whose Socialist Party (PSI) is deeply intertwined with terrorist and other criminal activities. Under the new measures, it will be extremely difficult to issue arrest warrants even in cases in which there are witnesses to the crime. If the criminal is found innocent, the magistrates who issued the arrest will be forced to pay "reparations." Craxi is particularly enraged against the magistracy because on Oct. 4, a Socialist senator, Domenico Pittella, who is very close to Craxi, had been arrested under charges of being a terrorist boss.

● **THE ISLAMIC INSTITUTE** in London, recently brought together Pakistani radicals under the banner of Kalim Saddiqui to pledge allegiance to Ayatollah Khomeini as the new "caliph" of Islam. The institute is linked to both the Swiss-based Nazi International and to the "Islamic Division" of the Soviet KGB under Deputy Prime Minister Aliyev.

● **BULGARIAN POLITBURO** member and Central Committee Secretary Lilov has been deprived of all his positions and is to be assigned "new tasks." Lilov, named as one of Zhukov's potential successors in the past, was close to Ludmilla Zhivkova and her "independent national cultural policy." The demotion occurred shortly after Soviet political watchdog A. Yepishev's visited Sofia. Andropov may soon visit Bulgaria.

● **NEW TIMES**, the journal of the Soviet foreign ministry, without naming names, has been attacking Poland's Jaruzelski/Rakowski administration for being too "pluralist" and "pro-Western."

● **THE GREEN PARTY** of West Germany will meet with Erich Honneker and other East German party officials in East Berlin on Oct. 31. The delegation includes Petra Kelly and Gerd Bastian, who plan to visit Moscow a week later.

Kissinger policy takeover: a strategic disaster

by Richard Cohen in Washington, D.C.

The United States of America is heading toward strategic disaster and assured Soviet world domination, if not world war. The reason is that the President of the United States of America, Ronald Reagan, has capitulated on all important policy questions to a Soviet agent of influence, Henry Kissinger.

"Defense Secretary Weinberger's trip to Pakistan was a strategic failure. The handling of the situation in the Philippines is a strategic disaster. The U.S. position in the Middle East is a strategic disaster. The U.S. position in Central America is a strategic disaster. The U.S. position on Latin American indebtedness is a strategic disaster," said *EIR* founder Lyndon H. LaRouche, Jr. on Oct. 6.

"Henry Kissinger is running U.S. Central American policy. Henry Kissinger is running U.S. Latin American policy. Henry Kissinger is to accompany Ronald Reagan on his China trip and is running U.S. Asian policy. Henry Kissinger, through special envoy Robert McFarlane et al., is running U.S. Middle East policy. By spring, Henry Kissinger will be running U.S.-European relations. And Henry Kissinger is running U.S. arms control policy."

Kissinger and the 'build-down'

The latest evidence that Henry Kissinger is a Soviet agent of influence can be found in the missile and warhead figures associated with President Reagan's "build-down" proposal in arms negotiations with the Soviet Union. Were the Soviets to accept that proposal, which was first outlined by Henry Kissinger in a March 21 *Time* magazine article, the strategic

forces of the United States of America will be destroyed—and if the Soviet Union does not accept that proposal, the strategic forces of the United States of America will be destroyed: Kissinger demanded in *Time* that the United States carry out this proposal unilaterally!

Washington think tankers and presidential campaign advisors have begun to spin scenarios for a 1984 Soviet Politburo surprise aimed at tilting the outcome of the 1984 presidential election. What none of them has recognized is that, through Kissinger and the AFL-CIO's Lane Kirkland, Yuri Andropov has already successfully intervened into both the White House and the Democratic Party.

Sources privy to the thinking of the Politburo said this summer that Moscow's greatest fear is the influence that *EIR* founder Lyndon H. LaRouche might have in helping convince the President to press ahead with his March 23 defensive weapons doctrine, and scrap both Kissinger-promoted arms control concessions and any lip-service to the farcical "High Frontier" conventional-technologies anti-missile proposal of Daniel Graham. It is no accident that Henry Kissinger, Daniel Graham, and the Bundy-Harriman Democrats have launched a crusade against LaRouche's candidacy and organizations.

On Oct. 4, the President announced a revised position for the START talks, a position bitterly opposed by the Joint Chiefs of Staff and the National Security Council: acceptance of the "build-down" concept first proposed by Senator Sam Nunn (D-Ga.) and Sen. William Cohen (R-Me.), whereby both the U.S. and the U.S.S.R. would dismantle two of their

land-based ICBMs for every new one installed. As I predicted (see *EIR*, Oct. 11), the proposal was brokered by Kissinger surrogate Brent Scowcroft, who used congressional blackmail in league with Sens. Charles Percy, Sam Nunn, William Cohen and Reps. Albert Gore, Les Aspin, and Norman Dicks, who threatened to torpedo the MX missile funding bill if the White House refused to officially incorporate "build-down" into its START offer.

State Department sources say that support for the proposal within the administration came most emphatically from Jonathan Howe, the Assistant Secretary of State for Political-Military Affairs (a key position in the arms-control structure), who is a longtime associate of Henry Kissinger.

Senior NATO military and political officials meeting at the Atlantic Assembly in Brussels Oct. 6 have meanwhile passed a resolution calling for unilateral cuts in the alliance's arsenal of short-range nuclear weapons. The resolution will be discussed by NATO defense ministers when they meet for the Nuclear Planning Group in Ottawa on Oct. 22. Unofficial estimates set the size of the cutback at 1,500-2,000 nuclear warheads, including artillery rounds and bombs, atomic demolition mines and nuclear anti-aircraft shells.

All this at a time when the Soviets are moving into a first-strike mode, the U.S. land-based deterrent is totally inadequate, and the submarine-based deterrent could be completely overwhelmed by Soviet SS-20s. The American public is not aware of the strategic situation; Mr. Reagan is not telling them about it; and since the KAL 7 attack on Sept. 1, the "bluebloods" of the Harriman-Bundy ilk, who control the news media as well as the Kissingers and Manatts, have maintained a barrage of propaganda portraying the Soviets as, at worst, "paranoid" victims of error or U.S. subterfuge.

Assistant Secretary Howe joined a host of Kissingerites, including Eagleburger, Burt, Secretary of State George Shultz and Soviet specialist William Hyland on Sept. 24 to review U.S.-Soviet relations. The results were evident in Kissinger's statements before a Sept. 30 press conference at the State Department and in an interview in the West German magazine *Der Spiegel* (see Kissinger Watch, page 59).

Kissinger and his crowd moved to cover themselves with Reagan, saying that a "major negotiation" with the U.S.S.R. in the post-KAL environment is hardly possible and went so far as to suggest that the Soviet leadership under Andropov may be shifting to a "Bonapartist" military police-state structure. After rendering their feeble excuses, the Kissingerites joined their partners in the Harriman-Bundy camp. Howe, Scowcroft and others would promote the START concessions. Burt, Eagleburger, and others would push the INF concessions.

On Oct. 2, Trilateral Commission executive board member Joseph Kraft used his syndicated column to warn that negotiations with the People's Republic of China should be tempered so as not to antagonize Moscow further. Premier

Zhao Ziyang will visit the United States in January and Reagan's visit to Peking is scheduled for April. Kissinger had originally intended these events as a "balance of power" wedge preceding the hoped-for U.S.-U.S.S.R. summit. On Oct. 3, Kissingerite Alexis Johnson, promoting yet another Kissingerian bipartisan commission (this time on China policy), said its aim should be to deemphasize potential U.S.-China strategic military relations and emphasize economic ones.

Reagan on the defensive

Throughout September, elements of the New Right and conservative Republicans blasted the President for what they termed his inadequate response to the KAL shutdown. The pressure intensified as the White House, while sending out promises of a autumn fight to expose Soviet violations of SALT, announced its series of arms control initiatives. Then on Sept. 27, the President declared in a speech before the annual International Monetary Fund meeting in Washington that failure to pass the \$8.4 billion IMF quota increase would bring sure financial catastrophe. Republican conservatives in the House of Representatives were the clear target of his remarks; they had united behind the Gramm Amendment, which stipulates that no IMF funds can go to "communist" countries, and torpedoed the quota increase bill. Liberal House Democrats want the President to publicly attack the Gramm Amendment before they yield the necessary number of votes to pass the bill.

Thus Reagan has placed himself on a tightrope that must delight Andropov. The President is supposed to make policy concessions to his left and to the New Right.

During the week of Sept. 26, Richard Wirthlin, the administration's senior political pollster, met with the President and reportedly told him that deep suspicions have been building in what is considered the bedrock of the President's constituency. Wirthlin said that if the President accepted the advice and pressure of Kissinger Republicans to fire Interior Secretary James Watt, hero of the New Right, he would walk into the 1984 elections with a standing among conservatives much as Carter entered the 1980 elections vis-à-vis liberals—with their votes, but without their activist enthusiasm.

On Oct. 3, Reagan spoke at the 10th anniversary of the Meese-endorsed New Right Heritage Foundation in what promises to be a continuous effort to keep the New Right in tow. Indeed, sources involved in promulgating the President's March 23 defensive weapons doctrine say that while New Right hero General Danny Graham's "High Frontier" program has nothing to do with their policy, electoral necessities force them not to offend him.

The Kissinger policies have been emphatically promoted by White House Chief of Staff James Baker III and Deputy White House Chief of Staff and Reagan family intimate Michael Deaver, who now dominate Reagan re-election policy.

Arguing that Reagan's re-election requires an effort to remove the President's alleged "warmonger" image and win large numbers of liberal Republican and women's votes, Baker and Deaver, coached by Kissinger's friends, have crafted a re-election strategy that will minimize independent presidential action on the strategic danger and the economic crisis. Concessions to Kissinger's circle on arms control and economic policy, in addition to a laundry list of other complaints, have sent Reagan's political base into near rebellion.

Kirkland and the 'freeze' bishops

Walter Mondale is merely one-seventh of a seven-pack of Moscow-preferred candidates. Officially backing Mondale is Soviet agent of influence Lane Kirkland, who on Oct. 6 endorsed the Soviet-sponsored nuclear freeze. American labor leaders are now in outright support of Yuri Andropov.

On the heels of the National Education Association's Sept. 30 endorsement of Mondale, the AFL-CIO executive board's Oct. 1 endorsement, and Mondale's Oct. 2 Maine Democratic straw poll victory, came his Oct. 5 endorsement by the delegated membership of the AFL-CIO.

The emergence of Jimmy Carter's Vice-President as the confirmed frontrunner was months in the planning. In September, the final decision to push Mondale was made by Kennedy family, former Kennedy and Johnson National Security Adviser McGeorge Bundy, former Kennedy and Johnson Defense Secretary Robert McNamara, Averell Harriman, AFL-CIO president Lane Kirkland and frontman National Democratic Committee chairman Charles Manatt. These strategists intend to shape the entirety of the Democratic Party presidential debate around defense cuts, the nuclear freeze, and unilateral disarmament.

Large sections of the Kennedy machine had already been turned over to Mondale. Well before New York Gov. Mario Cuomo, a Kennedy associate, began hinting his preference, former Wisconsin governor Patrick Lucy joined the Mondale effort, following a decision by the pro-nuclear-freeze U.S. Catholic bishops, led by Joseph Cardinal Bernardin of Chicago, to support Mondale. Sources report that the bishops' effort is supervised by Boston-based Father Hare, author of the nuclear freeze letter and a longtime intimate of the Kennedys.

Then in mid-September, National Democratic Committee Chairman Charles Manatt, speaking alongside Harriman at Georgetown University in Washington, issued the Democratic response to Andropov's first move. He proclaimed that all candidates support the nuclear freeze. Manatt was speaking on the 20th anniversary of the first success of Bertrand Russell's Pugwash Conferences: the Harriman-negotiated Limited Test Ban Treaty. On Sept. 14, McNamara went further, emphasizing that U.S. policy should repeal massive retaliation—exactly the opposite of the required policy of "launch on warning"—should the Soviets launch a nuclear

attack, in order to open a window for negotiations.

During the final two weeks of September, the West German terrorist-connected peace movement leader Petra Kelly was shuttled to the United States by McGeorge Bundy and the Kennedys for a fundraising and speaking tour which included the National War College and the New York Council on Foreign Relations. On Oct. 5, following Mondale's triumphs, Bundy brought together the arms-control community to hail Harriman on the 20th anniversary of the Limited Nuclear Test Ban Treaty negotiated by Harriman.

Documentation

Manatt says freeze is now Democrats' policy

Democratic National Chairman Charles T. Manatt delivered a speech at Georgetown University on Sept. 20 entitled, "Reflections on the Bishops' Letter: The Democratic View of the Challenge of Ending the Arms Race and Insuring National Security." Manatt declared the freeze on nuclear weapons and non-proliferation of peaceful nuclear technologies to be "the consensus" of the Democratic Party during a question-and-answer period after the address. On the podium were also Georgetown's Father Timothy Healy and Averell Harriman, the investment banker and former New York governor who for decades has promoted eugenics against what he considers "lesser races," environmentalism at the expense of nuclear energy, and arms-control agreements at the expense of the United States. Excerpts follow:

. . . Let me begin by acknowledging with gratitude Governor Harriman's contributions to the nation—and to the world: the depth and breadth of his experience, the scope of his accomplishments—and above all—his unlimited willingness to be of service.

His personal history is an inspiration to generations of Americans in public life. In his presence, the torch of freedom burns brightly—and because of his work, it will be handed down to generations yet to come.

Father Healy, we admire your leadership in the fields of religion, of scholarship, and in the Church's role in the debate on nuclear arms control. . . . As the Bishops' letter [supporting the nuclear freeze] set a standard for national debate, so you have set an example for the role of the university in national life. . . .

Some day the young people in this room will tell their children and their grandchildren that they heard Averell Harriman speak of the first nuclear test ban treaty. . . .

As the harsh rhetoric and threats erupted out of Moscow and Washington following the downing of Flight 007, I could not help but think of the 1962 crisis. I could not help but think of the repeated near-confrontations between Soviet and American ships and planes. I could not help but remember that, even in the hostile, nearly apocalyptic climate of 20 years ago, an American President and American statesmen such as Averell Harriman, exerted true leadership and pursued a nuclear test ban treaty to a stunning success. . . .

Twenty years later. . . I believe that the American people would respond with one voice to say, arms control is not a gift to Moscow—it is the imperative goal of America.

The American people are united on this issue, as on few others. Every public opinion poll reflects this concern over the danger of unlimited competition in nuclear weaponry. . . . And even after the Soviets' barbarous destruction of the Korean airliner this month, the determination of ordinary Americans to pursue arms control has held firm.

The evidence is not confined to the decision, by a margin of 238 to 9, of the National Conference of Catholic Bishops to press for a "curb" on the race toward Armageddon. . . .

For all of us, a simple truth has crystallized. It is not with our friends that we must bargain to limit the threat of annihilation, but with our foes.

Precisely because the Soviet regime is repugnant, because it is rigid, militaristic, paranoid and hostile to our most sacred values—because it menaces peace and freedom—we must exert every effort to restrain its capacity and our own to commit mutual, global suicide. . . .

It is because of such [Soviet] conduct, not just in spite of it, that we have sought, seek and must continue indefinitely to strive for reliable, binding agreements that limit and cut back the arsenals of holocaust.

The fact is that the Soviet Union is a formidable adversary. . . . But it is also a fact that, unlike America's strength in international affairs, the Soviet Union's power is almost exclusively military. It is a deformed giant—crippled by a stagnant economy, a restive set of captive allies, and an ideology that inspires less and less support at home and abroad.

Our greatest error, in facing such a competitor, would be to play only to its military strength when our own strength is so much more diverse. . . .

Our strength in arms makes our pursuit of arms control our imperative. . . . [N]o outlay for defense can give us greater security than an agreement of equal benefit to Americans and Soviets on how much defense is enough.

Even in 1963, when Averell Harriman, whom we honor today. . . was negotiating with Nikita Khrushchev, Americans disagreed strongly about the wisdom of halting nuclear tests. Before those Moscow talks, the Joint Chiefs of Staff

opposed efforts to obtain a comprehensive test ban because they feared the Russians would cheat. After the Treaty had been signed, Edward Teller, an important figure in the development of the American hydrogen bomb, testified in the Senate: "If you ratify this Treaty. . . you will have given away the future safety of this country [ellipsis in Manatt's text]"

Because of such fears and opposition, the treaty was a *limited* one. . . .

We have not moved as fast as we must. . . . And this effort must continue despite provocation from the Soviets. . . .

Since that beginning in 1963, we have retained the goal of a *comprehensive* test ban treaty. . . . The Reagan administration, however, halted those negotiations and repudiated the objective itself. That action is a grave mistake. It is long past time to ratify the Comprehensive Test Ban Treaty. . . .

I said at the beginning of this talk that I am here as a spokesman for my party. Let me conclude by saying that the position I have tried to voice and the prescriptions I have tried to offer are those of the Democratic Party, united in a common effort to make arms control an American priority and a global reality.

The seven distinguished candidates seeking our party's presidential nomination understand something which the present occupant of the White House does not—that arms control is vital to the security of this nation and to the survival of humanity. . . .

. . . Contrary to the Reagan Republican Party's continued opposition to halting the arms race now, the Democratic Party calls for a mutual and verifiable freeze on the testing, production, and deployment of nuclear warheads, missiles, and other delivery systems [ellipsis in original];

. . . Contrary to the Republican administration's continued foot-dragging and delay, the Democratic Party calls for progress now on major, mutual, balanced and verifiable reductions of nuclear forces to lower equivalent levels, with special attention to *destabilizing weapons that are vulnerable to or capable of preemptive attack* [ellipsis in original, emphasis added].

. . . While the administration of Ronald Reagan has actually relaxed efforts to halt nuclear proliferation, the Democratic Party, unlike its Republican counterpart, calls now for a systematic and vigorous effort to restrain the reckless commerce in sensitive nuclear materials and technology. [first ellipsis in original]. . .

President Reagan views the Russians' murderous destruction of the Korean airliner as supportive of his position on increasing America's procurement of nuclear weaponry. But let us recall that, in the aftermath of the Cuban Missile Crisis, when the world had peered over the brink of the nuclear chasm, President John F. Kennedy did not use those tensions to urge acceleration of the arms race. . . .

'Patriots welcome Dixy Lee Ray's attack on Manatt's treason'

Warren J. Hamerman, National Chairman of the 26,000 member National Democratic Policy Committee (NDPC), a political action committee founded by Lyndon H. LaRouche, Jr., issued the following statement on Oct. 1:

All patriots will welcome Dixy Lee Ray's courageous attacks on the "traitorous acts" of Manatt and Harriman who have been pushing Yuri Andropov's policy of full-scale opposition to President Reagan's March 23 program for development of energy-beam defensive weapon systems. On Sept. 28, at a press conference in Richland, Washington, the former governor of the State of Washington and former chairman of the Atomic Energy Commission responded to a request by the local NDPC representative for her comments on the fact that Democratic Party Chairman Charles Manatt and former U.S. Ambassador to the Soviet Union Averell Harriman had declared their active opposition to the Reagan administration proposal to develop a laser-weapon defensive system. Dixy Lee Ray commented, "If people like Charles Manatt and Averell Harriman are going to take a public position . . . opposing the President's policies and the President's positions, that is a traitorous act."

Dixy Lee Ray's patriotic statements have ignited howls of protest from the local media. After the Russians barbarically shot down KAL flight 7 jetliner Sept. 1, one would have thought that even the editors of the Seattle *Post-Intelligencer* would think twice before publicly undermining the national security interests of the United States. One would have thought that during the heightened emotions of the special election for the seat of Sen. Henry Jackson, restraint would prevail even among those media outlets which opposed the late senator's strong national defense policy. One would have hoped that the local pro-

ponents of the Andropov-endorsed "freeze" package in the media and those colleagues of the questionable Democratic Party state chairman would have been able to maintain a modicum of respect for the late senator, who stated in his last public speech that the KAL 7 massacre "brings home the difference between Eastern and Western values. . . . This mentality has nothing to do with communism alone. It is Russian history."

As an accomplished scientist and extraordinary political leader, former Governor Ray is currently leading a valiant bipartisan effort in the state of Washington to educate the population about the crucial defensive beam policy proposal of President Reagan, and thereby provide a national model for mobilizing citizen support above party. Recently, at the Aug. 20-23 conference on "The Technological Bases for Peace" at Erice, Italy, Dixy Lee Ray joined presidential scientific adviser Edward Teller in promoting President Reagan's program against harsh Russian opposition. When IBM's chief scientist Richard Garwin, a leading backer of the Andropov-approved freeze proposal, began echoing the Russian "objections" to the President's program, Dixy Lee Ray called Garwin a "traitor" to his face.

The NDPC fully agrees with Dixy Lee Ray. Traitors must be called traitors.

In mid-September, when LaRouche Democrat Don Pilson of Seattle announced his campaign for Jackson's Senate seat, he warned the citizens of the state that certain corrupt and compromised elements would surface to attack all those patriots who rallied in a bipartisan manner for U.S. adoption of an energy-beam defense system. Now the large-scale KGB operations in the Northwest are surfacing in a blatant way. On Oct. 29-Nov. 1 a KGB teach-in called Target Seattle is scheduled to occur, featuring the notorious Georgii Arbatov, head of Moscow's U.S.A.-Canada Institute, and U.S. "Quisling" Richard Barnet of the pro-terrorist Institute for Policy Studies.

On Sept. 20, the same day that Charles Manatt, with Averell Harriman at his side, was proclaiming Andropov's freeze policy as the Democratic "consensus" at Jesuit Georgetown University, 10 LaRouche Democrats won qualification in elections in Washington State. During 1983 the National Democratic Policy Committee has already fielded more than 500 candidates in more than 100 cities from coast to coast. Now the NDPC is mustering a patriotic militia of thousands of citizen candidates to rally around the presidential campaign of Lyndon LaRouche.

The "Benedict Arnold Alliance" of Manatt/Harriman Democrats and Kissinger Republicans is now being challenged by a patriotic bipartisan movement in these most perilous of times.

Will Kissinger replace beam-weapons program with 'build-down'?

by Paul Gallagher

With the United States' so-called "build-down" arms control proposal of Oct. 5—known as "the backdown proposal" in some Washington quarters—Henry Kissinger's proxies in the Scowcroft Commission and in Congress have pushed President Reagan into a turn-the-other-cheek response to the Soviet terror campaign marked by the Korean Airlines massacre. The suicidal election-year disarmament game condoned by the President is stalling the public launching of Reagan's beam-weapons strategic defense program just as the program is due for massive expansion.

A matured late-September plan to expose the full scope of Soviet SALT I and SALT II violations, and use that as a political launching pad for fast deployment of beam weapon and other ABM defenses, now appears to have been shelved. Its advocates are waging a mere rear-guard, behind-the-scenes battle against Kissinger and his allies.

EIR founder Lyndon LaRouche, who pulled together military experts from across Europe in Bonn Oct. 6 to issue a call for U.S.-European cooperation on rapid beam weapons development (see Editorial, page 64), has called for a crash U.S. program that would spend \$10 billion and more a year to deploy beam weapons during the 1980s.

The Fletcher Commission report to the National Security Council on beam weapons technologies does in fact imply an "early deployment option," according to several authoritative sources, but that report has not been commented on by the President since its formal delivery to him one week ago.

During late September, when the Fletcher Commission's optimistic technological conclusions became known, scientific advisers to the administration were discussing the potential for near-term defense of Europe against SS-20 intermediate-range ballistic missiles, and of the United States against Soviet submarine-launched missiles—a crude, partial, but rapidly deployed ABM defense using a combination of beam weapons and other ABM technologies.

Meanwhile, an agreement has been reached between Lawrence Livermore National Laboratory and the Stanford University Linear Accelerator (SLAC) program to do beam-weapon research and development on the SLAC electron beam machine. The integration of Stanford's extremely important accelerator into beam weapon work had been blocked for nearly six months by the Stanford Arms Control and Disarmament Forum, a group inspired by Pugwash arms

control professors Sidney Drell and Wolfgang Panovsky.

The Lawrence Livermore Public Affairs Office said that "the laboratories are now gearing up to develop the defensive weapons President Reagan called for in his speech in March. The most important of these defensive weapons will generate extremely powerful x-rays capable of disabling missiles or warheads or their guidance systems." The unusually explicit statement makes clear the focus: x-ray lasers and electron beams, and the various technologies which combine laser and electron beam effects to generate powerful coherent radiation.

First steps for defense

Defense against Soviet intermediate-range and submarine-launched missiles (SLBMs) is an easier first-stage goal for a partial ABM system than is defense against ICBMs, as noted by Dr. Edward Teller in a Sept. 26 Stanford University speech, and therefore can be made an immediate factor in the strategic situation.

IRBMs and SLBMs are easier to detect, target, track, and kill because of their slower speeds. The SLBMs' lighter weight and the fact that they must fire one missile at a time at short intervals makes them more vulnerable to prior detection and rapid interception, as would a Soviet decision to move missile subs close to the United States. Rapid deployment of defenses against these systems could include: 1) deployment of conventional anti-ballistic missile (ABM) systems typified by the Low Altitude Defense System (LOADS), whose feasibility was assessed by Los Alamos Laboratory during 1982, and mid-range antimissile interceptors; 2) prototype ground-based laser defense systems whose lower performance capabilities would limit their effectiveness to intermediate range missiles and SLBMs; and 3) deployment of crude "pop-up" defense missiles which carry explosive-powered electromagnetic pulse (EMP), x-ray, and microwave generators for intercepting SLBMs during their ascent phase.

It is becoming increasingly clear, as the scientific reports made at last month's San Francisco Beams '83 conference on directed energy and pulsed power indicate, that the United States is very close, if not actually ready, to deploy short-range directed energy systems powered by nuclear explosions (see *EIR*, Oct. 4, "Laser Breakthroughs Highlight Conference"). Even in their early stages of development, these

systems can be effective against short-range SLBMs or in defending European areas against IRBMs, when combined with anti-missile interceptors and ground-based lasers within a few hundred miles of all potential launch sites.

Sources say that White House thinking on "early deployment" involves the unveiling of a U.S. potential to build a partial, largely ground-based ABM system for the United States, and another for Europe, over a period of a few years, as a direct response to accelerating Soviet moves toward using their pre-emptive strike capability to destroy NATO.

The quantity and quality of the Soviet buildup has entailed more and more blatant violations of both the SALT I (ABM) and SALT II treaties. The Soviets possess a three-to-one advantage in land-based warheads. They have developed and tested four additional new types of ICBMs. They have so far deployed 350 SS-20 launchers with 700 warheads, ostensibly against Western Europe, which boasts no more than 30 strategically significant targets. Most of those SS-20s are probably fitted with only one 50-kiloton warhead and therefore could reach U.S. targets, as neutron bomb expert Samuel T. Cohen points out in the September issue of *Armed Forces Journal*. In addition, the U.S.S.R. has repeatedly threatened to station nuclear missile submarines very near U.S. coasts, a short, low-trajectory missile-flight away from U.S. targets, in response to U.S. installation of Pershing II missiles in Europe. And the Soviets have already built and installed the huge radars for an ABM defense system to protect their largest missile fields and military command centers from retaliatory strikes.

Therefore, in the late-September planning among strategic defense advocates around the White House, the U.S. drive for accelerated development of partial ABM defense would be linked directly to large-scale public exposure of these treaty violations and the growing "window of vulnerability."

It is this somewhat byzantine approach to accelerating the beam weapons timetable—still falling far short of a full, public crash program to throw away the MAD doctrine and develop strategic defense in depth. Kissinger and the Scowcroft Commission are both demanding the abandonment of this crash program approach. All aspects of Reagan's accession to the "build-down" proposal—including the setting up of a separate "build-down working group" in the U.S. START talks delegation, which will not be directed by the chief of the U.S. delegation, Charles Rowny, indicates their success in setting Reagan up for disaster. The "build-down working group" will be headed by R. James Woolsey, who is both a Kissinger protege and Scowcroft Commission member, and a former Carter administration DOD official.

Kissinger is employing the notorious method of SALT I: he will tell Reagan to make offers the Soviets will reject, in order for the President to make gains in the MX debate and also appear to be a "man of peace." Then he will offer to give up beam-weapon ABM development, the one program that can achieve U.S. and European security, in exchange for whatever phony Soviet promises might be peddled in American election-year politics.

Legalized murder bill

by Susan Welsh

Less than two weeks after registered nurse Sandra Bardenilla recounted the shocking facts of the medical murder of patient Clarence Herbert in a California hospital to a Washington, D.C. conference of the Club of Life, California became the first state in the Union to legalize the murder of so-called terminally ill patients.

Clarence Herbert was a 55-year-old man who was murdered in Kaiser Permanente Hospital near Los Angeles in 1981 after being in a coma for less than 48 hours. Cost-conscious doctors had advised his family that it was futile to try to keep him alive.

Sandra Bardenilla, a registered nurse specializing in the care of the critically ill, was on the Kaiser Permanente staff when Herbert died. She brought a complaint against staff doctors Nedjl and Barber, and charges were filed against them in August 1982 for first degree murder and conspiracy to commit murder. The case is still before the courts.

Senate Bill 762, the Durable Power of Attorney bill, which passed the California state House and Senate without opposition on Sept. 29, will set an important precedent for such cases, since it gives health care professionals immunity from criminal prosecution, civil liability, and professional disciplinary actions when operating within the provisions of the bill.

Governor George Deukmejian, a Republican, failed to veto the bill despite pressure from the Club of Life and other constituency groups to do so. The bill permits individuals to sign over to a designated family member or other person the right to decide that medical care should be discontinued should the person be hospitalized for a serious illness.

Nancy Spannaus, U.S. chairman of the Club of Life, denounced the decision as "an odious sign of the degeneration of our society." The decision of Governor Deukmejian and the state legislature, she said, displayed "just the kind of pragmatism that millions of Germans demonstrated during the spread of euthanasia practices in Nazi Germany. It is the kind of pragmatism which is leading us to tolerate the Death Lobby and Global 2000's drive to wipe out larger and larger sections of the U.S. population as 'useless eaters,' and entire nations in the developing sector under the same excuse."

Speaking at a conference of the Club of Life in Washington, D.C. Sept. 16, Ms. Bardenilla described the shocking

passes in California

facts of the Herbert case, and her fight to uphold the ethics of the medical profession.

Mr. Herbert, she said, came to Kaiser Foundation Hospital in Harbor City for an elective abdominal surgery to close a prior-made surgical opening in the small intestine. Kaiser is classed as a Health Maintenance Organization, with pre-paid medical insurance. It was experiencing grave financial difficulties during the period of Mr. Herbert's ordeal, according to its own staff circulars.

Following his surgery, Herbert suddenly went into a coma and was transferred to the intensive care unit, where Ms. Bardenilla was his nursing supervisor. "The next morning, Aug. 28," she said, "less than 48 hours after placing Mr. Herbert on a respirator, the nurses were directed by written order not to treat Mr. Herbert if he developed hypo- or hypertension or cardiac arrhythmias. Later another physician wrote an order directing the nurses to remove Mr. Herbert's respirator when his family arrived, and then the physician left the department.

"The nurses refused to carry out this order, because Mr. Herbert did not show clinical signs of brain death, and because the EEG, which had been ordered by the neurologist, had not been done."

Later that day, she explained, Mr. Herbert's EEG was completed and did not indicate brain death, though it did show a lower voltage than normal. Early the next morning Mr. Herbert remained alive, with stable vital signs, and, for the short moments while he was being weighed, the nurses documented Mr. Herbert breathed on his own without using the respirator. Later that morning, after the family had been contacted and had written a note authorizing all machines that were sustaining life to be discontinued, the doctors removed Mr. Herbert's respirator.

Yet Mr. Herbert did not die. "Nurses were verbally ordered not to initiate the routine care measures for patients with artificial airways. Approximately two hours later, when I had arrived in the unit, an order was obtained and this routine care was initiated. Around 2:30 p.m. I spoke with Dr. Nedjl, the surgeon. He was angry that we had obtained the order to place a mist to Mr. Herbert's endotracheal tube. He told me, and I quote, 'Patients are taken off respirators so they will die.'"



NSIPS/Philip Ulanowsky

Sandra Bardenilla speaking on the Clarence Herbert case at the Club of Life conference in Washington, D.C., Sept. 16.

Two days later, the tubes supplying Herbert with food and water were removed, and he was moved to a private room. He remained without food and water for six days before he died on Sept. 6, despite Nurse Bardenilla's fruitless efforts to convince the hospital administration to review the case. The hospital autopsy reported "dehydration" as the principal cause of death.

When the hospital still refused to conduct any investigation, Ms. Bardenilla resigned and filed a complaint.

"It is time for the American public to wake up," Ms. Bardenilla concluded. "The American public has been infected by one of the most venomous public relations schemes in this decade. Even middle America's Abigail Van Buren and Ann Landers, have been encouraging people to send for their 'living wills.'

"The anti-technology fervor grows daily. Let us not fall for the psychologically slick slogans: 'a right to die' cannot be equated with an obligation to be killed. 'Quality of life' must not fall into the old perverted trap of 'social worthiness.' No human being should be labeled a 'subhuman'; human beings are not 'vegetables,' 'sea slugs,' 'snails' or 'things,' as some of the defense attorneys are wont to call them. Certainly it would be difficult for a nurse to relate to or care for someone labeled as such. This is purposeful. Consider too the hateful idea of 'not wanting to prolong the dying process.' This undefined phase may include the last hours, days, weeks, months or years of your life, since life is the only factor capable of prolonging one's death. . . .

"It is time the American public said no. We fought World War II to stop a crazed Nazi dictator who used eugenic practices in Europe. We will not allow the same horrid conditions to systematically undermine the dignity and value of the individual citizens of the United States of America. We will speak out. We will ask the questions and we will persist until we get the right answers. As a nurse, a parent, and a citizen, this is my responsibility."

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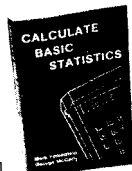
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AFL-CIO backs Mondale and freeze

The General Board meeting in Florida featured Henry Kissinger as guest speaker.

The AFL-CIO General Board, meeting at the Florida Gold Coast resort of Hollywood on Oct. 1, officially delivered the U.S. labor movement into the arms of Yuri Andropov's "peace movement." The Board rammed through an endorsement of Walter Mondale for President, breaking with traditional AFL-CIO policy against early endorsements. As one veteran of the building trades told this reporter, labor is now committing its resources to Jimmy Carter's Vice-President, a man so liberal as to be the recipient of the backing of the Green Party USA.

"I've been trying to bet people \$3,000 that Mondale wouldn't win the Democratic nomination and \$7,000 that if he did he wouldn't beat Reagan. But I don't have any takers," the long-time international union leader complained. But still the Mondale nomination sailed through.

The convention also passed a resolution backing "a verifiable, bilateral nuclear freeze"—a shift from the original Executive Council resolution which merely reported that some AFL-CIO members favor a freeze while others do not. This last-minute amendment was a victory for Democratic Party Chairman Charles Manatt, who endorsed the nuclear freeze on Sept. 20.

During the week before the convention, two score labor officials had signed a resolution circulated by the National Democratic Policy Committee, a political action committee which opposes the Manatt regime. The NDPC resolution charges that Manatt's call for a nuclear freeze, cutbacks

in defense spending, and opposition to nuclear energy development amount to "appeasement worse than Neville Chamberlain's and treason against the vital national security interests of the United States."

To make sure that such views received no public airing, the convention was carefully stage-managed by AFL-CIO president Lane Kirkland. Kirkland invited fellow Trilateral Commission member Henry Kissinger to address the assembly and lobby with much fanfare for his Central American Commission—of which Kirkland is also a member. Kissinger in fact credits Kirkland with getting him the appointment to head the Commission.

Other speakers at the Hollywood meeting included Commission member Sen. Charles Mathias (R-Md.) and Costa Rican President Alberto Monge.

The "unanimity" which Kirkland produced was achieved by weighting the vote of each union according to its membership, giving Mondale 12.8 million votes, 470,000 to John Glenn and 2 million abstaining or voting "non-endorsement." The 15 million union members actually did not vote at all. A series of polls published by news agencies around the time of the convention showed that far from a 90 percent backing of Mondale, Glenn and Mondale are running virtually even among Democratic voters, including unionists.

This flagrant disregard of the views of union members was covered over with fervent speeches about "unprecedented new processes of participatory democracy." But as one unionist

commented, "This was all crap. They said they did their best to find out what their members thought. But there was no referendum—this was no democratic process." Instead, everyone was whipped into line by the rabble-rousing against President Reagan, the alleged source of all evil. This and the insistence upon unity kept dissent to a minimum.

One leader from an abstaining union emphasized, "There's a lot of bitterness seething here. You won't see it though until after the convention." Others insisted, "The endorsement doesn't mean too much."

Apart from the enormous resources in money and manpower that the AFL will expend for Mondale, Kirkland will use this mandate to demand fealty from affiliates and force them to work for Mondale or, if they refuse, to sit on their hands.

Kirkland's controlled environment was so meticulously constructed that Murray Seeger, his information director, denied *EIR* correspondents credentials for the convention on the grounds that this press service "criticizes our leader Lane Kirkland" and therefore is not accredited with the AFL-CIO!

After using such tactics as would have made Joe Stalin blush, Seeger ran up to our correspondents in a fury demanding to know if we knew "H. Bruce McColm," who he insisted was using "LaRouche tactics" to try to gain entrance, "lying that he was a correspondent for *Business Week*." *EIR* determined that not only is McColm an employee of *Business Week*, but he was part of the official program of a session sponsored by the AFL-CIO's Latin American affiliate, AIFLD, the day before the convention. McColm must have been surprised when Seeger accused him of being a "LaRouche agent."

Who needs to bother with primaries?

An orchestrated combination of media events and labor endorsements in Maine and New York is intended to lock up the Democratic presidential nomination for one of the candidates widely known as "Yuri Andropov's Seven Dwarves," five months before the primaries begin.

If the group around grizzled "Soviet handler" Averell Harriman gets its way, the 1984 election will make such past farces as the manipulated 1976 and 1980 Democratic nomination of Trilateral Commission peanut farmer Jimmy Carter look like constitutional democracy. The National Education Association's endorsement of Walter Mondale (supposedly bringing 13 million votes); the unprecedented AFL-CIO "early endorsement" of Mondale; and the DNC's straw polls of party professionals, are the window dressing on the plan to use the election to stop President Reagan's strategic beam-weapons defense doctrine, which panics Harriman's friends in the Kremlin.

On Oct. 6 in New York City, Gov. Mario Cuomo and Sen. Daniel Patrick Moynihan hosted the first Democratic presidential candidates' debate among the "seven dwarves" (Mondale, Glenn, Hart, Cranston, Hollings, Askew and McGovern), excluding Democratic presidential candidate Lyndon LaRouche.

While a LaRouche supporter in the audience was dragged out after denouncing the "KGB in the Democratic Party," Alan Cranston began the festivities by calling for "no preconditions" for a U.S.-Soviet meeting and "no pre-negotiations by staff."

Mondale's view was that since most confidential U.S. government cablegrams end up on page 1 of the *Washington Post* or *New York Times*

(i.e., the U.S. has no real security), freeze negotiations with the U.S.S.R. should proceed like Camp David, with the leaders secluded together for two or three days.

George McGovern's contribution was the following formulation: So what if the Soviets have 1,000 missiles more than we do—in a nuclear confrontation we're all going to die anyway.

John Glenn claimed that after a freeze, the United States would have more warheads than the Soviets, and thus a freeze at present levels favors the United States! (According to Defense Department figures, the ratio is 7,542 Soviet warheads to 7,224 U.S. warheads, with vast qualitative as well as numerical superiority on the Soviet side.)

All seven back IMF austerity

This column is the first U.S. publication to report the unanimous support by all the Democratic presidential candidates for the austerity policies imposed by the International Monetary Fund on debtor nations, no small journalistic feat since all four Senate Democratic candidates managed to be absent when the crucial vote on the \$8.5 billion IMF quota increase was taken this summer.

John Glenn, the same candidate who crusaded to deny developing nations nuclear reprocessing technology, said he supports the IMF quota increase, as a first step, citing the one-in-six American industrial jobs that depends on exports—even though the IMF's conditionalities have cut off exports to the IMF's victims!

Without hesitation, Walter Mondale declared support for the IMF and the need for the U.S. taxpayers to cough up \$8.5 billion. He conceded that this business of keeping your gov-

ernment in power while imposing austerity is "very complex; it's really a balancing act. . . . At some point, the burden of pain will be such that people in a democracy won't be able to carry it anymore. I very much worry about it."

Gary Hart proclaimed his "strong support for this country's involvement in the IMF" and the quota increase, adding as a qualifier that he would go after the private banks—as if the IMF were anything else.

Reubin Askew, the former governor of Florida, said he favors the IMF quota increase because it is "the only hope" nations have to pay their debts, and that getting the austerity through is just "a balancing act."

Ernest Hollings said that he opposed the IMF quota increase and feared a bailout of bad bank loans. But, supporting IMF austerity, the South Carolina senator insisted that the debtors "are going to have to cut back much more." On beam weapons, Hollings angrily gestured, "This is not an issue in the 1984 campaign. Maybe in 10 years."

It was difficult to tell whom McGovern was representing when he argued that if the United States possessed a workable system of beam weapon defense, American military planners could not be trusted to restrain from a first strike.

This line popped up again on Sept. 30 in an interview this reporter held with Sen. Joe Biden of Delaware after his keynote to the Maine Democratic straw poll.

In Maine, as in New York, the fix demanded the exclusion of LaRouche. The Maine Democratic Party resorted to "Bull Connor" tactics with the arrest of Bill Ferguson, a black LaRouche Democrat and a candidate for the Boston School Committee. Ferguson was charged with "criminal trespass" at the straw poll's public reception!

'A little Henry never hurt anyone'

Kissinger's gang, as we reported last week, has moved into the State Department to prevent President Reagan from doing anything sensible following the Soviet Union's shooting down of Korean Airline Flight 7. Now we learn that Kissinger, never a particularly modest fellow, aspires to take over U.S. policymaking for Russia, Europe, the Middle East, and China—on top of Latin American policy, which he is already running from his position as chairman of the National Bipartisan Commission on Central America. He is even telling his friend Secretary of State George Shultz to ask Reagan to take him along on the President's April 1984 trip to China, as Richard Nixon did in 1972.

Nixon, in an op-ed in the *New York Times* Oct. 2, wrote that "the time is ripe for a deal" with Moscow, and called on Reagan to appoint a "personal representative" to undertake "intensive, absolutely confidential negotiations." Three guesses whom Nixon has in mind.

"A little Kissinger never hurt anyone," Shultz and James Baker II are telling the President. "It got Nixon elected in '72." They are peddling Reagan stories about Kissinger's "marvelous" handling of the Russians in the Anti-Ballistic Missile Treaty and SALT talks, his shuttle diplomacy in the Middle East, and his secret deals with the Chinese and Vietnamese.

Henry had gone on record starting the first of the year saying that 1983 will be Reagan's big chance for a "major negotiation" with the Soviet Union. But he had some explaining to do after the Russians shot down KAL 7.

He had his friend Daniel Schorr ask him at his State Department press conference Sept. 29 to explain his views on U.S.-Soviet relations in light of that morning's news that Soviet

President Andropov had just endorsed the KAL massacre policy, hitherto publicly defended mostly by Soviet military spokesmen. Schorr called Henry "a national treasure on strategic questions"—to which Henry replied by instructing the press to make sure to quote Schorr on this.

He then spun out his new view of the East-West situation. First he confessed that he might have been wrong about that "major negotiation" in 1983, but he insisted that "it is still in the objective interests" of both superpowers to conclude arms control and other agreements.

Kissinger then explained that the KAL massacre policy was the result of a "paralysis" of the Kremlin leadership resulting from the fact that Andropov's position had not been consolidated, and he predicted that Andropov would probably soon be replaced by a new Kremlin leadership. Kissinger saw no threat of Soviet preparations for war in the current situation, but acknowledged that we "might" be headed for "a long cooling off period."

Tells *Der Spiegel*: 'I agree with McNamara'

Kissinger amplified this in an interview with West Germany's *Der Spiegel* magazine published Oct. 3. The shooting down of KAL 7, he said, "was not the essential aspect—this was hardly anything more than a malfunction within the system." Kissinger proposed that the United States deploy far fewer than the planned 108 Pershing II's and keep on with arms control talks.

Where should such negotiations lead? Kissinger stated that he "agrees completely with the analysis and 80 percent with the recommendations" put forward by "my good friend Robert McNamara" in the current issue of *Foreign Affairs*. McNamara calls for

the United States and NATO to unilaterally eliminate their nuclear weapons and says the U.S. should not retaliate against a nuclear attack until it has determined Soviet "intentions." "If the White House were destroyed [by a Soviet missile] that does not necessarily mean that they are trying to destroy the West," writes McNamara.

Kissinger told *Der Spiegel* that it was not Andropov who was to blame for the KAL shootdown, but the "bonapartists" of the Soviet military. The United States could therefore pursue Kissingerian diplomacy with the more reasonable forces in the Kremlin.

Asked about the Mideast crisis, Kissinger predicted that a "pro-Syrian government will ultimately rule in Beirut," and praised Syrian President Hafez Assad, the biggest drug mafioso in the region. Kissinger demanded that the United States give the Soviet Union an "equal footing" in the Mideast, even though this may go against what he chose to call "American prejudices."

In a bid to promote his Central America Commission, Kissinger was invited by Commission member Lane Kirkland to put in a special guest appearance at the meeting of the AFL-CIO executive committee in Hollywood, Florida, the weekend of Oct. 1 (see *Labor*, page 57). He held a press conference, probably figuring he could count on Kirkland to run a tightly controlled operation and keep this news service out so he could lie in peace.

But somehow Lane slipped up and *EIR*'s Elliot Greenspan walked in and asked Henry to explain the probe of Kissinger's conflict of interest in Central America which Rep. Henry Gonzales has introduced into the House of Representatives. When he heard *EIR*, Kissinger looked around for security guards while muttering "nonsense, nonsense." Other correspondents came up to *EIR* afterward, looking for more information on the Gonzales investigation.

Did administration help kill Simpson-Mazzoli?

In a apparent attempt to preempt the administration, House Speaker Tip O'Neill (D-Mass.) announced on Oct. 3 that he would not bring the Simpson-Mazzoli immigration bill to the House floor for consideration during this session of Congress.

O'Neill's move effectively kills the legislation, which was co-sponsored by Sen. Alan Simpson (R-Wyo.) and Rep. Romano Mazzoli (D-Ky.), since it is unlikely that House Democrats would attempt to circumvent the Speaker on this matter.

O'Neill claimed that he was acting on information received from the congressional Hispanic Caucus, which indicated that President Reagan would double-cross Democrats and veto the legislation once it reached his desk, despite his previous strong support for it. The motivation, O'Neill argued, would be a Republican play for Hispanic votes in 1984.

The legislation, which has already passed the Senate with administration support, would impose sanctions against employers who knowingly hire illegal immigrants.

Although supporters of Simpson-Mazzoli claimed that there was no evidence that the administration would reverse its position, congressional sources reported that Attorney General William French Smith had sent a letter to Congress in July, stating that the administration would veto anything which deviated from the Senate version of the bill. It was certain that the House would change the Senate bill substantially. The Smith letter surfaced several days before O'Neill announced he was killing the legislation.

O'Neill charged that the bill might "force Hispanics to wear a tag around the neck. Hitler did this to the Jews,

you know. He made them wear a dog tag." And, in one of his more politically astute comments in recent months, the Speaker added, "Outside of editorials in a few liberal newspapers, is there any real constituency for this bill?"

Industrial policy added to DITI bill

Legislation initiated by the Reagan administration to create a new Department of International Trade and Industry (DITI), which would provide more effective means to wage "free enterprise" trade war against the rest of the world, passed the Senate Government Affairs Committee on Oct. 5—but only after Committee Democrats Carl Levin (D-Mich.) and Tom Eagleton (D-Mo.) succeeded in turning the bill into a vehicle to force the administration to adopt an "industrial policy."

The Eagleton-Levin amendment, which passed by a vote of 8 to 2, would set up an Office of Competitive Analysis in the new DITI to pinpoint troubled industries and convoke a labor-industry-government commission to propose "remedies"—a rewarmed version of 1930s corporatism. The goal is to impose austerity through common agreement among labor, industry, and government. Amendment sponsor Levin has previously introduced legislation to create a tripartite National Industrial Policy Board which explicitly mandated the sharing of sacrifice. Investment banker Felix Rohatyn, the man who destroyed New York City's industries and services, is a prominent advocate of this policy.

After attaching the industrial policy provision to the legislation, Eagleton warned that the bill will "die in the House of Representatives [without the industrial policy provision]."

The original proposal, as spearheaded by Trilateral Commission members and Senate Government Affairs Committee Chairman William Roth, would "streamline" trade functions by combining the Department of Commerce, the Office of Special Trade Representative, and agencies from other departments such as State, Treasury, and Agriculture.

Pell delegation still appeasing Moscow

The eight Democratic senators who traveled to Moscow for a meeting with Yuri Andropov in August of this year, under the tutelage of Harrimanite Claiborne Pell (D-R.I.), have released a report of their trip to the Senate under the title, "Dangerous Stalemate: Superpower Relations in Autumn 1983." The Aug. 17-28 trip was concluded just as the Soviet Union shot down KAL flight 007 over the Sea of Japan. But the report states: "That tragedy has not, however, caused us to revise the recommendation in this report pertaining to the urgency of nuclear arms control. Indeed, by demonstrating that the specter of military miscalculation is not an idle fear but a real possibility, this episode should serve as a spur to achieving limits on the superpower arsenals."

That Andropov's policies differ from the military's and that the KAL 007 shooting was a military "miscalculation" has become the preferred line of Council on Foreign Relations networks and dominates the report, which also implies that Andropov's efforts to modernize the economy are being hindered by Soviet defense requirements.

"Any such change," the report states, "would require the acquiescence of a military hierarchy which became accustomed to a dominant share

during the Soviet drive to achieve strategic parity with the United States. And that in turn would almost certainly require genuine normalization of East-West relations and a far-reaching regime of arms control."

Andropov made a propaganda pitch for a major arms control treaty concerning space during his meeting with the delegation, which was widely reported at the time. The delegation's report urges the United States to resume negotiations with the Soviets on an anti-satellite treaty and a ban on the deployment of all weapons in space, which would, of course, rule out a beam-weapon based strategic defense as articulated by President Reagan on March 23. On the question of verification, which the administration has argued precludes meaningful negotiations on an ASAT treaty, the report notes, "Andropov responded without specifics [on verification] but in the affirmative, finally saying, 'of course' they will be verifiable, 'the real question is whether we will have something to verify.'"

House tries to curb nuclear exports

The KGB-allied anti-nuclear movement's "fall offensive" against nuclear energy, which has already stopped an emergency program to save two Washington State Public Power Supply nuclear plants and which threatens the Clinch River Breeder Reactor's future funding, moved forward with House action aimed at curtailing nuclear exports.

On Sept. 30, the House accepted a resolution on the subject by a vote of 196 to 189. As sponsor Harold Wolpe (D-Mich.) explained, "Under existing law nuclear facilities and fuel cannot be exported to a country that refuses to accept full-scope safeguards. But

nuclear technology transfers, and transfers and retransfers of nuclear components, can be authorized to such countries. The amendment I am offering here is necessary to close this loophole, a loophole that is currently being exploited to allow nuclear exports to India, to Argentina, and to South Africa."

Wolpe said that adoption of his amendment would be retroactively applied to the Department of Energy's approval of the transfer of 143 tons of heavy water to Argentina and would be proactively applied to the administration's effort to sell nuclear components to India.

Referring to the Third World countries who are developing nuclear technologies, but who have not signed the notorious Nuclear Non-Proliferation Treaty, population-reduction advocate Richard Ottinger (D-N.Y.) argued, "I think that that threat is a far more real threat to the peace of the world than the nuclear problems that we are experiencing with the Soviet Union."

Opponents of the amendment argued that it only exacerbates the United States's current unreliability as a nuclear supplier. Rep. Manuel Lujan (R-N.M.), reporting on the Mexican decision several years ago to purchase nuclear plants from countries other than the United States, said that a Mexican official explicitly told him, "We need a reliable partner. Your nuclear policy doesn't make sense, either your domestic policy or your export policy."

Committee considers Kissinger probe

H.R. 323, introduced by Henry Gonzalez (D-Tex.) to mandate an investigation of Henry Kissinger's possible conflicts of interest in serving on the

President's Central America commission, has been referred to the House Government Operations Committee for consideration. The committee, chaired by Jack Brooks (D-Tex.), has just concluded a successful effort to renew the Ethics in Government Act, and to toughen up its provisions regarding conflict of interest. Gonzalez charges that Henry Kissinger and his Kissinger Associates have immense business dealings in Central and Latin America—including involvement in the sale of arms to the Sandinistas—which could influence the former Secretary of State's activities on the Central America commission.

Clinch River Breeder gets extension

The Clinch River Breeder Reactor, which was due to run out of funds at the outset of the new fiscal year on Oct. 1, was given a temporary extension with the passage of the congressional "continuing resolution" on Sept. 30. That resolution extends funding for programs until Nov. 10, so that Congress will have time to pass the necessary appropriations bills for FY1984. The House and the Senate had previously mandated that Clinch River, an advanced nuclear research and development project which will "breed" nuclear fuel, receive no new monies until Congress approves a private-sector cost-sharing plan.

Capitol Hill sources say Senate Majority Leader Howard Baker (R-Tenn.), a long-time and crucial supporter of Clinch River (which is being built in his state), may no longer put himself on the line for the project. That Building Trades President Bob Georgine, who has pulled together a labor-industry-minority alliance in support of Clinch River, is maintaining the effort.

National News

Senate confirms Mullen as FBI swallows DEA

Anti-drug fighters were disgusted by the Senate Judiciary Committee's confirmation Sept. 30 of Francis "Bud" Mullen, a former assistant director of the Federal Bureau of Investigation, as head of the Drug Enforcement Administration. Consolidating the FBI's control over the premier U.S. drug-fighting agency, the appointment is seen as the death knell for President Reagan's much-heralded War on Drugs.

The FBI takeover of the DEA, along with the Bureau's control over all counter-terrorist functions for the 1984 Los Angeles Summer Olympics, brings the FBI one step closer to its goal of becoming a national police force.

Francis Mullen had previously intervened against the confirmation of the appointment of Raymond Donovan as Secretary of Labor, by knowingly withholding relevant information from the Senate, and then denied under oath that he had done so. Mullens's actions delayed Donovan's confirmation for two years.

Mullen's confirmation, despite this and investigations into potential conflicts of interest and other possible wrongdoings, has prompted law enforcement and intelligence specialists to raise the possibility that the FBI might be involved in blackmailing the Reagan administration and members of the Congress.

NDPC: 'Need thousands of citizen candidates'

"If you don't want to be popular with those who would commit or appease treason, then join the LaRouche slate."

These words culminate a call put out by Warren J. Hamerman, the chairman of the National Democratic Policy Committee, for "patriotic citizens to launch a mass movement of citizen candidates to run for every political office in sight, on the basis of LaRouche's policies and programs as the alternative to the 'Benedict Arnold Alli-

ance' of Kissinger Republicans and Manatt-Harriman-Kirkland Democrats."

The Hamerman call came out Oct. 1, shortly after Lyndon LaRouche's Sept. 26 announcement placing his name in nomination for the Presidency of the United States.

The NDPC chairman wrote that "simultaneous with the 1984 presidential primary campaign season, tens and tens of thousands of political offices are up for re-election, beginning with the entire U.S. Congress and one-third of the U.S. Senate. . . . Politically coordinated by the NDPC, hundreds of LaRouche Democrats are already declared candidates. . . ."

"On the eve of LaRouche's presidential campaign announcement, 23 LaRouche Democrats won elections from coast to coast within a seven-day period in the very first American elections after the Russians shot down KAL 007. . . . the first signs of a revolt within the Democratic Party against Chuck Manatt and W. Averell Harriman's buttering up to Yuri Andropov. . . ."

"The LaRouche presidential campaign now forms the basis to muster a 'Political Militia' of patriots. . . . Thousands upon thousands of Americans who have no ambition for political office, and who would consider themselves a moral failure as a parent were their son to become a 'politician,' must now follow the example of LaRouche and become a candidate as part of LaRouche's Patriotic Militia.

"The concept of a mass slate of citizen candidates requires a fundamental change in the way the American political process works. People normally just passively sit around, griping, moaning and carping at how bad the 'politicians' are, and then on election day choose one of the differently marketed brands of candidates who are "sold" by special promotion men, consultants, and bozoes as if they were various brands of detergent or toothpaste. . . ."

Labor is target of Volcker's fake figures

Federal Reserve Board Chairman Paul Volcker declared Oct. 7 that American workers have to realize how low inflation really is and modify their wage demands

accordingly.

Speaking at a news conference in Hot Springs, Virginia, Volcker stated, "It's important to me that wage decisions and the pricing decisions reflect what I believe is a new reality," namely, a 2.6 percent increase in the Consumer Price Index instead of the previous 5 percent rate. "I think we are entering a kind of testing period as to whether wage patterns lapse into what people think is normal during their whole working lives," the former Chase Manhattan executive said after a private session in Hot Springs with 90 chief executive officers attending the semi-annual Business Council meeting there.

Mr. Volcker is on record as declaring that Americans ought to have a lower standard of living.

At last month's International Monetary Fund meeting in Washington, D.C., Volcker was confronted by *EIR*'s Kathy Burdman with the evidence that the Federal Reserve is systematically overestimating industrial output by up to 80 percent, while the Commerce Department's Bureau of Labor Statistics, which compiles the Consumer Price Index, is underestimating price increases by even more. Volcker avowed that he would order an investigation.

Since 1979 Volcker has primed inflationary tendencies, by sending the cost of credit through the roof and making productivity-enhancing investment prohibitively expensive, while his shutdowns of industrial firms hiked unemployment outlays and other segments of the federal deficit—not to mention the tens of billions of dollars he added to the obligations of debtor countries.

The Jewish Press tries to retract slander

New York City's *The Jewish Press* newspaper printed the following during the first week of October, under the headline "Clarification":

"In an article in *The Jewish Press* last week on page 2, Fern Rosenblatt, national director of the Jewish Defense League, said her group has conducted an investigation into the shootings at Yeshiva University and believes that Lyndon LaRouche, head of the now-defunct U.S. Labor Party, is connected

to the shootings. Miss Rosenblatt now reports that she no longer believes that LaRouche or his organization is connected to the shootings. Law enforcement sources confirmed to *The Jewish Press* that there is no evidence that LaRouche, whose followers are active in Washington Heights, is involved in the shootings.

The Jewish Press regrets this misunderstanding."

The day after *The Jewish Press* slander came out, a death threat was received at *EIR*'s offices. Sources report that many JDL leaders are presently in New York planning new actions against LaRouche and his associates in the International Caucus of Labor Committees.

'Soviet Realities' aimed at Seattle

It is equally respectable these days to be a radical lesbian, chairman of the board, admiral, communist, or college professor. Combining all of these qualities would overqualify an individual as a leader in the American peace movement.

One such group of respectable Americans is determined to bring "Soviet Realities" to Seattle Oct. 29-Nov. 9. That is the name of a peace festival planned for the city, which will include hundreds of group sessions on various aspects of "How I Learned to Keep Worrying and Fear the Bomb But Love the Soviets."

The affair is sponsored by Target Seattle, a group organized in 1982 with the assistance of Betty Bumpers, the wife of Sen. Dale Bumpers (D-Ark.). Betty is also head of Peace Links, an organization that includes over 50 congressional wives. Sen. Jeremiah Denton (R-Ala.) noted in a speech on the Senate floor this spring that one of its advisory organizations, Women's International League for Peace and Freedom (WILPF), has been designated as a Soviet front even by the U.S. State Department.

WILPF is also a cosponsor of Target Seattle, and the wives of six members of Target Seattle's advisory committee—Senators Slade Gorton and Dan Evans and Congressmen Al Swift, Don Bonker, Norman Dicks, and Mike Lowry—are all members

of Peace Links.

Peace Links leader Betty Bumpers toured the Northwest this spring with Simone Wilkinson, a leader of the Greenham Common women's encampment in Britain that served as the model for the series of lesbian-dominated encampments targeting U.S. defense research and military installations around the country this year.

Target Seattle has confirmed that a Soviet delegation will participate in "Soviet Realities," and has released a list of American speakers, excerpted here:

Admiral Gene Larocque of the Center for Defense Information; Richard Barnett of the Institute for Policy Studies; Dr. Murry Feschbach, Center for Population Research; Adm. Noel Gaynor; Midge Decter of the Committee for the Free World; Ambassador Max Kampelman; Richard Burt of the Department of Defense; James S. Munn, a Seattle attorney and chairman of the state 1980 Reagan campaign; Donald Kendall of PepsiCo and the Council for Initiatives on East-West Trade.

On deathbed, Cooke denounced euthanasia

Shortly before he died on Oct. 6, Terence Cardinal Cooke of New York, who was the head of the Roman Catholic Bishops' Committee for Pro-Life Activities in the United States, issued a blast against the "disastrous" practices of "abortion, euthanasia, and infanticide." Cardinal Cooke's is the strongest recent statement from the Church on the subject.

"We are made in God's image and likeness, and this fact gives a unique dimension to 'the gift of life,' the Cardinal noted. "We have even more reason to be grateful. It is tragic that in our time, concepts which are disastrous to the well-being of God's human family—abortion, euthanasia, and infanticide—are falsely presented as useful and even respectable solutions to human, family, and social problems."

Cardinal Cooke emphasized that "the 'gift of life,' God's special gift, is no less beautiful when it is accompanied by illness or weakness, hunger or poverty, mental or physical handicaps, loneliness or old age."

Briefly

● **EDWARD ROWNY**, who is negotiating for the United States in the START talks, thinks the Reagan arms "build-down" policy is "absurd," we are told.

● **AVERELL HARRIMAN**, Paul Volcker, and Henry Kissinger should defect "because they, above all other Americans, are defective," declares a poster put out by Boston mayoral candidate Michael Gelber.

● **HARVARD** hosted a conference of over 400 politicians in late September which said the Federal Election Commission should not guarantee inclusion of the so-called minor candidates in televised election debates. At the same affair, which was co-sponsored by ABC, Jimmy Carter endorsed same-day voter registration.

● **CONGRESS** was told by Erhard Eppler on Oct. 5 that the current problem with the United States negotiations over the Soviet SS-20s in Europe is that the SS-20s "pressure Europe," but cannot pressure the United States. The West German SPD Executive Council member and leader of the German Protestant Church also proposed, via a "nuclear-free" zone, giving the Soviets a virtual monopoly on nuclear weapons in Europe. The occasion was a Capitol Hill forum sponsored by Rep. Ed Markey (D-Mass.), the Nuclear Freeze Campaign, and others.

● **DR. JOHN H. NUCKOLLS**, of Lawrence Livermore National Laboratory and one of America's leading pioneers in laser inertial confinement fusion research, called for a crash program to develop commercial fusion energy in his presentation to the European Laser-Matter Interaction Conference held in London, England the week of Oct. 2-9. In his report Dr. Nuckolls demonstrated that "It is apparently possible to reduce inertial fusion electrical costs to half those of fission and coal."

Securing the Western alliance

The situation is "desperate but not hopeless," as Lyndon H. LaRouche, Jr., *EIR*'s founder, told an extraordinary gathering of military, industry, and political leaders from many Western nations meeting in Bonn on Oct. 5 to discuss defensive beam-weapons systems. The Western alliance is now splitting apart as the Soviet Union prepares for superpower confrontation.

The NATO alliance, led by the United States, must launch a 1939-43 crash-style mobilization to develop the defensive systems based on directed-energy beams.

LaRouche called upon the participants in the conference, who included 10 official representatives of the West German Defense Ministry, 11 official representatives of the Italian Defense Ministry, and the military attaché of Belgium, as well as leading French military figures, to create a new Western elite capable of steering the nation-states of the West to safety in the perilous times ahead.

The historic precedent is the international republican network from the United States and Europe that organized the 1776 American Revolution, and later formed the Society of Cincinnatus to defend and propagate the American System worldwide.

Among the speakers at the conference were Gen. Revault d'Allonnes (ret.) and Col. Geneste of France; General Karst (ret.) of West Germany; and Gen. Giulio Macri of Italy. Some of the military leaders have endorsed LaRouche for President of the United States.

It was LaRouche's first public address since announcing Sept. 26 that he would be a candidate for President in 1984. The conference, titled: "E-Beams: The Strategic Significance for Western Europe," mapped a crash program employing the best minds of the West before the Soviets administer a new "Sputnik shock." As one speaker concluded, 1) whoever attacks beam-weapon development by the West is attacking the security of the U.S. and its allies, and is therefore "either stupid or a Soviet agent"; 2) the technological basis for beam weapons exists, making them ripe for a crash program; 3) this crash program must be on the scale of the Manhattan Project which developed the A-

bomb during World War II.

Only a 1939-43 type of mobilization, and LaRouche alone among the prospective candidates of the Democratic Party, could pull the Alliance back together and make Western defense commitments credible again in Moscow's eyes, before strategic disaster strikes.

"The Soviet Union is not interested in negotiations but in destabilizing and exploiting the West from within," LaRouche said. Central America, the Middle East, Pakistan, Southeast Asia, Northern Africa, all represent hot-spots headed for strategic disaster. The nuclear-freeze movement threatens strategic planning.

"The Soviets don't want to launch a first strike, but the possibility is becoming more credible. . . . They are counting on the worsening depression in the OECD nations, and on the impotence of a United States caught up in electoral politics, to make gains now. They don't want peace. The arms talks are worthless. They have for long felt persecuted, encroached upon, and now they intend to exploit the weaknesses of the West to their own advantage. The only way out of this is for the West to make itself credible, otherwise the Soviets don't have to negotiate. . . . The situation is desperate but not hopeless." Beam-weapons development on a crash and open basis is the way to make the West "credible" again.

Helga Zepp-LaRouche, the leader of the European Labor Party, addressed the more than 50 participants on the underlying psychology used by the Soviet-directed "peace movement" in Europe: fear. The Soviet Union is clearly superior to NATO forces; therefore, let us appease them. But after Prussia's disastrous 1806 crushing by Napoleon at Jena, the great military, educational, and cultural reformers vom Stein, Scharnhorst, Humboldt, and others formed a viable nationalist elite to steer the country through its great and perilous crisis, making it possible to defeat Napoleon.

Can this be replicated? Yes, if the movement launched in Bonn, described by LaRouche as the first "time the Society of Cincinnatus has met in 200 years," rapidly expands on both sides of the Atlantic.

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