

EIR

Executive Intelligence Review

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Kissinger caught in plot against beam defense
Soviets amass grain stores: attack on Europe ahead?
Mondale's nomination may be 'null and void'

**New 'Patty Hearst' abduction
tied to Colombian ex-President**



EIR Special Reports

Kissinger's Plot to Take Over the Reagan Administration

The surprise naming of Henry A. Kissinger to head the President's Bipartisan Commission on Central America was part of a larger long-term operation by the man who has been characterized as acting as Moscow's unpaid ambassador. The report includes dossiers on the top Kissinger-linked people in government, including Bud McFarlane, Brent Scowcroft, Lawrence Eagleburger, and Helmut Sonnenfeldt. Essential for understanding current battles over National Security Council, Defense, and State Department policy.

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banks, and place top-down control over U.S. credit under a handful of financial conglomerates which are modeled on the turn-of-the-century Morgan syndicate and created by "deregulation." This cartel will impose economic austerity on the United States, slashing the defense budget, and giving the Federal Reserve Board the power to dictate reduced levels of industrial production, wages, prices, and employment.

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EIR

From the Managing Editor

In the face of the atrocious abduction and torture of Colombian anti-drug fighter Patricia Paredes de Londoño, the U.S. State Department has assumed a relationship to truth that resembles nothing so much as the 13th century Inquisition. Two days after she disappeared, when neither the police nor her family had heard from Patricia, the State Department stated that she was with her family and had not been abducted. On Aug. 2, after the victim had finally been returned and was hospitalized in a critical mental condition, the State Department spokesman said, "If she is in the condition you say, it could be because of the press mobilization you carried out saying she was abducted."

On Aug. 3, State Department spokesman Alan Romberg was confronted with the fact that State's posted item on the Londoño case was a lie, which had been refuted in the press by Patricia's husband Maximiliano Londoño: Romberg threatened to sue *EIR*. By Aug. 4, an aide to Lee Peters, who is head of the Colombia desk at the State Department, told a concerned caller that the story of the abduction of Patricia Londoño had been "concocted." This is more or less the lie ventilated by *El Tiempo*, the newspaper of Alfonso López Michelsen, Colombia's ex-President and kingpin of the illegal-drug trade!

The truth is published in this week's *Special Report*, compiled under the direction of editor Nora Hamerman, who is also editor-in-chief of the U.S. National Anti-Drug Coalition's *War on Drugs* magazine. Thanks go to Cynthia Rush, Tim Rush, Valerie Rush, Laurence Hecht, and Mark Sonnenblick, for their work in compiling, literally over the night between July 29 and 30, *EIR*'s 46-page dossier on the case, upon which much of the *Special Report* was based.

The investigation so far has implicated not only the State Department, but Lane Kirkland's AIFLD dirty-tricks operation, with the López Michelsen drug mafia and a cult called the Universal Christian Gnostic Church. Illegal drugs are not a "sociological phenomenon"; besides being the world's biggest business, they are a national security threat, deployed by enemies of the West to destroy our most precious asset, our youth—and our national morality. *EIR*'s probe, which will continue in next week's issue, is honing in on the "Bulgarian connection"—i.e., the Soviet KGB—to Colombian drugs and the Gnostic church.

The State Department has a lot of explaining ahead.



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Special Report



NSIPS

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EIR model: U.S. recovery flunks on three counts

by Vin Berg

More than the entire gain in the American economy's physical output during 1983 and the first half of 1984 represents a subsidy to the American economy by the rest of the world, of which about half derived from the developing sector, *EIR*'s June 1984 *Quarterly Economic Report* demonstrates. The apparent output gain of about 4% in terms of physical product during 1983 reduces to a mere 1% gain when the effect of the subsidy is removed, and becomes an actual decline during 1984, the study shows.

Furthermore, if the cost of repairing the nation's deteriorating infrastructure is treated as an unpaid capital cost, the 1% gain during 1983 becomes a 9.4% decline.

Three measures

In this summary, we present, as opposed to the fraudulent portrait of the economy offered by the Federal Reserve and the Department of Commerce, three national-income accounting measures which describe the status and trajectory of the American economy with successively greater accuracy.

The American economic recovery is a fraud on three counts:

1) First, the Federal Reserve industrial production index reported double the actual gains in physical output, which *EIR* derived from a comprehensive survey of private-sector industrial associations.

2) Even the lower, real level of output improvement was not due to the "operating account" of the American economy

itself, but was the result of a windfall: a nearly 40% overvaluation of the U.S. dollar and a drastic reduction of commodity-export prices of the developing sector.

3) The *future potential* of the American economy to produce, measured by including the depreciation cost of basic economic infrastructure, continued to decline rapidly despite the windfall gain due to the trade subsidy. On "capital account," the American economy is declining at nearly a 10% annual rate.

The accompanying graphics generated by LaRouche-Riemann computer simulation reflect the first two corrective points only. Figures for industrial output corrected to account for simple statistical fraud at the Federal Reserve and other reporting agencies, are compared to output figures as further corrected by subtraction of the production inputs representing a pure subsidy from America's trading partners. When one deducts the subsidy to the United States stemming from extremely distorted favorable terms of trade—the discrepancy in the two trajectories—the U.S. economy, officially described as increasing physical goods output, is shown to be declining in physical output.

Even the apparent upward motion of the physical output of the U.S. economy will be reversed during the course of 1984. While the overall results of this downward trend will still show a slight gain at the end of 1984, approximately 1%, the downward trend will continue and intensify in 1985, giving a fall of between 3% and 4% over 1984 and 1985.

Even this projected decline, however, is seen to be conservative in the extreme when viewed from the more comprehensive standpoint which takes account of the third adjustment factor. Net of unmet depreciation costs of basic economic infrastructure, the economy would show a steep fall indeed.

These unmet depreciation costs currently total over 9% of total output. This must be kept in mind to properly evaluate any apparent growth within an overall, "bouncing ball" pattern of economic decline.

What also must be kept in mind in 1984-85 projections is that the American parasite is about to lose its foreign host. The actual level of U.S. economic decline over 1984-85 will be determined by the end of the current level of subsidy which the country is receiving from the rest of the world. This subsidy maintained the slim appearance of recovery in 1983, while the productive capability of the United States slipped further and further into decay. It will be the removal of the subsidy, a foregone conclusion of the ongoing financial crisis, which will reveal the underlying physical-breakdown condition of the U.S. economy, most severe in the obsolete and battered condition of basic domestic infrastructure.

Infrastructure

EIR is currently engaged in effecting improvements in the LaRouche-Riemann model that will permit the more comprehensive picture, encompassing all three adjustment factors cited above, to be computer simulated for graphic representation.

Infrastructure is the framework of the economy which manufacturing and agriculture are "lowered into." No manufacturing plant can be opened without water and electricity supply. Infrastructure is the limiting function, or better, the potential function of industrial-agricultural and population growth. Extensive dams, water systems, piping, electricity generating plants, transmission wires, and so forth are often necessary before a single manufacturing or agricultural enterprise can start operations. Conversely, the erosion of such infrastructural systems will begin to sabotage industrial and agricultural activity, restrict operations, lower productivity. If not ameliorated, industry and agriculture will experience outright shut-down. Thus, if the growth in infrastructure opens up the potential for exponential growth levels in manufacturing and agriculture, at the point that infrastructure erodes significantly, as in the United States today, even a significant investment in manufacturing and agriculture will cause no significant economic growth.

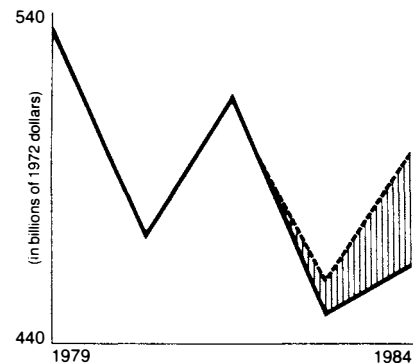
Infrastructure capital-stock investment is larger by a factor of three or four than capital-stock investment in plant and equipment. Thus, from the standpoint of a proper overall economic policy oriented to maximizing agro-industrial development, in terms of the sheer size of investment, infrastructure should consume greater amounts of capital goods

LaRouche-Riemann U.S. Economic Survey 1979-84

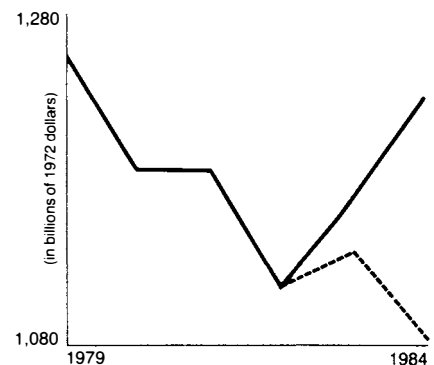
KEY

— apparent vs. - - - underlying

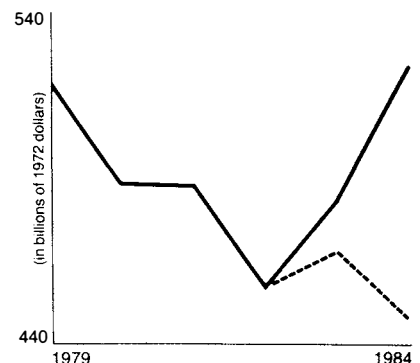
GRAPH 1
**Overhead less
net imports**



GRAPH 2
**Total
tangible output**



GRAPH 3
**Tangible
profit (\$)**



than the plant-and-equipment annual bill for industry and agriculture.

Measuring the infrastructure deficit presents an interesting problem. Since infrastructure is a potential function—measuring the potential for various levels of economic growth in the future—it must be measured from a measure of future economic value. The problem may be broken into two parts. Between 1984 and 2004, we have assumed that deterioration in infrastructure, *dating from 1960*, requires major repair and replacement projects. Calculating the necessary expenditures on such projects gives an infrastructure *deficit*. Second, we have assumed certain transformations in the economy to avert disaster and achieve the next level of technological progress. Both parts make up the cost of amortization of basic economic infrastructure over the next 20 years.

In the measurement of infrastructure, we have made a departure and included the cost of repairing and expanding manufacturing plant and equipment. Plant is often included in infrastructure studies, but equipment is usually not. However, since the two are so closely related, we have included the cost of replacing equipment. In the truest sense, this is a cost that must be accounted before any new levels of output can be achieved.

One final note: America's military needs are inexorably tied up with the functioning of infrastructure. Exemplary is the highway system. America's roads were built with national defense in mind. In fact, in 1956, Congress officially designated the Interstate Highway network "the National System of Interstate and Defense Highways."

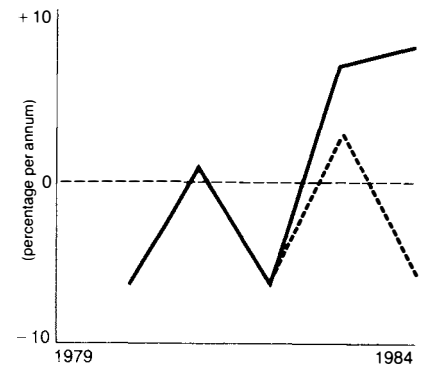
In congressional testimony in June 1950, commissioner of the Bureau of Public Roads, Thomas MacDonald, attested to the defense needs of all infrastructure: "The minimum requirements of structural and capacity design of the major routes to serve national interests must be equated to the foreseen needs of the national defense. Thus, the question of whether the highways would be built at less cost if there were no heavy trucks [allowed] becomes largely academic since the design of major routes must be held to defense standards."

So, the question might be asked: If the United States had to go to war, would each element of infrastructure be capable of sustaining the mobilization? The current answer is a resounding no.

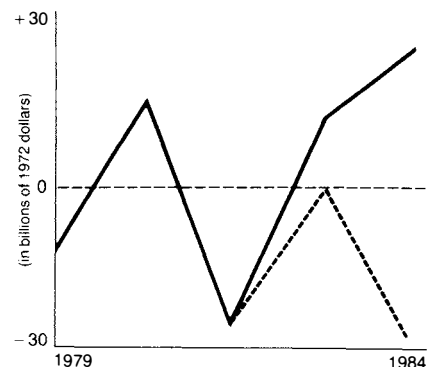
Analysis of the trade subsidy

By estimate of the LaRouche-Riemann model, the present trade deficit is the equivalent of 7% of total tangible output, i.e., an amount greater than any swing in reported output during the last eight years. The deficit functions as a source of *production inputs which are not being paid for* due to dollar overvaluation and import underpricing (the latter resulting from the fact that, under IMF conditionalities, for example, developing-sector debtors must export everything not nailed down, even at a net loss, to earn foreign exchange

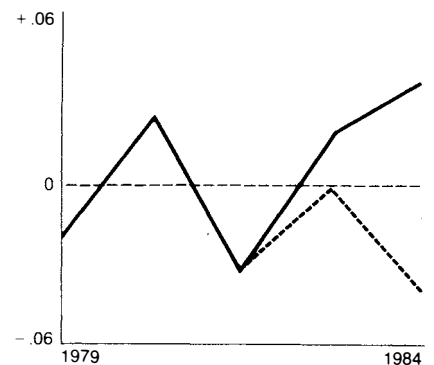
GRAPH 3A
Percent
growth of
tangible
profit



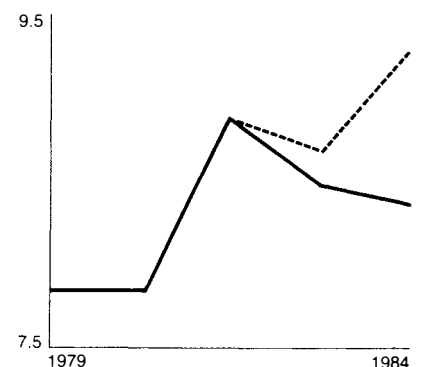
GRAPH 4
Net
reinvestment
(S')



GRAPH 5
Instantaneous
reinvestment
rate, S'/(C + V)



GRAPH 6
Overhead
per unit
of tangible
wage bill



for debt service). These imports are substituted for essential manufacturing and semi-manufacturing output the economy no longer invests in producing—permitting a level of output unmerited by the underlying physical conditions of the U.S. economy.

The graphs compare the apparent course of the U.S. economy through the first half of 1984 with the trajectory which the economy would have followed in the absence of the import subsidy. All measurements were made in constant 1972 dollars. The 1984 values are annualized from conditions existing at the end of the second quarter of 1984.

Graph 1 shows the magnitude of the subsidy which has been supporting the U.S. economy since 1982. The difference here is calculated by taking the *change* in the balance of trade between, for example, 1982 and 1983, and adding that change to the overhead. In this way, a comparison can be made between the observed course of the economy and the internal capabilities which it possessed at each point.

Graph 2 shows the course of total tangible output with and without the subsidy. The pattern of deep falls followed by temporary respites seen in 1979-81, is repeated in 1981-84 when the result of the subsidy is removed. While the rate of decline of the underlying economy appears to have slowed, the net course is still negative.

Graph 3 shows the divergence of tangible profit between the apparent and underlying trajectories. Note that the subsidy received in 1982 produces an increased tangible profit in 1983.

Graph 3A indicates the rate of change for tangible profit. Rates of decline of 6% to 7% between 1979-80 and 1981-82 would have been almost matched by the 5% drop between 1983-84 in the absence of the subsidy.

Graph 4 shows that the apparent reinvestment in 1983 and the first part of 1984 was purely a result of the trade imbalance. In 1982, the U.S. economy itself produced barely enough tangible profit to meet the overhead requirements, and in 1983, it produced significantly too little. The difference, experienced as net investments in the following period, was made up by the trade surplus.

Graph 5 demonstrates that the *rate* of net reinvestment would have been more negative in 1984 (-0.04) than even in 1982 (-0.02) if the trade surplus had not increased. With the rapid growth of the subsidy, the economy showed a relatively high growth potential of 0.03.

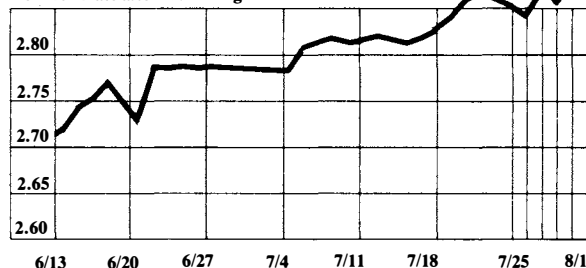
Graph 6 provides the empirical proof that the apparent growth of the economy must have come from a source such as we describe. The ratio of overhead costs to the wage bill of the productive workforce is shown to fall over a period of massive increase in service, government, and all other types of overhead costs.

The EIR Quarterly Economic Report, entitled "The United States on the Edge of a General Breakdown Crisis," is available at \$1,000, \$500 to subscribers.

Currency Rates

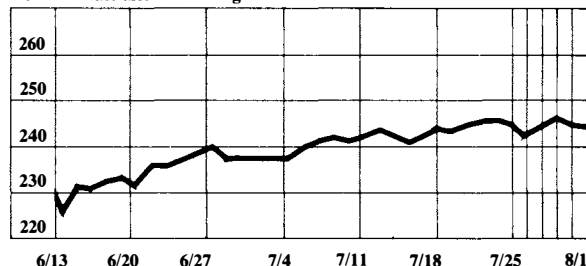
The dollar in deutschemarks

New York late afternoon fixing



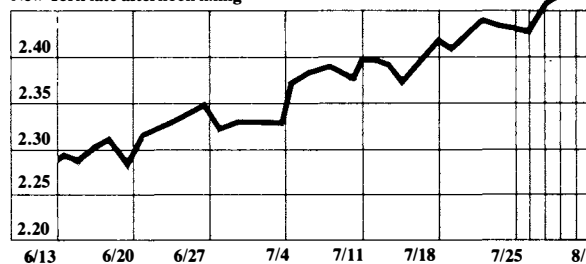
The dollar in yen

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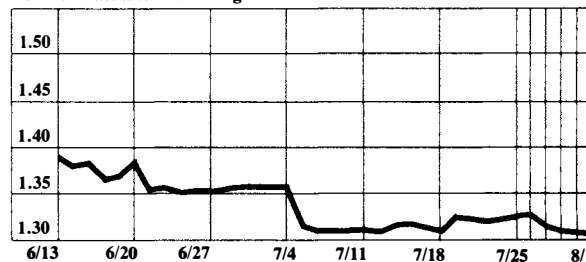
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Book Review

The 'free enterprise' route to genocide

by Nancy Spannaus

A Response to Global 2000

edited by Julian I. Simon and Herman Kahn

Basil Blackwell, Inc. 1984

New York and Oxford, 1984, \$19.95

In criticizing *The Limits to Growth*, the Club of Rome tract which was the precursor of the Carter administration's *Global 2000*, leading economist Lyndon H. LaRouche, Jr. identified two glaring errors: 1) outright factual stupidities about the availability of world resources; and 2) methodological errors based on the acceptance of linear trend projections. *The Resourceful Earth* corrects the first of these problems, but not the second. Worse, it seeks to cover up the inevitable consequences of leaving the world economy in the hands of the international bankers and the IMF, who are now driving it into the ground.

The Resourceful Earth is a collection of essays by "experts" in various fields of physical science, all of whom are committed to debunking the scare projections of *Global 2000*. The book's statement of purpose and faith begins from an admirable standpoint. Right from the beginning, the editors say: "We are confident that the nature of the physical world permits continued improvement in humankind's economic lot in the long run, indefinitely." (p.3)

From this standpoint, the essayists offer a plethora of useful facts countering the pessimism of *Global 2000* in areas such as land use, water, fishing, and forestation. The book also takes an unequivocal stand against the call for depopulation by *Global 2000*, a call which demanded that the world's population be reduced by 2 billion people from what it had been projected to be. Simon and Kahn oppose population "stabilization" for both the United States and the Third World, noting that "recommendations to other countries—and even more so, pressure upon them—to institute and carry out policies with respect to their population growth rates are not warranted by any facts about resources and population, and they constitute unjustifiable interference in the activities of other countries, because such policies must necessarily rest upon value judgments."

The Resourceful Earth also makes a strong pitch for nu-

clear power, including fusion power, and exposes the detractors of nuclear energy as ignorant and damaging to the environment.

But the editors and their financial sponsors at the Heritage Foundation have a broader, a less benign purpose in mind than simply spreading optimism about the future. They are devoted to preventing any government intervention that might save the world from the unprecedented holocaust which it is currently facing.

In the view of Simon and Kahn, the weaknesses of *Global 2000* rest on the fact that it was a government-sponsored report, and that its primary recommendations are to greatly enhance the power and funding of the government to evaluate and make recommendations on the use of "scarce resources." There is no question but that the Carter administration created a huge, destructive bureaucracy around its zero-growth perspective. But the problem did not lie in the fact of government sponsorship, but rather in the venality of the individuals from the genocide lobby who were running the study. It was their Malthusian premises which determined the outcome.

Simon and Kahn disagree. They declare from the outset that it is the intervention of the world's governments into the question of resources that has choked economic progress. Then, to underline their point, the editors give an illustration of what they consider "inappropriate" government intervention—the food situation in Africa!

What a cynical fraud! Twenty-four countries in Africa are currently on the verge of extinction due to their inability to either buy the necessary imports, or invest in the agricultural and transport infrastructure projects which would allow these countries to feed themselves. Agricultural productivity in Africa has not been hindered by the current governments, but by the supranational institutions such as the IMF and the World Bank which have implemented a policy of systematic credit cut-off to this area of the world.

The Africa example is the key to exposing the hidden agenda of *The Resourceful Earth*. For not only do Simon and Kahn totally misrepresent the cause for the accelerating famine in Africa, but they essentially deny the existence of that famine, and the threat it represents to more than 100 million people.

According to Simon and Kahn, "The food supply has been improving since at least World War II," and such a historical trend can be expected to continue. "World food prices have been trending lower for decades and centuries . . . and there is strong reason to believe that this trend will continue," they argue—in contrast to the prediction by *Global 2000* that real prices for food would double. But then they let loose with the giveaway to the fact that they are indifferent to the current massive starvation in Africa and elsewhere. "If a problem exists for the U.S., it is a problem caused by abundance."

In fact, there is no problem of abundance in the United States or elsewhere. World food production is being massively reduced by collusion between the grain cartels and the IMF, putting famine on the agenda for the United States as well as the Third World within a matter of months.

Simon and Kahn systematically ignore the fact that there has been a shift in policy orientation toward the developing sector, with the intention of implementing the predictions of *Global 2000*. By extending the period on which they calculate the "historical trend," to 30 years rather than 10-15, they attempt to obscure the decision made by leading financial oligarchs to wipe out the nations of Africa. The rate of decline in food production in Africa, and in the willingness of outside agencies or countries to aid the Africans, has been the result of a deliberate policy commitment by these forces. To "average out" this decline, with the previous increase in per capita food supply, is a fallacious coverup of the IMF's genocidal intent.

Unfortunately, this method of "analysis" is pervasive in *The Resourceful Earth*. Whenever the authors do not want to accept the predictions of *Global 2000*, they reach far enough back in time to show an "average" which represents an improvement. Thus, sharp shifts in policy, the actual intent of genocide, are smoothed out and obscured.

It is also clear that the editors are operating off the view that it is the free market, or "invisible hand," that will ultimately "fix" the match of resources with the need for those resources. Could someone with as much political experience as the late Herman Kahn actually fail to understand that the invisible hand is nothing other than the pickpocketing fingers of the financial oligarchy? I doubt it. Kahn was close enough to policymaking circles internationally to understand that the determination of economic policy is not a matter of chance; it's either determined by governments or by private interests; but there are real human beings governing the actions of those hands.

Thus, the attack on the overabundance of American food stocks is nothing but a declaration of intent to let millions of nonwhite people die. One has to be a cynical "free enterpriser" indeed to call for a reduction in food stocks in the midst of one of the worst acknowledged holocausts in modern history.

Methodological flaws

So far, we have taken on the Kahn-Simon thesis on the basis of its policy difference with those like us who are committed to establishing an economic order consistent with the morality of providing every human being, no matter what his or her color or residence, with food, shelter, and a living standard as high as that of people in the industrialized nations. But there is a deeper incompetence here.

Kahn and Simon proudly declare that they, unlike *Global 2000*'s sponsors, rely heavily on trend data. Putting aside for the moment that some of the trends they refer to are such meaningless figures as the standard figures for Gross National Product, which accounts the sales of gambling stocks the same as it does production of steel, reliance on linear trend lines represents the height of idiocy. It is just this kind of idiocy which has allowed the United States and the rest of the world to fall into the worst depression since the 1930s, while the professional economists have been predicting endless prosperity.

The central trend which the editors cite is the trend of reduction of prices of raw materials, in particular energy-related raw materials such as oil and coal. Implicit in this argument is the central assumption that the advanced sector can continue to loot the Third World by underpricing raw materials production for the indefinite future.

There is no evidence that the real cost of raw materials to producers has been reduced significantly over the recent period. What has been reduced is rather the cost to the consumer, primarily due to the fact that the marketers and consumers have exercised a total monopoly over distribution of the products. Take coffee, for example. Over the past year the price for this commodity on the international markets has dropped a full 22%. Does this mean that there has been a 22% increase in efficiency and productivity in the coffee-producing nations of Africa and Ibero-America? By no means. It means that the dictates of the commodity cartels have forced those countries to loot themselves in order to sell more coffee at a net loss.

According to the Adam Smith economics of Kahn and Simon, all's fair in the arena of the marketplace. When the counties which are being looted, collapse as economies, they will chalk it up to "survival of the fittest," with nary a sigh.

Such underpayment, however, cannot go on indefinitely. It contravenes the reality that, with a given mode of technology the social cost of producing raw materials will inevitably increase. The only way of maintaining the "trend" of reduction of prices is to constantly improve the technology, and then eventually to shift away from the resource itself.

This point is most aptly demonstrated by the development of energy resources from reliance on wood, to reliance on fossil fuels, to the discovery of nuclear fuel. Each new technology not only increased the available supply of the potential energy sources, but also massively reduced its real social cost.

Breakthrough set

by William Engdahl

A small energy company in Oklahoma has teamed up with a national research laboratory to launch what could become one of the most significant technological developments in recent decades for recovery of heavy crude oil and tar deposits.

Deploying the physics of electromagnetic radiation at the radio frequency end of the spectrum, the Uentech Corporation of Tulsa appears to have made the breakthrough. Preliminary computer simulation of one producing well of Venezuelan heavy oil using the new method took production from previous rates of 35 barrels per day (bpd) up to 90 bpd after 30 days, and 165 bpd after six months—an increase of almost 500%.

While the principles of physics employed are the subject of a wide-ranging series of advanced experiments, such as that going on at the Princeton Plasma Physics Laboratory to investigate the radio frequency heating of plasmas, the Uentech breakthrough, the result of years of laboratory and field research, is actually in the process of commercial application in two projects in Oklahoma.

Crude oil deposits range in grade from very light, such as found in the Middle East, to heavy. The lighter grades, those with an American Petroleum Institute (API) gravity index of 25° API up to about 38° API, flow easily at well-reservoir temperatures. But there are vast reserves throughout the world of heavy crudes (below 21° API) which are highly viscous, do not flow easily, and, therefore, are often uneconomical to tap. With refineries forced to use increasing amounts of these heavy crude grades in recent years, the industry faced the problem of making it economical to recover this oil. Uentech, a subsidiary of Universal Energy Corporation working jointly with the Illinois Institute of Technology Research Institute of Chicago (IITRI), a non-profit institute affiliated with the Illinois Institute of Technology, is confident it has solved this problem.

If the field tests now underway in southern Oklahoma prove as promising as laboratory simulations indicate, the

Kahn and Simon agree with the desirability of moving to nuclear power, but they neglect to underline the principle which makes it necessary. One of their contributors, Bernard L. Cohen of the University of Pittsburgh, does understand, however. Appended to *The Resourceful Earth* is a Statement of Dissent by physics professor Cohen, which makes the following cogent point:

“As a scientist I see no barriers to a bright future for America and for mankind. Irrespective of present trends, many minerals will eventually become more scarce and expensive. But we can develop substitutes for them. Food supply and environmental difficulties may well develop, but they can be solved. The only thing we need to handle these problems is an abundant and everlasting supply of cheap energy, and it is readily available in nuclear reactors, including the breeder. Given a rational and supportive public policy, science and technology can provide not only for the twenty-first century, but forever. . . .”

Cohen cites the success of uninformed “public opinion” in sabotaging nuclear power, and states:

“Unless solutions can be found to this problem I believe that the United States will enter the twenty-first century declining in wealth, power, and influence, and within the next century will become an impoverished nation. I therefore find it difficult to share in the optimism that characterizes this report. That does not mean that I sympathize with *Global 2000*; indeed, some of those who were most influential in its preparation have been among the leading perpetrators of the policies that are ruining us. The coming debacle I foresee is not due to the problems they describe, but to the policies they advocate.”

Dr. Cohen is, if anything, understating the case. Economic catastrophe in the form of famine, epidemics, and a rise in infant mortality rate is already striking whole continents. Food shortages are looming not only in the Third World, but also in the United States, due to deliberate policies to take land out of production, and to loot the U.S. farmer. The transportation infrastructure, key to the functioning of any industrialized nation, is in a state of total collapse, including in the United States.

The world needs more than optimism to handle these problems. It requires a program for putting people to work producing again, a program which is supported by a new monetary system worked out between sovereign governments and geared to funding massive new infrastructure projects, especially in the Third World. The Third World cannot be left a raw materials producer. It must not only industrialize, but leapfrog the developments in the so-called industrialized world today.

We recommend that the Reagan administration, one of the major targets of this study, and all other honest conservatives, think twice before taking the advice of *The Resourceful Earth*. The fantasy that “everything is okay” is the quickest route to disaster.

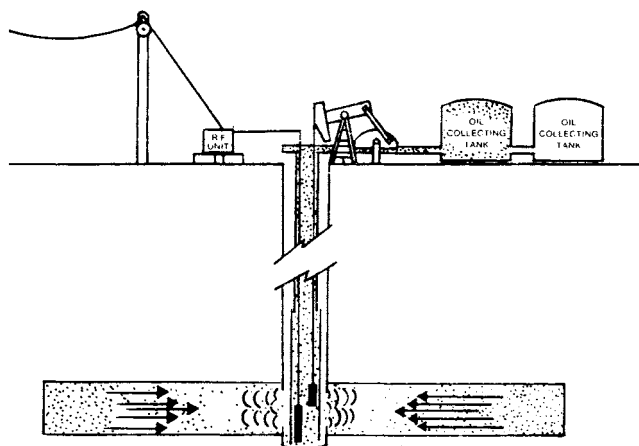
for oil technology

new process could make economical recovery possible for the huge reserves of heavy oil in the cold reaches of Prudhoe Bay, Alaska, and for the tar-sand deposits in Utah, Canada, and Oklahoma.

Most important, the new process would enhance the recovery of oil from partially depleted reservoirs in heavy oil zones such as Venezuela. In addition, the process would make it economically possible to tap the estimated 1 trillion barrels of oil in the Orinoco Tar belt which cuts across Venezuela, Colombia, and Surinam.

Work on the process has been underway since the 1970s, when IITRI obtained a research contract from the U.S. Department of Energy Office of Advanced Energy Projects for investigation of use of electromagnetic energy on hydrocarbon-bearing formations, especially shale and tar sands.

Single well radio frequency heating process.



This approach was a dramatic contrast to the more publicized methods, especially the thermal methods such as Occidental Petroleum's difficult-to-control underground "fire-flood" retort to obtain oil from shale, or Union Oil's malfunctioning "rock pump" above-ground retort. Those methods require price supports well above current world oil prices and large federally backed loan guarantees. They also have serious air and water quality impacts not associated with the electromagnetic method.

Ironically, just as IITRI successfully completed several small-scale field tests in Utah, the project was shelved during the bureaucratic chaos of the near-dissolution of the Energy Department, the project's principal sponsor. It was up to an imaginative company in Oklahoma to see the untapped potential of the IITRI research. The "marriage" of resources between IITRI and Uentech of Tulsa, which began in 1983, has already extended the application of IITRI's work to enhancing the possible recovery flow from existing older wells.

Enhanced oil recovery

The U.S. Department of Energy estimates there are some 300 billion barrels of oil in known reservoirs around the world, lying in wells that have lost pressure as initial oil has been drawn out, at the same time that we will need at least 2 million bpd from enhanced recovery sources in the next few years. The conventional thermal process used to recover this oil—shooting steam down the well to increase pressure and decrease viscosity—is very energy-intensive, inefficient, and can be used only in relatively shallow wells. Steam injection requires source water (often in water-scarce regions) and an oil-driven boiler to produce large amounts of steam, and usually yield only 1-2 barrels of recovered oil for each barrel consumed in the recovery process.

The underlying principle of the Uentech/IITRI method is—like most such advances—both ingenious and simple. Using electromagnetic energy in the radio frequency (rf) range, simulation tests indicate possible increases in well production flow rates of 200-500%.

One computer simulated test based on a program developed jointly by IITRI and Texas A&M University simulated a known producing region of Venezuela. A typical well in the region, producing 35 bpd, flowed at 90 bpd after 30 days of electromagnetic stimulation, a rate which climbed to 135 bpd, and reached 165 bpd after six months of rf power input. Uentech calculates these increases in output are possible at an additional cost per well of only \$20,000 to \$50,000.

More important, as Uentech president Homer Spencer stressed in a recent interview, "Significant power is not lost by our process in transmission down the bore-hole." This advantage is potentially invaluable in places such as Venezuela where billions of barrels of oil lie at depths of 8-9,000 feet, too deep for steam to be effective.

For single-well simulation, Uentech lowers a specially designed antenna or electrode down the bore-hole. Energy at

radio frequency is then applied through this antenna, heating the surrounding oil deposits with rf energy. As viscosity decreases as temperature increases (recall the change in viscosity of cold maple syrup upon heating), the oil surrounding the bore-hole becomes more mobile, stimulating fluid flow and hence, production of oil from the well.

Similar approaches had been tried before, but the problem was, according to industry sources, that experimenters worked in the microwave end of the electromagnetic spectrum, whose characteristic heating properties are undesirable for this application. The rf spectrum was largely ignored. When Uentech approached IITRI with their proposal, IITRI well understood the problem. They research high-level electromagnetic effects including EMP (electromagnetic pulse), rf interference, and electromagnetic heating.

IITRI and Uentech have subsequently shown in extensive laboratory tests that each oil deposit has an optimal range of heating frequencies in which the applied electromagnetic energy will be absorbed with optimal heating effect. Ironically, IITRI had previously looked at but rejected a similar kind of single-well method as inappropriate to solving the problem of shale recovery. Uentech's Spencer, a chemical engineer familiar with problems of fluid flow in existing wells, triggered a re-examination of what has become their Single-Well Stimulation method.

The method is now being applied in a field location in Love County in southern Oklahoma in a \$2.5 million project following extensive laboratory tests. Recent breakthroughs over the past three years in solid-state energy conversion circuitry have made solid-state rf transmitters commercially available. With efficiencies for conversion of electrical to rf energy more than three times that of older vacuum tube transmitters, these transmitters are the size of a large filing cabinet, making well-site application feasible for the first time.

As Spencer emphasizes, "The single-well stimulation method works well over a range of crudes below approximately 25° API," and will be cheaper, more energy efficient, and applicable to a much wider range of regions.

One by-product of the research experience of IITRI and Uentech in conjunction with Texas A&M has been development of some of the most detailed computer modeling ever done of the effects of electromagnetic wave propagation through the earth medium. Potential spin-offs of the data could have great benefit in other areas.

'A giant capacitor'

A second project, this one in a tar sand deposit in Murray County, Oklahoma, is also underway. Here IITRI and Uentech are using what they call their "parallel-plate" process to create commercial boiler fuel oil from tar sand deposits. In this project, the Bechtel Group has agreed to provide the engineering and management for the project.

The parallel-plate method has been under development since IITRI began work, first with its own funds, in 1976.

They conducted field tests of the method in Utah under an agreement with the DOE and Halliburton Company until the 1981 fall in oil prices cut industry support.

The approach involves creation of a "triplate" type of giant in-ground "capacitor." Following extensive laboratory and field testing of optimal characteristics, IITRI has arrived as the most efficient geometric configuration of three rows or lines of 3" steel pipe inserted into the tar sand deposit, the inside row or "plate" being the "hot" side in electrical terms. This method provides uniform and maximum heating of the deposit. The advantage of this triplate method is that you can "fine tune" the frequency of rf energy input to the specific frequency optimal for a given deposit.

Extensive tests showed that the tar sand deposit had electrical characteristics dramatically different from the surrounding overburden and adjacent rock strata, in effect creating a type of natural heterogeneous dielectric, analogous to a capacitor in an old vacuum-tube radio. As electromagnetic energy is pumped in (optimal, as with the single well method, at the rf rather than microwave end of the electromagnetic spectrum), the rf energy is converted into heat which is transferred into the tar sand deposit. A heavy oil begins to precipitate out, and can be withdrawn via conventional mining methods.

Heat losses or leakages with the IITRI method are negligible, making it possible to recover from 5 to 10 barrels of oil for each barrel used.

The IITRI/Uentech method indicates that substantial cost reductions for so-called synthetic fuels are imminent. In one Utah tar sand formation, IITRI calculated that with an initial capital outlay of approximately \$84 million for installation of a large rf recovery facility (which would include infrastructure to emplace the electrical excitors and production equipment), a substantial 10,000 bpd production facility could produce the Utah bitumen at an operating cost of \$5.88/barrel and a capital cost of \$3.62/barrel for a total cost of \$9.50/barrel. Add another approximate \$10/barrel to upgrade this Utah bitumen to commercial quality syncrude for a total cost of less than \$20/barrel. This is a far cry from the Carter administration estimates of \$80-\$100/barrel for commercial synfuel costs.

In the Uentech Murray County project, where the tar has much lower sulfur content and electric power costs are far lower than at the Utah site, Homer Spencer estimates that the costs of power input to heat the tar sand will range only \$2-\$3/barrel of usable oil produced. Provisions of a Congressional Alternate Energy Tax Credit of about \$4/barrel give further financial incentive to investors in the method even with falling world oil prices. But, as Spencer stresses, the economics of the application of rf heating for recovery of oil from tar sands are sufficient to be able to compete in its own right. It should provoke a long-overdue debate on the relevance of the physics of electromagnetic wave propagation to production of hydrocarbon energy in the process.

Shades of 1929!

The light at the end of the tunnel is, unfortunately, the approaching express train.

The stock market's wild runup to slightly above 1200 on the Dow-Jones average may, for all we know, run above this year's previous high of 1286 before it blows off, perhaps even before this edition of *EIR* reaches the hands of its readers.

One winces at the prospect of President Reagan bragging of the market rally before the Republican convention, only to watch the whole thing collapse before the election.

Here is the logic behind the institutional rush into stocks:

Having beaten inflation, the Federal Reserve now has room to stabilize or even lower interest rates. The market rise was preceded by an even bigger rally in long-term government bonds, and a pronounced narrowing of the "yield curve" (the difference between short-term and longer debt maturities).

Second, the slowing of the economy, i.e., the drop in durable goods and factory orders, and the rise in unemployment, shows that the economy is settling down to "sustainable growth."

Since the value of American equity at the 1086 level of the Dow-Jones is substantially under listed book value, and the stock market was nearing the equivalent of liquidation values, the institutions said, first, "Why not?" and then, "Whoopee!" On an historical basis, stock prices are so low that a 300-point swing in the Dow-Jones represents wild speculation between auction-block prices for corporate assets, and a minimal level of earnings. There is no more basis to predict the

short-term behavior of the stock market than, for example, the prices of Czarist bonds.

The presumptions are dead wrong, though reality has never had much to do with short-term behavior of stock prices.

The Federal Reserve is, indeed, loosening credit, as measured by the sharp rate of increase of bank reserves; the most significant credit-loosening measure it took was to make permanent the bailout of the Continental Illinois Bank. But it is doing so under duress, out of fear for the safety of the banking system. There are three good reasons for the Fed to worry:

1) Although posted bank Certificate of Deposit rates, and especially Eurodollar deposit rates, have come down sharply, the posted rates no longer have much to do with the reality. In the last issue of *EIR*, we warned that the nation's largest thrift institution, the \$32 billion Financial Corporation of America, was involved in a desperate effort to raise institutional funds. FCA announced on Aug. 2 that it had lost institutional deposits during July, although it is willing to pay an effective 13.65% for 3-month money, or 2¼% above the rate for some commercial banks of the same size. FCA is huge, but there are many others in just as bad shape in the thrift industry.

2) The drop in oil prices threatens a new wave of failures in the oil patch, the weak spot that brought down Continental Illinois. As we warned on May 7, "American banks lent \$40 billion in March alone to finance speculative purchases of oil in the ground. This

was the single biggest boost to U.S. liquidity during the first quarter. What happens to the economy if the oil price drops? As Janeway notes, American banks 'are sitting on sky-high reserves valued for collateral purposes at up to \$35 per barrel—outer-space in current oil-market terms. If ever there was a classic case history of long-term market direction crowding out immediate considerations of market price, the over-borrowed, undermargined condition of the domestic oil-credit pyramid provides it. A markdown of a mere 25¢ per barrel is guaranteed to swing negative leverage against the domestic oil-patch banks—if only because it will end the winking by examiners at the loan-to-capital ratios of banks overloaded with sticky oil loans.' "

3) The Ibero-American debt crisis will likely explode again at the September meeting of debtor governments at Buenos Aires.

The Fed's willingness to print money has the above motivations; ominous is the fact that despite the Fed's monetary largesse, short-term rates, i.e., the key Federal funds rate, have not fallen. This overnight rate is still pushing toward 12%.

Significant in this context is that the Swiss, the ultimate professional pessimists, have treated the market rally with contempt, e.g., the *Neue Zürcher Zeitung* of July 30:

"Prices have been driven strongly higher on the New York bond market by the soothing words of Federal Reserve Chairman Volcker before the Senate Banking Committee, and by the fact that the latest economic data have caused no great concern. . . . Careful investors, however, are asking the question if this isn't just a brush fire burning off, and if the over-hasty rise in interest rates during the spring is not matched by an over-hasty reduction in the interest rate level. . . ."

There will not be a new currency

For all those who were wondering, or losing sleep over it, here is the final answer to this question.

A yellowed clipping from the *Wall Street Journal* was recently passed on to me by an American friend, reporting the demise of a brand of bubble-gum; it appears that young children around the country had heard a rumor that the gum contained spiders' eggs. The report, of course, was not true, but it badly damaged sales of this product.

Now that a Geneva banker, Gerard Leroux, has lifted the rumor of a "new U.S. currency" out of the newsletter circuit in his new book, *Dollarum Tremens*, I am persuaded—with some reluctance—to answer a question that many readers of this occasional column have asked: Will the U.S. government undertake a confiscatory devaluation of the home currency, issuing one new dollar for ten old ones in the midst of a great hyperinflation? The answer is no.

It reminds me of an anecdote smuggled out of the Soviet Union: The Marxism-Leninism study group of a collective farm has written to Radio Armenia, "We have been unable to decide whether, under the great future of Communism, there will be or not be money."

Radio Armenia answers: "Right deviationists argue that there will be money under Communism, while left extremists maintain that there will not be money under Communism. The dialectical answer is, under Communism, some will have money and others won't."

So, to the question: Under conditions of general monetary crisis, will there be the old money or will there be new money? The answer is: There will

be the old money, but none will have much of it.

Much has been made of the fact that the Treasury Department has announced plans to change the appearance and manufacture of large-denomination currency during the next three years. The rumor-spreaders in the newsletter circuit have taken off two ways. Some have taken it as confirmation of their warnings of the past three years. Deeper thinkers, e.g., L. T. Patterson, have asked why the Treasury has given advance warning to the scheme, rather than issuing the new notes with surprise—and confounding the narcotics traffickers who rely so heavily upon cash.

I noted recently that the Colombian narcotics traffic has shifted to a gold-exchange basis in order to avoid both this problem and the danger that offshore bank accounts in the Caribbean might disappear during a banking crisis.

As for the new currency rumor, it originated three years ago with a certain Dr. Franz Pick, publisher of Pick's *Currency Yearbook*. Pick claims to be financial adviser to the Black Pope, the head of the Jesuit order, and adviser to the "subterranean economy" generally. He and his cousin, Felice Pick, did play an important part in the formation of the Caribbean ventures of the notorious Banco Ambrosiano, which foundered in the wake of Italy's Propaganda 2 Freemasons scandal.

I report that I have discussed this issue with Dr. Pick on several occasions, and I do not believe that Dr. Pick believes what he says. He is an old man with superb access to obscure

information, and a warped sense of humor.

Nonetheless, Dr. Pick's formulation was of use to the newsletter publishers, and the purveyors of gold coins or mining stocks in general. Americans, who hold about one tenth of all investment bullion, buy gold when the price is rising; more experienced Europeans and Asians buy when the price is falling. For example, Citibank reports its international sales of gold certificates tripled between June and July as the gold price fell sharply, while domestic firms report sharply lower sales. The large fondi, according to European sources, are moving funds into raw materials, gold, gold mining, and similar investments at this point, when the price of such investments is low.

When the gold price performs badly, the gold industry seeks to awake the petty fears of government confiscation among its customers. Many of the newsletters write for retired people seeking to protect capital, of a generation badly impressed by the impact of inflation on marginal taxation rates. Unfortunately, the "new currency" rumor is a cheap form of fear-mongering, and a most ironic one, since we live in a period in which there is much to fear.

The fate of the world's creditor currency in a period of domino-fashion debt default cannot be healthy. But gold's role in the world will not be determined by the hoarding instincts of small savers, but by great political events played upon the world stage. Gold might be a means of stabilizing world currencies and reviving world trade, as Lyndon H. LaRouche, Jr., has proposed, or it might represent a currency of last resort in the hands of the great oligarchical hoards of Switzerland, England, and other European centers. The "new currency" rumor serves merely to trivialize the issue.

Wallich predicts dollar trouble

A soon-to-be-published tract by Federal Reserve Governor Wallich talks down the dollar.

The American dollar concluded the week of July 30 at about DM 2.86, down substantially from the 13-year high of 2.91 achieved earlier in the week. It does not appear that this was what the commentators dismiss as a "technical reaction." Instead, it reportedly reflected the realization that the Federal Reserve has not tightened monetary policy and will not in the foreseeable future.

The dollar's fall, in other words, is the flip side of the wild rise in stock prices during the first week in August. Whether this is good or bad for the future of the world monetary system is an interesting question, and Wallich's comments, made available in draft form by sources at the Federal Reserve, suggest that the answer is a thunderous no.

The dollar's weakness coincides with a reasonably sharp drop in Euro-dollar deposit rates, which stand now at 12% for six-month money, against 12.75% only six weeks ago. The drop in the six-month rate, according to London market participants, reflects some relief at the bailout of the Continental Illinois Bank announced the preceding week, but the bailout itself has convinced market participants, at last, that the Federal Reserve cannot afford a tight money policy.

The essay by Wallich, to be published next month by the giant accounting firm Touche Ross, is of note in this situation. Wallich, the Fed's link to the oligarchical Bank for International Settlements in Basel, argues that currency inflows have financed

the U.S. budget deficit, and that an end to the current-account deficit and its accompanying inflow of capital would merely put more pressure on American interest rates. He also warns that the pressure upon the rest of the world, which has reluctantly born this burden, will ultimately damage the dollar's status as the world's leading reserve currency:

"If, as seems likely, the United States continues borrowing abroad and moving toward net debtor status, causing the rest of the world to hold ever larger amounts of dollar-denominated assets, the good acceptance that our currency has had in the world may wear out. In the longer run, it seems probable that the dollar-depressing effect of the external deficit will begin to overwhelm the dollar-supporting effect of higher interest rates. I do not believe, therefore, that the current value of the dollar is sustainable. . . ."

In fact, the rise in non-dollar lending in the Euromarkets during the past several weeks (reported by banking sources) shows that Wallich's warning is already a reality: The dollar has become unusable as a reserve currency, with the channels of the interbank market still clogged by fears concerning the safety of American banks overseas since the Continental Illinois disaster. Although the Federal Reserve bailout of Conti arrested further deterioration of the interbank market, no well-informed observers believe that anything has improved. On the contrary, they are waiting for more fireworks from the Ibero-American

debtors. The expansion of non-dollar lending markets is a bad sign for the long-term health of the dollar. So is the drop in international oil prices, already threatening to turn into a crash. High oil prices have artificially increased demand for the dollar, and the quadrupling of oil prices in 1979 set the stage for the long rise of the dollar since. The reverse will place additional pressure on the dollar, probably by the fourth quarter of this year.

Wallich's conclusion is that there will be disaster unless the budget deficit is drastically reduced:

"If the dollar does decline substantially while the budget deficit remains unchanged, the external deficit will, with a lag, also decline. That would reduce the magnitude of the external deficit problem. However, it would also intensify other problems created by the budget deficit. With a return of the external sector toward balance [due to the falling dollar], foreign financing of the budget deficit would diminish. Ultimately, it would have to be financed entirely at home, absorbing a still higher fraction of scarce savings, thereby raising interest rates. The 'crowding out' resulting from the budget deficit, which is now partly offset by the foreign-trade related sectors of the U.S. economy, would then be directed fully against the other sectors of the economy. Thus, reduction or elimination of the external deficit, without a corresponding reduction in the budget deficit would only shift the impact of our nation's budget deficit problems without resolving them."

It may or may not be of interest that Wallich's article will appear in September, in time for the International Monetary Fund's annual conference; various players in the game, including the Soviets, reportedly believe that the dollar will go through the floor around October, in time to influence the November elections.

Business Briefs

U.S. 'Recovery'

Census Bureau report shows poverty increase

In a report which is certain to fuel controversy, the Census Bureau said on Aug. 1 that more than one family out of seven in the United States is at or below the poverty level. The report shows a climb in the poverty rate from 15.0% to 15.2%.

In 1979, the poverty rate was at 11.7%. Then, Jimmy Carter appointed Paul Volcker head of the Federal Reserve. The poverty rate was at 13.00% in 1980, the last year of the Carter administration. Reagan retained Volcker, and it was at 14.0% in the first year of the Reagan administration. It hit 15.0% in 1982.

The Bureau described the small rise in the poverty rate as "not a statistically significant change," and Gordon Green, a Census Bureau assistant division chief for economic statistics, said the new poverty rate offered no answer to the question of whether Reagan's policies have hurt the poor. Mr. Green told a press conference that many other factors would have to be considered, such as the impact of specific changes in social programs.

He added that he believed that the poverty rate will drop next year. "We know we are going through a very strong recovery right now," Green said. "My personal opinion . . . is that we will see improvement next year."

European Economy

Jobs threatened in French auto industry

A new study of the French auto industry proclaims that the industry will not recover unless it gets rid of 70,000 "superfluous" jobs. The study was commissioned by the government and conducted by François Dalle, the Jesuit-influenced head of the L'Oreal cosmetics firm. The recommendation has not yet been examined by the gov-

ernment, but an indication of government policy is expected soon, when technocratic Prime Minister Fabius announces a decision on the fate of the Citroën auto manufacturer. Citroën boss Jacques Calvet has asked for authorization to fire some 3,000 employees to "save" the company.

Figures released by the INSEE and BIPE statistical institutes show that, if present trends continue, some 600,000 industrial jobs will have been lost during the whole of François Mitterrand's presidency (through 1988): 30,000 jobs in the steel industry (through the Steel Plan adopted by the government last spring), 25,000-30,000 in coal mining, 16,000 in the chemical industry, 10,000 in the telephone industry, 10,000 in the shipyards, and so forth, will be lost in the next three to four years. In other sectors, forecasts for the 10 next years are that 60,000 jobs could be lost in bank administration and 300,000 in the agriculture sector.

Technology

NASA develops improved crop-dusting methods

NASA aerodynamic research is generating more efficient methods for aerial applications of insecticides and herbicides, including high-speed, high-altitude spraying with paraquat.

A new computer code, AGDISP (AGricultural DISPersal) has been developed to account for the effects of atmospheric turbulence, crosswind, propeller slipstream, terrain variations, droplet evaporation, and plant canopy density on particle trajectories. AGDISP was developed jointly by the USDA Forest Service and NASA to provide a basis for detailed study of airplane-wake aerodynamics.

The motion of the airplane's wing generates a huge vortical swirl of turbulence, called the airplane's wake vortex, which is normally generated so close to the spray nozzles that most of the spray is entrained around the vortex, contributing to the problem of uncontrolled and uneven application of the spray onto the target area.

The code was developed in combination with wind tunnel experimentation to find methods "to alter the airplane wake and measure the impact on the spray-deposition pattern," explained Dana J. Durham, an engineer at the Langley Low-Speed Aerodynamics Division. Testing began with a scale-model agricultural airplane at Langley's Wake Vortex Facility and was followed by the use of a full-scale airplane in the 30- by 60-foot wind tunnel there.

These tests were field confirmed by experimental flights at Wallops Flight Facility on Wallops Island in Virginia. An agricultural airplane was flown low over three long rows of adhesive strips, 50 feet apart, spraying solid particles to simulate droplet release. These tests correlated with computer predictions, showing that winglets—small vertical-wing surfaces at the wing tips—could minimize the spray deposition problem by displacing the swirling vortex to near the tip of the winglet, thus moving the turbulence further away from the spray nozzles.

The success of the AGDISP code will allow it to be used to predict changing ground deposit patterns due to design changes in the dispersal system or aerodynamic modifications of the plane. It will also enable an operator to determine whether or not to spray under existing wind conditions and help researchers determine the best operational flight conditions for a given set of atmospheric conditions.

Ibero-American Debt

Debt fight remains tough

Despite a surface of capitulationist rhetoric from Ibero-American leaders, the international banks will find some unpleasant surprises as their major Ibero-American clients sit down to bargain with them.

Brazil, for example, will begin talks on its debt program for next year by demanding that interest payments be indexed at 3% above U.S. inflation. Thus, it would pay 7%, only half of the 14% it now pays.

Briefly

● **THE JERUSALEM POST** July 23 reported on the "ugliest manifestations of anti-Semitism in Argentina," based on the statements of Cohen Imach, head of the Argentine equivalent of the Jewish Defense League. He "expressed concern that an anti-Semitic, extreme right-wing agitator from the U.S., Lyndon LaRouche, was received recently by President Raul Alfonsín and obtained considerable publicity in the press for his diatribes against the International Monetary Fund." Attacking the IMF is an ugly manifestation of anti-Semitism?

● **THE PERUVIAN ARMY** has told the Reagan administration that it is reluctantly considering buying \$50 million in Soviet arms. The IMF prohibits Peru from using dollars to pay for Western arms. The Soviets are offering excellent terms, and will accept payment in textiles and other Peruvian products.

● **THE NATIONAL** Association of Realtors said home mortgage rates in June averaged two percentage points too high for the typical American family to qualify for a loan. The family earning the national median income could only afford a house with a mortgage at 10¼%. New fixed rate mortgages are being offered at close to 15%.

● **CLAUDE CHEYSSON**, French foreign minister, issued an ultimatum that there would be no new French investments in Argentina until that country "negotiates a solution of its debt problem with the International Monetary Fund and the Paris Club." Cheysson made a few mild criticisms of the IMF, but insisted that "it would be desirable for Argentina to come to an agreement with the Fund."

● **LATIN AMERICAN** bishops approved a document at the end of their council in Bogotá on July 31 denouncing "an obscure alliance between narcotics traffic and terrorism, and sometimes between the former and some public officials. This alliance threatens modern society."

Argentina is preparing for a big fight with the IMF. It is repaying Colombia, Mexico, Brazil, and Venezuela the money they loaned to keep it from defaulting March 31. And the government agreed with the Peronist unions for another big increase in the minimum wage. It is doubtful the IMF will finally approve an Argentine letter of intent before Aug. 15. If the letter is not approved, \$125 million loaned by banks to keep Argentina from defaulting June 30 will be due. The banks could then try to seize the dollars Argentina deposited in the New York Federal Reserve Bank as collateral for the loan.

Business Week says Mexican President Miguel de la Madrid will ask bankers to stretch out loans over 15 years and give Mexico new money that the bankers are reluctant to provide. Bankers are worried that Mexico will free itself from the IMF after Mexico collects all it can from the Fund at the end of next year, and are "currently trying to devise new mechanisms of leverage," the magazine reports.

Venezuela has complicated debt renegotiations by only slowly providing subsidized dollars for private-sector debts. Officials are checking to make sure those dollars were not used for speculation abroad. The Venezuelans are also asking to pay the same, fixed amount of debt service each year.

International Trade

Japanese to invest in space-station design

Michiyuki Isurugi, the director general of Japan's Science and Technology Agency, announced today that Japan will be spending over \$6 million next year for space-station design studies. During his trip to Japan this spring, NASA head James Beggs asked Japanese government officials to consider spending, in total, about \$1 billion to build a part of the future U.S. station.

Japan does not currently have a manned space program, and the commitment to participate in the U.S. space station would make possible the flight of Japanese astronauts and

scientists, who would also have access to overall station facilities for experimentation and the development of commercial products.

Japanese officials had indicated that the \$1 billion expenditure over the next eight years on the station would require a significant up-grading of their space programs. Japan has decided to participate in this first round of preliminary design studies, Michiyuki Isurugi stated at a meeting in Tokyo.

Japan also announced recently that they will be building a larger-scale expendable launch rocket which will be capable of placing over 4,000 pounds of payload into orbit by the 1990s, in a second major financial commitment for their space program.

War on Drugs

Betancur asks for economic emergency

Colombian President Belisario Betancur asked his congress for emergency powers to solve the economic crisis imposed on Colombia in retaliation for his war on drugs. He said there was no way the state could cover its budget deficit. Betancur said the central bank would have to print money to permit the government to meet its immediate commitments, while a drastic austerity program was being implemented.

When Betancur escalated the war on drugs after the April 30 murder of Justice Minister Rodrigo Lara Bonilla, the mafia fled the country with their capital. The Swiss daily *Neue Zürcher Zeitung* warned Betancur that Colombia would have a crisis if he didn't stop the war on drugs. That article and others in the *Wall Street Journal* signaled that a run was being organized on Colombia.

The hue and cry has now gone up from the group around ex-president Alfonso López Michelsen, drug-runners' spokesman, for the reopening of the *ventanilla siniestra* at the central bank. This was a special facility opened by López Michelsen and closed by Belisario through which drug dollars were laundered with no questions asked.

Bring abductors of Patricia Londoño to justice!

by Nora Hamerman

An international mobilization rescued Colombian Anti-Drug Coalition leader Patricia Paredes de Londoño on Aug. 2 after six days of captivity by abductors linked to the Colombian drug mafia, who were subjecting her to a “Patty Hearst”-style brainwashing. The forces “above suspicion” who deployed that crime, and are now attempting to cover it up, must be fully exposed and crushed.

Mrs. Londoño is the wife of Maximiliano Londoño, the vice-president of the Colombian National Anti-Drug Coalition and secretary general of the Andean Labor Party (PLAN)—the most courageous and informed foes of Dope, Inc. in Colombia. After months of harassment against her and her husband, which had included a previous robbery and drugging incident in Bogota last October, and telephoned death threats only one week earlier, Patricia suddenly disappeared in Bogota on Thursday, July 26.

Early Friday, July 27, the PLAN, the Colombian ADC and their international allies began a worldwide information campaign to find and free Patricia. On Monday, July 30, a 46-page dossier commissioned by *EIR* founder Lyndon H. LaRouche, Jr. was released on three continents, exposing the cabal of drug traffickers and their political and financial patrons behind the Londoño abduction. It centered on the former President of Colombia, Alfonso López Michelsen, who had stepped forward one day earlier in a brazen interview as the spokesman for 80% of the country’s top drug traffickers, who from their Panama refuge have declared total war on the government of Colombia and its current President, Belisario Betancur.

The *EIR* dossier documented that these gangsters, wanted by Colombian law not only for drug running but for killing Colombian Justice Minister Rodrigo Lara Bonilla on April 30, have active networks of support in the United States, including figures in the Mondale campaign machine.

The ongoing investigation of the Patricia Paredes de Londoño abduction points to a combined operation between the Alfonso López Michelsen dope mafia; AFL-CIO head Lane Kirkland’s American Institute for Free Labor Development (AIFLD); the labor section of the U.S. Embassy in Colombia; and the Universal Christian Gnostic Church, which is tied to the M-19 terrorist band.



UPI/Bettmann Archive

Top officials of the Carter-Mondale administration, many of them working for Mondale's election today, supported former Colombian President Alfonso López Michelsen's drive to legalize drugs. This is the dope lobby apparatus that is under investigation today for the abduction of Patricia Paredes de Londoño, a leader of Colombia's Anti-Drug Coalition. Here, Rosalynn Carter meets then-President López Michelsen on June 10, 1977.

Also under investigation is Henry A. Kissinger, who was put in charge of President Reagan's Bipartisan Commission on Central America at the behest of Lane Kirkland. The Kissinger Commission's final report demanded that the economies of all of Latin America be restructured on the model of Hong Kong—the notorious center of the multibillion dollar Asian dope trade!

In 1974, in California, newspaper heiress Patricia Hearst was kidnapped by the Symbionese Liberation Army and subjected to torture and brainwashing. Under the terrorists' control, she turned against her fiancé, her family, and all of her past beliefs, and finally was made to participate in an SLA bank robbery, for which she was later unjustly prosecuted and imprisoned.

The facts of the Patricia Paredes de Londoño case (chronology, page 21), indicate that her captors, associated with the Universal Christian Gnostic Church, had a similar plan in mind. Gnostic brainwashing is called by its Colombian practitioners "annihilation of the ego." Their method involves "sexual rituals and practices" leading to the total destruction of personality.

As of this writing, Patricia is recovering in a hospital in Cali, Colombia, near her family home, following a six-day nightmare of torture and drugging.

The report in the next pages summarizes *EIR's* ongoing investigation to uncover and bring to justice the perpetrators of that crime. It includes:

- A fact sheet on the evidence linking Kirkland's AIFLD, the labor section of the U.S. Embassy in Bogota, and the Universal Christian Gnostic Church to the abduction of Patricia Londoño.

- A chronology of the events during the six-day ordeal of Patricia, proving beyond all doubt that the lies circulated by AP news service, the U.S. State Department and others claiming that the case was simply a "divorce case and not an abduction" constitute criminal coverup for the Gnostic thugs and the drug mafia.

- A capsule history of the drug mafia's five-year campaign to stop the Colombian Anti-Drug Coalition, which escalated during this past year.

- A survey of the worldwide press coverage of the Londoño abduction, which led to her release.

- Extensive excerpts of Alfonso López Michelsen's July 29 interview demanding that Betancur capitulate to the mafia and abandon all rule by morality.

- Dossiers on Alfonso López Michelsen, political godfather of the Colombian drug mafia; Jaime Michelsen, financial godfather of the Colombian drug mafia; Ernesto Samper Pizano, the Michelsens' top drug lobbyist; and Samper Pizano's U.S. collaborators, including the top drug abuse advisers of the Carter-Mondale administration, every one of whom came from NORML, the U.S. pot lobby.

The investigation is now pointing to a U.S. national security threat of the gravest sort. López Michelsen and his Colombia drug mafia turn out to be intertwined with the drug-weapons-terror apparatus of the Bulgarian secret services. It is the same connection as that enjoyed by another Lane Kirkland asset, Italian trade unionist Luigi Scricciolo, now in jail for his role in mediating between the terrorist Red Brigades and the Bulgarians during the January 1983 kidnaping of NATO Gen. James Dozier. López reportedly went to Bulgaria in 1979, right after his term as President of Colombia.

Probe U.S. embassy, AIFLD, and Gnostics

On the basis of abundant evidence, including the following facts, *EIR* founder Lyndon H. LaRouche, Jr. called Aug. 2 for an international investigation of AFL-CIO president Lane Kirkland, AIFLD (the American Institute for Free Labor Development), and Henry Kissinger on suspicion of their having ordered the abduction and Gnostic brainwashing of Patricia Paredes de Londoño.

Fact #1: José Vicente Márques is a top level member of the Universal Christian Gnostic Church in Colombia. Márques is a congressman who presides over the 7th commission of the Colombian Congress, the committee in charge of labor affairs.

Fact #2: Márques, by his own admission, works closely with U.S. embassy labor attaché, Jim Bell.

Fact #3: Márques claims to be a personal acquaintance of former President Alfonso López Michelsen, and says that he is personally supported by López. López Michelsen has openly called for accepting the drug mafia's demand for amnesty, and is considered the "godfather" of the Colombian drug mafia. When he assumed the presidency in 1974, cults like the Universal Christian Gnostic Church were legalized for the first time. The Church now claims 20,000 members in Colombia.

Fact #4: A close friend of Márques is Arturo Cortés Cadena, the lawyer who acted as public "spokesman" for Patricia Londoño during her abduction and shielded her brainwashers from police interference. Cortés Cadena is an active member of the Universal Christian Gnostic Church, by his own statement.

Fact #5: Cortés Cadena is also legal counsel for the transport workers' union, Unitrasco, which is a member of the Confederación General de Trabajadores (CGT), the smallest of Colombia's labor federations which works closely with U.S. embassy labor attaché Jim Bell and AIFLD. The CGT does the embassy's bidding in, for example, opposing the formation of a debtors' club. AIFLD has long been run as a trilateral operation of business, labor, and government, with Jay Lovestone's AFL-CIO nest of ex-communists doing the leg work and the State Department paying the bills.

Fact #6: AIFLD and the U.S. Embassy's labor attaché in Bogota, who is picked by Lane Kirkland, have a history

of illegal operations against the PLAN and the Anti-Drug Coalition in Colombia. In October 1982, then-labor attaché Jack Muth and the AIFLD representative in Colombia, Edwin Palenque, were caught threatening to wreck a major trade union in Colombia if members of that union participated in the Bogotá conference of the Club of Life. When U.S. investigators contacted Muth, he not only volunteered admission of his attempt to blackmail a Colombian trade union official, but bragged that this action was part of a year-long operation conducted in coordination with named AFL-CIO and organized-crime circles. The Club of Life was backed by the PLAN and ADC, and its coordinator in Colombia was Patricia Paredes de Londoño.

Fact #7: A friend of Márques, Antonio Zarate, heads the APECO union which represents small merchants. Zarate admires the Gnostic Church. He openly attacked Patricia's husband Maximiliano Londoño at the latest congress of UTRABOC, the Bogotá section of the UTC labor federation in which Londoño won generalized support for his fight for LaRouche's Operation Juárez proposal for dealing with the debt crisis. Zarate says that APECO was built up with the generous support of banker Ernesto Samper Pizano, one of the most vocal advocates in Colombia of the legalization of the drug traffic.

Fact #8: Zarate says that Oscar Jiménez, "a wonderful young man," works for him in APECO. According to Zarate, Jiménez and Alberto Sarmiento of APECO co-organized the Movement for National Renovation in Santander, where "Oscar worked with us and Ernesto Samper Pizano." Oscar Jiménez infiltrated the Andean Labor Party while Maximiliano Londoño was traveling and played a major inside role in setting up Patricia Londoño for brainwashing before he was expelled for his links to narcotics traffic.

Fact #9: The Universal Christian Gnostic Church controlled, through his mother, Jaime Bateman, the founder and leader of the M-19 terrorist movement. In his last interview before his death, to the Peruvian magazine *Caretas*, Bateman reported that the Church executive body frequently sent its congratulations to the M-19 organization.

Fact #10: The Universal Christian Gnostic Church has a worked-out, published formula for brainwashing victims. A book by the patriarch of the church, Julio Medina Viscaino, titled "Keys to Mental Dynamics," traces the following six steps in a section on the "Annihilation of the Ego." 1) Wipe out the normal "I." 2) Wipe out the good "I's." 3) Wipe out the hidden face of the "I's" [i.e., the subconscious or pre-conscious]. 4) Wipe out the memories of the "I," or the phenomena. 5) Wipe out the sources of the "I's." 6) Destruction of the personality.

In Viscaino's book, the completion of these six phases leads to a state of "perfect rest," known as "blue time." He reports that it causes a total crisis, which some people are unable to endure, whereas others continue the program.

A chronology of the Londoño abduction

Thursday, July 26

Patricia Paredes de Londoño is last seen at 1:00 p.m., when she leaves for an appointment with an optician to have her contact lenses checked. Before going, she gives her passport and other documents to her husband Maximiliano, saying she is afraid of being robbed. She had planned to leave for a trip to Mexico on Sunday, and would need her passport for that. She does not take any personal belongings with her.

The optician reports that she never arrived for her appointment.

Friday, July 27

The International Caucus of Labor Committees begins its mobilization to free her. The story of the abduction is covered on Colombian television on Friday evening, and press coverage increases throughout the weekend.

Sunday, July 29

At 12:17 p.m., Patricia calls the office of the Anti-Drug Coalition (ADC) in Bogotá, says she is well and will come to the office on Monday with her lawyer. She tells the ADC to call off its mobilization of the press. When her husband asks a question, the line goes dead.

Radio Caracol reporter Héctor Hernando Trujillo quotes Patricia that she is leaving her husband but is still a member of the ADC and the Andean Labor Party (PLAN). She is just taking a rest, he says, from the threats and harassment she had been receiving for the past year.

Monday, July 30

Arturo Cortés Cadena arrives at the ADC office, claiming to be Patricia's lawyer, but without Patricia. First he claims that she is fine; pressed to produce her, he insists that this is impossible because she is nervous and irritable.

The police arrive and take Cortés to headquarters for questioning. Cortés states that Patricia wants "rest," and a 30-60 day leave of absence from her political activities.

While at headquarters, Cortés makes a telephone call to Efraín Mantilla, the press secretary of the Colombian Senate, and tells him that if something goes wrong and the police do not release him, that Mantilla should contact Congressman José Vicente Márquez, secretary for the Seventh Commission of Parliament, which deals with social security and labor

affairs. Vicente Márquez, says Cortés, will "get me out of here" if need be. Márquez and Cortés are both members of the Gnostic Christian Universal Church.

The following individuals then arrive at the police headquarters: Mantilla; Jorge Octavio Fernández, a reporter for *La República* newspaper; and Juan Guillermo Rico, a reporter for Colprensa. Fernández reports that it was he who made the tape recording on which Sunday's Radio Caracol broadcast was made. He gives the tape to the police, declaring that he made it during a discussion with Patricia "over a few drinks." Patricia does not drink, according to her husband, relatives, and associates. *Nota bene*: This is the first of two times that Octavio Fernández refers to her as drinking, an indication of behavior modification.

Mantilla, Fernández, and Rico are overheard saying privately that Patricia has left Max for another man, that Max is "nuts," and that the PLAN has to be taught how to operate in Colombian politics, since it is "manipulating the press," which cannot be tolerated.

Patricia has had no contact with her family at all up to this point. Her immediate relatives are a brother Daniel who lives in Bogotá; and brothers Antonio and Rubén, and sister Milena, who live in the town of Cerrito.

The police, who are under great political pressure, accept the story of Cortés, et al., and release Cortés after he promises to produce Patricia the following day. They refrain from questioning Fernández, since under Colombian law he has immunity as a reporter.

Tuesday, July 31

Patricia does not appear. Fernández states that she cannot be produced because she has a hangover from a birthday party the night before at which she was drinking heavily.

Wednesday, August 1

Patricia arrives at the police station with Cortés, her "lawyer." She telephones Max and says she will be in Cerrito that night or the following day, but will say no more. Her lawyer and the police prevent the PLAN's lawyer from talking with her. After a lengthy argument, her brothers are permitted to speak with her for less than one minute. They describe her appearance as "emaciated and exhausted." She refuses to answer one brother's question about why she had put her family in agony by disappearing for six days. She just keeps repeating, "It won't help me now," and promises to see them in Cerrito later.

Patricia arrives in Cerrito later that night in a disassociated state and complaining of intense pain in her legs. She is taken to a hospital in Cali by her family. Dr. Ariel Calvo at the hospital of the University of Cali describes her as disassociated and suffering from deep anxiety which could lead to destructive behavior, requiring at least three days' total rest in the mental health ward of the hospital, under sedation. The doctor states that he does not know the cause of her illness.

The dope lobby's war against the ADC

by Susan Welsh

When Anti-Drug Coalitions were formed in the United States, Colombia, and seven other countries during 1979-80, the international drug mafia immediately went on red alert. The ADCs, with their *War on Drugs* publications in six languages, operated in a totally different way than previous anti-drug efforts. They set out 1) to gather and publish hitherto-suppressed intelligence on who the real controllers of the drug trade are—sparing none of the “citizens above suspicion” who might sit in plush corporate boardrooms, government offices, or academic institutions; and 2) to rally the population behind programs for high-technology industrial expansion, shaking off the poverty and cultural pessimism on which the drug traffic feeds.

From the start, this two-pronged strategy made the ADCs plenty of enemies from among the financial oligarchs who make billions from dope. Furthermore, the ADCs did not confine themselves to destroying the local kingpins of organized crime, but operated across national borders. The U.S. National Anti-Drug Coalition was founded in September 1979; three months later, its Colombian counterpart was launched. The two worked in tandem to mobilize their respective populations to prevent Colombia from being turned into a drug plantation and an exporter of poison that would destroy the youth of the United States.

The ADC effort in Colombia was immediately countered by a harassment campaign against Fausto Charris Romero, a farm union leader who had emerged as a spokesman for the anti-drug majority in Colombia. The harassment did not come directly from the dope mafia, but from the U.S. embassy, which repeatedly refused him a visa—including in 1979 when he sought to travel to the United States for the founding conference of the ADC there. Then in November 1980, the Colombian government issued an arrest warrant for Charris, who was by then president of the Colombian ADC. The charges stemmed from a phony legal case against him for alleged theft of funds from the National Agrarian Federation—charges which had been thrown out of court the year before.

It took a two-month mobilization of the forces of the ADCs internationally to convince the government to lift the arrest warrant against Charris. Meanwhile, death threats against him began—threats which have continued to this day

against him and his colleagues, ADC Vice-President Maximiliano Londoño and *Guerra a las Drogas* editor Patricia Paredes de Londoño.

Betancur's war on drugs

The harassment of the ADC in Colombia intensified sharply after the inauguration of the government of President Belisario Betancur in August 1983. Betancur and his Justice Minister Rodrigo Lara Bonilla began to implement a war on drugs of the kind the ADC had proposed, including going after the top-level financial gangsters. Simultaneously, Maximiliano Londoño was gaining national prominence for his fight to shape a debtors' cartel, as outlined by Lyndon H. LaRouche, Jr. in a document called *Operation Juárez*. The influence of the ADC and the Andean Labor Party had reached unprecedented proportions. But so did the threats against them:

- On Oct. 12, 1983, a telephone death threat was received against Charris and Patricia de Londoño. That afternoon, Patricia was robbed of money, keys, and identification papers while traveling on a bus. She found herself later in a disassociated state far from her destination. Doctors who examined her suspected use of Scopolamine, an easily administered drug which produces short-term unconsciousness and amnesia.

- On Oct. 20, 1983, the Londoño's home was robbed.

- On Nov. 22, 1983, Patricia Chang Rojas, a Peruvian ADC member, was assaulted and drugged in downtown Bogotá, Colombia, robbed, and left—amnesic and disheveled—on a streetcorner.

- On Dec. 23, 1983, a second robbery occurred.

- In January 1984 there was an attempted entry to their apartment, after incessant telephone calls had established when the apartment would be empty. The ADC office was also under surveillance by suspicious individuals.

Justice Minister Lara Bonilla was under attack from the drug mafia during the same period, and on October 19 the government announced that it had just thwarted an assassination plot against him. The conspiracy involved both U.S. and Colombian drug traffickers, and was exposed with the collaboration of the U.S. Drug Enforcement Administration.

While the death threats continued against Lara and the ADC leaders, President Betancur's brother, Jaime Betancur Cuartas, was kidnapped on Nov. 23. The Justice Minister's war on drugs continued until his assassination on April 30.

Lara had written to the ADC on December 1: “With genuine concern I have learned of the threats and attacks which the Colombian National Anti-Drug Coalition has suffered as the result of its praiseworthy efforts.

“From the moment that I undertook a strong battle against the mafias and the drug trade, both as senator of the republic and as Minister of Justice, I have known what it is to feel threatened. That is why I am fully in solidarity with you and offer you my fullest spirit of cooperation and aid.”

What the world's press reported

By the time Patricia Paredes de Londoño's abductors released her on Aug. 1, news of her disappearance had been telegraphed several times around the Spanish-speaking world. Anti-Drug Coalition President Fausto Charris gave hundreds of interviews to news services internationally. From this voluminous press coverage, we excerpt a sampling from those articles which were in hand at press time. Full texts were not available yet from the following countries:

Argentina: Charris was interviewed on Radio Mitre and Radio Continental. El Tiempo Argentina ran EIR releases.

Brazil: Correio Braziliense (Brasilia) ran EIR releases.

Costa Rica: Coverage in La Prensa Libre, La Nacion, and La Republica.

Dominican Republic: Listin Diario and Hoy each ran several stories.

El Salvador: El Diario de Hoy related the drug traffic to the subversive movement in Central America.

Panama: Coverage in every major newspaper, including La Prensa, La Estrella de Panama, Diario Ya, La Republica, La Critica, and El Matutino. Fausto Charris was interviewed by Radio Millonaria, by the RPC and Canal Dos TV stations, and by the "El Canonero de Domplin" radio program.

Peru: Ojo reported on a press conference given in Lima by Sara Vasquez of the Peruvian Anti-Drug Coalition. Expreso ran wires.

Venezuela: Two TV networks ran Patricia's photo with statements by her husband. El Mundo (Caracas) ran a front-page headline Aug. 2, "Kissinger and López Michelsen Implicated in Drug Traffic." El Universal, Diario de Caracas and Venevision TV reported on the founding of the Venezuelan Anti-Drug Coalition. Ultimas Noticias noted that the new organization compared the abduction with that of Patty Hearst.

Continent-wide Spanish UPI

Under the headline "Henry Kissinger Accused of Belonging to South American Drug Mafia," UPI reported from Buenos Aires Aug. 1:

The head of the Anti-Drug Coalition of Colombia, Fausto Charris, today accused U.S. ex-Secretary of State Henry Kissinger of being linked to the South American narcotics mafia. In a telephone interview with Radio Mitre of Buenos Aires, Charris said that Kissinger, "by proposing that we adopt the Hong Kong model as our economic solution and

by praising the United Fruit Company as a model business, is asking that we legalize narcotics traffic." . . .

Charris praised his country's President, Belisario Betancur, for the position he has taken against the drug mafia in Colombia. . . . He then accused former Colombian President Alfonso López Michelsen of having made himself into "the spokesman of the narcotics traffickers," following a "secret meeting in Panama," but he said López was rejected by Betancur, who didn't want to negotiate with the drug traffickers.

UPI's Norberto Svarzman filed a story from New York Aug. 3, headlined "Continental Front to Wipe Out Drug Traffic Proposed":

A continental front must be formed to end narcotics traffic, which "is a threat to the health of nations and their peoples," said Fausto Charris today, president of the National Anti-Drug Coalition of Colombia.

This group is made up of citizens of all political sectors and social groups, "everyone interested in wiping out narcotics traffic in Colombia," said Charris. . . .

He added that the recent kidnapping in Colombia of Patricia Paredes de Londoño, writer for the magazine, *War on Drugs* and vice-president [sic] of the coalition in Bogotá, "is the handiwork of the narcotics traffickers."

He commented that the woman "has reappeared with signs of torture and being forcefully submitted to drugs," for which it is presumed that her kidnapping was committed by drug smugglers.

Asked about the results of his visit [to New York], he said that "coinciding with the kidnapping, it permitted an international mobilization for the rescue of Mrs. Londoño. . . . We were able to demonstrate that the State Department had made a mistake in saying that it was not a kidnapping but only a family matter."

Charris said, "We are coordinating to make the United States government cooperate more with the anti-drug fight on the continent."

He added that he also visited Mexico and concluded that "the idea of creating a continental front against narcotics traffic is taking off."

Colombia

El Tiempo, Bogotá, "Strange Disappearance of Anti-Drug

Fighter in Bogotá," July 28:

The security agencies yesterday investigated the strange disappearance of Mrs. Patricia Paredes de Londoño, wife of the general secretary of the Andean Labor Party (PLAN) and vice-president of the National Anti-Drug Coalition, Maximiliano Londoño. . . . Mrs. Londoño is on the editorial board of the National Anti-Drug Coalition organ, *War on Drugs*, as well as a member of the PLAN.

Said organization was created in 1979 because of the proposal of then-president of the National Association of Financial Institutions, Ernesto Samper Pizano, to legalize marijuana. Since then its leaders, including the victim of the strange disappearance and her husband, have been the targets of intimidation and pressures to give up their work. . . .

El Espectador, Bogotá, "Denounce Disappearance of Member of the Anti-Drug Coalition," July 29:

The vice-president of the National Anti-Drug Coalition, Maximiliano Londoño, reported yesterday to the authorities the strange disappearance of his wife, Patricia Paredes de Londoño. The aforementioned citizen stated that unknown people had made telephone death threats against his wife and that on two occasions their apartment had been robbed. . . .

Mexico

Stories were published in Ovaciones (Mexico City), Ultimas Noticias (Mexico City), El Jalisciense (Guadalajara), El Mexicano (Tijuana), La Voz (Mexicali), El Sonorense (Hermosillo), El Sol de Sinaloa, and El Siglo (Torreon). Radio Notisistema and the ACIR group ran interviews.

Ovaciones, Mexico City, "Six States Threatened by Drug Incursion; Broken Up by Narcos," July 28:

Because the Colombian government undertook a determined confrontation against narcotics, they are expanding especially to our country, and, in the last 30 days several distributors have been captured in Sonora, Tehuacan, Puebla, and Chiapas.

A few years ago in Colombia the National Anti-Drug Coalition was created; and it has worked very successfully and obtained terrific victories. However, on losing that important operations base, the mafia decided to extend itself and found Mexico to be an ideal site.

One of the latest acts of the Colombian mafia is the kidnapping of the wife of the general secretary of the Andean Labor Party and vice-president of the mentioned coalition. Mrs. Londoño Penilla disappeared Thursday afternoon and hasn't been found yet. There are precedents of kidnapping of many other people who have fought the war on drugs. . . .

Spain

ABC, Ya, Vanguardia, El Pais, La Voz de Galicia, Periodico

(Barcelona), Cordoba (Cordoba), Levante (Valencia), Pueblo Vasco (Bilbao), Diario Las Palmas (Canary Islands) each ran at least one article based on EIR releases. Televisa Nacional put two special stories on national TV news. Ten radio stations interviewed Charris, with tapes going out to at least 400 more stations. An interview with Radio Madrid was carried by 110 stations.

Ya, Madrid, July 30, "Wife of Vice President of Anti-Drug Coalition of Colombia Disappears; Active Member of Andean Labor Party." After reporting the disappearance of Patricia de Londoño, the article continued:

Ever since it was formed in 1979, the National Anti-Drug Coalition has asked the Colombian government to declare a war to the death against the narcotics traffic. The CNA's policies were partly taken up by the late justice minister, Rodrigo Lara Bonilla, since assassinated by the mafia.

Among the CNA's demands are: 1) use herbicides to eradicate marijuana and coca plants; 2) confiscate the drug traffickers' airplanes and expropriate lands used for illicit crops; 3) set up a regional agreement to end the continental operations of the drug bankers; 4) investigate Colombian ex-President Alfonso López Michelsen, "insofar as the financial and fiscal changes made by his mid-1970s government," said Charris, "destroyed Colombia's agriculture and industry, at the same time that financial intermediaries were given a free hand to engage in orgies of speculation." . . .

France

Le Figaro, Paris, Aug. 2, "Colombia: Wave of Kidnappings":

Mrs. Patricia Paredes de Londoño, the wife of the head of the Colombian Anti-Drug Coalition, kidnapped on July 26, is probably kept in custody by agents of the Colombian drug mafia. This kidnapping comes in the midst of a merciless war between the drug runners and President Betancur's administration. . . .

United States

For the most part the U.S. press blacked out the story, although Spanish-language media, including New York's El Diario-La Prensa and radio stations in Florida, California, and Texas ran interviews with Charris. An exception to the English-language blackout was the Boston Globe of Aug. 2, which reported, "Gelber Urges Probe of Drug Trafficking":

Debra Gelber of Boston, a Democratic candidate in the 8th C.D. contended yesterday that the International Monetary Fund is promoting drug crops in Third World countries and urged that the State Department investigate. . . . She said she has also requested an investigation of the disappearance of Colombian magazine editor Patricia Paredes de Londoño. . . . Gelber is challenging the re-election candidacy of House Speaker Thomas P. O'Neill, Jr.

López Michelsen lobbies for return of the drug pushers

The justice minister of Colombia, Rodrigo Lara Bonilla, was machine-gunned to death on the streets of Bogotá on April 30, 1984. The killers had been dispatched by the heads of Colombia's drug mafias, who preside over a multi-billion dollar empire. Indictments for the murder have now been handed down against members of the Movimiento de Renovación Liberal, a faction of the Liberal Party controlled by cocaine kingpin Pablo Escobar of the city of Medellín.

On the weekend of May 6, exactly one week after the assassination, former Colombian President Alfonso López Michelsen arrived in Panama to meet secretly with the men who ordered Lara Bonilla's death. Present were such czars of Colombia's drug underworld as Pablo Escobar and Jorge Ochoa. López Michelsen and the mafia chiefs discussed what terms could be offered by the mafia to buy the country out from under the control of President Belisario Betancur, who had vowed, in a eulogy to Lara Bonilla, to continue the former justice minister's war on drugs.

López and his go-between, Santiago Londoño White (treasurer of López Michelsen's unsuccessful 1982 presidential bid), arranged for a second secret meeting in Panama on May 26, involving Attorney General Carlos Jiménez Gómez. At this meeting, the men who had plotted Lara Bonilla's assassination presented the attorney general—who was acting on his own authority—with a proposal to buy the country for \$3 billion. They proposed amnesty for themselves in return for repatriation of their ill-gotten gains and a solemn promise that they would close down their laboratories and airstrips and retire into respectability.

At the beginning of his administration, President Betancur had offered an amnesty to the country's several armed guerrilla groups, in an attempt to bring peace to a nation that has been wracked by violence for over 30 years. The mafia now argues that the same "amnesty" should be extended to them. Were this to be done, the result could not be domestic peace, but the utter destruction of the nation. President Betancur turned down the offer.

During the second week of July, the government issued

arrest warrants for top political lieutenants of drug chief Pablo Escobar in the city of Medellín, for involvement in the Lara Bonilla murder. A week later, a Miami grand jury handed down separate indictments for drug-running against Escobar and another participant in the meeting with López Michelsen, Jorge Ochoa.

On July 19, after news of the López Michelsen/Jiménez Gómez trips had been exposed in the press, Betancur announced: "The government has been explicit that under no circumstances would there ever be dialogue concerning situations that are clearly defined by law. . . . As a consequence, there have not been, nor are there, nor will there be negotiations, nor any form of understanding between the government and the authors of the proposal." Betancur reported that he and his family had received death threats from the mafia.

It was in this context of national outrage over López Michelsen's role and demands for an explanation of his activity that the former President gave the interview which we excerpt here, to German Santamaria, editor of El Tiempo. The interview appeared in the paper's July 29 edition.

López Michelsen is at pains to portray the leaders of the drug mafia as falsely accused victims of a propaganda campaign, innocents who had nothing to gain from the death of the justice minister. While attempting to present himself as a neutral mediator, in fact he argues that the only way to deal with the drug traffic is to make a deal with the mafia. Any other solutions, such as an all-out war on drugs, and application of herbicides and high technology as proposed by Betancur, are not acceptable to López Michelsen and his cronies.

El Tiempo: How did your contact with the drug traffickers come about?

López Michelsen: I was in Panama, invited by the government as an observer of the elections. While I was there my friend Santiago Londoño White asked me if I could receive some alleged drug traffickers. He told me that in his opinion

it was a most important matter, and I said yes, that they could find me at the Marriott Hotel, where I was lodged with the Colombian delegation.

El Tiempo: This is precisely a question that some Colombians are asking: Why does Santiago Londoño, your old campaign treasurer in Antioquia, appear on the scene?

López Michelsen: For many years I've been a friend of Dr. Londoño, who belongs to a very distinguished family, and I've known his father for a long time. It was he who took responsibility, towards the end of my government, to acquire the land for the Rionegro airport. After the campaign we still had some outstanding debts, which were backed by his and some other Liberals' signatures, as well as some IOUs from the Banco Comercial Antioqueno of Medellín. That's why we've been in constant contact. Many people know this in Antioquia, and surely that's why they went to him so that he would tell me whether I could receive them.

El Tiempo: And this is the second great question many Colombians ask: Why does an ex-President of the Republic agree to talk with people involved in the recent murder of Minister Lara Bonilla?

López Michelsen: It's true, the interview took place only a few days after Dr. Lara Bonilla's murder. And that's why people of ill will ask, while Rodrigo Lara's corpse is still so fresh, how could I talk to people who could be his murderers? Obviously they sought me because they were tangled up in that situation. They were frightened of being accused of being Lara's murderers. Under normal circumstances, I don't think they would have sought me out; only at that time, when they had to leave the country because of the wave of indignation that was created and the finger of accusation pointed at them.

As soon as Lara Bonilla was murdered, everyone who had had any problems with him was indicted, by name, for that crime. They [the drug traffickers] say that their sons were expelled from their schools, that their parents and relatives jailed. Ochoa himself told me that his father had been arrested, accused of carrying an unregistered weapon. Later, during the trial, it turned out that he was licensed to carry several submachine guns. In my opinion, what they wanted initially was to make the government see that they didn't have anything to do with Rodrigo Lara Bonilla's assassination, and that they wanted to cooperate with the investigation to find the authors of the murder. And I, as ex-President, . . . in order to help solve problems in the community, agreed to receive them.

El Tiempo: In Panama, how did the interview come about?

López Michelsen: Three days later they phoned me, and we set a meeting. Just one. I never spoke more than once with them and the meeting lasted 45 minutes.

El Tiempo: Who came?

López Michelsen: Pablo Escobar, Jorge Ochoa and also Santiago Londoño. The meeting was in a tiny room, since the hotel was full because of the elections. The four of us were sitting there, just like we are chatting here.

El Tiempo: As a politician and as a writer, what was your first impression of them at that moment?

López Michelsen: I was surprised that they really had a coherent plan. Since it was such a *sui generis* proposal in the midst of the atmosphere that existed as a result of the Lara assassination, you would have thought there would have been a lot of ad lib and émotionalism. But there wasn't. They had their presentation well prepared. For 45 minutes they systematically developed three themes: their position on the assassination of Rodrigo Lara, their position on the army, and their position on the government. They began by asserting that the organization they represented was equally important and of the same size as the [Colombian] National Coffee Growers' Federation.

El Tiempo: Did Escobar and Ochoa at that time admit to being narcotics traffickers?

López Michelsen: They said that they represented some one hundred persons who were the leadership of the cocaine organization, an organization which they said had taken 10 years to form and which worked in coordination with people from Brazil, Bolivia, Peru, Ecuador, and with accomplices in the United States. . . . Some of them asserted that one of the people they represented had a \$90 million profit during the latest quarter.

El Tiempo: Exactly what were they trying to propose to you during that meeting?

López Michelsen: At that time, they were people who felt trapped, frightened, and their main objective was to try to demonstrate that they had nothing to do with the assassination of Rodrigo Lara. That's the root of their intention to collaborate to dismantle all airports, laboratories, and plantations of an organization which was so big that, according to them, it would take another 10 years to organize something similar over again. That is, they offered to collaborate with the government in the job of dismantling all that infrastructure. . . .

El Tiempo: What did they say as to their responsibility for the death of Rodrigo Lara Bonilla?

López Michelsen: That they had no interest to be served by his death. They knew that the minister was about to leave the country in a few days, and they also stressed that Lara Bonilla had signed, together with the President, negative responses to extradition requests for persons wanted by the United States for narcotics traffic. They stressed that things were calm between the government and the mafia and that something like the death of Lara Bonilla was even harmful to them. . . .

El Tiempo: But if they didn't assassinate the minister, how can their flight from the country be explained?

López Michelsen: Because they believed that in the case of the assassination of Lara, the courts were prejudiced against them. And they gave the example that the judges had gone on strike for 24 hours, taking as proven fact that they were the assassins of the minister. That is, that the courts on the day after the assassination had ruled out any other hypothesis. They also claimed that the President's speech during the [Lara Bonilla] funeral at Neiva had prompted the belief that up until then the drug pushers hadn't been pursued, but from then on that would change. That is obviously twisting the truth, because Minister Lara Bonilla did everything possible to pursue the mafia. He was implacable against its members and his untiring labor went from opening investigations to admonishing judges. But any lawyer knows how difficult it is to pull together all the proof needed to get a conviction in one of these cases, because, among other reasons, the higher up a person is in this kind of business, the harder it is to prove the crime. It is easier to convict the "mule" [low-level carrier of drugs—ed.] caught with drugs inside her heel than those who run the business from the shadows. But public opinion was convinced that proof appeared with the death of Lara.

However, the only thing new that happened was that the security agencies opted for trying to shape public opinion at any cost, even though from a strictly legal standpoint, they didn't really have a case. This is very important, because one of people's most generalized reactions to the debate on the Panama conversations is to think that there was already enough to arrest them [the traffickers] and that this legal process was then going to be obstructed by the mafia's offer of an amnesty to the government. . . .

El Tiempo: You pointed out that the second topic dealt with during the discussion was their position vis-à-vis the government. What is it?

López Michelsen: It's the same thing it says in the memorandum already known to public opinion. That they were willing to dismantle everything, to end the organization, turn in the crops, laboratories, and airstrips.

El Tiempo: But did they really talk about bringing back all their money?

López Michelsen: I myself asked them if they were going to bring their dollars back, and they said yes. But if this were their intention, then they would have done it then; they would have brought everything back during the amnesty decreed by the government. Anyway, that possibility was discussed, but never, as a newsman put it, as collateral. They simply made that offer, which I interpreted more as a symbolic gesture. . . .

El Tiempo: Did they guarantee that that would put an end to drug trafficking?

López Michelsen: They themselves admit that small-scale

drug running will never end, but the consortium or wholesale organization, according to the representatives who spoke with me, would disappear. Funny though it may sound, they offered to combat *bazuco* inside the country. It was clear then that there is a division between the big figures in the business and the small ones, who sell retail in the form of *bazuco*, low grade cocaine residues. . . .

El Tiempo: And on the third point, regarding the armed forces, what was the most important thing they said?

López Michelsen: They held that those they represented maintained fairly good relations with the army, that they could fix the army without any problems. I came to the conclusion that they meant, as a Mexican President once said, that they could shoot at them with 5, 10 or 15 million peso shells. . . .

El Tiempo: At the end of the meeting at the Marriott Hotel did you reach some conclusion?

López Michelsen: I only offered to convey what we had spoken to President Betancur. . . .

El Tiempo: How did the President react when you told him everything?

López Michelsen: I referred to him the points and the attitude that came out of the Panama meeting. It didn't occur to me to suggest any type of action on the matter, and he didn't make any comment. . . .

El Tiempo: On what other occasion did you speak to the President about the matter?

López Michelsen: It's funny, but I never spoke with the President about that again, because it's a subject that wasn't going anywhere. What's more, something very special happened. Some ladies from the coast came to me to complain about abuses they had been subject to since their [drug trafficker] husbands had fled. I told the President that they said that the authorities broke into their homes by force, drank their liquor and took things away, and the President answered that the fight against drug trafficking remained implacable, but according to the laws and the Constitution. We never spoke again about the Panama thing. . . .

El Tiempo: But many people believe you began in Panama a series of conversations with the narcotics traffickers. . . .

López Michelsen: It was just one conversation that had no reason to go any further and without any type of collateral. I transmitted the information to the President and a political line was set, a process to follow. And in my opinion this question could have been used advantageously, given the state of mind the traffickers were in, to let them be heard and to learn where they had their airports, plantations and laboratories, which would have been a big advance.

El Tiempo: That is, accept their surrender.

López Michelsen: The difference between the surrender of the narcotics traffickers and the surrender of the guerrillas is something important to consider. While the former wanted to say where their plantations, landing strips, and laboratories were, the guerrillas argued, "We will keep our rifles."

El Tiempo: You are talking about an absolute surrender?

López Michelsen: It was an absolute promise of surrender.

El Tiempo: Then, from an historical perspective, do you consider the Panama meeting to be positive?

López Michelsen: I believe, as the attorney general said once on television and as any lawyer with some knowledge of Colombian public law has to know, that you can't be thinking of suspending judgment or giving amnesties or anything like that. But, retrospectively, I certainly believe that we could have let them tell us where their plantations, landing strips and laboratories were.

El Tiempo: Then, you consider that the whole debate has been useful for Colombia?

López Michelsen: I think it has been useful, since the country has to grasp the magnitude of the drug traffic problem and to fight it and to wipe it out and not have it like a demon to distract public attention when it is periodically brought to light. It has to be wiped out by all means, and therefore if these gentlemen wanted to surrender their laboratories, landing strips and plantations and sell their planes, then I think the road to reducing the narcotics traffic is probably easier through some form of arrangement than by the more difficult path to reach the same goal.

El Tiempo: Did the U.S. government or the DEA have anything to do with this?

López Michelsen: The Americans said that capitulation to the drug traffickers was unacceptable and they have a solid scientific and juridical argument. But it's not a question of capitulation, but a unilateral proposal from the narcotics traffickers. . . .

El Tiempo: Then the government of the United States had nothing to do with this conversation?

López Michelsen: I don't even know DEA people. And as for the U.S. embassy and its statements on narcotics questions, I don't believe them at all. It would be better to say I don't believe they know more than the Colombians, since they gather loads of rumors and present them as truth. There they may capture some people because they trap them as members of the mafias, but as for the personnel they have here, they know less than the Colombians.

El Tiempo: It seems strange that the Americans don't have

a good investigatory capability on narcotics traffic. . . .

López Michelsen: As I told you, I don't hold that opinion. During my government, Mrs. Carter came and gave me a notebook accusing everyone and their brother without any kind of proof, only rumors and similar names.¹ She gave it to me in the strictest confidence, and shortly thereafter it came out in *Le Monde* and on U.S. television. Also, with the system in the United States of negotiating sentence reduction for informers, the Latins have discovered that if they implicate Cuba or Nicaragua, they get their sentences reduced. . . .

El Tiempo: What is your opinion on the moral debate which has come up around these matters?

López Michelsen: Oh, please! Take cases like *El Espectador*, which published announcements paid by Lehder from the founding of the MAS until the Movimiento Latino was created, and now they're saying that you can't talk to drug traffickers, after having received their checks.

El Tiempo: But what many debate is that an ex-President would meet with drug traffickers.

López Michelsen: I understand, as regards those who met with me, that at that time there were no orders of arrest issued against them, no warrants. Well now, there are people who, in justifying the conversations, attempt to establish a parallel between the talks with the guerrillas and this conversation with the drug traffickers. This is true in law, but not morally. It's not even true by the law, because these people were neither indicted nor sentenced, whereas among the guerrillas there are people who have not only been indicted but also sentenced by the courts. It is also said that talking to the drug traffickers is a crime of cover-up. But cover-up is an autonomous offense, so it's the same thing to cover up for a drug trafficker, when one knows where he is, as covering up for a political kidnapper or covering up for a woman when one knows where she's hiding. It cannot be said that the cover-up of one is more serious than the cover-up for another, when one does not inform the authorities of the whereabouts of the offender. It must be noted that in this case they were not sought by the law; in other words, they were simply wanted within the wave that grew out of Lara Bonilla's murder, but there was no order from a judge or any kind of juridical disposition to hunt them down.

Note:

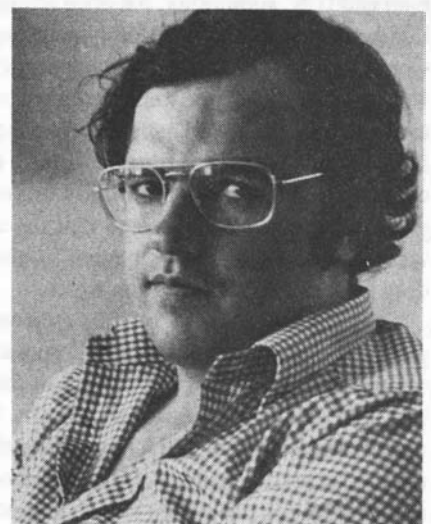
¹Rosalynn Carter, wife of U.S. President Jimmy Carter, visited then-President López Michelsen in June 1977 and presented him with a secret memorandum implicating several prominent Colombian political figures in drug trafficking; among the names listed were those of presidential aspirant Julio César Turbay Ayala and then Defense Minister Gen. Varón Valencia. Carter administration official Peter Bourne, later dumped from the government for illegally prescribing drugs to members of the White House staff, made the allegations presented to López, creating a scandal that almost led to a rupture in relations between the United States and Colombia.



Alfonso López Michelsen



Jaime Michelsen Uribe



Ernesto Samper Pizano

The Colombia-U.S. drug mafia: a dossier of LaRouche's enemies

Colombia's drug trade has flourished under the protection of top-level financiers and politicians who are interlinked with the international dope lobby, yet who have escaped any prosecution. The Colombian Anti-Drug Coalition's exposure of these men, and the war on the drug mafia being waged by the government of President Belisario Betancur, however, are now placing these "citizens above suspicion" under fire. We present here dossiers on the key personnel.

Alfonso López Michelsen

As President of Colombia from 1974 to 1978, López Michelsen oversaw the mushrooming of drug production in Colombia, as dope came to replace coffee as the country's main export. These were the years of rapid growth in U.S. drug consumption, given impetus by the Carter administration and the successful crackdown against drugs in Mexico that spurred many drug runners to move operations to Colombia. During his presidency, López Michelsen:

- "reformed" Colombian banking and financial regulations to pave the way for drug-laundering operations and related financial speculation;
- directed Finance Minister Rodrigo Botero Montoya to set up a *Ventanilla Siniestra* ("Black Market Window") at

the Central Bank, to bring drug dollars into the above-ground money flows, with "no questions asked." This window was shut as one of the first acts of office of current President Belisario Betancur. López Michelsen's Liberal Party allies based in the drug-infested Antioquia region now demand reopening of the *Ventanilla Siniestra* as their condition for supporting Betancur's efforts to overcome Colombia's financial emergency;

- followed an avowedly Friedmanite "anti-inflation" financial policy which choked off the growth of legitimate business and investment in new production;
- handed lucrative government concessions and privileges to cousin **Jaime Michelsen Uribe** (see below). Journalist Jorge Child on July 31 wrote that López Michelsen, on becoming President in 1974, "placed his assets under the trusteeship of his cousin, Jaime Michelsen, who multiplied his wealth, thanks to López's financial decrees and hot money from the underground economy."

In 1981 López Michelsen suddenly re-emerged to capture the Liberal Party nomination for President. His campaign was financed by his own immense fortune and by:

- **Carlos Lehder**—One of the richest and most flamboyant of Colombia's dope czars, a fugitive from both Colom-

bian and U.S. authorities. An open admirer of Hitler, Carlos Lehder is a sponsor of a Colombian transplant of the German Green Party, and a partner of dope-lobby financier Robert Vesco in Caribbean operations; he gave over 20 million pesos to the López Michelsen campaign in a meeting in a Medellín hotel with **Ernesto Samper Pizano**, López Michelsen's campaign manager, and **Santiago Londoño White**, the campaign treasurer. Lehder stated that the clear understanding was that this was a down payment for the legalization of the drug trade if López Michelsen won.

- **Félix Correa Maya**—Sits atop an empire of 56 companies and banks, including the Corporación Financiera Antioqueña, founded in 1977 to exploit the loopholes granted by López Michelsen's financial reforms. U.S. Drug Enforcement Administration (DEA) files show that Correa built this empire, centered on his 1978 acquisition, the **Grupo Colombia**, through deals with top drug figures.

- **Jaime Michelsen Uribe**—The President's cousin had established a beachhead in Miami banking, parallel to that of Correa Maya and **Alberto Duque**. Duque was indicted for his involvement in drug traffic in 1983; his father, coffee magnate **Luis Duque Peña**, was campaign manager for López Michelsen at earlier points in López's career.

Cuba connection—López Michelsen established close ties with **Fidel Castro** and existentialist novelist **Gabriel García Márquez** during his 1982 presidential bid. Castro-intimate García Márquez campaigned extensively for Michelsen. In April 1981, García Márquez exhorted Colombians to be "proud" that their country was becoming a drug-growing haven. López Michelsen in December 1983 acted as an intermediary to Castro in negotiating the release of President Betancur's brother, Jaime Betancur Cuartas, who had been kidnapped by a drug-linked guerrilla band.

Jaime Michelsen Uribe

The financial godfather of the drug economy, Michelsen Uribe, in 1972 engineered a merger, creating **Grupo Grancolombiano**, the most powerful financial conglomerate on the scene. Cousin López Michelsen invested his personal fortune in Grancolombiano, and, as President, steered control over special government trusts to the group, giving it close to a monopoly over the Colombian financial markets just as the drug bonanza hit.

Michelsen Uribe told *El Tiempo* in May 1981 that **Ernesto Samper Pizano's** drug legalization proposals (see below) are "eminently respectable, . . . perhaps a solution to the problem." The "hot money" from the illicit drug trade has "been of use to the country, directed into poles of development, . . . and offered solutions to people who might otherwise not have had them."

Highlights of Michelsen Uribe's recent career:

- From 1974-1976, assets of the Banco de Colombia and affiliated Grupo Grancolombiano institutions surged ahead;

during the first six months of 1976 alone, assets of the core institution of the Grupo Colombiano, the Banco de Colombia, tripled.

- In the same years, Michelsen Uribe initiated money-laundering operations in Panama, opened up for hot money transactions by **Nicolás Ardito Barletta**. By 1980, Michelsen's Banco de Colombia Panamá had assets of \$584 million.

- In 1982, he seized control of Colombia's Organizing Committee for the World Cup Soccer Matches to be held in Colombia in 1986. Michelsen Uribe coordinated with **Henry Kissinger**, of the international soccer federation. But in 1982, President Belisario Betancur decided that Colombia could not afford to host the championships. In September 1983, Justice Minister Rodrigo Lara Bonilla exposed the Colombian soccer franchises as major conduits for dope transactions and drug money laundering.

- In August 1982, Betancur revived investigations against the Grupo Grancolombiano for stock swindling and other financial manipulation. He confronted Michelsen Uribe with the evidence in a dramatic personal meeting on Dec. 31, 1983; Michelsen Uribe decided to flee the country rather than face the charges. Within a week, 11 of his henchmen were in jail. Using *El Tiempo* and *Radio Caracol* as his media channels, he launched repeated broadsides against Betancur.

Ernesto Samper Pizano

Scion of one of Colombia's oldest monied families, Samper launched an international campaign in 1978 for the legalization of narcotic drugs. The drive was conducted under his direction by the **National Association of Financial Institutions (ANIF)**, the banking lobby-group which was an offspring of Jaime Michelsen Uribe's **Grupo Grancolombiano**. Michelsen Uribe served alternately as member and chairman of the ANIF board of directors.

On March 15-16, 1979, Samper Pizano sponsored an international symposium in Bogotá, titled "Marijuana: Myth and Reality." Among those present were: Colombian Attorney General **Guillermo González Charry**; U.S. Ambassador **Diego Asencio**; White House drug adviser **Lee Dogoloff**; spokesmen of the U.S.-based **National Organization for the Reform of Marijuana Laws (NORML)** and *High Times*, the U.S. dopers' magazine. *High Times* quoted Samper Pizano arguing that only legalization of marijuana could prevent the country being turned into a police state ruled by the iron hand of the military and the mafia.

In July 1979, Samper Pizano came to the United States for a several-months-long trip that he described as combining economic research activities and lobbying activities on behalf of his proposal to legalize the marijuana trade.

In an interview made available to NSIPS in July 1979, Samper called for legalization of marijuana in both Colombia and the United States. To sell his plan, he said he was going to meet with congressmen, other officials of government,

and private organizations. Samper Pizano described the support for his legalization effort from the Carter administration's representative to the Inter-American Development Bank, **Ralph Duncan**, whom he met at the bank's Washington, D.C., offices on July 3, 1979.

In 1980, a 14-page pamphlet appeared in English under the title "A Proposal to Legalize Marijuana." It was authored by Ernesto Samper Pizano and published under the auspices of ANIF.

In 1980, Samper Pizano left his position as president of ANIF to become director of the Liberal Party, a post he was given by former President Alfonso López Michelsen. He went on to become the campaign coordinator of the López Michelsen 1982 presidential campaign.

Samper Pizano and the U.S. dope lobby

Samper Pizano was a member of the executive council of the **International Cannabis Alliance for Reform (ICAR)** and was quoted in the ICAR publication calling for the United States to recognize the legitimacy of Colombian marijuana exports. ICAR's roster of members and supporters reads like a *Who's Who* of the dope counterculture and terrorist-linked radical groups, among them the Ethiopian Coptic Church, the Italian Radical Party, the Legalize Cannabis Campaign of Great Britain, and the West German Initiative for Hashish Legalization (InHaLe), which was founded by the U.S.-based NORML in 1974 and has the same lawyers who have defended the terrorist Baader-Meinhof gang.

Other assets ICAR could claim were high-placed appointees of the Carter-Mondale administration, Mathea Falco and Dr. Peter Bourne.

Mathea Falco was a member of the advisory board of NORML. She was appointed to head the State Department's Bureau of International Narcotics Matters and provided an "open door" to ICAR as well as to Samper Pizano during his tour of the United States. In fall 1980, Falco had meetings with ICAR's international director Robert Pisani; the topic was the legalization of marijuana.

Dr. Peter Bourne, Carter's designated "drug czar," was forced to resign his White House position as head of the Office of Drug Abuse Policy after he was caught red-handed writing phony prescriptions for Quaaludes for a fellow employee. Bourne also served as the Carter family psychiatrist and played a crucial role in the Soviet scheme to make the Caribbean island of Grenada a base for terrorist and military operations in 1983. Involved along with Bourne were his father, **Dr. Geoffrey Bourne**, a former Carter adviser and vice-chancellor of the St. George's Medical School in Grenada, and **Robert Pastor**, an adviser to Democratic Party presidential candidate Walter Mondale who had previously served as Latin American affairs specialist for the National Security Council under Carter.

NORML is a member organization of ICAR, and *High*

Times is an avid supporter of its work. These institutions provide a crucial link between the U.S. drug traffickers and the terrorist Youth International Party ("Yippies").

The drug lobby vs. LaRouche

These organizations are the footsoldiers in the dope lobby's war against Lyndon H. LaRouche and the Anti-Drug Coalitions which his associates founded on three continents. The Yippies, as well as *High Times* (whose early writers included anti-LaRouche fanatics **Dennis King**, **Chip Berlet**, and **Mark Nykannon**), have since the inception of the Anti-Drug Coalition used every means available to slander, libel, and directly threaten the ADC and its leadership.

High Times wrote an attack on the ADC in May 1981, under the headline, "They Want to Take Your Drugs Away": "It sounds like a nightmare experienced by an overly paranoid dealer: a national 'war on drugs.' . . . It's real, however, and it's called the National Anti-Drug Coalition."

Earlier this year, the National Broadcasting Corporation televised a 20-minute slander against then-Democratic Party presidential candidate Lyndon H. LaRouche, Jr., in which many of the primary sources were the above-named editors and writers for *High Times* and other publicists for drug legalization. That slander, aired on the "First Camera" program, is the subject of a \$150 million libel action.

These operations against LaRouche and the ADC are controlled from the top by the **Anti-Defamation League of B'Nai B'Rith**. Sources within the U.S. intelligence community have relayed information that the ADL's Fact Finding Division, headed by **Irwin Suall**, functions as a control point over the New York-based dope lobby assets, including the Yippies, the Communist Workers Party, the Jewish Defense League, and the Revolutionary Communist Party. Suall appeared on the NBC program to denounce LaRouche as "an American Hitler."

On a higher level is the ADL's involvement with such money-laundering and drug-trafficking operatives as **Robert Vesco** and **David Graiver**, and such institutions as the Sterling National Bank. Vesco is a business partner of Colombian cocaine kingpin **Carlos Lehder**, who is a fugitive from a drug trafficking indictment in Colombia, and who was a big funder, via Samper Pizano, of **López Michelsen's** 1982 presidential bid.

Shortly before the abduction of **Patricia Paredes de Londoño**, the Yippies launched an open attack against the Andean Labor Party (PLAN) in Colombia, of which she is a member. The July 1984 edition of their newspaper *Overthrow* issued the wild charge that the PLAN was financed by drug traffickers and that the DEA had tried to start an investigation into those connections but was blocked by pressure from the White House. These libels paralleled charges in the Colombian press against top officials of the Betancur government.

'New Yalta' deal with Soviets already in effect

"When I said two months ago that it was five minutes to twelve for the Western Alliance, I was not speaking figuratively," said Schiller Institute Executive Board member Helga Zepp-LaRouche at a recent seminar held at her home in Leesburg, Virginia. "And now, according to an array of information available to me, the hour has struck. There remains little doubt that a 'New Yalta' deal between the United States and Western Europe has actually gone into effect, after having been successfully negotiated with Moscow by Lord Peter Carrington and the American Eastern Establishment," she said.

"This is a secret deal, only certain parts of which have been made known to certain people. Nevertheless, its major elements include:

- 1) reducing drastically the American troops stationed in Western Europe, combined with a desperate drive to build up conventional armaments there;
- 2) negotiating some sort of deal concerning President Reagan's Strategic Defense Initiative;
- 3) allowing the Soviet Union and its East German satrap to lay the groundwork for West Germany, and subsequently all Western Europe, to become integrated into the Soviet Union's sphere of hegemony; and
- 4) relegating the United States to the role of a 'maritime' power which will henceforth concentrate on Ibero-America and the Pacific."

'Have no illusions'

Mrs. Zepp-LaRouche continued: "People should not have any illusions about the grimness of the world strategic situation. In spite of Lt. Gen. James Abrahamson's commendable efforts around President Reagan's Strategic Defense Initia-

tive, the SDI is nowhere near where it should be at this point. As a partial result of this failure, the effect of the recent and ongoing massive Warsaw Pact maneuvers, which are rehearsing a military strike into Western Europe, has been to terrify short-sighted NATO officials into blindly responding with their own exclusively conventional arms buildup. Such a response-pattern from NATO is a critical part of Moscow's strategic plan. It is also, however, the stuff from which strategic miscalculations are made—miscalculations which could easily set off a new world war.

"Look at what the Soviet Union has done in recent months," she remarked. "In March, the Soviet Union staged the most massive naval maneuvers in military history, demonstrating their capacity to sever all sea links between the United States and Western Europe within a terrifyingly short period of time. Then, late in June, the same thing was repeated on land, and no competent military analyst can now have the slightest doubt that the Warsaw Pact forces are fully capable of occupying the territory of West Germany in 48 hours—flat."

Soviets issue Goebbels-like propaganda

"Next, on July 10, Moscow issued an official warning to the government of the Federal Republic of Germany, accusing Bonn of violating the 1945 Potsdam treaty, and threatening punitive actions if such alleged violations continue. This, of course, was only the leading edge of Moscow's massive, Goebbels-like propaganda about an alleged revival of 'revanchism' and 'neo-Nazism' within West Germany. And now, the July 27 issue of *Pravda* accuses West Germany of also violating the Helsinki accords with respect to East-West German relations, accusing Bonn of attempting to 'raise

chauvinist sentiments and get concessions on fundamental issues which touch the sovereignty of the [East German] Republic.'

"Think back," she continued. "Is this not precisely the way Adolf Hitler's Germany was behaving toward Poland in 1939, before the Wehrmacht crossed the borders on September 1?"

"Have no illusions about Reagan's people in the U.S. administration," she added. "Even his best people misguidedly, stupidly believe that 'nothing will happen' between now and the November elections, and are advising the President not to take any decisive actions before then, for fear of appearing as a 'warmonger' to the American public. Even when confronted with the reality in Europe, these terrified fools privately say that 'Europeans may just have to go through a new period of losing their freedom, before they know what they have lost.' That is dangerous talk indeed," Mrs. Zepp-LaRouche warned.

The international food crisis

"And to make matters worse, we now have overwhelming evidence that the same circle of people who have struck this 'New Yalta' deal—the same people who are so virulently opposed to the idea of a new age of Mutual and Assured Survival—are at this moment orchestrating an international food crisis. This small circle, associated with such names as McGeorge Bundy, Cyrus Vance, Orville Freeman, and Robert MacNamara, intends to create an actual food shortage in the United States as early as the fall of this year—just in time for the elections.

"Moreover," she went on, "this group has already padded itself against an early international financial blow-out which they themselves might decide to provoke, unless it goes off all by itself. They have already moved all their funds into hard assets, such as precious metals, real estate, and commodities.

"It is therefore no wonder that the most recent issue of the Lausanne, Switzerland-based magazine *L'Hebdo* contains a massive and slanderous attack on my husband, U.S. Democratic presidential candidate Lyndon LaRouche, for his exposure of the Swiss-based arm of the international grain cartel.

"It is also not surprising," she went on, "that the Soviet Union has just founded an explicit counter-organization to the Schiller Institute. Reliable sources have reported to me that East Germany plans to re-create the old 'National Committee for a Free Germany,' which after the World War II served as Moscow's puppet-spokesman for a reunified, but Soviet-controlled Germany. The new committee will seek to organize a great East-West German 'coalition of reason'—which in plain language means: 'no Pershing missiles, and no NATO.'"

Mrs. Zepp LaRouche then honed in on the problem: "Is there still a way out of the crisis? Can the 'New Yalta' agreement still be rendered null and void? I will only report what

my sources are telling me: There is only one institution which is capable of saving the Western Alliance, and hence all of Western civilization, and that institution is the Schiller Institute. Only this institute possesses the broadness and depth of insight into the historical issues at stake, as well as the courage to reverse the present course."

"I therefore call upon every American who bears responsibility for the future of America's citizens, to now take responsibility for the world as well," she said in conclusion. "I call upon you to throw your 'practical, pragmatic,' considerations into the circular file, and—*right now*—publicly declare your support of the international efforts of the Schiller Institute, and of myself and my husband, to create a new and just order, based not on the politics of fear, but on the republican ideals so beautifully embodied in the spirit of the American Revolution, the German Classics, the Wars of Liberation against Napoleon, and Friedrich Schiller himself, who once wrote:

"And stake ye not your life thereon,
Never will your life be won!"

Goebbels on Radio Moscow

On Aug. 2, Radio Moscow, summarizing an editorial the same day in Pravda, the Soviet party publication, reported:

While extending unconditional support for the American policy of confrontation with the Soviet Union . . . and initiating an arms race in Europe, the West German government leaders have been making unprecedented efforts to implement their plans for subverting the German state of workers and farmers. . . .

Pravda goes on to say that "at the moment, the revanchist claims to East Germany . . . are based on plans to use economic relations as an instrument. . . . Several West German newspapers have begun linking the Deutsche Bank credit [to East Germany] with political concessions that East Germany supposedly had to make. . . .

The mass media in West Germany have become vehicles of nationalistic hysteria, inspired by the Chancellor himself. The Chancellor has gone on record by saying there will be no true peace in Europe until Germany is reunited. The implication is that it is to be reunited according to Bonn's formula.

. . . A policy aimed at eroding the socialist system in East Germany cannot lead to peace. . . . Its result can only be directly the opposite. . . . It is impossible to turn a blind eye on American Pershing II missiles or disregard the countermeasures undertaken by the Warsaw Treaty . . . [or] West Germany's attempts to interfere in the internal affairs of its Eastern neighbors and lay revanchist claims . . . "such a policy runs counter to the interests of West Germany itself. . . ."

Soviet war buildup: military moves, economic warfare, propaganda barrage

by Rachel Douglas

This report chronicles the recent months' escalation of Soviet pressure and threats against Western Europe, both the military and economic warfare deployments, and the accompanying propaganda barrage, aimed particularly against West Germany. That nation has been amassing grain stores through unprecedented levels of food imports, and has withdrawn all military vehicles from their usual participation in the domestic harvest—the first year that this has occurred since 1968, prior to the invasion of Czechoslovakia.

Military maneuvers

February 6: Soviet, Czechoslovak, and Hungarian troops begin seven-day maneuvers in Czechoslovakia along borders with East and West Germany, announced as practicing coordination in winter conditions.

February 27: Report from West German sources on unannounced maneuvers by Soviet and East German forces inside East Germany (GDR).

February 27: Warsaw Pact "Druzhiba-84" maneuvers in northwest Poland, testing engineering equipment in difficult terrain and weather.

March 16: Warsaw Pact "Soyuz-84" staff maneuver commanded by Marshal V. Kulikov begins in Hungary, Romania, Bulgaria, lasts five days.

March 26: Warsaw Pact maneuvers "Yug-84" by Soviet, East German, and Polish forces begin in southern GDR.

April 4: Largest Soviet naval maneuvers in history begin, involving all four fleets in coordinated exercises in the Atlantic, Pacific, Mediterranean, Indian, and Caribbean Oceans. The North Atlantic maneuvers have a big air-war component and simulate Soviet deployment for a global nuclear war.

May 14: TASS announces that the U.S.S.R. will station additional missiles in East Germany, in response to NATO missile deployments in Western Europe.

May 23: West German federal border troops confirm that in the period since March, the East German army has exploded 20,000 land mines on the border with the West German state of Schleswig-Holstein, creating a 4.5 km. mine-free stretch along the border.

May 24: The Soviets are reported to be stationing SA-5 anti-aircraft/anti-missile missiles with a 300 km. range, able to reach targets in East Germany or south Sweden, on the

East German island of Ruegen.

May 29: *Die Welt* reports that three of the Soviet armies in East Germany have been equipped with new, 120 km.-range SS-21 missiles and have had their fuel, ammunition, and spare part supplies doubled recently.

May 30: *Jane's Defense Weekly* reports construction of new Soviet bases in Czechoslovakia for short-range nuclear missiles aimed at Western Europe.

May 30: Warsaw Pact "Summer-84" staff exercises, involving field communications, under way in northwest Poland.

May 31: West German sources report that Soviet Mig-25 ("Foxbat") fighters have been "maneuvering" for over a month in unusual fashion, flying at Mach-3 straight for the West German border. These moves have NATO military-intelligence surveillance on constant alert.

June 28: Over 60,000 Soviet troops, with half a million involved in back-up and "staff" aspects, begin maneuvers from Czechoslovakia and Poland into East Germany. They practice fast marches and river-crossings "off the march" under combat conditions, rehearsing what the Soviets would do in a strike against West Germany. Slated to end July 5, the maneuvers leave forces in place near the West German borders beyond that time. Soviet Defense Minister Marshal Dmitrii Ustinov commands.

June 28: "Danube-84" Warsaw Pact maneuvers by 16,000 men from the Soviet Southern Group of Forces (Hungary) and Czechoslovakia troops begin in Hungary, coordinated with the larger Soviet exercises in East Germany.

July 11: East German spy Franz Roski arrested; he was employed at the highest level in West Germany's border guard force's communications center.

July 18: The Soviets conduct further maneuvers in East Germany, this time exercising their nuclear forces.

July 20: A nine-ton Soviet truck, which Moscow attempted to declare as a "diplomatic pouch," is detained in West Germany, then let go without full inspection of its cargo.

July 25: *Jane's Defense Weekly* reports the Soviets are building their first full-size aircraft carrier, to handle 70 fighters, at the Nikolayev yards on the Black Sea.

July 25: Soviet cosmonauts do space walk outside the

Salyut-7 lab, test 66-pound tool for metal-cutting, welding, coating, and soldering in space, designed for use in assembling space stations.

July 29: *London Sunday Times* reports that the Soviet Navy has tested a high-speed, low-altitude transport plane that is a "quantum leap forward in amphibious warfare," enabling the Soviets to rapidly ferry large numbers of men and equipment during an assault on northern Europe.

July 31: *Washington Post* reports that Austria may purchase anti-aircraft missiles from the U.S.S.R., following in the footsteps of Finland, which integrated its air defense system with the Warsaw Pact in late 1983, and Sweden, which has pledged to shoot down NATO cruise missiles crossing Swedish territory en route to the U.S.S.R.

July 29: *Pravda* announces that the U.S.S.R. has tested long-range cruise missiles. The propaganda barrage

April: *New Times* editor Lev Bezymenskii claims in issue #17 that readers abroad have written him, begging the U.S.S.R. to "deliver a first strike" against American missile bases in West Germany.

May 5: The Soviet military daily *Krasnaya Zvezda* (*Red Star*) asserts that the West German army, the Bundeswehr, is plotting to return to the "1937" borders of Hitler's Third Reich by seizing parts of Poland, East Germany, and the Soviet Union. In *Pravda*, KGB-linked writer Ernst Henry says that a "revanchist faction" in the Bundeswehr may soon acquire nuclear weapons and go out of U.S. control.

May 9: In a *Krasnaya Zvezda* article, Soviet Chief of Staff Marshal Nikolai Ogarkov states that there is a revival going on of "revanchist, fascist organizations" in West Germany, which "as on the eve of World War II" spread "nationalism and race hatred and the reestablishment of the German Reich to its 'historical borders.'"

May 18: *Krasnaya Zvezda's* Major B. Nikonorov charges that by "remilitarization," West Germany is committing a "violation of the [1945] Potsdam agreements."

May 20: West German Foreign Minister Hans-Dietrich Genscher arrives in Moscow amidst a huge Soviet propaganda wave about German "revanchism."

May 28: In a speech to the party youth organization of the Armed Forces, Soviet party chief Konstantin Chernenko says Soviet young people should be more military-minded and cultivate "love for the motherland and hatred of its enemies."

June 11: The Soviets officially protest to Britain, France, and the United States about West Berlin's participation in European Parliament elections.

July 5: Italian communist paper *L'Unità* reports the rehabilitation by Moscow of Vyacheslav Molotov, Stalin's foreign minister and signer of the Ribbentrop-Molotov (Hitler-Stalin) pact of 1939.

July 10: Soviet government official statement (de-marche) to West Germany, with copies to Britain, France, and the United States, warns West Germany that it is in

violation of the Potsdam accords, regarding German acquisition of offensive capabilities, and advises West Germany to "weigh carefully all the negative consequences."

July 12: Prominent Soviet journalist Aleksandr Bovin, in East Germany, says the present situation in Europe is a Cuban missiles crisis in reverse.

July 21: Polish Prime Minister Wojciech Jaruzelski blasts "German revanchism," in a speech given in the presence of Soviet Premier Nikolai Tikhonov.

July 22: *Krasnaya Zvezda* says West Germany is sliding into an abyss of militarism, attacks Defense Minister Manfred Woerner for saying recent Soviet maneuvers were practicing a surprise attack on West Germany.

July 25: A West German defense community source terms the next three to four months very dangerous, fraught with the danger of a Soviet attack on West Germany.

July 27: Article in *Pravda* by Lev Bezymenskii denounces "pan-German sentiment," in violent language accusing West Germany of nurturing revanchist designs on East Germany.

July 27: *Izvestia* writes there is fascist resurgence in Norway.

July 29: Marshal Ustinov and Soviet Navy chief Admiral Sergei Gorshkov, in articles for *Navy Day*, blame United States for "the threat of a nuclear war."

July 30: Radio Moscow says arms talks with the United States are "impossible" unless Washington accepts the Soviet agenda, covering space-based weapons only. Economic warfare

July 27: Rotterdam sources report Soviets will cut the price of Urals crude oil by a whopping \$1.50 per barrel, to \$27.50 per barrel, undercutting the official OPEC price of \$29.00. Downward pressure on oil prices will cut into revenues of oil-exporters among large debtor nations like Mexico. The Soviets have already been slashing prices of their natural gas exports to Western Europe, to grab more of that market and continue the push to break with the U.S. dollar and integrate Western Europe ever more tightly with the Soviet economy.

July 29: The International Institute for Applied Systems Analysis, founded by Dzhermen Gvishiani of the U.S.S.R. and McGeorge Bundy of the U.S. Eastern Establishment, reported to be preparing an assault on agriculture price-support systems worldwide, with the release of IIASA's second-ever global project, on food.

July 31: With new purchases, the Soviets are reported to have bought 4,300,000 metric tons of American wheat and corn this marketing year and are headed for a second-highest ever import total of 38 million tons. For the first time since 1968, the U.S.S.R. has pulled military vehicles from their customary deployment of helping bring in the harvest. The *Washington Times* says that "officials who watch military developments . . . theorize the purchases may indicate a military action by the Soviets this autumn."

Henry Kissinger caught in plot against beam-weapon defense

by Criton Zoakos

There are grounds for assuming that Henry A. Kissinger was personally involved in the Kremlin's June 29, 1984, proposal for a U.S.A.-U.S.S.R. conference to "ban the militarization of the space." The purpose of Kissinger's involvement, on behalf of the Kremlin's interests in the matter, was to manipulate the Reagan administration into accepting a grandiose scheme of redividing the world in favor of growing Russian appetites, the so-called New Yalta Deal. These are the conclusions to be drawn from the international publication earlier this week of a syndicated newspaper piece by Henry Kissinger advising President Reagan on the proper course to take in arms-control negotiations.

Attack on the SDI

Centerpiece in the Kremlin-Kissinger gambit was their concern and apprehension over the President's Strategic Defense Initiative, the program to develop laser-beam anti-missile weapons. Supporting cast for the Kremlin-Kissinger gambit included the Mondale campaign, the Aspen Institute, the newly formed American Academy of Diplomacy, the State Department, and the "nuclear freeze" faction in the House of Representatives, a good deal of whose draft legislation is penned inside the Soviet Embassy in Washington.

Since the spring of this year, there existed Soviet-inspired legislation which would prohibit President Reagan from going ahead with the scheduled testing of anti-satellite weapons *unless he could prove to Congress that he tried in good faith to negotiate with the Russians the banning of "space weapons."* With this legislation in mind, the Soviet General Staff made a proposal on June 29, 1984, for an urgent U.S.A.-Soviet meeting to take place in Vienna on September 18 which would "ban the militarization of the cosmos." Moscow demanded that the United States impose a moratorium on all research work in space technologies of all types before the meeting could take place. Moscow also demanded that the United States accept the entire agenda for that Vienna meeting as it was written and offered by the Russian General Staff without any modification whatsoever.

When the United States government made its own recommendations for the agenda, the Russian General Staff instructed its Foreign Ministry to reject all U.S. proposals and to announce that the Vienna talks had collapsed and would not occur, placing the blame on President Reagan and Defense Secretary Weinberger. These instructions of the

Russian Stavka were carried out on July 28, 1984 by Deputy Foreign Minister Viktor Komplektov and Foreign Minister Andrei Gromyko.

The entire faction of appeasers and Soviet dupes in Congress immediately started readying its arguments that Reagan failed to meet the criteria of the law, failed to "negotiate in good faith" with the Soviet Union, thus preparing to prohibit the scheduled ASAT tests next fall, and to further cut urgently needed allocations for the Strategic Defense Initiative.

In that instant, right after Gromyko's "nyet," Henry Kissinger published an article in Katherine Graham's *Washington Post* titled "Before talks with the Soviets resume." Fools and dupes in the administration hailed Kissinger's article as electoral support for the President, on grounds that Kissinger advised the President not to feel obliged to have negotiations with Moscow "at all costs."

Henry applies the brakes

In reality, however, Kissinger's article is meant to exploit the irrational climate of the presidential election period and get the "ball rolling" for his "New Yalta Deal," his great dream to replay the infamous Congress of Vienna of 1815. Kissinger proposes and offers the Reagan Administration the following:

- 1) Secret, back-channel dialogue with the Soviets to define a "concrete content for the concept of peace," namely, *"define on a confidential and unpublicized basis the objectives for East-West relations over the next two to five years."*
- 2) Postpone space negotiations till after the U.S. elections.
- 3) Assign a "bipartisan body" such as the Scowcroft Commission to "study the strategic issues."
- 4) Define American goals on the basis of "urgent consultations with our NATO allies," which for Kissinger means we should have our policies dictated by Lord Carrington, the new General-Secretary of NATO and co-chairman of Kissinger Associates Inc.
- 5) Take the issue of national security and foreign policy out of the election campaign and make it the job of a secret, select, "bipartisan" committee.
- 6) Stop space negotiations and "use the interval between now and the U.S. elections to develop a position on the relationship between offensive and defensive forces. Without it we will be whipsawed both at the conference table and at home."

The premise of the Kissinger thesis is that the Russians do not pose a threat to world peace. At least not their actions—merely their talk is nasty. He writes: “Remarkably, this nervousness is being evoked almost entirely by Soviet rhetoric. Soviet actions have been extremely cautious; there have not been in recent years any significant geopolitical challenges. The Soviets have pursued essentially psychological warfare; they seek to substitute words for deeds.”

Contrary to Kissinger’s lies, the reality is:

- The Russians have organized their military forces for an actual invasion of the Federal Republic of Germany, perhaps as early as this month.

- They have become the arbiters of the military and national security policies of the nations of the Scandinavian and Balkan peninsulas.

- They have become the instigators as well as arbiters of the Iran-Iraq conflict.

- They have become the instigators and arbiters of the difficulties between Pakistan and India.

- They have launched a campaign to become the arbiters of the Arab-Israeli conflict and the prime movers of what their Foreign Ministry calls a “Middle East Peace Conference.”

- In the last 12 months, they have captured a strategic portion of the EEC’s agricultural exports and are moving to dominate both prices and supplies in the world oil markets.

- They have increased their arms shipments to insurgencies in Central America and elsewhere.

- They are in the final preparatory phases of launching large manned orbiting nuclear-weapons platforms.

Most of these Soviet advances were consolidated after the hasty withdrawal of United States peacekeeping forces from Beirut. The power vacuum which the United States left behind in the Middle East and eastern Mediterranean after March 30, 1984, was perhaps greater and of more dramatic implications, than the hasty retreat from Saigon in May 1975.

The Beirut withdrawal signaled the beginning of America’s “decoupling” from Europe. The Russians’ advances since that time were made possible, in fact were caused, by the active pursuit, on the part of the oligarchical interests and families which stand behind Kissinger, of a grand endgame to cause a rearrangement of world power relations—the New Yalta Deal. It is this deal which Kissinger, in his *Washington Post* thesis, proposes to put into effect “on a confidential and unpublicized basis.”

Its objectives, already well on their way to being attained:

- to formalize Russian preeminence in the Near East, Middle East, the Indian subcontinent and Far East;

- to decouple Western Europe from the United States;

- to manipulate the United States into an adversary, “big stick” relationship with Latin America, in accordance with the recommendations of Kissinger’s own “Bipartisan Commission on Central America.”

How Moscow sponsors ‘peace’ in the Mideast

by Thierry Lalevée

Is a diplomatic breakthrough around the corner in the Middle East? That impression might be given by the unexpected flurry of “peace proposals” in the last three weeks of July:

- While visiting Jordan on July 11, French President François Mitterrand called for a new Geneva-type Middle East conference to convene as soon as possible. Picking up on a 1982 Brezhnev proposal, Mitterrand suggested that instead of having the United Nations as sponsor, France would be willing to hold the conference in Paris.

- On July 29, the Soviets revived their 1982 proposal, which had not been heard of since the days of the late Yuri Andropov. With no reference to Mitterrand’s proposal, the TASS press release called on the U.N. to act as sponsor.

- On July 30, Vladimir Polyakov, director of the Middle East department of the Soviet foreign ministry, arrived in the Middle East to test the waters for the idea.

- A few days earlier, on July 26, U.S. State Department representative Alan Romberg had announced that the Reagan administration might reactivate the 1982 Reagan Peace Plan.

Did we miss something? How is it that there is suddenly so much talk about a global peace agreement in the region, just as the real possibility for peace seems more remote than ever? The answer lies in some sinister deals being discussed among Moscow, the European capitals, and the Anglo-American crowd that Henry Kissinger represents.

What double-talk! When you hear about a “broad” agreement, read “limited,” and for “global,” read “regional.” These “peace proposals” are a cover for the division of the Middle East into new colonial spheres of influence. That Mitterrand’s proposal is somewhat different from the Soviet one, which in turn is different from the Reagan peace plan, merely underlines the point that there are many ways to eat the same cake.

Conspiracies in Switzerland

It is in Geneva and the Hotel Dulder in a Zürich suburb that the first round of these negotiations has been under way, approximately since the beginning of June. The Dulder Ho-

tel, located in the middle of the forest surrounding Zürich, was the best location possible for discreet political and diplomatic meetings, bringing together such public enemies as Syrians, Israelis, and Iranians.

Indiscreet investigators could find gathered there around June 12 the Syrian chief of military intelligence, General Ali Duba; the deputy minister of foreign affairs of Iran, Sheikh Islamzadeh; and Jacob Nimrodi of Israel, the former aide to Ariel Sharon when the latter was defense minister, who is now in the arms business.

Overshadowing this meeting—one of many in the last two months—has been the presence in Geneva of Rifaat al Assad of Syria, the Syrian President's brother. Rifaat arrived there after his mid-May visit to Moscow, and has been visited there from time to time by Ariel Sharon himself. According to the July 26 issue of the French weekly magazine *Vendredi-Samedi-Dimanche (VSD)*, their meetings discussed the first steps of a security agreement for Lebanon between Israel and Syria—the kind of limited regional agreement that those who claim to advocate new global peace plans are really working for.

Rifaat's Soviet connection

That such discussions began immediately upon the return of Rifaat al Assad from Moscow is obviously no coincidence. This was, indeed, one of the main topics of his discussions with Soviet officials. Contrary to previous reports, Rifaat al Assad has become the number-one Syrian for Middle East politicians to negotiate with. His official visit to Moscow was aimed at bolstering his international diplomatic stature; his stay in Geneva allowed his dying brother, Hafez al Assad, to concentrate on stabilizing the Syrian domestic situation for Rifaat to succeed him. Indeed, Col. Aly Heydar, chief of the special forces and an opponent of Rifaat, went to Moscow and then to Bulgaria, only to return from an extended stay to find that he was out of a job.

The secret negotiations involve basic points concerning the Israeli and Syrian military presence in the Lebanon, the division of the country into mutually accepted spheres of influence.

Reached before Israel's elections, the agreements call for a step-by-step withdrawal of Israeli and Syrians troops from the south or from the Bekaa Valley and central Lebanon, but define precisely where the troops can stay. Southern Lebanon, from Israel's borders to the Awali River, will be handed over in a few months to Gen. Antoine Lahad, nominally under the control of the Lebanese military high command in Beirut, but actually running things on his own—with the help of Israel.

Israel will be allowed to keep its monitoring post at the Mt. Barrou fortress; Syria will keep its own at Dahar al Baydar and Mt. Sannine. Syria will also keep military units in Tripoli, Shtaura, and in some locations in the Bekaa.

Such an agreement, about which the government in Beirut has not been consulted, would lead to numerous changes regionally. It would mean the re-opening of the Zahrani oil terminal in south Lebanon under the control of General Lahad. Saudi Arabia and other oil-exporting countries have been saying that they are ready to use the terminal again. This would also strengthen the economic potential of the northern Israeli port of Ashod.

The basis for Syrian-Israeli agreement

The United States government has played little role, if any at all, in these negotiations; Moscow was the direct mediating agency. This was underlined when, in late June, Syria agreed to an exchange of prisoners with Israel.

The agreement had no other purpose than to provide Israel's Likud Party with a badly needed boost during the electoral campaign. That Syria, as well as Moscow, wanted a Likud victory in the elections was no secret.

Damascus and Jerusalem converge in their rejection of negotiations over the West Bank. Indeed, Jerusalem's refusal to negotiate on the Palestinian question is the best card the Assads can have to ensure their own control over the Palestinian movement—at the expense of Palestine Liberation Organization chief Yasser Arafat and others. A Labor Party administration in Israel would mean danger for Damascus, since it could give the Palestinians a freedom of maneuver which would not be appreciated by the ruling Alawites.

Comfortable with the Israeli electoral stalemate, Assad is now considering a reconciliation with the isolated Arafat who, like Jordan's King Hussein, would like to see a Labor Party victory.

Ultimately, if there are negotiations over the West Bank, the Syrians want them on a very concrete basis: Let Israel keep it, provided Israel agrees to withdraw from the Golan Heights.

Another aspect of the ongoing discussion directly concerns King Hussein of Jordan, who feels more and more that he has become the principal target of the Syrians, as well as Syrian-controlled Palestinians, despite the developing relations between Moscow and Amman. Adding to this pressure on Hussein was the message sent on July 29 by the underground Israeli terrorist group "TNT," warning the King to "quit the territories occupied by your ridiculous mini-kingdom."

Closer Israeli-Syrian relations are hardly comforting for Amman, especially when, as *Vendredi-Samedi-Dimanche* revealed, Israelis of the Ariel Sharon coloring are sending close to 1,000 tons of weapons a day to Iran via Damascus. Forty truckloads of 35 tons each leave Israel and reach the Damascus airport daily via Kuneitra, where the weapons are loaded on Syrian military planes headed for Teheran.

This agreement was recently negotiated in Switzerland, on condition that both Iran and Israel pay Syria.

Italy's Craxi opens the way for Communist role in government

by Vivian Freyre Zoakos

The doors of the Italian government have been, for the first time since 1948, flung open to the Communists and, through them, to Moscow.

In the most narrow terms, some might be tempted to see this as the logical result of the June 17 European Parliament elections, in which the Italian Communist Party for the first time (narrowly) outpolled all other parties, while Prime Minister Bettino Craxi's Socialists suffered a heavy defeat. But the truth of the matter is that those election results were contrived. They were then cynically used to push through a policy which had been prepared beforehand.

The public "permission" from the United States for some form of alliance with the Communists was given, almost predictably, by Henry Kissinger, who was touring Europe in the post-election period. It was appropriate that Kissinger was the one to give this okay, given his role as preeminent spokesman for a decoupling of Western Europe from the United States. He publicly assumed this ignominious position with his March 5 *Time* magazine article urging a withdrawal of one third of the American troops from European soil. During his June 23-25 Italy stopover, Kissinger made the declaration that "the Communist electoral victory must not be considered to be a problem."

In previous elections, the United States mobilized both overtly and covertly when there was even a whisper of a threat that the Communists might gain significant votes. Kissinger's complacent statement is not only a dramatic departure from the norm but an unmistakable signal. It has certainly been viewed as such by those factions among the parties traditionally and still today committed to a pro-American policy. Such people have, literally, found themselves left out in the cold by the United States, and all their avenues of American support suddenly and inexplicably withdrawn.

Pro-Communist Christian Democrats

On the Italian side, the secretary of the erstwhile largest party, the Christian Democracy, made a point of handing over to the Communists additional votes—and thus preparing the situation that exists today—by running an election campaign in which the Communist question was not addressed. Ciriaco De Mita, along with most of the other leaders of the majority, instead did the utmost to help the "sympathy vote" for the Communists by providing the population with emo-

tional displays at the funeral of Enrico Berlinguer, the Communist chief who died unexpectedly just prior to the balloting.

The day after the votes were in, De Mita made everything explicit by announcing loudly on the front pages of the press that henceforward only two conceivable forms of government coalitions could exist in Italy: one based on either the Christian Democrats or the Communists. The deal was on.

"Those factions among the parties traditionally and still today committed to a pro-American policy have, literally, found themselves left out in the cold by the United States, and all their avenues of American support suddenly and inexplicably withdrawn."

As a result, for example, the head of the Italian Republican Party, stalking horse for, and allies of, the pro-Communist Christian Democrats, held talks with the general secretary of the Communist Party this week to discuss forming government coalitions between the majority and the Communists at the local level. Following those talks, in an interview with *Corriere della Sera* on August 2, new Communist chief Alessandro Natta noted that "of course" there is a "jump" into the Communist camp on the part of the majority.

Prime Minister Craxi is being allowed to remain the figurehead head of government only to the extent that he acts as the enforcer for the anti-American coalition which is now actually ruling behind the scenes. This poses little problem for Craxi, who has always sold himself to the highest bidder.

Pilgrimages to Moscow

The above is actually a description of the alliance which has been forged, in more precise terms, between the Soviet Union and the ruling Italian oligarchical families and their networks who in fact dictate the policies of the political

parties. The twin policy poles of the alliance are an agreement for converting Italy into a post-industrial society on the one hand, and decoupling from the United States on the other.

Hence a pilgrimage of the Italian financial oligarchy to Moscow has been under way for the past few weeks. To cite only the most important such visits in the span of mere weeks:

- Gianni Agnelli, owner of Fiat and representative of the cream of the Italian financial oligarchy, signed a contract with the Soviets last month in Moscow whose value is reported to be double that of the famous Togliattigrad, the city built by Italians for the Soviets.

- The minister of the Merchant Marine, Capria, returned from the U.S.S.R. with an agreement to repair Soviet ships in Italian ports. This will afford the bankrupt Italian shipyards with desperately needed contracts, and thereby further shifts in alliance loyalties.

- Engineer Schimberni, in Moscow representing the Montedison industrial giant, signed deals for the construction of chemical plants in the U.S.S.R.

- Of particular significance, a new institution is being created in the northern industrial center of Turin (Agnelli's homestead) to open up the Soviet market to small- and medium-sized industries, a sector which had previously been given no access to the East.

Communist unions negotiate austerity

On the domestic financial front, one of the signs of the Italo-Communist deal was the result of the meeting held in Rome on July 26 between the leadership of the three national trade union confederations and the industrialists' association, Confindustria. By far the largest trade union confederation is the Communist Party-owned CGIL.

For the first time in years, the trade union leadership sat at a table with Confindustria. What they negotiated, to the subsequent enthusiastic exclamations of the CGIL leadership, was the beginning of the bruising austerity package first proposed by Republican Party president and Fiat's long-time general manager Bruno Visentini. The core of that package, recently outlined again in Moscow by Olivetti chairman Carlo De Benedetti, is the forced extreme rationalization of the heavy industry sector, to be replaced by a post-industrial teletronic-oriented economy.

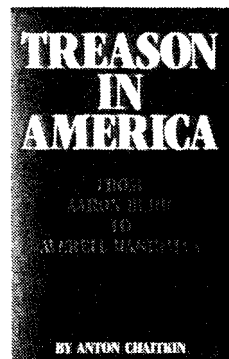
Carlo De Benedetti has also been the man who has most consistently over the past year demanded the dropping of traditional anti-Communist pressures so the latter could openly enter the government. Hardly a day has since passed that he is not appreciatively quoted by the Communist daily, *L'Unità*. De Benedetti is also the individual who, in an interview with the *Executive Intelligence Review*, forecast and welcomed a global financial collapse as a precondition for instituting a reorganized world order on the post-industrial model. Although he neglected at the time to spell out the implications for the Atlantic Alliance in the case of such a Western financial debacle, the Soviets clearly have seized the implied possibilities.

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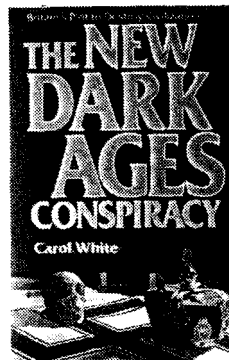
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IMF sets money flight from the Philippines

by Sophie Tanapura

One of the largest savings and mortgage banks in the Philippines, the Banco Filipino, declared a "bank holiday" on July 23, sending a clear warning to the Marcos government. The Banco Filipino closed its doors in the face of a run on deposits which actually began at the end of 1983; it accelerated in June and July of this year when more than 840 million pesos were pulled out. Such runs also hit smaller banks after the August 1983 assassination of exiled opposition leader Benigno Aquino. But in the Banco Filipino case, riot police and the military were mobilized to hold at bay thousands of panicking Filipinos whose life savings were threatened.

Bank runs in the Philippines are but one of the economic results of a credit shut-off by the islands' foreign creditors. No matter what austerity measures the Marcos government imposes on a population already depleted and poverty-stricken, the International Monetary Fund (IMF) is refusing to lend to the Philippines, blocking credit flows from its major commercial creditors.

To please the IMF, the Marcos government has apparently been making some interest payments by digging into the assets of some of the country's private commercial banks, threatening them with a liquidity crisis. In January, Marcos also brought in José Fernández—the IMF's man—as governor of the central bank. Every effort was made to set the economy straight in the eyes of the Fund. In June, fearing that the Philippines would become an outlaw nation in the banking community, Marcos announced that the government would not default on its \$25.6 billion foreign debt and would meet interest payments on public and private debt within 60 days of the due date.

I arrived in Manila on June 6, the day the government announced the floating of the peso-dollar exchange rate on a daily basis—free exchange rates being the "theology of the IMF." The peso, which had been at 14 to the dollar, plunged 28.5% to the "official guiding rate" of 18, with the black-market exchange rate at 22-25. The black market has, in effect, become quite legal. Speculation on the fluctuating daily peso-dollar exchange rate and the anticipation that the peso could drop to the level of 30 to a dollar toward the end of the year have led many to hoard even more dollars, the opposite of the intended effect of luring the "salted" dollars into the open market. An estimated \$1 billion fled the country in 1983 alone.

To meet its commitments to the IMF, the Philippine government has also adopted two new tax measures which are intended to allow the government to raise more than 4 billion pesos. Riots have already broken out in the factories and in the streets as a result of these austerity measures and the recent 22% devaluation.

President Marcos had at one time laudable plans for the industrialization of his country. While the Philippines had the confidence of the markets, the country borrowed at the rate of \$2 billion every year. But this effort was ended by the IMF and commercial banks. Conditionalities on the debt forced the Philippines to cancel 6 of the 11 planned projects: an integrated steel mill, an integrated pulp and paper mill, a petrochemical plant, a diesel manufacturing plant, an aluminum smelter, and a plant for production of "alcogas," a mixture of alcohol and gasoline for fuel. Five others are retained, including a phosphate fertilizer project, and a copper smelter project.

The basic alteration forced upon Philippine economic policy has been to move from industrialization or agro-industrial development, which could have brought about a more in-depth transformation of the economy, into agriculture and agri-business only.

The IMF has adopted its usual tactic of promising an ever-elusive mirage of \$630 million in credit that is supposed to re-instill confidence among the 400-odd creditor banks of the Philippines. However, some banks are saying that the IMF will release the \$630 million only after the commercial banks have committed themselves to lending at least 90% of a planned \$1.65 billion.

The upshot of this dilemma is that the Marcos government is being cut off from all financial support and the economy is grinding to a halt, as businessmen look to quickly sell their assets in Hong Kong, since it is impossible to acquire the imports to continue production.

The IMF's non-negotiable demand is that the Marcos government must go. But there is no force in the opposition array prepared to pick up the pieces of a shattered economy. As Marcos's Independence Day press conference and the accompanying interview with Deputy Foreign Minister Pacifico Castro show (see p. 42), there is a clear understanding of who the political enemies of the Philippines are. The accusing finger readily points to Sen. Edward Kennedy (D-Mass.) and Rep. Stephen Solarz (D-N.Y.), who are demanding aid cut-offs to the country, and to former Ambassador William Sullivan, Richard Falk, Ramsey Clark, and the World Council of Churches lot that was responsible for the Khomeini takeover of Iran (see *EIR* April 3, 1984, Vol. 11, No. 13). The finger also points to the Soviets, who have everything to gain from a destabilized Philippines, the strategic hub of the U.S. Pacific forces. However, the Marcos government—much like the Reagan administration—has not yet grasped the nature of the enemy: the IMF and the role it plays in an "economic" policy solely designed to destroy the Philippines.

‘There are some who want to turn the Philippines into a new Kampuchea’

The following interview with the Deputy Foreign Minister of the Philippines, Pacifico Castro, was conducted in Manila in the first week of June by EIR Bangkok Bureau Chiefs Sophie and Pakdee Tanapura.

EIR: Apparently the Philippines had some difficulties in dealing with the Carter-Mondale administration in 1976, especially on the question of “human rights.” Could you please comment on what went on in the Philippines at that time, and how that policy affected the relations between the United States and the Philippines.

Castro: Under the Carter administration, there was a misreading, a misperception of the problems of developing countries. There was an overemphasis on human rights as an instrument for American global diplomacy without taking into account the problems of the developing countries—and there are more than 120 developing countries in the world where two thirds of the world population live. This overemphasis on the human-rights issue has led to a misrepresentation of the inherent strength of [existing] democratic institutions, especially at a time when the Philippines was confronted with three major problems: first, the secessionist movement in southern Philippines that was supported by foreign powers with money as well as armaments.

EIR: Could you name the foreign powers?

Castro: Libya has not hidden the fact that it was supporting the so-called Moro National Liberation movement. Libya has never hidden this fact. In fact, all the official documents that they showed us eventually in Libya when we went there to talk to Colonel Qaddafi indicated that they were supporting the Moro National Liberation Movement in the same manner that they were supporting the IRA, the Irish Republican Army, in Northern Ireland. They are not ashamed. In fact, they were very proud of the fact that Libya supports all revolutionary movements in the world.

But going back to our problems during the Carter administration. At that time, the Philippine government was confronted with three very critical problems. First, the secessionist movement in southern Philippines. Second, the New Peoples’ Army, the military arm of the outlawed Communist

Party of the Philippines. Of course, finally, the fact that we were hit with the energy crisis when the price of petroleum had quadrupled for the first time and the Philippines was unfortunately one of the nations that was blacklisted by the major suppliers of crude oil in the Middle East. So, in the midst of all these problems, the human-rights issue was, to say the least, misplaced.

Therefore, we had to adopt very strict security measures to ensure the protection of our sovereignty and territorial integrity as well as the lives and property of the majority of our people. The security problems of 50 million people in a developing country are not very easy to meet. This was the negative side of the Carter administration.

But there were also some positive aspects of the Carter administration because it was President Carter who finally agreed to recognize Philippine sovereignty over Clark Air Base and Subic Bay and their dependents. It was President Carter who wrote President Marcos pledging compensation for the use of these two military bases, and it was during the time of President Carter in 1979 that we also concluded a trade agreement within the framework of the GATT. So it was not all negative during the time of President Carter. But, in general, it may be said that the negative aspects outweighed the positive, if we are to make a balanced accounting of the Carter administration’s relations with the Philippine government.

EIR: Seven Latin American countries sent a joint letter to the London Summit in the beginning of June on the question of debt renegotiation. Is it conceivable that the Philippine government will join Latin America on this question?

Castro: First, let me give you a historical background of the Philippine relations with the Latin American countries. Because of our long colonization by Spain, we have a common heritage with all Latin nations. In fact, the Philippines is the only Asian country that participates in Latin American organizations. For instance, in Paris, there is the Maison de l’Amerique Latine on the Boulevard St. Germain. The only other member country outside of the South American region is Equatorial New Guinea in Africa because it was also a Spanish colony for a long time.

So we share more or less the same cultural background as all Latin American countries. In fact, it is little known that in the World Bank, as well as in the International Monetary Fund, the Philippines was, for a long time, classified with Latin American countries in the regional voting block system of both international organizations. For a long time, the Philippines shared its vote with Colombia. If the executive director in the World Bank was a Colombian, the deputy executive director would be a Filipino and vice versa. Therefore, in the World Bank, as well as in the IMF, we have had very close links with all Latin American countries.

As a developing country, we have been following closely the developments in Latin America. In fact, we have embassies in practically all the major Latin American countries. We have residence embassies in Mexico City, Brasilia, Buenos Aires, Santiago, and Lima, and we used to have an embassy in Caracas. These are all countries that have a very strong position on the external indebtedness of developing countries. As you know, for the Latin American countries alone, the total indebtedness is \$350 billion. We did not associate ourselves with the letter of the Latin American countries. But we have had very close contacts with Prime Minister Nakasone who has offered the services of Japan as a spokesman for the developing countries in Asia, particularly the ASEAN nations. We believe that Prime Minister Nakasone spoke on behalf of the developing countries of Asia in the last summit in London in the same manner that he did this in Ottawa last year. And before him, Prime Minister Suzuki also spoke in behalf of the developing countries at the time. So, it has been more or less a traditional role that Japan has imposed upon herself to speak on behalf of the developing nations which we in the Philippines appreciate.

EIR: Do you think that the Soviet Union or some other power had a hand in the assassination of Benigno Aquino, in order to jeopardize the American bases and U.S.-Philippine relations?

Castro: In the 1963 assassination of President Kennedy, there have been many theories as to who was behind the assassination. As you will recall, even in the book of Theodore William Manchester, *The Death of a President*, they have referred extensively to the links of Lee Harvey Oswald to the Soviet Union and his marriage to a Soviet national Marina Oswald.

In the same way, there have been many theories on the assassination of the late Senator Aquino. Of course, the Armed Forces intelligence services is of the view that the late Senator Aquino was assassinated by Rolando Galman who was an NPA [New Peoples' Army] agent, a hired assassin, and this would tend to confirm what you said. There is only one power that would benefit from any form of destabilization of the Philippines and this is a power that would like to dominate the Pacific region, which is already assured of a firm position

in Kampuchea. There is sufficient evidence to confirm what you are suspecting. There is a power or there are some powers behind the act who want to promote a fratricidal conflict among Filipinos, and in any situation where an organized society is destroyed, as we have seen in Cambodia, there is only one force that will have the capability to take over and this is the ideologically motivated force preaching equality to all citizens. That is why all the books and writings by President Marcos have been warning our people not to create any situation leading the Philippines to the tragic situation of Kampuchea.

This is what President Marcos said in his latest book, *The New Philippine Republic: A Third World Approach to Democracy*: "I would like to review the incidents in Kampuchea leading to the liquidation of almost half of the population of that unfortunate country. When the United States supported the Lon Nol administration, Prince Norodom Sihanouk was compelled to support the communist element, the Khmer Rouge, in the belief that they would install him as the head of state after victory. Unfortunately, after the victory of the Khmer Rouge, and the flight of Lon Nol from Kampuchea, Prince Sihanouk became practically a prisoner for the Khmer Rouge. The bloodbath committed by Pol Pot forces followed, and this was picked up as a reason for Vietnamese intervention into Kampuchea. This tragedy has been repeated in African countries as well as in South American countries. The pattern is now obvious that when a democratic or a liberal regime falls, it is usually not the moderate political party that considers itself the legitimate opposition which takes over power. But rather, it is usually the more militant, the more forceful and ruthless party, that is, the communist party, which takes over. There is no compromising with the radicals and the communist party. . . ."

Probably there is a scenario to this effect: To promote disharmony in the Philippines, to make the Filipinos continually fight each other, which may create a situation like Kampuchea, where the communist forces finally took over the Cambodian society and opened the way for Vietnamese occupation. It is probably believed that after this internal fighting and a civil war among Filipinos, a new set of leaders would come in that would facilitate the entry of a foreign occupying power in the Philippines.

EIR: Would you like to add anything for our readers?

Castro: If we have politicians like Senator [Ted] Kennedy and Congressman [Stephen D.] Solarz, we might as well write off Southeast Asian countries as the last bastion for democracy. The United States government should now look into the strong possibility of dealing with socialist or communist leaders from Southeast Asia if politicians like Senator Kennedy and Congressman Solarz would be allowed to pursue their fight against the few remaining leaders of democratic countries in Southeast Asia.

Crisis in Sri Lanka

Jayewardene's proposal for a lower house for Tamil representation may be the last call for peace on this island republic.

Following a tour that took him through China, the United States, and India, Sri Lankan President Junius Richard Jayewardene on July 23 presented a proposal for a political solution to the Tamil issue. In his words, the proposal was "a compromise" between two contradictory and apparently inflexible positions.

The proposal was presented at a conference which was boycotted by the most prominent Tamil group, the Tamil United Liberation Front (TULF). The TULF has called for a "week of mourning" beginning July 25 in memory of the victims of the anti-Tamil riots that rocked the island of Sri Lanka last year.

Jayewardene's proposal calls for establishing a second parliamentary house consisting of members representing the 25 districts of the island. The powers and functions of the second chamber will be decided by the conference. Each district would be represented by two members and about 25 members would be nominated by the president, the parliament, and professional bodies.

The idea is to bring into the political process those Tamils who would be representing the Tamil majority district.

The Sri Lankan President is going through the motions to bring the Tamils and Sinhalese into a dialogue under conditions of rapid polarization. On the one hand, the Soviet-backed Tamil extremists are eager to take revenge for last years' massacre.

On the other, the chauvinist Sinhalese, backed by obscurantist

Buddhist monks and racist army leaders, want to plunge the country into greater chaos.

In New Delhi, a political solution is seen as essential to prevent a communal explosion that could ignite southern India as well. The spectacle of President Jayewardene touring foreign capitals to promote his plan, while simultaneously mobilizing for a military showdown at home, does not inspire confidence.

Nor does Jayewardene's decision to bring Israeli counterterror experts to the island and to issue a similar invitation to retired British strategic services personnel. Yet, it is widely recognized here that Jayewardene's government may be the last hope for a settlement before polarization sweeps away the basis for a political solution.

Last year's Sinhalese-Tamil riots, which began after Tamil terrorists ambushed 13 soldiers, claimed more than 330 Tamils—most of whom were innocent citizens—and the ferocity of looting indulged in by the Sinhalese points to the racial intolerance that has been grown up over the years.

Although the extremist Tamil organization, the Liberation Tigers, came into existence in 1974, systematic racial discrimination against the Tamils had started in 1948, a legacy of British rule when the colonial occupiers had set the two groups against each other.

In 1948, the so-called Citizen's Act stripped about 100,000 Tamils of Indian origin of their citizenship rights, and reduced the Tamil representation in parliament from 24 to 16. In 1956,

when Prime Minister S. W. R. D. Bandaranaike, husband of the later Prime Minister Mrs. Sirimavo Bandaranaike, began his "Sinhala Only" campaign, the anti-Tamil policy took firm root.

In 1972, the constitution that proclaimed Sri Lanka—then Ceylon—a republic recognized Buddhism as the state religion and Sinhali as the sole official language. Eight days before the constitution was brought out by Prime Minister Bandaranaike, the Tamils joined forces to form the Tamil United Front to protect their rights. With that, the wedge was firmly driven between the two religious groups, who had lived in harmony for several hundred years before the British arrived.

If the Tamils have consolidated their movement since 1975, so have the chauvinist Sinhalese. President Jayewardene's cabinet consists of such Sinhali chauvinists as Prime Minister R. Premadasa, Industry Minister Cyril Mathew, and others who share the Nazi belief of belonging to a genetically superior Aryan race (the Sinhalese consider themselves Aryans, over and above the Tamils, who are Dravidians).

Jayewardene is ridiculed by the Buddhist zealots because his family originated from the Coromandel Coast of India, and because he is not a thoroughbred Sinhalese.

Among the Sinhalese, perhaps the most dangerous and surely the most powerful elements belong to the Buddhist monasteries. Buddhist monks in Colombo, Kandi, and Anuradhapur have called for the total extermination of 1.5 million Tamils. One such monk, Dr. Rahul Walpole, threatened another bloodbath if the government even contemplated offering representation in provincial assemblies to Tamils without first settling the terrorist problem.

De la Madrid cracks down on Dope, Inc.

The government is raiding marijuana and opium plantations, but it will also have to take on the PAN.

Mexican President Miguel de la Madrid has recently given orders to the Defense and Justice Ministries to relaunch the war against "narco-terrorism" on a new scale. The ministries immediately set out to burn and destroy marijuana and poppy fields in the south of Mexico.

De la Madrid then went to Mazatlán in the state of Sinaloa, Mexico's most infamous drug-producing region, and delivered a speech on July 25 calling for redoubled efforts in the war on drugs. "The drug trade threatens to undergo a resurgence," he said, "in the face of the devaluation of the peso and the patronage and support this trade is getting from abroad. . . . We shall be implacable in the face of this social plague, this cancer, and we shall not permit it to corrode the foundations of our society."

On July 29, the Mexican government announced that the Judicial Police had raided six opium plantations in the Sierra Madre mountains, on the border between the states of Chihuahua and Sinaloa.

If this war on drugs is to succeed, it will have to target the political protectors of the drug trade, especially the mafiosi of the National Action Party (PAN). As this writer has reported, the fascist PAN is at the heart of drug-running operations in Mexico. Areas of the PAN's greatest strength are also the centers of Mexico's drug production and transshipment.

Continental integration against the drug pushers will also be required if de la Madrid's war on drugs is to succeed. Colombian Justice Minister

Rodrigo Lara Bonilla was organizing for such a perspective when he was gunned down by professional assassins by the mafia on April 30. He had called for the formation of a "hemispheric anti-drug pact."

The Colombian fight is particularly key for Mexico, since Colombians have figured prominently in the recent return of drugs to Mexico's northwest.

Some political forces in Mexico have begun to move against the PANistas. While the President was in Sinaloa, the local newspaper *El Diario de Culiacán* published an article under the headline "PANista Opium," charging that "many PANistas are intermediaries and even direct buyers of marijuana and opium. Eight years ago, the police raided a warehouse full of green pot, belonging to Manuel Clouthier. The raid was conducted by Carlos Aguilar Goya, the coordinator of 'Operation Condor,' and by Commandant Elias Quezada. Just try to deny these charges."

Clouthier is a hacienda owner and the major power behind the PAN in Sinaloa, and former president of the Mexican Employers' Association. Clouthier and his cohorts had been a principal target of 'Operation Condor,' launched in 1974 by former President Luís Echeverría, which wiped out 80% of the drug production of the Sinaloa-Sonora-Baja "corridor."

Sinaloa is now the target for savage violence from the narco-terrorist gangs, and the local and state police do not have the money and manpower, nor even the weapons, to combat the

sophisticated arsenals that the narcos have at their disposal.

In neighboring Sonora, one of the top peasant leaders, Muñoz Espinoza, was shot to death on July 27. He was the leader of 15,000 peasants in a cooperative—a formation that challenged the power of the big latifundists, who support the PAN.

A number of suspicious escapes have also occurred from Mexican jails recently, including 30 people who had been imprisoned for drug- and terrorism-related crimes—among them three members of ETA, the Basque terrorist group.

Efforts have recently been launched to deal with the drug problem on both sides of the U.S.-Mexican border. On July 23, the annual conference of 10 U.S. and Mexican governors from border states took place in Tucson, Arizona. Sonora Governor Dr. Samuel Ocaña declared that the drug traffic is assuming "terrible dimensions," and hence "broader actions from every government" are required.

At the meeting, Arizona Sen. Dennis DeConcini (D) announced that, for the first time, the U.S. army will participate in the fight against the drug traffic, using F-15 fighter planes and helicopters. He praised Mexico for its effort, noting that Mexico spends more of its own money for the war on drugs than it receives from the United States for that purpose. DeConcini also recognized that there is a close relationship between the drug traffic and terrorism.

With congressional elections upcoming, 1984 will be a crucial year for the war on drugs. If the PAN gains more power in the Mexican states, a proliferation of narcotics can be expected throughout the country. Hence the importance of the new combined fight between Mexico and the United States.

The Kurdistan card

Moscow is ready to play Iran's minorities, from Kurds to Baluchis, in its drive to a post-Khomeini Iran.

Under the direct control of Moscow, Iran's minorities from Kurdistan to Baluchistan are ready to fight for their independence in the coming months. After many back-room negotiations, primarily in Baghdad and London, new political and military coalitions have sprouted, and Kremlin thinking is quite flexible on how to deploy them.

Moscow's scenarios intersect an impending internal collapse in Iran, due to the mullahs' inability to launch a new offensive in the war with Iraq. To divert attention from the failure at the front, a new wave of purges and executions is under way in Teheran. Some of the mullahs are now tempted to redeploy part of the army or the revolutionary guards, *pasdarans*, against the minorities, merely to keep the *pasdarans* busy.

One key minority region, **Baluchistan**, comprising an ethnic group that overlaps Pakistan and Iran, may be the target of a Soviet invasion soon, according to regional political observers. This would follow the Soviets' offensives against the Afghan resistance movement in the Panjshir and Logar valleys, as well as around the border town of Herat. The Soviet effort to impose total control over Afghanistan unfortunately may succeed, since the resistance has been cut off from outside military supplies. Baluchistan would be the natural next target, giving Moscow its long-sought warm-water port on the Indian Ocean.

The leader of the Pakistani Baluchistan Liberation Front, Attar ul-

Mangal, told the French weekly *Nouvel Observateur* in early June that he would welcome a Soviet invasion of his region. We learned that Attar ul-Mangal, generally based in London, has been meeting regularly for some time with Iranian Baluchis as well as representatives of the Mujahedeen-e-Khalq of Massoud Rajavi, the so-called "Islam-Marxist" opposition to Khomeini.

Mediating between Iranian and Pakistani Baluchis have been some of Rajavi's close co-workers, such as Matin-Daftari, an international lawyer, previously a socialist and now a member of Rajavi's National Resistance Council; and two better known international figures, Mefiti Khambaba Teherani and Bahram Neroumand. Both were active in the mid-1960s in cooperation with Mao's China or Castro's Cuba, and were later sought, in the mid-1970s, as known collaborators of the German Baader-Meinhof terrorist group.

According to reports, the trio has been meeting in Paris with Rajavi, and followed him in mid-July on his visit to London, before flying again to Pakistan and Baluchistan. Preparing a secessionist operation are some 6,000 Baluchi fighters currently being trained in the region of Afghanistan under Soviet control.

A parallel operation is being readied on the other side of the Iranian map in **Kurdistan**. The Kurds are a mountaineer tribe whose stomping ground extends over Iran, Iraq, and Turkey.

Moscow has just pulled off a ma-

major diplomatic and military coup by mediating an alliance between old enemies, Iraq's Saddam Hussein, and Jalal Talabani of the Patriotic Union of Kurdistan. Once again, the Mujahedeen were involved, as was an associate of Rajavi in his National Resistance Council, Abdelrahmane Ghassemlou of the Kurdistan Democratic Party of Iran. Jalal Talabani, an Iraqi Kurd known for years as one of Moscow's pet Kurds, had been active out of Damascus against Saddam Hussein for years. Later he allied with Iran's Khomeini against Iraq.

But recently, talks on a plan for "greater autonomy" for the Iraqi Kurds have been held between Saddam Hussein and Talabani in Baghdad. As a result, there is a military force of some 12,000 Kurdish fighters in Iran's Kurdistan, a large force for this mountainous area, where only guerrilla warfare can be waged.

Equally worried about such a large enemy force at their borders with Iraq as about the need to keep the armed forces busy, the Iranian authorities announced on July 26 a new offensive in Kurdistan and in West Azherbaijan. This will put to the test the secessionist war machine that Moscow has put together.

However, a Soviet-sponsored alliance between Iraq and the Kurds has not merely become a threat for Iran, but also for Turkey. Following these developments with close attention, Ankara has allowed some newspapers to speak again of Iraq's oil fields of Kirkuk and Mossul as being "Turkish territories." Indeed, it was not so long ago that Baghdad had pleaded for a Turkish military intervention north of these oil fields to face the Kurdish threat.

With both Kurdistan and Baluchistan under total Soviet control, a new drive for separatism is expected to explode by no later than September-October.

Carrington, Papandreou, and the F-16

Papandreou's party is now split over national security issues, and the possibility of civil war continues to be real.

Lord Carrington was in Athens on July 26 and 27, with his first major deployment since he took office as general secretary of NATO: to meddle in the Alliance's southern flank. Carrington had been preceded by a series of extraordinary developments which had nearly toppled the socialist government of Prime Minister Andreas Papandreou.

Following the May 10 PASOK Party Congress, which amounted to a declaration of allegiance to the Warsaw Pact, Papandreou's party suffered a major electoral setback at the June 17 elections for the European Parliament. After those elections, one member of Andreas' cabinet resigned, along with other party officials, on grounds that he disagrees with the Prime Minister's anti-American policies. He charged that Papandreou is intervening in the U.S. elections in favor of Mondale in manner which is "dishonorable" for a government. Following this, a series of tough measures were taken by the Reagan administration against the Papandreou clique. They included threats to withhold military and economic support and direct demands that Papandreou's cabinet cancel a series of already announced diplomatic visits to Cuba, Libya, Nicaragua, and elsewhere. The pressure was applied by the White House directly, especially after Papandreou, in his capacity as chief of the Greek Central Intelligence Service, ordered the deportation of a senior CIA officer from Athens. The pressure was also applied from the Department of De-

fense, via Richard Burt and Gen. Bernard Rogers. Finally, a significant amount of pressure against Papandreou's pro-Moscow policies was applied by Greek President Constantine Caramanlis, assisted by influential Greek-American circles around Archbishop Iakovos of the Greek Orthodox Church of North and South America.

As a result, by mid-July, Papandreou's party, the PASOK, was split in the middle, its "left" faction, led by Ministers Gennimatas and Tsochatzopoulos and party leaders Moralis and Laliotis, pushing the explicit "Marxist" line of collaboration with Moscow and the Moscow-owned Greek Communist Party, and the "moderate" faction, made up of centrist members of Parliament and led by Speaker of the Parliament John Alevras, proposing preservation of existing treaty obligations with the West. Papandreou, in a series of meetings with the parliamentary fraction and with his cabinet, engaged in a balancing act, to avoid identification with either faction.

The immediate issue fueling the political fight is national security. The majority of politicians and the vast majority of the population have been expressing a distinct preference for a policy which will result in the reintegration of Greece into the military wing of NATO, a relation ruptured in 1975. The Communist Party and the "Marxist" wing in PASOK argue that Turkey, a strong military member of NATO, is Greece's major potential threat. Thus Greece should seek security outside of NATO. The practical

issue of the national security debate is the long overdue re-equipping of the now obsolescent Greek air force. Major purchases of combat aircraft should have been made two-and-a-half years ago. Papandreou kept postponing the purchase, pretending to be judiciously "window shopping." He considered purchasing the French-German-Italian-made Tornado, U.S. F-15s and F-16s, French Mirages, Soviet MiGs, and even U.S.-made fighters from Iran!

When Carrington completed his visit, the Papandreou government appeared to have sobered up. Six days later, the Prime Minister announced that the choices will be limited to F-15s, F-16s, and the Mirage 2000, relegating the final decision to Minister of National Economy "Gerry" Arsenis, which will be announced on October 1.

Papandreou then left to go to the island of Corfu for a series of political consultations with Speaker of the Parliament Alevras, freshly returned from Moscow. Their agenda: will the Parliament vote for Caramanlis to continue as President of the Republic next May, or will they vote for Papandreou to replace Caramanlis as President? If Papandreou contests for the office with Caramanlis, he is likely to win, as only the 300 members of Parliament vote in the presidential election. With Papandreou as President, the PASOK leadership will be given to the "Marxist" wing of Gennimatas, Tsochatzopoulos, Laliotis, et al. They will launch a May to October 1985 election campaign in open alliance with the Communist party. This is a civil war scenario. Arsenis, an intimate of McNamara and certain Swiss bankers, was given the F-16 assignment in order to buy time for Andreas to make up his mind, whose choice is clear: Either he bows out of power in 1985, or he makes a bid to become President and thus sparks the flames of civil war.

The New Yalta formula

It comes down to moving the Iron Curtain toward the Atlantic coast of Europe.

When U.S. Sen. Samuel Nunn went public with his recent proposal for a partial withdrawal of American troops from Europe, West Germany became very nervous. Nunn's initiative came at a time when the Soviet Union is engaged in an escalating barrage of propaganda against the alleged "resurfacing of militarism and revanchism in Germany," and if there has been anything which deterred the Soviets from invading Western Europe in the past 39 years, it has been the presence of the 300,000-man troop contingent of the United States.

Thus, when Nunn's proposal was defeated in the U.S. Senate on June 10, there was momentary relief in Bonn. But the handwriting is already visible on the wall—to anyone with his eyes open.

Just a few days after the Nunn vote, Assistant State Department Secretary for Political and Military Affairs Richard Burt and Undersecretary of Defense Richard Perle used the occasion of an international security policy seminar in Bonn to tell the shocked Germans that "the Nunn formula is not off the agenda—it may return rather soon to the agenda of the U.S. Senate." Perle told the Germans present that the only way to prevent surprises for Europe would be to "increase the European share of the defense burden."

Then, the leading East European media joined in the Soviet media's wild campaign of threats against "the threat of a new World War emerging on the banks of the Rhine." The press barrage made blunt reference to the War-

rage made blunt reference to the Warsaw Pact's military might, demonstrated in July in the biggest maneuvers since the end of World War II.

This press barrage was the cue for the "New Yalta" faction to come to the fore in U.S. foreign-policy circles to promote their own formula among Western Europeans for "neutralizing" Europe, especially among West Germans. Henry Kissinger has mounted his favorite soapbox—the U.S. liberal Eastern Establishment press—to publish his proposal for a redefinition of the spheres of influence of the United States and the U.S.S.R. Claiming there will not be any real progress in disarmament in the near future, Kissinger called for crisis management by the superpowers, to be negotiated through Kissinger's backchannels. Europe, of course would be excluded from any such negotiations—very dangerous for European security and sovereignty.

Der Spiegel editor Rudolf Augstein, who has provided a forum for Kissinger's rantings at every turn, put the threat to the Atlantic Alliance in his own terms by writing in his magazine that the world was on the brink of a new world war, with "Sarajevo just around the corner."

The next development was the arrival of Wesley MacDonald, the commanding admiral of NATO's North Atlantic Command, in Bonn to tell the government bluntly that because the United States would have to redeploy sections of its maritime capabilities from the North Atlantic to the Arab Gulf or the Caribbean, someone would have to jump in to fill the gap. That

"someone" would have to be the West Germans, Admiral MacDonald said.

The strategic debate was brought up sharply when the West European Union (WEU) decided on June 24 to lift the severe restrictions imposed on German arms development since the end of World War II. The restrictions were maintained even after Bonn joined NATO in 1955. The WEU decision means, theoretically, that West Germany will be permitted to build large ships and long-range missile systems—exactly those kinds of weapons systems required for filling the gap left if the United States and Britain pulled forces out of the North Atlantic.

While the Kissingerites in U.S. defense circles and the Europeans have reached an agreement that U.S. military presence in Europe will be cut, the Soviets have indicated that they could consider the WEU decisions a "rearming of German militarism and revanchism which will not be tolerated by the U.S.S.R." Since the Soviets have pointed to "post-war intervention rights into Germany" allegedly granted by the 1945 Potsdam agreement, all of this heavy propaganda means that a surgical military strike of Soviet armed forces into West Germany is on the agenda of the Kremlin leaders. Their calculation is that West Germany will capitulate within hours after the attack, because the United States will, according to the Kissingerite formula, not risk "a world war over Germany" and not retaliate.

What Europe and West Germany in particular need most urgently in this precarious situation are signals from the White House and the Pentagon that the United States will stick to the defense of Europe. This is the only way to wipe the decoupling debate off the tables; this is the only language the Kremlin understands.

Ledeen persona non grata

Admiral Martini's SISMI has come up with a good start in the fight against Soviet penetration.

In an astonishingly courageous move, Italian secret services (SISMI) chief Adm. Fulvio Martini, has told the Parliamentary Control Committee on Intelligence that U.S. citizen Michael Ledeen, a former adviser on terrorism to Alexander Haig now at Washington's Center for Strategic and International Studies, should be declared "persona non grata" in Italy.

According to the weekly *l'Espresso* of July 30, and not denied by any official Italian or American agency, Martini went to see U.S. Ambassador Maxwell Raab as soon he became head of SISMI three months ago: "There is a person I would not like to see in Italy anymore. Better, I made him understand that he risks being officially considered 'persona non grata'. . . He is considered a political scientist, but in reality," added the Admiral, "he is a troublemaker [*mestatore*]."

"I informed the American ambassador to Rome, Maxwell Raab, of this: The citizen of yours whom I would not like to see in Italy anymore is Michael Ledeen. And since this talk of mine," added the Admiral with just a light smile, "it seems to me that Mr. Ledeen has not set foot in our country."

Michael Ledeen has been exposed by *EIR* as a key figure in the Anglo-American intelligence group represented by Henry Kissinger. He has been, from a research and operational standpoint, an important instrument for the realization of a fascist world order. In 1972, he published a book with the title, *Universal Fascism*, in which he

shamelessly advocated a fascist world order without nation-states. For Ledeen and his political controllers, Mussolini, prior to the pact with Hitler, and in particular, the Fascist youth of the late 1920s and early 1930s, represent a legitimate model for today.

From this standpoint, it is not surprising that Ledeen and his wife, Barbara, are at the center of the racist cultism surrounding the Temple Mount Foundation, with the objective of destroying the third most holy shrine of Islam, the Al Aqsa Mosque on Jerusalem's Temple Mount, allegedly to replace it with the Third Temple of Solomon. The project would be the spark for a fundamentalist religious war worldwide.

Barbara Ledeen has long been the editor of *Biblical Archeological Review*, the "official organ" of this racist-cult conspiracy, encompassing both "Christian fundamentalists" and Israeli cultists who envisage a return to the practice of animal and child sacrifice as "Jewish" religious practice!

Reported to be close to the Israeli Mossad, provided such covers as "trainer of the Israeli national bridge team," Ledeen is indeed pursuing a policy which immediately threatens the existence of the Israeli state itself.

Ledeen's tradition and mentors have a common ideological denominator: Nazi-Communism. The tradition is that of the fascist "poet" Ezra Pound and his friend, the dubious master-spook James Jesus Angleton; he is connected to Irving Brown and

Jay Lovestone, and the insane, Soviet-inspired *Mittleuropa* geopolitics of Henry Kissinger.

Groomed by this Anglo-American faction of U.S. intelligence and the Western oligarchy, Ledeen surfaced in Italy as the unofficial, but most powerful liaison between American and Italian intelligence services. From this position he played a key role in the destabilization plan against the Italian Republic plotted and carried out by the *Propaganda 2* (P-2) Freemasonic lodge of Nazi-communist agent, Licio Gelli.

With the 1978 advent of the P-2 "brother" General Santovito's rise to the leadership of the SISMI, Ledeen enjoyed unchecked power to implement his masters' feudal schemes, enlarging his personal fortune as well. In fact, he "sold" a report on terrorism to Santovito's SISMI at a fantastic price; it proved to be a total fraud, a collection of worthless data and known publications. It could not have been otherwise, since Ledeen's celebrated "expertise" on left- and East-controlled terrorism is merely a cover story for his involvement in the deployment of terrorism, through his association with the P-2 network's Licio Gelli, a person who had already been recruited to the Soviet NKVD in 1943, while serving as a torturer for Mussolini's secret police.

Admiral Martini's attack on Ledeen can be viewed in light of last year's attempt by two Rome judges, Imposimato and Priore, to subpoena Henry Kissinger for testimony on his threat against Christian Democratic Premier Aldo Moro, subsequently killed by the Red Brigades in 1978.

With Italy threatening to slide into Moscow's sphere of influence, Martini's SISMI has come up with a good start in the fight against Russian penetration.

International Intelligence

Soviets hit Norway's "Nazi revival"

Following the precise model of the pressure being applied to West Germany, the Soviet Union has launched a propaganda campaign alleging a "neo-Nazi revival" in Norway, on NATO's vulnerable Northern Flank. The accusations of a domestic fascist threat are coupled with warnings by Soviet assets that NATO plans to use Norway for nuclear aggression against the U.S.S.R. Both charges could be used to justify Soviet military moves in the far north.

A lengthy article in *Izvestia* on July 27 gives details of the activities of various Norwegian fascist groups such as the "Norwegian Front," the "Rugaland Fascists," the "Norwegian Young Vikings," and the "Vigilantes." *Izvestia* writes that these "heirs of [Norwegian fascist] Quisling who have forgotten the lessons of history are encountering the growing concern of all honest Norwegians. And they are fully resolved to block the path of those who are pulling Norway into the past."

On July 30 in Denmark, notorious KGB asset Joergen Dragsdahl of the newspaper *Information* revealed a "secret report of the U.S. Joint Chiefs of Staff" which allegedly contains plans by the United States to deploy nuclear weapons on Norwegian soil—something the Norwegians, in deference to the Russians, have sworn not to do.

Nigeria-Britain showdown: coup threat in Lagos?

Ever since the attempted kidnapping of former Nigerian minister U. Dikko, found by the British police in a crate labeled for shipment to Nigeria, London and Lagos have been on a head-on confrontation. The kidnapping affair has never been clarified, and since some reports revealed the involvement of the Israeli mafia, a set-up against Lagos

cannot be ruled out.

The latest phase of this crisis has been the decision by the British Export Credit Guarantee Department (ECGD) to warn British customers against further dealings with Nigeria. Nigeria has some 500 million pounds of arrears to British industry, and the ECGD announced that any negotiations to reschedule such debts will have to wait for a new agreement between Lagos and the IMF. Discussions with the IMF were interrupted last month when Lagos refused to enact a huge devaluation of its currency. It is known that both the IMF and the British would like to force Nigeria to offer its oil as collateral in any future negotiations.

In response to this decision, the Nigerian Foreign Minister Gambari has denounced "British blackmail," and announced that Nigeria will reconsider its membership in the Commonwealth.

The internal Nigerian situation is far from settled, however, following the coup last January. Rumors of a new coup are widespread.

Swiss oligarchs attack LaRouche

A three-page article in the July 26 issue of the weekly magazine *L'Hebdo*, published in Lausanne, Switzerland, betrays the intense rage against the American Lyndon LaRouche that currently grips the topmost circles of the Swiss oligarchy. The main cause of this rage is the exposés published by *EIR* and *Nouvelle Solidarité* on the André grain cartel and its connections to the fomenting of separatist violence in India.

This is the longest article ever published on LaRouche in Switzerland; its appearance signals a declaration of war from the Swiss gnomes against the U.S. economist and presidential candidate who has opposed their usurious rule over the world economy.

L'Hebdo, quoting from the *EIR* exposé on André, makes large concessions to its factual accuracy, but insists the *EIR* piece is "disinformation." *EIR* had charged that "the

so-called Khalistan Republic, led out of London by its self-appointed president, Dr. Jagjit Singh Chauhan, is a puppet of many international forces which are committed to India's dismemberment, in particular of the international grain cartels. . . . At the center of the grouping which unleashed terrorism in Punjab, armed the terrorists, and brought about the present crisis, is a little known company, André and Company. . . . Though there have been intensified contacts between André and Jagjit Singh Chauhan over recent weeks, even days, the liaison is being maintained by one of the family's brothers-in-law, Jean Demaurex" of Lausanne. *L'Hebdo* even admits to the Demaurex connection.

L'Hebdo goes on to libel *EIR* and LaRouche associates as an extreme "right wing anti-Semitic organization close to the Ku Klux Klan," which specializes in the spreading of "confidential dossiers" which are "disinformation operations."

L'Hebdo betrays particular sensitivity on the subject of Switzerland's most notorious Nazi, François Genoud, also of Lausanne, who claims rights to Hitler's literary estate and functions as the principal up-front backer in Europe of the Algerian Islamic radical Ahmed Ben Bella. "Another enemy of LaRouche and of *EIR* is businessman François Genoud, who is, however, like LaRouche, an extreme right-winger."

George Shultz imposing austerity on Israel

Writing from Washington July 28, syndicated columnists Evans and Novak report that Secretary of State George Shultz and other Reagan administration officials plan to use the fact that Israel has concluded its elections and is more dependent than ever on American aid for its ailing economy to demand that extreme austerity be imposed on the Israeli population.

The columnists report that Israel will be subject to "no-nonsense conditions" in return for American aid. "The insistence on

basic reforms will give the United States influence over Israel's economy similar to International Monetary Fund rule-making over ailing economies," they write.

Evans and Novak add: "No one is happier over the prospect of poring over complex economic nostrums for Israel than that well-known economist, George Shultz. . . . [Onetime U.S. Treasury Secretary] Shultz thinks he knows exactly what Israel's economy needs. . . . Shultz and some of his long-time economist friends have been mapping austerity plans for the post-election period in Israel for some months. Shultz wants tough budgetary discipline, drastic reductions in imports, and less government subsidy of Israel's new industries, including high-tech and weapons."

Shultz, of course, presided over the calamitous decoupling of the U. S. dollar from gold in the early 1970s, which is the root cause of both the United States and Israel's economic fiascos today. Shultz's ardor about destroying Israel's economy isn't surprising, since he is an admirer of the free-market economic theories of Milton Friedman.

Genscher frees Sikh terrorist from German jail

In a direct slap in the face of the government of Mrs. Indira Gandhi, the West German government the week of July 15 released a Sikh terrorist from a West German jail. West German Foreign Minister Hans-Dietrich Genscher had refused to extradite the terrorist, who is wanted for murder in the course of inciting a riot, and kept the Sikh in jail in West Germany. But, at the very time Sikh terrorists outside India were calling for the assassination of Mrs. Gandhi, Genscher decided to release the murderer.

The Indian government at first registered a protest and otherwise attempted to play down the incident. But the attitude of the West German government has forced the Indians to declare that they may cut economic ties with Bonn.

It is no accident that this occurs shortly after Genscher's trip to Iran, where he made

a series of deals with Iranian Speaker of the House Hashemi Rafsanjani. The Iranians, through their "Fifth (Islamic) International" are known to be working to bring down the Gandhi government, by inciting Muslims in India to violence.

Iranian terrorists plan assault on Saudi Arabia

According to Spanish journalistic and police sources, the dismantling over the week of July 22 of Iranian terrorist networks in Spain led to evidence that Teheran is planning serious operations against Saudi Arabia in the coming weeks.

A four-man team was arrested in Barcelona and Madrid as they planned to kill an Iranian opponent and then to hijack a Saudi plane. The same team had apparently tried unsuccessfully to attack the plane of Saudi Arabian Prince Abdullah last June in Spain. As investigations revealed, the team was the local base of a broader international network which has been sending scores of Iranian terrorists to the United States for the Olympics with the use of forged American visas. The precise number of those who have succeeded in entering in recent months is not yet known. However, the targeting of Saudi Arabia represents a qualitatively new step.

It also occurs at a time when Iranian Parliament speaker Hashemi Rafsanjani has accepted a Saudi invitation to come to Mecca for the annual pilgrimage. Spanish investigators believe that his action has displeased many in Iran and in the region who fear some kind of détente between Iran and Saudi Arabia; they say that the team was deployed as a deliberate provocation by more radical groups within Iran, probably associated with the Muslim Brotherhood group, the Fedayeen-e-Islam.

Some weeks ago, the German daily *Die Welt* published precise details of an Iranian plan to unleash terrorism in Saudi Arabia by late August-early September through the agency of Iranian pilgrims in Mecca and Iranian propaganda work within the Pakistani elements of the Saudi army.

Briefly

● **MEXICAN JUDICIAL** Police raided six opium plantations in the Sierra Madre mountains on July 29. They were on the border between the states of Chihuahua and Sinaloa, where President Miguel de la Madrid had announced a new war on drugs four days earlier.

● **THE ROME** press agency, *Il Punto*, published a report on the July 4-5 founding conference of the Schiller Institute in the United States, stating: ". . . The institute aims at re-launching, strategically and culturally, the Atlantic Alliance, as the 'best answer to the policy of decoupling the United States from Europe, promoted by individuals like Henry Kissinger and Lord Carrington, the new General Secretary of NATO. . . .'"

● **POPE** John Paul II issued a statement on the 40th anniversary of the Warsaw uprising against the Nazis, praising the fight for Poland's "independence and self-determination."

● **PROFESSOR DONTLAF** of the European Institute of East-West Humor (based at Lachenstein on the Rhine) made some remarks on new scientific findings which must be termed "sensational." Most of the current problems with West European politicians relate to the simple fact that people forgot how to laugh at the ineptitude of the Russian elites. "You might well say," said Prof. Dontlaf, "that a Soviet politbureau member is a brain minus one." Prof. Dontlaf concluded that "appeasement is a form of boredom, of calcification. Our research team has found that chronic lack of humor leads to appeasement unavoidably."

● **VIETNAMESE** troops heavily shelled a Cambodian refugee camp, O-Smak camp run by forces under Sonn Sann, on the Thai border, thus increasing military pressure in Thailand. The attack caught the Khmer Rouge forces by surprise since it came during the monsoon season, when it was assumed that military operations would be impossible to mount.

Mondale backers plan fall food shortages

by Christopher White

Backers of the presidential candidacy of Walter Mondale are planning a fall 1984 bankruptcy shakeout of the farm sector which could affect from one-third to two-fifths of the nation's farmers in the \$40,000 to \$100,000 income bracket.

The bankruptcy shakeout is part of a master plan to organize a "food shock" for the fall of this year modeled on the "oil shock" of 1973. The plan has been designed for its genocidal impact on the populations of sub-Saharan Africa and Ibero-America, as well as the 20% of Americans who are already considered to be malnourished. Genocide, on a scale far larger than anything Hitler could have dreamt of, will follow as a consequence of the tripling or quadrupling of food prices to the consumer.

The crisis threat is exemplified by the steady slide in market prices for farm products and also by the accelerating decline in the value of farm real estate. For the third year in a row farmers' income will be falling considerably below their costs of production. It is the credit base defined by the combination of earnings and real estate which has permitted farmers to keep functioning.

Nationally there is a reported 10% decline in the value of farm real estate from last year. A recent study by the University of Nebraska in Lincoln, shows that the decline in farm real estate values over the past three-and-a-half years, has brought the value of farm real estate down, in monetary terms, to where it was five or six years ago. But if inflation is discounted, farmers are now back to where they were ten years ago prior to the bubbling of real estate prices. The study shows a 21% decline from the 1981 peak.

A similar study has been released by the Federal Land Bank in Omaha. Covering the states of Iowa, Nebraska, South Dakota, and Wyoming, the study shows an 8.8% decline in the value of farm real estate in the four states in the

year which ended May 31st. Worst hit of these four states is Nebraska which shows a 14.4% decline.

Pressure was already coming down on farmers in the spring of this year, before they planted this year's crops. On April 2, Federal Home Administration (FHA) head Joseph O'Neill issued a report announcing that 41% of the 263,000 borrowers from the FHA were delinquent on their loan payments. At that time a court-ordered stay on foreclosures was in effect. But the order had been appealed in the 11th Circuit Court of Appeals. O'Neill reported that if the court ordered stay was lifted thousands of farmers would be shut down.

Farming in the country has been brought to the edge of the abyss. But this situation has been created deliberately.

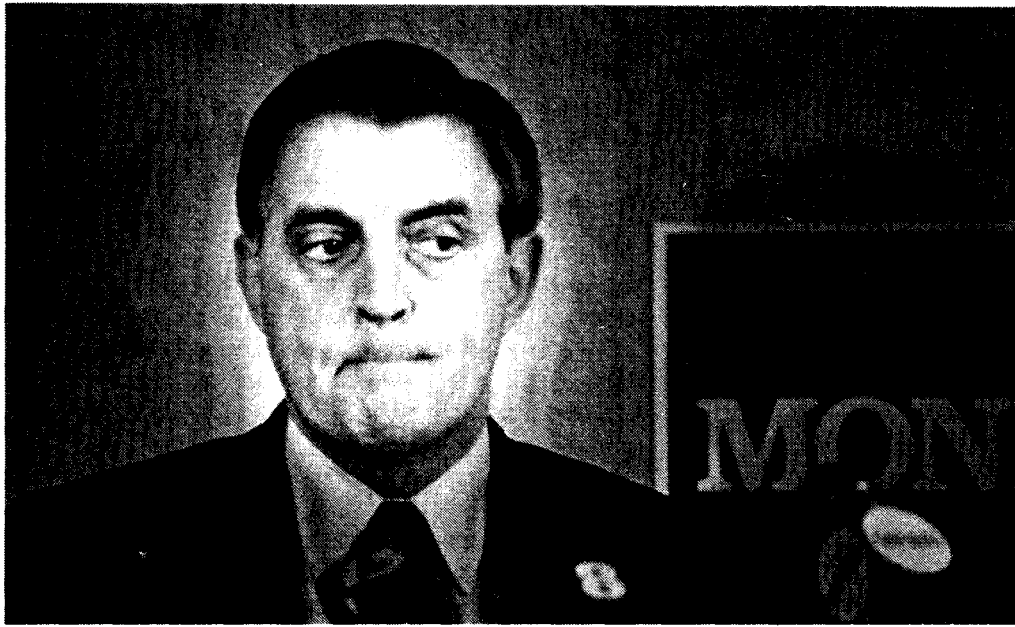
The grain cartel

The plan has been worked out by circles close to the big, secretive grain companies who make up the cartel that controls food supplies worldwide, more tightly than the so-called "Seven Sisters" control oil. The top five grain companies are:

- **Cargill Corporation** of Minnesota;
- **Continental Grain** of New York City;
- **Bunge and Born** of Belgium;
- **Louis-Dreyfus** of Paris, France;
- **André and Co.** of Lausanne, Switzerland.

Operational headquarters for the cartel are based in the usurers' haven of Switzerland, where political connections are made to the Permindex circles identified as responsible for the assassination of President John F. Kennedy, and to the Nazi International of François Genoud.

Oligarchic families involved in the millenia-old evils of the privately run grain companies include the Iselins and Staehlines, who were prominently involved in building Adolf Hitler's Nazi movement in the 1920s and '30s. The policy of



NSIPS/Connie Brown

Walter Mondale is keeping his mouth shut, but his campaign is at the center of a plot by the international grain cartels to destroy the U.S. food supply.

“food as a weapon,” that is, genocide through starvation, first enunciated in the recent period by **Henry Kissinger** at the U.N. Food Conference in 1974, figures prominently in such circles’ current strategic agreements with the Russian imperialists. At that time, Mexican President Luís Echeverría led the opposition to what was denounced as a plot by the super-powers to starve the Third World.

Now, spokesmen for the grain cartel, such as Mondale buddy **William Pearce**, vice-president for government affairs at Cargill, is quite forthright about what is going on. “There are a number of factors that influence the prospects for the grain trade,” he said, “. . . the structure of food price supports, which will undergo a change in 1985. A third is credit, less easy access to credit. . . . The floor price of U.S. grain has ratcheted upwards since 1981. There is a very strong sense that supports will be dropped, it’s creating an enormous budget deficit.” These prescriptions translate into higher food prices for the consumer, and fewer farmers producing. Another source close to the grain companies simply said: “Mondale has said he would cut price-support costs in half, so we expect a more consistent set of programs.”

Mondale chosen as point man

Now, **Walter Mondale** has been chosen by this alliance of Nazis and Communists as the point man for their campaign. As Pearce said, “Mondale is a friend. He’s a man I’ve worked with for a long time.” Immediately targeted is the existence of the independent farmer-producer in the United States. Mondale’s program of wiping out price supports for the farmer will accomplish that. Mondale is a tool of the grain company interests, typified by Cargill, who determined to wipe out the independent producer a long time ago, in favor of what is referred to under the code-name of “tenant farming”—that is, share-cropping.

But such forces do not have to wait for Mondale to become president to achieve their aim. They have a crisis rigged for this fall. And they are already deploying political forces in expectation of that crisis.

“If the prices of the futures markets now in effect obtain in the fall, there will be intense pressure on Congress to prevent widespread bankruptcies in agriculture. . . . There will be more of the cost of those programs transferred to consumers. . . . As much as one third to two fifths of those producers are quite leveraged, in danger of losing their farms.”

This perspective was outlined recently by **Harold Hjort** of Economic Perspectives Consulting.

“It’s all become a relatively non-profitable business. You will see a lot of shakeouts. . . . There’s a big Iowa co-op which is in trouble. It’s the same with some of the Northern Plains co-ops. . . . I suspect there’s been a writing down of assets. . . . There is an immense excess capacity.”

This was the view of **Dale Hathaway**, now part of a Washington, D.C. consulting firm with **Anne Armstrong**, former ambassador to Britain, who brought Henry Kissinger onto the President’s Foreign Intelligence Advisory Board. Also in the firm is Trilateral Commission member **Gerard C. Smith**, founder of the Committee to Save the ABM Treaty and leading enemy of President Reagan’s Strategic Defense Initiative.

The Freeman circle

Hjort is part of a small inner circle of seven, who work with **Orville Freeman**, chairman of the advisory board of the Hubert H. Humphrey Institute for Public Affairs in Minneapolis—which spawned the Mondale presidential bid, sponsored the conferences in which KGB agents such as Fyodor Burlatskii issued marching orders to the U.S. peace movement to stop the President’s SDI, and is home base for

a grain company project to destroy farming in the United States, known as "The Future of the North American Granary."

Freeman, secretary of agriculture in the John F. Kennedy administration, is one of the policy controllers of the Mondale campaign. Apart from the two identified, his circle of seven includes:

Don Paarlberg, living in retirement in West Lafayette, Indiana;

- **Dick Bell**, president of Ricelands Foods, Arkansas;
- **Martin Abel** of Schnittker Associates consulting firm;
- **Ed Jaenke** of Jaenke Associates;
- **Clarence Palmby**, formerly of Continental Grain;
- **John Mellor**, director of the International Food Policy Research Institute.

With the exception of Mellor, all have been employees under one or another administration of the U.S. Department of Agriculture. Through this group, farm policy is coordinated for the grain companies through such institutions as:

- **The Curry Foundation** headed by Charles Curry, former secretary-treasurer of Manatt's Democratic Party;
- **The American Farmland Trust**, funded by the Rockefellers;
- **The Center for National Policy**, Cyrus Vance's think-tank; and
- **Resources for the Future**.

Such outfits are now working on what U.S. farming will look like after the bankruptcy shakeout. Key to the success of the plan is the complicity of the U.S. Department of Agriculture, through such officials as Undersecretary **Daniel Amstutz**, a longtime employee of the Cargill Corporation and a partner at one of Henry Kissinger's New York banks, Goldman Sachs, along with Orville Freeman's friend of many years, the Malthusian maniac **Robert Strange McNamara**.

USDA rigging

The Agriculture Department has helped the grain companies rig forward markets through the PIK (Payment in Kind) program, which has reduced U.S. production and surpluses. Simultaneously, the program has provided a boondoggle in the billions of dollars for the cartel, which handles all the grains allocated in a quota system. Prices have come down, export earnings shrunk, farm real estate values declined, and farmers have been producing at below breakeven for the last four years.

Now farmers are under pressure from the bankers to sell their crops in a declining market so they can liquidate their debts. But earnings will not be enough. Already in May, the FHA estimated that 44% of the farmers on its rolls were delinquent. The stage had already been set for the shakeout this fall. Heads must roll very quickly, in the Department of Agriculture and elsewhere, if Mondale's "food shock" of the fall of 1984 is to be averted.

Legislation for the

by Susan Kokinda

Legislation drafted at the direction of the international grain cartel and now circulating on Capitol Hill would give the private cartel official control of U.S. agricultural policy, reorganize the U.S. Agriculture Department accordingly, and "feudalize" the entirety of American agriculture by transforming the few who continue to work the land into sharecroppers. This legislation amounts to codification of the "post-food society."

First, the grain-cartel interests intend to simply take over government farm policymaking. The paradigm is legislation to establish a "National Commission on Agricultural Trade and Export Policy" introduced by Sen. Robert Dole (R-Kan.). Although the grain companies have run the U.S. Department of Agriculture for years, as currently evidenced by the Undersecretary of Agriculture, Cargill's Daniel Amstutz, under Senate Joint Resolution 413, a newly established 35-member national commission would be wholly funded by private contributions! The legislation contains no limitations or restrictions on who may contribute. When asked by *EIR* what stood in the way of the grain cartels buying up the commission, a spokesman for one congressional supporter replied, "Well, there is public disclosure of the contributions—that should prevent any abuses."

In his floor statement, Dole admitted that the "initial idea to establish a Commission on Agricultural Trade was first raised by the private sector about two months ago." Among the groups testifying on behalf of the resolution at July 26 hearings before the House Agriculture Committee was a representative of Farmland Industries, where Jimmy Carter's neo-Malthusian agriculture secretary, Bob Bergland, is now employed. The Farmland witness stated: "The fact of the matter is, we have moved into a new economic era and we haven't yet had the time or developed the tools to fully understand it and to react to it."

The commission would produce an interim report by March 1985—thereby giving an official imprimatur to the international cartels' food-shortage policies in time for the drafting of the 1985 farm bill, on which work will begin in January. A final report would be produced by 1986.

In a statement submitted for the July 26 hearing record, the National Democratic Policy Committee, founded by Lyndon H. LaRouche, Jr., attacked the proposed Commission and its "novel" idea of private funding. The NDPC warned that the proposal would put policymaking in the very hands of those who have brought the United States and the world to the brink of virtual food shortages. Rather, the statement

'post-food' society

demand, the Congress must take emergency action, first, to prevent the wholesale bankruptcy of the American family farmer, and, second, to supply food to Africa and other points of need while carrying out the necessary reform of the international monetary system.

Modern-day feudalism

Other pieces of legislation now introduced represent an unprecedented transformation of domestic farm policy. Their unifying theme is that American agriculture based on the independent farmer-entrepreneur will cease to exist. In its place will be a severely restricted sector, based on such oligarchical economic principles as "supply management" and "conservation." What follows is a sample of the grain-cartel legislation:

- Under *H.R. 5024, the Rural Development Reorganization Act*, introduced by Rep. Wes Watkins, the Agriculture Department would be split in half. The Farmers Home Administration (FmHA) would be renamed the Farm Administration and would deal "strictly with farmer programs." Because farming is no longer to be a viable livelihood for families and breadwinners, the legislation dubs the other half of the USDA a "Rural Development Administration," concerning itself with the cottage industries that rural families will now have to engage in to make a living, such as alcohol fuel production.

- *S. 2765 and H.R. 5854, the Agriculture Debt Restructuring Act*, introduced by two Iowa Republicans, accepts as legitimate the usurious policies imposed on the American farmer by the Federal Reserve Board over recent years. Within that context, Sen. Charles Grassley and Rep. Jim Leach want to enact a debt restructuring whose ultimate purpose will be a federalization of private bank debt while merely prolonging the agony of the family farmer. Under their proposal, the federal government could end up holding the bulk of farm debt, and, hence, the bulk of family farm land as foreclosures accelerate under the current regime.

Grassley and Leach are truly an "odd couple." Liberal Republican Leach is active in one-worldist campaigns against critical U.S. defense programs such as defensive beam weapons, while "ultraconservative" Grassley recently authored the notorious "KGB Budget." That proposal, named for Senators Kassebaum, Grassley, and Biden, called for a zero-percent increase in defense spending—a policy even more drastic than that of Walter Mondale. A Grassley-Leach team-up on agricultural debt restructuring portends major moves

in this area by KGB-linked radical free-enterprise networks.

One possible direction that such a de facto government takeover of family farms might go was proposed by Rep. Tom Coleman (R-Mo.) in a June 15 floor statement on the agriculture crisis. Coleman proposed that the Agricultural Stabilization and Conservation Service of USDA might want to lease farmland back to "good, but financially strapped" bankrupt farmers and "allow the farmer to farm that land under a crop-share plan"—in other words, a return to tenant farming and share cropping.

Besides these radical restructurings of the very premises of American agriculture, stands a body of legislation which would force a massive reduction of food production in the United States. The principal related lie is that there exists an "overproduction crisis." In an astoundingly blunt statement before the House Agriculture Committee on Feb. 28 of this year, Rep. Dan Glickman (D-Kan.) called for replacing the current acreage-based system (in which government subsidies are paid on the basis of the number of acres taken out of production) to a bushel-based system. Glickman argued, "The acreage system has failed absolutely. It has not helped to curb production. . . . Farmers simply idled their least productive land, while maximizing their use of fertilizer and pesticides on the other acres. The result was a record level of production. . . . The bushel program offers enormous advantages over the present acreage program . . . [such as] real control on crushing overproduction." Glickman proposes to cut back on farm subsidies to farmers who produce too efficiently and produce too many bushels of grain!

According to a Glickman aide, in order for a bushel-based system to work, the government would have to grant "right to market" certificates to farmers. This would be similar to the current, feudal system governing tobacco farming, wherein the tobacco farmer must purchase an "allotment," or the legal right to grow tobacco. Such "allotments" are merely a modern version of feudal "ground rent" economics. As the Glickman aide pointed out, such "right to market" certificates would take on economic value in and of themselves, and create a whole new speculative market in rights to farm.

Cult of conservation

In the waning hours of the 1983 first session of the 98th Congress, the Senate passed S. 663, the so-called sod-buster bill. That legislation would prohibit federal payments for crops grown on "newly plowed fragile grasslands." Proponents, who include "conservatives" such as Sen. William Armstrong (R-Col.) and environmentalists, argue that the "incentives to plow are intense," and are subsidizing a dust bowl worse than the 1930s. Therefore, land must be idled and production reduced to safeguard the productivity of topsoil. Sponsors conveniently ignore the fact that the dust-bowl phenomenon is a product of usurious interest rates which prohibit proper capital-intensive expenditures by farmers.

Mondale's nomination may be 'null and void'

by Warren J. Hamerman

Lyndon H. LaRouche, Jr. filed an emergency injunction in San Francisco Superior Court on Aug. 1, seeking to declare the nomination of Walter Mondale and the Democratic National Convention "null and void." The California action seeks a Declaratory Judgment that the Democratic Convention process was illegal and unconstitutional and that, therefore, the nomination of Mondale has no validity.

LaRouche also has amended his previously filed court action seeking "unlimited damages" from Charles Manatt and the Democratic National Committee (DNC) for their refusal to allow him participation in the convention. The marginal number of delegates that put Walter Mondale over the required total for nomination on the first ballot was, in fact, far fewer delegates than had signed Lyndon LaRouche's nominating petition. In other words, had Manatt and Mondale not illegally moved against LaRouche, Mondale would not have won a first ballot nomination and the convention would have been thrown open.

Mondale and the Democratic National Committee (DNC) under Manatt argued in previous court actions that they conducted the presidential nomination in San Francisco as a closed-shop "private club" with an unconstitutional bias and repugnant quota practices against the LaRouche Democrats. They claimed in court argument that they had a "constitutional right to exclude" anyone from their "private association" whom they chose. Thus, Manatt and Mondale are now trapped in a Catch-22 of their own making. They cannot legally spend \$40 million from the Federal Election Commission (FEC) for the presidential campaign and \$6 million to have run the San Francisco convention at the same time that they run the Democratic Party as a self-admitted private club. However, if the California court reverses the "private club" decision, then the nomination of Mondale is null and void in the first place. In either circumstance, they must face criminal and civil rights investigations from the U.S. Attorney for their frantic actions to "stop LaRouche."

How Manatt ran the operation

Manatt's unconstitutional practices in San Francisco are well documented. A July 20 article "Democrats Keep Backers of Extremist Off Podium" by James McGregor in *The Miami Herald* stated:

"Democratic Party officials said that LaRouche's followers brought in the petitions Tuesday and claimed to have more

than the 200 necessary delegate signatures [for presidential nomination].

"The group also planned legal action that could have led to a lengthy legal battle, Democratic officials said, so the Association of State Democratic Chairs was given the lists and told they had two hours to get the signatures invalidated.

"Within an hour, almost all of the signatures on the petition had been invalidated, according to Kathleen Vick, co-chair of the Louisiana delegation and president of the Association."

After the meeting, state chairmen from all over the country began intimidating and coercing delegates to withdraw their signatures, and pulled credentials from delegates who had signed the LaRouche petition. Charles Manatt was directly involved in some of these dirty political tricks. Investigators have learned that Kathleen Vick, who admitted to coordinating the illegal state chair operation, went to Hong Kong after the convention.

It has been learned that Manatt and Vick illegally ran the operation against LaRouche through **Carl Sandstrom**, a counsel for the House of Representatives's Administration Committee. Sandstrom has functioned on Capitol Hill in other "stop LaRouche efforts." For instance, earlier in 1984 Sandstrom used his capacity on the Administration Committee's Election Task Force to block LaRouche's efforts to mobilize congressional support for his matching funds request from the FEC. In addition to the more discreet Sandstrom, a self-promoter from North Carolina, **Zeb Alley**, bragged to the press how as a special counsel to Manatt he was involved in operations to stop LaRouche's nomination efforts. General Counsel of the Democratic Party **Tony Harrington** took an hour-to-hour "coordinating position" in the operations to deny LaRouche's nomination.

LaRouche's representatives were illegally and arbitrarily denied credentials to participate in the Democratic convention proceedings. Nevertheless, they obtained 370 signatures on his nominating petition—which demonstrates the existence of substantial support from convention delegates. It can be documented that Vick ran a special one-on-one deployment against each of the delegates who had signed the LaRouche nominating petition to intimidate them into withdrawing their signatures.

Criminal violations

In fact, hours before the nomination process began on July 19, the LaRouche Campaign in San Francisco hand delivered a formal complaint to U.S. Attorney Joseph P. Russoniello charging that the convention was violating LaRouche's civil rights. The complaint stated:

"Delegates from Ohio, Louisiana, Kansas, Rhode Island, Colorado, Montana, Minnesota, and Missouri who supported the nomination of Mr. LaRouche by placing their signatures on the petition have reported to my campaign staff that they have been the objects of coercive, threatening, and intimidating actions on the part of their State Chairs and in one

case 'top DNC layers' to remove their names from the LaRouche nominating petition. These actions began within one hour of the time when copies of the LaRouche nominating petitions were submitted as evidence in a court proceeding in California Superior Court. Further, I have received information that the state chairmen of the Louisiana, Rhode Island, and Kansas delegations are demanding any members of their delegation remove his or her name and sign a statement to the effect that they did not know what they were signing."

As the LaRouche forces subsequently learned, *USA Today* of July 18 reported that Mississippi delegation chief Brad Dye was so concerned that LaRouche Democrats would be able to organize a bloc in his delegation that he frantically pushed through new "Jim Crow" rules.

The U.S. Attorney in San Francisco Joseph Russoniello had already responded to the LaRouche civil rights complaint in a letter dated July 19. Russoniello wrote: "Patently overt threats and/or intimidating acts directed against identifiable delegates calculated to interfere with the federal political process may be a proper subject for investigation under Section 245(b)(1)(A)."

The Aug. 1 California court action seeks damages to be paid to Lyndon LaRouche for the blatant violation of his civil rights at the convention by Charles Manatt and the Mondale forces when they arbitrarily refused to accept LaRouche's name into presidential nomination on the grounds that they were a "private association" with the "constitutional right to

exclude" anyone they chose. Simultaneously, LaRouche also delivered a telegram to the FEC officially demanding that the FEC "payment of \$40 million to the account of Democratic candidates Mondale and Ferraro must be halted. The validity of the Democratic Convention is currently being challenged in California Superior Court. The Democratic Convention illegally and unconstitutionally refused to enter the name of Lyndon H. LaRouche, Jr. into nomination even though he qualified under the Convention's own rules. Documentation in the public domain shows that delegates signing the LaRouche nominating petition were harassed, intimidated, and threatened by the Charles Manatt-led Democratic Party. LaRouche representatives were also arbitrarily and invidiously denied convention credentials. The FEC must live up to its congressional mandate of protecting the integrity of the federal election process."

LaRouche and the National Democratic Policy Committee (NDPC), his political action committee, challenge the Jim Crow laws employed by Manatt and Mondale in San Francisco and further assert that Mondale is not entitled to \$40 million in federal monies on the basis that Manatt has admitted that the nomination was run by a "private club." Furthermore, the Democratic Party, which received \$6 million from the FEC to run the convention, must pay those funds back since they illegally constituted themselves as a private association. Were the law and Constitution to be followed, Walter Mondale's nomination would be declared null and void.

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EIR Executive
Intelligence
Review

Elephants and Donkeys

by Kathleen Klenetsky

It's LaRouche or Roman circuses

The "bread and circuses" atmosphere which dominated the Democratic Party's presidential convention in San Francisco is rapidly infecting the rest of the party—even in supposed bastions of conservatism like Texas.

An early August meeting of the Harris County (Houston) Democratic Executive Committee bore far more resemblance to a Studio 54 disco party than it did to a political conference.

Acting in the same cynical spirit as the Roman emperors, the local party leadership attempted to draw attention away from serious political concerns by providing the 600 attendees with such diversions as a "break dance" performance and a Chinese dragon dance. Loud rock music was piped in throughout the proceedings—which were billed as a "unity fest."

But even this wasn't enough to prevent the local National Democratic Policy Committee (NDPC), the political action group formed in 1980 by presidential candidate and *EIR* founder Lyndon H. LaRouche, from bringing real politics into the meeting—and upsetting the pathetic attempt at "unity" in the process.

A team of NDPC organizers blanketed the event with a resolution calling on the Executive Committee to denounce the racist, pro-austerity policies of the national Democratic leadership and to endorse NDPC leader Nick Benton for state party chair.

The document blasted the party leadership for its "discriminatory and arbitrary" rules "disenfranchising black and Hispanic voters" from proportional representation at the San Francisco convention, and for its support for the Simpson-Mazzoli anti-immigration bill. It further charged that party leaders used "strong-arm tac-

tics" and "intimidation" against convention delegates for the purpose of imposing "the nomination of presidential and vice-presidential candidates who advocate disastrous austerity policies . . . such as food shortages, medical care cutbacks, and tax increases."

Unity, unity, where's the unity?

To the chagrin of party enforcers, the resolution was formally introduced by NDPCer Claude Jones, one of three LaRouche Democrats who had won positions on the executive committee and were sworn in at the meeting.

The NDPC team also distributed a petition charging that both Mondale and Henry Kissinger are tools of the international grain cartel, and are now engaged in a conspiracy to create massive food shortages in the United States and elsewhere by deliberately destroying American agriculture.

Despite attempts by party bigwigs to keep things under control, the NDPC intervention set off an explosion. One Jesse Jackson delegate to the San Francisco convention went up to the microphone to verify the NDPC charges, stating that the only word in the name "Democratic Party" that had any meaning at the convention was the word "party," because that's all that had taken place there.

When the meeting chairman tried to appoint this same individual to an "outreach committee chairmanship," he responded angrily: "Okay, since now you've appointed me, let me tell you a thing or two. We're not going to have any more of this cheating and intimidation at the caucuses," referring to the intimidation tactics which Texas Democratic officials had used to keep Jackson and LaRouche supporters from participating in the state presidential nominating caucuses.

Moments later, a pro-Jackson sen-

ior citizen took to the microphone to blast Mondale. Fritz "didn't have to do or say anything," he charged, "because he knew he had the delegates to win. We must never allow this to happen again!"

One attendee, a conservative who has been active in the Party for years, was overheard grumbling that "Hell, the Democratic Party isn't going to get near the White House for another 20 years!"

Goons for Mondale

Given the widespread opposition to the Mondale-Ferraro ticket evident from the Harris County meet, it is not surprising that Manatt et al. are relying more and more on straight thug tactics to keep the Party in line. When Fritz and Geraldine, whose husband has an interest in a New York building housing one of the biggest pornography distributors in the country, came to Houston on Aug. 1, a gaggle of big, beefy goons were deployed by the AFL-CIO to make sure that no dissenting voices were heard.

That didn't stop the NDPC from sending a contingent bearing banners that read "Mondale Pals Are Kidnappers!"—a reference to the AFL-CIO's involvement in the kidnapping of anti-drug leader Patricia Londoño in Colombia—and distributing documentation of Mondale's fascist-austerity program.

The labor goons ripped up the banner, and one, sporting a Steelworkers' Union hat, attempted to eat an NDPC leaflet.

The thugs also pinched, shoved, and pushed a group of Right-to-Life demonstrators, who greeted Mondale and his running mate with banners and signs reading, "Catholics Don't Kill Babies: What's Wrong With You, Geraldine?" and "Geraldine's Business is Warehouse Smut."

Kissinger Watch

by M. T. Upharsin

Expose Henry's dope mafia link

Kissinger Watchers around the world have experienced consternation and bemusement that Dr. K. was not among those put behind bars for his role in Washington's Watergate affair. He was, after all, the chief culprit.

In the first days of August, explosive information is emerging about the Watergate-era coverup for him which may damage whatever vacation plans the fat doctor may have had. Moreover, the Watergate-era revelations coincide with extraordinary exposure in the Ibero-American press of Kissinger's connections to the drug trade.

On Aug. 2, leading newspapers in Mexico and other Ibero-American countries carried a UPI wire with the headline, "Henry Kissinger Accused of Belonging to the South American Narcotics Mafia." The dispatch, dated Buenos Aires, Argentina Aug. 1, cited accusations by the head of the Colombian branch of the Anti-Drug Coalition movement, Fausto Charris, that Kissinger is "asking that we legalize narcotics traffic" by his proposal that "we adopt the Hong Kong model as our economic solution." Charris linked Kissinger's activities to those of the "Hongkong and Shanghai bank" which is behind drug trafficking in the Far East and which is turning "the American continent into a narcotics traffic economy."

The daily *El Mundo* of Venezuela Aug. 2 ran banner headlines on the involvement of Henry Kissinger and former Colombian President Alfonso López Michelsen in international narcotics trafficking. Kissinger Watchers also report extraordinary interest in his involvement from the media of Panama, Bolivia, Argentina, Spain, and many other nations.

Why Kissinger is not (yet) behind bars

During the same early days of August, *Kissinger Watch* investigators began to unearth the inside story of how Dr. K. undeservedly got off scot-free during the Watergate period. According to an informed source close to the international grain-company cartel, Kissinger was "bailed out" by the late Sen. Hubert Humphrey during 1973 hearings on Kissinger's confirmation as Secretary of State:

"It was part of a sweetheart deal. Humphrey took over control of the Senate hearings on Watergate, and made sure that Kissinger's role in ordering wiretapping of reporters was not gone after. This was lucky for Kissinger. He was in trouble and coming under a lot of heat for his activities in Watergate. But Humphrey whisked him through.

"In return," the source went on, "Humphrey exacted a pledge from Kissinger to redress U.S. farm policy to correspond to the kind of policies Humphrey wanted. It was not exactly a coverup on Humphrey's part, but what I would call an understanding between the two."

A grain cartel operative who served as a go-between for the Humphrey-Kissinger "understanding" stated: "Humphrey was helpful to Kissinger in the Watergate affair. He liked Kissinger, he was an advocate for him. They had a close personal relationship. Humphrey and Kissinger used to get together all the time. They were helpful to each other in a number of ways."

Not only was Kissinger bailed out. Around this story hangs probably the greatest cases of conflict-of-interest and special favors in the history of government. The circumstances around the Watergate case, a Minne-

sota-based Humphrey-machine insider pointed out, involved "a period of literally historical transformations in the international economy. The benchmarks were the 1971 decoupling of the U.S. dollar from gold and the 1971-72 U.S.-Soviet grain deal, which unleashed effects on the world economy and agriculture in particular that few people have realized."

He stressed that Kissinger, after he had been bailed out from the Watergate revelations, attempted to put together a massive food-for-oil deal with the Soviet Union that "would have broken the back of the OPEC cartel."

One aspect of this process, a leading expert on the Soviet agriculture situation told *EIR*, was that lines of investigation by the CIA on the military-strategic purposes of Soviet stockpiling of grain were summarily stopped around 1975, the period in which the CIA itself was being wracked by the scandal-mongering of the Senate Church Commission.

The circle involved in this nexus of crimes is, as is usual in such oligarchical intrigues, quite incestuous. The Humphrey staff's liaison to Kissinger's office, Dan Spiegel, thereafter became a lawyer in the firm of former Democratic National Committee head Robert Strauss. The liaison from Kissinger's office was Winston Lord, who is today with the Council on Foreign Relations in New York. Lord is now a Mondale-for-President adviser, and is trying to increase Henry's influence in the Mondale camp—through the mediation of AFL-CIO head Lane Kirkland and Robert Strauss!

Other individuals involved in this early-1970s back-and-forth have since been rewarded with remunerative sinecures in leading grain companies. For these and other aspects of this case, watch for further exposes in this column.

Gonzalez calls Volcker, Kissinger, bank agents

Representative Henry Gonzalez (D-Tex.) told the House on July 30 that former Secretary of State Henry Kissinger and Federal Reserve Board chairman Paul Volcker are agents of the New York banking establishment. In a long floor speech, Gonzalez argued that the current crisis of the U.S. banking industry is the inevitable result of U.S. monetary policy being made by an independent agency—the Federal Reserve Board—an agency that acts in the interests of private banks.

Gonzalez said, "It was obvious at least 19 years ago that the country was heading for an inevitable confrontation with a decision that . . . the people . . . could make only through their Representatives: bringing [it] down to the original purpose for which the Congress created the Federal Reserve Board." Gonzalez detailed how the Federal Reserve system has legitimized usury, and warned that "no society can thrive and flourish and live peacefully with usury. . . . Interest rates are the mechanism by which the wealth of a society is transformed."

Gonzalez then pinpointed the incestuous relationship between the banking industry and people such as Volcker, who "comes from the Chase Manhattan payroll [and] who unquestionably, when he ceases to be chairman, will go back, just like Henry Kissinger . . . still on the payroll of the Chase National [sic] Bank. If you go and talk to the people south of the border, they will tell you that Mr. Kissinger is a collection agent for the Chase National [sic] Bank, and that the troops Mr. Reagan has . . . sent to Central America are collection agents."

Gonzalez, who has introduced resolutions calling for the impeachment of Paul Volcker and for an investigation into Henry Kissinger's conflict of interest in Central American policy making, called on Congress to rectify the Federal Reserve Board system.

Senators dance around drug issue

A flurry of low-level "anti-drug" statements appeared in the *Congressional Record* during the week of July 24—the week preceding the abduction of Colombian Anti-Drug Coalition leader Patricia Paredes Londoño in Colombia, whose organization has consistently fought to expose the responsibility of the international financial oligarchy, represented by Henry Kissinger and Lane Kirkland, in narcotics trafficking. The fact that several senators went out of their way to whitewash precisely that oligarchy gives credence to the assessment that the Londoño abduction is part of a much larger battle over the vast "black economy."

Senator Joe Biden (D-Del.) took to the floor on July 31 to laud the new U.S.-United Kingdom agreement on narcotics investigations, which will purportedly shut down the money laundering facilities of the Caymen Islands, a British dependency. The agreement waives certain British bank secrecy laws in order to allow for criminal investigations of drug-connected money laundering in the notorious Caymens—but the Caymen Islands government has yet to pass the legislation necessary to make the British agreement effective. Biden refused that "It requires a self-sacrifice for a country to forego the tainted prof-

its that strict bank secrecy laws can bring. In letting law enforcement . . . illuminate the dark places where drug criminals flourish, . . . the U.K. and Cayman Islands have looked beyond narrow calculations."

But Biden tipped his hand by then praising the drug trade's highest-level controllers—the Swiss banks—as the world's premier anti-drug fighters. While "Switzerland is a famous bank secrecy center," Biden stated, "a treaty . . . between the U.S. and Switzerland which went into effect in 1977 [which has meant that] Switzerland does not allow criminals trafficking in illicit drugs to receive red-carpet treatment." Biden failed to note that it is precisely Swiss and British financial policy that runs the IMF and World Bank and that is forcing Third World nations to resort to drug production to pay their debts.

Senator Lawton Chiles (D-Fla.) praised the U.S.-U.K. treaty in a floor speech of the same day.

On Aug. 2, Sen. Paul Hawkins (R-Fla.) held hearings in the Senate Labor and Human Resources subcommittee on Drug Abuse during which a former Nicaraguan diplomat claimed that senior Nicaraguan government officials were involved in cocaine trafficking. According to the diplomat, "The drugs were used as a political weapon because we were delivering a blow to our political enemy," the United States.

Right-left allies hit hydroelectric power

With a mini-filibuster that tied up the U.S. Senate for several days, Ohio Democrat Howard Metzenbaum—one of the leading mouthpieces for appeasing the Soviets in the U.S. Con-

gress—attacked the policies which have governed U.S. hydroelectric power-pricing for four decades. At issue was S. 268, which, among other things, would extend the contract to users of Hoover Dam-generated hydroelectric power for another 30 years at cost. Metzenbaum, allied with radical free-enterprise networks such as the National Taxpayers Union, wants the government to make a profit on the sale of hydroelectric power and increase the price to users.

The left-right alliance of anti-industry and anti-agriculture radicals is seeking to cut the government's role in infrastructure development. Metzenbaum ranted: "Cut it any way you want . . . that is purely a giveaway of federal resources."

Senate Energy Committee chairman James McClure (R-Idaho) called Metzenbaum's arguments "laissez-faire economics—the public be damned." He continued that Metzenbaum was arguing that the government should adopt a policy of "breaking the taxpayers because we are the government. . . . I see an all-too-often reiteration of the notion that there should be a market test . . . and let us extract from the consumers all that the traffic will bear. That seems to me to be a little strange coming particularly from a self-styled consumer protection advocate.

"That great dam," McClure went on, "would never have been built in the first place if we had the attitude prevailing in the Congress which is being urged upon the Senate this afternoon. We could have none of the benefit of that economic growth . . . none of the human benefit that accrued to people through a wide area of this country as the result of the investment of money in the 1930s which has since been repaid."

Metzenbaum's attempt to force a "user fee" on power consumers failed.

Conti Illinois bailout raises eyebrows

The federal government's decision to save Continental Illinois bank at all costs has prompted an outcry among populist members of the Congress. House Banking Committee Chairman Fernand St Germain (D-R.I.) declared in a July 26 floor speech that "the bailout of Continental Illinois raises the greatest array of questions in the history of the federal bank regulatory system."

He argued that "the rescue of Continental dwarfs the combined guarantees and outlays of the federal government in the Lockheed, Chrysler, and New York City bailouts, which originated in this committee. More important is the fact that the federal government provided assistance to these entities only after the fullest debate, great gnashing of teeth . . . and ultimately a majority vote of the House and the Senate. . . . In the Continental bailout, three appointed federal regulators went behind closed doors, met with the bankers, and decided this was the plan."

Several days later, Rep. Jim Weaver (D-Oreg.) stated: "What has happened is that under this conservative, free-enterprise President, we have nationalized . . . one of the largest banks in the country. . . . I think it is time to question the Federal Reserve Board's policies of bailing out their own kind—banks—and letting the rest of the industries collapse."

At July 30 hearings before the Joint Economics Committee, Federal Reserve Board chairman Paul Volcker attempted to stem the tide of criticism

of Fed policies by claiming that "Continental in its totality is a unique situation."

House censures Hansen; Ferraro still untouched

By a vote of 354 to 52, the House of Representatives censured Rep. George Hansen (R-Idaho) for failing to report his wife's income in financial disclosure reports. Hansen already faces up to 15 months in federal prison and a \$40,000 fine for his conviction before a criminal court on the same matter.

Hansen argued that he had been advised by both legal counsel and by the former House Ethics committee that he did not need to report his wife's financial transactions because of a legal property-separation agreement made prior to passage of legislation mandating yearly financial disclosure. Hansen documented that he had repeatedly asked the current House Ethics committee if his financial disclosure statements were complete, and had received no reply.

Hansen then pointed out that Democratic vice-presidential candidate Geraldine Ferraro (D-N.Y.), a six-year member of the House, had failed to disclose her husband's assets and liabilities on yearly ethics reports. He pointed out that both Ferraro and Attorney General William French Smith, who had made a similar violation, were allowed to amend their forms and were not punished.

Representative Ferraro was absent from the House when the vote on Hansen was taken. Her mentor, Speaker Tip O'Neill (D-Mass.), when asked if the House would move against Ferraro, said, "I am the presiding officer . . . I have no comment on anything of that nature."

National News

Washington convention nominates LaRouche

The names of Lyndon LaRouche and Billy Davis were placed in nomination as independent candidates for President and Vice-President at a Washington State nominating convention July 28-29.

During the convention, 18 other candidates were also named, bringing those running on the LaRouche program in Washington to 40.

The convention was keynoted by Davis, a Mississippi farmer who has recently returned from meeting with agricultural leaders in European countries and is now touring hard-hit agricultural areas of the United States. He talked about the food crisis, both, he said, as a microcosm of the entire economy and as the fight that must be fought and won now—because without food no other battles can be fought or won. He located Walter Mondale as a “tool of the grain cartels” which “have been sitting at the top and have been winning since the Roman empire,” and who are the key in planning upcoming food shortages.

Davis reported that the American farmer has gone from \$25 billion in debt to \$250 billion in debt, while farmers have dropped from 3.6% to 1% of the population; the farmer hasn't been able to pay interest on his debt in three years. “Yet,” he said, “we are asked to again go to the fields to feed and sustain a nation.”

Weinberger: U.S. will not 'capitulate' to Russians

Using the toughest language heard from a Reagan administration official in months, U.S. Defense Secretary Caspar Weinberger stated on the David Brinkley show on July 29 that the United States will refuse to “kowtow or capitulate to Soviet demands” on preconditions for upcoming U.S.-Soviet space-weapons talks in Vienna.

The Defense Secretary suggested that the Soviets may be deliberately attempting

to sabotage the talks in order to damage President Reagan's chances for re-election. “It may be purely political. They may be trying to defeat the President of the United States.”

Candidate challenges Manatt's 'private club'

Sarah Phleger, a Pennsylvania congressional candidate backed by Lyndon LaRouche's National Democratic Policy Committee, held a Harrisburg press conference on Aug. 3 to challenge the assertion that the Democratic Party is a “private club.” “I am not holding this press conference just to talk about an injustice to myself or to those who voted for me. The issue here is what will happen to this country if the current leadership of the Democratic Party is allowed to go its merry way, destroying everything our Founding Fathers fought for. . . .”

Last April, Phleger polled 48% of the Democratic primary vote in the state's 17th C.D. congressional race against William Minnick, who after squeaking ahead of Phleger to win the race, resigned citing health reasons. Instead of appointing Phleger, the Dauphin County party leadership chose a Republican environmentalist who changed parties for the occasion. Meanwhile, Minnick admitted to reporters that the only reason he had run to begin with was because he was convinced by the party leadership how important it was to prevent a LaRouche candidate from winning.

Phleger told reporters from UPI, AP, the *Harrisburg Patriot*, and four television stations that it was true that her policies differed markedly from those of the leadership of the Democratic Party, but that a large chunk of the party's rank and file didn't agree with the Manatt line either, as evidenced by her near victory.

“Mondale and Charles Manatt have consistently supported the high interest rates of Federal Reserve chairman Paul Volcker; they have supported austerity, supported the shutdown of nuclear power and heavy industry, supported the fostering of homosexuality and drugs, supported population control, and, most devastating for the future of this country, supported unilateral disarmament—letting the Soviets develop a strong defense while we disarm ourselves. We are then supposed to do as Mondale has suggested: Sit down and smile at the Soviets at the negotiating table.

She described the party's latest move—“This is not democracy; this is fraud. This is saying to Democratic voters: ‘Don't bother’”

Ferraro's husband part owner of smut center

The *New York Tribune* recently exposed the fact that Geraldine Ferraro's husband is tied to the pornography “industry” through his connection to the New York headquarters of smut distribution companies. Those companies, at 200 Lafayette Street in Lower Manhattan, include Star Distributors, which purveys *Screw* magazine, *Hot Stuff*, *Ball and Chain*, and other similar filth. Mob families in New York and New Jersey are documented to be involved.

Geraldine Ferraro is, of course, the Democrats' vice-presidential candidate. Her husband, John Zaccaro, had been reported by investigators to be a slumlord. Then the *New York Tribune* documented that his company, P. Zaccaro & Co., is real estate agent for, pays the taxes on, and is responsible for repairs at the Lafayette Street building housing three porn-distribution enterprises described by the police as major.

In the week after this was reported, further investigation revealed that Zaccaro's company is also *part-owner* of the smut center on Lafayette Street. Since Geraldine Ferraro is secretary-treasurer of P. Zaccaro & Co., there is no question the Democrats' vice-presidential choice *knows* her company is making money off porn.

The Democratic leadership has plenty to worry about. Not only is the vice-presidential candidate demonstrated to be filling her pockets with dirty money, but she still won't report her husband's earnings.

Her fellow Congressman George Hansen (R-Idaho), was just convicted of failing to report his wife's earnings. Geraldine insists she doesn't have to report John's, but on July 31, when Representative Hansen

was reprimanded by Congress, he retaliated. He wanted to know why he was reprimanded; he hadn't, he retorted, done anything different from Ferraro. It got Hansen a conviction, but it got Ferraro to the top of the Democratic Party.

Brzezinski calls for duplicity in diplomacy

Zbigniew Brzezinski, national security affairs adviser under President Jimmy Carter, explained before the Senate Governmental Affairs Committee July 31 the need for "duplicity of intent in diplomatic maneuvering." He also stated that this "clearly runs into conflict with the traditional requisites of democracy. . . . There is no easy way of resolving this conflict."

The "awesome dangers of the nuclear age," Brzezinski said, "have put a further premium on the rapidity of response, on the centrality of decision-making, on the covertness of some needed actions, and even on some degree of duplicity in the area of publicly proclaimed intent."

Sen. John Glenn (D-Ohio) asked, "Would you carry this 'duplicity of intent' into relationships between the executive and legislative branches?" Brzezinski replied "That is what I am trying to avoid."

Mumford: apply Chinese model to Colombia

"Humanist" Stephen Mumford proposed Aug. 1 that the solution to the drug problem is to eliminate people. Mumford, the head of the Center for Research on Population and Security in North Carolina and one of the most fanatical Malthusians in the United States, told *EIR* that "increasing population growth rates are forcing Colombians to traffic in drugs. People are driven more and more to the brink by population pressure. . . . This is made worse by the 'open borders' attitude of the Reagan administration to the population explosion and drug trafficking from that region. . . ."

"We'll have to see the Chinese answer to the population question applied to Colombia," Mumford insisted. "This will be a period of heartbreak, and I can see that Colombia will definitely be in trouble; there will be suffering and misery and death, the disintegration of social order and hunger.

"Look at what is happening in Sao Paolo and in Rio. They are lynching street children; people are fed up with this excess of street children committing crimes. This is a phenomenon I refer to as post-partum abortion, abortion after the child is born. This tendency will grow."

Mumford has written an article for the July edition of the *American Journal of Gynecology and Obstetrics* calling for the abortion of one-third of all babies conceived in the developing sector.

Terrorist Dohrn Passes New York Bar

Bernadine Dohrn has just been certified by the ethics committee of the New York State Bar, according to newspaper reports, and will be licensed to practice law in the State of New York. Has she reformed from her violent ways of the late 1960s and 1970s? In point of fact, she began her career as part of the legal support apparatus for terrorism, to which she has apparently returned.

During much of the 1970s, Dohrn was on most-wanted lists as the leader of the terrorist Weatherunderground. She played a role in the so-called "Days of Rage" surrounding and following the 1968 Democratic convention.

In the mid 1960s, she was leader of the so-called Venceremos Brigades, which took radical American students to Cuba after a law suit by Communist Party attorney Leonard Boudin lifted the travel ban. In 1966, at the direction of Victor Rabinowitz, Boudin's law partner and head of the National Lawyers Guild, Dohrn was hired as NLG national student organizer.

Leonard Boudin's daughter, Kathy Boudin, also became a Weatherunderground terrorist, and is presently serving a prison term for her role in the 1981 Nyack, New York Brinks robbery.

Briefly

● **JAMES BUCKLEY** has enunciated a strange policy brew for the U.N.'s Mexico City conference on population, best termed "Malthusian optimism." Buckley, the head of the U.S. delegation, stated Aug. 2 that the administration rejects the "Malthusian pessimism" of Carter's *Global 2000* report. He added that the only way growing populations can be cared for is by governments adopting "free enterprise"—the economic system demanded by Parson Malthus and his crowd.

● **WALTER MONDALE**, campaigning in San Antonio on Aug. 2, repeated his genocidal budget-cutting theme. Mondale told his audience: "Realism tells us you've got to get those deficits down. We know we've got to squeeze the federal budget and we've got to raise the revenue. The only question is *how* are we going to do it. . . ."

● **U.S. CUSTOMS** officials told a Senate Labor and Human Resources subcommittee Aug. 2 that international terrorists were turning to drug trafficking to finance their operations and are targeting the United States for drug deals. Customs Commissioner William Von Raab criticized Bulgaria, Nicaragua, and Cuba as part of a "class of nations which foster drug trafficking and terrorism as a part of their national policy."

● **BOB WATSON**, a Delta Airlines pilot and LaRouche Democrat running for Congress in Georgia's 6th district, called a press conference outside of Sen. Sam Nunn's Atlanta office and demanded the Nunn's immediate impeachment. "Our 'pro-defense, pro-NATO' senator is leading the movement to withdraw U.S. troops from West Germany at the very moment the Soviets are engaged in the largest troop maneuvers since the war on the West German border. . . . And Walter Mondale is talking about making Sam Nunn, a damn traitor and Kissinger agent, Secretary of Defense!"

Editorial

Ten years after Watergate

Congratulatory ink has spilled liberally over the forced resignation of President Richard Nixon 10 years ago this month. After the national disgrace of Watergate (so goes the gospel according to the news media) the welcome departure of Nixon proved that "the system works." America embarked upon a period of reform, renewal, a renaissance of public morality.

Putting aside, for only a moment, that the Watergate scandal was a put-up job, let's look at what's happened to the United States in the 10 years since Nixon resigned.

First, U.S. political institutions have become as corrupt as any since ancient Rome.

The 1976 presidential election two years after Nixon's resignation saw Jimmy Carter installed in the White House with the aid of massive vote fraud that Republican Party leaders, knowing of the fraud, declined to contest. More recently, attorneys for Democratic National Committee chairman Charles Manatt successfully argued in court that the Democratic Party, which received on July 26 over \$40 million in public funds for its presidential campaign under the Federal Election Commission set up in the post-Watergate era, is a private club that can exclude any presidential candidate on its chairman's whim.

Second, the crime of usury has been institutionalized as the official economic policy of the United States.

In 1979, with the appointment of Paul Volcker as chairman of the Federal Reserve Board by President Carter, the United States began a practice of charging 10% or more to even prime rate banking customers, while tax laws, financial regulation, and social policy were further modified to promote the growth of ground-rent speculation and the "services sector," at the expense of productive industry, agriculture, and basic infrastructure.

Third, it has become the U.S. "cultural norm" that the goal of individual human life ought to be the pursuit of sensual pleasure, no matter how vile.

It was during the 1970s, after Watergate, that the drug culture spread from a phenomenon largely contained in minority, youth, and entertainment milieux to

a general adult pastime. More shocking still, the kidnapping of children for use in illicit sexual activities has become a practice so widespread that 20,000 children a year simply "disappear" from view. The vast majority seems persuaded that decisive interference with this "anything goes" outlook is impermissible.

So much for the post-Watergate Moral Renaissance.

The original crime of Watergate was, of course, not Richard Nixon's, but Henry Kissinger's. It was Kissinger who instigated the wiretapping and dirty tricks that eventually produced the plumbers' unit—on such pretexts as the lurid fantasy that journalist Marvin Kalb (a Kissinger biographer) was a Romanian agent! This same Kissinger, remember, played both the Nixon and Humphrey cards in the 1968 presidential race, and is currently up to his eyeballs running the apparatus behind Mondale, while posing as a "friend of President Reagan."

The whole cast of characters that eventually drove Nixon from office was a who's who of the U.S. Eastern Establishment. Their purpose was summarily indicated by Clark Clifford in his 1973 newspaper column—the shattering of the presidency and the remolding of U.S. political institutions around the theme of a "national unity" government committed to enforcing lowered consumption for Americans and a reduced U.S. profile abroad.

It is hardly accidental that the political corruption, drugs, sodomy, loan sharking, and shady business dealings identified above as pervasive in American society today are indelibly linked to the person of Kissinger—and that Kissinger is portrayed in media across the American political spectrum at this moment as "the indispensable man" to the next President of the United States, whoever he may be.

Perhaps Nixon's resignation will go down in history as only a small footnote in an unhappy period before the United States recovered its republican heritage. If so, it will only be because the American people finally rid themselves of the man they have repeatedly permitted to function as "Acting President" ever since, Henry Kissinger.

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