

# EIR

Executive Intelligence Review

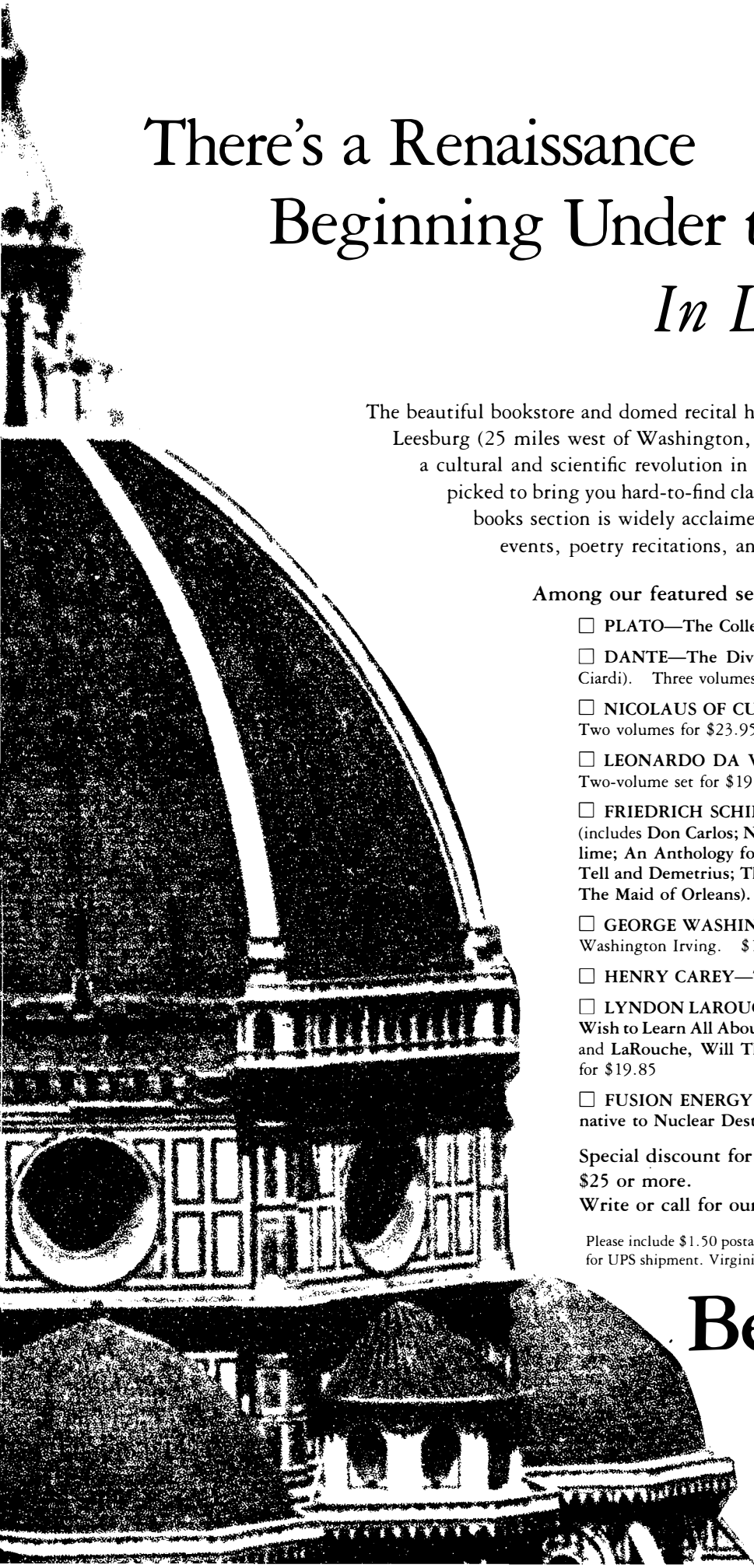
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Why the Green Party must be banned: a dossier  
The wrecking of the U.S. industrial workforce  
Does Moscow see Reaganomics as its secret weapon?

**Joint war on drugs rounds up  
the 'citizens above suspicion'**





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The editors of *Executive Intelligence Review* are pleased to announce the release in April of the first 1985 *EIR Quarterly Economic Report*. This report was prepared under the personal supervision of Lyndon H. LaRouche, Jr., the designer of the LaRouche-Riemann computerized econometric model which accurately forecast what would happen to the U.S. economy in every quarter since the end of 1979, when Federal Reserve Chairman Paul A. Volcker announced his exorbitant interest rate policy.

In that same period, every other governmental or private economic model was proven dead wrong in its projections of the economy.

Since mid-1983, we have been emphasizing that the official statistics produced under Paul Volcker's dictatorship over U.S. economic policy have been fraudulently concocted to prove the existence of a recovery that never happened. Early this year, LaRouche ordered a doubling of *EIR's* economic research staff to assemble an accurate data-base of worldwide production figures. This staff has been burning the midnight oil over the past six weeks to assemble the only accurate picture of the real economy now available. Reflections of these studies have been appearing in *EIR*, including the lead of this week's *Economics* section.

The introduction to the *Quarterly* has been written by LaRouche himself.

Many of our readers have already made the commitment to get this document not only for themselves, but into the hands of every U.S. congressman, senator, and other leading public official. We urge you to do so if you have not already placed your order.

Nora Hamerman

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NSIPS/Leo Scanlon

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**Correction:** The *Northern Flank* column in our April 2 issue reported that Denmark's Prince Henrik "recently published an article in the World Wildlife Fund newsletter suggesting that Denmark return to the 1880 population level of 2 million." Although Prince Henrik is the head of the Danish branch of the World Wildlife Fund, whose newsletter carried such an article, he is not known to be the author of the article.



## The wrecking of the U.S. industrial workforce

by Kathy Wolfe

President Ronald Reagan late last month, prompted by his criminal economic advisers Donald Regan and Fed chairman Paul Volcker, told the press that the "economic recovery is creating hundreds of thousands of jobs a month," which 350,000 unemployed workers, just cut from the unemployment benefit rolls by a \$3 billion federal assistance budget cut, should take. This is worse than a lie. In fact, the recovery hoax has allowed Regan and Volcker to gull the President into continuing Jimmy Carter's plan for the most severe reduction of jobs, wages, and living standards inflicted upon an advanced industrial workforce since Adolf Hitler's Germany.

The decimation of the productive powers of America's labor force by the current depression, especially of our once-advanced and once-skilled industrial workforce, is no liberal's tearjerker "issue," to be used against the President and his defense buildup. It is rather a grave national security threat to the United States, to our ability to run a war mobilization, or indeed any kind of productive economic mobilization at all.

At the moment, the U.S. workforce is good for little more than borrowing money to buy and sell imported goods. Even the most casual comparison of U.S. industrial workforce potential to that of the Soviet Union, for example, makes the point of the security threat.

By 1972, the Soviet Union, still a relatively agrarian country, had pushed its industrial workforce to 47.4 million, nearly twice that of America at 26.8 million. (The Soviet Union's total population of some 306 million is only 20% larger than ours of 250 million.)

Worse, the Soviets' ratio of industrial workers to total workers in the economy, which in an advanced industrial economy should be 55% or more, had grown to 38%, sur-

passing that of the United States, which had fallen from 34% in 1950 to 30% by 1972.

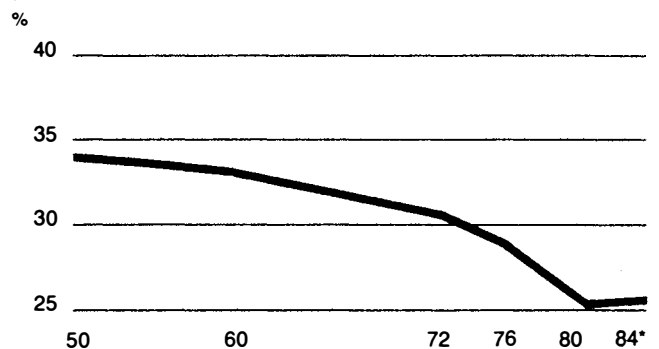
We are not just talking about historical trends. The U.S. industrial workforce has continued to decline during 1984 and 1985, despite claims of a falling unemployment rate by the Federal Reserve. During the Volcker recovery, the Soviet Union became the only real industrial power on the map, and the United States has lost the race for labor power. The U.S. industrial workforce, which grew to a puny high of 30.3 million in 1980, fell back to 29 million in early 1985, while the Soviet industrial workforce surged ahead to over 65 million.

The United States' percent of industrial workers to total workforce declined to 25.8% (see **Figure 1**), while the Soviet's percentile reached 45% or more, edging closer to full industrialization potential.

In productive industry after industry, the actual employ-

Figure 1.

### General industrial workers drop sharply as a percent of total labor force



\* First two quarters

ment numbers have fallen absolutely, straight through the Volcker recovery. By 1983 the steel industry had only recovered 5% of the jobs it had lost by 1982, and during the "height" of the recovery, in 1984, employment in steel in the United States actually declined by over 30,000 jobs. Similarly, the so-called recovery in U.S. auto employment, from 660,000 autoworkers in the 1982 trough to 875,000 at the end of December, 1984, did not even approach the 1.1 million employment levels of 1980.

In fact, unemployment in the United States is not the 8.4

Figure 2A.

**U.S. output per member of labor force dropped by more than half**

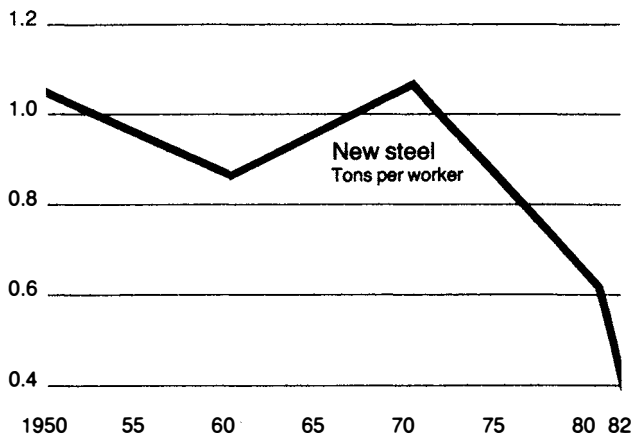
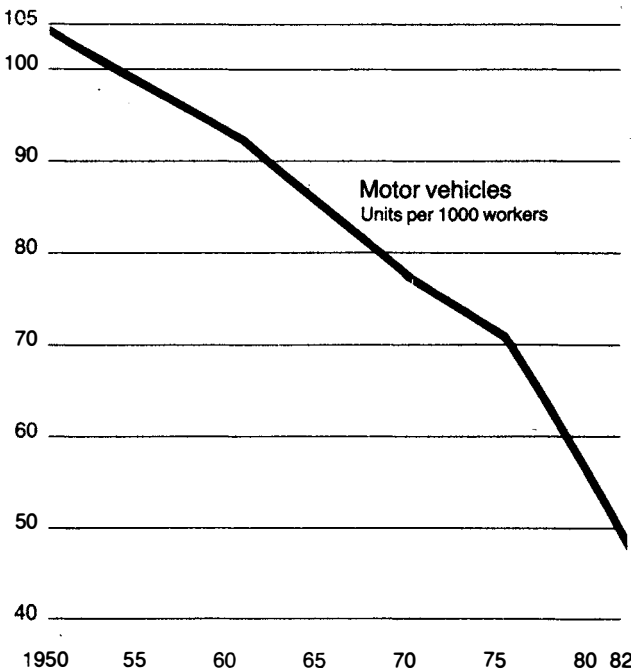


Figure 2B.



million estimated by the Reagan administration, but at least 22-24 million persons either fully unemployed or woefully underemployed. Despite Volcker's lies, industrial employment in the United States, even according to official figures of the Department of Labor, is still a full one million below the 1980 highpoint of 30.3 million, down at 29.2 million, barely more than the number completely unemployed!

Furthermore, of the 29.2 million industrial workers still employed, data from an unpublished Labor Department study exposed for the first time here, indicate that as many as 10 million, almost one-third, lost their jobs at one point since 1978 and were "displaced," recycled to lower-skilled jobs at cheaper wages.

**The post-industrial post-recovery**

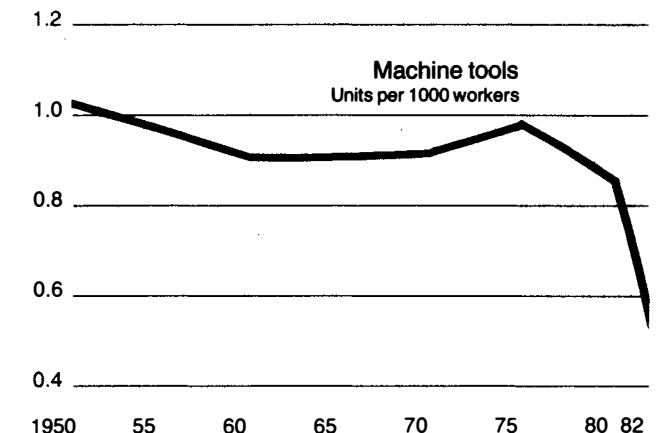
The most basic indicator of whether any economy is functioning correctly, as economist Lyndon H. LaRouche Jr, editor of the *EIR Quarterly Report*, has pointed out repeatedly, is the percentage of the workforce engaged in goods production. At minimum, 55% of the workforce should be producing goods for the rest of the population.

By these standards, the *United States has fewer than half the industrial workers it needs*, with only 25% of the workforce engaged in production. The truth is that *the United States has become a "post-industrial" economy, an economy which no longer produces what it consumes*. This can be clearly seen in **Figure 2**, which shows the output of new steel, machine tools, and motor vehicles produced in the United States per member of the labor force during the entire post-war period. Each worker who brings in a paycheck, simply put, is outputting fewer and fewer real goods.

This means that the costs of producing one ton of steel, one machine tool, and so on, throughout the entire U.S. economy, are being multiplied massively by the dollar amounts needed to pay all the non-producing workforce.

It also means that the entire country is living off imported goods from the rest of the world, which America has lost the

Figure 2C.



ability to produce. If present trends continue America will be a "post-recovery" society—one beyond recovery.

True, the economy is adding "service jobs," which have grown steadily throughout the Volcker depression of the past five years, from 50 million in 1972, and 64.8 million in 1980, to almost 70 million today (see Figure 3). But what kind of an economy is it when the industrial producers of goods are

Figure 3.  
**Service jobs more than doubled, as industrial jobs stagnated**

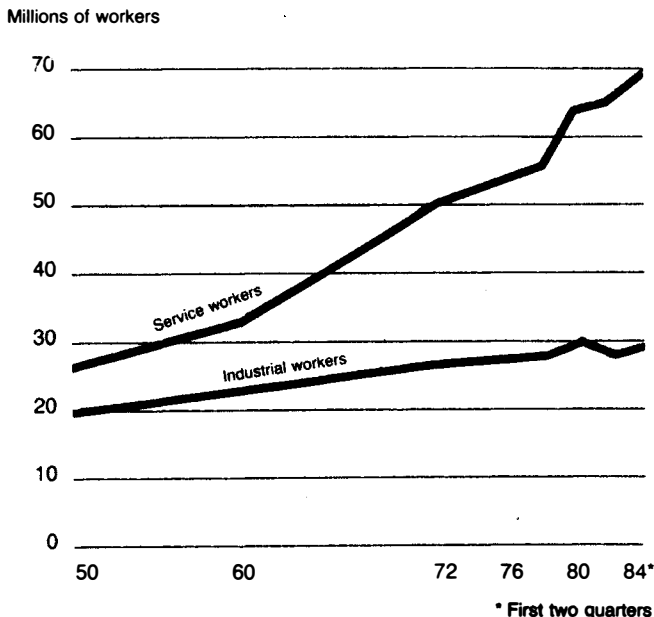
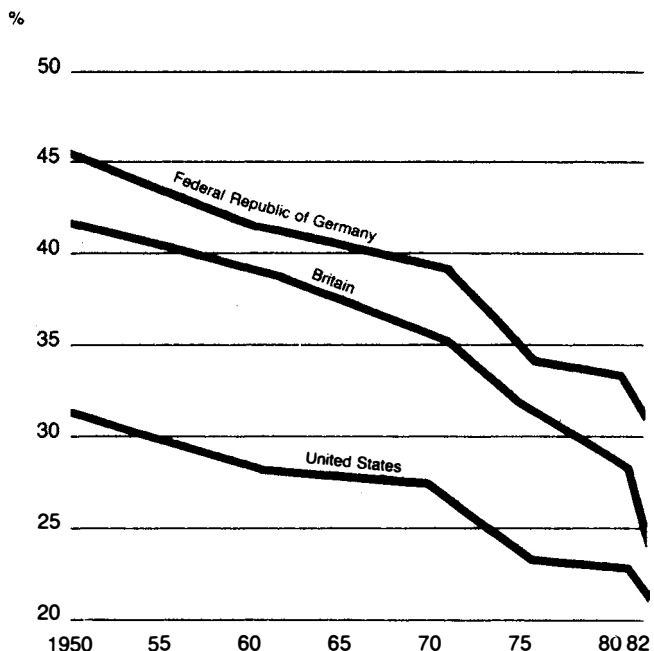


Figure 4.  
**Industrial operatives plummet as percent of labor force**



fewer than half the number of those who "service" them?

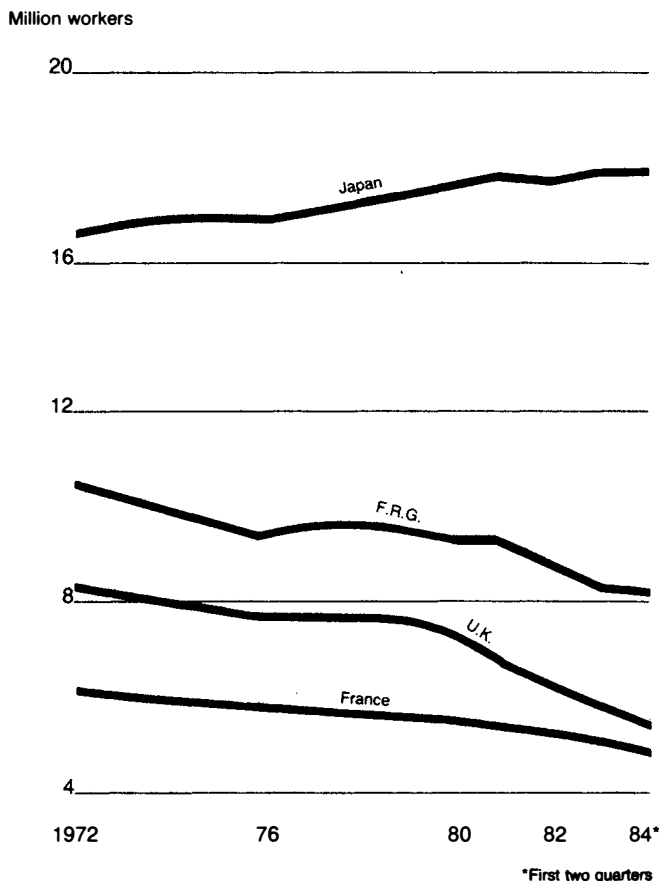
The U.S. Department of Commerce released a study March 21 crowing about the fact that such "productive" service industries as casino gambling have caused a rise in employment and corporate earnings which "prove" the recovery exists!

The Commerce Department's "Census of Service Industries" states that U.S. manufacturing employment, according to official figures, dropped 2% from 1977 to 1982, but never mind. Employment in the service industries grew 29%, and employment in retail sales grew 12%. . . . Gains ranged from a high of 548% in New Jersey, where the industry was stimulated by the legalization of gambling, to a low of 28% in Michigan," the industrial state where the economy has shut down.

### The decline of the West

Furthermore, the entire industrial world is shutting down its goods-producing economies as well. The similar ratio of industrial workers to total workforce for the top six nations—the United States, Canada, Germany, France, Britain, and Italy—has plummeted from 36% in 1972 to 28% in 1985. Only Japan, of all the industrial nations, has held about 35%

Figure 5.  
**Western industrial workforce has declined (mining, manufacturing, utilities, construction)**





of its workforce—still below what is required—in production.

Great Britain led the collapse of productive labor. Britain's percentage of industrial operatives, those actually engaged in production on the production line or in transportation, fell from 41.9% in 1950 to 25% in 1984. In West Germany, the fall was almost as severe, from 45.5% to 30%, and in France, the productive workforce fell from 40% to 30% roughly (see **Figure 4**).

In fact, the absolute decline in numbers of the industrial workforces in some of these countries is frightening (see **Figure 5**). France's industrial workforce has collapsed from 8.15 million workers in 1972, to 6.97 million in 1984. West Germany's has fallen from 12.519 million to 10.196, and Britain's from 10.34 million to 7.832 million.

Only Japan managed to add a million workers to its workforce during the same 1972-84 period.

### Recycled workforce

Unemployment in the United States is bad enough, but even more horrifying is what has happened to the "survivors" of the 1979 Volcker depression, the "displaced workers" who were laid off and then reemployed, many only on a part-time basis and most of them on a lower skill level. Of the 29.2 million industrial workers still employed, *EIR* estimates that as many as 10 million, almost one third, lost their jobs at one point since 1978 and were recycled to lower-skilled jobs. Perhaps 14 million of the workforce as a whole were recycled.

These workers, the current so-called productive U.S. workforce, have had their salaries reduced, manhours in-

creased through moonlighting and overtime, and their skills thrown out the window.

Their families are being destroyed as they now attempt to bring home the same dollar wages by sending their wives and children out to work as well.

It is these families, "what still works" in the economy, the "success stories" of the Reagan recovery, which are the real Achilles heel of the U.S. labor force, because they give the illusion that the population is able to take care of itself by working harder. Rather, the working population is working itself to death.

The portion of the labor force employed *part time* to make ends meet is also rising astronomically, from 12.4 million in 1972 to 18.4 million in early 1985 (see **Figure 6**). Twenty percent of all non-farm workers in the United States today do not even have a full-time job. Compared to the industrial workforce of the United States, this is about 65% of the workforce (see **Figure 7**).

About half of them are women, and 75% of them are not earning "extra" money, but are supplying a second income in a family where the main bread-winner can no longer support the family. Of the total, 5.5 million are workers who really want a full-time job, euphemistically termed "part-

Figure 6.

### Part-time workers increased

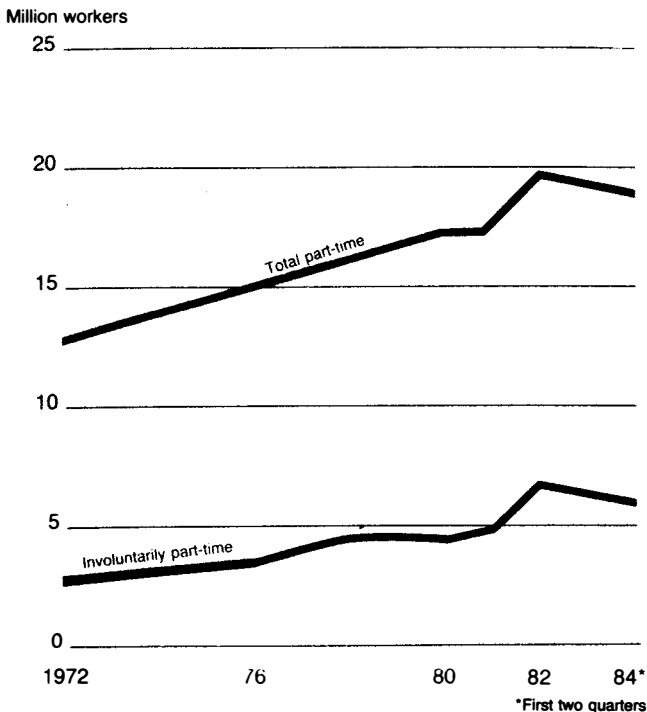
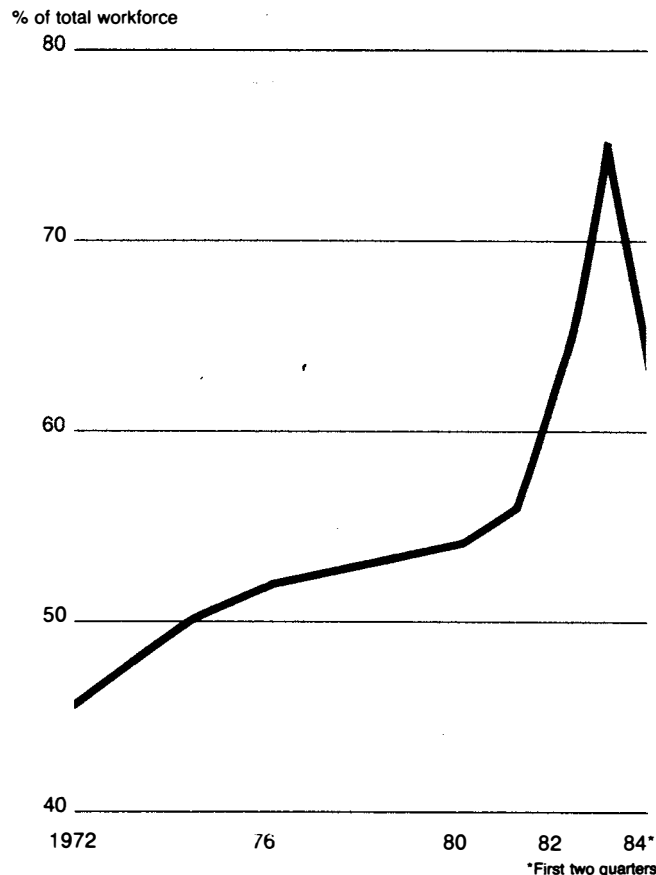


Figure 7.

### Part-time workers soar to over half of U.S. industrial workforce



time for economic reasons” by the Bureau of Labor Statistics (BLS), that is to say, they may even be the main bread-earners for their families and simply cannot find enough work at all.

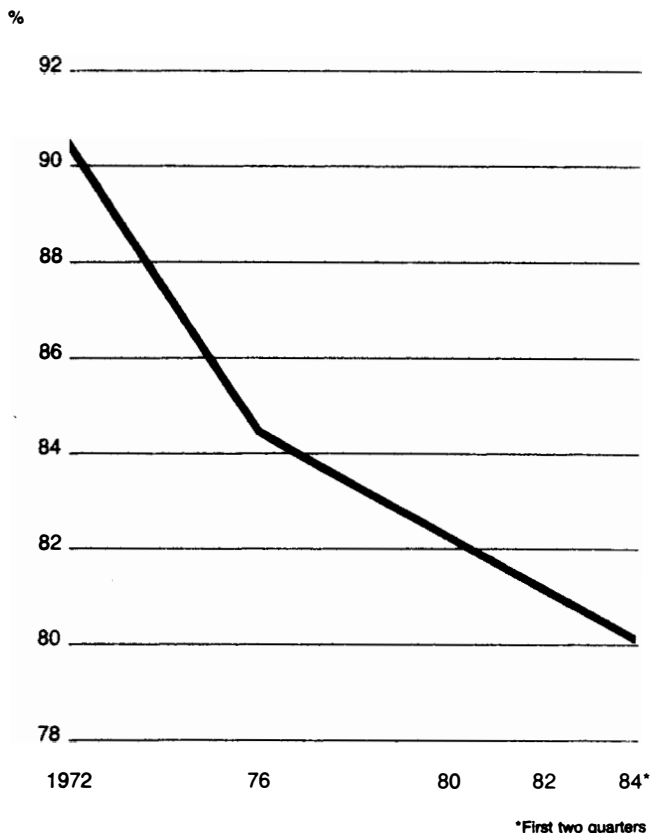
### ‘Displaced workers’

Worse are those now supposedly full-time employed, but at lower skill and wage levels, what the Department of Labor calls “displaced workers.” According to an unpublished study by the BLS, exposed for the first time here, over 11.5 million workers lost their jobs between January 1979 and January 1984 due to the shutdown or relocation of their plants, elimination of a position or shift, or slack work. “Special Study on Displaced Workers,” summary results of which were released in November 1984, showed that as of the one-time study date of Jan. 31, 1984, 7 million workers had been reemployed. However, approximately 1.8 million of them (25.8%) had only found part-time or self employment.

EIR’s real estimate of workers displaced during that five-year period is probably at least 20-23 million or perhaps twice as much as reported by the BLS, with about 12-14 million of these reemployed, of which 2.5-3.5 million are on only part time or self employment.

The BLS based its estimates on a census, but they lie about censuses, as well as about everything else. For exam-

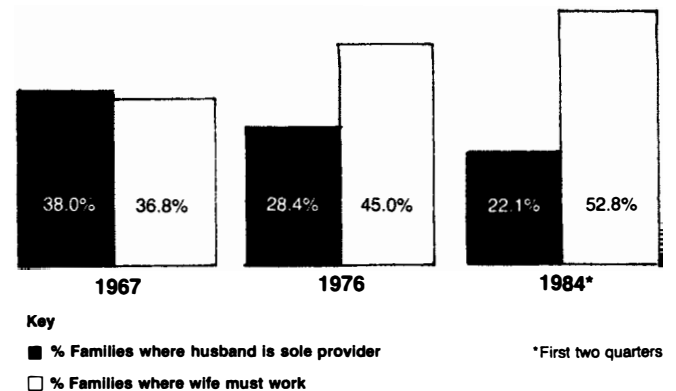
Figure 8. **Traditional married-couple families drop 10% as a percent of total U.S. families**



ple, according to BLS figures, total unemployment in January 1979 was .2 million and rose to a height of 11.9 million in December 1982, an increment of 5.7 million, which means their total turnover figure of 11.5 is roughly twice the highest increment of unemployment. In reality, real 1979 unemployment was some 13-14 million, and rose to 24 million. With that minimum real increment of 10 million, we would estimate total turnover at 20 million at least.

However, even the BLS figures (which can be mentally doubled for true accuracy as the reader goes along) provide a horrifying picture of employment, especially in heavy industry. Large percentages, nearly 50%, of the total workers displaced were in the heaviest manufacturing sectors, including 400,000 in machinery; 350,000 in transportation equipment; 22,000 in primary metals; and 225,000 in auto. Of the longer tenured workers in these heavy industries, fewer than half, only 45.7%, were ever reemployed.

Figure 9. **Fathers can no longer support families**



The most highly skilled workers were the first attacked by the Volcker policy, a deliberate policy of lowering the general skill level of the workforce. Manufacturing workers displaced from jobs at which they had 10 years or more tenure, the skilled core of the auto and other workforces, were 30% of those laid off and recycled to lower-skilled jobs, often in paper pushing.

The highly skilled blue collar production operatives took the brunt of the displacement, while “managerial” paper pushers instead were hired and rehired. “From an occupational standpoint, operators, fabricators, and laborers figured most prominently among the workers who had been displaced from jobs,” BLS reports, while “higher skilled” white collar workers “were more likely to be reemployed.”

### Destruction of the productive family unit

The most indicative trend of the destruction of the productive family unit is the extent to which the main breadwinner, previously the father, can no longer provide for a basic working household with his own labor. Where previ-

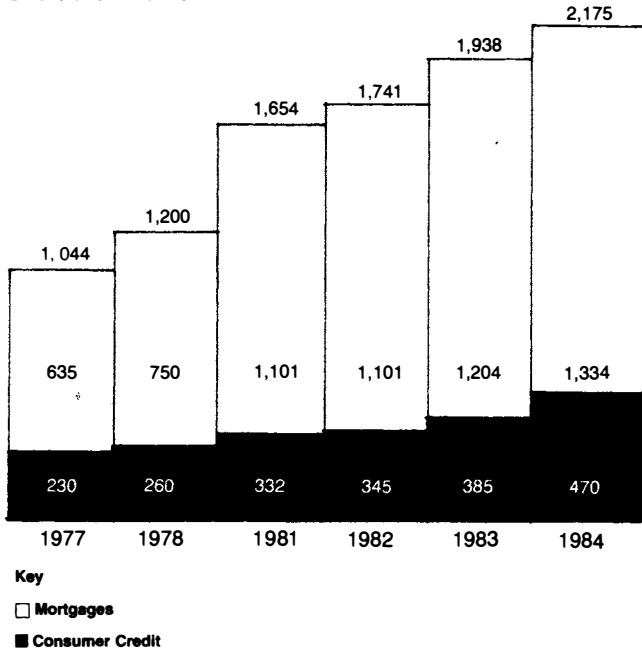
ously just a father's 40-hour work week would provide for a family of four or more, now an 80-hour work week by the father, mother, and other family members is necessary to bring home the same or lower living standard.

This in part reflects the cultural collapse of the traditional nuclear family itself, the collapse of "normal" households as we knew them in the 1950s, which fell from 90% of U.S. families in 1967 to 80% in 1984 (see Figure 8). The number of single, roommated, "gay," and other non-traditional (not

Figure 10.

**U.S. households' debt doubled in seven years**

Billions of U.S. dollars



the normal married couple) households in the United States rose from 10% to 20% of families in America during the 1967-84 period. These households, which have *no responsibility* for reproducing the labor force, accounted for increasing amounts of the population and the labor force, that is, they took up in effect "scarce" jobs, the income of which supported themselves, but did not reproduce the labor force.

More importantly, all of the working fathers who have been recycled to lower-skilled jobs at lower wages, can no longer support their families (Figure 9). In 1965, 40% of fathers in America could support their families with one job. By 1976, after the 1974 "oil shock" depression, only 28% of workers in the United States were able to support their households singlehandedly. By 1983, after the Volcker shock of '79-82, this had fallen to only 23%, and despite the so-called recovery, the percentage actually dropped to 22% by the end of 1984.

Fully 35% of the labor force in 1984 was made up of "second bread-winners," wives, teenagers, roommates, and relatives in a household who had gone to work to supplement

the no longer sufficient and reduced main bread-winner's weekly income.

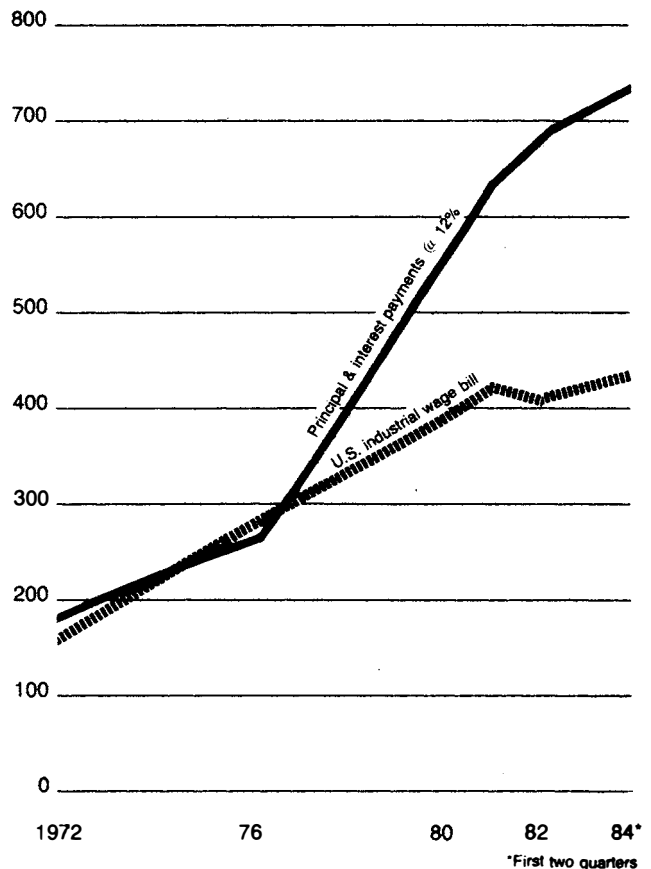
The phenomenon of "second bread-winners" becomes more serious and is even more intense when only "married couple" households, i.e., those households actually or potentially producing children and reproducing the labor force, are studied. The number of married couple households which had both a husband and a wife employed to make ends meet, rose from 39% in 1977 to 58% in 1984, and another 10% of those had another "second earner" employed, either a child or other relative, to supplement the insufficient father's income.

These figures are borne out by the number of women of child-bearing age now forced to work just to eat. At the end of 1984, more than 80% of single women age 25-34 were working, and 65% of married women of the same age were working. The number of even married women with small pre-school children (children under 6) who were forced to work grew from 26% in 1967 to 55% at the end of 1984, despite the so-called recovery. The ability of the family to produce sane and productive children with this level of economic hardship and stress visited upon the mother is now totally in doubt.

Figure 11.

**Debt service payments surpass industrial wages**

Billions U.S. \$



# Moscow betting on Reaganomics?

*In a March 30 television broadcast in Moscow on the topic of the arms-control negotiations, the chief Soviet Americanologist, Georgii Arbatov of the U.S.A. & Canada Institute, put forward the Soviet approach to the Geneva talks, based on an evaluation of whether the United States could afford to move ahead with the Strategic Defense Initiative under its current economic policy. As the following quotations show, the Soviet view is that the U.S. economy cannot. Therefore, the Soviet strategy is to buy time on the assumption that the U.S. economy will collapse before the White House can actually implement the SDI, under current U.S. policy.*

*The excerpts below are from the translation provided by the Foreign Broadcasting Information Service. Arbatov and Pravda's Yevgenii Grigoryev were guests on the March 30 edition of "Studio Nine"; the host was Valentin Zorin. Emphasis has been added.*

**Arbatov**, discussing the U.S. debt, which he blames on military spending: "How to get out of the situation? Fearing inflation they do not want to set the printing presses in motion, to print money. What happens? This cost of credit increases. . . . This has now become the curse of the American economy at all levels. An enormous number of farmers have gone broke—and are continuing to go broke—since last fall. Moreover, many of them go broke simply because they cannot get into such credit situations, of enormous and literally usurious interest rates.

**Grigoryev**: They say that only in the last year, the U.S., or its banks, pumped nearly \$100 billion from Western Europe and certain other Western countries; \$100 billion is almost one-third of its annual military budget.

**Zorin**: I would like to say that the present Washington leadership, having uncoiled an enormous spiral of the arms race, has apparently made a very serious mistake with long-term consequences. *The mistake lies in the fact that the resources of the American economy have been overestimated and the scale of the arms race has exceeded its resources.*

Georgii Arkadyevich, you talked about last year's budget deficit. This fiscal year, the budget deficit—that is, the excess of expenditure over revenue—is already more than \$200 billion. In order to somehow extricate itself from this position, the administration has to plunge ever deeper into the quagmire of debt, and the U.S. national debt to private corporations and banks has already exceeded quite astronomical amounts, having far exceeded the limit of a trillion dollars, and cannot continue like this for long. Today, one can live in debt, but debts must be repaid. . . . Sooner or later the United States will have to face this bitter truth, and some people in Washington now understand this.

It is interesting that the current White House chief of staff, when he was not in the White House but still in the post of Secretary of the Treasury—I mean Donald Regan—said, I will quote him: "*If the most serious measures are not taken and the current budget deficit remains, we will lose our economy.*" These are very responsible words, and the Secretary of the Treasury does not just make idle statements. Admittedly now, finding himself in the White House, Donald Regan does not make such statements—at least, not out loud—but the essence of the matter does not change.

It is difficult to tell what Washington is counting on when it uncoils the arms race not according to the means or resources of the U.S. economy. *Either the boss of the White House is insufficiently aware of all the consequences or, like one of the French kings, he operates on the principle: Après nous le déluge*, and is not very concerned about the legacy he leaves for his successor. But the fact remains—an objective fact—the current level of military expenditure is a back-breaking burden for the U.S. economy. If appropriate modifications are not made, the future situation will be fraught with the most serious consequences. *I do not know whether the officials of Washington are aware of this, but if someone believes that we in Moscow do not see this and do not follow this problem carefully, he is making a very serious mistake.* We can see it.

**Arbatov**: Yes, we are aware of this. After all, the U.S. economy is the most powerful economy in the capitalist world, and of course, one cannot underestimate its resources, but these resources certainly have their limits. In general, not only the desire to impose the arms race on us in order to bleed us dry economically . . . was behind the arms race. I cannot say that it is very easy for us. Of course, our country has to, in looking after its security, spend more than it would like to on the arms race. But on the path to achieving their aims—and one can see this today—the Americans themselves will not survive, so to speak, I mean economically. *You see, this question of the deficit has today already become the main question of political struggle in the United States.* I think that it will be the primary question in the whole political campaign associated with the congressional elections, when the current administration—if these problems grow—could also lose the Senate. Their political rivals already have the House.

## Disease stalks the continent

*But with no relevant official willing to give a precise picture, its true extent is being covered up.*

**E**pidemics are on the march throughout Africa, but their true extent is being covered up, delaying relatively simple treatment for some diseases which are otherwise sure killers. Meanwhile, with no official willing to give precise figures on how far diseases have spread, one may be sure, thousands are dying.

Famine, malnutrition, and lack of basic infrastructure are the "objective" causes—i.e., the policies of the International Monetary Fund through which genocide is being inflicted on the continent.

The vast majority of Africans have no access to clean drinking water—on average only 25% of the population in sub-Saharan Africa does, according to the World Bank's figures—which puts them at great risk to disease. This, combined with the general level of undernourishment, leaves the population unable to resist the slightest infection.

Of greatest immediate concern is a cholera epidemic now spreading throughout Somalia. A Red Cross spokesman in Geneva said that 1,000 people have already died of the disease, and 300,000 more are at risk. The spokesman said that the number of new cases was increasing every day, although the number of deaths is now decreasing.

The cholera victims are all in or around a makeshift refugee camp at Gannad, near Hargeisa. 46,000 refugees from neighboring Ethiopia are crowded on a hill on the edge of Hargeisa, with no water supply or sanitation. "Cholera is caused by dirty

water," said the Red Cross official. "In a typical situation, a refugee camp has dry latrines. Then comes flash flooding, and excrement is washed all over the place." Recent heavy rains have washed infected soil into the water supply of the town of Hargeisa, where 250,000 people live.

Cholera is caused by bacteria, *Vibrio Cholera*. A spokesman for the World Health Organization in Geneva said that cholera had first appeared in Africa in 1970, but now it is widespread. "There has been a lot of cholera in West Africa this year, and rumors of cholera in Ethiopia and Sudan." Prevention of the disease is relatively simple: "Good sanitation and clean drinking water prevent the spread of cholera." Treatment for cholera victims is also relatively simple, involving rehydration, with fluids, sodium, and potassium.

The situation has to be desperate before any government will publicly announce that cholera is spreading: It is considered almost a matter of national security. The Red Cross official I spoke to, for example, refused to name other countries where cholera is spreading, although he admitted that it was "widespread." "The only person who can announce the presence of cholera is the local minister of health, so that's why organizations talk of 'diseases with cholera-like symptoms.'"

Antibiotics and rehydration solutions are being sent to the area, but it is obvious that the hundreds of thousands of refugees, weakened by malnutrition and famine, will quickly suc-

cumb unless massive efforts are made to bring in adequate food supplies and infrastructure.

Even in "normal" times, 80% of the children in Sudan suffer from diseases like dysentery, measles, bilharzia, scurvy, and hepatitis. Sleeping sickness is also endemic in many parts of Africa. In Sudan, the disease has spread throughout the south of the country, with 1.5 million people at risk.

There are two kinds of sleeping-sickness parasite spread by the tsetse fly. One is the Gambian strain, mostly found in Zaire and the Central African Republic. A new strain is the Rhodesian parasite, which if not treated rapidly, kills within six months. This type is said to be endemic in Uganda, Kenya, and Ethiopia.

The European Community is involved in a \$180 million program to eliminate the tsetse fly in Zimbabwe, Zambia, Malawi, and Mozambique using pesticides. The aim is to open up vast areas of land for cattle raising, land at present unused because the tsetse fly also infects cattle with a disease called nagana.

But the *Sunday Times* of London reported last month that this campaign was running into opposition from environmentalists and an unnamed international bank, who claim that the war against the tsetse fly is clearing land which is "too fragile to support intensive cattle ranching for more than a few years." The bank is reported to be backing a film called "The End of Eden," showing that "opening up Africa to unsuitable forms of exploitation—such as large-scale cattle raising—will, in destroying its ecology, destroy its economic viability in the long term."

Is this the start of an international campaign by environmentalist organizations to save the killer tsetse fly?

# Venezuelans pressed to yield equity

by Salvador Lozano

On March 26, at a businessmen's seminar entitled Invest in Venezuela, Alfredo Morales Hernández, chairman of the Caracas Stock Exchange, made an unheard-of proposal: that between 10% and 15% of the stock of the state-owned oil firm Petróleos de Venezuela, SA (PDVSA) and its subsidiaries be sold to private entities, both national and foreign.

The proposal was immediately and categorically rejected by the relevant Venezuelan government officials. The Minister of Mining and Energy, Arturo Hernández Grisanti, denied the government may even consider the possibility of selling stock of Petróleos de Venezuela.

"This is a proposal which seems unusual to me. We must remember that the nationalization of the petroleum industry was not a political, nor even an economic act; it was a decision of historical character, of profound national significance, supported unanimously by the country. As a result, this proposal in a certain sense is equivalent to a kind of denationalization," said Hernández.

But that clearly was just the first round in what will be a much nastier fight. For the proposal was only a component of the present, broader drive to implement this year Henry Kissinger's scheme of collecting debt in the form of equity, which scheme Secretary of State George Shultz promulgated as official U.S. policy on March 6. "It must be clear to people by now," he said, "that financing future expansion in economic development around the world will not come about through commercial bank lending . . . [but] through funds that come in the form of equity, of ownership."

The debt-for-equity scheme was contrived at a meeting held a year and a half ago in Vail, Colorado, by Kissinger, Alan Greenspan, and U.S. bank officials, with the dubious ornaments of Gerry Ford, Helmut Schmidt, Valéry Giscard d'Estaing, and other has-been heads of government, gathered for the ostensible purpose of discussing the future of the Pacific Basin. The meeting ended with Greenspan, member of Morgan Guaranty Bank's board of directors, announcing that the "private part" of the forum was dedicated to discussing the problem of the debt and concluded it has been repaid "in equity in the indebted nations." The push to implement the scheme began immediately afterwards.

On March 30, the president of the Andean Tribunal of Justice, José Guillermo Andueza, who was minister of justice

under Venezuelan President Luís Herrera Campins, gave evidence on the vast scope of the debt-for-equity drive. He commented on the proposal: "An offensive exists in Latin America to present it as the only valid alternative to reactivate the economy of our countries by attracting foreign capital. . . . I just came from Ecuador and Peru, where I encountered a movement with the same characteristics and the same arguments which I have heard here in the Invest in Venezuela seminar."

In several ways, Ibero-American governments are yielding to the pressure. On March 15, *The Wall Street Journal* reported that the Mexican government was offering to its creditors the chance of buying stock in 40 of the most important Mexican firms, including some in the steel industry, in exchange for interest that was not paid. "Clarifications" from the Mexican authorities just confirmed the existence of negotiations of that sort. Earlier changes in the foreign investment law were seen as intended to facilitate debt-for-equity arrangements.

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*"Financing future expansion . . . will not come about through commercial bank lending . . . [but] funds that come in the form of equity, of ownership."*

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During his U.S. visit, Argentina's President Raúl Alfonsín, met a group of oil investors in Houston, including the head of entrepreneurial relations of the Heritage Club, Christian de Fouloy, and president of the Center for International Business, Jack Murphy, to talk on the Argentine oil industry. Later, De Fouloy told the Buenos Aires magazine *La Semana*: "President Alfonsín was very sincere and put his cards on the table. . . . From now on, the companies which want to invest for development of the basic reserves and resources are going to do it under equal conditions to those which up to now have been enjoyed by the national companies."

In addition, the head of Peru's Central Reserve Bank said that a way to pay would be "allowing the IMF to capitalize the debts". A law which allows state-owned firms to individually repay debts by selling their estates has already been promulgated in Peru.

Despite the strong reaction of Venezuelan government officials to the proposal of PDVSA's being partially sold, the chairman of the Superintendancy of Foreign Investments, Alfredo González Amaré, is directing preparations for changing the Venezuelan foreign investment law. He has long lobbied for changes, and wanted them before the Invest in Venezuela seminar, according to Caracas sources. His proposed changes include foreign-currency denomination for foreign investments, no limitations on including foreigners



on boards of directors, and the right of foreign investors to acquire real estate.

González calls this "Reverting the Miami effect to the Venezuelan economy," i.e., under a pretense of attracting flight capital to Venezuela, making it another Miami. Miami is one of the major laundering centers for narcodollars; flight capital from Venezuela helped to set up the laundering machine. González wants to bring that capital back to Venezuela by establishing the conditions there which first attracted it to Miami!

## Documentation

*Excerpted from Secretary of State George P. Shultz's remarks to reporters at a question-and-answer session before the National Academy of Sciences, Washington, D.C., on March 6:*

I think that we should encourage other countries to take a lesson and provide an environment that's more attractive to investment.

In fact, I think, from the standpoint of the sort of gross financial problems of the world, it must be clear to people by now that financing future expansion in economic development around the world will not come about through commercial bank lending, and will not come about through increases in concessional aid.

If it comes about, it will come about through funds that come in the form of equity, of ownership, of that kind of investment—a form of investment that has tended to be resisted, if not rejected, in many developing countries. They have to learn, with all due respect to whatever bankers there may be in the room, that debt is dead. All debt wants is to get paid back. Otherwise, it doesn't care, and wants its interest.

Equity cares. Equity has a stake. Equity brings drive; equity brings technological know-how; equity brings access to markets. Also equity brings the fact that if things go sour, it doesn't get paid anything. There isn't any automatic interest.

So I think a big lesson people have to learn is how to make themselves attractive to that kind of money, and right now the United States is perhaps more attractive than any place else, with all our problems—and I know we have plenty—but the high dollar which is a result not of what one would get solely on the basis of trade flows, but rather as a reflection of these great financial flows to the United States. It's a kind of Switzerland effect, you might say.

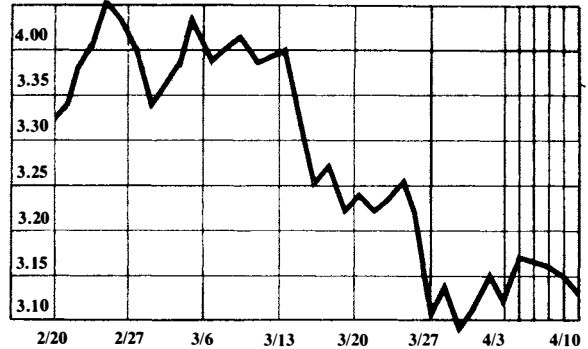
We are like Switzerland right now, and the dollar strength is a result of that. And so it is playing havoc with our trade relationships in a manner that really can't endure. We can't run these kinds of deficits indefinitely. We all know that.

And it also, I think, carries a danger that it will distort the characteristics of our own industrial base as very competitive products made in the United States are priced out of world markets, not because of anything done here but because of what happens to the dollar.

## Currency Rates

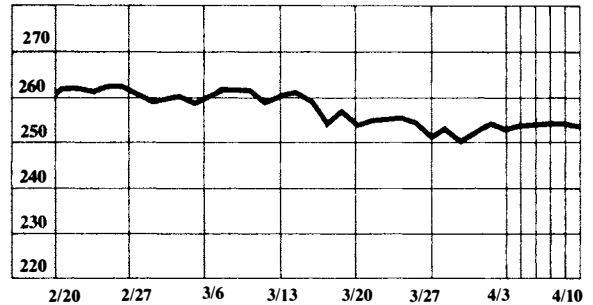
### The dollar in deutschemarks

New York late afternoon fixing



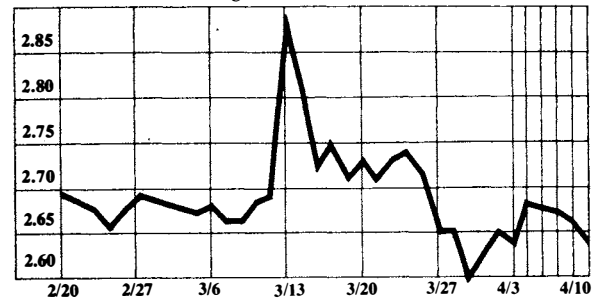
### The dollar in yen

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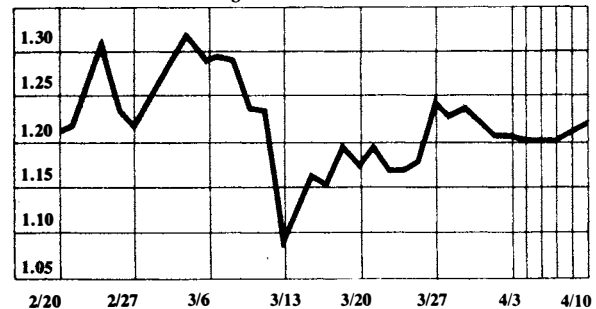
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# Experts discuss high technology, infrastructure, Asian trade links

by Linda de Hoyos and Susan Maitra

India's economy must make a quantum leap in its growth if it is to meet the challenges of the 21st century, concluded a two-day conference titled, "India an Agro-Industrial Superpower by the 21st Century: A Strategy for Economic Break-out." The April 9-10 conference in New Delhi brought together distinguished individuals and experts from India and abroad, fielding four proposals that will be placed before the government.

Sponsored by *Fusion Asia*, the New Delhi-based quarterly of science and economics, the conference organizers, headed by C. Hingarh of Modipon, Ltd., included Dr. K. D. Sharma of the Delhi Economic Club, Dr. R. K. Hazari, former Reserve Bank of India deputy governor, and D. S. Rawat of the Punjab-Haryana-Delhi Chamber of Commerce and Industry.

"Though extravagant—because we in India do not normally talk of 'superpower' status for us," Minister of State for Planning K. R. Narayanan stated in inaugurating the meeting, "the title of this conference is an encouraging theme, an optimistic theme, and maybe a realizable theme." He continued: "I hope in your deliberations you will throw up concrete ideas of realizing these dreams—which may not be dreams, whether it is in regard to the development of the Ganga, or the application of technology to daily life and production, or to linking Asia together more effectively."

Following the public opening session, 40 participants discussed three areas of economic policy required to move India's economy into a new geometry of more dynamic growth: Ganges Valley—Lifeline to India's Future; Impact of High Technology on Productivity; and, Looking East—Benefits of an Asia-Oriented Trade Policy.

The deliberations focused on transforming India from an agrarian-based economy absorbing 71% of the population to an industrial economy in which 50% or less is involved in food production. As Uwe Henke von Parpart of the Fusion Energy Foundation stressed, thinking must focus on *productivity* rather than *production*. "If we concentrate on productivity, production will come automatically. If we do not concentrate on productivity, production will stagnate."

This will require "tough decisions" by government, Ram-

tanu Maitra, editor-in-chief of *Fusion Asia*, noted. "But it was the willingness of independent India's first prime minister, Jawaharlal Nehru, to make the tough decisions that set the course for India's development so far. Even when many people were starving to death or near starvation, Prime Minister Nehru took the correct decision to focus the economy's resources on building the steel sector and building a scientific and technological workforce. Now we must build on these accomplishments by taking bold and decisive steps in the areas of infrastructure and high technology."

## Development of the Ganges River Basin

The Ganges River Basin, home of nearly half the population, is one of the poorest but potentially richest areas of the country. "It has long been known that the valley could feed much of the world's population. And the industrial potential of the area is no less," Maitra stated. "Yet, to this day, the valley remains a showcase of poverty and backwardness. We need a task force approach to the problem, taking the valley as a whole and formulating a comprehensive water-management program as the basis for systematic development of the basin area."

In a background paper and talk at the conference, Maitra outlined the basin's problems and enormous potential. Government should create a team of experts to carry out a time-bound survey of all aspects of the Ganges River system, he said. Interestingly, as Narayanan had pointed out earlier, such a survey had been an early concern of the Indian National Congress, and of Nehru in particular. In his inaugural address, Narayanan read the text of a 1937 party resolution to initiate such a study.

Prof. H. L. Uppal, a water engineer with Punjab Agricultural University, emphasized that both the surface- and ground-water systems must be harnessed and the basin treated as one ecological system. India's satellite technology can be used to complete the survey in a timely manner. Proposals for flood control, soil erosion control, power, and ground-water development can then be formulated and carried out to "train" the Ganges.

The resulting increase in irrigation and other benefits

would boost agricultural production in the region by about 150 million tons per annum, the equivalent of India's total current grain production. Water transportation, industrial expansion, the rejuvenation of old cities, and building of new cities along this historic river, will also be possible.

### High technology and productivity

India must utilize the most advanced technologies and the most advanced areas of science to make even marginal gains in solving the problem of poverty. This was discussed in the second panel session, and several concrete proposals emerged.

For further industrialization, India requires a fully modern machine-tool industry. Laser technologies provide the most efficient and productive pathway for building this industry. As Dr. Deb K. Ghosh, professor of physics at the Indian Institute of Technology in Bombay, demonstrated, use of lasers in precision-cutting, welding, annealing, machinery operation, and heat treatment can yield productivity increases on the order of several hundred to several thousand percent. The government, it was recommended, should encourage private-sector involvement in laser technologies' development and application.

Dr. N. Tata Rao, chairman of the Andhrapradesh State Electricity Board and of the Central Power Authority, pointed out that India produces only 40,000 megawatts of electrical power per annum, a very low 150 units per capita. "Energy production cannot be improved by reliance on coal-powered stations. There are better uses for India's coal reserves than mere heat generation." India could move much faster in production of nuclear power plants. With the current program to build 10 gigawatts of nuclear power by the year 2000, nuclear would still provide for only 10% of power requirements. Moving into the 21st century, Dr. Rao said, fusion energy should be used as quickly as possible.

A highlight of the conference was the discussion of a "Look East" orientation in India's trade policy. "We are now entering a new era when the old concept which Jawaharlal Nehru had entertained of Asian cooperation is again emerging as a practical possibility," Narayanan stated. "In this respect the idea of a Kra Canal is a very crucial one. . . . In order to link up India, China, Japan, and the Southeast Asian countries together, this canal can play a far-reaching role."

Pongpol Adireksarn, a member of the Thai parliament and guest speaker, urged India to look toward Japan and Southeast Asia for partners in economic cooperation. "In my opinion, the Kra Canal would offer India a strong boost to the industries and ports of the eastern coastal areas and to the Andaman and Nicobar Islands."

"I foresee that the canal and the subsequent growth of industries will coincide with Indian Prime Minister Rajiv Gandhi's long-term policy to strengthen infrastructure for scientific and technological developments in India," the lead-

er of the opposition Chat Thai party stated. "I believe that India will benefit as a supplier of modern technology, a supplier of steel and other construction materials, and also skilled labor force and technicians during the construction of the Kra Canal and the industries that will be developed in the canal zone afterwards."

He detailed the recently revived 200-year-old idea to build a canal across the Kra Isthmus of Thailand at the final panel session chaired by Dr. Hazari. Other speakers included K. L. Dalal, India's former ambassador to Thailand, and Prof. P. N. Agarwala, an Asian Development Bank consultant. Dr. Norio Yamamoto of Japan's Mitsubishi Research Institute sent his greetings.

"Although several generations of our forefathers have not been able to bring the idea of a Kra Canal into reality," Adireksarn concluded, "with increasing support from various interested and influential groups in Thailand and other countries such as the U.S.A., Japan, and India, I have a growing confidence that . . . the progressive new generation of your Prime Minister Rajiv Gandhi, of myself and many in this room, would exert joint efforts to make the Kra Canal project, the dream of the old generations, become a reality in our lifetime."

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## Monetarists spur poverty in Germany

*On Arthur Burns's cue, the Free Democrats have launched the drive to destroy the industrial labor force in West Germany.*

**F**ighting unemployment has never played an important role at the beginning of an economic recovery." This has become one of the slogans of West German government spokesmen whenever they have to speak on the economic situation. The other slogan is: "The costs of labor are too high in Germany; that is what is wrong."

The latter argument was introduced into the economic debate by none other than the outgoing U.S. ambassador, Arthur Burns, in a series of interviews appearing in mid-March. Former U.S. Fed chairman Burns, a staunch proponent of monetarist doctrines (for example, usury), proposed to lower workers' wages to prompt more investment and job-creation. Burns proposed to have the workforce pay for the depression caused by the monetarist at the International Monetary Fund (IMF) and the World Bank.

Burns's proposals have been amplified by the Free Democrats, Chancellor Kohl's coalition partners, who called for measures to lower the "costs of labor."

This is what Helmut Haussmann, the economic policy spokesman of the Free Democrats, said in several interviews during early April, and this is what Bonn Economics Minister Martin Bangemann—the national chairman of the Free Democrats—has said. Haussmann told the weekly *Bildzeitung* on April 2: "If a worker cannot find a job for 20 deutschemarks an hour, why should he be prevented from finding another one for eight deutschemarks, instead?" Haussmann attacked the labor movement for "raising obstacles to new flexibility on the

employment front"—and the German labor movement, Social and Christian Democrats alike, called on Chancellor Helmut Kohl to "denounce this provocation immediately."

Numerous other prominent Free Democrats, among them the former economics minister Count Lambsdorff, have backed Haussmann's provocative call. On April 10, Bangemann poured more fuel into the heated debate on wage cuts in an interview with *Bildzeitung*. Bangemann said: "Work has become too expensive in our country. . . . I am sure an unemployed worker prefers to have a job with less than the average-contract pay, rather than lying on the street."

Calling for "regional differentiation of wage levels," in order to make regions with lower wages "more attractive to investments," Bangemann said he considered it "an insanity that there are the same wages at Arbed Steel, which is deep in the red, as at Thyssen Steel, which makes a good profit." Bangemann also demanded that the lower-income categories of work be given lower increases in future wage-bargaining rounds. Bangemann leaked in Bonn that he wants to cut state subsidies to zero—to contribute to the "consolidation of the administrative budget."

What the FDP proposals, and especially Bangemann's, mean for the depressed West German economy is drastically shown by the company he named—Arbed Steel. Arbed, the main industrial production center and largest employer of industrial labor in the state of Saarland, had 22,000 workers five years ago, but the world steel cri-

sis and the European Commission's steel production quotas have ruined the company: At present, only 14,000 steel workers are employed at Arbed, and most of them at the main plant in the city of Völklingen.

Now—with steel going down, mining and supplying industries will collapse. Tax incomes fall for the cities and the state, as well as private consumption. Unemployment turns into long-term unemployment, into social welfare conditions, and then poverty. Employment is kept at the current level by state subsidies which have to be paid from credits taken by the government. Debt service for credits absorbs all of the surplus left in the state. Saarland finds itself in a situation similar to many Third World countries.

Saarbruecken, the capital of Saarland, once had the Burbach plant of Arbed Steel with several thousand steel workers employed. The plant collapsed—part of a much ballyhooed "consolidation plan." The unemployment rate in Saarbruecken jumped up to one of the highest in West Germany, over 17%. Another 15% of the population is on welfare.

The situation in Voelklingen, the site of the other big plant of Arbed Steel, which is still working, is even worse, since the city's population solely depends on steel, mining, and the supplying industries. Voelklingen had an official unemployment rate of 19% in March, with another 5% of the total population on welfare. The city administration expects that of the 1,400 still working at the plant, between 2,000 and 4,000 will have to be laid off in 1985 or by spring of 1986 at the latest, when the subsidies are scheduled to be cut. The unemployment rate would jump to 30 or 35%, and the rate of welfare recipients would double.

## Israel's economic suicide

*Under the thumb of the dope mob, the country is now moving toward the kind of society which has no room for pensioners.*

**O**n April 1 came the announcement that Israel and Iraq had signed a \$3 billion trade agreement, and cabinet ministers and parliamentarians went on record all day long in praise of the fact. Considering Prime Minister Shimon Peres's declarations in mid-March praising the "moderate" Cairo-Amman-Baghdad axis, the announcement was not very much appreciated in Damascus or Teheran.

The trade deal is indicative of the new trends in Israeli government policy toward the Gulf war, and reflects a late realization that Islamic fundamentalism of the Khomeini brand, as witnessed in Lebanon, is a danger to Israel's very survival. After the much-touted Israeli-Iranian connections developed under Begin and Shamir, through then-Defense Minister Ariel Sharon and his secretary, Ya'acov Nimrodi, this is a welcome change.

However, there is nothing comparable going on in the realm of Israel's economy—an issue on which the nation's survival is just as much at stake.

Finance Minister Yitzhak Modai wants to impose a set of new austerity laws as soon as possible. Hardest hit will be the layers of the Israeli population that built the country: pensioners. According to Modai's plan, retirement age for women will be postponed from 60 to 65, while pensioners will actually be taxed like normal wage-earners. This is double taxation, inasmuch as pensions are based on the taxes paid by the wage-earner during employment years.

According to a study by the *Jerusalem Post*, more than 150,000 pensioners live on no more than \$120 a month. Free distribution of rotten and unsold goods and foodstuffs has become a regular habit of shopkeepers who realize that this is the only meat or fish the pensioners will obtain. In effect, people are being kept alive at the initiative of private shopkeepers, while several billion shekels in the budget of the National Insurance Institute, which pays the pensions, have been frozen by Modai.

A sure indication of the Israeli economic crisis and the ills of the society, wrote the *Post* in March, is the pensioners' plight, with a very high rate of suicide among those living alone. This is also the stratum most affected by the general collapse of health care. There are no more than 6,000 hospital beds to receive sick elderly persons; more than 2,000 people are now awaiting hospitalization, but no additional facilities are planned.

Nothing is expected to change except for the worse. When confronted with several thousand pensioners demonstrating against him, Modai fled his office building through a back door. Economic Minister Ya'acobi met with a delegation of demonstrators, and promised to refer the matter to the prime minister. However, since then, it has not been raised with the special economic cabinet, which instead, at its last session on April 2, discussed one of Ya'acobi's latest ideas: the creation of a financial mechanism to "launder dirty money," as Radio Je-

rusalem reported it.

Ya'acobi wants an American bank to open a branch in Israel, so that dollars can be deposited by Israelis "with no questions asked" about the origin of the money. The dollars will be reinvested into Israel's economy and could be withdrawn at will by the depositors.

No one in the media raised the question of where these dollars would come from—quite a question, given that drug-trafficking in and through Israel is reaching a peak.

In step with the international drug mafia's takeover of Lebanon, Israel has again become a link in trafficking to Europe, as shown by a growing number of airport arrests and cocaine and heroin seizures, not to mention tons of hashish routinely intercepted at the Lebanese border.

Establishing banking facilities which are little more than money-laudries would complement the transformation of the city of Eilat into a "free zone," officially discussed on March 11. More than six levels of taxation effective in the rest of the country would be abolished in Eilat, which aims at attracting tourists and such industries as high-tech assembly, spices, jewelry, and cosmetics—certainly not the kind which can re-launch the Israeli economy, but just the kind wanted by the economic consortium led by Max Fisher and Edgar Bronfman, now ruling over Israel.

Only one minister dared to oppose Israel's transformation into a casino gambling paradise. Yitzhak Navon, the former President and education minister, warned that "casino gambling" in Eilat would be the first step toward casinos throughout Israel. The proposal was quashed for the time being, but there is little doubt that Israel is now moving toward the kind of society which has no room for pensioners.

## Visentini bankrupting aerospace?

*By the time the notorious finance minister is through, Italy will have lost the basis for contributing to the SDI.*

**I**nternal revenue agents are generally not very popular in Italy, as they are not in the United States. But this time, Finance Minister Bruno Visentini has really gone too far.

He became infamous in January when, against the will of most parties inside the government except for the Communist Party, he imposed a fiscal package aimed at punishing the "more privileged categories," shopkeepers and other self-employed family businessmen, who then started to go bankrupt en masse. The shopkeepers' association estimates that by the end of the year, 1,200,000 shops will have to shut down because they cannot afford to pay 40% of their income to the tax office.

He became doubly infamous due to his introduction of an unconstitutional clause into his fiscal package, "inductive assessments," which imply that a citizen, whatever his tax-statement says, can be taxed for whatever amount spies employed by the tax office assert to be his real income, and that a taxpayer can go to jail on the basis of the mere *suspicion* that he is a tax-evader.

But now Visentini is taking aim at the nation's aerospace industry. On March 30, the economic daily *Il Sole 24 Ore* reported on a national conference of the aerospace industry in Naples. According to *Il Sole*, the Italian aerospace industry, "an industry which is particularly qualified in production and know-how, especially in the Mez-

zogiorno" region in the south, and employs more than 6,000 workers in Campania alone, is now threatened with bankruptcy because Visentini has "discouraged the expansion of the industry" with heavy and unjust fiscal measures which reduce revenues and prevent any investment.

Spokesmen for many of the aerospace firms present at the Naples conference complained about the heavy tax, which "forces them to buy the most expensive liter of gasoline in the world: 2,000 lire [more than \$1]."

The organizer of the conference, Enzo Impronta of the National Pilots' Association (AOPA), explained to *EIR* that the fiscal attack against the aerospace industry, already forced to shorten work hours, is occurring "indirectly," by means of preventing potential buyers from purchasing airplanes. The internal revenue agents determine the income of an airplane owner according to "how many flight hours" he has during the year, and since the income definition is completely excessive, and "also wrong," according to Impronta, "nobody can afford flying or buying airplanes anymore."

The editor of the magazine *Volare*, Franco Giaculli, added that as a result of the Visentini measures, "we have a terrible situation, with 50,000 flying hours less this year and a lot of firms on short time." The absurdity of the situation, as Giaculli emphasized, is that "these are mainly state indus-

tries. So the state, being the owner, is preventing the purchase of the machines it itself produces."

This apparent incongruence finds its explanation if one considers that Finance Minister Bruno Visentini does not work in the interest of the Italian state, but for the private interests of the Venetian oligarchy, which has wanted to rid itself of the encumbrance of the Italian nation-state for more than a century. As president of the Cini Foundation in Venice and former president of the computer giant Olivetti, Visentini views the economic crisis as only an opportunity to impose a "post-industrial" society controlled by the interests behind Olivetti. He has no intention of seeing Italy's economy flourish again as a result of the industrial revolution implicit in the country's participation in the U.S. Strategic Defense Initiative.

In point of fact, many of the aerospace firms now under indirect attack by his office, including Aeritalia, Agusta, and Partenavia, build light airplanes for civilian use, but also military craft and acquisition and tracking systems which would be Italy's contribution to the SDI. If Visentini chooses not to oppose the SDI in open political battle, he does quietly attack the industrial base without which Italy could play no role.

That is why Visentini is hitting aerospace so hard, and one can be sure that rather than correcting the apparent "mistake" in calculating the income of airplane owners, Visentini will only increase the financial pressure on these industries, particularly on those which will be assigned to work on defensive systems key to the strategic defense program.

Visentini may indeed be going too far, for in this, he certifies himself to be not only a threat to Italy's economic well-being, but an immediate national security threat.



## The new Third World debtors: you!

*America's working people have become the international bankers' new debt-pyramid victims.*

**T**he non-existence of the Volcker recovery is seen most clearly in the fact that the U.S. workforce has replaced the Third World as the biggest debtor to the U.S. banking system, with over \$2,175 billion in household debt, compared to the entire Third World debt of some \$400 billion. Total households' outstanding debt has doubled since 1977, the last year of stable postwar interest rates.

The U.S. consumer used to be a net provider of funds to the banking system in the form of deposits, which consumers gave to the banks at a much lower rate than banks made loans to consumers. This has now shifted dramatically. U.S. bank lending abroad slowed from \$100 billion a year in 1981 to a trickle in 1983 and zero in 1984. Without the consumer debt bubble, Citibank, Chase Manhattan, etc. would have no business to conduct, and no customers to pay interest to them.

One of the major reasons for the skyrocketing of U.S. consumer debt has been the collapse of the wage system, which gives the lie to the recovery. If working households can no longer support themselves on their wages, just what has recovered? The real reduction from 1972 to the present of productive households' earned income, in the form of wage reductions, has forced the average American to use credit, at 18-24% rates, instead of wages, to survive.

This has led to a situation where U.S. households' annual debt-service payments on consumer debt have risen from \$178 billion in 1972 to \$780 billion in 1984, assuming consumers

are only repaying an average of 12% of their principal per year in addition to repaying interest. The skyrocketing of this number has more than *twice* outstripped the nominal wage bill for the industrial workforce, which in inflated nominal dollars rose from \$196.4 billion to \$492.3 billion during the same period. (graphics, p.9).

Consumers' interest payments alone rose during the same period from \$59.4 billion to \$420 billion, that is, by 1984, they were just about equal to the nominal industrial wage bill.

Apparently, the overall U.S. industrial wage bill rose, if the Department of Labor is to be believed, from \$196.4 billion to \$492.3 billion in current dollars, during the 1972 to 1984 period. But this is deceptive. First of all, *purchasing power did not rise at all, and indeed dropped by 5%* during that same period, according to the Department's own figures for wage inflation. Their own numbers show that in 1977 constant dollars, the industrial wage bill actually fell in a constant sweep, from \$227.3 billion in 1972 to \$216.5 billion in 1984.

Take a figure like that and compare it to \$420 billion paid in interest and \$780 billion paid in principal alone by consumers in 1984.

From this must be further subtracted all sorts of "wages" which are included in the figures, but which the workforce never sees or gets to consume. These include, foremost, taxes, which average 25% for this wage bracket; padded benefit packages such as pension plans, which the workers never collect because their jobs turn over before collection time, and so on.

The myth of the recovery is seen most clearly in the looting of the wages of the displaced workers, 30% of our workforce, which is most vicious. As described in the article on page 4, these are the workers who lost jobs at one rate, and were recycled and downgraded to lower-rate jobs during the "recovery."

For example, the Bureau of Labor Statistics in an unpublished report states that 45% of the 7 million workers reemployed took a wage cut, and 40% of them reported weekly earnings of 20% or more below the jobs they had lost. The average wage of the reemployed worker fell from \$262/week at his old job, to \$250/week at his new job.

This would reduce the gross wage bill for this entire category of workers from \$144.6 billion in January 1979, to \$84 billion in 1984. The real number, as calculated in the aforementioned article, of such recycled workers was at least 14 million, so the amount lost to their wage bill must be doubled. This shows a *reduction in the wage bill by recycling alone, of \$121 billion (current dollars) during the 1979-84 period.*

This figure is about equal to the rise in U.S. consumer debt during the same period, some \$120 billion, from \$265 in 1978 to \$385 billion in January 1984.

This looting of the wage bill through displacement particularly downgraded the most productive, heavy industrial sections of the labor force, the BLS reports. Wages for the average manufacturing worker were reduced from \$270/week to \$252/week, on average. Machinery workers wages' dropped from \$330/week to \$284/week. Wages of autoworkers dropped from \$374/week on average to \$302/week, a reduction in the auto industry's labor bill from \$6.1 billion to \$3.2 billion.

# Technology to win the war on drugs: Is there the political will to use it?

by Marsha Freeman

In a speech presented to a seminar in Mexico City on March 13, *EIR*'s Contributing Editor Lyndon LaRouche outlined measures for a "total war" on the international drug traffickers. Among his recommendations was the use of satellites, aircraft, and space-age communications technologies to locate and destroy "every field of marijuana, opium, and cocaine, in the Americas, excepting those fields properly licensed by governments."

We present here a review of the technologies that exist to carry out this plan.

Between 1972 and 1982, the U.S. government, in a joint program of the State Department and the National Aeronautics and Space Administration, developed new remote sensing techniques which were proven successful in locating illicit drugs. Airborne sensing systems, combined with Landsat satellite data, could pinpoint all significant opium poppy, cannabis, and coca crops worldwide.

Yet this capability is not being used, even in nations such as Mexico and Colombia which have asked the United States to help them in their war on drugs. If the United States decides to escalate its current war on drugs to include destroying the crops in the ground, it can activate the international agreements and remote sensing systems already available to accomplish the task.

On March 29, 1978 the United States and Mexico signed a Memorandum of Understanding to develop an "advanced airborne data collection and ground data processing system for use by the Mexican government in identification of opium poppy fields in Mexico." A total of \$7.5 million was allocated for this effort.

The program, called Curb Illegal Narcotics, ran for two years, during which time the system was developed, Mexican pilots and ground teams were trained, and the identification of the drug crops was proven successful.

The sensing system consists of a multispectral scanner attached under the wing of a jet plane. Its operation is based on the fact that every growing plant has its own radiative signature. When hit by sunlight, it reflects back radiation in a specific array of frequencies, unlike any other particular plant.

For example, cannabis plants can be detected in the 1.55-

1.75 micron band of the infrared part of the electromagnetic spectrum. This indicates their specific, identifiable signature.

The remote sensing system designed for Mexico was able to scan 12,000 square miles of land per day, or the entire country every 15 days. Since the cannabis plants grow for 120 days, this high frequency of coverage makes it possible to "see" fields a few times before taking any action.

In 1982, the State Department funding for the recommended follow-up to this program was cut off, and at the same time, Drug Enforcement Administration acting administrator Francis Mullen, of the FBI, quashed the program. This left the Mexicans with a complete remote sensing system they do not have the money to operate. For some tens of millions of dollars per year, this system could be locating most of the illegal drug crops in Mexico.

In November 1980, the Colombian Minister of Justice requested information from the U.S. embassy in Bogota, on the use of remote sensing technology to determine the scope of illicit cultivation of cannabis and coca, as a prerequisite to initiating a herbicidal eradication program. Yet after the feasibility of using the remote sensing technology to aid the Colombian effort was demonstrated, no funds were forthcoming to implement the program.

The forward to the 1980 Final Report by NASA on the Curb Illegal Narcotics project states that at the end of the program, "all scientific and technical aspects of the project have been judged successful by both governments." The benefits of using the technology "had scarcely begun to be fully realized" at that time.

The report stresses that "perhaps the real success lies in the mutual cooperation, respect and trust realized by this merger of NASA technology, Department of State foresight, and Mexican talent and desire to excel. The two nations have opened new doors for the transfer of technology, and both nations have benefited."

But compare this to the war of words being waged against Mexico by the State Department, which is charging that the Mexican government is not seriously interested in fighting drugs. Though this destructive, lying campaign was curbed as the White House, through Attorney General Ed Meese, has escalated the war on drugs, there has yet to be a move to

actually use the Advanced Poppy Detection System in Mexico.

In many of the nations of Ibero-America, the governments themselves are heavily committed to the war on drugs, and since the growth of crops is illegal, many of the narco-traffickers are now cultivating smaller plots that are partially hidden. For this reason, the use of airborne sensing systems that fly only a few thousand feet above the ground is indispensable for the war on drugs.

In nations such as Iran and Pakistan, where the governments either sanction or ignore the growing of illicit drugs, the fields are so large, that they can be identified by space-based Landsat systems, with a lower resolution. Combining these two capabilities, all of the significant illicit drugs could be located.

Then all that is needed is the political decision to destroy the crops, and cut off the source of this \$400 billion plague against the people of this world.

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## Documentation

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*From the "Final Report, Curb Illegal Narcotics," National Space Technology Laboratories, National Aeronautics and Space Administration, December 1980.*

Through a Memorandum of Understanding (MOU) with the Department of State, NASA has been providing assistance since 1978 whereby advanced remote sensing and computer technology have been applied to an on-going cooperative control program with Mexico.

The primary objective of the MOU was to develop and transfer to the Government of Mexico an Advanced Poppy Detection System (APDS).

In January of 1980, the completed APDS was delivered to Mexico City. The system consisted of an airborne data collection platform, made up of a high-altitude, high-performance aircraft modified for remote sensing applications, a very high resolution multispectral scanner and associated data recording equipment, a ground-updated inertial navigation system, and a large format aerial camera, plus a ground data processing system capable of processing large volumes of resulting aircraft data in a very short time period.

More than 225 man-weeks of training were provided for 24 Mexican personnel through technical workshops conducted at all hardware manufacturers' facilities, through hands-on experience with the interim system in Mexico and with the advanced system at the National Space Technology Laboratories prior to transfer.

The CIN project was concluded on September 30, 1980, as scheduled. All technical aspects of the project were completed as specified within the planned schedule and funding levels, and the ability of the total system to perform the designed task has been successfully demonstrated by Mexican personnel.

Based on the project results and the extent of the activities

over the past three years, the Department of State has requested that NASA initiate a two-year follow-on effort with Mexico, during which advanced remote sensing technology will be applied to the multispectral scanner to significantly improve its sensitivity. In addition, the ground data processing system throughput rate will be improved beyond the current 200+ equivalent Landsat frames in 72 hours by the incorporation of an array processor. The follow-on activity will allow continued transfer of remote sensing technology between the United States and the Government of Mexico.

*From the "Remote Sensing Feasibility Study: Colombia, Final Report," National Space Technology Laboratories, NASA, January 1983.*

### Conclusions:

a. Adequate ground observations of Cannabis were made to positively state that detection by electro-optical remote sensing is feasible.

b. Additional ground observations of Coca fields are required to assess variables such as ground cover, soil type, slope, competing vegetation, etc.

c. Remote sensing is invaluable when more conventional methods, such as visual reconnaissance, are unsuccessful.

- At present, visual reconnaissance would be extremely successful in Colombia, as no attempts to conceal fields or to resort to small plots to avoid recognition were observed.

- If an effective eradication campaign currently existed, all fields observed during the five-day visit could be located and destroyed by conventional techniques.

- However, said campaign would force a change in farming techniques [to smaller plots to avoid detection—ed.], which would justify the use of remote sensing in 2-3 years, roughly the time required to design and build a remote sensing system.

Although no decision was made relative to a potential Phase 3 of the project in which NASA would develop a complete Cannabis/Coca detection system for Colombia, it was obvious that such a system was not required at the present time. Remote sensing would prove valuable in the years to come, however, if an effective eradication campaign, using visual recon in a search-and-destroy effort similar to that employed by Mexico for poppy eradication in the mid-1970s, was currently in place in Colombia.

Consequently, the Remote Sensing Feasibility Study in Colombia concluded with the successful completion of Phase 2 of the project. The study clearly demonstrated the potential for effective application of remote sensing techniques and served as a necessary first step in evaluating the eventual use of an advanced, highly automated concept for broad area illicit narcotics control.

# Business Briefs

## Food & Agriculture

### Salmonella outbreak shows dairy breakdown

The largest outbreak of salmonella food poisoning in U.S. history—carried through milk from a Chicago processing plant—shows the deadly collapse process under way in the milk supply. Two deaths have been linked to the salmonella outbreak in five states. Illinois public health department officials said that 2,827 cases of food poisoning were reported, with 2,214 confirmed.

All the victims had drunk 2% milk sold by the Jewel Co., Inc., and produced at the Hillfarm Dairy for distribution to five mid-western states.

The media played up possible sabotage, which is not improbable given the social terrorism tactics seen in Europe and elsewhere in the form of poisoned candy and oranges. It is difficult for salmonella to survive the pasteurization process.

However, the Illinois case follows a pattern of many smaller outbreaks of bacterial disease over recent months, including from airline food vendors and other bulk food suppliers.

March 31 was the end date for the 15 month USDA "Dairy Diversion" program—the unprecedented program in which milk output and dairy cows were reduced by federal payments to farmers of \$10 a month for every 100 pounds of milk not produced. Hundreds of thousands of top milk cows went to slaughter. By this summer, regions like the southeast will not even be able to "import" milk from Wisconsin.

## Oligarchism

### Kissinger partner wants IMF diktat

Lord Eric Roll, a director of Kissinger Associates and chief of Warburg Bank of London, endorsed an expanded role for the In-

ternational Monetary Fund, in dictating U.S. economic policies during a speech to hundreds of top U.S. and European bankers at Johns Hopkins School of Advanced and International Studies in Washington on April 11. The speech was made days before the opening of the IMF's interim committee meeting in Washington on April 17.

Roll said that due to political considerations, the IMF would probably not play a direct role in shaping U.S. economic policies, but would wield influence through "indirect methods, such as through the Interim Committee and at the Bonn summit." Roll, who criticized the U.S.'s "vast expansionary" economic policies, stressed to a reporter later that "the IMF must be tremendously interested with the U.S. economy, because of its influence on the world economic situation."

Roll called for a new world monetary system based on the Moscow-dominated ECU (European Currency Unit), and termed the growth of the European Monetary System and the increased role of the ECU "very positive developments," and added: "A more effective EMS might form another pillar on which . . . the international monetary system" can be rebuilt. Roll said that: "The dollar won't cease overnight to be the most important international currency, but other currencies, including the ECU, will certainly take on a greater and greater role" in international markets.

## Currencies

### Soviets want ECU instead of dollar

The Soviets want the European Currency Unit as the central trading currency for future purchases in Western Europe. According to the Soviets, the ECU (European Currency Unit) is "more calculable" than the

U.S. dollar or any of the European national currencies.

At a meeting in Madrid the week of April 8, the European section of the Socialist International discussed the monetary decoupling of the Western European economies from the dollar. The ECU, it proposes, should become an international reserve currency equal to the dollar and the yen.

The "Commission on French-Soviet Cooperation" met on April 6-7 and decided that economic exchanges between France and the U.S.S.R. will be increased by 4 billion francs in the coming year, much of it denominated in ECUs. France's trade deficit with the Soviet Union reached FF 5.2 billion this year due primarily to the decline in Soviet purchases of French capital goods—from FF 7.4 billion in 1981 to only FF 0.8 billion this year, France becoming mainly a buyer of Soviet gas. The projects so financed will include a Soviet steel complex valued at \$1 billion.

## Debt for Equity

### Venezuelan President blasts asset grab

"It is absurd for Latin America to have become a net exporter of capital," Venezuelan President Jaime Lusinchi said to David Rockefeller and a roomful of Rockefeller's banker cronies in New York on April 11. Lusinchi warned of "extra-continental implications"—read, Soviet advances—if the looting of the continent is not halted. "The only recoverable credits are those whose payments and interest schedules permit the debtors to produce the wealth necessary to maintain a stable, progressive society. . . . We are confronting a problem of such international dimensions that democracies, economic stability and even the keeping of the peace are at stake."

Venezuela is under heavy pressure from Rockefeller-linked financial groups to turn over equity to foreign creditors as payment for debts (see page 12).

# Briefly

● **THE SECOND** government securities firm in six weeks, New Jersey's Bevill, Bresler & Schulman Asset Management Corporation, has folded, with an almost \$200 million loss for BBS's creditors, including many savings and loan institutions in Illinois, Ohio, New Jersey, Pennsylvania, Maryland, Arkansas, and other states. The U.S. Army's Central Banking and Investment Fund, based in Alexandria, Va., suffered an \$11 million loss due to the bankruptcy.

● **THE IMF FRETS** over its main antagonist: "There is only one group that seems to be actively mobilizing opposition to the Fund. It is called the Schiller Institute, part and parcel of the Lyndon LaRouche organization," a top IMF official told a caller. "They are building up quite a campaign against the IMF. They print the phone number of our managing director. Their group in Sweden distributed flyers against Mr. de Larosière. We spend a lot of time answering phone calls from all over the country from their supporters."

● **EAST GERMANY** may get new credit lines from West Germany. According to unconfirmed rumors, the Bonn government plans to extend interest-free credit lines to East Germany from 800 million to 2 billion DM per year, to allow the G.D.R. to buy up to 85% of its orders in West Germany on credit.

● **THAILAND** has just cancelled two major infrastructure projects in an austerity move: The \$2.5 billion integrated steel complex in Prachuab Khiri Khan province intended to produce 1.6 million tons/year of flat steel, and a rock-salt soda-ash fertilizer plant.

● **OIL IMPORTS** for European countries have risen in cost by 34% since April 1983, according to the latest report of International Energy Agency in Paris. Despite a fall in dollar price of oil, the rising dollar caused a rise in local-currency prices for oil and grain, which are priced in dollars on world markets.

## Ibero-America

### Ecuador chief puts democracy before IMF

International Monetary Fund economic programs may be incompatible with democracy, declared Ecuadorean President León Febres Cordero in a speech in Princeton, N.J., on April 8. Febres, a partisan of Friedmanite economics who has never breathed open criticism of the IMF before, noted that the IMF had almost pulled the rug out from under Ecuador's recent debt renegotiations by insisting on a radical free trade dogma. Do international institutions "understand our reality?" he asked. "Is the adjustment effort which some countries are making, compatible with democratic government?"

In response to a question from *EIR*, which noted the recent events in Sudan, Febres Cordero reiterated that he would choose democracy over the IMF, if there were no other choices.

## Banking

### Ex-president of ABA: 75-150 banks may fold

The Midwestern United States will face a "regional collapse" if the farm economy continues to deteriorate, the immediate past president of the American Bankers Association warned on April 5. Robert Brenton, president of Brenton Banks of Des Moines, Iowa, told a Chicago audience: "We could see 75 to 150 [agricultural] banks go under. . . in the next year or 18 months."

In an interview with *Farm Journal* on the farm crisis, Brenton warned, "We could easily see the complete economic breakdown of public services like schools, hospitals, and local governments due to the erosion of the tax bases. There simply won't be enough people left to pay taxes if no one is making any money and everyone else is going broke."

## Austerity

### IMF orders draconian cuts on Argentina

The Argentine government is about to impose a new draconian austerity regime, ordered by the International Monetary Fund. Including new hikes in fuel and public service rates, the measures "punish" provincial governments which have dared to raise salaries above official guidelines, by reducing allocations of money to them.

Credit to state-run companies will be dramatically reduced, forcing them into the private "free" market where interest rates, compounded annually, are at 1,200%. With a March inflation rate of 27%, the cost of the average family's monthly market basket is 105,000 pesos—triple the minimum monthly wage.

## International Finance

### Group of 30 plots currency blocs

The "Group of 30" held a secretive meeting at the Perugia center of the Bank of Italy beginning April 11, timed to coincide with the IMF Washington meeting the next week. The group, a top-secret private financial mafia, is headed by self-admitted Sufi and former IMF head Johannes Witteveen.

The G-30 refused to disclose details of their agenda to the public.

A well-placed London bank source disclosed it would "discuss outlines of a deal between the U.S., Japan and Europe to resolve the present world monetary impasse which is otherwise about to precipitate a global depression." According to this source, the agenda would focus on several interlinked items to stem a new global banking crisis: drastic U.S. budget deficit cuts; removal of Japanese trade protectionism barriers to allow the yen to rise on international exchange markets; and a decision by European central banks to reflate their economies.

## Joint war on drugs rounds up 'citizens above suspicion'

by Robyn Quijano

When President Ronald Reagan and Colombian President Belisario Betancur issued a joint statement in Washington on April 4, they pledged "irreversible" dedication to winning the war against drugs. "Drug trafficking is a criminal activity that has no frontiers and can only be controlled by a combined effort of all countries involved," they said. Hitting the banking structure which takes in hundreds of billions of dollars a year laundering drug money, they warned, "The financial power resulting from the enormous profits of illicit narcotics trade poses a terrible threat to democracy."

This joint resolve, targeting the financial powers that represent the "citizens above suspicion," the families that have run Dope, Inc. for centuries, is a declaration of war with a strategy to win. It means the turnaround of years of lukewarm relations between the United States and the nations of Ibero-America, particularly since the Malvinas War, and sets the basis for the kind of collaboration which can destroy the real causes of the drug plague.

The Presidents' historic pact was blacked out in all the major U.S. media, along with the details of the joint strategy that has already changed the face of law enforcement in the hemisphere. The media had done everything in their power to provoke a rupture between the United States and Mexico in March, before the Mexican government captured two of the top three drug bosses in the country, accused of murdering U.S. Drug Enforcement Administration (DEA) agent Enrique Camarena and a Mexican counterpart.

As the two Presidents were meeting, reports of a raid by 12 federal agents on the Philadelphia office of Shearson Lehman, a subsidiary of Shearson/American Express, for illegal money-laundering, was well noted in Ibero-American capitals. Other investigations, like those underway against the Bank of Boston and dozens of Florida banks for laundering of dope money, have been recognized throughout Ibero-America as the most serious attempt ever made by the U.S. government to stop the multi-billion-dollar laundering industry, whose profits sustain the board of directors of Dope, Inc. Such actions, together with Colombia's decision to dynamite illegal airstrips used by the drug traffickers and to eradicate all marijuana





*The Mexican army raided a huge marijuana plantation in Chihuahua in November 1984, belonging to mafia kingpin Rafael Caro Quintero. Peasants were kept on the plantation as virtual slaves. Now Caro Quintero is under arrest and is "singing"—fingering the bankers and other "citizens above suspicion" who are financing the drug trade.*

Mexican Attorney General's Office

fields with herbicides, consolidate the in-depth offensive that is already creating panic among the drug mafias and their banker friends.

The escalation of the war on drugs reflects increasingly broad agreement among the governments of the hemisphere on the necessity of a military approach to destroying the drug trade, which represents a financial, political, and military power greater than that of many nations. A document by Lyndon LaRouche, titled "A Proposed Strategic Operation against the Western Hemisphere's Drug-Traffic" (see *EIR*, April 2), was presented on March 13 in Mexico City and distributed widely among government, military, police, and political layers of all nations of the Americas.

Besides recommending that the war be fought with the weapons of war, with the most advanced technologies and total cooperation among police and military forces, while respecting the sovereignty of each nation, LaRouche proposed an assault on the financial power structure of Dope, Inc.—and this is already in various stages of implementation in the United States, Mexico, Colombia, and Venezuela. LaRouche recommended "a system of total regulation of financial institutions, to the effect of detecting deposits, outbound transfers, and inbound transfers of funds, which might be reasonably suspected of being funds secured from drug trafficking," and the confiscation of all real estate, business enterprises, financial institutions, and personal funds of drug traffickers.

Betancur visited Washington after conferring with President Jaime Lusinchi in Venezuela and President Miguel de la Madrid in Mexico. Both men have collaborated with Be-

tancur in the continental anti-drug offensive which formally declared drug trafficking a "crime against humanity," and in the Contadora peace initiative for Central America. De la Madrid sent a message to Washington by praising Betancur's anti-drug efforts as "a model for the continent."

Relations between the United States and Mexico reached a low point in March when DEA agent Camarena was kidnaped and Francis Mullen, then head of the DEA, charged the Mexican government with complicity. After the border was sealed—causing economic havoc on both sides—de la Madrid spoke personally to Reagan and arranged a meeting between Mexican Attorney General Garcia Ramirez and U.S. Attorney General Edwin Meese, which took place at the end of March. Meese praised the Mexican government's anti-drug fight, and began patching up what Mullen had tried to dismember.

Since the arrests of top mafiosi bosses Rafael Caro Quintero and Ernesto Fonseca Carrillo, the top suspects in the murder of Camarena, on April 4 and 8, the structure of decades of organized crime and its banking and financial infrastructure has begun to topple. The two owned airlines, hotels, restaurants, industries, and systems of communication and armaments that compare with those of the army. Fonseca, known as "Don Neto," is said to provide 60% of the heroin consumed in the United States, while Caro, who owned the huge marijuana plantation in Chihuahua that was discovered last November, is said to have a \$3 billion personal fortune. Caro claims he lost \$50 million when the Mexican army burned eight tons of marijuana that it found when it liberated over 2,000 undernourished peasants whom

the mafiosi had enslaved.

Jailing two of the top three drug traffickers in the country required a sweeping clean-up of the Federal Judicial Police, the Federal Security Police, and certain layers of the military. Caro Quintero and Fonseca, besides charging one another with the murder of Camarena, are providing lists of their contacts and money-launderers, the most scandalous of which is Aracadio Valenzuela, the ex-head of BanPacífico and the Mexican Bankers' Association. Caro Quintero and Arcadio Valenzuela are tied into the Mexican tourist industry, Hyatt, Holiday Inn, Fiesta Americana, and the famous Los Tules tourist complex. Since the crackdown on the drug mafia, some military and police suspects have fled the country, and there is a glut on the market of real estate and other mafia holdings, as the culprits try to liquidate and run to safe territory.

The attorney general's office is investigating the bank accounts of suspects. There is a special team analyzing bank accounts, and aid had been requested of foreign banks to identify mafia accounts and freeze them.

### **The new alliance**

LaRouche ended his War on Drugs strategy proposal with the following approach to resolving other crucial problems in the hemisphere: "By fighting this necessary war, as allies, we may reasonably hope to improve greatly the cooperation among the allies, in many important matters beyond the immediate issue of this war itself."

The Reagan administration proposal for a cease-fire in Central America, and the President's approach to the Presidents of the Contadora nations, demonstrates precisely this phenomenon. The next joint effort must be to solve the economic crisis, and get the nations devastated by drugs and debt back onto the track of industrial growth. Beyond the joint resolve against the drug mafias which the U.S. and Colombian Presidents expressed, President Betancur also focused on the economic and financial crisis, in hopes of extending cooperation between the United States and Ibero-America to that sphere as well.

In a speech at the White House, Betancur defined such a new basis for hemispheric relations, emphasizing "the link between external debt and democracy." He requested new multilateral negotiations to find new solutions. "We believe," he said, "that the time has come . . . for the United States and Latin America to redefine the parameters of their mutual relations. We need . . . a new understanding, a common doctrine, an alliance for peace; with the determination to go from mere tolerance that has marked the relations between Latin America and the United States to the formulation of a new scheme of open, constructive and fruitful cooperation," which would "not only improve economic relations in the hemisphere," but also mean "the adoption of political objectives to defend democracy, which is the great spiritual value of American civilization."

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## Reagan-Betancur Joint Statement

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# Presidents pledge close collaboration

*This is the text of the Joint Statement on Narcotics issued by the President of the United States and the President of the Republic of Colombia in Washington, D.C. on April 4.*

During our meeting today, we discussed the drug scourge which afflicts both our nations, the Hemisphere at large, and mankind generally. We reviewed the measures our two nations are taking and will take, separately and together, to combat the production, trafficking, demand for, and use of illicit narcotics.

Our nations recognize the terrible effect drug abuse has on the health and well-being of individual users, as well as more generally on the economies and public morality of both societies. It is especially deplorable when the drug poisons are found among the young and even small children.

Drug trafficking is a criminal activity that has no frontiers and can only be controlled by a combined effort of all countries involved. We have shared our concern that the financial power resulting from the enormous profits of illicit narcotics trade poses a terrible threat to democracy in the Americas. Our mutual dedication to the anti-narcotics struggle is an integral part of the close relations that exist between our two nations. We both see a vital need to enlist the cooperation of other governments in this intensified effort.

We understand that the gravity of the problem is a consequence of both illegal production and distribution of drugs as well as growing demand. We also understand these factors are closely related and all efforts to suppress one without at the same time taking equally vigorous actions against the other will be fruitless. For these reasons, each government is prepared to assume its responsibilities, eliminating both illegal production and drug abuse.

The United States recognizes the effort, the commitment of resources and the sacrifices that Colombia has made in destroying crops and laboratories, seizing shipments and bringing suspected drug traffickers to justice, including the extradition of traffickers accused of narcotics crimes in the United States. For the United States' part, enforcement activ-

ities are increasing and prevention and education programs are having positive results in reducing drug abuse.

We are in entire agreement on the need to continue these intensified efforts and to ensure the closest possible collaboration in the war against narcotics. Both nations reaffirm respect for our mutual legal obligations to extradite traffickers under our existing treaty, and will remain in close contact to periodically examine and improve the framework of our legal and law enforcement cooperation as necessary to adapt to changing conditions as we learn from our experiences. We have noted with satisfaction the beginning of new areas of cooperation against narcotics. Mrs. Reagan and Mrs. Betancur, who met earlier today at the White House, look forward to their meeting at the First Ladies' Conference on Drug Abuse, which will be held in Washington on April 24th. We are confident those meetings, in which they will play leading roles, will have a lasting impact.

Colombia renews the commitment to fight against drug trafficking at all levels in order to destroy the crops, the laboratories where drugs are processed, to interrupt the transportation to the U.S. market and to see that those responsible for the trafficking are severely punished. The United States commits itself to increasing its efforts to diminish use and demand of drugs, destroy crops and to strengthen its support for the war against narcotics.

The cost of success in the past has been high. It has included the life of a Colombian Cabinet Minister, Rodrigo Lara Bonilla, and law enforcement officers from both countries. We cannot allow such sacrifices to have been in vain. We pledge to each other to revitalize and intensify our efforts to destroy the trafficking network. Our decision is irreversible, our dedication total. Nothing will deter us from this fight.

Ronald Reagan

Belisario Betancur

*President Reagan's farewell statement to President Betancur, April 4:*

. . . Mr. President, your personal courage and dedication are also evident in your government's all-out battle against narcotics traffickers. You have my unbounded respect for what you're doing.

The production of illicit narcotics and the peddling of these drugs corrupt our societies, our children, and with them, our future. The struggle against this unmitigated evil unites all good and decent people. . . .

In the United States, the fight against drug use has a top priority. We're trying to help those on drugs get off, to prevent those not involved from starting, and we're doing our best to smash the trade in illegal drugs. This matter is of vital concern to us both, and in finding solution to the problem, Colombia and the United States are full partners, as we affirm today in our joint statement on narcotics.

The illegal drug trade, as we both agree, is a cancer. . . .

## Betancur: 'We must intensify the battle'

*Extract from Colombian President Belisario Betancur's speech before the House Foreign Affairs Committee April 3, 1985.*

Drugs are a two-way tragedy: They weaken our two countries and destroy values that are the foundation of our moral and physical patrimony.

We are all daily victims of this plague.

Our two governments give no quarter in the struggle against drugs. Colombia has done it, and will continue to do it relentlessly, even if with material and logistic limitations. We have reached a point of no return, because we wish to be on the side of the human condition. And we are disposed to pay the price, even of our own lives, which would be a small sacrifice to free humanity from this scourge.

But we do not wish to feel alone in this struggle, in which you, too, take part: For here is the greatest center of drug consumption. The tremendous wealth proceeding from drugs, is deposited here. North American banks launder fantastic sums of money and are barely punished.

*Extracts from President Betancur's speech at the dinner hosted by Betancur in honor of Vice-President George Bush on April 3.*

The drug traffic has become an international activity with ramifications on all continents. This traffic, managed by a sophisticated network that has no native land and which moves its activities to different countries as it confronts problems with the forces of law and order, is one of the most serious crimes that threatens the mental health, the moral health, the political health of all mankind. The army and police of my country have seized hundreds of airplanes, vehicles and boats: We have destroyed enormous coca and marijuana crops and dismantled the largest cocaine laboratories in international history. . . . It is a struggle from which we cannot turn back at any price—no matter how high—in spite of terrorist, political, and economic threats, even the price of our lives. But we must intensify the battle against drug consumption: As long as consumers disposed to pay any price and banks that support them, exist, it is not going to be easy to eradicate this horrible crime from the planet.

# Arrest of Caro Quintero points to the heart of drug running in Ibero-America

by Hector Apolinar

The confessions of Rafael Caro Quintero, who was arrested April 4 as the suspected assassin of U.S. Drug Enforcement Administration (DEA) agent Enrique Camarena Salazar, could lead to the dismantling of one of the most important drug and money-laundering networks in the Western hemisphere.

By April 8, Mexican authorities had already nabbed the top figure of the Mexican drug underworld, Ernesto Fonseca Carrillo, with 23 heavily armed bodyguards, in a raid on a villa in Puerto Vallarta, near Acapulco. Fonseca, Caro Quintero's boss, immediately began to sing as loudly as Caro Quintero himself had. Dozens of other drug-runners, state and federal judicial and security police, and members of the army are implicated. A thoroughgoing sweep of the official apparatus in the state of Jalisco is underway. Mexican authorities say the U.S. side of the networks must also be cleaned up. "We are confident that there will also be successes beyond our borders," said the attorney general's office.

Caro Quintero was arrested with seven cohorts in Costa Rica on April 4 at a ranch he owns near the capital. On April 5 he was extradited to Mexico. He has been interrogated under direction of Florentino Ventura, chief of the Federal Judicial Police's narcotics division.

Said government spokesman Francisco Fonseca Notario, "It is a question of pulling the string of the huge ball of yarn of corruption that covers the drug traffic on an international scale." To prevent leaks, only a select group of investigators know the names Caro is supplying, until the United States, Costa Rica, Peru, Colombia, and Spain can apprehend the suspects. Two U.S. buyers have already been murdered by other mafiosi since Caro's arrest.

Caro confessed to owning the marijuana plantation found by the Mexican army in Chihuahua in November 1984, with 2,000 enslaved, malnourished peasants. The 8,000 tons of marijuana the Mexican authorities burned cost Caro \$50 million, according to his own report.

Caro's arrest came after confessions by brothers Eduardo and Javier Cordero Stauffer, top businessmen in the state of Jalisco, one of Mexico's busiest financial and political areas, which serves as a center for "laundering" dirty money for Mexican drug-running. The Cordero brothers were picked up in Guadalajara, Jalisco, on charges of laundering Caro

Quintero's money and of managing his investments in 300 firms which had their main offices in Jalisco.

The Corderos disclosed Caro Quintero's whereabouts in Costa Rica, where he had escaped on March 17, three weeks after the murder of DEA agent Enrique Camarena Salazar and his colleague, Mexican pilot Alfredo Zavala Avelar. The Corderos indicated that Caro and his partners could be found at the California ranch, located some 16 kilometers from San José, Costa Rica.

The ranch had been bought by Caro and an unknown Iranian. Cordero also confessed that Caro had bought the firm Poliuretanos de Costa Rica, with Samuel Yankelewitz, brother-in-law of Costa Rican President Luís Alberto Monge. On April 8, Yankelewitz denied his association with the Corderos to the Mexican press, but admitted he was their partner "seven or eight years ago" when they arrived in Costa Rica.

On various occasions the family of Monge's wife has been accused of having relations with the group around ex-Israeli Defense Minister Ariel Sharon, a known associate of arms traffickers, real estate speculators, and international mobsters once led by Meyer Lansky. Monge's career has been managed through his ties to Lane Kirkland of the AFL-CIO, and to the State Department-AFL venture, the American Institute for Free Labor Development. Monge's other mentor, ex-President Pepe Figueres, invited drug and dirty money magnate Robert Vesco to Costa Rica, and defended him from U.S. law.

In the investigations into Caro's arrival in Costa Rica, neither the registration of the plane nor the flight by which it arrived in the country were found. Caro Quintero arrived in the wee hours at Costa Rica's international airport, but the only private flight registered that night was by a plane owned by the United Brands company, from Tegucigalpa, Honduras.

It had previously been said that Caro Quintero, upon escaping from Guadalajara, flew to the city of Caborca, Sonora, near the U.S. border, and then went by car into hiding in the village of Gusave, Sinaloa, and from there to Costa Rica. But some investigators think Caro Quintero got to Costa Rica in the United Brands plane. United Brands (formerly United Fruit) has been linked to drug trafficking since

the early 1900s, and is part of the Bank of Boston interests, which are being investigated for drug-money-laundering.

According to Caro's henchmen's confessions, he bought his Costa Rican property on the advice of his partner, "cocaine king" José Ramon Mata Ballesteros, considered chief of the Colombian cocaine connection in Mexico. Mata Ballesteros, a Honduran, was near capture in February but fled thanks to "someone's" protection.

### Investments in Jalisco

Caro Quintero had large investments in the Hyatt Regency, Holiday Inn, and Fiesta Americana hotel chains, and mentioned the businessman and ex-banker Arcadio Valenzuela as one of his partners. Valenzuela was an important financier with offices in Jalisco, who owned the Banpacífico bank jointly with businessmen from the states of Sonora, Baja California, Sinaloa and Jalisco—the major drug-trafficking states in Mexico. In founding Banpacífico, Valenzuela shifted his headquarters from Hermosillo, Sonora to Guadalajara, Jalisco. He held major investments in the Jalisco hotel industry, buying the tourist complex Los Tules. In 1982-83 after the banks were nationalized, Valenzuela was investigated because the bank of which he was vice-director was carrying out a drug-money-laundering operation originating in Guadalajara and carried out in Tijuana, with the dollars afterwards moving to the United States via various exchange houses in Tijuana. After this affair, Valenzuela gave up his bank. But he continued in the hotel business, still linked to Fiesta Americana, owned by businessman Gaston Azcarraga, related to the "crème de la crème" of moneyed families in Mexico.

Ford is another important U.S. firm whose name appeared linked to Caro Quintero and the Corderos. According to investigations by two Mexican police agencies, the Corderos ran Ford Country Motors. Last year, Caro Quintero bought 300 Grand Marquis autos "as gifts." Ford is a dirty name in Mexico, because Ford dealers have been linked to such unsavory characters as Eugenio Elourduy in Mexicali, a candidate in the neo-Nazi National Action Party, and Manuel J. Clouthier, leading member of the PAN who runs the Ford dealership in Culiacán, Sin., and who was found with a warehouse full of marijuana in 1979; Don Pablo Bush, a key figure involved in shady business deals who has a large Ford dealership in Ciudad Juárez, Chihuahua.

The role of lawyer José Rojo Coronado points toward East bloc intelligence services. Rojo was the lawyer for FALN Puerto Rican terrorist Willie "No Hands" Morales, captured after a shootout in Puebla in 1983, as well as attorney for members of the terrorist 23rd of September League which operated in the mid-'70s with support from drug-runners and Cuban intelligence. When Rojo took Caro Quintero's case, he explained: "U.S. society is decadent, degenerate, corrupt, and a danger to world peace. That country is a looter, aggressor, and I think that if Mexico manages to make that society idiotic with drugs, that's great."

## A chronology of the War on Drugs

**Jan. 22, United States:** *Narcotráfico, SA*, Spanish-language version of *EIR* bestseller *Dope, Inc.*, published by New Benjamin Franklin House. Book names names in top drug and money-laundering networks North and South.

**Feb. 1-15, United States:** Bank of Boston admits violating currency reporting requirements on \$1.2 billion in cash from Swiss banks, also accepting illegal cash deposits from Angiulo organized crime family. Prosecutor William Weld implicated in coverup.

**Feb. 5, Venezuela:** On orders from the Cisneros family, named as "the Bronfmans of Venezuela" in *Narcotráfico, SA*, Venezuelan political police raid homes and offices of *EIR* reporters in Caracas, seize copies of *Narcotráfico, SA*. *EIR* journalists expelled within 48 hours.

**Feb. 7, Mexico-United States:** U.S. Drug Enforcement Administration agent Enrique Camarena kidnaped in Guadalajara, after two-month period in which Mexican authorities had destroyed 170 hectares of poppies, burned \$10 billion worth of marijuana, and arrested or detained 64 drug traffickers.

**Feb. 14, Venezuela-United States:** Venezuelan plane seized in Hollywood, Fla. with cocaine on board, confirmed as belonging to Pepsi-Cola of Venezuela, run by the Cisneros family which forced banning of *Narcotráfico, SA*.

**Feb. 16, Colombia-United States:** Third-largest drug bust in U.S. history. U.S. Customs confiscates Avianca airline 747 jet, two days after the plane had brought 2,500 tons of cocaine (\$600 million street value) into Miami en route to Montreal. Drug was hidden in boxes of cut flowers; cut flower exports from Colombia often handled by Moonies' Unification Church.

**Feb. 18, Jamaica:** Air Jamaica plane busted in Miami carrying 5,900 pounds of Jamaican marijuana. A second jet, with 40 pounds, seized on Feb. 22. Air Jamaica fined \$13 million Jamaican dollars by U.S. Customs. Jamaican Transport Minister Pearnell Charles complains, "Jamaica cannot afford to pay these fines and have our ships and planes confiscated by foreign governments because of drug trafficking."

**Feb. 18, Mexico-United States:** *New York Times* reports,

"American officials are seeking to damage Mexico's economy" by disrupting border traffic.

**Feb. 26, Mexico-United States:** Henry Kissinger's name surfaces in connection with Camarena kidnaping.

**Feb. 27, Brazil:** Brazilian Federal police, assisted by U.S. Drug Enforcement Administration and Brazilian Air Force, launch "Operation Eccentrico," largest anti-drug sweep in Brazilian history, using 600 special agents in all major cities.

**Feb. 28, Venezuela-Colombia:** Meeting of the two countries' military forces held in Maracaibo to place "cordon sanitaire" against drug traffic along Colombian-Venezuelan border.

**March 1, United States-Mexico:** United States donates \$20 million in aircraft to Mexico to assist in war on drugs.

**March 3, Panama:** National Banking Commission of Panama cancels banking license of First Interamerican Bank of Panama. Major stockholders are Gilberto Rodriguez Orejuela and Jorge Luis Ochoa, Colombians in Madrid jail awaiting extradition to United States on drug-trafficking charges. Previous owners of First Interamerican who sold bank to the drug traffickers are all former or current employees of Chase Manhattan Bank.

**March 5, United States:** In testimony before U.S. Congress, Treasury Department official John Walker describes Bank of Boston's actions as "consistent with money laundering."

**March 5, Venezuela:** Corrupt judge bans *Narcotráfico*, SA nationwide.

**March 7, Mexico-United States:** Peasants report discovery of bodies of DEA agent Camarena and another officer 24 hours after "shootout" at ranch where they were supposedly being held.

**March 9, Colombia:** National police capture a warehouse of ether, a chemical used in refining cocaine, in Medellin.

**March 13, Mexico-United States:** In a policy paper presented to an international conference in Mexico City, American economist Lyndon LaRouche demands "ruthless applications of the methods and weapons of war" against international drug traffic. He says the drug traffic "has become an evil and power government in its own right. . . . Law enforcement methods, by themselves, will fail." LaRouche outlines 15-point battle plan, beginning with joint military command for nations of North and South America.

**March 15, United States:** Ohio Gov. Richard Celeste declares bank holiday for 71 savings and loan institutions after dope banker Marvin Warner's operations bankrupt Home State Savings.

**March 19, United States:** Organized Crime Task Force of Drug Enforcement Administration uncovers South Ameri-

can-based ring reported smuggling of 15 tons of cocaine into United States yearly. 59 people arrested; two Peruvian bosses indicted.

**March 22, Mexico-United States:** Attorneys General Møese and Garcia Ramirez meet in Washington, D.C.

**March 27, Venezuela:** Newspaper *El Mundo* reports Bank of Boston accepted "hot money" from top Venezuelan business and political figures.

Justice Minister José Manzo González says drug traffickers will henceforth be sent to jungle penal colony without benefit of trial, after several Venezuelan judges freed dope traffickers "for lack of evidence."

**March 29, Venezuela:** President Jaime Lusinchi names anti-drug lawyer and journalist Bayardo Ramirez Monagas to head special presidential task force against drugs. Ramirez had been sentenced to jail the same week by a judge he had accused of collaborating with drug traffickers. Lusinchi urges "certain quarters to get this message with perfect clarity."

**April 3, Bolivia:** Anti-drug police stage the largest anti-drug operation on record, aimed at indicting hundreds of drug traffickers named by two traffickers arrested on April 2. Carried out jointly by agents of U.S. Drug Enforcement Administration and Bolivian law-enforcement personnel, the arrests nail 12 drug traffickers transporting 1,171 kilograms of cocaine.

**April 3, United States:** FBI, IRS, and U.S. Customs Services agents raid Philadelphia offices of Shearson Lehman, American Express, the second largest brokerage firm in the United States, "in a case of money-laundering." Kissinger serves on Amex board.

**April 4, Colombia-United States:** Presidents Betancur and Reagan issue joint statement of collaboration in war on drugs after meeting in Washington, D.C.

**April 4, Mexico:** Top Mexican mafioso Rafael Caro Quintero, sought for Camarena murder, arrested in Costa Rica and extradited to Mexico the next day. Caro Quintero begins implicating accomplices in major narcotics trafficking operations.

**April 6, Venezuela:** Police seize 44,000 liters of acetone and ether in Valencia, largest capture of coca-refining chemicals in South America. Anti-drug commission head notes Venezuela has seized record 220,000 liters in the past three months.

**April 8, Mexico:** The kingpin of the drug underworld, Caro Quintero's boss Ernesto Fonseca Carrillo, is arrested along with 23 heavily armed bodyguards. Dozens of other drug runners, state and federal judicial and security police, and members of the army, are implicated. "We are confident that there will also be successes beyond our borders," says Mexican attorney general's office.

# Meese: Cooperation is the top priority

by Dolia Estévez Pettingell

U.S. Attorney General Edwin Meese began his term by restating U.S. commitment to fight the war on drugs *with* Ibero-América and not against it. The United States will give "top priority" to developing working relations with other law-enforcement agencies in the hemisphere, Meese said on April 1. In less than a month, Meese has held discussions with the top law enforcement officers in Mexico and Colombia, and with Colombian President Belisario Betancur, to map out joint anti-drug measures.

In a press conference after meeting with Betancur on April 3, Meese called the discussions "extremely beneficial." Meese praised the Colombian government's strong anti-drug effort and pointed out that "they have even gone to the extent of destroying by dynamiting the airfields, the airstrips which are used by traffickers."

In reporting back to Colombia on his meeting with Meese April 3 in Washington, Justice Minister Enrique Parejo spoke of great steps forward in cooperation. "The United States is in favor of increasing our fleet from 10 to 30 units, but we want more to be able to also spray coca" plants, Parejo told the press April 7. Bilateral meetings between U.S. and Colombian law-enforcement officials will take place later in April.

The Colombian press reported that Colombia and the United States had agreed on a three-point plan: 1) the total eradication of all marijuana plants in Colombia, to be completed in the next three years; 2) dynamiting all clandestine airstrips in northern Colombia; 3) no weakening of the U.S.-Colombian extradition treaty.

## Working together

Meese's meeting ten days before, on March 22, with his Mexican counterpart Sergio García Ramírez, had been equally productive, and succeeded in reducing tensions between the United States and Mexico around the kidnap-murder of DEA Special Agent Enrique Camarena in Mexico last month.

"Our meeting today recognized the many positive enforcement steps we have taken together and underscored our steadfast commitment to working together to combat this common enemy," read the Meese-García joint statement.

Eradication programs, initiatives to help combat narcotics trafficking, drug-related corruption, and the murder of Camarena, were among the issues dealt with in a "cooperative spirit" during the five-hour meeting. "We have agreed to develop channels of communication for sharing information about corruption linked to drug trafficking and to take necessary actions to deal with this problem," the two officials announced.

They also agreed on a Joint Law Enforcement Summit to be held sometime this summer and to meet again in six months to review progress.

The Meese-García Ramírez meeting, characterized by both attorneys general as "positive and fruitful," was a setback for those who spread the vicious lie that the Mexican government was complicit in the murder of Camarena. Former FBI official and DEA chief Francis Mullen and other DEA spokesmen had accused the Mexican government of incompetence and corruption, bringing U.S.-Mexican diplomatic relations to their lowest level in recent years. It was not until President Reagan spoke by telephone with Mexican President Miguel de la Madrid and both agreed on the need for a meeting between Meese and García Ramírez, that tensions began to ease.

## Drug consumption immoral

Both Mexico and Colombia communicated to Meese the need to reduce drug consumption in the United States in order to assist the eradication of marijuana and coca crops in Ibero-America. A serious attack on U.S. drug consumption has been a long-standing request of Ibero-American governments, and was emphasized in Betancur's speeches.

Meese responded positively. He pointed out the need to appeal to "moral conscience" and "instituting . . . in general societal values the importance of not using, not only for health reasons, but because of what narcotics really does contribute to the breakdown of our total structure of society."

In earlier statements before the National Press Club March 21, statements blacked out in the U.S. press, Meese said: "People should know that there isn't any drug consumed for recreation purposes which isn't harmful. . . . Whoever is an assiduous client or who supports the criminal networks which traffic in drugs should know that they support those tied to terror, torture or death.

"Perhaps they believe that they are only getting pleasure for themselves, but they are also spreading misery to millions of people oppressed by the narcotics traffickers. Drug consumers in this country, by their very participation, give profits to the people who tortured and in the final account assassinated the DEA agent in Mexico. . . . They encourage the ruffians, who as we realized last year, don't think twice about enslaving literally thousands of Mexican peasants in an enormous marijuana ranch. And it gives hundreds of millions of dollars to families involved in organized crime who, among their other disagreeable businesses, traffic with pornography which abuses and mistreats thousands of our children."



## Gorbachov kindly offers to freeze Soviet superiority

by Konstantin George

On April 7, Easter Sunday, Soviet General Secretary Mikhail Gorbachov declared a "moratorium" until November on further stationing of intermediate-range mobile missiles. Within the same time frame, Gorbachov also "froze" Soviet deployment of short- and medium-range missiles in Eastern Europe. These latter missile types form the so-called "countermeasures" to the U.S. Pershing II and cruise missile deployments in Western Europe.

The Reagan White House immediately rejected the insult, saying that the only thing the "offer" would freeze would be overwhelming "Soviet superiority."

The moratorium declaration and the platitudes it carried were printed by *Pravda* that Sunday, the "peace-loving" occasion of Palm Sunday on the Russian Orthodox calendar. Gorbachov also called on the United States to suspend its missile-deployment program, implicitly holding out the temptation of Soviet reduction in missiles pointed at Europe.

The Soviet leader, employing the language of an ultimatum, also demanded a "moratorium for the duration of the Geneva talks on development, including research, testing, and deployment of space based weapons."

The Gorbachov "moratorium" is intended as the first move in a well-calculated campaign of "peace initiatives" and "arms reduction offers" designed to break Western European support for the American program of laser-technology missile defense, the Strategic Defense Initiative (SDI). It thus inaugurates the continuation of the cardinal Soviet policy goal, to effect a rupture between the United States and Western Europe.

The Soviet ploy, to unfold over coming weeks and months, is quite simple and crude: Exercises of brute power coupled with ever more "enticing" offers of reduction in the array of Soviet nuclear hardware targeting Western Europe. The

United States will reject them, but Europe, if she does not, will gradually strategically decouple from the United States.

The announcement was timed with the "Easter Marches" of the Western European "peace movement," and designed to feed an escalated "anti-Star Wars" offensive by the Western European foreign ministries—the "Foggy Bottoms" of Europe—and the neutralist Socialist International's hard-core opponents of the SDI. This escalation began with the March 15 speech by British Foreign Secretary Geoffrey Howe, condemning the SDI.

Following that speech, the Australian government rejected participation in the SDI, turning down Defense Secretary Caspar Weinberger's offer. The Danish parliament, in a majority vote, bound the government to reject SDI participation. West German Foreign Minister Hans-Dietrich Genscher followed Howe with his own blast at participation in the SDI, written as an article in his ministry's newsletter. His Free Democrats, together with Helmut Kohl's Christian Democrats, form the coalition government in Bonn.

### **An ultimatum by any other name. . .**

When the cold military facts are examined, the Gorbachov "offer" proves to be nothing but an ultimatum demanding that overwhelming Soviet military superiority be institutionalized. If this goal can be politically achieved, then the Kremlin can effect world domination, including imperial suzerainty over all of Europe, by 1988's 1,000th anniversary of the Russian Orthodox Church.

What exactly is Gorbachov "freezing"? A Soviet superiority of not 10 to 1, but precisely 4,992 to 134!

The Soviets themselves never state how many missiles they have stationed. But the Soviet Union, minimally, by confirmed Western intelligence count, has 414 SS-20 mobile



launchers. Launchers are not missiles; each launcher has—again by minimal Western intelligence estimates—*four* missiles. These can be fired in the space of a few hours on the first day of war. But, missiles are not warheads. Each missile has *three* warheads. Thus,  $414 \times 3 = 1,242$  warheads in the first round, and, otherwise, a total of  $1,664 \times 3 = 4,992$  warheads. Remember, the range of an SS-20 is 5,500 kilometers.

This staggering total would be “frozen” against a U.S. total of 54 Pershing II and 80 ground-based cruise missiles now stationed in Western Europe. The U.S. grand total is not only 134 launchers, but, given no reload missiles, 134 missiles, and, with only one warhead each, 134 warheads. Since Jan. 1, 1984, the Soviet Union has deployed 54 SS-20 launchers (36 of them since June 1, 1984), whose warhead total alone is more than the entirety of the U.S. missile inventory in Western Europe.

The Soviet Union, as the Pentagon’s annual report, *Soviet Military Power*, states, has also developed an improved version of the SS-20, dubbed the SS-X-28, which has greater accuracy.

Gorbachov has generously offered to “freeze” the so-called Soviet “countermeasures” to the stationing of U.S. missiles. These “countermeasures,” announced in the fall of 1983 by Yuri Andropov, comprised the stationing of three types of highly accurate short- and medium-range missiles with the Soviet forces in East Germany, Czechoslovakia, Hungary, and the western U.S.S.R. They are: the SS-21 (range 120 km = 70 miles); the SS-23 (500 km = 325 miles); the SS-22 (1,000 km = 625 miles). In short order, by the fall of 1984, these “countermeasures” were deployed with the Soviet armies stationed in all of the states named.

The time-frame of the deployment alone destroys the “countermeasures” claim. Three new types of missiles cannot be operationally deployed overnight. They were clearly researched and developed before any Pershing-stationing decision occurred—and in serial production long before any Pershing ever arrived in Europe. Not to mention that the missile regiments of the Soviet army were thoroughly trained to operate and maintain these new weapons before Andropov ever opened his mouth to say: “countermeasures.”

Thus, if not even one SS-20 existed, the Soviets have by now stationed a minimum of 288 SS-22 launchers, with a 1,000-km range capable of blanket bombardment of all important areas in Western Europe, including all of Germany and Scandinavia, and most of France, Italy and Britain. The SS-22s are broken down as follows; 72 in East Germany, 36 each in Czechoslovakia, and at least 144 with the Soviet forces in the western U.S.S.R., including the area which used to be East Prussia. The SS-22 arsenal alone is more than double the total of Pershing IIs and cruise missiles. Add to this hundreds of SS-23s and SS-21s stationed with the Soviet forces in East Germany, Czechoslovakia, Poland, and Hungary, and both the insult and the ultimatum contained in Gorbachov’s “moratorium offer” become very clear.

Gorbachov is the cheating card shark who just won the pot, and now demands an end to the game.

### **Split response today, split alliance tomorrow**

The White House’s firm rejection of the Gorbachov “offer” was not matched by and large by the European allies. The only other rejection was delivered by British Prime Minister Margaret Thatcher, speaking in Singapore: “The consequences of such a freeze would not be to achieve balance, which is of course what we seek, but enormous Soviet superiority.” But British solidarity with an ally, even in the best of times, is always rather double-edged. Thatcher took the occasion to reiterate her “support” for “the SDI *research* program,” reflecting the British posture of “research only”—no deployment. Thatcher, perhaps casting a signal to the Soviets concerning a future phase of the Gorbachov “peace-initiative” campaign, stressed the importance of “verification” in arms-control agreements: “The essence of any agreement in the arms sphere is verification.”

Sir Geoffrey Howe on his visit to East Berlin—the first ever by a British foreign secretary—more openly deviated from the U.S. position, saying: “We shall study it carefully to see whether it can make a contribution towards achievement of the objective of truly balanced and verifiable reductions in those weapons.”

The West German government, reflecting the blackmail power of Genscher and heavy Soviet threats, formally declared it had nothing to say on the matter. Chancellory spokesman Peter Bönisch declared: “It is our principle not to give statements which concern the bilateral dialogue and the strategic dialogue between the United States and the Soviet Union.” Bonn, with Genscher “quarterbacking,” received the kick-off, punted on the 1st down, and then left the field.

### **Socialists ‘second’ Gorbachov**

The Brandt-Palme wing of the Socialist International immediately and heartily endorsed Gorbachov’s “offer.” This coordination between Moscow and the West German Social Democrats (SPD), the British Labour Party and Social Democratic Party, and other social democracies in Europe is ugly, but no surprise.

From the British Socialists, Shadow Foreign Secretary Denis Healey spoke out April 8 on BBC, attacking the “knee-jerk negatives” of Reagan and Thatcher, while hailing Gorbachov: “I think it’s a good offer and I think we should take it up.” Radio Moscow, monitored that same day, lost no time in broadcasting these quotes. British Labour Party Chairman Neil Kinnock also hailed the “offer,” attacking Thatcher’s rejection: “It is pathetic that Mrs. Thatcher has just trailed along behind the White House.”

West German SPD spokesman Horst Ehmke outdid them all by calling the Gorbachov statement “a signal in the right direction. A mutual freeze on both the U.S. and the Soviet side is exactly what is needed to gain time. . . .”

Yes, Herr Ehmke, but for whom?

# Will the Sudanese 'domino' fall due to U.S. support for the IMF?

by Thierry Lalevée

A military coup d'état in Sudan on April 6, overthrowing the regime of Gaafar Numayri while the latter was abroad for talks in Washington and Cairo, quickly restored order to the strike-paralyzed capital city of Khartoum and produced cautious jubilation throughout the country. But with as many as 7 million of 22 million people facing starvation this year, a well-organized guerrilla rebellion in the south, and little prospect of meeting the usurious demands of international creditors and their collection agency, the International Monetary Fund, the new chapter opened in the region's history by the coup may well prove to be only a thin breathing space between the present situation and holocaust.

That Numayri had to go if the integrity of Sudan as a nation was to be preserved there was little doubt—not only in Sudan, but in the United States and Egypt, the country's two principal allies. There is every indication that the governments of both nations did not discourage, if they did not organize, the Sudanese President's overthrow.

Even so, this was no mere palace revolution. Numayri was not overthrown merely because of personal corruption, or a quarrel between himself and the military leadership. The conditions making the coup necessary were imposed on the country from the outside, by the IMF. It was a new round of harsh IMF austerity measures, including increases in food prices by one-third, imposed on March 27 as Numayri departed for talks with President Reagan in Washington, which provoked the mass unrest leading into the coup. The measures were greeted by 15-20,000 demonstrators in the streets of Khartoum demanding, "Down with the IMF, Down with the World Bank."

The coup thus came as, more than anything else, a national rejection of IMF policies. Numayri was overthrown because he had made himself the agent of a policy of genocide, the IMF's loan "conditionalities"—and these, to date, still have the backing of the United States.

Either U.S. policy toward Africa ceases to be IMF policy toward Africa, or the stability the coup now makes possible will be short-lived indeed.

## The new regime

Reports coming from Washington indicate that, if there was little surprise at the news of the coup—Numayri had just departed Washington for Cairo—there was some perplexity over its perpetrators. Little was known about the new military ruler, Gen. Abdel Rahman Siwar Ad Dahab. He is reportedly a quiet military officer who, only last year, had refused to become chief of staff for health reasons. The official reports even say that he refused to take leadership of the coup until the last moment, that only the threat of younger, more radical officers assuming command, and waiting for Numayri's return before acting—a sure recipe for civil war—decided him upon his course.

Numayri's arrival at Khartoum airport would have split the army. General Ad Dahab accepted leadership late on April 5, on condition that the coup would be undertaken while Numayri was still abroad, thus averting a bloodbath. As it was, only some 10 people lost their lives.

General Ad Dahab is a member of the large Khatmiyya Brotherhood which, until 1969, shared political power with the Ansar Brotherhood of Saded al Mahdi. This points to a strong Egyptian connection. Traditionally associated with Egyptian Islam, the Khatmiyya opposed Numayri's attempt at complete Islamization of the country and his association with the extremist Muslim Brotherhood of Hassan al Turabi. Cairo, more than Washington, may have smoothed Ad Dahab's road to power.

It was also Cairo that could ensure Numayri's acceptance of the coup. The events unfolded as Numayri arrived in the Egyptian capital, where he remains. Some sort of agreement was quickly reached, as on April 8, the deposed President

cabled his good wishes to his successors, saying he "understood the reasons" behind the coup d'état.

Ensuring rapid success for the coup-makers were two other developments:

First, most of the military leadership quickly sided with Ad Dahab when he made his decision to proceed quickly, prior to Numayri's return. In particular, the commander of the well-trained and powerful paratroop units, Gen. Ibrahim Yousef el Djali, who might have functioned as an obstacle, sided with General Ad Dahab before the coup itself. El Djali deployed his forces side by side with armored units and tank forces around the airport and strategic locations in the capital. Behind such decisions was, in part, concern over younger and more radical officers, but also, the view that it was not now the army's job to repress the population.

A second and most important factor was Dahab's decision to repeal the IMF-imposed austerity measures, including the 33% price increase on bread and basic foodstuffs. Hence, the coup prompted new demonstrations, but this time, of jubilation. By April 8, the general strike had ended as trade-union leaders called on their members to return to work and "produce more." Calm returned to Khartoum.

As General Dahab himself underlined in a press conference on April 10, his new military regime, made up of a 15-officer cabinet, must immediately face two crucial tasks: to ensure a national reconciliation between North and South, Muslims, animists and Christians, to preserve the integrity of the country; and to remedy a situation in which, with or without Numayri, 4 to 7 million Sudanese are in danger of starving to death, in addition to hundred of thousands of refugees who have streamed in from Chad, Ethiopia, and elsewhere.

Meeting with ambassadors of the major countries traditionally friendly with Sudan, General Ad Dahab urged them to continue previously agreed-upon aid programs and to consider increasing economic and especially food aid as soon as possible.

There have already been some good-will gestures. Countries such as Egypt and Jordan, as well as Saudi Arabia, called the new ruler to offer "all necessary help immediately."

The United States, it was reported on April 10, is considering footing the bill for Sudan's badly needed oil imports, and may also soon release some \$100 million in aid frozen by the State Department last February. Some \$70 million have already been released, the announcement coming by President Reagan during his meeting with Numayri April 1.

However, there are no illusions in Khartoum or Washington that these are anything more than drops in the bucket—when 7 million people are close to death.

National reconciliation is also of utmost importance. On April 10, the leader of the southern Sudanese rebellion, Colonel Garang, delivered an ultimatum to Khartoum: The army was given a seven-day time-frame in which to yield power to

a new civilian government. The ultimatum, of course, was immediately described by General Ad Dahab as unacceptable, but it served as a reminder that, only four days after the bloodless coup, the period of grace was already over.

Whatever Colonel Garang is, peace in southern Sudan is essential. In that region is located the crucial Jonglei Canal project, 80% complete. The water transportation and irrigation capacities it promises could make the area a breadbasket for the entire continent, and is crucial for both Sudan and Egypt. Its construction, interrupted by warfare, must be resumed as soon as possible.

For example, as the drought afflicting the region is nowhere near ending, the canal could supply Sudan and Egypt with 6 billion cubic meters of additional water each year. This would have been one of Cairo's most important reasons for ensuring the return of some stability to Sudan.

There is little doubt that, backed by Soviet client-states Ethiopia and Libya, and fully aware of his blackmail power regionally, Colonel Garang will play for very high stakes before accepting any reconciliation with Khartoum, for which direct military confrontation with his forces has proven both ineffectual and expensive.

But then, a resolution to the conflict is not a military question so much as an economic one, requiring that the central government have the financial ability to share the fruits of national development between Islamic north and Christian south, something it has been systematically prevented from doing—not merely because of Numayri's Islamic focus, but because of IMF conditionalities.

In fact, it was those very conditionalities which led Numayri to attempt a process of Islamization, featuring nationwide enforcement of the fundamentalist *Sharia* (Islamic law). The brutal law was seen as the best means of controlling a restive population in the face of the IMF's brutal austerity—and the relevant desks at the IMF and World Bank were entirely aware of this.

Although a devout Muslim believer, General Ad Dahab is expected to repeal this Islamic law, not only as a gesture toward the southern Christians and animists, but toward Muslims who thus suffered just as much by it. On this score, too, there is no doubt that many in Cairo feel relieved. Sudan's fundamentalist Islamization was threatening to spread northward.

Sudan and the region may be opening a new page in their history, but unless it is understood, above all in the United States, that they have to be given the economic and financial means to save millions from a new holocaust, the Sudanese "domino," as some call it in Washington, will fall.

The consequences are known. In fact, these very consequences are prescribed in the Carter administration's *Global 2000 Report*. And if President Reagan does not, too many figures in the U.S. State Department do subscribe to that "population control" document.

# Soviet plan hurt U.S. intelligence capability in the Middle East

by our special correspondent

Since the 1976 election of Jimmy Carter as President of the United States, the Soviet Union's secret intelligence arm, the Commissariat of State Security, the KGB, launched a well-balanced plan to reduce U.S. capabilities in the Mideast.

The key to the Soviet scheme was to exploit Carter's inane commitment to his version of human rights, his "Global 2000" plan for world population reduction, and most significantly, Alexandre Bennigsen and Zbigniew Brzezinski's Islamic Arc of Crisis policy. This latter policy was an attempt to use the Islamic fundamentalist card against the Soviet Union's Muslim population. However, the effective control and penetration of the fundamentalists by the Moscow-headquartered Oriental Institute turned the Islamic Arc policy of Carter's National Security Adviser Brzezinski into the Arc of Crisis for U.S. policy in the Mideast and Persian Gulf.

In order to accomplish their objectives of turning Brzezinski's discredited mad scheme into a capability for destroying U.S. intelligence in the Mideast, the KGB deployed the gaggle of networks ranging from North Korean-trained Iranian kamikazes to Syrian- and Libyan-trained terrorists.

Specifically, U.S. foreign service and intelligence personnel were hit by a wave of psychological terror ranging from personal threats against individual officials and their families to rumor-mongering about officials' personal lives. In several cases, U.S. officials were targets of assassination threats as a result of rumors initiated by the KGB that U.S. officials had raped some local Muslim women. This tactic was successfully utilized in Iran and Afghanistan during 1976-79, when the Shah of Iran was overthrown, and the Soviets successfully invaded Afghanistan. It resulted in the assassination of two U.S. diplomats in Afghanistan.

During this critical period when the upheavals in Central Asia reached a climax, U.S. personnel were shifted out of the region, causing confusion among the various official departments and more significantly, destroying the continuity of the anti-Islamic Card forces with the State Department's Intelligence and Research Bureau (INR), CIA, and DIA. The confusion resulted in completely wrong assessments of current political developments in several countries in that region.

As these events in Central Asia were unfolding, U.S. personnel in the following countries received the same treatment as their colleagues in Iran and Afghanistan: 1) Greece,

2) Turkey, 3) Pakistan, 4) India, 5) Bangladesh, 6) Kuwait, and 7) Lebanon. In each area, the basic operational mode of the KGB was fairly successful. According to informed sources, some of these operational schemes involved at least 36 countries, including some in Latin America.

The document (see *box*) released for the first time publicly, reveals one critical incident showing how the State Department viewed Soviet-instigated operations. The group identified in the released text identified as the "Secret Trans-World Organization For Punishment" was one of the original names for the Islamic Jihad organization (see *EIR*, April 9, 1985, p. 31). The reference to the Chinese-American "friendship" was actually targeting the People's Republic of China's secret cooperation with the Shah of Iran before his demise. It should be remembered that the Islamo-Marxist Mujaheddeen organization in Iran had extensive ties with not only the KGB, but P.R.C. intelligence. At least half of the Confederation of Iranian Students were self-proclaimed Maoists. The Chinese had been supporting the Maoist organizations prior to the agreement with the Shah and stopped doing so as a result of some sticky U.S. mediation between the two countries. What this incident points out most clearly is that U.S. officials, although aware of the KGB instigations, were completely blind to the overall gameplan of the KGB in securing control over Brzezinski's Islamic Card.

If Brzezinski's insanity were not enough, former President Carter in his newly published book, *The Blood of Abraham: Insights into the Middle East*, adds his own lying version of events during this period. ". . . Across the Persian Gulf, the seeds of rebellion were being germinated in Iran, by the autocratic rule of the Shah . . . and by the adverse reaction of conservative religious leaders to the Shah's rapid moves toward a Western and secular society. The fundamentalist Shia Muslims were especially critical of growing equality for women and non-Muslims, the absence of Islamic influence in the government . . . and the brutal oppression by state police of those who demonstrated publicly against the Shah's policies.

"During the mid-70s, there was no serious thought within our own intelligence agencies or among the political leaders of Europe or the Middle East that the Shah would actually be overthrown. However, because of reports of increasing vio-

lence in Iran, when the Shah made his first visit to Washington . . . I spoke to him about the need to address the revolutionary forces against him. . . .”

Carter's self-righteous claims of concern over the Khomeini forces being "oppressed" by the Shah and his ignoramous attitude about U.S. intelligence having been lacking in thought about the possible overthrow of the Shah is not only insulting to the memories of the U.S. intelligence officials who were killed by Khomeini's terrorists, but to the simple historical fact that during his administration, the greatest intelligence retreat of the United States in 130 years took place.

## Text of previously unpublished document

The following are excerpts from an unpublished document recently made available to *EIR* by State Department sources:

AMEMBASSY TEHRAN

SECSTATE WASHDC

SUBJ: THREATENING LETTER OF PROBABLE SOVIET INSTIGATION

1. (S - ENTIRE TEXT)
2. ON APRIL 8 POL COUNSELOR RECEIVED LETTER CONTAINING NEATLY PRINTED WARNING ABOUT CHINESE-AMERICAN FRIENDSHIP AND "SEVERE PUNISHMENTS" TO BE METED OUT EVEN-HANDEDLY TO "AMERICAN AGGRESSORS" AND "CHINESE AGGRESSORS." THE LETTTER HAD A BLACK BORDER AROUND IT CARRYING SOME THREE DOZEN WORLD CAPITALS, IN EUROPE, ASIA, AND LATIN AMERICA, AND WAS HEADED BY THE PURPORTED NAME OF THE THREATENING ORGANIZATION: THE "SECRET TRANS-WORLD ORGANIZATION FOR PUNISHMENT." THE LETTER CAME ADDRESSED TO POL COUNSELOR BY NAME (NOT POSITION) FROM VIENNA. . . .
3. SINCE CHINESE RELATIONSHIP WITH U.S. IS OF NOT THE SLIGHTEST INTEREST TO ANY IRANIAN TERRORIST GROUPS, THE LETTER CAN ONLY BE OF SOVIET INSPIRATION. IT HAS BEEN FORWARDED TO WASHINGTON THROUGH OTHER CHANNELS FOR MORE SPECIFIC INVESTIGATION. THE FACT THAT IT WAS ADDRESSED BY NAME TO POL COUNSELOR HERE, AMONG OTHERS, RAISES MORE GENERAL QUESTION AS TO WHETHER LOCAL SOVIET EMB IN TEHRAN HAS NOT BEEN ORCHESTRATING, OR CONTRIBUTING TO, SELECTIVE ANTI-AMERICAN INTIMIDATION CAMPAIGN OVER SOME TIME—TO GO WITH ITS ATTEMPTED INTIMIDATION OF OTHERS, REPORTED SEPARATELY.

## *EIR Special Report*

# How Moscow Plays the Muslim Card in the Middle East

*In the past year, have you. . .*

Suspected that the news media are not presenting an accurate picture of Soviet gains and capabilities in the Middle East?

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Asked yourself why the United States seems to be making one blunder after another in the Middle East?

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- **Moscow's cooptation of British intelligence networks** (including those of the "Muslim Brotherhood"—most prominent member, Ayatollah Khomeini) and parts of Hitler's Middle East networks, expanded after the war.
- **The U.S.S.R.'s diplomatic and political gains in the region since 1979**. Soviet penetration of Iran as a case study of Moscow's Muslim card. The August 1983 founding of the Teheran-based terrorist "Islamintern," which showed its hand in the Oct. 23 Beirut bombings.

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# Reagan finally seeks Contadora's cooperation to end strife

by Gretchen Small

Following meetings with Colombian President Belisario Betancur in Washington on April 4, President Reagan announced a new peace proposal for Central America. While important elements of the U.S. proposal have not been accepted by the Contadora group, which has based its peace plan on total non-intervention and self-determination of every nation in Central America, the spirit of Reagan's initiative, which clearly rules out any U.S. military intervention in the area, was supported by Mexico, Panama, Venezuela, and Colombia, the nations which make up Contadora.

Although the Reagan administration has given lip service in the past to support for Contadora's role in the region, the Reagan/Betancur talks set up a collaboration that shows an understanding that the Contadora nations, all of which flank the Central American war zone, must play a crucial role in bringing peace to the area.

President Reagan's "new proposal for peace" in Central America centered on a 60-day ceasefire by U.S.-backed armed opposition forces in Nicaragua, through June 1, if the Sandinista government agreed to hold "Church-mediated talks on internationally supervised elections." Reagan reiterated his interest in cooperating with the peace efforts of the Contadora Group.

White House spokesmen reported later that day that President Reagan had sent a personal letter to Pope John Paul II to inform him of his proposals on Central America, and "seek his advice."

A remarkable density of telephone-diplomacy between Presidents in the Western Hemisphere followed. Within days, Reagan spoke personally to the heads of state of Argentina, Mexico, and Venezuela to outline his thinking on the region. Colombian President Betancur had already been informed, and reported upon leaving Washington that he was the bearer of a "private message" from Reagan to the other heads of state in the Contadora countries.

The ceasefire offer was quickly supported by leading figures in the Contadora Group. Colombian President Betancur, speaking at his final Washington, D.C. press conference April 4, called the proposal "constructive," necessary to provide "propitious conditions to carry out reconciliation dialogues" in Central America. A similar appreciation of the

urgency of a cessation of hostilities was conveyed to President Reagan by Mexican President Miguel de la Madrid by telephone on April 8.

The proposal for "internationally supervised elections," and that a specific form of dialogue be a condition for peace, has been received with more caution. Contadora leaders stress that if the principle of the sovereignty of nations over the ordering of their internal affairs is violated in one case, it is violated for all. Betancur's report on his Washington visit, delivered on Colombian television the night of April 7, summarized the principal argument conveyed privately by other Ibero-American leaders. President Reagan "opened a ray of light on the delicate subject of support for the rebel groups in Nicaragua," Belisario stated. "We agreed with the President in seeking a dialogue between the Sandinista government and its opposition . . . all within the spirit of Contadora which promotes national reconciliations. . . . His peace proposal must be carefully analyzed and discussed, since it contains elements which are difficult to implement" since "acceptance belongs autonomously to the Sandinistas."

Thus far, the Nicaraguan government has rejected the Reagan proposal out of hand. "I say there is no peace proposal at all, that it is more like a declaration of war," Nicaraguan Foreign Minister Miguel D'Escotto said on Nicaraguan TV. Embassy spokesmen stated that the Sandinista government will never hold a dialogue with the "counterrevolutionaries." To be watched more closely are discussions between the Nicaraguans and the Contadora Group on possible variations of the Reagan proposal. Talks began when Nicaraguan head of state Daniel Ortega met with Colombian Foreign Minister Ramírez Ocampo while both were in Havana, Cuba the weekend of April 8.

Popular support in the region for a strategy of negotiation and dialogue to resolve Central America's problems was demonstrated in El Salvador's presidential elections March 31. José Napoleón Duarte won an upset victory, leading a sweep by his Christian Democratic party of the country's National Assembly, on the basis of his campaign platform of continuing dialogue with rebel guerrilla forces on solutions to over five years of civil war. Defeated was the platform of his opponent, Roberto D'Aubuisson, for libertarian "free

enterprise" and an escalation of the war in the countryside. D'Aubuisson's campaign was also hurt when one of his top lieutenants was arrested in Texas for drug-running earlier this year.

Duarte's victory was a defeat for the U.S. State Department and its local enforcers, Lane Kirkland's American Institute for Free Labor Development (AIFLD). AIFLD and the State Department had tried to build up D'Aubuisson's candidacy and weaken Duarte's in the last month of the election campaign, claiming that a strong Duarte victory would upset the "balance" of political forces in El Salvador.

The only success the "balance" of forces policy can claim is the creation of weak governments with less power than the armed military bands of right and left which dominate the country. The combination of a more stable center of power in El Salvador with a potential 60-day pullback of fighting in Nicaragua defines the crucial opening for cooling out the volatile region.

## Development and peace

Now that President Reagan has opened collaboration with two forces in the region indispensable to peace, the Vatican and Contadora, what is necessary to add to the package is a plan for large-scale economic development.

The need to link peace and development was a constant theme of Betancur in Washington. "A peaceful solution through dialogue is more stable than a monologue of armed intervention" which would "unleash a wave of subversion" across the continent, he told an audience at Georgetown University April 3. "Without peace there will be no development; and without development peace cannot be consolidated. The fight in Latin America is not East/West; it is against underdevelopment. To break this vicious circle we have to implant everywhere a social infrastructure of schools, hospitals, aqueducts, and projects that generate employment, and increase exports."

In the same speech, Betancur criticized the Kissinger commission report on Central America for its "emphasis on pushing programs for the nations that show good behavior, and for the long term, a horizon in time by which we may all be dead. . . . Central America needs, in the shortest term, financial and technical resources, mechanisms to facilitate trade, better terms of trade, and lower interest rates."

Finally, Betancur presented a proposal to the U.S. congress to establish an "Alliance for Peace, Development and Democracy between the United States and Latin America," and "In the case of Central America, to support the Act of Contadora and . . . its plans for generation of the physical and social infrastructure required by the region." Subversion, is sometimes an inappropriate name for what our nations suffer, he said, "inappropriate because among us sometimes the subversives are not the masses nor their leaders, but our situations, our neediness."

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## Facts Behind Terrorism

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# Genscher seen again covering for Qaddafi

The affair evolving around the recent brutal murder of the Libyan exile Gebril el Denali in the German capital of Bonn demonstrates once again the abysmal state of German security agencies, which are still penetrated by the corrupted and poisoned political channels personified in the figure of Foreign Minister Hans-Dietrich Genscher. Genscher, who happens to be at the center of the political forces who want to pull the Kohl government away from the Reagan's Strategic Defense Initiative, repeated another "Tabatabai Affair," by refusing to take any serious steps against the outlaw Qaddafi regime. Two years ago, he interceded to free Iranian "diplomat" Tabatabai from heroin smuggling charges.

There are two facets of Genscher's scandalous behavior. First is his role as the pivotal figure among anti-Reagan forces in West Germany who would rather make back-channel deals with the Gorbachov regime than mount a defense of the West. Second is the depth of trade relations of Germany with the Soviet satrapy Libya. The Federal Republic is the second largest importer of Libyan oil, and Libya is the second largest importer of German goods into Africa. Of German exports to Libya, 22% are electronics, a fact with definite military implications.

Libyan exile Denali, who was active in anti-Qaddafi opposition groups, was shot to death on Saturday, April 6, by the Qaddafi-hired hitman Fatahi el-Tarhoni. The hit occurred in the crowded center of Bonn; two rounds which missed the victim seriously injured two German citizens. This action was taken immediately after another round of terrorist statements by Qaddafi, who had announced in February that he would take revenge against those who housed adversaries of his regime.

## BKA: Achilles Heel of security

The state secretary of Interior Minister Friedrich Zimmermann, Carl Dieter Spranger, called this act "another incredible case of state terrorism." State terrorism is a "real danger and a great threat to Western democracies," Spranger stated in the daily *Die Welt*, adding that a "global offensive strategy of Western states against this state terrorism" is needed. But after cabinet debates on the implications of the

Libyan hit, the Kohl government bent over to the appeasement-line of Foreign Minister Genscher, who said that cutting diplomatic relations with Libya would be useless. The statement of the government spokesman, that the cabinet could not share Spranger's formulation of state terrorism because "proof" of participation by the Libyan government in the crime was lacking, was in effect a slap in the face to Spranger.

This is not the first time that through Genscher's personal role, operations of the Soviet satrapy Libya or the genocidal Khomeini regime remained "untouchable" on German soil. One of the vehicles which has made the gentlemen's agreement possible is the Wiesbaden-based German criminal police office, the Bundeskriminalamt (BKA). The BKA, once an efficient instrument in cracking down on the first generation of the terrorist Red Army Faction (RAF), has lately become one of the worst examples of penetration by rotten and corrupted political channels. In 1981, still under former Interior Minister Gerhard Baum, the BKA took up the offer to train Qaddafi's security force. The second German federal police force, the Bundesgrenzschutz (BGS,) emphatically rejected this offer, which was then passed on to the BKA which accepted it and conducted an intensive training program for Qaddafi's "security force."

This outrageous behavior was not an isolated case. Some BKA spokesmen became famous through consistent underestimation, intelligence failures, and denials of East bloc involvement in the ongoing terrorist wave. In the case of the murdered Qaddafi-opponent Denali, the BKA's despicable role has surfaced again: The BKA conducted investigations into Denali based on "charges" of the Libyan "people's office" in Bonn, which claimed that Denali was planning bombings and a "kidnaping" of the Libyan military attaché. In this case the world was turned upside down; Denali, who was known to be a highly endangered person, had been dragged into the Bonn Libyan "embassy" and tortured there in 1982.

Even worse, the German government spokesman made it known after the debate on the Denali killing, that the BKA by Feb. 1, 1985 was in possession of a detailed warning of a planned hit on Denali. The warning said that a Libyan named Tarhoni, together with another Libyan, Sahib Rashid, were planning a hit in the immediate future in the Bonn area. Tarhoni had entered Germany by late January with a valid visa issued by the German embassy in Tripoli. This visa, good until Feb. 21, was extended until April 21 for Tarhoni after he appeared personally at the foreigners' department of Bonn city hall!

The official, whitewashed version to explain this fiasco is that the BKA message, which was passed on to state levels, contained a "misspelling" of the hitman's name, "Tarhuni" instead of "Tarhoni." Further, the message was not passed further from the state police offices to the foreigner sections of the municipal offices because of "data protection" procedures. Given the fancy data processing capabilities of the

BKA, this is hard to believe. But such bureaucratic idiocy misses the crucial point. Even schoolchildren know that the letters "o" and "u" are interchangeable in transliteration from Arabic. Secondly, Sahib Rashid is known as a hitman operating internationally for Qaddafi since at least 1980. Rashid was on the Italian wanted list for a murder committed in Milan in 1980. In 1983, he was arrested in France and sent back to Libya instead of being extradited to Italy.

The enforced and induced intelligence blackouts and failures in German security agencies are aggravated by the fact that leading positions are occupied by persons who lack professional intelligence and field experience or openly advocate political views which should automatically result in firing the person from such a position. One of the worst possible examples to this effect was a recent interview by the chairman of the Hamburg state office of the Verfassungsschutz (one of the three intelligence services which is responsible for covering anti-constitutional activities on German soil), Christian Lochte. Lochte, who already enjoys a notorious record of incompetence in security circles, gave a full-page interview to the pro-terrorist rag *tageszeitung*, criminally downplaying terrorism, denying any international structure of terrorism and East bloc role, and engaging in anti-American tirades.

Lochte goes so far as to state that there is no "Euroterrorism," calling security measures during the peak of the terrorist wave in 1977 an "overreaction." He ridicules the American thesis of KGB involvement in international terrorism. The Americans "simply don't understand" what terrorism is about in Europe.

### **Terror wave continues**

But meanwhile, in West Germany the wave of terrorist acts since last December continues, with two significant bomb attempts over the Easter week conducted by the RAF. In Hamburg the office of a navy-linked ship-building association was bombed and once again, the NATO-pipeline near the city of Aalen was hit, in both cases with severe damage to property. In Paris, three bombs were detonated during the same timeframe.

Lochte was also belied by the results of a raid on a Paris apartment which turned up new evidence of international connections between terrorists. The flat had served as a base for the PFLP front group FARL (Armed Lebanese Revolutionary Faction). The investigation, directed by the French counterintelligence service DST, once again showed tight coordination between the RAF, France's Direct Action, the Italian Red Brigades, and the Belgian CCC-group, which all used the busted Paris apartment as a common equipment and arms pool.

The role of Switzerland as the financial center for terrorism also came into the limelight. The rent on the apartment, as well as the funding for the FARL's and other terrorist groups' operations, came from a Swiss bank account.



### Soviets 'guarantor of peace'?

*Kapitsa's recent tour spread discord among the ASEAN countries, offset by offers of imperial beneficence.*

**Y**ou knew something was afoot when it was announced that Soviet Deputy Foreign Minister Mikhail Kapitsa would extend his stay in Bangkok to almost two weeks. Following a visit to Australia, Kapitsa's Thailand trip was to allow him to attend the 41st annual meeting of the Economic and Social Commission for Asia and the Pacific (ESCAP).

To the surprise of everyone there on March 19, Kapitsa brought up the question of "Star Wars"—"the right time but the wrong place," many felt, as the ESCAP meeting was supposed to deal exclusively with social and economic problems. But Kapitsa had decided to use the ESCAP session as a propaganda podium from which to blame the "American imperialists" for "an arms race in space." Through an unofficial translation provided by ESCAP facilities, he complained of the militarization of space, and declared that unless the United States stopped pursuing the Strategic Defense Initiative, there would be no possibility for the two superpowers to reach an agreement on arms reduction.

Strangely enough, the U.S. delegation's attempt to respond was overruled by the Nepalese chairman of the session.

The Soviet obsession with the SDI unmistakably revealed their panic over the fact that the Japanese may soon officially join the American defense program. The United States sent an invitation to Tokyo in March to assume a role in the technological development of beam defenses. A reply

should be forthcoming within the next 60 days.

Such cooperation between the United States and Japan, "with Europe joining in eventually," would tremendously accelerate the five-year research and development program foreseen for the SDI, while launching a technological boom into the 21st century in the Western world. The Soviets have but 60 days to act in the Pacific.

Kapitsa himself is scheduled to visit Japan in May to prepare for Soviet Foreign Minister Andrei Gromyko's official visit there.

Soviet pressure has already been brought to bear on Japan and China. The U.S. Defense Department in its annual report on Soviet military capability released in early April, revealed that the greatest additions to the Soviet Union's military fleet are being made in the Far East. The most modern surface vessels, as well as the most modern submarines, have been added to Soviet naval and air strength in the region, including the China Sea.

After the ESCAP meeting in Bangkok, Kapitsa, an expert in Asian affairs, had the nerve to declare upon his arrival in Jakarta, Indonesia that the Soviet Union was ready to assume the role of "guarantor of peace" in Southeast Asia. "The Soviet Union will make a positive contribution and is willing to be one of the guarantors for peace, harmony, and stability in the region. Southeast Asia has long been haunted by conflicts and the Soviet Union has never exploited the

conflicts and will not," he announced.

Earlier, in Bangkok, Kapitsa had rejected the Thai request to stop Soviet military aid to Vietnam, without which Vietnam would not be able to prolong its occupation of Kampuchea. In Jakarta, he conferred with President Suharto, Foreign Minister Mochtar Kusumaatmadja, and Armed Forces Commander Benny Murdani.

In an attempt to sow discord and distrust among ASEAN nations on the sensitive question of Kampuchea—immediately after the recent and serious Vietnamese violation of Thai borders in an attack on the stronghold of Prince Sihanouk at Tatum—Kapitsa, during a short stopover in Bangkok en route to Hanoi from Jakarta, announced to the press that a good part of ASEAN was seriously considering the five-point Vietnamese proposal. In so doing, he trained suspicions on Indonesia, whose Foreign Minister Mochtar had just visited Hanoi before going to the United States. It was one of those rather unsophisticated Soviet diversions.

More important among Kapitsa's moves in the Southeast Asian region, is a recent trade deal signed in Bangkok between the Soviet Union and Thailand. Kapitsa signed a 500,000-ton tapioca deal with the Thai government, benefiting essentially the METRO group of tapioca producers. The value of the deal was estimated at \$22 million, with the possibility of eventually exporting up to 2 million tons of hard tapioca pellets over a period of two years.

The trade deal—representing more than half of the export quota to the European Community—is welcomed by the Thais. It comes in the aftermath of the IMF-World Bank-instigated devaluation of the Thai baht, whose austerity impact is just beginning to be felt.

## ROC-military 'Jubilee' readied

*First of a series on how the Soviet Empire plans to celebrate the millennium of Russian Christianity.*

**T**hose who are familiar with the thousand year-old history of the Russian Church know that patriotism has always been and remains an indispensable part of her Slavic mission. This was well expressed in the Message of his Holiness Patriarch Pimen and the Holy Synod on the 600th anniversary of the Victory at Kulikovo: 'In the accomplishment of the heroic national feat—the Great Victory of the Russian arms at Kulikovo—of special significance was the power of the grace of the Christian Faith, the spiritual and moral influence and patriotic service of the Russian Orthodox Church, which has never remained apart and indifferent to the historical lot of the nation. From the very beginning of her existence, now a millennium, she helped establish Russia's culture, nationality, and state.'—*Journal of the Moscow Patriarchate*, February 1983.

The year 1988, the 1,000th anniversary of the Christianization of Russia, is three years away and the signs of a celebration being prepared by an Empire—the Muscovite present-day successor to Byzantium—with its three-sided leadership of Party, Army, and Church, are in full evidence. The media have started conditioning the Soviet population for the magical 1,000-year date.

For the Soviet leadership, the 1988 date defines a "deadline" for achieving global predominance.

This is not the first time that such anniversaries have played a central role in guiding Soviet Russian expansion-

ist policies. In 1947, the United States added Greece and Turkey to the countries it would protect. This put a stop to the Soviet drive to add Greece and European Turkey to the Russian Empire—including Istanbul (Constantinople), the seat of the Ecumenical Patriarch of the Orthodox Church, a prize coveted by Muscovy for centuries. Stalin's target date for the acquisitions was 1948—the 500th anniversary of the Russian Orthodox Church as an autocephalous church, under the exclusive administration of the Moscow Patriarchate.

By 1988, the Moscow Patriarchate will have set up new headquarters in the huge Danilov Monastery complex in the middle of Moscow, only four kilometers from the Kremlin. Special workers and student brigades have been brought in to complete the massive task in time. Similar work brigades are busy throughout the European part of the U.S.S.R. restoring and reconstructing old Russian monasteries, church frescoes, and icons.

Church and State are also conducting a campaign accusing Ronald Reagan and Pope John Paul II of launching a "crusade" against the Soviet Union: Reagan for his Strategic Defense Initiative, and the Pope for his crackdown against the "Liberation Theology" and related wings of the Roman Catholic Church working hand in glove with the Russian Church and political leadership to undermine the West.

Gorbachov, who will clearly be

the leader for the 1988 anniversary, was formally nominated as leader by Politburo member and Foreign Minister Andrei Gromyko, with language taken directly from the Russian Orthodox Church liturgy.

Months earlier, Gorbachov himself—already chairing Politburo meetings in place of the moribund Chernenko—proclaimed on Dec. 10, 1984: "The Soviet Union will do everything it can to ensure the strengthening of the country's position in the international arena, enabling it to enter the next millennium fittingly, as a great and prosperous power." Prime Minister Nikolai Tikhonov repeated the "Soviet Union entering the next millennium" theme in a speech in Ankara, Turkey on Dec. 26.

From the start of the Andropov-launched "post-Brezhnev era" at the latest, one can document Gromyko's regular use of phrases from the liturgy of the Russian Orthodox Church.

In June 1983, West German Deputy Foreign Minister Alois Mertes, who speaks Russian fluently, was amazed to hear Gromyko during his visit to Bonn proclaim, "Security is the 'svyataya svyatykh' for the Soviet Union." This expression is taken straight from Russian Church liturgy. When the Orthodox priest emerges from the Ikonostas and shows the Sacrament to the congregation, he says: "Svyataya svyatykh"—Holy of Holies.

On March 18, one week after the Central Committee named Mikhail Gorbachov its new leader, the Soviet government released a pamphlet containing Gromyko's speech nominating Gorbachov. Gorbachov, he said, deserves to be made party secretary-general because he upholds "the 'svyataya svyatykh'—'the Holy of Holies'—for us all in fighting for peace and maintaining our defenses at the necessary level."

## Pope lauds 'lordship over nature'

*The speech of March 24 sounds like a polemic against the Benedictine greenies led by Milwaukee Archbishop Weakland.*

An extremely important speech on the meaning of labor was delivered by the Pope on Sunday, March 24, during his visit to the Fucino valley, where the ultramodern Center of Italian Space Telecommunications has been established.

Taking off from the first chapter of Genesis ("Be fruitful, and multiply, and replenish the Earth, and subdue it"), the Pope defined the divine mission of human labor, stating, "Therein is indicated above all God's intention of entrusting man with the task of self-realization, conquering with his labor a true lordship over nature." He continued: "We are struck by the fact that in the Bible, God is manifested for the first time to the world and to the eyes of man as the creator, that is, as one who builds the world with wisdom and goodness. God himself appears as a worker, in the figure of the architect or even in that of a craftsman."

On the level of human existence, the Pope said, this means that "man can be himself and achieve the purpose of his life, through the assiduous commitment to transformation of himself and an operational intervention into the world around him: overcoming obstacles, projecting new conditions of existence, procuring the necessary goods for the body and spirit, bread and culture."

Turning to the Telespazio workers, John Paul II praised the conquest of ever more modern technologies, echoing the 1981 encyclical, *Laborem Exercens*, in which he pointed to space

as the future laboratory of man's work: "Please accept the expression of my grateful appreciation for all of this, and also the wish that your labor, so effectively employed for the use of space, one of the main protagonists of the development of human activities in the coming decades, shall express itself, in ever better ways, as the shaper of well-being and peace for humanity as a whole."

In his speech on labor as the expression of man's true dignity, differentiated from the lower beasts precisely because of his capacity to modify nature for the better, the Pope did not omit to denounce the problems of today—unemployment, hunger, and poverty: "We must defeat the modern enslavements and promote laws which are ever more just and adequate, in order to overcome, through everyone's commitment, the worrisome rate of unemployment. Just as urgent is the task of returning the fruits of the earth to their providential destination, that of relieving human hunger."

In response, the president of the state-owned conglomerate IRI, Romano Prodi, who had previously held a 45-minute discussion with the Pope, took the occasion to underline that new jobs can be created precisely by introducing more advanced technologies. Prodi's arguments in favor of technical innovation during the Pope's visit sound like an open polemic against some sectors of the Church close to the Benedictine order.

For example, there was a conven-

tion recently held at the Benedictine Abbey of Praglia in Padua (near Venice), where the famous "anti-capitalistic proclamation" of the American bishops' conference was presented.

In that context, the Archbishop of Milwaukee, Monsignor Rembert Weakland, one of the authors of the document, exhorted, "There is no Christian economy," a position largely shared by the Jesuit Cardinal Martini of Milan. During the Benedictine convention, IRI chief Prodi was attacked because he came out for industrial development as the way to overcome the crisis of unemployment.

Archbishop Weakland, former international chief of the Order of St. Benedict and present coordinator of the U.S. Catholic Bishops' Pastoral Letter on the Economy, upon his return to the United States called for the International Monetary Fund to replace the U.S. government in providing development assistance for Third World countries.

During a meeting at the Benedictine St. Vincent's Abbey in Latrobe, Pa., Weakland said he opposes increased U.S. bilateral aid to the developing sector because that would "be tied to military security pacts" with recipient countries. Better, the former Benedictine chief advised, to have the IMF step in.

His D.C. office also reports that Weakland and his "pastoral letter" sidekicks are organizing discussions in Catholic dioceses to win support for the pastoral, which revolves around replacing the conception of Genesis, that man must have dominion over nature, with a pagan notion of man expressing "stewardship" toward nature. This is the ideological core of West Germany's neo-Nazi Green Party.

This position seems all the more difficult to sustain in the light of the Pope's Fucino speech.

## **Destroying the Fifth Republic**

*The new election system announced on April 3 shows Mitterrand cutting off his nose to spite his face.*

**T**he French Socialist government of François Mitterrand decided on April 3 to change France's polling system for the legislative elections. Sure of losing the next elections by a wide margin, the government has done worse than simply decide to change the rules in order to try to save what could be saved. Rather than losing power to the adversary parties, it has preferred to destroy the very base of power; for fear that the winning opposition might undo what the Socialists have done (or, rather, re-do what the Socialists have undone), they have preferred to make the next government impotent; rather than letting the opposition seize the government, they have preferred to make the country ungovernable.

To understand what the reform means, one should first know how the previous system, set up by Charles de Gaulle, worked. The French polling system was based on the division of the country into about 450 voting districts, each sending one deputy to the National Assembly. To keep small parties from spoiling the results, the polling system had two rounds. An absolute majority in the polling district was necessary in the first round. In the second round, only those two or three candidates who were ahead in the first round could run, and the first one was elected.

This polling system tends to amplify the political trends, by favoring the winner. Suppose that a party got in the second round an absolutely even 55% in all polling districts—it would

take all the seats in the National Assembly. This was the basis for the rather sound political stability of France in the last 25 years, since the winning parties were usually not forced to make complicated deals with fringe parties to form a cabinet, as is the case in the highly unstable regimes of countries like Italy, Belgium, Israel, or France in the Fourth Republic, before de Gaulle's reform in 1958.

In the new system, the parties will run slates in each of the 95 departments, and the number of seats will be proportional to the number of votes. The Socialist Party claims that this proportional representation system will be fairer. But is it fair to change the rules just before an election in order not to lose? Is it fair to use the absolute majority that the Socialists have in the Assembly thanks to the previous system (they only got 37% of the votes) in order to prevent those who will win from getting a majority? But that, still, is a relatively minor issue, in essence not very different from the almost traditional gerrymandering of polling districts to get more seats.

It is ironic to note that the new system will allow the extreme right-wing and racist National Front (Front National) of Jean-Marie Le Pen to receive anywhere from 60 to 100 seats in the Assembly.

The bad thing about the new polling system is that it will quite naturally cause a return to Fourth Republic politics, on two counts: political instability and the "regime of the parties." President Franklin D. Roosevelt once

told de Gaulle (in 1944) that, before the war, the French government fell so often that he sometimes could not remember the name of the French premier. President Reagan and his successors might well have the same problem, insofar as cabinet stability will depend on complicated alliances and endless bargainings, in which no global policy can be firmly established.

Last but not least, this system deprives the voter of the chance to punish MPs who have acted contrary to the voters' will, and, also deprives the deputy from individual decision on important matters. In the case of elections, the deputies at the top of the large parties' slates are automatically sure of being reelected. In other words, it will be the party machines, and not the constituency, which will determine who is elected and who is not. The voters might determine *how many seats* one specific party gets, but not *who gets elected*. By the same token, the party machines will be able to impose "party discipline" in the votes of the Assembly, because those who would dare not to follow the instructions of the party will simply not be at the top of the slate at the next election. In that sense, this polling mode is strongly anti-republican (most other European countries with a proportional system at least keep a "preferential vote" giving the voters a chance to choose individuals and not simply parties).

The Socialists' absolute majority in the Assembly (once more, thanks to the former polling system) should allow the reform to go through smoothly, despite an almost total rejection of this in the population. However, there are a lot of Socialist deputies who are against this reform, including the Socialist Party number three, Jean Poperen, and Agriculture Minister Michel Rocard, who decided to resign his portfolio.

## Tripping over the SDI

*Social Democrats announce that those who swallow the SDI bait "will find themselves hooked by the program as a whole."*

Up to the early days of April, the dominant and official line coming from any West German government representative was, "only if we participate in the Strategic Defense Initiative (SDI) can we hope to bring our influence to bear to assure that European security interests are considered in the development of the program."

That obviously cut two ways. Some wearing that mask were sincerely interested in the technological spin-offs of beam-weapon defense; some to developing defenses against medium- and short-range Soviet missiles in Europe; and others to overthrowing Mutual Assured Destruction and its derivate Flexible Response (but only privileged "sources" were willing to admit that insight into the SDI had developed so far). All of that does correspond to European security interests.

Others wearing the same mask, however, were merely convinced that a niche on the inside of the program was a most comfortable position for sniping and sabotage.

Horst Ehmke, the Social Democrat who chairs the opposition Social Democratic Party's committee on "Disarmament and Arms Control," has announced that the niche on the inside does not effectively exist. In a recent resolution of the Committee, we read that, "involvement in the research phase of the program (SDI) immediately entails responsibility for the armament phase. . . . Those who swallow the bait of the technology will find themselves hooked by the program as a whole."

Ehmke's Committee merely says publicly what the Free Democrats' foreign minister, Hans-Dietrich Genscher, has been saying in private: "Once we get into it, there will be no way out." According to the coalition arithmetic of the Kohl government in Bonn, there is only one "scenario" in which Kohl can be heaved out onto the streets before general elections in 1987: if the small FDP coalition partner, and its strongman, the longest serving foreign minister among Western nations, Genscher, leaves the government.

Caspar Weinberger, Lt. General Abrahamson, and the President's Science Adviser George Keyworth have not only invited the Federal Republic to participate in SDI, but have also invited German scientists, industry representatives, and military people to look at SDI work in depth and on site. Bonn has yet to answer the invitation; officialdom is behaving as if it did not know where to pick up the plane tickets or find the hotel reservations. The reason: Christian Democratic Bonn is trying to propitiate Genscher.

Genscher, in turn, makes no bones of the fact that he enjoys a far deeper "strategic meeting of the minds" with Moscow's internal German propaganda chorus, Horst Ehmke, Egon Bahr, Willy Brandt, etc., than the government he ostensibly serves at present. Genscher would just as soon drop his mask completely, and let the government fall.

All of this is so obvious and blatant, that some people have begun to

figure out that Genscher is turning Bonn into the sort of place for which Caspar Weinberger may not be able to find the address (like New Zealand) the next time he passes out invitations.

Max Streibl, an executive member of Franz Josef Strauss's Bavarian Christian Social Union (CSU), writes in a recent issue of *Bayernkurier*, "There is no choice for Germany and Europe but real participation in Reagan's SDI. Food for thought for the Chancellor is that Genscher has hauled him back onto the foreign policy line of his predecessor Helmut Schmidt. . . . A foreign policy of the still-serving Foreign Minister Genscher in the tow of Bahr and Brandt is intolerable and impossible." Theo Waigel, the chairman of the CSU Parliamentary Group in Bonn, insisted on numerous occasions that "the SPD rejection of SDI makes no sense. . . . They are more concerned for the security of the Soviet Union than ours or the West's." That shoe is designed to fit Genscher as well.

The knives are out for Genscher's hide. Theo Waigel and a growing lobby in the Christian Democratic parliamentary group insist that "defense against short range missiles is possible, but only if we participate in the program. First, we have to give our fundamental 'yes' to the project, then we can worry about the conditions and the form of our participation." Others on the inside in Bonn are bombarding the chancellor and his Christian Democratic cabinet members with facts: By waiting, German industry loses short-term chances for 1 billion DM in initial research contracts. The SDI organization is making decisions on the shape of the strategic defense program every day, "and if we wait six months, we will either have missed the boat, or it will be at least very, very hard to get on board."

# International Intelligence

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## 'Free trade': Jamaica going to pot

Air Jamaica was fined \$13 million Jamaican dollars by U.S. Customs for the three tons of compressed marijuana found aboard one of its aircraft in Miami in March. Parnell Charles, the Minister of Transport for David Rockefeller's favorite free enterprise drug haven island, complained, "Jamaica cannot afford to pay these fines and have our ships and planes confiscated by foreign governments because of drug trafficking."

Meanwhile, Jamaica's top anti-drug official, Clem Shay, complained to the April 8 *Wall Street Journal*, "We never get the big ones." To police the country which now supplies 13% of U.S. pot, he has 43 men, 7 cars, no helicopters, and no radar. When he asks for spare parts, there is no budget. Prime Minister Edward Seaga's government forbids the use of sprayed herbicides. So his anti-drug job consists of getting together a crew of local policemen and chopping and burning a few marijuana fields.

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## Jaruzelski covers for Stalin atrocity

Polish authorities recently installed a monument in Warsaw to "Polish soldiers, victims of Hitler-fascism, who lie in the ground of Katyn." Katyn was actually the site of a Soviet massacre of 4,000 Polish officers, following the Soviet invasion of Poland shortly after Hitler's invasion, on Sept. 17, 1939. Neither the previous Gomulka nor Gierek government in Poland was so dependent on the Soviets as to have to sell the Soviet version of the history of the atrocity, commented World War II German history expert Prof. Andreas Hillgruber, in an interview in the German daily *Die Welt* on April 10.

Cologne University professor Hillgruber also charged that the Soviet Union's "revanchism" campaign against the Federal Republic of Germany (West Germany) is a cover-up for crimes of the Hitler-Stalin Pact. Hillgruber, responding to charges by Po-

land's Jaruzelski that Germans, and not Soviets, killed 4,500 Polish officers at Katyn in 1940, said that the truth was that Stalin ordered the massacre of Katyn "according to the secret protocol of the 1939 Hitler-Stalin Pact, the existence of which Moscow has always tried to deny." Hillgruber, who specializes in the history of fascism, said that "Stalin's class ideology equaled Hitler's race ideology."

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## Nazi-Communists head Italian Green slate

The candidates of the new Italian Green Party of Naples will include Radicals, former members of the MSI (the fascist party), and former members of left parties, in the next regional election on May 12, according to the April 10 *La Repubblica*. "The Radical Party (3% of the vote) will not run candidates, in order to help the new Italian Green Party (PVI) get more votes. The Naples slate includes Marco Pannella (the pro-drug Radical leader), Enzo Tortora, who is on trial for cocaine smuggling and mafia connections, both European Parliamentarians for the Radical Party.

Also to be candidates are Franco Vollaro and Salvatore Caruso, both former members of MSI; Telemaco Malagoli, former member of the Italian Communist Party (PCI); and Elio Anzivino, a former communist-socialist and now provincial secretary of the PVI. Potential candidates are Pietro Craveri and Rosa Filippini, Italian president of the environmentalist Friends of the Earth.

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## Soviets, Chinese start 'normalization' talks

Soviet-Chinese "normalization" talks at deputy foreign minister level began on April 9 in Moscow. They will include four sessions of negotiations over the next two weeks.

Chinese Party General Secretary Hu Yao Bang hinted that the Chinese were softening in their insistence that the Soviets remove the "three obstacles" to "normalization."

These demands are that the Soviets leave Afghanistan, the Vietnamese leave Cambodia, and the Soviets reduce their military forces facing China. Hu said: "Why shouldn't we have relations of friendship and good neighborliness with a socialist country which shares with us the longest common border?" He added: "What are the three obstacles? I'm not sure."

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## KGB slanders East European refugees

"A vicious defamation campaign" against Americans of Eastern European descent that "has served to promote the interests of the KGB" is how Myron Wasyluk, director of the Washington office of the Ukrainian Congress Committee of America, described the bogus "Nazi-hunting" activities of the Justice Department's Office of Special Investigations and of the World Jewish Congress on April 5. Wasyluk, whose organization represents more than 1 million Ukrainian-Americans, charged that "most of the evidence OSI is using is supplied by the KGB. This is the issue as we see it. We're all for getting war criminals. But this is KGB-supplied evidence that's meant to defame Eastern Europeans, Balts, and Ukrainians in the United States."

Tony Mazeika, national coordinator of a group which claims at least 30 million emigré followers of Eastern European descent, also charged that the World Jewish Congress report on old Nazis is part of "an abusive campaign—orchestrated by the Office of Special Investigations—that is absolutely criminal. . . . We have absolutely no animosity—we want to work with Jewish groups in the United States."

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## Soviets supporting separatist groups

Separatists from all of France's overseas territories met April 5-7 in Guadeloupe, at a conference organized by the Guadeloupean separatist party UPLG. Messages of support were sent by the German Greens, the Alternative group of the European Parliament,

## Briefly

the Basques of Herri Batasuna, Corsicans, and the World Council of Churches, an organization that is heavily influenced by the Russian Orthodox Church. The conference organizers decided to create a permanent information and coordination office in Paris, and the Caledonian FLNKS announced plans for a 300,000-person demonstration in Sidney, Australia.

Xeronimo Saavadra, President of the Regional Government of the Canary Islands, which is part of Spain, traveled to Moscow on April 9 at the head of a five-man delegation for a week-long stay, to "reinforce still further the already solid commercial relations between the Canary Islands Autonomous Government and the U.S.S.R." The Canaries will be expressing their opinions to the Soviet Fishing and Merchant Marine Ministers, who invited them. The Canary Islands are already the seat of the largest Soviet merchant marine base outside the U.S.S.R.; at no moment are there fewer than 5,000 Soviet naval personnel on the islands.

### **Sharon: Expand West Bank settlements**

Ariel Sharon demanded that Israel make a massive settlement drive on the West Bank to ensure that every Arab center becomes surrounded by a Jewish site. In an April 7 interview with Israel Radio, Sharon said: "We must make sure that every single Arab population concentration is either in the midst of a Jewish settlement or near one." He said Israel should reject any peace discussions with King Hussein until Hussein breaks his accords on regional diplomatic strategy with Palestine Liberation Organization (PLO) chief Yasser Arafat. Sharon's statements are a direct attack on those Israelis who want to cooperate with Egyptian President Mubarak's Mideast peace plan, which he announced in March.

However, Israeli factions opposed to Sharon asserted themselves when self-professed "Machiavellian dove" Yehosofat Harkabi, former head of Israeli military intelligence, told Israeli journalists on April 10 that Israel should recognize the PLO and the rights of Palestinians to a state even if Israel doesn't like the PLO. Harkabi, who

had recently met a top adviser to PLO chief Yasser Arafat in Bonn, said he thought the PLO had "matured." He said the most urgent priority for Israel was to give up the West Bank and Gaza Strip in return for a peace settlement in the region. "I'm interested in getting the best deal for Israel," Harkabi said.

### **Albania's Stalinist dictator dies**

On April 11, Albanian leader Enver Hoxha, 76, the last of the old generation Stalinist national rulers, went to that Great Goat Thieves' Residence in the Sky. Albanian President Ramiz Alia, 59, who has been a Politburo member since 1961, an Albanian Fascist before "converting" to Communism, and descendant of a Kosovo Albanian family, has been named to head the Funeral Commission and will be the immediate successor to Hoxha. Alia became President in November 1982, replacing Haxhi Lleshi, President since 1953. This happened as part of a major Albanian party and government shake-up, during November, 1982, occurring parallel with Yuri Andropov's assumption of power in the Soviet Union.

"Enver Hoxha's death is certain to cause wide ripples of concern and the most worried country will be Yugoslavia," the London *Guardian* commented on April 12. Ramiz Alia, Enver Hoxha's successor as Albanian leader, is known to be a firm advocate of "Greater Albanian" pretensions, including claims to the Yugoslav region of Kosovo, inhabited mostly by ethnic Albanians.

In November, 1984, during a visit to Bulgaria, Mikhail Gorbachov, now the Soviet party general-secretary, said: "Our country favors normalization of relations with Albania. With good will on both sides, differences can be resolved in the interests of the people of both states and the cause of peace and socialism."

Insider sources stress that Gorbachov and the Soviet military junta will treat Albania as effectively a member of the Warsaw Pact; they point out that a 1948 Albania-Bulgaria normalization treaty has never been revoked.

● **GORBACHOV** "tremendously impressed" Tip O'Neill during a meeting on April 11 between the Soviet leader and 13 Congressmen, that lasted almost four hours. House Speaker O'Neill told reporters on leaving the meeting that there are "real opportunities for expanded trade and cultural contact" between the United States and the Soviets. Gorbachov told the delegation that the Soviet Union wants "very big reductions" of strategic and medium-range weapons "if the United States gives up provocative plans of spreading the arms race to outer space."

● **HU YAO BANG**, Chinese general secretary, announced on April 10 that 15% of the 210-member Chinese Central Committee would be "retired" this year and replaced in all cases by members younger than 60 years of age, according to the London *Guardian*. Hu Yao Bang also declared that 70% of China's senior officials in 136 Party and State Departments will be purged by the end of 1985. He said the total of "retired" Party veterans will reach 2 million by the end of 1986. This purge will facilitate the spread of China's euthanasia program to include the elderly, which will require eliminating cultural veneration of old people.

● **FRENCH EMBASSY** telexes were intercepted and read by the KGB, according to a report in the April 7 *Le Point*. The KGB managed to monitor all dispatches between the French embassy in Moscow and Paris between the end of 1976 and 1982.

● **DER SPIEGEL**, the central KGB outlet in West Germany, put out the rumor in its Easter weekend edition that Bonn Defense Minister Manfred Wörner, an SDI supporter, will be the most prominent victim of a reshuffle Chancellor Kohl plans in his government after the state elections in North Rhine-Westphalia May 12.

## Threat to Europe: Why the Greens must be banned

by EIR's Wiesbaden Bureau

The dossier from which this *Investigation* has been drawn was released in February in France and the Federal Republic of Germany, as ammunition in a fight for the future of Europe. On Oct. 17, 1984, Schiller Institute chairman Helga Zepp-LaRouche proclaimed an international "Day of Resistance" to the threat to Europe represented by the Greens. Over a million leaflets were distributed by Institute supporters worldwide, denouncing the Greens as the modern-day equivalent of the Nazis, and calling on patriots everywhere to "stop the new Green 1933." The Institute took out ads in four major European newspapers to underline the threat of a Soviet-backed "Red-Green" government in West Germany.

As terrorism intensified through the winter, particularly against U.S. and NATO military targets, these warnings were starkly confirmed. The Greens in West Germany emerged more and more openly as supporters of the terrorist Red Army Faction (RAF), as advocates of Moscow's "peace plan" for decoupling Europe from the United States, and as avowed proponents of "Brother Hitler."

But the Schiller Institute's campaign had the Greens worried. Politicians from diverse political parties in Germany began to echo the Institute's call for a ban on the Greens as unconstitutional and a danger to the republican state. Green parliamentarian Otto Schily, a lawyer who had gained notoriety for his defense of the RAF (Baader-Meinhof Gang), wrote a letter to *Le Monde* expressing his astonishment that so "prestigious" a paper had agreed to publish the Schiller Institute's advertisement.

Then in January, the Greens sued. The French, German, Flemish, Walloon, and Luxembourg Green parties sued Jacques Cheminade, president of the Schiller Institute in France, *Le Monde*, and its director André Laurens. They demanded 500,000 francs in damages and the publication of the court's ruling in five major papers.

The current dossier is published as a counterattack. It contains more than 180 documents proving the accusations made against the Greens by the Schiller Institute—mostly through the words of the Greens themselves, or the statements of German politicians and publications concerned with the unconstitutional and fas-



# Stoppt Moskaus 5. Kolonne!



Am 25. Januar 1985 sprengten Kernkraftgegner 2 Hochspannungsmasten des Kernkraftwerks Krümmel.

## Schluß mit dem GRÜNEN TERROR!

# EAP

Düsseldorf ☎ 0211/7332930  
 Hamburg ☎ 040/2512543  
 Hannover ☎ 0511/3500544  
 Wiesbaden ☎ 06121/377081  
 München ☎ 089/7241021



The Greens are hailing "Brother Hitler" and supporting terrorism (Petra Kelly and Rudolf Bahro are shown here). The Schiller Institute and European Labor Party (EAP) are campaigning to shut them down. The EAP's poster reads, "Stop Moscow's 5th Column! End the Green Terror!" It depicts a high-voltage tower of the Krümmel nuclear power plant, blown up by anti-nuclear demonstrators in January.



NSIPS

cist character of the party.

It is not only in Europe, however, that this dossier should be used as ammunition for those desiring to prevent the success of Moscow's strategic designs. Despite the mountain of evidence presented by *EIR* and other sources, the U.S. State Department has continued its policy of active promotion of the Green fascists. Since their inception, U.S. Ambassador to Bonn Arthur Burns has conducted a "dialogue" with them that has included State Department-sponsored tours of the United States and meetings with top U.S. officials. Georgetown University's Norman Birnbaum, who is close to both the Greens and the left wing of the Social Democratic Party, reported in a recent discussion: "The State Department is excellent on the subject of the Greens. They have them here all the time. Our embassy in Bonn is very good to the Greens, they always invite them to receptions. John Kornblum of State is very good."

The report presented here provides the ammunition to use against such traitors on both sides of the Atlantic. (The full dossier is available in French and German from *EIR*'s Wiesbaden bureau.)

In defense against the charges of the Schiller Institute and others, the Greens smile fatuously and endlessly repeat the litany, "We are nonviolent." Yet the terrorist hard core of the RAF shades imperceptibly into the terrorist sympathizers, the "legal arm" of the RAF, and the Greens. In January of this year, members of the Green caucus in the Bonn parliament demonstrated their solidarity with jailed RAF members on hunger strike. Green parliamentarian Joschka Fisher demanded that the government give in to the RAF's demands,

and prominent Greens marched alongside RAF sympathizers in a Jan. 26 demonstration in Karlsruhe. Amid the masked figures was Rudolf Bahro, who served on the Greens' executive committee through December 1984. Banners proclaimed the "unity of the struggle between those inside and those outside [of prison]." At the head of the procession was a picture of Jonas Thimme, who a short time earlier had been killed by one of his own bombs.

The Greens are further indictable on the following counts:

- Their affinity with Nazism derives not only from their ideology and economic program; the entire West Berlin section of the Greens has been taken over by *avowed neo-Nazis*. At the Greens' party conference in Hamburg last fall, Bahro compared the rise of the Greens with that of the National Socialists, and Green member Rainer Langhans baldly stated, "For us, it is total war. And here we still have much to learn from Brother Hitler."

- They reject the democratic parliamentary system of the Federal Republic, and are public partisans of those who seek to destroy it.

- They are unabashed spokesmen for the interests of Moscow. Bavarian Interior Minister Spranger has detailed how the Soviet KGB is spending hundreds of millions of deutschemarks annually to spread disinformation through the German "peace movement."

Helga Zepp-LaRouche has called on German public figures to ban the Greens before the 40th anniversary of the Allied defeat of Hitler on May 8. This would be a fitting burial of Nazism, as well as a crucial setback to Soviet schemes for the subjugation of Europe.

# Nazis discovered in the Green Party

Since the founding of the Greens in 1979, *EIR* has documented in detail that party's ideological kinship to the Strasser wing of the Nazi party (NSDAP), and its role as Germany's new fascist stormtroopers.

Consider the case of Werner Vogel, who was elected to the federal parliament in March 1983 on the Green slate in the state of North Rhine-Westphalia. During the Hitler regime, Vogel had a leading position in the NSDAP and in the Reich interior ministry, where he worked as an assistant to State Secretary Stuckart. (Stuckart was a participant in the infamous Wannsee Conference, where the Nazis' mass extermination policies were formulated.) Vogel himself is documented to have visited the Dachau concentration camp in 1938 on an official mission. To this day, he has never distanced himself from his past. Following the parliamentary elections, he told the *Süddeutsche Zeitung* that, as concerns the Nazi state, "It has always been my state; it was just poorly managed."

When the scandal about Vogel broke into the open, the Greens were determined to prevent his resignation. The tug-of-war reached a climax at an extraordinary party congress on April 23-24 in Düsseldorf, when those who demanded action against Vogel were reviled as "puritanical anti-fascists." One older member, who himself had been condemned to death during the Nazi period, was hissed off the podium

when he demanded Vogel's resignation. National chairman Wilhelm Knabe, who was once a member of the Hitler Youth, rejected the resignation demand, asking sarcastically, "Should we, then, shoot down all leader-figures?" Green parliamentarian Luise Beck-Oberdorf likewise spoke against Vogel's resignation, arguing that one should not be too hard on senior citizens.

Look also at the case of Gustine Johannsen, former member of the Green national executive committee. Once active within the NSDAP, Hitler represented for her a "glimmer of hope on the horizon." She, too, has not distanced herself from Hitler fascism; on the contrary, she told the pro-Green newspaper *taz* that its "positive impulses" were ruined by the war.

The Greens also immediately moved to back her when her past became known. Green leader Manon Maren-Griebach, for example, described attacks against Johannsen as a "hybrid witch-hunt against a worthy old lady." Rudolf Bahro thought he spied "the spirit of Robespierre" in the attacks.

Also noteworthy is the case of Luise Rinser, who in 1984 ran for the post of President of the Federal Republic. In 1937 Rinser had composed the following hymn to Hitler: "We, the Führer's select devotees. . . . We are Germany's burning blood. . . ."

The Greens now no longer bother to deny their brown origins. On Dec. 9, 1984, Rudolf Bahro told the Seventh National Congress that "the Greens, from a formal point of view, are structured according to a model quite similar to that of the Nazis." In confirmation of these facts, a leaflet recently distributed by the Greens (Niekisch Group) reads: "Langhans and Bahro are right to demand that 'we must learn the total warfare of our brother Hitler.'"

## Greens seek to spark anti-American explosion

As befits their Soviet tutelage, the Greens have vowed to expel American influence—and especially American military power—from Western Europe. To this end, they participate in regular demonstrations and sabotage actions against American military facilities in West Germany.

A Green member of parliament from Baden-Württemberg, Thilo Weichert, put it this way: "We live in an occupied land and the occupiers are the U.S. and NATO armed forces. The victims are the children, homeowners, car drivers. Our occupiers do not usually even know the German language, let alone German law. For these occupiers, our environment is a huge garbage can."

The neo-Nazis could not have expressed it more bluntly. Michael Kühnen, a neo-Nazi who works closely with the Green movement, says: "I think less of the U.S.A. than I do of the U.S.S.R.," and Nazi terrorists such as Odfried Höpp have gone on hunting forays to bomb American GIs in their automobiles. Neo-Nazi leader Karl-Heinz Hoffman declares: "The Greens would have to embrace me if they knew how Green I am."

The Greens in Baden-Württemberg are seeking to appeal to the more backward instincts of the rural population, to incite them against "the occupiers." A spokesman for the Green regional office declared: "Farmers have enormous rage in their gut. Especially in the area of Reutlingen, Canadian troops have destroyed entire crops with their tank treads, without regard to protests from the farmers. The next maneuvers could end in real farm riots against the soldiers. Many people think that. The population has become politically more conscious."

## 'A deadly threat to the republic'

*Allgemeine Jüdische Wochenzeitung, the leading Jewish weekly in the Federal Republic of Germany, issued the following attack on the Greens on Oct. 19, 1984:*

When at the end of the 1960s the NPD [neo-Nazi party] received a frightening surge of support from the voters, we sounded the alarm. . . . The emergence of the Greens, and their successes especially, put us on guard because they shed light on conditions within the established parties. . . . The impression persists, that the parties now holding office are not yet frightened enough. Our warnings are still hitting up against their armor of self-complacency.

*Westdeutsche Zeitung, Dec. 13, 1984:*

Israel's ambassador in Bonn, Ben Ari, has accused some sections of the Greens of practicing anti-Semitism and a "Jews out!" policy. Commenting on a policy paper released by the Greens just before their visit to Israel, he said that "we

The Greens in Hesse recently announced in a press release that the American forces stationed there serve the goal of "the destruction of Hesse and its population." They have demanded that the regional government of Hesse "initiate criminal proceedings against the U.S. troops." Hesse's Social Democratic interior minister has been remarkably open to this sort of proposal: He was the first to condemn the United States when the commanding general of the Fifth Corps of the U.S. Army lodged a complaint about the state authorities' lax attitude toward terror attacks against American military installations.

Last fall's NATO maneuvers provided a pretext for a new explosion of terror and sabotage actions. In September, the Frankfurt Greens cemented up the explosive chambers of a Frankfurt bridge (intended for use by retreating NATO troops in case of a Soviet invasion). Green parliamentarians Manfred Zieran and Jutta Ditfurth from Frankfurt took part in the action.

are living under the illusion that racism and anti-Semitism within the Federal Republic are insignificant. This so-called strategy paper teaches us otherwise."

*Süddeutsche Zeitung, Dec. 30, 1984:*

Jürgen Todenhöfer, a Christian Democratic parliamentarian, said that unfortunately, over 90 percent of German voters are completely ignorant of the fact that many leading positions in the Green party are held by anarchists, communists, and terrorists. As long as the Greens do not break with these, he said, this represents a deadly threat to the continued existence of the Federal Republic.

*Bayernkurier, Dec. 1, 1984:*

The cultural commission of the city of Munich, along with the Bertelsmann publishing group, jointly sponsored a lecture series on the theme: "Talks On Our Own Country: Germany," at which the Bavarian Minister President Franz-Josef Strauss said on Nov. 24:

"Susceptibility to romanticism is not typically German; it was mainly power-hungry politicians who utilized romanticism to their own ends," Strauss said, emphasizing that the Nazis particularly made use of "all irrationalist currents."

Although irrationalist currents were suppressed following 1945, they reemerged with new strength in the course of the unrest in the 1960s, as a "revolution in values" was consciously promoted during the 1970s by the media and political forces. . . .

This movement is controlled and run by forces of a completely different nature. These forces are concerned not with protecting our forests or with peace, but desire another kind of state. There is no alternative, still in keeping with a state under law, to the power-sharing parliamentary democracy. Whoever gets into bed with communists or with forces preaching fundamental opposition to representative parliamentary democracy, who instead demands grassroots democracy and imperative mandates, and who even openly advocates violation of the law and use of violence . . . is sinning against democracy and against the state under law.

# The formation of Moscow's Green column against the West

"The Soviet Union and the Greens have *congruent* conceptions on the question of the rearmament of NATO." So said Green parliamentarian Otto Schily on Oct. 28, 1983 at a press conference in Moscow. The proposals of then-Kremlin head Yuri Andropov were extravagantly praised by the Green delegation, while the allegedly warlike policies of President Reagan and "aggressive circles" in Bonn were sharply criticized.

It is really a truism to characterize the Greens as "Moscow's Green column," since they make no secret of it. Yet today it is easier to catch East bloc spies than "agents of influence," since the more influence they gain, the more difficult it is to stop them.

The Greens and the so-called peace movement which has merged with them arose out of organizations which are, virtually without exception, closely connected with the oligarchical establishment of the West, like the **World Wildlife Fund**, (WWF), the **Club of Rome**, **Friends of the Earth**, **Ecoropa**, the **Bundesverband Bürgerinitiative Umweltschutz** (Federal Union for Citizens' Initiative for Environmental Protection, BBU), the **Bertrand Russell Peace Foundation**, and so forth. Green leader Petra Kelly is half American and began her political career in the United States, where she lived until 1971. On her numerous trips to the United States, she is courted by American circles—particularly in the State Department—working for the withdrawal of U.S. troops from Europe and the strategic decoupling of Western Europe and the United States. To those circles belong Henry Kissinger and his friends, along with former U.S. Attorney General Ramsey Clark. In the mid-1970s, Clark gained notoriety when he intervened on behalf of jailed Baader-Meinhof terrorists and traveled to West Germany as a "trial observer." Clark supported the Khomeini revolution in Iran, and, shortly before the fall of the Shah, he appeared prominently at a demonstration in Teheran.

Today, he is wildly enthusiastic about the Greens: "I hope they are the wave of the future. I am very impressed with them. . . . With their electoral successes, they have been able to establish a beachhead and I hope it will grow." A beachhead for whom? This question was immediately answered by Clark, as he took a stand against American armed forces in Europe: "I fear, [U.S. Defense Secretary] Weinberger can sleep peacefully for the moment in the hope that the troops will remain for a very long time. I hope not. We need more actions, more people in the streets in the Federal Re-

public, more people who will protest against the American presence."

Ramsey Clark is not the only spokesman for Soviet strategic policy in the United States. In the 1950s, the Soviet Union registered its first major successes with the Pugwash Conferences. There, the obsession of the Western oligarchy—to stop economic growth and technological progress in the United States and Western Europe—joined with the interests of the Soviet Union, in disarming the West, not merely militarily, but also economically. What followed was the famous "Pugwash Process," a series of conferences at which Soviet representatives sat opposite their Western ideological confederates, who had the task of turning the conclusions arrived at into the defense policies of Western Europe and the United States. The result was numerous "arms-control agreements," which always served only to "gain time" for the Soviet Union to break the treaties secretly as soon as possible. One spinoff of the Pugwash movement is the Club of Rome, which became the godfather of the Green movement. And so the circle has been closed: The Greens have now become the "beachhead" of Moscow's disinformation propaganda.

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## Soviet subversion: the Treholt affair

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The subversive activities of the Soviet secret service in the 1970s were primarily directed against politicians of the Socialist International, since in those days of détente there was as yet no Green movement. East German secret service (Stasi) agent Günter Guillaume was assigned as a top aide to West German Chancellor Willy Brandt, to direct his détente policies.

As Guillaume began his activities in the chancellery, in Norway a KGB agent also went to work: Arne Treholt, the KGB colonel, rose to the position of press secretary and departmental head in the foreign ministry before he was arrested in the Oslo Airport on Jan. 21, 1984 with a suitcase full of secret papers. Although Treholt had access to secret NATO documents, which puts him among those from whom the Red Army Faction (RAF) terrorists could have learned the locations of NATO supply pipelines, the activity of this master spy did not consist of mere espionage. According to Norwegian and Italian newspaper reports, Treholt confessed

that he had been responsible for guiding the peace movement in Scandinavia and in Northern Europe. He was the author of a proposal published in 1979 for the creation of "nuclear-weapon-free zones in Scandinavia." The purpose of this operation was nuclear disarmament of all of Northern Europe. The founding of the so-called Palme Commission stems from the Treholt proposal; after the arrest of Treholt, the commission did not even consider altering its policy of "nuclear-weapon-free zones"!

Treholt, a member of the Soviet secret service for 15 years, received his orders from KGB Gen. Genadii Titov, who had been deported from Norway in 1977 because of his secret-service activities. Treholt's direct superior was Col. Leonid Makarov, the KGB *resident* in the Soviet embassy in Oslo. Previously, in the maritime-law conferences between Norway and the Soviet Union, Treholt had rendered his superiors a great service. As negotiator for Norway, he contrived the "gray-zone agreement" of 1977, in which the Soviets were given outrageous concessions, including fishing rights in the Barents Sea—the only possible outlet for Soviet nuclear submarines into the Atlantic!

The tactic of bringing Western politicians into line behind the policy of "nuclear-weapon-free zones" was, however, more than rights in the Barents Sea, and had two goals: the establishment of a denuclearized belt along the western border of the Warsaw Pact, and the decoupling of Europe from the United States. Europeans would be manipulated to refuse to station American intermediate-range missiles, while in the United States arrangements would be made to make sure that American troops would be withdrawn from Europe. Not everything went according to plan, but this Soviet gameplan is still very much alive.

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## Bahro goes West

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In order to destroy the Social Democracy from within, Palme and Brandt were not sufficient; a new mass movement was necessary, the Greens. They were at first simply a movement against nuclear power plants, which became increasingly militant. Their first phase ended with the founding of the Green Party in 1979 and the merging of the anti-nuclear and environmentalist movement with the violent Berlin "house squatters" and the so-called peace movement. Before 1980, the Greens had been only marginally concerned with questions of military strategy. During 1979, at the latest when NATO made its "double track" decision on the stationing of intermediate-range missiles, another decision was made in Moscow, among other places: to retool the Green environmental movement as a "peace movement" in the Soviet sense. Precisely at this time, a new star appeared for the Greens in the eastern sky: Rudolf Bahro left the German Democratic Republic (G.D.R.) and quickly became the Greens' chief ideologue.

Bahro had been a loyal member of the East German

Socialist Unity Party (SED) for over 20 years, since 1952. But he disagreed with the Soviet invasion of Czechoslovakia in 1968, and in 1975, when East German officials rejected his doctoral dissertation because of its "inadequate scientific basis," he became an official "dissident." He smuggled a manuscript of *Die Alternative: Zur Kritik des real existierenden Sozialismus* (*The Alternative: Toward a Critique of Objectively Existing Socialism*) into the Federal Republic of Germany (F.R.G.), and was arrested in 1977 when *Der Spiegel* published an interview with him and announcements of the book began to appear. At his trial, he was accused of illegal and treasonous dissemination of information for which he had been paid 200,000 deutschemarks. He was sentenced to eight years in prison, but after only two years' imprisonment in Bautzen, he was granted amnesty in 1979 on the 30th anniversary of the G.D.R. and released—not only from prison, but also from East Germany.

It would be naive to think that this event stemmed merely from the desire of G.D.R. officials to be rid of Rudolph Bahro. We must proceed from the assumption that the G.D.R. leadership and the Ministry for State Security (Stasi) quite consciously formulated a plan for a tactically "productive" deployment of their dissident into West Germany. For that reason, a deal was made with Rudi: Since an exchange of Bahro for Stasi agents in the Federal Republic would have failed because of Rudi's non-cooperation and a presumed lack of Western interest, he was allowed to go free without a tradeoff. In a February 1979 letter from Bautzen to admirers in the West, Rudi wrote: "I intend to leave the G.D.R. but without hostile feelings. . . . I too am certain that there is a job for a convinced Marxist and Communist such as myself in Western Europe and especially in West Germany."

And so it was. Bahro not only promptly joined the Greens, but immediately went to work to broaden their perspective, from environmentalism to "the nuclear disarmament of Europe."

In the spring of 1982, on the basis of a 1980 appeal from the Bertrand Russell Peace Foundation, Bahro wrote, with Michaela von Freyhold, a Charter for a Nuclear-Weapon-Free Europe, which was to be discussed at a European Conference for Nuclear Disarmament in July 1982 in Brussels. Bahro's demands were exactly the same as those of KGB Col. Arne Treholt:

An atomic-weapon-free Europe, from Poland to Portugal, that withdraws from bloc confrontation. . . .

Were Europe not for the most part integrated into NATO and therefore the staging area for the United States, the Soviet Union would not hang onto Poland and the rest of East Europe in the way it does now. . . . We propose to the members of the peace movement that they demand of their municipal and regional authorities, and, above all else, of the governments of their countries, that those authorities declare the territories for which they are responsible to be nuclear-

weapon-free zones, without preconditions, merely on the basis of support from their populations. . . .

A nuclear-weapon-free zone is characterized by the fact that in those territories—on land and sea—all development, production, and stationing of national or foreign nuclear weapons . . . is discontinued. . . . Those territories will also not claim any protection through nuclear weapons from other powers. . . . The demand for the withdrawal of all ABC [atomic, biological, chemical—ed.] weapons naturally has the consequence that all troops, including conventional troops of nuclear-armed powers, that is, powers committed to a nuclear strategy, are also withdrawn. . . . Civil-defense efforts against nuclear threats will cease, since such efforts . . . nourish the illusion that there could be protection against nuclear war and that there could be any sense to surviving a nuclear war.

[All this should be] “incorporated into the constitutions of all European nations. . . . The obligation will be incorporated into the oath of all military officers that every breach of the declared and defined status of the nuclear-weapon-free zone and any justified suspicion of any such breach shall immediately be reported to the public.”

Bahro was a part of the same operation that Colonel Treholt was running in Scandinavia—a Treholt without the secret-agent packaging. It is striking that in every new turn of the Greens, it is always Bahro who acts as the pacesetter. Since arriving in the Federal Republic, he had gone through so many personality changes that either he is a schizophrenic or his schizophrenic behavior is the mask of an agent—or, most probably, both.

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## **The German Communist Party and the peace movement**

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After the anti-nuclear movement was remodeled into the “peace movement,” it was but a short step to the formation of the pro-terrorist anti-NATO movement. The influence of the German Communist Party (DKP) and its numerous front organizations continued to grow (see the command structure chart on the opposite page).

In an October 1983 interview with ARD television in West Germany, the president of the Federal Office for the Protection of the Constitution, Heribert Hellenbroich, bluntly stated that the peace movement is controlled by the orthodox Communists of the DKP and its front organizations, and is largely financed from the East. He estimated the hard core of the militant peace movement to number 150,000 orthodox Communists and another 10,000 “autonomous” leftists.

In Spring 1983 the federal interior ministry ascertained that the DKP was receiving annually 100 million deutsche-marks from the East German Socialist Unity Party (SED),

representing an increase of 40 million DM from previous years. Interior Minister Friedrich Zimmerman did not hesitate to connect this with the Greens: “The Communists have incorporated into their program the explicit instructions that the Greens and all others who play a role in the so-called peace struggle, are to be infiltrated,” and that it was therefore quite likely that the Greens are being indirectly financed from the East via the Communists.

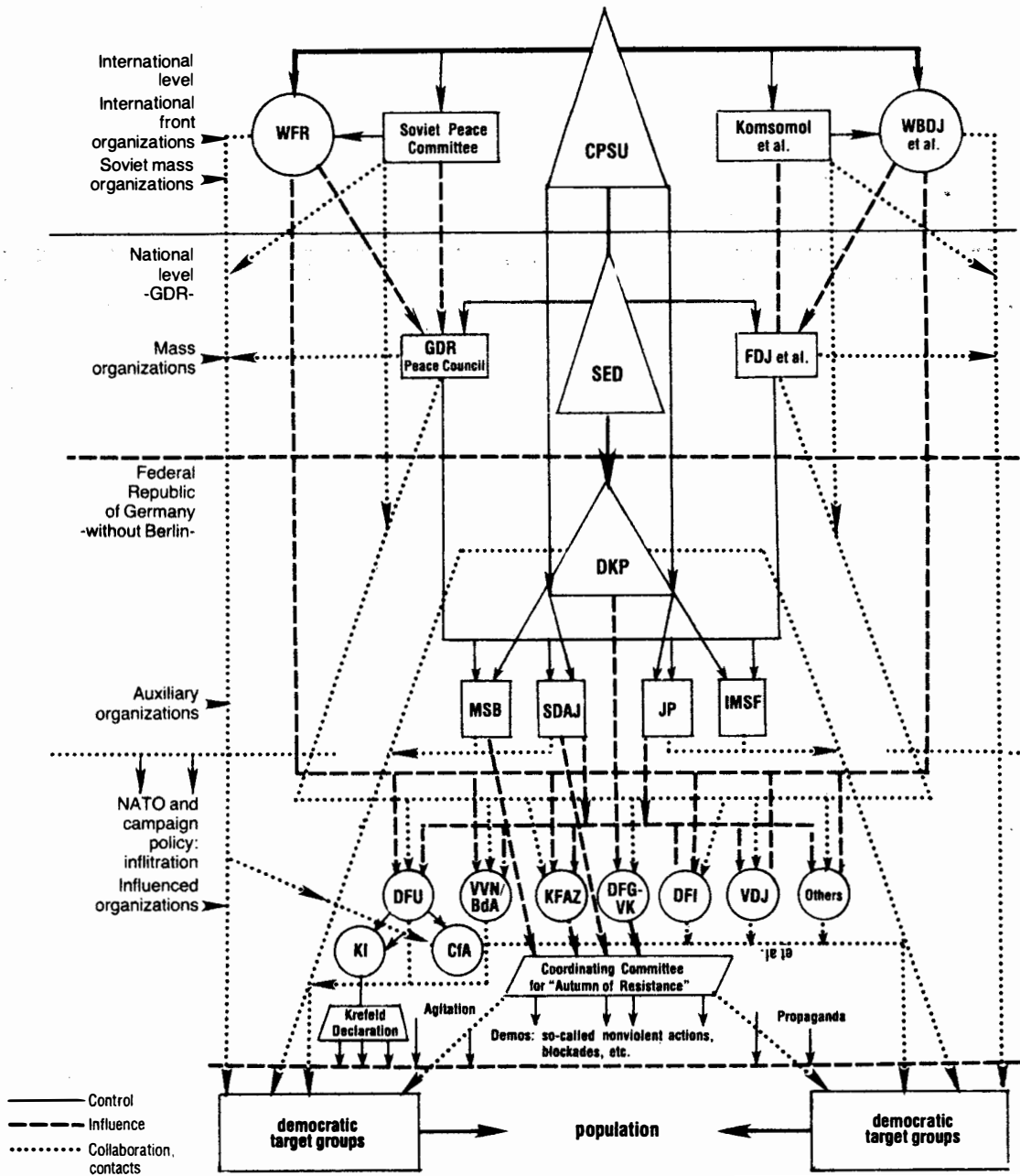
The end of 1982 marked a new phase in the metamorphosis of the Greens into Moscow’s “green column.” The East German SED initiated a shift in the East’s official policy toward the Greens, who in the meantime had entered many state parliaments and were on the march toward the federal parliament. Whereas the official East bloc press had previously labeled the Greens “petit bourgeois-utopian and enemies of progress,” the SED Central Committee’s new issue of its handbook for party workers stated that “the Greens have especially become a gathering point for young people who, although they hold heterogeneous views, . . . agree in their great dissatisfaction with the system and its lack of perspective.” The important elements of the Greens’ program, according to the SED, are their fight against NATO’s stationing of the Pershing missiles and their fundamental opposition to nuclear power plants.

Only a few months later, on Ascension Day 1983, the first delegation of Greens traveled to the G.D.R. Otto Schily, who had negotiated the trip in private sessions with the G.D.R.’s permanent representative in Bonn, Moldt, later said he felt “duped” when the Green delegation’s demonstration on Alexanderplatz in East Berlin was abruptly halted by startled East German police officers. But only days later, there arrived a letter from SED chief Erich Honecker, personally addressed to “Dear Mrs. Kelly,” in which he assured Petra Kelly that Soviet leader Yuri Andropov, as well as the G.D.R. government, are “in favor of a nuclear-free zone in Central Europe, will dedicate the entire territory of the G.D.R. to this purpose, and would welcome it, if the Federal Republic of Germany also assumed a positive attitude toward this and would participate in negotiations on the necessary agreements. As you know, the U.S.S.R. also supports these proposals. With best regards, E. Honecker.”

By the end of October 1983, the Greens were on their way to Moscow, and from there to East Berlin for a second visit with Honecker.

The Green delegation—Petra Kelly, Luise Beck-Oberdorf, Gen. (ret.) Gert Bastian, Otto Schily, Jürgen Reents, Manon Maren-Griesebach—was granted visas, along with exiled Czech Milan Horacek, and met with Central Committee members Boris Ponomarev and Vadim Zagladin and numerous other Soviet representatives. Schily had a special separate appointment with *Izvestia* commentator Valentin Falin, followed by a press conference in Moscow announcing that the Soviet Union and the Greens were in complete agreement that no American intermediate-range missiles should

# Channels of influence of orthodox Communists on the peace movement in the Federal Republic of Germany



From: *Innere Sicherheit*, No. 68, August 12, 1983

## Abbreviations

**CFA**—Christians for Disarmament  
**DFG-VK**—German Peace Society—United Draft Resisters  
**DFI**—Democratic Women's Initiative  
**DFU**—German Peace Union  
**DKP**—German Communist Party  
**FDJ**—Free German Youth  
**IMSF**—Institute for Marxist Studies and Research  
**JP**—Young Pioneers—Socialist Childrens' Organizations  
**KFAZ**—Committee for Peace, Disarmament and Cooperation  
**KI**—Krefeld Initiative

**Komsomol**—Soviet Leninist Communist Youth Association  
**CPSU**—Communist Party of the Soviet Union  
**MSB**—Marxist Student Alliance Spartakus  
**SED**—Socialist Unity Party (ruling party in GDR)  
**SDAJ**—German Socialist Worker Youth  
**VDJ**—Association of Democratic Lawyers in the Federal Republic of Germany and West Berlin  
**VVN/BdA**—Association of Victims of the Nazi Regime—Antifascist Alliance  
**WBDJ**—World Federation of Democratic Youth  
**WFR**—World Peace Council

be permitted in Western Europe, but that instead a “nuclear-free zone” should be set up and “both military blocs” dissolved. Manon Maren-Griesebach, speaking for the Green parliamentary fraction, stated on Nov. 2 that Moscow’s desire for peace was “more credible” than that of the United States. Schily went so far as to parrot the Soviet threats of a preventive nuclear strike against the West.

The next station was East Berlin. This delegation—including Kelly, Schily, Antje Vollmer, Bastian, Lukas Beckmann, Dirk Schneider, and even Gustine Johannsen (see article, page 50)—met with Erich Honecker, and the chairman of the state council signed a “personal peace treaty” with the Greens.

That was enough public relations for the time being, and the next year was devoted to unpublicized meetings. It was not until November 1984 that there was a new burst in the Greens’ East diplomacy, with Dirk Schneider and Antje Vollmer meeting with Herbert Häber, Central Committee member of the SED. The SED’s newspaper *Neues Deutschland* wrote: “Herbert Häber explained the G.D.R.’s peace policies to the guests from the F. R. G. . . . There was general agreement that efforts had to be strengthened toward halting the arms race [and] *above all, preventing the militarization of space* [emphasis added].” During the same period, Green delegations visited Bulgaria and Romania.

This activity recently reached a new peak of intensity

with the visit to Bonn of a high-ranking Soviet delegation in late November 1984. For three days, the Green caucus in the Bonn parliament conferred with representatives of the Supreme Soviet and the Soviet Central Committee. The delegation was led by an expert on “parties and movements in Western countries,” who was presumed to be an officer of the KGB.

One of the first spinoffs of these talks was the release of portions of the Greens’ party platform for their national congress in Hamburg, whose points included halting all military and civil defense efforts and the West’s unilateral disarmament, since, it claimed, any attempts at military resistance on West Germany’s part would lead to its certain destruction.

One Green delegate, August Haussleiter, was so inspired by the Soviet visit, that his discussion paper presented to the Hamburg party congress included the following crowning formulation: In order to ensure peace, all Allied armed forces should be withdrawn from West Berlin, and all of Berlin should be handed over to the United Nations and a joint East-West German committee. The draft also demanded the creation of a “European Security Council” consisting of all European governments, including the Soviet Union, with the United States having observer status only.

The author of this masterpiece of Nazi-communist propaganda was lavishly praised by *Pravda* and the Soviet news agency TASS as a fighter against “German revanchism.”

## How the European Oligarchy Helps Moscow Run Terrorism

Why have Western intelligence services failed to stop the current explosion of international terrorism? *EIR*'s new Special Report, “European Terrorism: The Soviets' Pre-War Deployment,” unravels the two-fold nature of the terrorist control apparatus. Europe’s ancient oligarchical families have formed a covert alliance with their Russian counterparts, to foment chaos and smash the institution of the nation-state. This extraordinary dossier includes a case study—the Green Party in Germany, the evil offspring of the Nazi-Communist alliance—and profiles of the top families of the oligarchy, like Thurn und Taxis of Regensburg and Venice. **\$150**

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# Libya's Qaddafi backs the Greens

The attempted assassination of former Libyan Prime Minister Abdul Hamid el-Bakoush on Nov. 17, 1984, cast unexpected light on Libyan dictator Muammar Qaddafi's favorites in Germany—the Greens. When Egyptian President Hosni Mubarak exposed Qaddafi's failed murder plot against his exiled political opponent, and warned of the existence of a hit list of world leaders that included German Chancellor Helmut Kohl, the Greens leapt to Qaddafi's defense. The Green-alternative newspaper published in West Berlin, *tageszeitung*, commented on Mubarak's warnings in an article with the sarcastic headline, "Qaddafi Unmasked—Kohl Saved," and published a sympathetic review of a book titled *Gaddafi in Selbstzeugnissen (Qaddafi Speaks for Himself)*.

This Green-Libyan fraternization goes back years:

In March 1982 in Vienna, the first official meeting took place between Qaddafi and German, Austrian, Italian, and Swiss Greens and members of the peace movement, at which financial support for the Greens was discussed. Among the participants were the following members of the German Green Party: **Otto Schily**, **Alfred Mechttersheimer**, and **Roland Vogt**.

**Schily**, the former lawyer for Red Army Faction (RAF) terrorists, became a member of parliament in his capacity as executive member of the Berlin Alternative List, a group which praised Qaddafi as a "philosophical genius." **Mechtersheimer**, a former member of the Christian Social Union party, has contacts, not only with Qaddafi, but also with the Soviet ambassador in Bonn, Vladimir Semyonov, and supports "non-violent actions" against NATO bases. Mechttersheimer maintains contact with Libya through Sepp Auer of the Vienna North-South Society, which has close financial ties to Qaddafi. **Vogt**, also a Green parliamentary deputy, had close relations with both the Libyan and American ambassadors in Bonn. He is a supporter of the Islamic fundamentalist movement of Algerian exile Ahmed Ben Bella.

In May 1982, Libyan Ambassador Mehdi M. Imberesh and other members of the embassy staff appeared at a large gathering of the Greens at the Hambach Festival and embraced Vogt and the militant leader of the U.S. "Plowshare Group," Daniel Berrigan, on the podium.

In June 1982, an 18-member delegation of Greens, anarchists, and separatists was granted an audience with Qaddafi in his bedouin tent. Among those present were again Vogt, Mechttersheimer, and Schily, as well as Gertrud Schilling, who later cheerfully advocated the elimination of parlia-



*Libya's Qaddafi: "I view the Green movement in Germany very positively."*

mentary democracy.

In April 1983, Qaddafi gave an interview to the right-extremist national-revolutionary rag *Wir Selbst*, in which he boasted of his new allies:

I view the Green movement in Germany very positively. . . . I hope that a movement develops out of the Green movement for the liberation of all of Germany. You must invent new methods of struggle against the oppression of Germany.

Colonel Qaddafi did not hesitate to justify Hitler's seizure of power as a reaction to "foreign domination," which, he said, exists again today because of the Americans.

And so I endeavor to understand the epoch of Hitler's fascism as a phenomenon which was the necessary consequence of the defeat of Germany in the First World War and the subsequent overly harsh peace conditions imposed by the victorious powers. A similar situation exists in Germany today. We again see Germany ruled by foreign *diktat*. Against such oppression of the people by a foreign power, opposition must spring up. . . . In Germany, a movement of emancipation must develop which uses all positive possibilities to eliminate foreign military bases.

Qaddafi did not attempt to hide his goal: the restructuring of Germany with the assistance of the Greens, on the model of Libya:

Germany could also become a *Jamahiria*, a people's republic of the masses. . . . That is your task. . . . The transitional phase to the self-conscious life of the people we call the phase of revolutionary committees. That is the phase of the Green movement.

## Bipartisan trade-war drive promotes economic suicide

by Nick Benton

The United States is lunging into the April-May round of crucial international economic negotiations with an unprecedented bipartisan commitment to economic suicide.

The tone for the talks—beginning with the Paris meeting of the Organization for Economic Cooperation and Development (OECD) on April 11, through the series of meetings around the Washington D.C. assembly of the International Monetary Fund (IMF) Interim Committee on April 17, and culminating with the May 3-5 Bonn economic summit of leading industrial nations—is being set by the raging hysteria to punish Japan for the collapse of the U.S. economy, all in the name of “free trade.”

Before recessing for Easter on April 4, the House and Senate overwhelmingly passed non-binding resolutions calling for “retaliatory measures,” threatening a trade war against Japan because of its \$36.8 billion trade surplus with the United States. The margins were 92-0 in the Senate and 394-19 in the House. This was followed by a vote of the Senate Finance Committee to put a binding law onto the floor.

These moves compelled Japanese Prime Minister Yasuhiro Nakasone to go on Japanese national television on April 9 for an urgent appeal to his population to avert a trade war by increasing purchases of American imports, although he still correctly insisted that the trade imbalance was not Japan's fault—but the result of the strength of Japanese industry, the weakness of U.S. industry, and the artificially overvalued dollar that is creating the false illusion of a “recovery” based on an overall U.S. trade deficit of \$123.3 billion in 1984.

However, Nakasone's dramatic appeal to “buy Ameri-

can” only served to underscore the savage dedication to both strategic and economic suicide of the bi-partisan “free trade” maniacs in the United States. As we warned in an *Executive Intelligence Review Document* in the Economics report of our last issue, the effect of trade war measures against Japan will bring down the Nakasone government, which is currently giving crucial support to the Reagan administration's Strategic Defense Initiative. Thus the “free traders” are serving the interests of Moscow and its U.S. agents-of-influence, like Henry Kissinger, who oppose the SDI.

Signals of growing anti-Nakasone dissension within his own ruling Liberal Democratic Party were, indeed, gleefully reported in all the major Eastern Establishment press in the United States following his broadcast.

In the meantime, also, the broadcast only served to further whip up the passions of the “free traders” of the Congress and American “business community.” Former U.S. trade representative Bill Brock led the pack, insisting that Nakasone did not offer any “concrete action” in his TV appearance, nor did the report of a Japanese advisory committee headed by former Foreign Minister Saburo Okita.

Brock's remarks were echoed by Missouri Sen. John C. Danforth, a Republican, who introduced the binding bill that passed the Senate Finance Committee by a wide margin in the first week of April. “This is just a package of promises,” he said. Democratic Congressman John Dingell from Michigan added, “Nothing has changed.” Rep. Don Bonker (D-Wash.) chimed in that Nakasone's package is “riddled with gaping loopholes,” while Sen. Bob Packwood (R-Ore.), chairman of the Senate Finance Committee, also dismissed

the Japanese moves as "nothing new."

"It will be a benefit to both nations," remarked Sen. Lloyd Bentsen (D-Texas), a supporter of retaliation, to "get back to free trade."

A chorus of "boos" against Nakasone also came from American trade and "business community" interests. For example, the National Association of Manufacturers, the Advisory Council on U.S.-Japan Economic Relations, the American Electronics Association, GTE International, the American Chamber of Commerce in Japan, and the Electronics Industries Association, were all critical of Nakasone's response to the trade-war threat.

Donald Regan, the White House chief of staff who has wielded his considerable influence to push the "free trade" ideology upon the President, reported Reagan's pleasure at Nakasone's apparent effort to address the trade imbalance problem. But Regan added his voice to the trade-warrior chorus, intimating that Nakasone's measures "did not go far enough."

And, while President Reagan remains personally misled by the "free trade" myth, the strategic implications of losing the Nakasone government, as *EIR* warned, have perhaps not been entirely lost on the administration. Vice-President George Bush attacked congressional attempts at trade war in a speech to the Export-Import Bank on April 9. Retaliation, he said, would "backfire" on the United States.

### **Japan should become weaker?**

Nakasone attributed his nation's industrial strength to "the national character of Japan," which makes it a country that "takes care of its people well in order to prevent disasters or other problems."

As a result of this policy, he said, "the quality of telephones or the inspection of drugs, for example, have become higher than in other countries. By international standards, the Japanese government intervenes too much. Now we are asked to restrict the government's intervention and let consumers and clients judge safety and quality for themselves."

In these remarks, Nakasone made it clear to his population that the United States is threatening retaliatory trade war in order to lower the quality and standards of Japanese production—that is, to make the United States more "competitive," not by improving the quality of U.S. production, but by lowering the quality of Japanese production.

The irony is that Prime Minister Nakasone in his nationally televised address was only pointing to Japan's application of a sane economic policy which has been abandoned by the United States. On the history of this policy, the "free traders" in the United States are woefully or willfully ignorant. Japanese industrial policy was originally developed by that country's patriots as an echo of the American System policies of Alexander Hamilton, Henry Carey, and Erasmus Peshine Smith, in the 19th-century "Meiji Reformation," and was supported as the basis for renewed economic develop-

ment by the American Gen. Douglas MacArthur in the Japanese postwar reconstruction.

According to official labor statistics, Japan remains the only one of the industrial powers in the non-communist advanced sector to continue to show growth in the size of its industrial labor force (see page 4ff.), and the effort of U.S. threatened trade war with Japan is therefore to drag the Japanese economy down to the levels of industrial collapse of the United States.

"We cannot deny the possibility that some industries may suffer pain because of the enforcement of these new trade policies," Nakasone confessed.

### **Other allies will be attacked**

But as the United States prepares to move into the critical round of economic negotiations, it is not only the threatened trade war with Japan, but U.S. pressures to collapse all the economies of our trading partners, that points up the scope of risk to the nation's strategic security involved.

As Treasury Secretary James Baker III moved to Paris for the OECD meeting on April 11, he was expected to launch the administration's proposal for a new round of General Agreement on Trade and Tariff (GATT) talks for 1986 aimed at an escalation of measures to break down national barriers to "free trade." While European nations are correctly protesting that the U.S. dollar is overvalued by a factor of three, the United States is fueling Socialist International efforts to break Europe from the dollar (in favor of a Soviet ruble-convertible European Currency Unit, the ECU) by crudely insisting that the Europeans "streamline" their economies, eliminate "restrictive work rules" and "government impediments to starting new businesses," and implement tax cuts.

Similarly, the United States' expected continuation of its support for the International Monetary Fund (IMF) at its interim meeting in Washington threatens not only to perpetuate the famine and uncontrollable pestilence sweeping Africa, but to drive deeper wedges between the collapsing U.S. economy and the developing nations it is exploiting to prop up the phony recovery. For example, while U.S. spokesmen gloated that the recent Mexican compliance with the IMF to implement an import stimulation program called "Dimex," represented "potentially the biggest dent in Mexican protectionism in decades," a Mexican government economic pronouncement made no mention of the program this week. Instead, mass demonstrations, led by the Schiller Institute, against the IMF, began unfolding throughout Ibero-America with a 4,000 turnout in Lima, Peru April 8.

Perhaps it is only shocks concerning the military-strategic implications of IMF and related "free trade" policies—like that manifested by Defense Secretary Weinberger April 2 at the Pentagon when an *EIR* correspondent reported to him IMF designs on oversight control of the U.S. defense budget—that will awaken Reagan and the Congress to the profound folly of the nation's current economic course.

## Shultz's 'speculative hope'

*The murdered Major Arthur Nicholson forewarned us of the consequences of the secretary's outlook on the Russians.*

**I**t has been said that the ultimate test of an intelligence evaluation comes when the intelligence officer must stake his life or the lives of others on the validity of his analysis. To those who see national intelligence estimates as issues of life and death for the republic, and not as academic career pursuits, these excerpts from the master's thesis written by U.S. Army Major Arthur D. Nicholson, Jr. in 1980 stand in testimony to an officer who died in service to his country:

"Are the interests of the Soviet Union sufficiently convergent with those of the United States as to constitute a foundation upon which greater stability can be built? . . .

"Soviet military doctrine calls for a superiority of forces, both tactical and strategic, as a precondition to victory. In this regard, it is helpful to recall that Soviet doctrine posits superiority of forces, especially nuclear, as the first law of warfare. . . . The Soviet Union does not share the Western view that strategic superiority is an undesirable, unattainable, or destabilizing condition. . . . Capitalizing on key principles of surprise, early seizure of the strategic initiative and decisive use of nuclear weapons, it provides a viable means of securing Soviet objectives in the event of war. It can also support the avoidance of war by providing an ability to wage it, and possibly win.

"Soviet doctrine embodies a phil-

osophical rejection of mutual deterrence through assured destruction. . . . This militaristic approach to the problem of strategic warfare frequently alarms the Western observer. In defense, he tends to dismiss the doctrine as a bluff, or to refute it on grounds that it is irrational or primitive. Such thinking is perilous. Soviet doctrine should be accepted for what it says. When facing an opponent over an issue as vital as survival, is it not more prudent to take him at his word given credible evidence as to his sincerity, than to chance the future to some speculative hope that his statements lack commitment?

". . . The United States should re-examine its strategic doctrine with the objective of further reducing emphasis on the concept of 'mutual deterrence' as the key doctrinal principle. The United States would be wise to take heed of the Soviet observation that the prospect of nuclear war has two dimensions: the necessity of its prevention, and the possibility of its being waged."

The pathetic response by the White House to the murder of Major Nicholson has not measured up to Caspar Weinberger's identification of the act as exemplary of Soviet policy. To attack the problem at its roots, we contrast to Nicholson's analysis a recent piece by George Schultz in *Foreign Affairs*:

In the past four years, "the under-

lying conditions that affect U.S.-Soviet relations have changed dramatically." As the Soviets moved boldly in Angola, Ethiopia, and Afghanistan, he continues, "they had reason for confidence that what they call the global 'correlation of forces' was shifting in their favor. . . . We [now] have reason to be confident that the 'correlation of forces' is shifting back in our favor."

Therefore, when confronted with displays of Soviet brutality, "our objective should be to act in a way that could help discipline Soviet behavior. . . . At the same time, *our posture should not leave our own strategy vulnerable to periodic disruption by such shocks* [emphasis added]."

To Shultz, the mobilization of Soviet forces for war in Europe, and the murder of an intelligence officer responsible for reporting such threats, is merely a "disruption" we should ignore.

And why not, for an administration conditioned to ignore even the most shocking evidence of vital weaknesses in its economic capacity to mobilize for national defense? For Shultz, Regan, and the President's other "handlers," the myth of "economic recovery" takes precedence over the facts demonstrating that the next Soviet "disruption" will find us economically incapable of response.

Gorbachov, for his part, has demonstrated the contempt he holds for the "mythologists" controlling U.S. policy: The early April "offer" to stop deployment of SS-20s was issued in open mockery of Shultz's piece, and is further evidence that the Ogarkov plan for confrontation in Europe is entering its final phase. The "moratorium" starts with a number of missiles deployed which greatly exceeds the amounts agreed to in the recent INF talks in Geneva!

## Asset stripper, equity grabber, thief

In the case of Henry Kissinger, it would be gross understatement to say of his financial and political dealings "conflict of interest." Even "thievery" doesn't quite fit.

For months, the curious have wondered who actually authors Kissinger's *Los Angeles Times*-syndicated pontifications on the subject of international debt and finance. Suddenly, in mid-March, the answer in part surfaced, in the person of one Alan Stoga.

Stoga appeared at a Georgetown University conference on the Middle East as Kissinger Associates' spokesman on questions of Middle East finance. Then, as the end-of-March quarterly debt rollover hit, Stoga appeared on the front pages of the *Wall Street Journal*, to warn readers that the debt crisis had not subsided, but was about to explode.

Who is Alan Stoga?

Until his employment at Kissinger Associates, he was a vice-president at the First National Bank of Chicago. In that capacity, in 1983, Stoga arranged the buy-up of 43% of Brazil's troubled Demasa bank, the first time in a half-century that major shares of a Brazilian bank had been sold to foreign interests. This was commonplace in the days before Brazilian patriots in the 1930s determined that their resources were for national development.

More to the point is that the Demasa case is a variation on Kissinger's theme that developing-sector countries must hock their resources in lieu of debt repayment. First National is among those banks that belong to the "creditors' cartel," whose policy is drawn up in Geneva, London, and

Venice: In the 1970s and early 1980s, they poured speculative money into developing-sector economies at usurious interest rates, then insisted that these countries implement International Monetary Fund-dictated destruction of their real economies, and now are proceeding to buy up real infrastructure cheap.

Whenever Kissinger or any of his friends start mouthing the IMF line, you can be sure Henry, and his associates like Stoga, are about to become very rich.

## Simon, Safra, drugs

*EIR* experts estimate that financial activity related to international drug traffic has increased by one, if not two, orders of magnitude in Brazil in the past couple of years.

Among the most influential banking figures on the Brazilian scene are good buddies of Dr. K.

For example, there is William Simon, former secretary of the treasury and a multi-millionaire director of Kissinger Associates. Simon is a fanatical advocate of "free trade" policies of the sort associated with British East India Company ideologue Adam Smith, of the sort against which the American Revolution was fought. In recent weeks, his name has surfaced as a close buddy of Brazil's Sr. Garnerio, director of the dope-linked Brasilinvest.

Then there is Edmond Safra, whose Safrabank is in Brazil's top ten. Safra is the international director of American Express, of Republic National Bank, and of Geneva's Trade Development Bank, all of which are interlaced with the big international narcotics interests. Several of Safra's banking mergers, for example, have been arranged by Kenneth Bialkin, senior partner of the Willkie, Farr, and Gallagher law firm, lawyer for mobster Robert Vesco, and head of B'nai

B'rith's Anti-Defamation League. Kissinger sits on the board of Amex, thanks to Safra's and Bialkin's efforts.

Safra and his wife are also leaders of the World Wildlife Fund International, which exists for the purpose of ending industrial progress around the world.

## And Lord Roll of Ipsden

More Kissinger Associates' dirty-doings on the debt question are surfacing around the U.S. trip of Lord Eric Roll, manager of Warburg Bank/London and a director of Kissinger Associates. On April 9, Roll arrived in Washington for a series of public and private meetings. The hallmark public event of the trip was an April 11 speech, "Whither Europe and the World Economy," at Johns Hopkins School of Advanced International Studies, before an audience of 100 IMF officers and scores of commercial bankers from around the world.

Roll, one of the leading bankers for Her Majesty's interests in Asia, will be effectively kicking off the series of events leading into the IMF's week-long meetings in the nation's capital beginning April 14.

Rumors are that Kissinger will be pitching in his views on the IMF, debt, banking, and related questions at a closed-door symposium in Napa, California on April 17 (the same day as the IMF's Interim Committee meets in D.C.) sponsored by the Bank of America. Bank officials are mum about Kissinger's appearance, but the word along the insider circuit is that Henry is indeed a featured attraction. The conference is on "World Banking," with bankers attending from over 100 countries.

Then, on April 23, Kissinger Associates directors are scheduled to meet secretly in New York, to map out new phases of thievery. Watch this column for further details. . . .

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## Weinberger cuts DOD progress payments

Defense Secretary Caspar Weinberger, under intense media pressure, has cut Department of Defense progress payments to defense contractors, in order to achieve a reported "one-time" cut of \$2 billion in the fiscal 1986 budget. These phased payments for work-in-progress will be cut from 90% to 80% for large contractors, and from 95% to 90% for small contractors.

The higher rates were set during the 1970s to protect contractors from runaway inflation and interest rate charges.

Weinberger's announcement April 11 reflected the "recovery" myth as the justification for lowering the progress payments starting on April 30, 1985. He also announced that the required contractor investment as a proportion of progress-payments will be raised from 5% to 15%, also at the end of April.

The announcement came after the White House, on the advice of chief of staff Don Regan, agreed to a compromise with Senate Republicans on the FY1986 budget mandating deep cuts in Pentagon spending. According to press reports, the main provisions of the deal call for the defense budget to be increased by only 3%—half the 5.9% compromise the President agreed to in January. As part of the same compromise, the Social Security cost-of-living escalator will be limited to 2% per year, even if inflation is higher.

Due to similar deals in the past, the Reagan administration actually spent \$26 billion less on defense between 1981 and 1984 than the Carter regime had projected for a second term.

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## Mexicans demand probe of Mullen, FBI

Perhaps the FBI should be asked what it knows of the Camarena killing, the Mexican weekly *Quehacer Politico* suggested in early April. It noted that the former number-

two man at the FBI, Francis "Bud" Mullen, was head of the Drug Enforcement Administration at the time that DEA agent Enrique Camarena was kidnaped and murdered in Mexico, and that Mullen had been "implicated in drug dealings" while working as an FBI agent in New Orleans.

The magazine asks if Camarena's written reports might not contain "leads which could be the key to finding his intellectual assassin, perhaps a comrade." The information on Mullen's shady background first broke in *EIR* (April 9, 1985).

*Quehacer Politico*'s editorial was seconded by the president of the Mexico City Bar Association on April 12. Mullen, he said, should be called to testify before the Mexican Senate on his office's links to drug trafficking. Lawyer Roberto Pola Rodríguez noted, "We cannot forget that the former director of the DEA, Francis Mullen, was implicated in drug traffic, besides accepting bribes from the drug mafia when he was an FBI agent in New Orleans."

Mexico's *La Prensa* reported April 11 that there were three DEA agents among the 24 thugs captured with the Mexican mafia's "Numero Uno," Ernesto Fonseca Carrillo, according to leaks from Mexican police circles.

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## President creates two policy councils

On April 11, President Reagan announced the creation of two new cabinet-level councils, the Economic Policy Council and the Domestic Policy Council, according to a dispatch of the White House News Service. The two new councils will replace existing cabinet councils ranging from Food and Agriculture to the Senior Interagency Group on International Economic Policy.

The Economic Policy Council, the Domestic Policy Council, and the National Security Council will thus serve as the primary channels for advising the President on policy.

Vice-President George Bush and Chief of Staff Donald Regan will serve as *ex officio* members of both councils.

The Economic Policy Council's membership will include the secretaries of State, Treasury, Agriculture, Commerce, Labor, Management and Budget, Trade Representative, and the Council of Economic Advisors chairman. When President Reagan is not available to chair its meetings, Treasury Secretary James Baker III will preside.

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## Nitze: ABM treaty doesn't ban defense

A "defense-reliant strategy managed jointly by the United States and the Soviets . . . in which defensive technology would be phased in, while offensive nuclear arms would be gradually phased out." That is how arms negotiator Paul Nitze characterized the President's new military doctrine ("Mutually Assured Survival") in a speech on April 11 before the convention of the American Society of Newspaper Editors.

Nitze pointed out that the 1972 U.S.-Soviet ABM Treaty "never outlawed defense in general. . . . The Russians refused to sign anything with that kind of philosophical underpinning. . . . Also, the treaty addresses the possibility of defenses based on 'other physical principles,' and includes provisions for negotiating about them."

"Other physical principles," of course, are precisely what are involved in the range of laser, microwave, particle, and plasma beams encompassed in the research effort around the President's Strategic Defense Initiative.

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## Weinberger scores *Times*' opposition to progress

*The New York Times* also thought the airplane was "technologically impossible," Defense Secretary Caspar Weinberger reminded his audience at the American Society of Newspaper Editors convention in Washington.

In a speech on April 11 devoted to debunking "misconceptions" about the Strategic Defense Initiative, Weinberger emphasized:

- the enormous scope of the comparable Soviet program;
- the importance of both the U.S. and Soviets developing strategic defense systems;
- the "inseparability" of defense of the United States and Western Europe.

Ridicule of the *New York Times'* opposition to the airplane (and the electric light bulb and space travel) was a prominent feature of 1984 Independent Democratic presidential candidate Lyndon H. LaRouche, Jr.'s Nov. 3, 1984 election-eve television broadcast on the SDI.

## Bentsen seeks military's use against drugs

Texas Sen. Lloyd Bentsen has called for expanded use of the U.S. military in President Reagan's War on Drugs. In an op-ed appearing in the Apr. 10 *Houston Post*, Bentsen called on all Americans to participate in a massive public effort to stop the illegal drug trade, and cites his own efforts in the Senate to expand the use of the Navy, of other departments of the military, and of sophisticated technology like AWACs to assist civilian law enforcement officers in the war against drugs.

"All Americans should play a role—it's that important. It will take a massive public effort to face up to a determined and well-funded illegal drug trafficking industry. We can accept nothing short of victory," Bentsen writes.

Meanwhile, his colleagues in Washington have introduced three bills designed to crack down on bank laundering of organized crime funds.

One bill was introduced in the House by Bill McCollum (R-Fla.) and two in the Senate by Alfonse D'Amato (R-N.Y.). The House bill, titled the Money Laundering Act of 1985, would prohibit money-laundering and make it illegal for criminals to use finan-

cial institutions. It would also levy a minimum \$250,000 fine and a jail sentence of five years for a first offense, and a maximum fine equivalent to twice the amount of the money laundered.

One of D'Amato's bills is similar to McCollum's, but mandates longer prison terms. The other, the Drug Money Seizure Act, would increase fines for financial institutions that violate currency reporting rules—as the Bank of Boston did—to a maximum equal to the entire amount of money laundered.

U.S. Attorney for Massachusetts William Weld two months ago fined Bank of Boston only \$500,000 for laundering of funds known to have exceeded \$1.2 billion.

## Administration scores press on peace plan

The Eastern Establishment press's treatment of President Reagan's new peace proposal for Central America has prompted a sharply worded reaction from administration spokesmen.

The President issued his proposal after consultation with the Pope and meetings in Washington with President Belisario Betancur of Colombia, representing the Contadora Group (see page 24).

The *Washington Post* and *New York Times*, however, both editorially attacked the President's initiative, calling it out of touch with reality and sure to be found unacceptable by all parties involved. For example, Anthony Lewis wrote in the April 7 *Times*, "Reagan's proposal can bring only more hate and violence on Nicaragua—and on the United States."

On April 11, a State Department spokesman attacked both newspapers for what he called "inaccurate characterizations" of the response elicited by the initiative. One day earlier, the State Department circulated a statement saying: "We have received reactions from all the Contadora participants, with the exception of Nicaragua, which we view as encouraging and certainly more positive than reported in the WPost [sic] article.

## Briefly

● **INCREDIBLE PROGRESS** is the way Lt.-Gen. James Abrahamson, head of the Strategic Defense Initiative, is characterizing the program. He told the American Institute of Aeronautics and Astronautics on April 9: "It has been a year of incredible technical progress, and a year of rather amazing intellectual effort." The program is moving "so much more rapidly than even myself, a technical optimist, believed could have happened."

● **STUDENTS FOR SUICIDE** head Lonnie Brown at Emory University, organizer of referenda for universities to stock cyanide pills for students' use in nuclear war, told *EIR*, "We are approaching the Soviet representatives at the [President Jimmy] Carter Center's arms control conference. . . . The people at the Center told us they are encouraged by what we are doing, but can't say so publicly." He also admitted that "irate mothers are calling our office all the time accusing us of encouraging their kids to kill themselves."

● **'WORSE AND WORSE'** is the way America's top Anglican Church official characterized "things in the U.S. Maybe the whole structure will have to change," said Paul Moore, Episcopal Bishop of New York, on a local TV show April 7. "I'm preaching revolution . . . not violent revolution, but the kind in the early 1930s, when FDR came in and really restructured the society. . . . I'm not against socialism, but if I say I'm for it, everyone will think I'm a communist."

● **WALTER MONDALE** told NBC-TV's Meet the Press show April 7, "I do not think I emphasized the positive in the way that I should have. I've never lost young people before. They heard 'opportunity' on the other side. . . . I didn't match Reagan's television genius at commencing the symbols of the presidency. We must find a candidate who in addition to being right, can meet the modern challenge of communications."



### *The IMF's biological holocaust*

Among the growing millions already dying of famine and disease throughout most of black Africa, an epidemic of the dreaded disease cholera has now erupted. This, together with famine and other diseases spreading in 37 African states, is a threat not only to that continent, but to the world.

Not only might the cholera epidemic soon spread to other continents. More significantly, it may soon prove to be only an early signal of the pandemics of "Black Death" proportions which failure to reverse the conditions now sweeping over Africa will invite upon civilization as a whole.

Plagues do not apply for entry visas, and do not respect customs regulations and national borders. Moreover, as AIDs forewarns us, the kinds of pandemics that may be expected to issue from the African "forcing-medium" of famine and malnutrition must rapidly tend to outstrip known primitive forms of microbiology (disease) and their means of treatment, producing treatment-resistant varieties and mutant strains of greater virulence.

This is no natural catastrophe, but the direct consequence of both the International Monetary Fund's loan "conditionalities" and the racist "Global 2000" doctrine of the Carter administration. As *EIR* warned as much as 10 years ago, unless the policies of the IMF and the State Department's Global 2000 are reversed—and now, very quickly—as many as 300 million of 500 million Africans will die in a genocide far worse than Hitler's, and civilization as a whole will be confronted with the inevitable spillover effects of a crime of such proportions: the greatest biological and ecological holocaust in history.

In Africa proper, 7 million of 22 million Sudanese are scheduled to die this year—with the official endorsement of the British press. The same fate threatens Mali, Niger, Ethiopia, Somalia, Sudan, and Mauritania—taking only famine, not pandemics, into account.

This year, it shall be Ibero-America's turn. In Bolivia, where 2 of 6 million people are on the verge of

famine—having eaten rather than planted their seeds to stay alive during 1984—the IMF decreed price increases for basic foodstuffs in February.

The process of human death thus unleashed is blacked out by the supranational institutions like the IMF, the United Nations, and the Red Cross, whose knowledge of African epidemics is proven. But then, after all, as Global 2000 exemplifies, it has been their declared intention to reduce the world's population by 2 billion for over a decade.

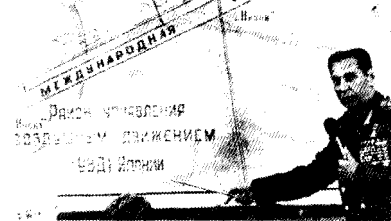
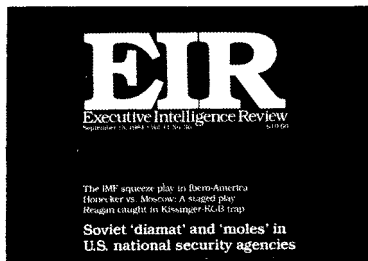
Let those who defend the IMF, who defend the genocide doctrines of Malthusianism enshrined in Global 2000, take note of the natural law whose violation is now working itself out in the African horror: When a civilization no longer respects the individual human life as sacred, when millions of Americans can watch entire continents condemned to death by oligarchical financial agencies with the backing of the U.S. government, this immorality proves also to be suicidal insanity: The holocaust we permit to crush Africa falls back on us, and we seal our own destruction, be it in the form of pandemics or in the form of a new world war.

The solution to the matter is as simple as cholera is to cure. The International Monetary Fund must be promptly abolished. An emergency global summit, the "Indira Gandhi Memorial Summit" Helga Zepp-LaRouche has demanded, must promptly introduce a set of monetary arrangements among sovereign states to generate long-term, low-interest credits for industry, agriculture, and great infrastructure and development projects. The immediate realization of such a summit is the only hope for Africa, for the developing sector, and for the advanced sector. It is the only means by which President Reagan's Hoover-like subservience to the Eastern Establishment in economic policy can be broken.

We appeal to Prime Minister Rajiv Gandhi, to all heads of state, and above all, to the American President: Convene the Indira Gandhi Memorial Summit.



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