

EIR

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The two facets of the Ogarkov war plan
A scorecard: Is your Congressman a patriot?
Behind Israel's pilgrimage to Moscow

**The fraud of Kissinger's and
Fidel Castro's debt plans**



EIR

Quarterly Economic Report

The Looming Bankruptcy of the United States

June 15, 1985

Are the U.S. government's "free enterprise" policies bringing on the "final collapse of capitalism"?

How the Russians must be laughing. With an overvalued dollar, the United States is collapsing internal production capabilities at a rate which must soon reach the point of no return, while ruining the economies of its allies. An estimated \$1.3 trillion is being looted annually out of U.S. productive capabilities.

Did you know that . . .

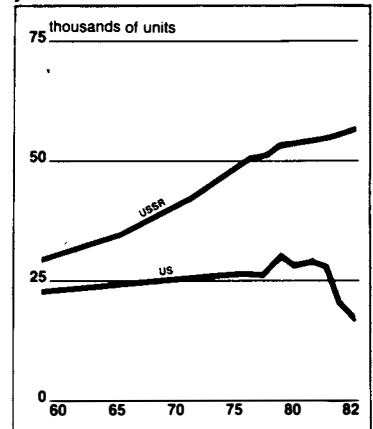
- **Out of the U.S. banking system's some \$3 trillion in loan assets, at least \$2 trillion is worthless?** The S&L panic is only the beginning.
- **Since the 1950s, America's living standard has been cut by 50%.** The American population has a deficit of 20% to 70% in basic goods needed for its survival.

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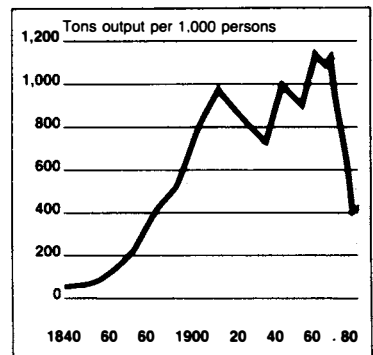
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U.S. and Soviet production of power-driven metal-forming machine tools not portable by hand, 1960-82



U.S. iron output per member of the labor force



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EIR

From the Editor

Guatemala is not in the news these days, but the fight that country's patriots are waging to stop the Soviet-linked narco-terrorists is one of the crucial flanks to defend the United States and the West as a whole. Guatemala shows that the real fight in Washington is between Lyndon LaRouche and Henry Kissinger, whose backers and business associates in the international illegal-drug cartel have made certain that President Reagan did not move decisively to combat international terrorism and prosecute the war on drugs militarily, as LaRouche has proposed in these pages, and as Reagan seemed on the verge of doing just a few weeks ago.

U.S. policy since Jimmy Carter has been to let Guatemala sink. Nothing could show this more than the fact that the Eastern Establishment media have been silent on this most important Central American country and U.S. ally. The Establishment prefers to pull U.S. troops out of Europe and drag us into a Vietnam-style population war over El Salvador and Nicaragua, than support the Guatemalan government against the drug mob.

EIR is committed to getting out the story on Guatemala the liberal media won't publish—and forcing a change in U.S. policy. We have just produced a shocking half-hour public-education videotape, suitable for broadcast use, on *Narco-terrorism in Guatemala*, in which leaders of that country's armed forces say that they are fighting an unequal war against the enemies of the United States. The real target of the war is the U.S. public. A Special Report on the same topic is being rushed into publication and will be available on Aug. 15 for \$150.

The main body of *EIR*'s Special Report will cover three principal periods: 1) 1976-79, when Jimmy Carter cut off aid to Guatemala on "human rights" grounds, unleashing the rapid growth of the Cuban and Bulgarian connected terrorists; 2) 1980-85, the rise of narco-terrorism in Guatemala, including the theater of operations, the narco-terrorists methods, chronologies of incidents, and dossiers of international connections; 3) from 1985 onward, Lyndon LaRouche's proposal for a hemispheric, shooting war on narco-terrorism, including details of the war on drugs in Guatemala.

Thanks to the policy-bias of the Kissingerian State Department, no government agency can provide this information. The government will have to get it from us.

Nora Hamerman

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NSIPS/Lucia Mendez

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There are three proposals for handling the debt problem, Kissinger's, Castro's, and LaRouche's, and Ibero-America will choose one of them, this year. The presentation of Ibero-American Editor Dennis Small at the First Continental Conference of the Schiller Institute Labor Commission, on July 16.

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Lira crisis: another turning point for the dollar?

by Christopher White

U.S. monetary policy, under the control of Paul Volcker, chairman of the Federal Reserve System, may well have reached another turning point with the July 19 devaluation crisis of the Italian lira. Italian markets were closed early Friday with the currency in a free-slide 20% devaluation against the dollar. Over the weekend, European central bankers met in Basel, Switzerland, and agreed to devalue the lira against the currencies that are part of the European Monetary System. (See *Report from Italy*, p. 18.) Monday, July 22, the lira recovered three-quarters of the ground it had lost against the dollar, but not against the West German mark.

Twice in the days immediately preceding the collapse of the lira, Volcker had told committees of the U.S. Congress that, in his view, monetary developments were moving beyond the control of monetary policy, and possibly beyond the control of U.S. policy as a whole. The weekend reversal of the lira's slide against the dollar perhaps indicates the same.

Since the current slide of the dollar against especially the West German mark began at the end of March, the U.S. currency has been on a two-track course. While the dollar has plummeted downward against the major European currencies, it has done exactly the reverse against the currencies of weaker nations subjected to the criminal brutality of IMF austerity policies. The pesos of Mexico and Peru, and the sol of Bolivia, are representative examples. For against those currencies, the dollar has hyperinflated enormously, as in the successive Mexican devaluations of recent days, which have produced a further 40% reduction of the peso against the dollar. The currencies of Bolivia and Peru have meanwhile been blown out by the massive appreciation of the dollar.

This two-fold, hyperinflationary and deflationary tendency in the dollar, was projected in *EIR's Quarterly Economic Report*, datelined April 15, by leading economist Lyndon LaRouche, who further specified that efforts to avoid the

deflationary alternative would fuel hyperinflationary tendencies, and the reverse. Volcker reported that he was in this identified bind during the course of his recent testimony, when he told Senate committee members that efforts to correct what he called "imbalances and disequilibria" in current U.S. economic performance, may well "aggravate," other such "imbalances and disequilibria."

At the same time, there has been a faction in the United States, encouraged by certain of the technocrats at the International Monetary Fund, which has maintained that the United States can bull its way out of the present crisis in its internal credit system and economy by continuing to run the currency up against those of its allies and trading partners.

In this view, the depletion of internal capital assets, typified by second-quarter losses of Bank of America, unparalleled earnings drops for General Motors and General Electric, and the ongoing liquidation of agriculture- and energy-related industries, would be offset by capital flight into the United States, sucked in by the ever-higher face value of the dollar.

Proponents of this view, as represented outside the United States by Samuel Brittan of the *Financial Times*, have argued that the United States could suck in between \$30-50 billion from the economies of Western Europe and Japan. Doing so would require crushing the currencies of those countries with treatment as brutal as that meted out to the nations of Ibero-America.

Others inside the United States, like Malcolm Baldrige, in Herbert Hoover's old job at the Commerce Department, and James Baker III argue, against this, that the dollar should be allowed to fall by perhaps as much as 25% against the West German mark.

The current developments may well prove to have demonstrated that both are victims of the same megalomaniacal pipe-dream. The lira has long been known as the weak link

in the European monetary system, almost as bad as Mrs. Thatcher's politically buffered pound sterling. But Donald Regan's bloated dollar could not crush the Italian lira, and, as the lira recovered, the dollar began to slide again to the low end of its present trading range of 2.80-2.90 DM. The lira, devalued against the deutschmark, was held up against the dollar by the deutschmark.

To continue the hyperinflationary course, the dollar would have to be run back up to well above the level of 3.50 DM reached in late winter, early spring. Not surprisingly, the lira slide on July 19 took that currency back to its low level against the dollar from that period. But the U.S. currency, which must, under current arrangements, be the vehicle for raising foreign funds to finance the U.S. current account and federal budget deficit, is still over-valued more than two-fold against the West German mark. This reality dictates that if the dollar can no longer crush the currencies of Europe, its slide will not be halted at the level of 20-25% demanded by Baker and Baldrige.

Under present policies, the dollar, and world monetary and credit system, are doomed, either way. And waiting in the wings stands the Soviet Union, ready to take over in the wake of the collapse of the Western economies.

The deal with the Russians

As the dollar was pulled from its highest level, reached at the end of March, in the wake of the collapse of the Ohio privately insured savings and loans system, the Basel-based Bank for International Settlements, the central bank of central banks, announced that it had agreed with the Russians, that the ECU of the European Monetary System would be an instrument for financing activity between East and West.

The rebounding of the lira against the dollar may well prove to be the first flexing of the muscles of that new arrangement, a prelude to the deflationary wipeout of over \$2 trillion worth of paper assets in the U.S. economy that is still to come.

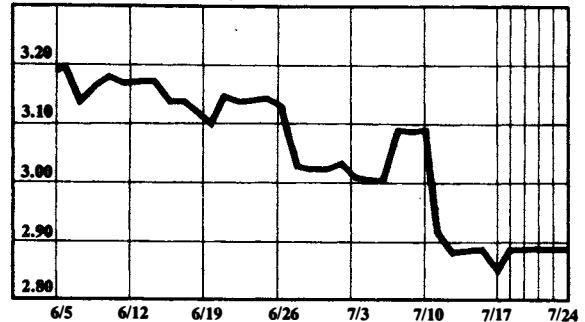
Thanks to Volcker, and his friends like Donald Regan, the United States and its allies in Europe have been locked into a course in monetary policy which is destroying the economies of both. It is a policy which only the Soviet Union can benefit from, as the austerity-ravaged economies of the United States and Western Europe sink beneath a mass of depreciated dollar paper. For this reason, Fidel Castro praised the "heroism" of Volcker in his recent conference on the subject of Ibero-America's debt.

Those who want the dollar to appreciate against the currencies of its allies and trading partners, like those who argue for the reverse, are playing foolish, and criminal games, with the future of the United States, and also with the future of our very civilization. There are no choices of the indicated sort within the present policy configuration, for they lead to the same result. Therefore, the policy as a whole must be replaced.

Currency Rates

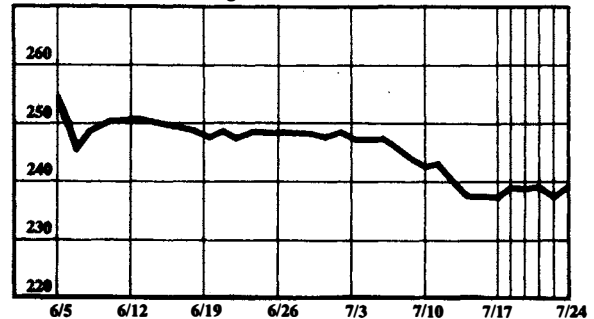
The dollar in deutschmarks

New York late afternoon fixing



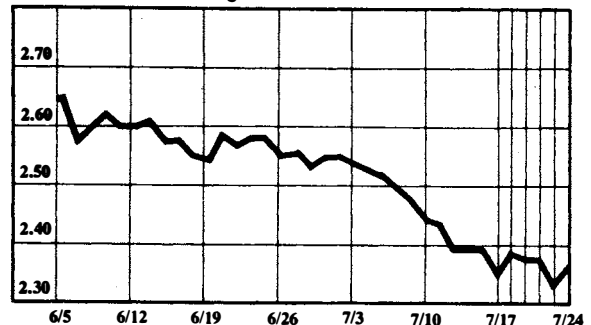
The dollar in yen

New York late afternoon fixing



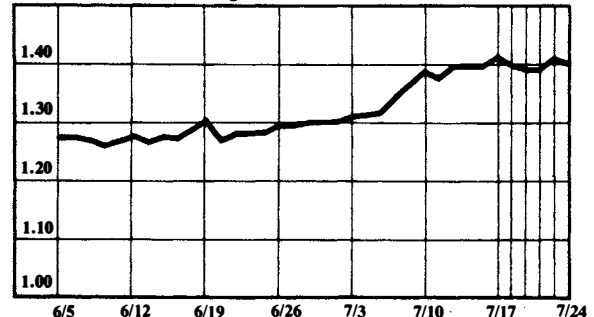
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Schiller Institute faces off against Castro in Ibero-American debt fight

by Cynthia Rush

When the Trade Union Commission of the Schiller Institute called for a July 15-17 conference of Ibero-American labor leaders in Mexico City, under the title, "Neither Kissinger Nor Castro," the friends of the International Monetary Fund (IMF) went into high gear to try to sabotage the meeting.

Cuba's trade union federation announced a continental labor conference for exactly the same date, and Cuban President Fidel Castro invited heads of state, political, press, and labor leaders to attend a July 30 conference in Havana to discuss his proposal to declare a moratorium on the continent's foreign debt. The American Institute for Free Labor Development (AIFLD), the AFL-CIO's international arm, coordinated with the State Department to intimidate and threaten labor leaders who planned to attend the Mexico City conference.

All of this frantic activity doesn't seem to have paid off too well. Not only was very little agreed on at the Cuban conference, as indicated by the text of the Havana Act, but most Ibero-American heads of state are uninterested in Cuba's and the Soviets' attempts to turn the debt crisis into an instrument for furthering East-West conflict. The presidents of Mexico, Peru, and Brazil, as well as numerous other political leaders, refused to attend the July 30 Havana meeting. Moreover, the July 28 inauguration of Peru's president-elect, Alan García Pérez, was set to be the occasion for a conference of the foreign ministers of the 11-nation Cartagena Consensus, to discuss taking common action on the debt.

Brazilian President José Sarney told Fidel Castro, "Brazil will not take part in any attempt to transform debt into an aggravation of East-West conflict." Peru's Alan García said on July 19, "I salute President Castro's proposal, but with the realism of one who is having the problem and not looking at it from afar. I believe the authentic historic response of Latin America, which must be a revolutionary response against the International Monetary Fund, must be born in Latin America itself and by those of us who have the problem." García noted that Cuba's relationship to the Socialist bloc

made its debt problem "different."

The July 15-18 Havana labor conference stood in stark contrast to the Schiller Institute's conference in Mexico City.

The Schiller Institute's Trade Union Commission elaborated a policy for replacing the IMF with a new international credit system, and building the new regional institutions capable of financing accelerated industrial development. The conference's final manifesto, which adopts the most significant aspects of U.S. economist Lyndon H. LaRouche's 1982 document, *Operation Juárez*, states that such development can only be achieved through application of the most advanced nuclear and laser-based technology; it identifies the IMF's role in waging an "Opium War" against the nations of the developing sector, and demands a continental offensive to shut down the drug trade, and the terrorists and coup-plotters who are financed by it.

What best characterizes the Havana Act, representing the conclusions of the Cuban trade union conference, is the remarkable statement that "the Central Organization of Cuban Trade Unions stressed from the very outset that the idea was *not for this conference to reach definitive agreements*" (emphasis added).

After much rhetoric about the crimes of the IMF and the banking community, the document states that "most participants called for annulment of the foreign debt. Other unionists suggested variations, the immediate suspension of debt and interest payments . . . however they all agreed that the debt is unpayable." The "broad consensus" reached included the "establishment of a new international economic order," unity of all oppressed strata of the Ibero-American population, and formation of a "united front of Latin American and Caribbean debtor countries that might serve as interlocutor vis-à-vis the private banks, the international financial organizations, and the governments of the creditor industrialized countries."

The glaring hole in the document is the failure to make any mention of the drug trade—explained by Cuba's own sordid involvement in the Bulgarian drug connection, its

laundering of monies from the Caribbean drug trade, and its harboring of such international mafiosi as Robert Vesco. Given the intimate relationship between the IMF and the drug trade, it is not surprising that the Havana Act assumes that debt discussion will continue to be mediated through *existing* "international financial organizations"—the IMF.

Moreover, as a direct attack on the Schiller Institute's assertion that what separates men from beasts is the sacred quality of the human mind and its potential for infinite development, the Havana document states that Ibero-Americans should be bound by the bestial "spirit" of their Indian past, which so excites today's anthropologists. The Cuban document says participants should be "inspired by the historic legacy found in the sacred book of the Mayas, which says: May all rise, let all be summoned, let there not be one or two among us who stay behind."

More threats

Ibero-American governments aren't paying attention to Castro's antics, and the continent's labor movement is not buying more IMF austerity. That makes LaRouche's Operation Juárez a live option for the continent, and the IMF knows it.

Argentina's Peronist-run General Confederation of Labor (CGT) announced on July 23 that it will launch a new mobilization of regional strikes and demonstrations to oppose the mass layoffs and suspensions provoked by the Alfonsín government's IMF-dictated "shock" policy. Peru's state-sector workers have been on strike for over a month, also protesting layoffs and austerity.

The bankers' alternative is to bludgeon debtors into submission. U.S. Treasury Secretary James Baker III, the former member of the White House "palace guard" who demands that debtors impose IMF "adjustment programs," was scheduled to officially represent the Reagan administration at the July 28 inauguration of Peruvian President García. Baker's presence is an unsubtle message to the new Peruvian government to abandon any ideas of bucking IMF conditionalities. He was also scheduled to meet with a number of other Ibero-American leaders at the inauguration, including Argentina's Alfonsín, outgoing Peruvian President Belaunde Terry, Uruguay's Sanguinetti, and President Jaime Lusinchi of Venezuela.

The July 24 edition of the *Wall Street Journal* delivered the threat that Peru's debt status had not yet been downgraded to the category of "value impaired," because the regulatory committee that makes such decisions "wants to see if its newly elected government maintains its initially stated policy of not being receptive to the orderly servicing of its debt."

In Mexico, the international creditors feared that President Miguel de la Madrid would exert new leadership on the continental debt issue, following the ruling PRI party's recent electoral victories. But in the face of oil price manipulations, currency devaluations, and increased capital flight, de la Madrid announced a new austerity program that will elimi-

nate portions of the federal bureaucracy, and reduce the state sector by 30%. At the second annual conference of Mexico's nationalized banks, where de la Madrid announced these measures, Finance Minister Silva Herzog promised that Mexico had no intention of ever considering anything as "irresponsible" as a debt moratorium, and was fully committed to honoring all of its foreign obligations.

The announcement came a few days before Secretary of State George Shultz and State Department "special ambassador" Harry Shlaudemann descended upon Mexico to demand further concessions on questions of trade and foreign policy. In the new economic package, the government has succumbed to IMF and GATT demands to eliminate import prohibitions, replacing them with tariffs. It has also reversed its previous policy of prohibiting wholly-owned foreign companies from operating in the country, by approving IBM's request to build a 100% foreign-owned plant near Guadalajara. Mexico's National Commission on Foreign Investments recently approved majority investments by British, American, French, and Spanish companies, worth more than half a billion dollars.

Mexico's stance gives no leeway at all for worse-off countries like Peru. Although President García has said his government will not go to the IMF, new Finance Minister Luis Alva Castro told the nation that the only way out of the current crisis is to suffer "terrible hours, hours of scarcity, desperation, discouragement, and privation." Alan García recently sent former Finance Minister Javier Silva Ruete to Argentina to find out how President Raul Alfonsín's "anti-inflationary" plan is working. After meetings with Finance Minister Juan Sourrouille, Raul Prebisch, and Alfonsín himself, Silva Ruete returned to Lima with a glowing report on how the Argentines are beating inflation. Alva Castro is now talking about imposing a "war economy" in Peru, as soon as the new government takes power.

Enter the Brandt Commission

The IMF crowd has also hauled out such assets as the aged Raul Prebisch of Argentina and Britain's former Prime Minister Edward Heath to package a nicer-sounding solution to the debt crisis. Speaking at the Guadalajara banking conference, Heath and Prebisch warned that debtors can't tolerate much more austerity, and called for a long-term, "political" solution to the debt crisis, including lower interest rates and longer repayment terms. "Sooner or later," Prebisch warned, "the United States must consider the reform of the international monetary system."

Heath, a member of Willy Brandt's World Bank-linked Independent Commission on International Development, was quick to point out however that "the IMF must be the basis for change, because it has proven its usefulness during the past five years, by supporting the world depression, policy changes, and other factors." Prebisch left Mexico and traveled to Washington, where he presented his "solution" to the House Banking Committee.

Alberto Campos on the dignity of man

Alberto Campos, veteran leader of Argentina's Union of Metalworkers (UOM), gave the closing speech at the Mexico City conference of the Schiller Institute's trade union commission on July 17, 1985. The following are excerpts from that speech:

"In the lives of all human beings, there are moments which make more demands on us than others. I have done nothing to deserve the honor of closing this gathering; for a humble person like myself to close this magnificent act, to pay homage to those workers who struggled, who gave their lives, who paid with jail terms, and who suffered and continue to suffer persecution—this is truly the dignity of man.

My brother trade unionists said that the first thing one finds in getting up on the podium is the dignity of man, because man, the king of creation, for whom any sacrifice is small, has his dignity. We have all shown that here today, without thinking of what tomorrow might bring. With courage and decisiveness, we take initiatives that some institutions have forgotten, or don't want to take, that many governments have promised to take, but didn't. This is the dignity of man.

Here we have identified a series of extraordinary things: Benito Juárez, author of what dignified man must also do; Juan Domingo Perón, who dignified the worker in my country; a man who lived and died, and gave his life for social justice and for the dignity of man; and the Holy Father, the Pope, who as in only few moments in the history of humanity and Christianity, is anxious to travel everywhere preaching the dignity of man. . . .

Everything resolved here is possible, but it now mainly depends on being able to give it impulse and continuity. This process should not end just with a good speech, or in having known new and dear friends, but rather in the real commitment to implement this, and force its implementation, with whatever sacrifice and work it takes.

You know, there is something really wonderful for those of us who have fought for years in the trade union movement. I began fighting in the trade unions, and when I see that our battle stations are in good hands, I feel comforted. . . .

When such important, concrete, and courageous things as have been resolved here are then transmitted, youth and

their families can see that we aren't lost, that a challenge has been made and accepted, that the Good must always conquer—that Reason must always prevail. . . . I, for one, must admit I didn't know Schiller before I came here, and yet the forerunner of dignity, of being honest in everything one says, was a man, a poet of freedom and democracy, of the culture of ideas, which is what must prevail. . . .

When you must fight, you must give your life to that fight, and I dare say this because my life has transpired in struggle, and I've paid for it in jail many times, and I wouldn't mind paying again. I've seen the death of my friends, even my dearest friends—they've died for social justice. . . .

I am a man of profound faith and conviction, and I know that each of us shall make his or her contribution, but we must also transmit this glory and fortune of having achieved something so important. But humbly, for neither is there room for conceit; there never was room for it . . . and even less so today, when we suffer the disgrace of a hunger sentence imposed upon our comrades in other lands through the International Monetary Fund; of corruption in all its forms, like the drug traffic and a number of things we talked about yesterday; pornography, the desertion of home, the departure from all ethical principles of human dignity.

. . . I want to finish by taking the responsibility and committing myself personally to work tirelessly and to contribute everything within my modest possibilities to ensure that we move ahead. Take note: The world labor movement never gives up; we've never given up in the face of death or persecution or poverty or anything. So, I believe the point is that we always be ready to fight and never give up, that's all. Thank you very much.

Who attended the Mexico City meeting

The first continental congress of the Schiller Institute Trade Union Commission was attended by (affiliations for identification purposes only):

Coordinators

Pedro Rubio—Secretary General, Union of Workers of Bogota and Cundinamarca (UTRABOC-UTC), Colombia.

Juan Rebaza—Secretary General, Peruvian Fishery Workers' Union, (Pesca-Peru).

Manuel Carulias—former official, Union of Transport Workers of Argentina, (UTA); former official, General Confederation of Labor of Argentina. Delegations

ARGENTINA

José Antonio Amar—Secretary General, Grain Workers' Union.

Héctor Albi—Secretary for Organization, Meatworkers' Union.

Rodolfo Amado Daer—Secretary General, Food Industries Union.

Patricio Dana—Secretary General, Meatworkers' Union.

Alberto Campos—Metalworkers' Union.

Pabló Flores—Treasurer, Argentine Sanitation Workers' Trade Union (UGATS).

Juan Andrés Mínguez—Deputy Secretary General, Meatworkers' Union.

Domingo Petrecca—Secretary General, Cemetery Workers' Union.

BOLIVIA

Gumersindo Bueno Calderón—Secretary for Public Relations, National Railroad Federation,

Max Ibáñez—Secretary for Conflicts, Amalgamated Light and Power Union.

Víctor Villaruel Paz—Railworkers' Representative to Departmental Workers' Confederation at La Paz.

BRAZIL

Roberto Ismerio—President, Banking Institution Employees' Union of Nova Friburgo, Rio de Janeiro.

COLOMBIA

José Cubillos—UTRABOC-UTC official.

Abel Galindo—President, EDIS Workers' Union; Vice-President, UTRABOC-UTC.

Germán Góngora—Secretary for Proceedings, UTRABOC-UTC.

Octavio Márquez—Secretary for Metallurgic and Mining Affairs, UTRABOC-UTC.

Guillermo Pedraza—Secretary General, Cundinamarca Workers' Federation (FTC); Secretary for Organization, Colombian Workers' Confederation (CTC).

Ricardo Reynoso—President, Banking and Credit Institution Workers' Union.

Dídimo Rincón—Treasurer, National Association of Airport and Air Terminal Baggage Carriers; Secretary for Sports, UTRABOC-UTC.

MEXICO

Francisco Carranza—Secretary for Labor Affairs, Oilworkers' Union, Section 10.

Luz María Torres—Secretary for Finance, National Education Workers' Union, Section D-2-46.

Jesús Lozano Farfán—Secretary for Public Relations, Paperworkers' Union.

Mario Montes—Secretary for Labor, Paperworkers' Union.

Donato Fernández Rodríguez—Revolutionary Federation of Workers and Peasants (FROC-CROC), Puebla.

Jorge René Sánchez Juárez—Revolutionary Federation of Workers and Peasants (FROC-CROC), Puebla.

Carlos Valderrama—Foreign Affairs Secretary, Auto Parts Manufacturing Industry Workers' Union.

PANAMA

Martín González—Food, Trade and Related Workers' Federation (FETRACS-CONATO).

Pedro Félix Montañez—Secretary General, General Workers' Federation.

PERU

Manuel Herrera—Industrial Telephone Community.

Fernando Alí Rubio—Foreign Affairs Secretary, National Confederation of Workers.

José Safra—Secretary General, Workers' Union of the Peruvian Revolution (CTRP).

UNITED STATES

Juan Cortez—American Federation of State, County, Municipal Employees, (AFSCME).

Pedro Vázquez—United Steel Workers of America (USWA).

Pass judgment on IMF at Nuremberg

Below are the full texts of resolutions passed by the Schiller Institute Labor Commission's First Continental Conference in Mexico City, July 15-17.

Resolution No. 1: Nuremberg Tribunal

WHEREAS, it has been demonstrated to all the world that the mass death now occurring in Africa is wiping out entire populations through famine and disease, and

WHEREAS, the scale of such mass death conforms precisely to the description of genocide, which is defined in the conventions adopted by the allied powers for the Nuremberg Tribunal after World War II as a crime against humanity, and

WHEREAS, the cause of this genocide is identifiable in the acts of economic and financial policy toward the nations of Africa, in specific, the manipulation of economic aid and credit to implement policies of:

- 1) food price rises in a situation of starvation;
- 2) reduction of wages of the population;
- 3) prioritization of cash crops for debt repayment over the need to supply sufficient food to the population;
- 4) abandonment of high-technology farming, on behalf of subsistence agriculture that amounts to slave labor;
- 5) abandonment of large infrastructure projects essential for developing the necessary water, energy, and transportation resources for highly productive agriculture;
- 6) savage reduction of state sector subsidies to producers and consumers alike;

7) overall prioritization of debt payment over development of industrial and agricultural infrastructure;

8) population reduction policies under the guise of "population control," and;

WHEREAS, the institution which has taken the leading role in advocating and enforcing these policies, has been the International Monetary Fund (IMF), working through its official conditionalities and its unofficial collaboration with private banks, and;

WHEREAS, leading IMF spokesmen, such as Jacques de Larosière, and World Bank spokesmen, such as Robert McNamara, have explicitly announced that their economic policies have the aim of population reduction, and;

WHEREAS, it is obvious to any knowledgeable person that all the technologies and resources are available to halt genocide by famine and disease in Africa, and any other area of the world, in particular:

1) the current food stocks, and abundant potential for more food production in the industrialized world;

2) the military transport equipment to deliver food to areas without transportation;

3) the idle capacity and unemployed workers to build the necessary tractors, bridges, canals, and other high-technology inputs for agriculture;

4) the range of technologies, all the way up to space technologies, to turn the deserts into fertile farmland, even more efficiently than was done in Israel and the western United States, and;

WHEREAS, it is therefore conclusive that officials of the IMF and their collaborators know, or should have known, that their credit policies would lead to a rapidly escalating pattern of genocide;

THEREFORE, we, the undersigned, urge the heads of state of all sovereign nations, united by the commitment to the principles of Judeo-Christian civilization, most especially the sacred right to life, to immediately convene a Nuremberg Tribunal to hear testimony, and pass judgment, on the IMF's crimes against humanity.

And, while such a tribunal is being assembled, we commit ourselves to the task of gathering and publicizing the evidence of these heinous crimes, and mobilizing the court of world opinion to render its judgment through mass demonstrations, and all possible means at its disposal, to end these crimes.

Resolution No. 2: Summit

We make an urgent appeal to the chiefs of State of the developing nations and the industrialized countries, that they immediately hold a summit conference to discuss the problem of the foreign debt, without the participation either of the bankers or the international financial institutions, to lay down the bases of a new economic world order favoring development, sovereignty, and justice.

Resolution No. 3: Peru's President

We back the recent public declarations of the President-elect of Peru, Dr. Alan García, to not pay the foreign debt with the hunger of the people; to reject the efforts to convert the problem of the foreign debt of Ibero-America into an East-West conflict, because it is not a question of leaving one imperialism to fall into another; and to launch total war against drug trafficking.

We commit ourselves to organize the needed popular backing on the continent to assure that these statements by Dr. García become reality.

Resolution No. 4: Bolivia

In the face of the recent presidential elections in Bolivia, we declare our solidarity with the Bolivian workers in their demand that the new authorities of the country maintain full respect for the rights and trade union freedoms of the organized Bolivian labor movement, and the popular demand to reject International Monetary Fund austerity and to condemn the drug-trafficking mafia.

Resolution No. 5: Chile

The worker comrades, meeting at the First Continental Conference of the Labor Commission of the Schiller Institute in Mexico City, declare our solidarity with the Chilean worker comrades in their struggle for liberty and the return of democracy to their country.

Resolution No. 8: Common Market

The First Continental Conference of the Labor Commission of the Schiller Institute, held in Mexico City on July 15, 16, and 17, 1985,

CONSIDERS,

1) That in this Labor Commission, in its First Continental Conference, delegates participated from Brazil, Argentina, Bolivia, Colombia, Peru, United States, Mexico, and Panama;

2) That meeting in this forum we discussed from the inside the various problems and needs of the brethren of the Ibero-American continent;

3) That we agreed on common responses and plans that envision solutions to the economic, social, cultural, and political problems of our Ibero-American brethren;

RESOLVES:

1) To fight for the Unity and Solidarity of all the brothers and sisters who make up the Ibero-American continent.

2) To present, realize, and implement the need for an Ibero-American Common Market, for the benefit of the countries which make up our continent.

3) To promote moratoria in our various countries on the foreign debt, and that said money be utilized in a real, true, and effective manner in the social, economic, political, and cultural development of our continent.

Brazil's President upsets the bankers

by Silvia Palacios

The financial community was awaiting with bated breath the speech of the President of Brazil, José Sarney, on July 22. They thought he would finally define a drastic economic program reeking of austerity and industrial recession, very similar to the shock treatment which Argentina has just imposed. Sarney disappointed them and instead made a strong defense of the growth of the economy, at the same time that he answered "no" to the debt reorganization proposals made by Fidel Castro of Cuba.

In his speech, broadcast throughout Brazil, Sarney asked for a new international economic order and demanded that the bankers sit down to negotiate and not merely dictate conditions: "We cannot accept the dogmatic intransigence of the international financial institutions which are imposing an unnecessary policy of recession on the country." He added, "The misery can only be solved with the full development of our economy. We have the moral obligation of preventing Brazilian citizens from continuing to die of starvation and disease"; and insisted on an aspect which now seems to be the theme of his government: Brazil can—and must—grow by 5-6% annually.

Responding to Fidel Castro's "debt proposal," published in the major Brazilian newspaper *Folha de São Paulo* on June 2. (see the *Feature*, p. 22), Sarney chimed in with the answer also given to the Cuban leader by Peruvian President-elect Alan García: "The debt cannot be an instrument of ideological conflict and must never be part of a confrontation between East and West."

The possibility that Brazil might join with the other major debtor, Mexico, for a common strategy to confront the debt problem, along with the growing rejection of the IMF inside Brazil, heated things up to the point that two days before the presidential speech, fraudulent polls were conducted in which something totally incredible came out: 45% of Brazilians supposedly support the IMF!

"The specter of the debt is once again being unleashed" in Ibero-America, reported the main financial newspaper of Brazil, *Gazeta Mercantil* on July 17. "Mexico is suffering a rapid deterioration in its foreign accounts," the Mexican and Brazilian governments have started to work together, very quietly, to seek a new way of dealing with the foreign debt crisis, it reported, in commenting on the secret meeting held near Mexico City, where officials of ten of the continent's countries analyzed new forms of dealing with the debt crisis.

Since the new government some two months ago had its first fights with the IMF and the committee of foreign bankers, the political pressure from Henry Kissinger and his friends like William D. Rogers—contracted to give legal advice for the debt renegotiation—to force Brazil to turn over its economy to the usurers, has taken on the most varied forms.

Anglo-Swiss financial warfare

But it was the British magazine *The Economist*, mouthpiece of the Anglo-Swiss banking community—which became the mouthpiece of a specific change in the pressures. It called for leaving behind the rhetorical fight and taking practical actions. In an article of July 13 sounding the alarm on the crisis, it discussed the case-by-case renegotiations of the debt of the countries of the continent, and said: "Defaults can be avoided if Latin America forswears economic autarky. . . . The danger of a reversion to economic autarky looms largest in Brazil." President Sarney "is turning a deaf ear" to the ministers who want Brazil to surrender to the IMF. The message is clear, Brazil runs the risk of isolating its economy from the international scene, therefore take your capital out as fast as possible. Up to now, Brazil has \$8 billion in monetary reserves, the highest amount of any Ibero-American country.

Domestically, important industrial sectors have come out giving the President the support he asked at the beginning of his administration, to not capitulate to the IMF. On July 22, the president of Metal Leve, José Mindlin, said, "We must show the IMF that we are facing an explosive social situation which cannot be ignored. To earmark the entire trade surplus to pay service on the debt is a very, very great sacrifice for the nation." At the same time, the Ministry of Public Planning published a rundown of the brutal budget cutbacks effected over the past five years: Social investments fell by 30% in real terms; health spending by 46%; and education 19%; the study indicates that no one can tolerate new reductions.

And the Sarney government, albeit still cautious, is seeking a way to go abroad to coordinate actions with the rest of the continent. On July 24 the President of the Dominican Republic, Jorge Blanco, announced that he had talked with José Sarney and that the latter agreed on an informal summit of the Ibero-American heads of state at the next United Nations General Assembly sessions in September. José Sarney will give the inaugural speech at the opening of the General Assembly.

Thailand suspects hoax in 'classic belt-tightening' of IMF-World Bank

by Linda de Hoyos

The World Bank has begun to publicly voice its worries in Thailand that "recent comments forecasting a gloomy future for Thailand's economy could prompt what they see as harmful changes to the structural adjustment policy, better known as belt-tightening," reported one Thai daily on July 25. Indeed, a consensus is emerging in Thailand that the economic program adopted by the Thai government of Prem Tinasulamong, under the guidance of the World Bank and the International Monetary Fund, has brought nothing and portends nothing in the interests of the country.

The World Bank officials stationed in Bangkok, reportedly "fear that criticism of the government's handling of the economy may force economic ministers to seek a 'quick fix' to tackle politically embarrassing problems such as recession and unemployment. 'If the reform measures are not continued, it really would be possible for serious difficulties to arise in about three years time,' said a senior World Bank official. But if the government's self-imposed austerity policies are maintained, he said, 'we would not share the generally gloomy view about the Thai economy.'"

Thailand's severe "structural adjustment" program, which has brought recession and unemployment in its wake, began in November 1984, when Thailand enacted a surprise devaluation of the baht, under IMF prompting, followed by a policy of fiscal contraction and a "zero-growth" budget. The devaluation, which separated the baht from the dollar, was designed to decrease Thailand's minimal trade deficit and make it more competitive. Instead, the devaluation has lowered the price of Thailand's major agricultural products so drastically, that farmers in the country are going bankrupt, while the industrial sector has been forced to slow its growth because of the decrease in necessary capital imports. In the last six months, the price of export rice has fallen from \$260 a metric ton to \$222, and this is half the price rice sold for in the mid-1970s.

Shortly after the devaluation, the Thai government announced a new tax program which raised the percentage the government withholds on interest payments; hiked taxes on high-speed diesel fuel; and raised the excises on beer, liquor, and cigarettes. The tax package, especially that on fuel, also

blunted the industrial sector, and generated bitterness. The IMF has also demanded the privatization of public-sector industries, which in Thailand are profitable enterprises. This policy has met with major opposition from within the government and the trade unions. The situation has also forced cutbacks in industrial development projects, including a slowdown of the Eastern Seaboard Project.

The Bank of Thailand has now revised the country's growth rate downward to 5% for this year from earlier forecasts of 5.5-6%. The cause: the "painful readjustment" of the economy—that is, the IMF program.

That program has been backed up 100% by the U.S. embassy, which issued a report calling the devaluation a "courageous attempt to reverse trends in the foreign sector."

The World Bank's "structural adjustment" program hinges on cutting off any motion for Thailand to build up its industrial economy and markets, to become a fully industrialized nation. Instead, as the U.S. embassy report states, Thailand must "engineer three significant resource shifts at the same time, namely:

- From consumption to savings and investment;
- From the public sector to the private sector;
- From domestic activity to export."

That is, Thailand must turn itself into a looting ground for advanced-sector financial interests. Thailand will be permitted industrialization, but in light-industry sectors that produce goods to be immediately taken out of the country. Heavy industry, the backbone of any industrialized country, is not on the agenda presented for investment in the embassy report.

Already a disaster

On July 18, Commerce Minister Kosol Krairuk announced that the Thai economy, which has been spinning downward since November, would not be improving during the next six months, either. But what prompted the World Bank's public outburst against Thai naysayers, was a seminar July 21 of highly respected Thai economists on "Thailand's Future" held by the Social Science Association. Their prognosis: "Thailand's future does not look rosy with the econo-

my in the worst shape it has ever been in, a lack of political and national leadership, a misguided educational system, a stagnant bureaucratic system, and dwindling national resources."

The participating panel was composed of former Foreign Ministry Permanent Secretary Anand Panyarachun, Bangkok Bank executive board chairman Dr. Amnuay Virawan, and Social Action Party Deputy leader Dr. Kasem Sirisirsamphan. Anand, now president of the Saha Union Company, declared that the major economic problem is that the Thai economy is no longer growing at a time when there are 80,000 unemployed graduates and about 700,000 unemployed in total. Dr. Amnuay further pointed out that the budget allocation for 1986 designates 50% of the budget to the military and to service on foreign debts, and allocates little to the expansion of the economy.

"Twenty years ago," Dr. Amnuay pointed out at the July 22 seminar, Thailand "was on a par with South Korea and Singapore as far as technology goes. But they strived to develop their own technology and this is where they have the advantage. Korea has a slightly smaller population than we do, but they have 23 times more scientists and technicians than we. We, on the other hand, have six times as many social scientists as they do."

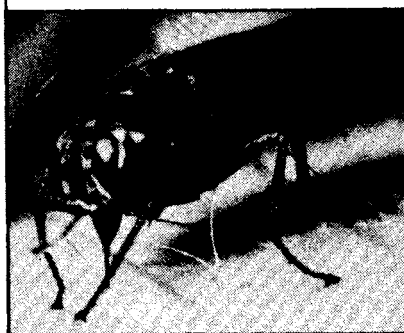
What the country requires, said Amnuay, is good leadership, "someone who will dare to speak and dare to do things." This attack on the Prem government, which has sought to maintain a balance among all parties, echoes statements first launched in April by Socialist Action Party leader and banker Boonshu Rojanastien. Boonshu, a major proponent of the Kra Canal great project for Thailand, argued that the Prem government was carrying out policies destructive to the economy, with no clear vision for the country's future.

The underlying implication of the criticisms was that the Thai economy is suffering *unnecessarily* as a result of wrong policy decisions, whereas the IMF reportedly believes that Thailand's "classic belt-tightening . . . is necessary, if bitter, short-term medicine." This is the argument the IMF has used to fool one Third World country after another into the *long-term* destruction of their productive capacity.

The July 22 seminar is but one indication that Thai policymakers are not about to let this happen to their country. On July 4, R. Kukrit Pramoj, head of the Socialist Action Party and a former prime minister, fielded a straight-on attack on the IMF in parliament. Kukrit charged that the country had ceded its independence in fiscal and monetary policy formulation to the IMF. It is the IMF, he said, which ordered the baht devaluation and the tax increases in April.

Soon thereafter, Communications Minister Samak Sundaravej signaled where all this could eventually lead. In a press conference July 16, he announced that unless the World Bank agrees to change its provisions for contractor responsibility in its recent agreements, "we will seek financing from other alternative sources."

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Shultz in Asia goes Japan-bashing

by Susan Maitra

Secretary of State George Shultz used his recent talks with Southeast Asian leaders, following the July 8-9 summit of foreign ministers of the Association of Southeast Asian Nations (ASEAN) in Malaysia, to try to drum up a trade war against Japan. Shultz was following in the footsteps of Henry Kissinger, whose zealous promotion of U.S.-Japan trade friction is aimed at forcing American withdrawal from Asia and, in particular, at sabotaging any Japanese participation in the Strategic Defense Initiative.

In the end, however, it was a sorry figure the U.S. Secretary of State cut. Seconded only by Singapore, whose Prime Minister Lee Kwan Yew—the Mandarin known as “Harry Lee” in British intelligence circles—is a Bohemian Grove buddy of Kissinger, the Shultz gambit was openly challenged by Malaysian Prime Minister Mahathir.

The fact that ASEAN nations are virtually at war with the United States on a number of critical trade issues involving U.S. denial of market access to ASEAN products and arbitrary U.S. behavior in key raw commodities markets, lent a certain irony to Secretary Shultz’s tirades against Japanese practices.

Invitation to Japan-bashing

Opening the Japanese markets, Shultz told the ASEAN ministers, is one of the keys to “stimulating” the world economy. Secretary Shultz’s bid was immediately endorsed by Singapore Foreign Minister Suppiah Dhanabalan. Echoing verbatim what Shultz spent one and a half hours drumming into Japanese Foreign Minister Shintaro Abe in a private session during the conference, Dhanabalan declared, “Japan’s latest concession will do little to redress the trade imbalance if the Japanese government does not remove a large number of non-tariff measures.”

Dhanabalan went further, to place on record the Kissinger cronys’ rejection of the type of international cooperation proposed by Japan. In an obvious swipe at the proposed Kra Canal project in Thailand, newly revived by the Fusion Energy Foundation and Mitsubishi Research Institute, Dhanabalan warned ASEAN to avoid “the strains of ambitious supranational projects and policies.”

But in the final analysis the gambit didn’t sell. Singapore’s designs notwithstanding, ASEAN has no interest in

being dragged into George Shultz’s anti-Japan front. This had already been made abundantly clear by Malaysian Prime Minister Mahathir Mohammad during the ASEAN officials’ summit. A trade war between Japan and the United States will be a disaster for ASEAN, Mahathir said. “We must make sure that the economic tensions between our friends—the United States and Japan—are not escalated, indeed that they are dissipated.”

Moreover, the betterment of relations between Japan and the United States, Mahathir continued, must not be at the expense of ASEAN. We are not interested in destroying our relations with Japan for your sake, he might as well have said. ASEAN enjoys a large positive trade balance with Japan, to the tune of \$4.6 billion. But this positive balance has shrunk in the last five years as Japanese exports to ASEAN jumped sharply.

Ninety percent of ASEAN’s exports to Japan are raw materials, not manufactured goods, and this ASEAN wants to change. These talks are in fact proceeding, if slowly. The latest meeting of the ASEAN-Japan Economic Ministers held June 27-28 was inconclusive, and Shultz apparently hoped to turn projected frustration to his advantage.

Shultz is understandably interested in deflecting ASEAN anger from the United States to Japan. ASEAN runs a \$7 billion trade deficit with the United States, and U.S. trade manipulation has systematically harmed the economic interests of every single ASEAN nation.

Concerted campaign

As Secretary Shultz carried his campaign against Japan to ASEAN officials, the U.S. embassy in Tokyo reportedly handed a list of demands to the Japanese ministry of foreign Affairs. The memorandum, cooked up in the State Department, is the latest attempt to force Japan to open up its economy to low-grade imports from the United States, and to open up its financial markets for full-scale looting by European and U.S. commercial banks.

The memo demanded: restructuring of Japan’s industries to facilitate imports; creation of import targets; creation of new consumer credit institutions; changing of laws to destroy “mom and pop” stores and replace them with American-style fast food chains.

The State Department memo had been preceded to Tokyo by Henry Kissinger, who arrived on July 1 to meet with Foreign Minister Abe. Kissinger reportedly conveyed his “serious concern” about “deep-rooted anti-Japanese sentiment” in U.S. industry, “as a friend.” If America experiences a new economic recession, Kissinger threatened, “Japan will be the first target of re-emerging protectionism in the form of protectionist bills in Congress.”

On July 4, West German Foreign Minister Hans-Dietrich Genscher, Kissinger’s pal, stopped in Tokyo to underline the message. Japanese consumers and investors must undergo “a change of sensibility toward imported goods,” Genscher told Prime Minister Nakasone.

Wheeling-Pitt failure poses security threat

by Marianna Wertz

Wheeling-Pittsburgh Steel Corporation, the nation's seventh-largest steel producer with nine plants in West Virginia, Pennsylvania, and Ohio, filed for Chapter 11 bankruptcy reorganization on April 16 of this year.

On July 21, more than 8,000 Wheeling-Pittsburgh employees struck the company, the first strike against a major steel company since 1959 when the United Steelworkers of America (USWA) idled top steelmaking firms for a record 116 days. The strike was called in opposition to Wheeling-Pittsburgh's abrogation of its contract with the USWA, arranged under federal bankruptcy court proceedings, and to stop the company's announced intent to cut labor costs from \$21.40 per hour to \$17.50 per hour, with take-home pay averaging \$8.10 per hour. The company has stated publicly that a prolonged strike will force it into liquidation.

The Wheeling-Pittsburgh story is nationally significant, not only because it is the first such strike in a quarter-century, and ends the no-strike pledge that USWA exchanged for higher-than-average wages in the 1970s. It is important because the firm has been virtually alone in the industry in its commitment to plant modernization, a commitment which so outraged its competitors and the international banking crowd, that they forced Wheeling-Pittsburgh into bankruptcy.

But most important, the bankruptcy and threatened liquidation is a national security concern for the United States. The adequate defense of America against ongoing Soviet war preparation, requires the building of Strategic Defense Initiative technology, as proposed by President Reagan in 1983, and the building of at least 1,000 MX missiles per year, as Lyndon LaRouche has recently proposed. None of this can be done with currently existing American steel capacity, let alone the capacity remaining should Wheeling-Pittsburgh be allowed to close its doors.

According to Wheeling-Pittsburgh's 1984 *Annual Report*, a combination of a record surge in imports and "unprecedented price discounting" created its three consecutive years of losses, totaling more than \$172 million. Only "drastic cost reductions," affecting Wheeling-Pittsburgh's unprecedented \$500 million modernization effort, forestalled heavier losses.

The price discounting was carried out by U.S. Steel, Republic-LTV, and Bethlehem Steel, all engaged in "ration-

alization" of their own capacity, a polite term for blowing up blast furnaces and shutting down plants.

When Wheeling-Pittsburgh embarked on a comprehensive modernization program in 1979, including the installation of continuous slab-casting and bloom-casting capacity, it threatened the steel giants, and the big investment money behind them, enough that they launched the price war which brought Wheeling-Pitt to its knees.

Wheeling-Pittsburgh's creditors include 11 major U.S. and Canadian banks, and 13 insurance companies. The firm owes \$514 million to what could properly be called "Dope, Inc." of North America. Four of Canada's five largest banks, all documented by *EIR* and other sources to be heavily involved in financing the international drug trade, hold over \$184 million of that debt. Three Morgan-money insurance companies, Prudential, Metropolitan, and Aetna, lead the insurance creditors cartel now dictating policy to Wheeling-Pittsburgh.

An inside operation run by the top New York investment firm, Lazard Frères, actually forced the firm into bankruptcy, despite the union's and Wheeling-Pittsburgh's better intentions. The USWA hired Lazard Frères as its financial consultant during initial negotiations with the company. Lazard Frères representative David Supina counseled the USWA "not to rush" into a new contract agreement—which he knew to be the sine qua non of Wheeling-Pittsburgh's survival.

On April 15, the union, on Supina's advice, rejected a proposal by the creditors' cartel that attempted to restructure the debt and mortgage the firm's current assets, an estimated \$300 million. One day later, Wheeling-Pittsburgh declared bankruptcy.

On July 23, Wheeling-Pittsburgh's majority stockholder, Alan Paulson, who is also president of Aerospace Technologies in Savannah, Georgia, successfully petitioned the court to form a stockholders' committee in opposition to the board's efforts to pay off its creditors in company stock, which would effectively liquidate the company. His petition was joined by the USWA and the Securities and Exchange Commission.

Short of success in such an intervention, the question must be asked: Cui bono? The union is being asked to self-destruct; the firm is close to liquidation; \$500 million in modern plant and equipment is threatened with sale for scrap. The real loser, should Wheeling-Pitt go under, is the United States and its national security. The real winner is the Soviet Union.

EIR readers will recall that Lyndon LaRouche, in his 1984 presidential campaign, pointed to precisely this kind of problem emerging in the steel industry, and called for nationalization under the National Defense Preparedness Act, based on the precedent of the World War II American defense mobilization. What must now emerge if American interests are to be served is a unified management-trade union coalition that will define itself in support of such a federal intervention, in contrast to the current USWA/Dope, Inc. position.

The farm bill: chaos, and sedition

by Marcia Merry

As the last days of the summer session of Congress went by, both the House and the Senate Agriculture Committees were still attempting to finish a new farm bill—the overall policy law for U.S. agriculture adopted once every four years. The final votes, reconciliation, and presidential action will drag along into September.

The deliberations have been chaotic—acrimony and conflicting proposals of all types, with outrageous grandstanding for the voters back home. Many provisions are in dispute among House, Senate, and administration.

However, two points stand out clearly. First, the special international interests aligned with the International Monetary Fund, the food cartels, and, through them, the Soviet Union, are getting everything they want: food scarcity and domination of world trade. Second, there is no longer a “farm bloc” in Congress. So, don’t plan to take food for granted next year.

There are two myths promoted by IMF circles and the media that all of Congress, with the exception of Sen. John Melcher (D-Mont.), have fallen for: that there is a food surplus, and that prices to the farmer are determined by “market forces,” rather than cartels and the IMF. Farmers in commodity groups, such as Associated Milk Producers cooperative and the Wheatgrowers, also believe these fairy tales, and have stupidly lobbied for measures to reduce production.

Therefore, the various segments of the new farm bill are all designed to radically reduce food output, mostly on the pretext that they will improve farmers’ income and condition. In fact, they will contribute to the elimination of the independent family farm altogether.

In recent years, the U.S. has grown over half the world’s annual corn output and 60% of the world’s soybeans—both key feedgrains for meat and milk production. Any further reduction in these levels, at a time when IMF policy is forcing collapse and starvation in impoverished, food-dependent nations, will mean global disease and disaster. Let us examine some of the key farm bill proposals.

Cutting grain output: The House Agriculture Committee voted up a plan to reduce wheat plantings by a minimum of 30 million acres, and to reduce corn and feedgrain plant-

ings by a minimum of 20 million acres. Total U.S. farm cropland is only 421 million acres. A more radical proposal was voted down by the committee 24 to 17. It had called for a national farmer referendum by which all U.S. cropland would be reduced at least 35%—mandatory reductions enforced by stiff financial penalties—if at least 60% of farmers approved. Supporters of this latter plan continued to fight for it, after having lost the committee vote.

The Senate voted up a one-year price freeze, and subsequent reductions, in target prices for grain farmers—all on the premise that output must be reduced.

All the bills presume that less food on the market will mean higher prices to producers. This fairy tale has been dramatically refuted this summer. It is now an open “secret” in the trade, that there are severe shortages of grain and soybeans and yet the price going to the farmer has fallen drastically.

Grain prices are so low that masses of wheat farmers are exercising their option for government Commodity Credit Corporation loans, whereby their crops are used for collateral instead of being sold on the market at low prices. On July 17, the CCC was forced to announce it had no more funds for crop loans and other functions. Despite its disorder, Congress was forced to vote an emergency \$1 billion allocation to allow the CCC to resume contracted farm loans on July 22.

Reducing milk output: The House Agriculture Committee voted to reinstate the “milk diversion” or milk “PIK” (Payment in Kind) plan that was implemented for the first time in U.S. history from January 1984 to March of this year. During that time, milk output fell by about 4%, and, in some regions such as the Southeast, by as much as 25%. Under the House plan, all dairy farmers would be levied a certain amount each month on their production, in order to create a fund to pay participating farmers to cut output up to 30% and send their milk cows to slaughter.

The Senate rejected the plan. However, they have voted to reduce government milk price supports so sizeably that the effect will be the same.

U.S. national milk consumption has dropped significantly in the last 20 years. And U.S. milk-for-export has been checked by the big international dairy cartels—Nestles, Unilever and the British Empire’s New Zealand Dairy Board—which dominate the world dairy trade.

Taking land out of production: The Senate, House and the administration all agree on the most extreme food-reduction plan of all—the “land reserve” scheme. Over a period of 10 years, 20 to 30 million acres of cropland are to be locked up in a government (or eventually private), trust, committed to trees or ground cover. Farmers are to be coerced by their income and debt crisis to sign up to place land in this lock-up scheme, in exchange for money to plant this non-food vegetation. The originator of the scheme is the Conservation Foundation, a front group for the old, entrenched oligarchical money trusts of Europe that want independent U.S. food capability permanently shut down.

Debt crisis dominates OAU meeting

Famine in Africa is worsening, despite lying U.N. reports that five countries have returned to "normal."

'Africa cannot let its children die of starvation, just to pay back its debts," said Tanzanian President Julius Nyerere on the first day of the annual meeting of the Organization of African Unity in Addis Ababa, Ethiopia on July 18. The annual meeting for the first time concentrated solely on economic matters.

Nyerere pointed out that Africa's debt of approximately \$170 billion was increasing by 20% per annum, and that interest payments alone amount to \$30 billion of the total \$170 billion. He stressed that the economic fight facing Africa, to overcome famine and recession, was "more difficult than the political fight" to free Africa from colonialism.

The African heads of state endorsed a statement, the Addis Ababa Declaration, which has two goals: a five-year crash program to make Africa self-sufficient in food, and dialogue with the West and financial institutions to bring about economic recovery. They called for an international summit on the debt crisis, and called for relief of interest payments. The outgoing acting Secretary General of the OAU, Peter Onu, stressed the need to open a dialogue with Africa's creditors, mostly European, to escape from "this nightmare." The British daily the *Times* commented laconically that such talks with Africa's creditors "are considered unlikely to take place."

The Organization for African Unity also called for a special meeting of

the United Nations on Africa, and called on the industrialized nations not only to concentrate on emergency aid for Africa, but to contribute to the long-term reconstruction of African economies.

The new president of the OAU, Senegalese President Abdou Diouf, urged his colleagues to take the program very seriously, saying that what was at stake was the credibility of African leaders in front of their people, in front of the world and "in front of history." He said that the continent should mobilize all its forces and raw materials to ensure the food supply of Africa's population.

The newly elected General Secretary, the foreign minister of Niger, Ide Oumarou, compared the task of overcoming the crisis in Africa with a "fight for the completion of [political] independence."

Onu had also called for action, saying, "If we don't succeed in implementing what we have freely decided, we will condemn this continent to remain, for an indefinite period, in a state of economic enslavement."

Reports say that monetary reform was discussed at the conference, and that an Egyptian proposal to develop barter trade deals among African nations, saving scarce foreign exchange, was accepted.

The crushing conditionalities demanded by the IMF in exchange for financial aid were not publicly discussed: African leaders have clearly been warned that if they act against

the IMF, all forms of aid will be promptly cut off.

The fact that the situation cannot continue as it is, with 150 million Africans facing famine and starvation this year, was also pointed out by Edouard Saouma, the director of the United Nations Food and Agriculture Organization (FAO), who called for at least a partial cancellation of Africa's debts by its creditors. "Africa loses from one hand what it receives in the other, and therefore falls deeper and deeper into poverty."

The latest report from the FAO on the food crisis in Africa says that the already critical situation has further deteriorated in several of the 21 countries affected by famine.

The most acute food emergency is in Chad, Ethiopia, Mali, Niger, and Sudan. Transport and logistical problems are once again named as the biggest problem, and the FAO calls—very belatedly—for an expansion of the programs to airlift and airdrop food.

The FAO writes that in eight of the affected countries—Burundi, Kenya, Lesotho, Morocco, Rwanda, Tanzania, Zambia, and Zimbabwe—the drought has been broken and "the food supply is back to normal." "Normal" in FAO parlance means "the same production level as five years ago," which is way below the minimum necessary for a normal diet. Witness the fact that average life expectancy in those countries is some 20 years or more below life expectancy in the industrialized countries.

Speaking at the United Nations Economic and Social Council meeting in Geneva on July 23, FAO director Saouma called for a Marshall Plan for Africa, saying that Africa did not wish to live off hand-outs forever, and that international food aid without long-term programs to relaunch cattle rearing and agriculture was as good as useless.

The collapse of the lira

A financial coup d'etat in Italy has dramatically destroyed the last remains of national economic sovereignty.

On July 19, in the space of a few minutes, the lira collapsed from 1,839 liras per dollar to 2,200 liras per dollar, i.e., 17%. At that point, and only at that point, Treasury Minister Giovanni Gorla ordered the exchange markets closed.

A day later, a meeting of the representatives of the central banks of the European Monetary System (EMS) in Basel, Switzerland, decided upon a "technical" devaluation of the lira inside the EMS by 6% and the revaluation of EMS currencies by 2%. In other words, a lira devaluation of 8%.

The lira has already been devalued several times, but this was the first time a devaluation was not the decision of the Italian government, but a brutal financial coup. At this point, everybody in Italy knows that, unlike in the past, there will be no more IMF delegations coming to Italy to recommend, pressure, and blackmail, no more discussions, counter-proposals, and final compromise. The constitutionally elected government, republican institutions, and parties have nothing more to say on the most vital matters of national interest.

There are rumors that the devaluation within the EMS had been decided upon earlier, and that the government agreed. But even if true, it was still an Italian "Black Friday."

"Technically," the collapse was the direct consequence of the decision taken by Franco Reviglio, the president of ENI, the state-owned corporation which includes the national oil company. Reviglio, through the Istituto Bancario San Paolo, started sell-

ing lire to obtain 125 million dollars to pay off a debt obligation. Normally, such an operation would not be cause for concern; its size is not that great, and there is an agreement between the EMS central banks to defend their respective currencies. This time, however, the Bank of Italy, led by Carlo Azeglio Ciampi, was apparently not paying attention, and apparently, neither were other central banks.

But according to witnesses, Ciampi's bank was complicit. A director of the Bank of Italy and former executive of the IMF, Lamberto Dini, personally followed the drama of the lira inside the exchange market office in Milan, and is also reported to have been in constant communication by phone with other central banks to make sure that the collapse took place.

It is also now known that the Banque de France and the Bundesbank actively participated in the operation. When journalists asked a high official of the Bundesbank why they had not moved a finger to support the lira, despite the EMS regulation, he replied coldly: "Better that you ask this question in Rome."

Friday, July 19, was not only the day of the collapse of the lira, but of the collapse of a dam in Trentino, killing 300 people. There are investigations going on into the "natural" disaster, and here in Rome, some compare it to a terrorist attack "without bombs." But then, doubly so for the lira collapse.

The "terrorists" in this instance are known. On that very same July 19, a semisecret meeting took place in the

Quirinale, the office of the President of the Republic, where the newly elected Francisco Cossiga received the leadership of the Aspen Institute. One year ago, the same Cossiga was made president of Aspen-Italy at a meeting in Venice—where the real decision was also made to make him President of the Republic. ENI's Reviglio is a director of Aspen-Italy.

The Venice meeting also resolved to create a "channel" for talks with the East bloc leadership, and the meeting was attended by Janos Fekete, vice-chairman of the Hungarian National Bank and "inventor" of the transferable ruble, a means for economically subjugating Western Europe to the Comecon.

In short, the meaning of the lira collapse is that Italy is about to become the first Western European country Finlandized economically.

Immediately after the operation against the lira, Labor Minister de Michelis and the nation's trade union leadership, dominated by the Communists, agreed on a series of measures including the almost total elimination of the cost-of-living escalator. De Michelis is another director of Aspen-Italy.

A few months ago, an IMF delegation in Italy demanded cuts in budgetary spending on the productive economy, and a devaluation. It met some resistance. Prime Minister Bettino Craxi even reproached Treasury Minister Gorla for having accepted IMF proposals without consulting the government. Now, after some violent verbal reactions, in which he compared "Black Friday" to an act of terrorism, Craxi backed down. At this point, he is trying to save himself politically: The shadow-government of Aspen attacked the lira, and showed itself stronger than any other political mafia.

TB begins predicted comeback

The outbreak of drug-resistant TB among homeless in Boston heralds a return of the disease in urban areas.

The current edition of the *Morbidity and Mortality Weekly Report* of the Centers for Disease Control (Vol. 34/No. 28) leads off with an article entitled: "Drug-Resistant Tuberculosis among the Homeless—Boston."

The article reports that between February 1984 and March 1985, 26 cases of tuberculosis were reported among homeless people in three large shelters in Boston.

Nineteen of these cases occurred in 1984, representing an incidence of 316.7 per 100,000, which is a sixfold increase over the incidence in this same population in 1983.

The most ominous facet of these particular cases was that the outbreak was initially recognized because the organisms were resistant to multiple anti-tuberculosis drugs. Identification of these cases led to a screening program which detected the remainder of the 26 cases, all multiply drug-resistant.

A subsequent screening program, now being introduced at all Boston shelters, detected tuberculous infection in 13 of 84 staff members at one 350-bed shelter. Preventive therapy is being initiated in this group.

While high rates of tuberculosis have been previously documented in homeless populations, this is the largest such outbreak so far reported.

Homeless populations are generally at high risk due to factors such as

stress, alcoholism, drug addiction, and malnutrition, which are common among the homeless.

When these people are crowded together in shelters, infections can spread rapidly. In addition, because of the transient nature of these populations, it is difficult to ensure adequate treatment of these cases.

Inadequate treatment results in continuing infection, and the development of drug-resistant strains.

The development of tuberculosis strains resistant to Isoniazid (INH) is a particularly worrisome problem, since INH is the only drug of proven value in preventing tuberculosis. The widespread dissemination of INH-resistant organisms among the nutritionally and immunologically compromised populations of our central cities is a real biological time bomb.

To understand the full implications of this, it is useful to read the rest of this issue of *Morbidity and Mortality Weekly Report*, particularly the weekly statistical reports.

Here we learn that as of July 14, 1984, 11,203 cases of tuberculosis had been reported in the United States, and, as of July 13, 1985, 11,031 cases have been reported.

This amounts to a decline of only 172 cases, or about 1.5%. This is a significant leveling off in the previous decline of 6 to 7% a year.

Closer examination reveals a much

more interesting trend, which is a steady decline in incidence of tuberculosis in most rural areas combined with sharp increases in major urban areas such as Boston and New York City.

New York City has reported 1,014 cases so far this year, compared to 826 last year, for an increase of 22.7%. The same obtains in the sunbelt state of California which reported 1,802 cases so far this year, as opposed to 1,789 last year. That gives an overall increase of 0.7%, within which are contained markedly sharper increases in cities such as Los Angeles and San Francisco.

Absolute increases in number of cases are being reported from:

- New England, with 367 cases so far this year, an increase of 16.8%;
- West-South Central (Arkansas, Louisiana, Oklahoma, Texas) with 1,325 cases so far, representing a rise of 2.6%;
- the Pacific (Washington, Oregon, California, Alaska, and Hawaii) with 2,172 cases, representing an increase of 1.8%.

Previous articles in this publication have stressed the potential for the return of tuberculosis as a major cause of death and disability in urban areas of the United States. This potential is now being actualized with the additional factor of widespread development of organisms resistant to the only drug presently known to prevent TB.

In this context, the U.S. Congress in Washington, D.C.—a city which has reported 98 cases of tuberculosis so far this year compared to 88 last year in the same period, an increase of 11.3%—is pushing a budget which is guaranteed to ensure that basic health and sanitation will be further depreciated, and that tuberculosis will make its comeback as a big time killer in the very near future.

Business Briefs

Banking

Volcker mediates in Maryland S&L takeovers

Paul Volcker is personally involved in facilitating the takeover of savings and loan institutions in the state of Maryland by New York banking giants, according to reports.

Maryland Gov. Richard Hughes and state cabinet secretary Thomas H. Maddux met privately in Washington on July 22 with Federal Reserve Chairman Volcker. According to Hughes, they discussed "what interest there is from out-of-state" in purchasing the state's financially troubled savings and loans.

Maddux said the Federal Reserve "could be asked to loan [a] savings bank enough money to make it attractive to a potential buyer."

State officials indicated that they are getting close to finding a buyer for at least one of the most troubled S&Ls, Merritt Commercial Savings. David Rockefeller's Chase Manhattan Bank is said to be interested in the deal, because it would allow Chase into the Maryland market for the first time.

Development

Argentine labor leader to meet with LaRouche

Argentine Peronist and trade union leader Juan Labake has issued a press release in Buenos Aires, announcing that he will journey to the United States to meet with "Democratic party leader Lyndon LaRouche, admirer of Juan Peron, and defender of our rights to the Malvinas."

LaRouche is *EIR's* founder and Contributing Editor, and author of *Operation Juárez*, a program for Ibero-American debt reorganization and integration for industrial development.

Published in the July 22 *Tiempo Argentino*, the release states:

"Mr. LaRouche directs a team of economists which for years has investigated the possibilities of development and integration of Latin America. I hope to bring back the technical information which we need to establish in Argentina an institute dedicated specifically to studying the process of integral industrialization for the next decade. . . ."

Mr. Labake emphasized that the current Alfonsín government has made alliances with the international financial institutions represented by the International Monetary Fund, for which reason the Peronist movement "cannot support official economic policy." No one doubts the necessity of fighting inflation; but the Alfonsín government uses this "as a pretext to deepen the recession and consolidate the destruction of our productive apparatus, begun during the regime of [former Finance Minister] Martínez de Hoz."

The basic cause of inflation in Argentina, stated Labake, is "the low productivity of our economy."

Health Care

Ten-fold increase in British AIDS cases seen

The number of AIDS cases in Britain will triple this year and increase ten-fold in three years, according to the Chief Medical Officer of the British Health Department, Dr. Donald Acheson. Acheson spoke with *EIR* on July 20.

"An exponential increase in the number of infected persons can be expected at least in the immediate future," Acheson asserted. "A substantial proportion" of these people will die from AIDS.

AIDS, or Acquired Immune Deficiency Syndrome, causes the loss of a patient's ability to ward off infectious disease. Its spread is associated with worsened sanitary, health care, and nutritional conditions in society at large. It is now being widely predicted that AIDS will break out of the Haitian, homosexual, and intravenous drug-user

populations in which it has heretofore been concentrated in Europe and the United States. Should it thus attack the population at large, it could become the "Black Death" of the '80s, many specialists fear.

There were 58 new AIDS cases in Britain last year, said Acheson. Most cases will occur in London, he predicted. As many as 10,000 people have been infected with the AIDS virus in Britain to date, and new infections are occurring at the rate of 50 to 100 each week.

World Economy

U.S.-India talks on new economic order?

According to Indian Prime Minister Rajiv Gandhi, President Ronald Reagan is willing to discuss a new world economic order. Gandhi visited the United States in June.

"It is not correct to say that there was no response from the Reagan administration to the demand for a New International Economic Order," said the Indian prime minister in an interview on July 17.

"India and the United States," he continued, "have decided to talk of the New International Economic Order. This was a major step."

Debt

Castro quotes Kissinger, calls Volcker 'heroic'

Cuban dictator Fidel Castro has heaped praise on one of the most hated men in the world, U.S. Federal Reserve Chairman Paul A. Volcker, according to an Argentine newspaper. Volcker, of course, has been instrumental in destroying the economic and military might of the United States and its allies in Europe and the Third World, through his exorbitant-interest-rates policy.

Briefly

In a speech in Havana on July 18, Castro declared:

"The head of the U.S. Federal Reserve Bank, Paul Volcker, has heroically and almost singlehandedly held matters together at the U.S. end," according to the report on his speech that appeared in the daily *La Prensa* of Buenos Aires July 19. Castro also praised the "courage" of Argentine President Raul Alfonsín in implementing his "drastic reform program," the paper reported. Alfonsín introduced a new, and devalued, currency, the *astral*.

These statements, and some 200 words of the speech overall, are identical to the words used by Henry A. Kissinger in his June 23 *Los Angeles Times* piece on the same subject. Castro has lately sought to capture anti-International Monetary Fund ferment in Ibero-America by proposing a "solution to the debt problem" barely distinguishable from that of Kissinger.

EIR spoke with Sergio Rubín of *Noticias Argentinas* wire service, who swore he had recorded Castro's voice retransmitted on Argentina's Radio El Mundo, giving the same line and even the same words as Kissinger.

A U.S. State Department watch officer on duty would not comment on the matter, on grounds that it was not "a life or death question."

Pestilence of Usury

Mexican concessions to debt-for-equity plan

Mexico has announced a major shift in opening up the country to 100% ownership of enterprises by foreign firms. On July 23, the government reversed an earlier rejection of an IBM proposal to build a computer plant near Guadalajara with the company as sole owner. The case was viewed as a key test of the country's pledge to ease foreign investment restrictions, which currently make Mexican majority ownership mandatory.

In so doing, the government was over-

riding the objections of Mexican-owned computer companies, who could face hard times given the terms of the IBM agreement. IBM promised to export 92% of its production, and to sell personal computers inside Mexico at less than 15% above international prices.

The government also announced that five other foreign-majority projects had been approved, including a \$250 million tourism project near Mazatlan.

Easing of investment laws, including as part of debt-for-equity exchanges which would permit foreign takeover of the Mexican economy, have been a key demand of the nations' creditors and the International Monetary Fund.

Under the terms of IMF-dictated austerity, Mexico will import 1.5 million tons less food this year than last, but will pay more for it because of the devaluation of the peso. The government has just announced a new program of "anti-inflation" austerity measures, including broad new budget cuts and "liberalized" trade measures, as well as the 40% peso devaluation.

Elsewhere on the continent, Brazilian families have stopped eating vegetables because of price increases of between 400% and 1,354%, the result of financial conditions imposed on the country by the IMF and its commercial creditors.

"In my house, we have never eaten so much leaf as now. I continue to serve meat, but only once a week," said a commercial employee with two children.

In Bolivia, where the government was forced to declare a debt moratorium in 1983 for lack of the foreign exchange necessary to import food and medical supplies, much less pay foreign debt, the rate of inflation is 82,000% in 1985 to date! Sources report that Bolivia's GNP has fallen by 8% and purchasing power by more than 25%.

Less than 20% of the total amount disbursed by creditors to Bolivia has entered the impoverished country during the past three years. What did not, ended up in foreign accounts maintained by wealthy Bolivians in Miami and Panama. Between 1971 and 1981, banks loaned Bolivia \$1.099 billion, but capital flight was \$1.688 billion.

● **U.S.-CHINA** nuclear cooperation was one of the results of the meeting between President Reagan and President Li Xiannian of the Peoples Republic of China on July 24 in Washington. The agreement would open the way for American companies to bid on building nuclear power plants in China. Formalization of the accord, which was discussed during the President's visit to China last year, has been held up because of reports that China was involved in helping Pakistan to develop nuclear weapons.

● **DISASTER** is a persistent threat on many of the United States' 545,000 bridges, according to James Burnett, chairman of the National Transportation Safety Board. Burnett said that inadequate inspection of bridges has set the stage for disaster, and that it would require nearly \$45 billion in repairs to make the nation's bridges safe.

● **YUGOSLAV** prices for basic food and energy were increased by as much as 48% on July 20, due to "economic difficulties in agriculture and the power industry," Tanjug news agency reported. Household coal prices went up 18%, the price of flour 48%, bread and sugar 35%, and electricity 20%.

● **CUBA** has been given a debt rollover by Western governments on an estimated \$285 million in payments due in 1985. Chile was given similar treatment by the "Paris Club."

● **AERIAL SPRAYING** on 16,000 acres of range land in Washington state began on July 21 kill grasshoppers threatening millions of acres in Washington and contiguous states. The grasshopper infestation is destroying vegetation on at least 11 million acres in Western states, including 250,000 acres in Washington. The infestation is a product budget cutbacks in government-farmer spray programs in past years.

The fraud of Castro's and Kissinger's debt proposals

by Dennis Small

Excerpts of a speech delivered at the First Continental Conference of the Schiller Institute Labor Commission, on July 16, 1985. Mr. Small is EIR's Ibero-America Editor.

This year will be absolutely decisive for the debt fight, which is a fight for survival, not only for the Ibero-American economies, but for the world economy as well. We will evaluate today the three options on the Ibero-American foreign debt which have been presented for public discussion so far this year: the Kissinger proposal, the Castro proposal, and the "Operation Juárez" proposal of Lyndon LaRouche.

Ibero-America is going to opt for one of these choices: Either we will go with the Kissinger model or that of Fidel Castro, which in the end will lead to exactly the same results, i.e., turning the continent over to Moscow, after it is wrecked economically; or we will adopt the option LaRouche proposes, of sovereign development tied to the Western Alliance.

I will cover two basic points. First, exactly what do Kissinger, Castro and LaRouche propose to do with the debt problem? And second, what would be the consequences, economically and monetarily, of the adoption of each of these policies? But to adequately review either of these two points, it is first necessary to describe the true nature of the current Ibero-American debt problem.

Figure 1 shows the total Ibero-American foreign debt of \$355 billion in 1984. But how much of this is legitimate debt, and how much represents pure looting? First, we must see what the debt would have been without U.S. Federal Reserve chairman Paul Volcker's usurious interest rates. If interest rates had stayed at their 1978 level, before the "Volcker shock," Ibero-America's foreign debt would only total \$301 billion today. \$55 billion in debt is really disguised interest-rate robbery.

Second, if Ibero-America's terms of trade had not worsened dramatically since 1978—if the average price per ton of the continent's exports had stayed constant—Ibero-America would have earned almost \$150 billion more, and its debt would have been smaller by at least that amount. This is disguised trade robbery.

And finally, over \$100 billion in flight capital was sucked out of Ibero-America



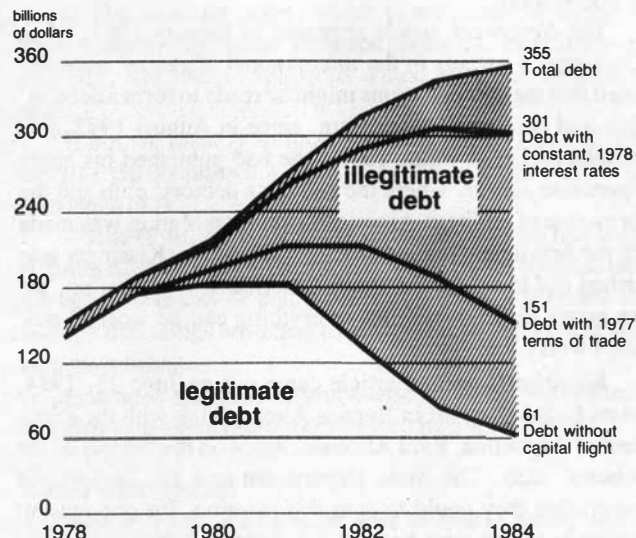
NSIPS/Lucia Mendez

The only difference between the Castro and Kissinger proposals for the Ibero-American debt crisis, is that Castro says it is not necessary to pay all the debt—and Kissinger says it is. The Schiller Institute has another solution. Shown are speakers at the conference of the Institute's Trade Union Commission in Mexico City: (l. to r.) Fernando Quijano (Ibero-American Labor Committees), Max Londoño (Andean Labor Party), Manuel Carulias (Argentine trade union leader), and Pedro Rubio (Colombian trade union leader).

over recent years—another “debt” which is really disguised highway robbery.

In summary, out of a total debt of \$355 billion, only \$61 billion, or about 15%, can be considered the legitimate debt of Ibero-America.

FIGURE 1
Ibero-America's legitimate and illegitimate debt (1978-84)



Another indication of this debt looting can be seen in **Figure 2**, which shows the actual service on the foreign debt of the continent. The black bar is the official simple debt service. To this we have added the hatched part, which is the loss by reduction in the price of exports. In other words, in order to earn the same amount of money through exports, it has been necessary to export a larger volume, precisely because of the drop in export prices. Therefore if we think in terms of the physical quantity of wealth which went out of the continent to pay the debt, we are not talking about \$59.4 billion, but \$81 billion in payments in 1984.

If a debt moratorium were declared by the Ibero-American countries, the continent immediately would have at its disposal \$81 billion worth of goods which are now exported, which could be reinvested domestically.

To make these outrageous debt-service payments, Ibero-America has been forced to dramatically reduce imports by about 40% in three years, while exporting everything that wasn't nailed down (**Figure 3**). This has destroyed both living standards and industrial activity, creating a situation rapidly approaching African extremes of deprivation, starvation and disease.

Peru's per-capita caloric and protein consumption, for example, has reached the horrifying level, under IMF dictates, of only 1,500 calories per day, compared to a requirement nearly twice that of 2,800 calories per day (**Figure 4**).

Washington's current support for the IMF policies which have produced these results, and similar ones all over Ibero-America, is the quickest way to hand the continent over to the Soviets.

FIGURE 2
Ibero-America's true debt service
(1984)

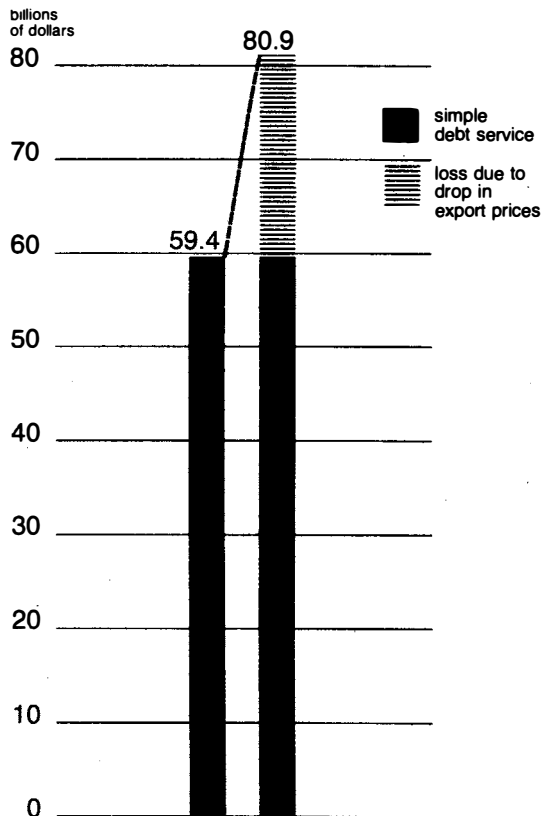


FIGURE 3
Ibero-America: exports and imports
(1979-84)

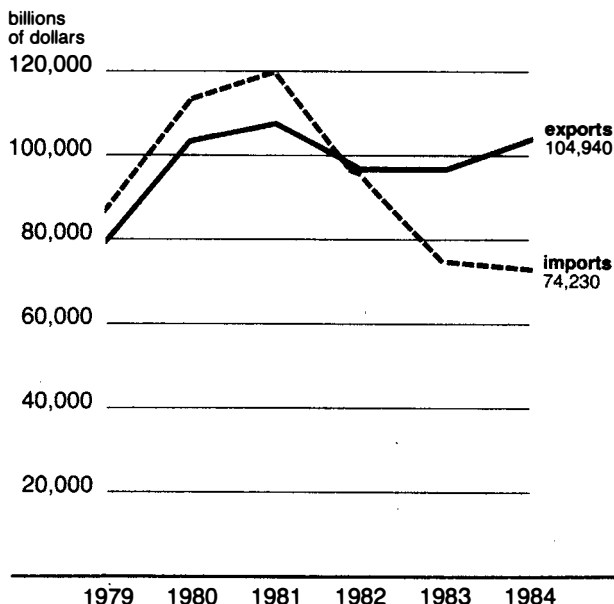


FIGURE 4
Peru: nutritional level
(1972-79)

	1972	1976	1979	Requirement
Caloric consumption per day				
Lower stratum	1,934	1,645	1,486	2,800
Middle stratum	2,150	1,700	1,595	2,800
Protein consumption (grams per day)				
Lower stratum	52.7	47.6	41.3	75.0
Middle stratum	65.6	55.5	48.4	75.0

Kissinger's proposal

What does Kissinger propose, what does Fidel Castro propose, and what is the program of Lyndon LaRouche? Let's take the case of Henry Kissinger first (Figure 5).

Kissinger's latest article on the debt attracted enormous attention. It was published by thousands of newspapers all over the world, and it was called the newest thing under the sun. Kissinger was congratulated for "realistically" calling for serious debt relief.

But this is actually the *third* time (at least) that Kissinger has said exactly the same thing. His latest article, of June 23, 1985, "A Plan of Help, Hope for this Hemisphere" is identical to an article that appeared a year ago called, "Debt Crisis: Kissinger Warns U.S. Must Act Now to Prevent Latin Catastrophe," and both articles are identical to another Kissinger article which was printed in *Newsweek* in January 1983, "Saving the World Economy." I could give you quotes from each of these three articles where he says exactly the same thing.

But if you really want to know what is behind Kissinger, don't bother reading his arguments; look instead at the *date* of publication.

The *Newsweek* article appeared in January 1983, when Kissinger's owners in the international oligarchy were terrified that the debtor nations might be ready to form a debtors' club and declare a moratorium, since in August 1982, five months earlier, Lyndon LaRouche had published his study *Operation Juárez*, where the call for a debtors' club and the formation of an Ibero-American Common Market was made for the first time. Against this, in 1983, Henry Kissinger was rushed out to assure the Ibero-Americans: "No, no, no, we are going to negotiate this, everything can be worked out, don't worry."

Kissinger's second article came out on June 25, 1984, when LaRouche was in Buenos Aires talking with the President of Argentina, Raul Alfonsín, again on the subject of the debtors' club. The State Department and the Soviets did everything they could to stop this meeting, for one reason: Alfonsín at that time had not yet decided definitively to go with the IMF's program, and was considering declaring a



NSIPS/Lucia Mendez

Living standards in Ibero-America are rapidly approaching African levels of deprivation, under pressure of IMF policies. Shown is a Schiller Institute demonstration in Mexico City against the Fund.

moratorium and calling for a debtors' cartel. As a deployment against this, out came Kissinger's second article.

The third article was released when the Schiller Institute and its Trade Union Commission began to organize masses of Ibero-Americans behind the policy of integrating the continent.

Kissinger's plan is nothing but an attempt to stop what is being organized right here.

The argument of the three articles is the same, and it is as follows:

1) Frankly, the Ibero-Americans cannot pay the debt under the present conditions.

2) The austerity crisis, which is the result of trying to force them to pay, could provoke populism, mercantilism, dirigism, and social explosions which we won't be able to stop.

3) So, we must "politicize" the debt issue. The IMF has to relax its conditions a little; the interest rates should be lowered a little.

4) Above all, we have to get across the *illusion* that there is going to be an improvement. It doesn't matter if conditions get better in reality or not; what is important is to create the illusion that things are going to get better, so that people will stop mobilizing.

5) In terms of concrete proposals, Kissinger says bluntly that IMF conditionalities must indeed be implemented.

Castro proposal

Now let's take a look at the case of Fidel Castro, who is a bit more interesting. The first question is why, all of a sudden, are the Cubans and the Soviets so interested in the

debt question? We all know that for 10 years the Soviet Union has backed the conditions imposed by the International Monetary Fund on Ibero-America. Why has the Soviet Union suddenly aligned itself with the continent-wide anti-Fund movement?

Because they are sure that the United States will go on being associated with the IMF's policies, and that, therefore, the rebellion of Ibero-America against the Fund is going to hand over the continent on a silver platter to the Soviet Union.

What is Cuba's role in this? In **Figure 6** we see that the foreign debt of Cuba with the West is \$3.4 billion. Chile, an equivalent country in Ibero-America with the same population, more or less—10-12 million inhabitants—has a debt of over \$27 billion. In other words, Cuba has no debt with the West; they don't have an IMF problem, they don't have the same problems as the other Ibero-American countries. What they do have is another problem, an *implicit* debt with the U.S.S.R., disguised as subsidies, which is truly enormous.

Now, what does Fidel Castro propose? First, it has to be recognized that Castro says some very correct things. Castro's analysis of the debt is very good, for a simple reason: He stole it from LaRouche! What is correct in Castro's analysis on the debt problem comes right out of *Operation Juárez* and other publications by Lyndon LaRouche. For example, in his interview on June 2 with *Folha de São Paulo*, Castro explains that there is a difference between the legitimate and illegitimate debt, and he says that the illegitimate debt comes from three factors: usurious interest rates, more than 8%; a fall in the prices of exports; and the forced overvaluation of the dollar. Castro says this in June 1985 as if it were the greatest discovery in the world. But we published a study in

FIGURE 5

The Kissinger proposal

- 1) Create a "development institution" for the Western Hemisphere with a lifetime of five to seven years.
- 2) Finance this institution by cutting the U.S. budget, including a reduction of the SDI to a program of research only.
- 3) Refinance the Ibero-American debt, reducing the interest rate by approximately 3%.
- 4) Capitalize this reduction in interest rates, adding the amount postponed to the total debt.
- 5) Pay part of the continent's debt service with the currency of each country.
- 6) Permit the bankers to use these national currency funds to acquire Ibero-American assets equal to 20% of the total debt.
- 7) Continue to impose the adjustment programs of the IMF, only slightly more slowly.

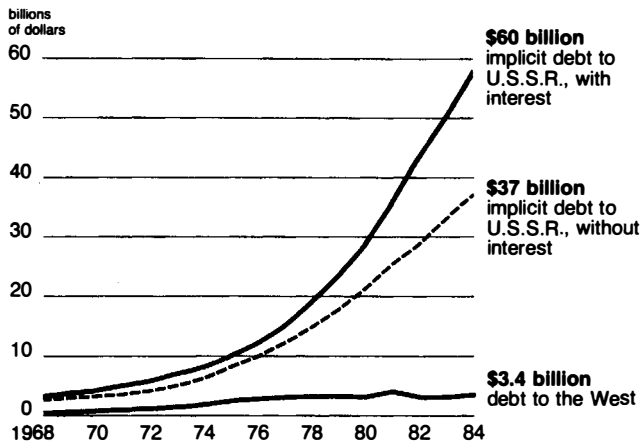
FIGURE 7

The Castro proposal

- 1) Pay no debt service on the "illegitimate" portion of the Ibero-American foreign debt.
- 2) Maintain the IMF as an institution.
- 3) Pay off the banks for writing off the "illegitimate" debt, through cuts in the U.S. defense budget.
- 4) Eliminate the U.S. SDI program.
- 5) Cut the defense budgets of Ibero-American nations, thereby destroying the defense capability of the continent.
- 6) Eliminate nuclear, laser, and other advanced-technology programs, on the grounds of their alleged role in "the arms race."

FIGURE 6

Cuba: external debt, official and implicit (1968-84)



September 1984 with the same three categories, with the calculations already made.

Castro is also right when he puts forward the need to form a debtors' club and declare a debt moratorium. This, too, he presents as the unique property of the revolutionary government of Cuba. Of course, in August 1982, in *Operation Juárez*, Lyndon LaRouche proposed forming a debtors' club and a joint debt moratorium—and a lot of other things that Castro chooses not to talk about. Castro is also right when he talks about the phony U.S. economic recovery—but we've

been saying this since 1980.

But now let's look at where Castro is *not* right: in the solutions he proposes. First, he says the way to solve the debt problem is to simply cancel payments on the debt and to save the creditor banks by taking money away from the U.S. military budget—particularly from the beam-weapons defense program. This may remind you of Kissinger's proposal, and it is identical, in effect.

Castro also says the IMF should be saved as an institution—so I don't understand his "anti-IMF mobilization," which proposes to reestablish IMF rule!

There's another important aspect: Castro and the Soviets propose not only to eliminate the U.S. beam-weapons defense program, but to reduce Ibero-America's military budgets as well, and to eliminate all advanced-technology programs, arguing that these programs are connected with the "arms race." For example, one can read in Soviet publications, such as the magazine *América Latina*, that the Argentine nuclear program should not go ahead, and that Brazil should not have a military industrial sector. In other words, they chose the areas where Ibero-America has achieved the most in terms of technological and scientific advances, and they say, "This has to be eliminated, because it could have military applications."

If this policy were applied, it would be like a strategic bombing of the most important points of the economy. If we take away the Argentine nuclear program, advanced capital goods in Brazil, scientific programs with lasers and rocketry, the result would be a dizzying collapse of the Ibero-American economy. This is why the IMF has also taken upon itself the task of wrecking these sectors. The first target of the Fund is exactly Castro's first target, using the same "pacifist" arguments.

So if we place the Kissinger and Castro proposals side by side (Figure 7), you will see there is really no difference.

The Operation Juárez proposal

1) Reorganize the foreign debt of Ibero-America through collective negotiations;

- a) declare a moratorium on the existing debt;
- b) issue new Ibero-American longterm bonds at 2% interest;
- c) bury the IMF and the World Bank.

2) Form an Ibero-American Common Market;

- a) establish a customs union to stimulate intra-Ibero-American trade;
- b) create an Ibero-American development bank;
- c) establish a "Golden Peso" with new revalued parities with respect to the dollar, defended by exchange controls;
- d) reestablish the true value of Ibero-American exports.

3) Launch great projects of economic development in Ibero-America.

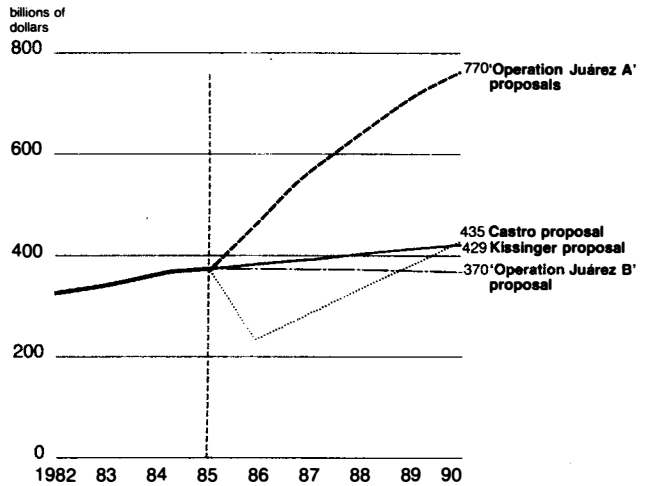
- a) physically integrate the continent through infrastructure projects;
- b) emphasize advanced industrial technology, especially nuclear energy and lasers;
- c) modernize agriculture.

4) Reactivate the economies of the advanced sector.

- a) export \$100 billion in capital goods per year to Ibero-America by issuing new, low-interest credits;
- b) promote the SDI and other advanced technologies;
- c) federalize the Federal Reserve; put gold back behind international dollar transactions; drastically lower both domestic and international interest rates, and insure that the credits thus loaned go exclusively for productive purposes.

Both propose to reduce the military budget; both propose to destroy beam weapons, which in turn guarantees the economic and military destruction of the West; both propose to destroy the Ibero-American economy; and both defend the IMF. The only difference is that Fidel Castro says it is not necessary to pay *all* the debt and Kissinger says it is. That's why we say "neither Kissinger nor Castro."

FIGURE 9
Ibero-American debt: four alternative proposals (1985-90)



Operation Juárez

What is the alternative? The proposal of Lyndon LaRouche, the basic points of which can be summarized as shown in **Figure 8**.

The first three points—debtors' cartel, common market, and great infrastructure projects—are measures that can be adopted immediately by Ibero-America, regardless of political developments in the United States. The fourth point, however, depends on a U.S. policy shift back toward sanity. Thus we have chosen to analyze both what would happen to Ibero-America if Operation Juárez were fully implemented ("Operation Juárez A"), but also its trajectory if point 4) did not occur ("Operation Juárez B").

The next graphs are a first approximation, pending a more detailed econometric study, of what the impact on Ibero-America's debt and industrial development would be of each of the four policy proposals under review—Kissinger, Castro, Operation Juárez A, and Operation Juárez B. In each case, we have given the most generous interpretation of each option and, for the purposes of analysis, have preferred to take each proposal at face value.

Figure 9 shows what happens to Ibero-America's total debt under each of the four options. First, we can see that the total debt under the Kissinger proposal does grow some, but not a lot. This is because no new credits are issued to Ibero-America, and the banks only refinance the old debt. With the Castro proposal there is a steep drop at first, as about half of the foreign debt is wiped off the books as "illegitimate," but then the total debt rises by approximately \$50 billion per year, since Castro states that the banks would renew "normal lending operations" in short order. With Operation Juárez B,

FIGURE 10
Ibero-American interest payments:
four alternative proposals (1985-90)

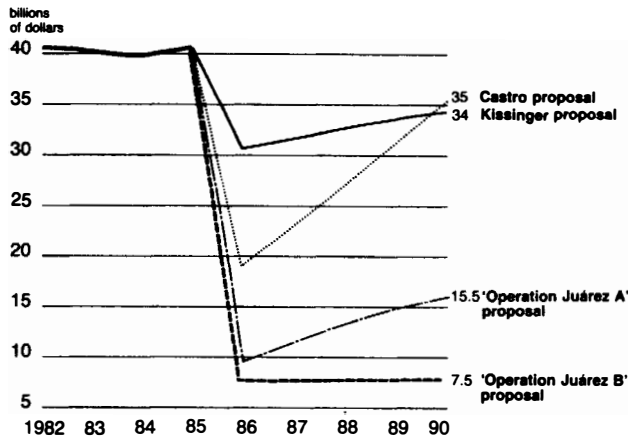
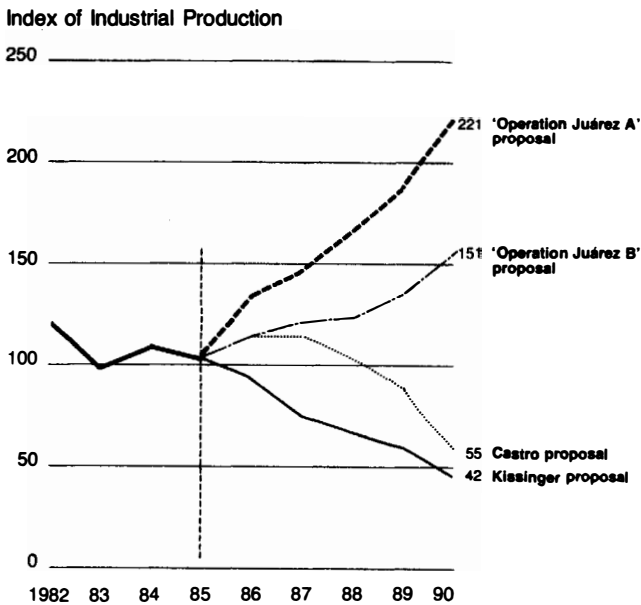
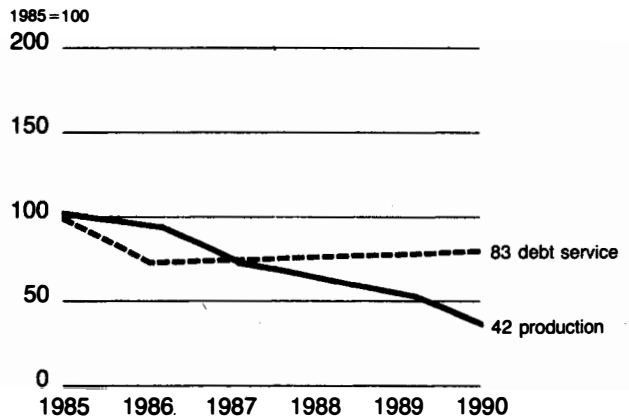


FIGURE 11
Industrial growth in Ibero-America:
four alternative proposals (1985-90)



there is no transfer of technology or new capital to Ibero-America, and therefore the total debt is fixed at the current mid-1985 level of \$370 billion. With the full implementation of Operation Juárez A, however, Ibero-America's foreign debt grows by almost \$100 billion per year, representing new loans for high-technology development, to reach a total of \$770 billion by 1990. One might be tempted to conclude that this is bad, since the debt is growing so rapidly. But in fact the new debt is simply a vehicle for the transference of tan-

FIGURE 12
The Kissinger proposal: indices of pro-
duction and debt service (1985-90)



gible capital, and not a vehicle for looting, as it is under the current world monetary system.

Figure 10 shows Ibero-America's interest payments under each of the four proposals, how much would have to be paid each year to service the debt.

Under the Castro proposal, interest payments drop at first as an 8% interest rate ceiling is decreed on the "legitimate" portion of the debt. But payments then rise, as total debt also rises. Kissinger's proposal leads to very similar results. Even under the most generous interpretation, Kissinger would have interest rates drop by only 3% from their current 11% level—down to a level ironically identical to that suggested by Castro. This would lead to something of a reduction in interest payments in the first year, from about \$40 billion down to about \$30 billion; but debt service would then rise gradually, as can be seen in the graph.

Under Operation Juárez A, even though a large amount of new money would be lent to Ibero-America, service payments on that debt would not go much above \$15 billion per annum in 1990. This is so because the proposal calls for a 2% interest rate—substantially less than either the Kissinger or the Castro cases. With Operation Juárez B, debt service would be even less, because the 2% would apply only to existing debt, since no new loans would be received.

But only in Figure 11 do we really see just what each of the four proposals means in terms of Ibero-America's industrial growth. A rising foreign debt is not the problem per se—so long as industrial growth rises more rapidly than debt. This is the secret behind Operation Juárez. In Option A, for example, the index of industrial production would rise dramatically from a 1985 level of 100, to over twice that within five years. With Operation Juárez B, industrial production would grow by a lower, but still very respectable, 51%.

The Kissinger proposal, however, would continue the IMF looting of Ibero-America, and lead to a total collapse of industrial production down to a level of 41—that is, there would be less than half of today's level of industrial output by 1990.

The Castro proposal is the most interesting, because at first there would be a slight improvement in the physical economy, simply because much of the debt-service looting would be stopped, and those goods, rather than being exported, would be available for use within the area. In that sense, for the first year, the Castro proposal might seem to resemble Operation Juárez. However, after a few years the Ibero-American economy would begin to show the effects of Castro's "strategic bombing" of the high-technology sectors. This would quickly bring about a dramatic decline in the continent's industrial output, in a fashion almost identical to what Kissinger's proposal would produce. Under Castro the industrial production of Ibero-America after five years would also have collapsed by about 50%. Castro is nothing but Kissinger dressed up with a socialist ruffle!

We are now in a position to compare the relationship of debt service to industrial output in each of the four cases—using relative indices for each. **Figures 12-15** demonstrate that with both the Kissinger and the Castro options, the growth of debt service rapidly outpaces industrial production, leading to a certain blowout of the Ibero-American economies. Only with Operation Juárez, in either of its variants, will Ibero-America's productive capability grow more rapidly than debt-servicing requirements. It is the only proposal which both solves the debt crisis, while resuming necessary economic growth among the debtor nations.

We are now armed with a scientific analysis with which

to argue a point that many of us suspected from the outset: that the Kissinger proposal means genocide for Ibero-America; that Castro's version under the best of circumstances is pure demagoguery, and in its actual implementation would also mean genocide; and that the only solution to the Ibero-American debt crisis is the one proposed by Lyndon LaRouche, Operation Juárez.

Now, all that is needed is political will to move forward and implement the LaRouche option. And that, of course, is why we are gathered here today.

FIGURE 14
'Operation Juárez A' proposal: indices of production and debt service (1985-90)

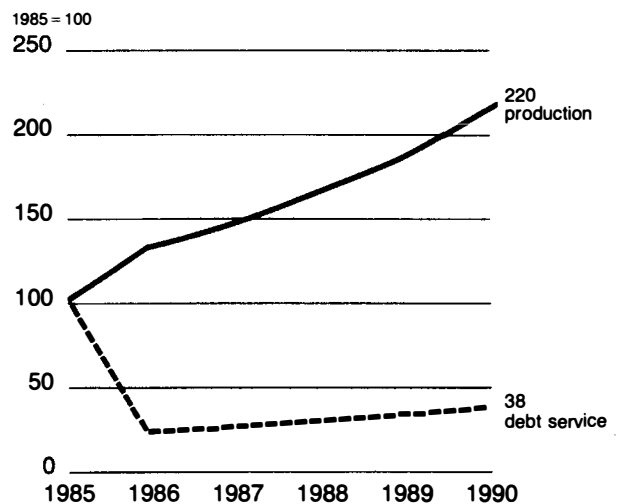


FIGURE 13
The Castro proposal: indices of production and debt service (1985-90)

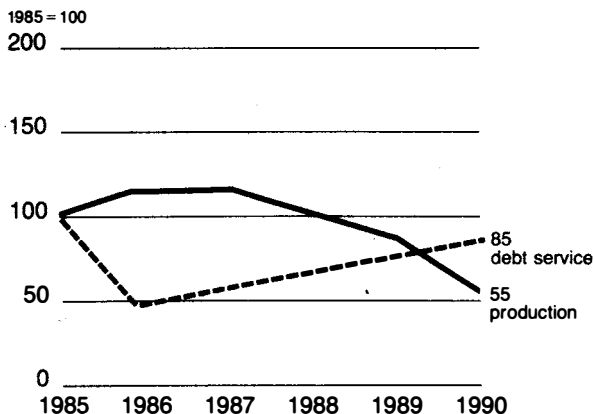
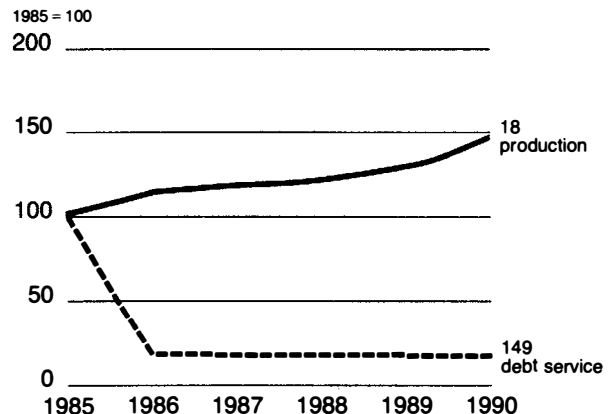


FIGURE 15
'Operation Juárez B' proposal: indices of production and debt service (1985-90)



The two qualitative facets of the Ogarkov war plan

from EIR's 'Global Showdown' Report

The following is an abridged version of the introductory section of EIR's Special Report, "Global Showdown: The Russian Imperial War Plan for 1988," released in Washington, D.C. on July 24, 1985.

At present, the Soviet Union is in a full-scale prewar mobilization, with the objective of acquiring all capabilities needed to survive and win a full-scale thermonuclear-led assault against the United States, according to the Ogarkov Doctrinal War-Plan, by approximately 1988. The economic mobilization in progress is best characterized as an overlay of two complementary general policies. These two, overlaid, policies we have designated as *Plan A* and *Plan B*, respectively.

Plan A, signifies the aspect of the current economic mobilization governed by a Soviet version of "systems analysis," the portion of the mobilization based on mobilization policies of practice in place prior to 1983.

Plan B, signifies a new dimension of Soviet mobilization policy, which was made visible in Soviet war-planning during the 1983-84 period, and has been implemented on a massive and accelerating scale immediately following General Secretary Gorbachov's installation in office. Fairly described, *Plan B* represents a virtual revolution in Soviet economic policy of practice. The intent of its addition, is to forestall any U.S. move to a "crash program" method of implementation of the Strategic Defense Initiative. It introduces to Soviet practice, "science-driver crash-program" methods of rapid technological upshifting of Soviet production in general.

What we have named *Plan B*, is based significantly on Moscow's exhaustive study and monitoring of the writings of U.S. economist Lyndon H. LaRouche, Jr. As far as we are able to determine thus far, this monitoring of LaRouche is centered within the Soviet Academy of Sciences. The Soviets fear that the Reagan administration might adopt the reforms in economic policy proposed by LaRouche and his associates. Soviet planners associated with Marshal Nikolai Ogarkov and General Secretary Gorbachov, are purging the Soviet apparatus of the so-called "Brezhnev Mafia," at an accelerating rate, in the effort to bring a Soviet imitation of LaRouche's "crash program" doctrine into effect.

The relevant Soviet strategic estimate is broadly as follows.

Option A: If the United States continues the monetary, economic, and defense-budget policies now in force, by 1988, the Soviet empire will have the degree of strategic superiority needed to launch, survive, and win a general "first strike" assault against the United States with degrees of losses acceptable to the Soviet command, on condition that the U.S.A. does not adopt a "launch on warning" doctrine. For this case, *Plan A* is sufficient for Soviet war-economy mobilization.

Option B: However, in the case, that the United States not only adopts "launch on warning," but also unleashes those changes in monetary, economy and budgetary policies needed for implementation of an SDI "crash program," *Plan A* would fail.

If the Soviets knew, that the U.S.A. had adopted a "launch on warning" doctrine, then a Soviet "first strike," a crucial feature of the maximum option under the Ogarkov Plan, would not be possible as early as 1988. At the earliest, Soviet "first strike" would be postponed to the 1990s, awaiting the deployment of a more advanced generation of Soviet BMD than is projected for deployment by approximately 1988.

If Soviet ability to survive and win a general war is postponed from the 1987-89 interval to the 1990-92 interval, as U.S. "launch on warning" would tend to have this effect, and if the United States also turns to a "crash program" implementation of SDI, Soviet *Plan A* war-economy mobilization would be disastrous for Moscow's ambitions. On this account, the Soviet planners are introducing *Plan B* rapidly and most forcefully at this time.

The relevant Soviet fear is: The cultural resistance to rapid technological progress within much of the Soviet population, often labeled the "peasant problem" in Soviet production, would mean that even a scientifically inferior United States could outpace the Soviet economy technologically under the condition that the U.S.A. changed its present monetary and economic policies in the manner required for transforming the SDI into a "crash program." The Soviets are deathly fearful of the projected rate of increase of U.S. economic and technological prowess under revival of precedents of the 1939-43 mobilization and the pre-1966 phase of the U.S. aerospace program, a U.S. return to "pre-McNamara" defense policies.

Therefore, the current Soviet push to activate *Plan B*.

On the surface, *Plan B* takes the form of a massive purge of Soviet bureaucrats, to appoint industrial managers who are committed to forcing Soviet workforces to accept very high rates of adaptation to technological progress. This takes the form most visible from the scope and depth of the current barrage of policy-statements from the highest levels in Moscow, of introducing the managerial methods of the Soviets' high-technology military industries, especially the aerospace and nuclear sectors, into the management of firms generally.

Lyndon LaRouche's keynote address of June 15, 1985, on the principles of "science-driver crash programs," to the Krafft Ehrlicke Memorial Conference of the Schiller Institute [published as an appendix in the "Global Showdown" report], summarized the methods by aid of which, the United States could transform the SDI's implementation into a "crash program," the methods which the Soviets fear and seek to emulate.

Soviet administration has been long familiar with certain important features of successful "crash programs." Soviet knowledge and past practice of "crash programs" depended greatly on captured documents and veterans of the German Peenemünde Projects. The Soviets employed thousands of veterans of those Projects; without these captured German scientists and engineers, the postwar aerospace and ther-

monuclear-fusion accomplishments of the Soviet military would not have been possible. The grafting of captured German science and scientists, onto Pasteur Institute-trained Academician Vernadsky's Atom Project, identifies the essence of Soviet knowledge and experience in this connection.

Moscow has recognized that LaRouche's work as an economist has opened up new dimensions of insight into the causal relationship between scientific progress and increases of economic growth-rates. Although Moscow lists "LaRouche" as a "dangerous principled adversary," whom it wishes to destroy, this is not the first time that Moscow sought to learn as much as possible from those it seeks to destroy.

Soviet interest in LaRouche's work is twofold.

On the one count, President Reagan's March 23, 1983 announcement of an SDI policy congruent with LaRouche's earlier specifications, came at a time that leading Democratic Party circles had solemnly assured Moscow, that the President was efficiently blocked from taking such action. Consequently, Moscow exaggerated greatly LaRouche's influence on the President, to the degree Moscow worked together with its U.S. collaborators, including NBC-TV and the Anti-Defamation League, to orchestrate early 1984 demands that the President publicly distance himself from LaRouche.

More generally, and more accurately, Moscow recognized that LaRouche's work as an economist had opened up new dimensions of insight into the causal relationship between scientific progress and increases of economic growth-rates. Obviously enough, although LaRouche has provided the first successful theory for such programs, successful "crash programs" existed long before the circulation of LaRouche's discoveries. The existence of a competent theory of "crash programs" is merely an important, and very practical advancement in present-day knowledge. Although Moscow lists "LaRouche" as a "dangerous principled adversary," whom it wishes to destroy, this is not the first time that Moscow sought to learn as much as possible from those it seeks to destroy.

Moscow hates LaRouche on another relevant count. In

analyzing Moscow's explosive rejection of the President's offer of March 23, 1983, LaRouche and his collaborators, beginning May 1983, published documentation of the Soviet political-philosophical outlook which caused this particular form of response. This documentation of the Soviet imperial doctrine of "Third Rome," is summarized in this report, below. Much as they hate the publication of this documentation, Moscow knows better than any other authority, that this documentation and the associated evaluations offered, is absolutely correct. LaRouche et al. have, in other words, revealed some of the innermost "family secrets" of the Soviet ruling class (the *Nomenklatura*) to Moscow's adversaries. This public exposure, the Soviets hate. Yet, Moscow recognizes that LaRouche et al. have put their index fingers on the kernel of the economic and administrative problems of the Soviet empire, the so-called "peasant problem."

This touches one of the most important facts about the character and internal problems of Soviet society, facts which most official U.S. intelligence agencies and private think tanks usually ignore, and sometimes deny to exist.

Briefly. We of Western Europe and the Americas, have inherited a cultural tradition, the Augustinian Judeo-Christian tradition, which is in every way vastly superior to the Byzantine tradition in Russia and other Byzantine-dominated sectors of Eastern Europe. As part of this, because our tradition places the emphasis in all matters on the creative-scientific and related potentialities of the individual human mind, and locates individual merit in the fostering of scientific and technological progress, the Augustinian heritage supplies society with a vastly superior potential for not merely new and profound scientific discoveries, but also for rapid adoption of the technological benefits of those discoveries in production and other leading features of daily practice of the society as a whole.

Although the heritage of classical Greek language and culture within the Eastern Roman Empire, is essentially the same as the Augustinian current of Western European culture, the open conflict between Western and Eastern Europe since the time of Charlemagne, is the deep root of the East-West conflict in Europe and the Mediterranean ever since.

For example. Russia itself is a Byzantine creation. "Rus" is a Swedish name for the various tribes subjugated by the Scandinavian Varangians, Varangians who were themselves clients of Byzantium, the same Scandinavians deployed by Byzantium against Charlemagne's order and against the British Isles as part of Byzantium's efforts to obliterate Western European Christendom.

The characterization of the Soviet state as "Marxist," is essentially an absurdity. The truth begins to be clear, once we examine the so-called "socialist" reforms of the Emperor Diocletian, the Diocletian who was the patron of Constantine, and who shifted the seat of the Roman Empire to the East. If we compare the organization and philosophical outlook of Soviet society today with the form of "socialism" imparted to Byzantium by the Diocletian reforms, and study

this connection in the light of the history of Eastern Europe since Cyril and Methodius, Russian "socialism" is more than 1,000 years old.

So, today's Soviet ruling class views history. The Soviets see Moscow as the successor to the cities of Rome and Constantinople, as the capital of a world-empire, and consciously, explicitly trace the precedents for the planned Russian world-empire to such Mesopotamian precedents as the Persian Empire. The Soviet ruling class, the *Nomenklatura*, is a ruling bureaucracy in the tradition of the collections of families composing the ruling bureaucracies of the Roman and Byzantine empires.

Soviet ideology is "oriental socialism," in that specific sense: the imperial socialism of an empire ruled by one "superior race," the "Great Russians" of Muscovy.

On this account, the modern form of the strategic conflict between Eastern and Western Europe dates from the 1439-40 A.D. Council of Florence, at which time Muscovy became the bastion of Eastern counteroffensive against the Augustinian doctrines affirmed at that Council of Florence.

This cultural foundation of Soviet strategic outlook has been a perpetual crisis inside Russia since the rise of the Romanovs. Repeatedly, enlightened Russian leaders, such as Peter the Great, Alexander II, Count Witte, and Lenin, have emphasized, that Russia could not become a world-power without assimilating Western science and technology to a large degree. Yet, the introduction of Western science and technology collides directly and bloodily with a "Russian peasant soul," a "peasant soul" which embodies the characteristic features of an Eastern, anti-Western religious and philosophical outlook. Consequently, for Russia to become a world-power, either Western European culture must destroy itself from within (as we have done to a large degree since the middle 1960s launching of the "post-industrial countercultural shift"), or the Russian population must be induced to accept a large degree of "cultural paradigm-shift," bringing the intrinsically inferior Russian culture up to the level of the hated Western European culture.

The result of this conflict is the schizophrenia exhibited by the plans of the Russian "Nazi," Fyodor Dostoevsky, for establishing a Russian "Third Empire" ("Third Reich"). Dostoevsky, much like Hitler, saw the need to combine Russian-style mystical irrationalism with the apparatus of a military-industrial power developed in Siberia. Marshal Nikolai Ogarkov expresses the same conflict today. He is fairly characterized, as the equivalent of a mad Dostoevsky who has nonetheless qualified as an honors graduate of the Prussian General Staff: militarily super-rational, but also mystically irrational. So, one might say of the presently ruling Suslov-Andropov dynasty in Moscow: They are the reincarnation of the Brothers Karamazov, with a nineteenth-century Prussian General Staff's attention to military-industrial thoroughness.

The prospect of a U.S. "crash program" implementation of the SDI, brings this underlying conflict within Soviet

society to a most acute form. They can not match the U.S.A. to the degree their strategic perspective requires, unless they rudely confront the "peasant problem" in production, unless they confront directly cultural hostility to rapid rates of technological progress in methods of production, a hostility which is endemic in the "Russian soul." Hence, their rage against the SDI is of a fury comparable to the most violent propaganda of the World War II period. A "crash program" implementation of SDI obliges Moscow to impose a key aspect of Western European values upon the Soviet population in general. In terms of the present institutions of Soviet society, this means a resumption of the methods of the Stalin period.

So, as Hamilton's anti-Adam Smith American System of political economy typifies this policy, we in Western European culture place emphasis of merit upon the individual person's commitment and capacity to discover and to implement advances in science and technology. Eastern European culture places the emphasis of merit on "traditional ways"; Eastern European culture has a mystical hatred of technological progress, which it tends to regard as sacrilege against the local "blood and soil's" choice of mother-earth-goddess.

Here lies the most immediate cause for the bloody violence which erupts in Russia, whenever one faction attempts to "impose" rapid rates of technological progress upon the Russian people generally. It must never be forgotten, in such conflicts, both factions are equally "Russian." Even among the pro-technology factions, only a fraction is morally and philosophically committed to scientific and technological progress; the factions rallied behind the cause of technological progress have been dominated by those who adopt such progress with moral reluctance, as a strategic imperative of the East-West conflict.

Partly, they hate the SDI because it spoils their plans of imperial conquest; this is the rational component of Soviet babbling against "militarization of space." More profoundly, they hate the SDI, because they regard its implementation as forcing them to return to Stalinist methods of mobilization of the Soviet labor-force as a whole. They see themselves so forced, because they are absolutely committed to a war-winning margin of military superiority over the United States; as Soviet officials have said publicly, repeatedly, during recent years, they can not accept strategic equality with the United States; they must have absolute superiority. In face of even a modest rate of development of the U.S. SDI, the gaining of absolute Soviet military superiority means a Soviet war mobilization which is massive not only in scale, but also massive in terms of rates of forced technological progress.

The economic science of Soviet war-plan 'Option B'

Recent changes in the levels of understanding of "crash programs" among leading circles of the Soviet Academy of

Science, are based chiefly on accelerated studies of the economic writings of LaRouche over a known period of approximately 15 years. Although the evidence available is fragmentary, and the conclusions legitimately drawn from that evidence necessarily limited in scope, the evidence demanding certain broad but extremely important evaluations is conclusive in nature.

Initially, during the 1968-70 interval, Soviet institutions viewed LaRouche and his associates as a novel and potentially important phenomenon, to be explored, to determine whether this phenomenon could be penetrated and played to Soviet advantage. Soviet-deployed "sleepers" were sent into LaRouche's environment. Approximately 1971, East Germany-controlled ("Stasi") operations under Soviet direction launched a series of operations aimed at destroying LaRouche's influence in Western Europe and disrupting LaRouche's associations in the Americas. These Stasi operations were run during 1972-74 in conjunction with the Palme-Brandt faction of the Socialist International, and elements of British intelligence, including the London Tavistock Institute, which were then and now heavily penetrated by Soviet intelligence. As early as 1974, it was indicated by Soviet officials, that these operations were run with knowledge and direction from the highest levels of the Soviet command. The most recent phase of Soviet-directed operations against LaRouche and his associates was launched during April 1983, on decisions made at the level of then Soviet Foreign Minister Andrei Gromyko; most of the remaining "sleepers" assigned to penetrate the association were activated for counter-operations against LaRouche, and a massive campaign by leading elements of the Soviet news-media was launched, from spring 1983 into spring 1984, together with leading Soviet fellow-travelers in the U.S. news-media, Democratic Party, and elsewhere.

Soviet estimates of the work of LaRouche and his associates as "very dangerous" and as a "principled adversary," center around the estimate by highest levels of the Soviet Academy of Sciences, that LaRouche's own work in economic science represents an important new development in economic science, and is at the same time the most competent analysis of the U.S. and Western economies currently available. On this account, chiefly, LaRouche is officially described in the Soviet news-media as the "ideologue of late-capitalism."

In the lexicon of Soviet dogma, "ideologue of late-capitalism" signifies the Soviet estimate, that economist LaRouche has presented a more or less comprehensive basis for reviving and saving the capitalist system. For example, at a recent, high-security Paris conference of world-wide Communist parties, June 12-13, 1985, Moscow reinstated the old Communist International (Comintern). The featured theme of this conference, was the Soviet presentation of the thesis, that the United States had entered a new general economic depression, which would be the "final crisis of capitalism." Moscow assumes, that unless there is a sudden change in the

monetary and economic policies of the OECD countries, the capitalist system is now in a "final stage of collapse." Moscow views LaRouche's proposed reforms as a set of means for saving capitalism from collapse, and thus depriving Moscow of the delights of a "final collapse of capitalism."

Moscow considers LaRouche "very dangerous," because it fears that LaRouche's proposed reforms are competent. Moscow views LaRouche's February 1982 proposal of what is now called the U.S. Strategic Defense Initiative, as both militarily competent, and also as a form of military-economic mobilization which could save the capitalist system through a new "crash program" like the 1939-43 war-economy mobilization under President Franklin Roosevelt.

Soviet officials have stated, that they view LaRouche as philosophically a Catholic, whose criticisms of Marx's Capital from this vantage-point constitute the basis for a "neo-capitalist" revival.

From Moscow's standpoint, LaRouche's work does in fact appear as a rigorous critique of Marx's work from a Catholic philosophical standpoint, the standpoint of St. Augustine, Nicolaus of Cusa, et al. From the Eastern standpoint in religion and philosophy, Western Christian tradition, excepting Gnostic tendencies introduced to Western churches, is the same thing to Russians as Catholicism in general; despite the doctrinal and related differences among Western European currents of Judaism, Catholicism and Protestantism, the common features of these currents are those which the Russians more or less accurately identify as Augustinian.

Respecting economics, in Soviet Russia today, there are only two general currents of thought: more or less "orthodox" Marxism on the one side, and the post-1966 growth of Cambridge "systems analysis" on the other. LaRouche's axiomatic criticisms of Marx's errors define LaRouche in Russian eyes as a "revisionist," to be debated from the standpoint of a more or less "orthodox" Marxism. However, the failures of Soviet systems analysis, and the failures of the econometricians of the West, have conditioned some among present-day Soviet circles to accept as "scientifically legitimate," any criticism of Marx's economics on points Marx employs some of the same premises as the Cambridge systems analysts.

Therefore, from the Soviet standpoint, if LaRouche's economics works, as they are inclined to believe it does, they hate LaRouche as much on this account as they hate his efforts to introduce the SDI to the military policies of OECD nations. The Soviets do not wish the Western nations to adopt any technology which might work to the strategic advantage of the Western alliances. Just as hatred of U.S. SDI does not prevent the Soviets from developing ballistic missile defense full-speed for their own forces, so, hatred of LaRouche's "neo-capitalist" economic science does not discourage the Soviets from studying and copying as much as might be to Soviet advantage.

Present Soviet views on the exceptional competence of LaRouche's contributions to economic science, date from

about 1980-81. Their attention was focused on the fact that a first-approximation application of the LaRouche-Riemann Method, to computer-based economic forecasting, had been consistently accurate, whereas all other Western forecasting services of governments and private agencies alike, had been discredited by events. The Soviets, too, had employed "Western" systems-analysis methods for their economic forecasting, and these had failed just as the econometricians of the West had failed. It was the fact that the LaRouche-Riemann forecasts were computer-based, which particularly attracted Soviet attention during this period; they tend to be impressed more by mathematics than by principled issues of scientific method, and have an increasing fascination with computer technologies and their applications.

It was the highest levels of the Soviet Academy of Sciences, especially the mathematics and physics sectors in the orbit of Academician Aleksandrov, which manifested the greatest degree of concentrated interest in the LaRouche-Riemann Method.

It has been clear, through statements by Aleksandrov and other relevant circles, since the close of the Brezhnev period, that during the process of consolidation of the factional position of Suslov's heirs of the currently ruling "Andropov dynasty," Soviet policy-making has moved toward replacement of the old industries "mafia" by managerial cadres from the military-industrial sector. The planning of purges to accomplish this was already adopted by spring 1982, purges delayed during the Chernenko period, set fully into motion immediately by Gorbachov's accession to the party leadership. The barrages of statements to this effect, by Aleksandrov and others, since March 1985, do not signify the sudden eruption of a newly formed policy: They are the unleashing of a policy already adopted no later than spring-summer 1982.

There can not be a competent appraisal of the emerging "Plan B" aspects of current Soviet war-mobilization policy, without comparing ongoing shifts in Soviet policy with the central features of the published material on the LaRouche-Riemann Method. What the Soviets have been studying over the years, is most conveniently summarized in LaRouche's 1984 textbook in elementary mathematical economics, and in a series of articles in *EIR*. From the standpoint of commonplace errors of assumption of U.S. econometricians, the most crucial points to be considered, in evaluating current directions in Soviet policies, are as follows.

U.S. econometrics today, is immediately a combined by-product of the work of Professor Wassily Leontief, on input-output analysis, merged with the analysis of systems of linear inequalities which grew up through the influence of the late John von Neumann and Operations Research. The most important incompetencies of econometrics today are either explicitly or implicitly arrayed in von Neumann's and Morgenstern's *Theory of Games & Economic Behavior*.

The first general error of modern econometrics, is the

adoption of the notion of "marginal utility," as this was developed, first, in Jeremy Bentham's "felicific calculus," and elaborated on that basis by J. S. Mill, Jevons, and Marshall. This assumes that the relative price paid for an object or service converges statistically (ergodically) upon an equilibrium-price; it assumes that the only value to be considered in economics is the convergence of price, as a reflection of marginal utility, upon such an equilibrium-price, in an "indefinitely extended n-person game."

The second major fallacy, is that dogma introduced most authoritatively by von Neumann, that the solution of all problems of analysis in economies, could be accomplished by stating input-output expressions of the Leontief type as systems of linear inequalities.

The third, more subtle fallacy, is the analysis of economies solely in terms of changes in quantities and prices of inputs and outputs, without examining the impact on the economy of transformations internal to the processes of production as such.

Consider the third of these fallacies first.

It is easily shown, that military expenditures as such do not contribute to increase of the productivity of labor, and are not either producers' goods or households' goods. Therefore, it appears to be the case, that military expenditures constitute economic waste, simply a depressive tax upon the economy as a whole.

Yet, throughout the nineteenth century, and twentieth century to date, the greatest rates of progress in per-capita wealth of economies have appeared as by-products of war-economy mobilizations! The recovery of the U.S. economy from the Great Depression of the 1930s, and the more recent 1959-66 recovery under mobilization of aerospace programs, are characteristic examples of this.

Where lies the answer to this paradox? It lies in the fact, that war-economy mobilizations subsume mobilization of higher rates of technological progress in weapons-systems and in investment in production for producing weapons-systems. In this respect, war-economy mobilization forces rapid advances in investment in productive processes, in an energy-intensive, capital-intensive mode. The acceleration of technology of capital-goods production, and the spill-over of this advancement in capital-goods technologies into production in general, causes rises in productivity in the non-military-goods sectors of production.

In other words, any "cost-benefit analysis" treatment of merely the addition of military-output requirements to an economy, is intrinsically an absurd form of analysis. We must consider the technological impact of increases in military production upon the increase of productivities in the economy in general.

In all cases, the primary thing to be considered, is not simply inputs and outputs as such. The most powerful impact upon an economy, is the impact of technological progress upon the process of production itself.

Translate this into the language of Soviet strategic doctrine. In previously established Soviet doctrine, *Plan A* doctrine, military production is treated as a drag upon the economy. Therefore, *Plan A* thinking reasons, if one power cranks up to full-scale war-economy mobilization, and a comparable opposing power does not, the weakening of the first power by such war-economy mobilization can be compensated only by either victorious warfare or other capitulation by the opposing power. If *Plan B* follows the LaRouche-Riemann Method on this point, then the power whose war-economy mobilization is at the higher technological level, can sustain such a mobilization indefinitely, constantly gaining in margin of economic advantage over the other. In economic terms, a full-scale war-economy mobilization, is a source of cumulative economic superiority, not weakening, on condition that the principle of a "science-driver" variety of "crash program" is adopted.

There lies the practical implication of the difference between *Plan A* and *Plan B*. There lies the feature of recent and current *Plan B*-type Soviet policy-statements, which must have first rank in evaluations.

In other words, if Soviet policy follows *Plan A*, the likelihood of warfare is at the greatest during approximately 1988. At that point, the Soviet war-economy mobilization will have peaked, and the religious mobilization leading into the 1988 celebrations will also have peaked. According to a version of Soviet strategic doctrine based on *Plan A*, the Soviet Union must launch a full-scale war against the United States by approximately 1988. After 1988, according to *Plan A* reasoning, the relative advantage to the Soviets will erode at an accelerating rate, unless NATO military capabilities and economies collapse of their own weight.

What, then, if the United States shrewdly focuses upon Soviet ideology respecting acceptable losses to the Soviet empire's Great Russian master-race, by adopting an operational policy of launch on warning, directed at Great Russia and choice Siberian targets? Even if the Soviets won the war otherwise, the losses associated with such victory become "unacceptable." This buys the U.S.A. several years of postponement of Soviet attack, until, as we have already indicated, Moscow deploys a "second generation" quality of strategic ballistic missile defense. Assume also, that the U.S. revises its monetary and economic, as well as military-budget policies, to foster a general economic recovery and increased SDI expenditures. Under that condition, the logic of *Plan A* appears to be problematic for the Soviets.

Against that contingency, Moscow is obliged to begin shifting rapidly from *Plan A* to *Plan B*. In that case, then 1988 is no longer a maximum point of relative strength for Moscow, but, rather, the date of maximum strength is shifted to a later date, to a critical point during the early to middle 1990s.

That critical point is rather simply defined. Let X, Soviet total capability, be greater than Y, the total capability of the

NATO alliance. Let the exponent of growth-rate for X be designated by "a," and let "a" be less than the exponent of growth for Y, "b." The point at which the absolute margin of growth of Soviet capability ceases to be greater than the absolute margin of growth for NATO capability, is a critical value. This is indicated better, by assuming, as is the normal case, that the growth-rate exponents "a" and "b" are not linear, and that "b" increases more rapidly than "a": in other words, a U.S. mobilization "takes off" as did the 1939-43 mobilization. Once NATO's economies reach the critical value corresponding approximately to 1943, the rate of growth of NATO's power will accelerate relative to the rate of growth of the Soviets, on condition that the Soviets do not introduce an effective "cultural paradigm-shift," away from deeply-embedded Eastern cultural matrices during that interval.

Given, such broadly obvious distinctions between *Plan A* and *Plan B* varieties of policy-making, the practical question is circumscribed: How do we measure choices of investment in such a way as to obtain the optimal *Plan B* type of effect? The first step, is to throw away all "systems analysis," and "analysts": economies do not function in the mode implied by solutions to systems of linear inequalities; every decision based on such fallacious methods will be an absurd decision. Economic processes are characteristically "non-linear."

Restate the practical question: How can we calculate the estimated increases of growth of productivity resulting from a choice of investment in improved technology? This obliges us to discard every British, Swiss, and Viennese economist, from the Physiocrat Quesnay, through Smith, Bentham, Malthus, Ricardo, Marx, the Mills, Walras, Say, Pareto, Marshall, Keynes, Friedman, Hayek, and so forth. We must return to the source of Treasury Secretary Alexander Hamilton's American System of political-economy, the establishment of economic science by Gottfried Leibniz.

'Crash program' methods

LaRouche's principled contribution to economic science, centers around his improvement in Leibniz's definition of "technology," an improvement based on the work of Karl Gauss, Dirichlet, Weierstrass, Riemann, and Cantor. From this standpoint, the measure of increase of productivity and the military criteria of increases of firepower and mobility, have a precise mathematical correlation. This correlation is based upon a mathematical measurement of technology, a measurement accomplished by resituating Leibniz's original definition of technology within a Riemannian hyperspherical function: in other words, the notions associated with synthetic-geometrical construction of a Riemann Surface. This is indicated within LaRouche's elementary mathematical-economics textbook, as amplified in such published sources as his *EIR* items on "Artificial Intelligence" (May 14, 1985) and exposing the fallacies of Leontief's featured piece in the June 1985 *Scientific American* (*EIR*, June 10, 1985).

In ordinary scientific research, scientists construct instruments for experimental work, chiefly, in collaboration with tool-makers skilled in development work. This used to be accomplished, chiefly, in machine shops associated with university and other laboratories, until the foolish introduction of line-item budgeting of such work, such that experimental work is usually delayed by months or years, while the scientists seek to win authorization for a line-item budget from among various governmental or private-grants institutions. These silly methods of budgeting have been one of the more important brakes against scientific progress, especially over the recent quarter-century since the Hoover Commission's proposed increase in the bureaucratization of government.

A weapon is essentially a scientific instrument adapted for military usage; so is a new type of machine-tool. Let us imagine that we take two steps. First, we junk the line-item budgeting of scientific research, and return to the sensible practice of budgeting only the staffing and equipping of the research-institution as a whole, and not the detailed activities within it. Second, for purposes of military development, we supply scientists with use of budgeted sections of generalized production-capacity in the economy as a whole. In this second feature, we budget only the indicated portions of capacity as a whole, and budget the use of these portions of capacity only for a species of materials or instruments, rather than some specified material or instrument.

For example. The SDI is most usefully defined as based upon a complex of species of technologies, species which are assorted as a whole into two general classifications, primary and auxiliary. The primary classes are controlled high-energy plasma-reactions, coherently directed beams, and optical biophysics. The auxiliary technologies, are those required to deliver, aim and fire the primary technologies. On this basis, we know in advance, at least in practice, the kinds of materials and instrumentation we shall require for yet-unspecified kinds of applications of these technologies.

What we wish to avoid, is the situation in which our scientists prove that a certain sort of instrument for military uses can be produced, but in which we do not have available the kinds of production facilities needed to produce the materials and instruments this design requires. Therefore, we assign manufacturers to allot some corner of their total capacity, to mastering the production of one or more of the varieties of materials or instruments we shall require. In other words, once we have determined the need for a specific sort of material or instrument, we have a working group in some industry qualified to work up a material or instrument to the level of specifications required.

Once we have produced a prototype of some instrument, we use the lessons we have learned in producing the materials and instruments for that prototype, to launch expanded general production of such materials and instruments.

That is the first-approximation of a "science driver" variety of "crash program." What we have done, in such a case,

is to expand the instrument-making resources of the scientific laboratory, beyond the scope of the machine-shop attached to that laboratory, to the effect of making production as a whole increasingly the machine-shop in which scientific research works.

This is key to understanding the reasons that such a "crash program" takes the form of an accelerating rate of growth in quality and scale, from initially small beginnings.

This process subsumes a spread of new materials, instruments, and skills, from the initial interface between scientists and corners of production, into production more generally. This is the "spill over" of the new technologies into production generally. In other words, the "spill over" does not occur in the form of taking completed new designs from the isolated laboratory into production; the "spill over" is organic, is the effect of increasing the relative scale of production directly under the influence of the combined fundamental research and development work of scientific teams, by integrating manufacturing with laboratories engaged in fundamental research.

In this way, scientific research directly transforms the processes of production, in an energy-intensive, capital-intensive mode. This impact is mediated chiefly through the tool-making aspect of capital-goods production, such that the rate of increase of productivity tends to be in proportion to the capital-intensity of investment in production generally.

This rarely occurs in larger-scale private manufacturing firms, even technology-intensive firms. Something like it tends to occur more frequently among newly formed small firms, created by scientists and engineers motivated more by a passionate commitment to a scientific principle than to precalculable rates of profit. It occurs, otherwise, only through commitment of governments, either in warfare or preparations for warfare, in which the risk of losing war, or the cost of unacceptable levels of warfare damage, outweigh the ordinary considerations of precalculable profitability.

This behavior of private entrepreneurs is ultimately very silly. There has never been a case in modern history of industry, that a new scientific principle was not most generously profitable, provided sufficient breadth and professional staffing of the investment were supplied. Expressed in terms of statistics, it ought to be U.S. policy, that the employment for research and development in physical and biological technologies ought to be about 10% of the total employment of the labor-force, perhaps 15%. If this investment in employment were made, adequately supported, and utilized, the resulting rate of increase of productivity of the labor-force as a whole would exceed the highest rates in modern history. The result would be, that the economy functioned in something like a "science-driver" "crash program" mode all of the time. However, with rare exceptions, practice in that direction occurs only under the pressure of perceived military expediences.

This is the direction in which *Plan B* aspects of current

Soviet policy are moving. Technically, from the standpoints of both physics and economic science, those efforts portend the highest rates of economic growth in the Soviet Union so far. The impediments to such an effort are chiefly cultural, as we have indicated here already, cultural impediments with potentially profound political implications for Soviet society as a whole. In the meantime, we must assume that the acceleration of Soviet urgency and confidence in its military imperatives, will overwhelm the cultural opposition, such that cultural resistance may impede success, but not prevent it entirely.

Our remarks on the nature and theory of a *Plan B* approach, here, should not be taken to imply that the Soviets are fully committed to the theory of practice which we have outlined here, nor are we estimating the probable net result of opposing cultural resistance and present efforts to force through a "science driver" approach. Our task here, is to alert readers to this important aspect of current Soviet policy of practice, and to insist that existing U.S. governmental studies of the Soviet war-plans and economy must be replaced by methods appropriate to the close study of both Soviet policy and shifting Soviet capabilities.

All those who echo Henry A. Kissinger, in babbling the falsehood, that the "Soviet empire is crumbling," and so forth, should be disregarded or jailed, as proper statutes may prescribe for such cases. Soviet society is by no means "crumbling"; it is the NATO alliance which is already crumbling, as we note in such cases as recent developments in Greece and Scandinavia, and the threat that Willy Brandt's Soviet-allied Social-Democratic forces might come to power in Germany, and pull Germany rapidly out of the U.S. alliance.

There are sources of troubles inside the Warsaw Pact, and in Soviet society itself. Soviet society is inherently a very violent society, whose culture prescribes periodic convulsions. *Plan B* efforts will increase the potential for such convulsions, as we have indicated. However, the likelihood that either the Warsaw Pact or Soviet society itself will begun to crumble internally very soon, is so small as to be almost non-existent under present conditions. The classical counter-offensive policy for Soviet attack through East Germany, to sweep into Poland and declare the national sovereignty of that nation's existing government, is not a practical alternative in the present correlation of forces.

In the present term, our attention to troubles within the Soviet empire must be less wishfully ambitious, more precise, and more practical. It is important to watch closely the frictional impulses of cultural and policy conflicts, impulses not likely to cause the Soviet empire to crumble during the foreseeable future, but impulses which will affect greatly the way in which Soviet policy and performance shift marginally during the period ahead. The cultural and policy conflicts arising in the overlay of *Plan A* and *Plan B* are the best choice of benchmark for such observations and analysis.

Israeli-Soviet deal signals 'post-American era' in Mideast

by Mark Burdman

For all intents and purposes, the strategic disengagement of the United States from the Middle East has been certified, by an array of deals worked out between the Soviet Union and Israel, details of which have been, in part, leaked to the public by Israeli authorities, beginning on July 18.

From the standpoint of the Soviet military junta under Marshal Nikolai Ogarkov, the banishing of the United States from the Middle East is critical to establish Soviet strategic control of the "Eurasian land-mass." For certain clever fellows at the British Foreign Office and the State Department, such a disengagement is a necessary component of their much-cherished "New Yalta" or "New Potsdam" agreement with the Soviets. In their regard, the Soviets, of course, are preparing the "double-cross of the century."

In particular, those co-thinkers of Henry Kissinger in Jerusalem and Tel Aviv, who are hungrily awaiting a promised 50-60,000 Soviet Jewish emigrés per year, would do well to contemplate the anti-Semitic pedigrees of the current Soviet leadership. In their case, the double-cross will mean the "pogrom of the century."

According to Israeli and European sources, the July 22 arrival in Moscow of liquor magnate and World Jewish Congress President Edgar Bronfman is the seminal event in Israeli-Soviet deal-making. A reliable Israeli military source told *EIR* that Bronfman has been "the key figure" in the June-July period of back-and-forth between Moscow and Jerusalem. Other important figures have been Occidental Petroleum multimillionaire Armand Hammer; former West German Chancellor and Socialist International leader Willy Brandt; former Socialist Chancellor of Austria Bruno Kreisky; and former Defense Minister of Israel Ezer Weizman, who has "delivered the messages" on Soviet offers to Israeli Prime Minister Shimon Peres.

The same period has seen an unusually active pattern of direct Israeli-Soviet contacts. According to France's *Le Figaro* on July 19, a high-level delegation of prelates from the Russian Orthodox Church arrived in Jerusalem during the

week of July 15 for a "courtesy visit"; Peres expressed hopes for closer Israeli-Soviet ties, while the prelates expressed the hope that relations could "improve rapidly."

Contacts have occurred elsewhere. The July 18 *Frankfurter Allgemeine Zeitung* reported that Soviet ambassador to the United States Anatolii Dobrynin has been meeting regularly with Israeli ambassador Meir Rosenne. In Paris, Soviet ambassador Vorontsov has also been meeting with his Israeli counterparts, while recent Radio Moscow Hebrew-language broadcasts have aired excerpts from the 1948 U.N. speech of Andrei Gromyko, declaring Soviet support for a Jewish state in Palestine.

In Israel, former foreign ministry official Shlomo Avineri, a Marxism specialist, wrote a July 12 op-ed in the *Jerusalem Post* calling for a reappraisal of Israel's agreement to participate in the U.S. Strategic Defense Initiative. Under the title, "Need for Debate over 'Star Wars,'" he argued: "The recent changes in the Kremlin may portend better relations. . . . How can one express such views and at the same time get involved in a project which is considered, rightly or wrongly, by the Soviet Union as the most confrontational tool of U.S. policy vis-à-vis the Soviets?"

According to one Israeli insider, "Avineri's article reflects the current thinking of Peres."

'Under a Russian umbrella'

As details of the Israeli-Soviet talks began to leak, Israeli commentators stressed that the Soviets had offered mass emigration of Soviet Jews to Israel, on condition that they *not* emigrate to the United States. To those with a memory longer than a week, the Soviet attitude reeks of the famous 19th-century Russian minister Pobedonostsev, on the subject of Russian Jews: Let one-third emigrate, let one-third be jailed, and let the rest die.

But, for Israeli planners obsessed with the "demographic" side of relations with Arab states, the offer is too tempting to refuse—even as they privately acknowledge that *EIR's*

characterization of Soviet anti-Semitism is "absolutely correct."

Israeli planners are also accommodating themselves to the momentum of the "New Yalta." If the 1980s Russian Empire is the force to be reckoned with, why not achieve for Israel the status of a "Greater Israel" satrapy, next to a "Greater Syria" satrapy.

-An Israeli military source, asked what the foundations of an Israeli-Soviet deal might be, responded by expressing contempt for U.S. diplomacy in the region:

"We foresee negotiations with Syria, under a Russian umbrella. It's the only way Syria will talk. [U.S. State Department envoys] Murphy, Habib, all these guys, the whole lot know quite well the situation: They go to Syria, and they wait in the corridor, for hours, for a meeting. And the meeting is not even with [Syrian President] Hafez Assad, but with some functionary. So, a Russian-mediated deal is quite tempting, if Moscow says, 'We can bring Assad to the peace table, for a settlement with him.' Only *they* can do it.

"The Palestine Liberation Organization would be forgotten. Neither the Russians nor the Syrians like the PLO, that is certain, that's been Russian policy ever since Andropov came in. . . . It will all be done without the Americans, although the problem of Jordan will be left to the Americans to handle."

According to Middle East insiders, that last statement means that Jordan is to be carved up, primarily between Israel and Syria.

State Department treachery

Not for a moment, should it be thought that the U.S. State Department has become the hopeless victim of hostile forces in the Middle East: The State Department has *conspired* to bring about the U.S. disengagement from the Middle East.

It is no accident that the Israeli-Soviet deal occurs concurrently with the confirmation of a new U.S. ambassador to Israel, Thomas Pickering. Pickering, former U.S. ambassador to Nigeria and El Salvador, had primary responsibility for population issues and designed the Carter State Department's input into the *Global 2000 Report to the President*, a document frankly proposing global genocide by primarily economic means.

In Israel, Pickering is perceived as "the personal choice of George Shultz," in the words of one source. Shultz wants Pickering to implement the next stage of the State Department's economic "grand design" for Israel, which features fantastic levels of austerity, the dismantling of Israel's agro-industrial public sector, and the transformation of Israel into a casino, dope, and "services" economy. Shultz has assumed the role usually reserved for the International Monetary Fund: personal oversight of economic devastation. Pickering is his man on the scene.

This policy is the underlying force driving Israel into the arms of Moscow. And, should the policy not be overturned by the White House—not only Israel.

Egypt

Mubarak takes on the Islamic radicals

by a Cairo Insider

The decision by the Egyptian government to arrest some 46 leaders of the Islamic fundamentalist movement in mid-July came not a moment too soon. As the fundamentalist challenge to the Cairo authorities grew bolder by the day, many within Egypt and abroad doubted the ability of President Hosni Mubarak to respond. Finally, the government decided to show its teeth, and struck swiftly.

But intelligence analysts abroad have warned that the crucial period of confrontation will come before mid-August, the time of the Al Idhr celebration—the Feast of the Sacrifice—which comes two months after the fast of Ramadan, and opens the period of the annual pilgrimage to Mecca. Iranian President Ali Khamenei announced on July 18 that Ayatollah Khomeini had not been "satisfied" with previous pilgrimages, and wanted to make the upcoming one a more "political" event. Teheran appointed Hojatessalam Mehdi Kharroubi as commander-in-chief of this year's pilgrimage, the chairman of the Foundation of the Martyrs and an architect of the June 14 TWA hijacking. The infamous Iranian "Independent Brigade 110" has pledged to send 15,000 Revolutionary Guards to join the pilgrimage. The Brigade, headquartered in Lebanon, is the operational command of Iran's terrorist destabilization operations throughout the Middle East, and particularly in the Gulf.

Clearly, Khamenei's statement did not refer merely to fundamentalist disruption of the pilgrimage to Mecca, but to a terrorist upsurge throughout the Islamic world. And for Iran, which has just signed a treaty of strategic alliance with Egypt's arch-enemy, Libya, there is no doubt that Cairo is a more important target than Mecca.

The fundamentalist challenge

The fundamentalist movement has resurfaced, stronger than at any time since the days preceding the assassination of President Anwar al Sadat in October 1981. The very same persons who were arrested in the aftermath of that assassination, and later released for lack of evidence, are today's fundamentalist leaders.

Three interconnected factors have allowed for their re-emergence over the last two years:

First are events outside of the direct control of the Egyptian government—the deepening international economic cri-

sis and the murderous austerity conditions imposed upon Egypt by the International Monetary Fund and the World Bank. A timid attempt by the Cairo government in October 1984 to raise the prices of basic commodities provoked riots in the industrial suburb of Alexandria.

Second, Egypt's southern neighbor, Sudan, finding itself under similar pressures, decided in September 1983 to bow to the demands of the fundamentalists and institute Islamic Law, as a recipe for imposing the IMF's conditions on its own population. The move immediately strengthened the hardcore fundamentalists within Egypt.

Third, and very much related to Egypt's internal economic situation, was the entry into the Egyptian parliament in the spring of 1984 of opportunist political opponents of Mubarak, who, to gain more votes, allowed members of the fundamentalist Muslim Brotherhood to join their election slates.

Though a few may have nurtured the illusion that the presence in parliament of the legal Muslim Brotherhood could serve as a bulwark against more extreme fundamentalist groups, the events of the last year have proved the contrary, as the legal Brotherhood became a mouthpiece for the illegal and underground fanatics. Early this year, Brotherhood parliamentarian Sheikh Ismail began urging the immediate adoption of Islamic Law. Though he was ultimately disavowed by the Wafd party, on whose slate he had been elected, his statement served to underline that the real Islamic strength was not in the parliament, but in the dimly-lit streets of Cairo's Abbasiyya quarter, around Mosque Nur.

Each day of Ramadan this year saw seditious outbursts from the Mosque Nur's Imam, Sheikh Hafez Salama, who called for the immediate implementation of Islamic Law, campaigned for the abrogation of all women's rights, and hurled one provocation after another at the government authorities and at Egypt's large minority, the Christian Copts. Salama challenged the government to prevent him from holding a public rally against the presidential palace. Banned by the interior ministry, a Cairo court then allowed the rally to proceed, although Salama was forced to back down when security forces surrounded his several thousand followers. He then demanded that all motor vehicles display Islamic fundamentalist slogans, and motorists refusing to comply were attacked and threatened with death.

The government quickly realized that the very authority and legitimacy of the state was at stake, in a challenge modeled on Khomeini's revolution against the Shah, where he demonstrated step by step the inability of the Iranian regime to countermand his orders. But the Egyptian government retaliated, and the interior minister warned that anyone displaying such stickers would have his driver's licence revoked for a year; the cars were quickly cleaned up.

Salama's defeat showed that, despite the activation of the fanatics, the Egyptian population is not going to follow Khomeini's model—at least not now. The Egyptian authorities moved rapidly to isolate the fanatics, striking at their

three most important centers: Mosque Nur in Cairo, led by Salama and his aide, Sheikh Abdallah Samawy, a member of the Al Jihad (Holy War) underground terrorist organization who had been released from jail only a few months before; Mosque Al Mugahidun in Alexandria; and Mosque al Khalifa in the western oasis of Fayyoun, led by Sheikh Omar Abderahmane and his followers from the Holy Obligation, a cover name for Al Jihad.

The mosques were nationalized, given a state-appointed Imam, and most were closed down for repairs—with a budget of \$1.5 million allocated for the purpose.

Danger from within

Egypt's economic instability is fueling the rise of the fundamentalist movement, which is capitalizing on the policies of the local and international banks, which thrive on a black market which is stealing millions out of the coffers of the state. An attempt at curbing the power of this IMF-sponsored mafia ended in the resignation of the economics minister in March. Then, under the pretext of fighting "corruption," the international banks joined the so-called Islamic banks in a show of strength against the government, to impose the IMF's conditionalities. This is a catastrophic policy in a country which has \$25-35 billion in foreign debt and has already paid some \$500 million in debt service alone this year. The ratio of debt service to current earnings is reported to be as high as 40-45%. The country faces a decrease by almost 50% of the remittances of its workers abroad, due to layoffs in the Gulf; a decrease in its oil income; and the prospect of several hundred thousand Egyptian workers being expelled from Libya.

Though there is little chance for a Khomeini-type movement in Egypt, other scenarios are being promoted, such as the prospect that the activation of the fanatics may lead to growing power of the "legal" Muslim Brotherhood. That scenario is favored by many in the Army, where the Brotherhood finds considerable sympathy.

This pleases many within the office of Minister of Defense Marshal Abu Ghazalah—beginning with the minister himself. No one has forgotten that Abu Ghazalah, who sees himself as Egypt's military strongman, happened to be in a military unit of the Muslim Brotherhood of Hassan al Banna in 1948, during the first war against Israel; that fundamentalist groups have been sprouting up within the Army since he was appointed Chief of Staff and then defense minister; or that his wife wears the veil on public occasions, according to Islamic tradition. A display of Muslim piety might be touching, were other activities of Abu Ghazalah not also known. Abu Ghazalah was defense minister when Anwar Sadat was murdered, and was in a position to have known quite a bit about the events of that time. Ever since, he has been looking longingly at the post of vice-president. Mubarak wisely has refused to appoint him to a position which could one day make him an Islamic Military President.

State Department treats Egypt like Iran

by Our Special Correspondent

High-level sources report a major fight in the upper echelons of the Reagan administration over developments in Egypt. At issue is the fact that senior officials of the U.S. embassy in Cairo are establishing important channels of contact to the fanatical Muslim fundamentalist opposition to President Hosni Mubarak's government.

At the center of this operation is the same State Department senior official responsible for writing off the Shah of Iran and paving the way for Ayatollah Khomeini: Henry Precht.

Henry Precht was stationed in Iran, and then moved to the State Department Middle East section where he stayed for the duration of the Teheran hostage crisis. He was then detailed to the U. S. embassy in Cairo.

High-level Middle East sources say that Precht is now working with the same forces responsible for the overthrow of the Shah and the subsequent holocaust in Iran.

"To be, is a democratic state moving forward to greater democracy, security, and stability. Not to be, is dictatorship and the tyranny of suppression and ignorance," is the way a columnist described Egypt in a recent edition of the daily newspaper, *Al-Akhbar*.

Egypt is currently acting to contain a swelling tide of Muslim revolutionary fervor, spearheaded by the group of Iranian/Libyan-backed fundamentalists who call for the establishment of an Islamic state. The government is taking the matter seriously, and moving in the right direction as far as handling the problem is concerned.

Recently, the government banned a demonstration planned by Sheikh Hafez Salama, who wanted to hold a march with participants carrying the Holy Koran and demanding the application of Islamic law (*Sharia*).

President Mubarak stated that all attempts at destabilization would be "firmly and decisively confronted."

Who are the fundamentalists?

In addition to the Muslim Brotherhood, comprised of two groups, there are two fundamentalist movements in Egypt: Takfir wa Hidra (Repudiation and Renunciation) and Al Jihad (Holy War). Both are very active and supported by Ayatollah Khomeini.

Al Jihad is a militant organization which was formed in

1979 by Sheikh Omar Abdul Rahman to carry out Khomeini's terrorism in Egypt. Its first assignment was to assassinate the late Shah of Iran when he fled to Egypt. Later, the group tried to bomb the Shah's grave. This is the group that assassinated President Anwar Sadat.

Takfir wa Hidra, on the other hand, is the fundamentalists' propaganda arm. Their pamphlets are everywhere in Egypt and their magazines and other publications are distributed worldwide. In Europe, the Iranian embassies' propaganda sections are in charge of distributing their material.

Khomeini's financial support to these two organizations, Al Jihad and Takfir wa Hidra, is an estimated \$10 million, which does not include weaponry, which the groups receive through their Libyan channels.

The Muslim Brotherhood is divided into two factions. The main Egyptian Muslim Brotherhood was banned by the late Gamal Abdul Nasser in the 1960s, then legalized by the late President Anwar Sadat, who later had second thoughts and jailed their leader, Omar Telemansis. But once again, the ban on the Muslim Brotherhood was lifted by President Mubarak, and Telemansis was again set free.

In the last election, this Muslim Brotherhood faction participated in the parliamentary elections and had nine of its candidates elected through the Wafd Party.

Wafd is one of the two opposition parties in Egypt; the other being the National Progressive Assembly Party, which has shifted towards the left. The Wafd Party, led by Fuad Seraddin, was well known during the regime of King Farouk, before Nasser. Wafd has historically attracted intellectuals and technocrats, and it advocates separation of church and state.

The other faction of the Muslim Brotherhood is primarily supported by Muammar Qaddafi and his international terrorist connections. Most of their members have received exclusive training either from the Popular People's Committees in Libya or through them, in North Korea, East Germany, the Soviet Union, and Syria.

Some of their terrorists were trained in Iran in late 1979 and early 1980 by Mohammed Montazeri, son of the Ayatollah Montazeri, and by Khalkhali, the hanging judge, who is a member of the radical faction of the Muslim Brotherhood.

This group has two recruiting centers in the Western Hemisphere: Malta and Switzerland. Through these two centers, Libya has hidden its terrorists as "sleepers" for future actions. By watching these two centers, certain intelligence agencies were able to uncover the plot by Qaddafi to kill Libyan opposition leader Bakoush, now in exile in Egypt.

The fundamentalist movement and the Muslim Brotherhood terrorist factions are very well coordinated, and their activities pose a serious danger to both the Egyptian government and Egyptian society.

If they are about to obtain the backing of the U.S. State Department, as reports would indicate, the danger is serious indeed.

Hammer's Occidental teams with Colombia's narco-terrorists

by Valerie Rush

The assassination this week of the judge investigating last year's mafia slaying of Colombian Justice Minister Rodrigo Lara Bonilla signals a renewed bid for power by the drug-linked forces in that country. Not unexpectedly, the mafia's new show of strength comes at precisely the moment that the government of Belisario Betancur is being faced with political and economic blackmail, and a resurgence of terrorism, courtesy of combined Soviet and International Monetary Fund forces.

The blackmail against the Betancur regime is being skillfully orchestrated by the Occidental Petroleum Company of Armand Hammer, Moscow's loyal agent in the West, which has been caught red-handed financing one of Colombia's bloodiest guerrilla organizations. Should Betancur throw Occidental out of the country—as he is being urged to do by the military—he could face a renewed boycott by the multinational oil companies against development of Colombia's substantial petroleum reserves. With the boycott would come a collapse of Betancur's dream of paying the debt with oil revenues and freeing Colombia from murderous IMF oversight.

Dope, Inc. kills again

Judge Tulio Manuel Castro Gil, the First Superior Judge of Bogotá, was returning home from a late night at the office on July 22 when his taxi was caught in a hail of gunfire, killing him instantly. Castro Gil had already subpoenaed 16 suspects in the Lara Bonilla murder, half of whom are sitting in jail and the rest of whom—including notorious cocaine king Pablo Escobar Gaviria—have fled. Despite repeated death threats against him, Castro Gil was afforded no security protection except that which he himself was forced to pay for. Like Lara Bonilla, he had publicly vowed to continue his investigation “until its ultimate consequences.”

The way was paved for the judge's murder one week earlier, when Attorney General Carlos Jiménez Gómez, an open ally of the drug mafia, filed charges against Colombia's national police chief, Gen. Delgado Mallarino, for human rights violations and “abuse of authority” in conducting the government's herbicide eradication program against the country's vast illegal marijuana fields. The Attorney General's action, which provoked outrage from Defense Minister Vega Uribe, was viewed, by pro- and anti-drug forces alike,

as a green light to the mafia to retake the offensive without fear of prosecution.

Former President Alfonso López Michelsen has targeted for ousting Justice Minister Parejo González, friend and follower of the murdered Lara Bonilla, and one of the Attorney General's bitterest enemies. The López-allied leadership of the opposition Liberal Party demanded that President Betancur fire any and all members of *Nuevo Liberalismo*, the political tendency to which Lara Bonilla belonged and of which Parejo González is the sole representative in the cabinet. They threatened that unless Betancur complied, “not a single bill will pass the Congress.” More blackmail.

Occidental and terrorism

Occidental Petroleum's subsidization of Colombian terrorists first came to light in early July, when an army commander charged that the company and its subcontractor, Mannesman-Handel of Germany, were paying “war taxes” to ELN guerrillas in Arauca province, ostensibly to prevent sabotage of the oil pipeline they were constructing and/or the kidnapping of their personnel.

Later, the agricultural producers' organization, SAC, charged that money and supplies were being provided to the guerrilla group by “foreign companies” in the area. Finally, Armed Forces Commander Gen. Augusto Moreno declared that documentation existed proving the complicity of Occidental, Mannesman, and a third subcontractor, SICIM of Italy, in subsidizing the ELN.

Despite repeated denials by the companies, the evidence was irrefutable down to the minutest details: On Dec. 27, the three companies' representatives met with five ELN terrorists to approve the payment of \$200,000 a month to the guerrilla organization, plus provision of supplies and helicopters for supposed vigilance of the pipeline. The ELN has since put out a press release claiming payments from Mannesman of some \$4 million!

Although Betancur has been unable to ignore the scandal outright, he appears for the moment to have yielded to Occidental's blackmail and ignored the oil multinational's complicity in the affair. Instead, the state oil company Ecopetrol has ordered the firing of Mannesman's representative in Colombia and its security chief for alleged “poor relations with military and civilian authorities in the area.”

The fact is that Mannesman—like Occidental—was not paying “protection money” to the guerrillas, but providing outright financing! The press has revealed that Mannesman not only refused to accept protection from the local military, choosing collaboration with the guerrillas instead, but has issued a statement insisting that “everything that happens within the perimeters of [the work] camp is a matter of the company. . . . Any outside intervention we consider clearly illegal.” The “outside intervention” referred to is military deployments in the vicinity of the camps where the guerrillas were operating! According to high-level security officials in Colombia, the Llanos Orientales (eastern plains) region where Occidental, Mannesman, and the ELN have their operations is not only oil territory but, increasingly, drug territory as well. In fact, it is said that the Llanos Orientales are replacing the jungle territory of Caqueta—busted last year by Lara Bonilla and the narcotics police—as the cocaine mafia’s plantation.

Peace amnesty crumbles

The effect of Occidental’s open financing of the ELN guerrillas is to make a laughing stock of Betancur’s carefully nurtured peace amnesty, which he designed to pull honest elements out of the guerrilla movement and bring an end to decades of violence. Instead of a political forum for dialogue, Occidental is providing the funds for weapons, terrorism, and drug trafficking—all aimed at destabilization of the Betancur government.

The Occidental-Mannesman scandal has arisen in the middle of a resurgence of terrorism around the country. The M-19 guerrillas have broken their truce with the government and returned to armed assaults on police stations, military barracks, banks, and government offices. A variety of smaller groups, ranging from the Ricardo Franco Commandos to the EPL, have begun a bloody rampage in the rural areas, and Occidental’s ELN—which never joined Betancur’s amnesty—continues to plague the countryside, demanding “war taxes” from the population in exchange for their lives.

At the same time, anti-nationalist forces inside the military are using Betancur’s dilemma to push a “military solution.” Former Defense Minister Fernando Landazábal Reyes has just resigned his ambassadorial post in the Netherlands to return to Colombia, arguing the need for iron-fisted rule. The country needs “a Perseus, the legendary Greek hero who cut off the head of the Medusa of violence,” declared Landazábal in a letter published in all the Colombian press. Although he has not formally announced, it is widely expected that Landazábal—who was forced out of Betancur’s first cabinet for refusal to support the president’s peace plan—will run for the presidency at the head of a military-dominated movement.

The *Lopistas’* demand for the firing of Parejo and others is part of the open warfare launched against the *Nuevo Liberalismo* dissidents in the Liberal Party, who have allied with Betancur’s “progressive” faction inside the ruling Conser-

vative Party to challenge the encrusted drug-linked leadership—and presidential candidates—of both parties.

That warfare escalated this week when the standing agreement to grant the vice-presidencies of Colombia’s House and Senate to the Liberal Party’s minority faction—that is, *Nuevo Liberalismo*—was abrogated by the *Lopistas*, who took the positions for themselves, thus effecting the virtual expulsion of *Nuevo Liberalismo* from the party.

The justification given by the *Lopistas* was that, in light of *Nuevo Liberalismo’s* emerging alliance with the “progressive Conservatives,” they no longer represented Liberal Party interests in Congress. The *Lopistas* newspaper, *El Tiempo*, completed the scenario with the headline, “Nuevo Liberalismo Leaves Government.”

The “supra-party” alliance of *Nuevo Liberalismo*—head-

Occidental Petroleum, and Mannesman, its subcontractor, not only refused to accept protection from the local military, but chose collaboration with the guerrillas instead. Evidence now proves that the “protection money” paid to the guerrillas was, rather, outright financing.

ed by Luis Carlos Galán—and the *Belisaristas*—headed by J. Emilio Valderrama—has terrified the Colombian oligarchy in both camps which, until the landslide election of maverick Betancur in 1982, had maintained a stranglehold over Colombian politics, and its hands on the country’s vast natural wealth, for decades.

Exemplary is Liberal Party presidential candidate Virgilio Barco Vargas, whose family made its vast fortune by stripping Colombia of its oil wealth earlier in the century, and who is today a close ally of López Michelsen in promoting the conversion of Colombia’s economy into a haven of the international drug mafia.

Conservative presidential candidate Alvaro Gómez Hurtado, an avowed enemy and rival of the president within the Conservative Party, does not come out of oligarchic circles, but has nonetheless done his best to join them. His father was the infamous Nazi-loving Laureano “the Monster” Gómez, whose 1950s dictatorship dragged Colombia through its bloodiest period, *La Violencia*. Alvaro Gómez, a self-avowed Falangist in his own right, has openly endorsed the legalization of drugs and has called for an expansion of the “tourist trade” (read: drugs and gambling) as the basis for Colombia’s economic recovery.

How the FBI promotes terrorism: the Sikhs and Frank Camper

by Joseph Brewda

Investigation by *EIR* has confirmed that the U.S. Federal Bureau of Investigation has been knowingly complicit in the training and protection of those Sikh terrorist gangs which are currently conspiring to assassinate Indian Prime Minister Rajiv Gandhi.

Although the various Sikh terrorist organizations, as well as the Iranian and Lebanese Shi'ites, operate under the direct control of the Warsaw Pact intelligence services, it is doubtful that any of these insane assassin cults could operate so effectively without the help of the U.S. State Department and the FBI. Naturally, this protection of Sikh terrorism by the treacherous FBI has also aided the Soviets in their campaign to label their own pawns as U.S. pawns.

This effort by the FBI to promote Sikh terrorism has not gone unnoticed. It has already prompted the unprecedented June 4 press conference of Rajiv Gandhi, and a July 9 government press statement, condemning the FBI by name for its refusal to cooperate with the Indian government on terrorism. In an interview with the Indian publication *Blitz* on July 18, Gandhi stated that he found it "incredible" that Washington allows Sikh terrorist training camps to operate in the United States.

How the Sikhs have been protected by the FBI is best shown by the specific training camp that Gandhi was referring to—Frank Camper's in Dolomite, Alabama. From at least November 1984 through May 1985, members of the terrorist Sikh Student Federation (SSF), openly plotting to kill Rajiv Gandhi, received training by FBI informant Camper at his facility. These assassins, probably also responsible for the June 23 bombings of Air India Flight 182 and Tokyo's Nariya airport, are still at large—thanks to the FBI.

How to 'bungles' arrests

On May 4 and 5, the New Orleans Police Department arrested five members of the SSF, led by Gurbartap Singh Birk, just hours before their planned murder of the chief minister of the Indian state of Haryana, Bhajan Lal, then receiving medical treatment in Louisiana. According to informed sources, the NOPD, with some help in Washington, only acted over the strenuous objections of the FBI, which claimed the timing of the arrests was not opportune.

In fact, the SSF members plotting to kill Lal would have

succeeded in assassinating not only him, but also Indian Prime Minister Rajiv Gandhi, who was targeted for murder during his early June trip to the United States, if the FBI had had its way.

It could hardly be said that the FBI was uninformed. The Sikhs apprehended in New Orleans had left for their mission directly from informant Camper's camp in Dolomite. Since November, Birk and his associates had been receiving training in firearms and explosives by Camper, with their objectives fully known.

During the same weekend that the SSF team was arrested, some 15 of their cohorts were undergoing arms training in Columbia, New Jersey. Although the training was under heavy FBI surveillance at all times, with the training also led by Camper, all the Sikhs present were allowed to flee without hindrance, at the news of their partners' arrests. As in the case of the five assassins, the FBI, of course, claimed that a raid was premature.

Two of the Sikhs who fled Columbia, who had also been through Camper's Alabama school, were Lal Singh and Ammand Singh. Like all Sikhs trained by Camper, they were Canada-based, from Vancouver. Upon the "bungling" of the FBI surveillance team at Columbia, Lal and Ammand Singh fled back to Canada, to continue their activities.

On June 23, Air India Flight 182 to Delhi, originating in Toronto, blew up over Irish waters, killing all 329 aboard. On that same date, baggage on Canada Air Flight 003, also originating in Toronto, blew up in Tokyo, killing two. The baggage was scheduled to be transferred to an Air India flight to Delhi.

According to sources, Lal and Ammand Singh placed baggage on both flights, with Lal Singh holding an open ticket on Air Canada 003 which he did not use. According to Japanese government sources, Lal Singh's fingerprints were found on the baggage-bomb exploded in Tokyo.

It is certain that without the protection of the Royal Canadian Mounted Police—which maintains close relations with the FBI—the atrocities could not have occurred.

This is not the first time that the FBI has been caught protecting terrorists. In 1980, one David Belfield assassinated anti-Khomeini Iranian exile leader Ali Tabatabai. Tabatabai reported threats to his life to the FBI, which ignored

him. After the assassination, Belfield, a black American recruited to Islam by a Khomeini agent, and trained as a terrorist under the nose of the FBI in Washington, D.C., was allowed to escape.

Now, the role of Lal and Ammand Singh in the June 23 bombing atrocities is all but proven. Therefore, the FBI's reputed expertise in the "timing" of raids and arrests is established as responsible for the deaths of more than 400 innocent civilians—at the hands of terrorists trained under their surveillance. Therefore, arrests are in order, not just of terrorists, but of responsible officials of the FBI. In matters of such weight as the threatened assassination of a foreign head of state, Gandhi, on U.S. soil, it must be assumed that this should begin at the top.

Camper's many roles

According to some sources, Lal and Ammand Singh, known to associate with Vancouver-based terrorist leader Talwinder Singh Parmar, had earlier received training at a camp similar to Camper's in British Columbia. The 1982 camp was run by Johannes Vanderhorst, a former member of the elite British Cold Spring Guard, whose training of terrorists is conducted under RCMP protection.

According to Camper's own account, told to various press, he was first approached by Sikh terrorists in November 1984, shortly after the murder of Indian Prime Minister Indira Gandhi. Camper accepted four Sikhs into his school, including Birk and Lal Singh, while informing the FBI of his intentions at the time.

At the school, Camper assisted the Sikhs in drawing up a detailed terrorist plan, which included sabotage of nuclear installations and other industrial sabotage in India. Responding to Camper's activities, Rajiv Gandhi held a press conference on June 4 attacking the FBI, stating: "They could have told us about the planned attack on our nuclear power plant."

Camper is no stranger to industrial and nuclear sabotage. In 1981, he and some of his associates were apprehended outside the Crystal River nuclear plant in Florida, and were believed to be about to stage a raid. There are indications, in fact, that the SSF, in alliance with other, overlapping Sikh terrorist groups, was responsible for sabotage of the Bhopal Union Carbide plant in December 1984, which left more than 2,000 dead.

It is this feature of the school which has led some observers to the conclusion that Camper, in addition to his admitted work with the FBI, maintains strong links to the Mossad. Israeli intelligence is known to be one of the promoters of Sikh terrorism, in part to prevent India's nuclear development.

Sikh terrorists may have approached Camper because of his purported connections to the Aryan Nation and other neo-Nazi and Klan groups in the South. According to some sources, the Sikhs have actively sought alliances with the Soviet/FBI-controlled U.S. Nazi organizations, to assist in

joint operations. The Sikhs already have an alliance with the Iranians, who have worked with various U.S. and Canadian Nazi parties since 1980.

Among the more striking features of Camper's FBI background is his role in the aborted 1981 KKK attempt to stage a coup on the Caribbean island of Dominica. That attempt, which was led by the New Orleans and Toronto KKK, was nominally undertaken to create a Nazi state in the Caribbean. Actually, there were two reasons: to create a new cocaine-trafficking regime in the Caribbean, and to create a new staging area for Iranian operatives.

Throughout 1981, Camper held several meetings with the Klan and Nazis in preparation for the coup, all with the knowledge of the FBI, having been asked to train Don Black's Knights of the Ku Klux Klan at one point.

One of the more interesting features of this strange affair, is that the New Orleans and Toronto would-be Nazi mercenaries were being funded by Charles Yanover, a Toronto-based Jewish mobster tied to Cuban-linked cocaine kingpin Robert Vesco. More curiously, Yanover is now in prison for having received \$400,000 from North Korean intelligence in 1980 in a plot to kill South Korean head of state Chun. This same money, according to some accounts, was used to finance the KKK planned coup.

During November 1984 through March 1985—the same period that he was training the Sikhs—Camper was also putting together the counter-terror units of the allegedly anti-communist FDN ("Contras") fighting for the overthrow of the pro-Soviet Nicaraguan junta.

While Camper's personal motives remain cloudy, and his witting involvement in the Sikh and Klan terrorist plans somewhat questionable, there is no such ambiguity for FBI higher-ups who received his information. Their witting role in the terrorist attacks is beyond doubt.

But what is the function of Camper's Sikh connection for the FBI? Consider that, first, no one could learn enough at a training school like Camper's to become a proficient assassin in only a few weeks. Nor do the Sikhs require any training. The most martial people in India, forming a disproportionately high percentage in the Indian armed forces, the Sikhs have long been proficient in anything Camper might teach them. In fact, the various Sikh terrorist organizations are staffed by former Indian army officers, including Sikh terrorist leaders Generals Bhullar and Iqbal Singh. Until his death in the raid on the Golden Temple in June 1984, Gen. Sebag Singh led the Sikh terrorists of which the SSF is but one grouping. He had earlier led the elite counter-terror unit of the Indian army, and had directed an Indian commando school staffed by Sikh officers. Since that time, Sikh terrorists have been covertly trained at elite schools in Bulgaria and Russia.

So, why would the FBI provide Camper to the Sikhs? Obviously, their training in Alabama had some other, political reason: for one, to pin the blame for Soviet terrorism on the United States.

GLOBAL SHOWDOWN

The Russian Imperial War Plan for 1988



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Dutch legislator: Need European SDI

by Dean Andromidas

EIR is pleased to excerpt a speech by the Honorable Mr. J.D. Blaauw of the Netherlands Liberal Party, calling for a European aerospace defense initiative. The speech was delivered at the Western European Union Conference on May 20, 1985. The proposal parallels closely a proposal for a European program made by EIR in recent months.

Recently, the SDI was debated briefly and inconclusively in the Dutch parliament, and the government has yet to officially answer Secretary of Defense Weinberger's offer of participation, though a Dutch delegation did go to Washington for talks on the SDI.

Technologically, the Netherlands could make numerous contributions: The electronics giant, Phillips, is a leader in the production and development of radars and other electronic sensors. Fokker Aviation is another company that could offer a great deal of expertise in this area, and there are numerous smaller companies in the relevant fields of electronics and optics.

President Reagan's March 1983 address initially evoked critical reactions from European politicians. But very soon Europe kept silent on the whole subject. Was there a hope that it would just fade away? Well, it did not. . . .

It is quite clear that the Western European allies have to formulate a clear response to the SDI challenge, not only because of the letter from the U.S. Secretary of Defense, Mr. Weinberger, but also because of Europe's responsibility for its defense. . . . The WEU Summit held in Bonn in April has not resulted in a coordinated reaction to the American offer. It is quite clear that policy circles in the different capitals are still trying to find an answer to the questions: Can we do it? Should we do it? And if "yes," how should we do it?

The first question: Yes, we can do it. SDI is in fact a super high technology research program, and . . . European countries have not fared too badly at all in the high tech trade. WEU countries . . . occupy 39.1% of the international trade in the field compared to 17.8% by the United States and 17.4% by Japan. In some areas, such as optical sensors and high frequency techniques also essential in the laser field, research may be even more advanced in Europe than in the United States.

The second question, should we do it, is more difficult to answer. It could be argued that from the security policy point

of view, the balance points to the positive side. Cooperation, in principle, both politically and technically, in the research program will strengthen the cohesion of the Alliance. This would be very welcome after a period of transatlantic political differences over, for instance, the neutron warhead, Afghanistan, Poland, the gas pipeline, and even cruise missiles. Secondly, it would undoubtedly strengthen the American position at the talks in Geneva.

From the military point of view, cooperation with the United States on ballistic missile defense looks rather attractive. Analysis has shown that a defense against shorter range ballistic missiles could enhance NATO's non-nuclear and nuclear force posture quite considerably. Moreover, one of the special interest groups formed around the different SDI components is about anti-tactical ballistic missiles (ATBM). On this particular item, in my opinion, Western Europe should step in: A multilateral Western European study group needs to be set up to work out a conceptual framework for a ballistic missile defense against shorter-range ballistic missiles in Western Europe—this will form the basis for a joint coordinated United States/Western European concept. . . .

In this context the opportunities for Western European companies would be promising. It means not only cooperation with the Americans, but parallel to it the setting up of a special research program of their own. . . . Perhaps this is what Lord Carrington had in mind when he said, on April 10, 1985:

"A collective European response should be made to the invitation of the United States to join the research program for the strategic defense initiative."

And in the *Times* of April 11, 1985:

"The field of arms production and procurement is the key to a stronger European defense identity. . . . I passionately believe that Europe needs to be, and needs to be seen to be, more energetic on its own defense."

. . . Research in advanced electronics, laser, and particle beam technology and space technology will encourage progress in biotechnology and industrial high tech and will raise the level of basic science. This leads to the Western European answer to the American SDI offer—that is, the establishing of a European aerospace defense initiative (EADI). . . .

A parallel European aerospace defense initiative would also appear to be the best means of preventing a so-called decoupling of the United States and Western Europe, a decoupling not only on the level of security and defense, but also technologically and economically.

The third question, how should we do it, can now be answered quite easily. . . . The best forum appears to be the Western European Union (WEU).

With the establishment of the new WEU Agencies, we will have the framework for the study of the aforementioned European aerospace defense initiative. Of course, when the study is in progress, close cooperation with the American SDI structure, together with information exchange, is a necessity. . . .

Todor Zhivkov in Athens

NATO-ally Turkey is the target of the latest Balkan diplomacy, under the watchful eye of Soviet Marshal Ogarkov.

The Bulgarian President visited the Greek capital beginning July 22 to discuss common action by Greece, Bulgaria, and Syria against Turkey. Both Greece and Bulgaria have large Turkish minorities within their territories, and both have been campaigning in recent months to "assimilate" these minorities and to turn them against the Turkish government. Zhivkov, since the spring of 1985, has been conducting a forcible "bulgarization" campaign, marked by extensive use of violence. Greek Prime Minister Andreas Papandreu went to the extremes of picking a Turkish gyro-peddler from Thrace and making him a parliamentary deputy of his socialist party, PASOK, on condition that the pathetic gyro-peddler will regularly attack the "Turkish junta" from his rostrum in Parliament.

Both the Greek and the Bulgarian governments maintain extensive terrorist operations against the "Turkish junta," which, under the direction of the Soviet GRU and KGB, target the last remaining loyal NATO member in the Eastern Mediterranean.

The public side of Todor Zhivkov's visit to Athens was focused on presenting a common Greek-Bulgarian front against what Zhivkov and Papandreu call the "American threat to militarize outer space," and for the establishment of a "nuclear-free zone in the Balkans." Neither the fact that Zhivkov's Bulgaria has just recently deployed SS-20s in the Pirin Plain, nor Marshal Ogarkov's advanced space militarization program, had any effect on the great Greek peacemaker's ardor in denouncing American militarism from the safe haven of So-

viet nuclear embrace.

The secret part of Zhivkov's working visit in Athens covered, mostly, coordination of military strategies with Syria, Turkey's neighbor to the south. A series of secret protocols signed from 1982 onward, bind Greece, Syria, and Bulgaria in a common military cause against Turkey. Bulgaria, Greece, and Syria are connected by a ferry-boat service between the ports of Volos, Greece and Latakia, Syria, which twice a day transports a growing fleet of trucks from Western and Eastern Europe to Syria and from Syria to points in the Middle East, and from the Middle East, via Latakia and Volos, back to Europe. Any truck signing up for the Latakia-Volos ferry route is inspected by neither Greek, nor Bulgarian, nor Syrian customs services in either direction of the route.

Similar arrangements between Greek Cypriot ports under the jurisdiction of Cypriot Attorney General Criton Tomarites, complete what is nothing more than an ill-concealed trade-route for drugs and guns.

What specific anti-NATO actions will emerge from Zhivkov's visit, time shall soon show. Suffice to point out that according to Greek Air Force Gen. N. Kouris, the Greek chairman of the Joint Chiefs, as of early July of this year, the Greek Armed Forces in western Thrace are now at the required level of combat readiness to defeat the Turkish forces confronting them locally.

The 12 Turkish divisions deployed in that part of European Turkey could only be made vulnerable if subjected to a combined Greek-Bulgarian attack which enjoys Soviet naval and

probably air cover. Even without such Soviet cover, the Turkish military position in Thrace could become untenable if Turkey were simultaneously confronted with a Syrian military threat in its south, at the naval base of Alexandretta (Iskenderun), and the surrounding province of Hatay, with its Shi'ite minority population.

Syria, meanwhile, is receiving substantial support from both the State Department and the Israeli government, in its efforts to disengage its troops from the Bekaa Valley and Lebanon, in order to deploy them north and east of Aleppo against Turkey.

While these Greek-Bulgarian-Syrian intrigues were in progress, the outgoing U.S. ambassador to Athens, Monteagle Stearns, spent a few very unusual days and nights sequestered aboard a luxurious Aegean Sea tourist cruiser named "Pangosmia Anagenisi," or "Global Renaissance," owned by a Greek shipping tycoon with powerful liaisons in New York, Moscow, and London. The other honored guest of shipowner Potamianos, sharing the sun deck with Monteagle Stearns, was Soviet Ambassador to Athens Igor Andropov.

Zhivkov's and Papandreu's public activities all point toward one conclusion: The State Department is managing an orderly transfer of "spheres of influence" in the Eastern Mediterranean.

Finally, Papandreu's new foreign minister, Carolos Papoulias, appointed on July 26, the brother of the terrorist-sympathizing Greek ambassador to Washington, is the political offspring of a Munich-based operation which involves the Sud-Ost Institut, Prince von Thurn und Taxis, and Prince Lobkowitz. These old middle-European bloodlines are the inspirers of the "multipolar," "New European Identity," which Zhivkov and Papandreu believe they are shaping.

Report from Bonn by Rainer Apel

Enter: 'Mr. Disengagement'

The confirmation of Richard Burt as the new U.S. ambassador to Bonn has provoked rage among German conservatives.

How could President Reagan send such a man to Bonn? was a frequent question posed to *EIR* during discussion of the new U.S. ambassador here, Richard Burt. There were those who even pointed to the appointment as a signal that the United States planned military disengagement from Germany.

The argument is well founded, given other crucial new appointments in America's European diplomatic corps. Take Rozanne Ridgway, to replace Burt at the European Affairs desk at the State Department. As U.S. ambassador in East Berlin (January 1983 to June 1985), she not only stayed silent, but hushed others up, on the endless chain of Soviet and East German provocations and attacks on Western-power status in and around Berlin. Ridgway received an obscenely cordial farewell from East German leader Erich Honecker, who praised her "realism"—even as East German propaganda hammered away at President Reagan's "Star Wars" policy and the "aggressiveness of U.S. foreign policy."

With Francis Meehan, a man will succeed Ridgway at the embassy who is said to be "trained in détente"—long after détente is dead. Coming with him will be a new secretary, Allen Thomas, whose main job is said to be working with the East Germans on their propaganda project for a "cultural policy offensive into the United States."

Richard Burt was the first high-ranking American official ever to visit

East Germany on an official mission, in March 1984. This visit was played by both sides as "the beginning of a new phase in relations between East Germany and the U.S.A." The question remains, what is this "new phase in relations"? Does it have to do with the future status of the Western powers in Berlin? The current escalation of Soviet and East German pressure there indicates that the answer is yes.

The top post at the U.S. mission in Berlin gains new political weight in this context. On July 18, that post was taken over by John Kornblum, formerly Burt's assistant for Central European Affairs at State. Kornblum has quite a reputation here: He turned away conservative German politicians seeking meetings in Washington—but opened wide the doors for the pro-Soviet, neo-Nazi Green Party representatives who visited the American capital in 1983 and 1984.

On the other hand, Kornblum is very popular among those Social Democrats and others who lean toward the Soviet Union, the "decouplers." Kornblum has been a welcome guest at their political meetings and seminars, which always touch upon the item of "Berlin's future."

This array of diplomatic figures would seem to be suitable for carrying out a scenario like that published by the Carnegie Endowment for Peace in *Foreign Policy* magazine's spring 1983 issue: "West Berlin's bleak future could be averted by rendering the special status of Berlin obsolete; that is, by reuniting the city as soon as a

freely elected East German government took power in East Berlin. The united city could appropriately fulfill the function of a capital in a democratically governed East German state. A unified Berlin serving as the capital of East Germany would also be in the Soviets' best interest, since West Berlin would no longer exist as a gap in an otherwise uncontested glacis of their allied states."

The author of that scenario, Klaus Blömer, is said to have merely "thrown into the public what is being discussed behind closed doors in Washington anyway." And Blömer, who works in the government's press department in Bonn, considers Kornblum and Burt to be co-thinkers.

That scenario, of course, would mean withdrawal of U.S. troops from West Berlin—indeed, "in the Soviets' best interest." That in turn would probably be the first step in full withdrawal of U.S. troops from Germany.

This is what the Social Democrats talk about with the East German ruling party, the SED—talks which have been endorsed by the U.S. State Department, and which produced a joint SPD-SED call for a "chemical-weapon-free zone in Central Europe" on June 19.

One of the Social Democrats involved is Karsten Voigt, and he is very happy about Richard Burt's arrival in Bonn.

Little wonder that German conservatives fear that Burt is coming to Bonn to oversee this whole decoupling process, and the fall of Germany into Soviet slavery. It seems that the most important questions were not asked by the 88 U.S. Senators who voted for Burt and the other aforementioned diplomats, nor by President Reagan, who permitted these State Department nominations. Some senators, and one President, had better pose those questions now.

Breakthrough over Punjab

After four years of chaos and the rise of a full-fledged secessionist movement, the first major breakthrough.

On July 23, a beaming Rajiv Gandhi told the 500-odd cheering Indian parliamentarians that an agreement has been reached between the central government and the Akali Dal, the dominant Sikh opposition party in Punjab. An 11-point memorandum of agreement, signed after two days of intense talks between Prime Minister Gandhi and the top Akali leader, Sant Harbhand Singh Longowal, is expected to lead to a peaceful settlement of all Sikh demands.

The agreement received wide support almost immediately. Sant Longowal, emerging from the signing of the agreement, said gleefully: "We are fully satisfied with the package deal." Prime Minister Gandhi was also optimistic: "This brings to an end a very critical period in the history of this country."

The Akali Dal's demands go back almost a decade. They were originally focussed around three issues: that the city of Chandigarh, the joint capital of Punjab and Haryana states for decades, be given over to Punjab in exchange for transferring the Hindi-speaking regions currently in Punjab to Haryana; that Punjab have a greater share of the waters from the riparian rivers that flow through the state; and that all Sikh shrines be put under one Sikh institution, the S.G.P.C. The memorandum meets these core demands and more.

These three issues have been discussed in detail before—for example, in 1977, when the Akali Dal shared power with the Janata Party—but no

concrete solution emerged. Whenever the discussions were on the verge of a breakthrough, some violent act would break off the talks. While the Sikh radicals were mostly responsible for sabotaging the talks, the power struggle within the Congress (I) leadership in Punjab also posed obstacles.

The rift between the Akali leaders and New Delhi opened wide in 1981 when the Sikh leadership began to move toward mass activity disrupting the normal activities in the state. It was at that time that, with the assistance of Sikh left-radicals, a fundamentalist movement began to emerge. Bhindranwale, an illiterate, gun-toting fundamentalist, was promoted as the counterpole to the moderate Sikh leaders.

Within a year, a large faction of the Sikh Naxalites (proponents of Maoist guerrilla warfare to take state power) belonging to the All India Sikh Students Federation (AISSF), and the British-Libyan controlled overseas Sikhs, joined hands with Sikh "Mullah" Bhindranwale to launch a systematic assassination and terror campaign throughout Punjab and New Delhi.

By 1983, with the help of large funding derived from drug-trafficking and generous sources from abroad, the sacred Sikh shrine at Amritsar, the Golden Temple, had been turned into a massive arsenal harboring fugitives, terrorists, and secessionists. The Indian Army cleaned up the terrorist nest in June 1984. By that time, the separatist-terrorist "Khalistanis" had been

established as a fully integral part of the Soviet-controlled international terrorist apparatus.

The brutal October 31 assassination of the Indian prime minister, Mrs. Indira Gandhi, by two Sikhs was meant to knock out the Non-Aligned Movement and throw the world's largest democracy into uncontrollable chaos.

Prime Minister Rajiv Gandhi, who took over at this crucial juncture, moved quickly to restore the political process in Punjab. He identified in Sant Longowal a Sikh leader who would be able to negotiate on behalf of the entire Akali Dal.

The Prime Minister's first step in this direction was to appoint a tough congressman, Arjun Singh, former chief minister of Madhya Pradesh, as the governor of Punjab. Last month, preparing to open up dialogue with the Sikh leadership, Prime Minister Gandhi summarily dismissed the newly-elected Punjab Congress (I) chief, S. S. Randhawa. Reports indicated that Randhawa, backed by left-leaning congressmen including former Punjab chief minister Darbara Singh, was involved in harboring terrorists who had been involved in assassination of political leaders. The new appointee is a former army man, Gen. R. S. Sparrow.

These steps were no doubt necessary to straighten out the internal rot that had been eating away the party base in Punjab. Sant Longowal, a moderate who had been terrorized into submission by Bhindranwale and the Naxalites, also made a statement in early July pointing the finger at Moscow for the festering trouble in Punjab. A number of Sikh arrests made in the United States also confirmed Soviet involvement in the Punjab issue.

Finally, after more than a year of addressing each other from a distance, New Delhi and the Akali Dal began to negotiate a peaceful solution.

French Socialists' lies on SDI

A prominent French military analyst examines the Socialist Party statement on the U.S. SDI.

On July 2, the French Socialist Party put out a "Statement on the Security of Europe," officially taking a position on the U.S. Strategic Defense Initiative. The statement reads in part: "The possible deployment of new anti-missile systems would strike a blow not only to deterrence, but also to the Flexible Response doctrine, the official NATO doctrine."

A retired French top-brass officer, one of the best French military experts on strategic defense, made the following commentary available to *EIR*. The author of these comments, who wishes to remain anonymous, has been a strong advocate of basing defense and security on research, development and deployment of directed-energy weapons in France and in Europe. His comments reflect primarily a French standpoint, but are valuable for an international audience:

"'Would strike a blow to deterrence,' the Socialist Party statement claims. It probably means the French deterrence doctrine established by de Gaulle 20 years ago. But this doctrine is not a fixed dogma; it was only the consequence of a state of affairs which meant, for France (as well as for other countries), a very sharp vulnerability. Should that vulnerability decrease, thanks to an efficient anti-missile system, to the point of almost vanishing away, deterrence, under its present form, would have no more reason to exist. Why should one, in order to 'save deterrence,' never accept a reinforcement of our defenses, and do

everything to remain weak, in the name of the 'deterrence of the weak toward the strong' doctrine?

"Speaking about the American deterrence, the argument is identical. Why should the United States refuse any defense, any protection, under the pretext that it were better to be obliterated than to change an obsolete doctrine? We hardly see how the French Socialists will convince our American allies.

"'Strike a blow to the Flexible Response doctrine,' the Socialist statement further argues. First, France has never accepted this doctrine; in fact, this is why it withdrew from NATO. Second, the U.S. intention is precisely to change this doctrine, as soon as it has an efficient defense system against missiles.

"The Socialist Declaration also claims that, 'The deployment of two defensive systems in America and in the Soviet Union *would* bring decoupling.' First, this is a strange use of the conditional mode: Does the Socialist Party of France ignore the fact that the Soviet Union already has numerous and powerful defensive systems, which by the way violate the 1972 ABM treaty? Second, the statement reads 'defensive systems in America,' implying, contrary to all evidence, that the United States intends to defend only its territory, and not that of its allies. Even if the U.S. wanted to do so, it could not: At the beginning, the rockets start off vertically, and it is possible to compute

their likely targets only much later, when they are well on their way; yet, missile destruction during boost phase is the most important element of an anti-missile system. Thus, it is impossible to select out which rocket has to be destroyed, and thus, any missile starting out will be immediately destroyed. Third, does the Socialist Party mean that it would accept that the Soviet Union protect itself and not the U.S.?

"'This deployment would decouple further the defense of Europe from that of the U.S.,' says the statement. This is untrue. Quite to the contrary, as soon as the U.S. no longer has to fear massive retaliation, it will be more free to strike anywhere in order to better protect Europe.

"'Strategic defense will not completely protect the U.S. from enemy aggression, but will deter it from employing nuclear weapons to the benefit of others,' the statement adds. Even if it is not 'completely,' isn't it better to receive *one* bomb, than *one thousand*? Second, strategic defense, by protecting the U.S. from massive reprisals, will enable the U.S. to defend its allies.

"The SP statement concludes, 'Thus the SDI, even before its implementation, strikes a blow, by its inner logic, at the European-American strategic coupling.' This systematic repetition of clear lies is alarming. This heavy artillery barrage probably announces a Socialist offensive for a break with the U.S. It is high time to tell the Socialists that there are perhaps several ways of winning a war, but the most secure way of losing a war is to capitulate before it starts. It might be useful to remind them that the French people might well demand a settlement of accounts and revenge, were they to continue in this direction."

International Intelligence

Eight Red Brigades terrorists get life

Eight terrorists from the Red Brigades were sentenced to life in prison and 57 others were given a total of 264 years in prison for kidnaping and murdering an Italian industrialist.

One of the defendants sentenced to life in prison for the slaying of Giuseppe Taliercio is Barbara Balzerani, one of the founders of the Red Brigades. She had been sought since 1978 for the kidnaping and murder of former Prime Minister Aldo Moro.

Norwegian premier soft on Gorbachov

More rotten news on the Northern Flank of NATO: Norwegian Prime Minister Kaare Willoch, in Washington for the International Democratic Union conference, told *EIR*'s reporter on July 26 that he supports research for the Strategic Defense Initiative, but explained his nation's official rejection of cooperation with the United States on the SDI in this way:

"We have made a declaration to the effect that it would not be relevant for Norway to participate in military research, but we realize that much of the SDI is as much civilian as military. We are very keenly interested in research cooperation with the United States; being a small country, we need to be part of a greater effort."

Asked to comment on the extraordinary Soviet naval maneuvers in the Norwegian Sea, he said that such things "are not new to us," and that the recent Soviet attack on a Norwegian research vessel—in which it maneuvered deliberately to cut the research cable to the ship—was not a matter for concern. "We are satisfied with the Soviet apology," he said.

In his conference speech, Willoch betrayed an oligarchical bias, quoting Count Metternich, stressing the importance of the so-called "balance of power" between East and West. "We will certainly see—as can

already be discerned—a renewed and more sophisticated effort on the part of the Kremlin to split the democratic alliances. On the other hand, we can also see the tremendous economic, social and foreign policy problems confronting Gorbachov. . . . He seems to be trying to impose a greater element of rationality upon the heavy machinery of Soviet government, and this rationality is one of the prerequisites for a Soviet willingness to reach balanced agreements with the West."

Islamic Jihad issues hit-list

Islamic Jihad commandos were responsible for two bombings July 23 in Copenhagen, Denmark which severely injured some 23 persons.

The bombs were planted in one of the main synagogues and in the American Northwest Orient airline building. Claiming responsibility, Islamic Jihad said that its next targets would be: the White House, the Elysée Palace, the Kremlin, No. 10 Downing Street, Jerusalem, and "all headquarters of Arab and Western lackeys of imperialism."

The Copenhagen bombings followed recent, publicized meetings between the Chief Rabbi of the city and local Palestine Liberation Organization representatives. Intelligence sources say the operation was planned in Stockholm, where German-based Iranian terrorists have recently established a base of the "Soldiers of God," established in 1981 by Ayatollah Montazeri.

Portuguese terrorists put on trial

The trial of 52 members of Portugal's "People's forces of 25 April," responsible for at least six murders and dozens of terrorist bombings since 1980, got under way on July 23 Lisbon. The trial was immediately adjourned, however, because the prosecution's star witness, a former member of FP-25 who recanted, was shot and badly

wounded three days earlier, on July 19.

PF-25 is led by the Soviet KGB-controlled leader of the ultra-left wing in the 1974 revolution, Col. Otelo de Carvalho.

A week earlier, a large ad was published in *Le Monde* of Paris protesting the trial and calling de Carvalho an "eminent revolutionary hero." The signatures on the ad read like a Who's Who in the KGB and Nazi International: Michel Raptis [Pablo], Ahmed Ben Bella, Petra Kelly, Gerd Bastian, Claude Bourdet, etc.

Since de Carvalho was incarcerated last year, the French Socialist government and various other Socialist International governments and parties have led campaigns on his behalf.

Oman threatens to show U.S. the door

The Persian Gulf Sultanate of Oman is threatening to impose new limitations on U. S. access to strategically located airfields and other military facilities in the small country. The United States has been involved in delicate negotiations with British-influenced state for two months.

Since the access agreement was originally signed, Oman has reportedly become much more sensitive to radical Arab criticism that it has become "a client state" of the United States, compromising its sovereignty.

Introducing the new 'Middle-European'

Political and other prominent figures from East and West, of the "Mitteleuropa political tendency" who propound the hoax of a "neutral" Central Europe decoupled from the United States, gathered in Vienna July 23 for dinner and "dialogue."

The Hungarian exile, multi-millionaire media king based in Munich, Josef von Ferenczy, who maintains a vast network of friends and contacts in the Western Social Democracies and the East bloc, especially

Hungary, sponsored this East-West "Dialogue of Opposites" in Vienna.

The astounding "mix" present for the "dinner and dialogue" included: Austrian Socialist Chancellor Fred Sinowatz; German SPD business manager Peter Glotz; East German Culture Minister Hoffmann; Hungarian Culture Minister Prof. Koepeczi; big names from West German television, such as Bayerische Rundfunk's news chief, Günter von Lojewski, and the mass circulation weekly magazines: Edmund Gruber of the ARD (1st national TV channel); Andrea Zangemeister, the head of *Bild der Frau* (the daily "women's" *Bild*); Beate Wedekind of *Bunte* magazine; Richard Mahkorn of the weekly *Neue Revue*; and several members of the Ferenczy family.

Soviet maneuvers 'astound' NATO experts

NATO officials were "astounded at the high level of readiness" exhibited by the Soviet navy during week-long maneuvers in the North Atlantic, the largest in Soviet history, according to the July 23 *Süddeutsche Zeitung*.

NATO surveillance was massive—far greater than normally the case. Over 40 NATO ships, and many British aircraft were continually shadowing the maneuvers. In addition, U.S. AWACs from Geilenkirchen Air Base in West Germany, plus West German Tornado reconnaissance planes and Naval Breguet-Atlantic long-range reconnaissance aircraft from Schleswig-Holstein, joined the round-the-clock surveillance.

Over 100 ships took part in the Soviet maneuvers, with extensive anti-missile, SAM, and ASW capabilities. They included at least 47 surface warships, between 30 and 45 missile and attack submarines, and 20-25 supply ships. There was extensive use of naval aviation. The exercise marks the first time that the Soviets have used two Kirov class battle cruisers in one exercise, deployed in combination with the carrier Kiev.

Soviet Marines, aboard one Alligator and three Ropucha class landing ships (LSTs) landed on the Kola Peninsula, not far from the Norwegian border. Besides its sheer size,

the landing was remarkable in that the ships and marines came from the Baltic Fleet. The amphibious ships and a task force of escorts, including one Kynda class cruiser which functioned as flagship, four Krivak class ASW guided missile frigates, and one modernized Kashin class destroyer, all drawn from the Baltic Fleet, had proceeded up the coast of Norway, rounded the North Cape, and conducted the landing on the peninsula.

One of the maneuver's purposes was to rehearse the invasion and rapid occupation of the Scandinavian countries.

Strauss endorses SDI, refutes idea of thaw

In an interview with the West German daily *Bildzeitung* on July 24, the governor of the state of Bavaria and chairman of the Christian Social Union, Franz-Josef Strauss, affirmed his "clear, unambiguous and early 'yes' to participation in the U.S. Strategic Defense Initiative," as an urgently needed "real alternative to the strategy of nuclear deterrence."

The aim of German participation in the SDI, which Strauss termed a "European Defense Initiative," should be to "investigate the possibilities of rendering middle- and short-range missiles and aircraft impotent," but also to "make possible the elimination of tanks, armored artillery, and armored infantry."

To ensure a "free and uninhibited exchange of scientific research results" and benefits to German industry wherever it shows superior results, German participation in the SDI project should be based on a government-to-government treaty, said Strauss.

Asked about the upcoming Reagan-Gorbachov summit and the results of Gorbachov's first period in office, Strauss warned that "no basic change in Soviet policy can be expected," and that the dramatic leadership changes in Moscow under no circumstances portend an East-West thaw.

In next week's issue, *EIR* will publish an interview with Strauss, conducted July 26 at the International Democratic Union conference in Washington, D.C.

Briefly

● **THE MEXICAN** Labor Party's book on the PAN (National Action Party), which described the FBI as "business partners" of the KGB, made FBI officials "furious," sources in Washington say. The Bureau was even more upset when senior Mexican government officials contacted the U.S. State Department and Ambassador John Gavin to demand explanations for some of the actions of the FBI and State Department described in the book, *The PAN: Moscow's Terrorists in Mexico*. Spokesmen for the PLM defended their bestseller: "... The truth and nothing but the truth."

● **MANUEL ULLOA**, President of the Peruvian Senate and a close associate of the Rockefeller family who favors drug legalization, expressed his support for the Nicaraguan junta while attending a reception on the anniversary of the Sandinista revolution in Managua, according to Peruvian sources. Ulloa, who aspires to become President of Peru, has just married Pallas Debayle Checa, of a Peruvian-Nicaraguan family which is related to the late dictator Somoza, but now is outspoken in support of the junta.

● **ANATOLII DOBRYNIN** might be replaced as Soviet ambassador to Washington, Israeli officials believe. The officials indicated that Yuli M. Vorontsov, the Soviet ambassador to Paris, is most likely to be Dobrynin's successor. Vorontsov served as Dobrynin's senior deputy at the Soviet embassy in Washington during the Nixon and Ford administrations, before becoming ambassador to India and, later, France.

● **SHREDDED** documents from the U.S. embassy in Iran have been pasted back together by the Iranians, and are now being featured in the *London Observer*. The documents include reports on secret Soviet-American discussions in Iran in the 1970s, U.S. profiling of KGB and GRU operatives in Iran, and U.S. diplomats dismissing Soviet assertions about the Shah's illness and the likelihood of his overthrow.

NDPC nails Congress with voting survey

by D. Stephen Pepper

At the National Democratic Policy Committee's day of lobbying in the nation's capital on July 23, NDPC chairman Warren Hamerman released to the public the first definitive survey of the U.S. Congress, just conducted by the NDPC national office in Washington, D.C. "Using this weapon," Hamerman said, "we, the mobilized citizens of this country, will be able to expose the members of the Congress for what they are, traitors to the national interest of this country." This new rating is a line-by-line analysis of how every member of the Senate and House voted on 19 key issues from 1983 to the present. Armed with this "weapon," more than 600 lobbyists from a dozen states spent three hours confronting their elected representatives with the hard facts on how their congressmen have systematically betrayed the country's security needs.

Every flea-bag political outfit and self-appointed policy group already produces a rating of Congress, so why do we need yet another analysis? The answer lies in the selection of votes used to establish the ratings of Congress in the NDPC analysis. Developed by Susan Kokinda, who, with her husband, Ron, heads the NDPC's national lobbying effort, the survey has the unique feature of representing not a special-interest bias (e.g., Chamber of Commerce, COPE), or an ideological tilt (American Conservative Association or Americans for Democratic Action), but an overview of the crucial votes on matters of fundamental national interest.

In this first survey, the tallies reflect an over-emphasis on straight military-related matters, at the expense of important economic infrastructure programs, such as water-resources projects of the Tennessee-Tombigbee Waterway type. This has the effect of skewing the results in favor of certain Republican legislators such as Jesse Helms (R-N.C.), and against Democrats such as John Melcher (D-Mt.), who tends to be blind to certain national security needs, while vigorously promoting infrastructure requirements. As a result, Helms, who suffers acutely from the Republican disease of unrecon-

structed "free enterprise" obsession, scores a high 89% because of his generally sound commitment to military concerns, whereas Melcher is way down at 32%. The ideal legislator, who does not yet exist, would combine the two outlooks.

In fact, since 1983 when the NDPC survey begins, there have been very few votes in the House or Senate which have even posed the issue of American System economic development. Legislators did not even give themselves the opportunity to vote on vital infrastructure projects!

Despite this caveat, the report represents a breakthrough, as the only reliable guide for the perplexed patriot. The survey begins with the vote in 1983 on the reconfirmation of Federal Reserve chairman Paul Volcker, and continues through the July 16 Senate vote on the confirmation of Richard Burt as ambassador to West Germany. Among the highlighted issues is the vote on the MX missile, specifically the Nunn amendment to limit MX production to 50 missiles. Only 13 senators voted to oppose this sellout of U.S. security interests and in favor of the minimum requirement to build 100 missiles (7 others voted against the amendment, but with the goal of killing the MX entirely). The NDPC position is that the United States should build 1,000 missiles a year for the next three to five years, and employ laid-off auto-workers to do so.

Only 10 senators voted against the Burt nomination, and of the sitting senators, only 16 voted against Volcker. This tells a crucial truth about the problem patriots confront in changing the Senate. On most vital issues, in which the nation's survival is involved, one can only muster between 10 and 20 votes! So the door is opened to compromises crafted by experts in such dubious efforts, such as Sen. Sam Nunn (D-Ga.) and Rep. Les Aspin (D-Wis.), who produce proposals, like Nunn's MX amendment, that are accepted as the "best possible result in a worst-case scenario." The pragmatic approach of the White House and the majority, allows

NATIONAL DEMOCRATIC POLICY COMMITTEE
Vote Rating Report

+ is agreement with NDPC position. See end for vote descriptions

Percentages indicate agreement with NDPC position

Year:	8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8		
Vote descr. (read down)	V I I M M S S S S A A N B P N A A C		
	O M M X X X D D D D S S T R O U S S R		
	L F F I I I I T T O T P C R R B		
SUPPORT Position:	N N N N N Y Y Y N N N Y Y N N Y N N N		
McClure (R-ID)	+ + + + + + + + + + + + + + - ? +	94	89
Helms (R-NC)	+ + + + + + + + + + + + + + - - +	89	89
Symms (R-ID)	+ + + + + + + + + + + + ? + + + - - +	89	84

Tallying up the Senate

This table explains the codes (in bold-face) used in the NDPC Vote Rating Report, to evaluate the voting record of U.S. senators.

VOL—1983 reconfirmation of Paul Volcker as Federal Reserve Board chairman. NDPC position: NO.

IMF—1983, HR3959. Supplemental Appropriations, Fiscal 1984. Garn's final motion on IMF. NDPC position: NO.

IMF—1983, S695. International Monetary Fund Authorization. Senate motion to kill amendment to reduce U.S. authorization for IMF. NDPC position: NO.

MX—1985, S1160. Department of Defense Authorization, Fiscal 1986. Nunn amendment to accept compromise limit of 50 MX missiles. Those voting against wanted full 100 missile complement. (Several liberals voted against this amendment, because they wanted fewer or no MX missiles. Their support position in the chart has been changed to reflect that.) NDPC position: NO.

MX—1985, S1160. Department of Defense Authorization. Hart amendment against initial MX production. NDPC position: NO.

MX—1984, S2723. Omnibus Defense Authorization. Tower motion to kill Moynihan amendment to stop MX deployment. NDPC position: YES.

SDI—1984, S2723. Omnibus Defense Authorization. Tower amendment to table (kill) Percy amendment to cut SDI spending. NDPC position: YES.

SDI—1985, S1160. Department of Defense Authorization. Wallop amendment to move toward deployment

of some SDI components. NDPC position: YES.

SDI—1985, S1160. Department of Defense Authorization. Gore amendment to reduce from \$2.96 billion to \$2.5 billion the SDI funds. NDPC position: NO.

SDI—1985, S1160. Department of Defense Authorization. Bumpers amendment to straightjacket SDI research and to cut budget. NDPC position: NO.

AST—1984, S2723. Omnibus Defense Authorization. Warner amendment to tie hands of President on anti-satellite missile testing. NDPC position: NO.

AST—1984, S2723. Omnibus Defense Authorization. Wallop amendment to allow unrestricted ASAT testing. NDPC position: YES.

NTO—1984, S2723. Omnibus Defense Authorization. Tower motion to table (kill) Nunn NATO troop pullout amendment. NDPC position: YES.

BRT—1985 confirmation of Richard Burt as ambassador to West Germany. NDPC position: NO.

POP—1985, S1003. State Department Authorizations. Kassebaum amendment to table (kill) Helms amendment to curtail U.S. support for international population control efforts. NDPC position: NO.

NUK—1984, S979. Export Administration Act Amendments. McClure amendment to allow nuclear exports to certain developing-sector nations. NDPC position: YES.

AGR—1984, HR4072. Agricultural Programs Adjustment Act. Baker motion to table (kill) Melcher amendment to raise grain price supports. NDPC position: NO.

AGR—1984, HR5743. Agriculture Appropriations. Cochran motion to table (kill) Exon amendment to raise grain price supports. NDPC position: NO.

CRB—1983, HR3959. Supplemental Appropriations. Humphrey amendment to kill Clinch River Breeder Reactor. NDPC position: NO.

the outright KGB-influenced types such as Sen. Alan Cranston (D-Calif.) an inordinate power.

While this sad situation dominates the present body, there is a ray of hope, in the potential for a bipartisan coalition on the national interest. The 10-20 potentially sound senators are drawn from both parties; for example, Democratic Senators Tom Heflin (Ala.), Edward Zorinsky (Nebr.), and John Stennis (Miss.) joined seven Republicans in voting against Burt. Lyndon LaRouche, the founder of the NDPC, pointed out that this bipartisanship represented a potentially more important gain in the long run than the short-run defeat suffered in the Burt case ("LaRouche hails patriotic senators who rejected Burt," *EIR*, July 19, 1985, p. 32). Other Democrats who rank in the 50% or better category, in the NDPC's tally, include David Boren (D-Okla.), Russell Long (D-La.), and Ernest Hollings (D-S.C.).

On the other hand, the survey exposes the myth of the so-called middle-of-the-road Democrat, supposedly represented by Lloyd Bentsen (D-Tex.), Nunn, and John Glenn (D-Ohio). Bentsen scores 65% in the American Conservative Association rating, whereas the NDPC rated him at 12%. The NDPC gave Nunn a shameful 16% and Glenn a marginally higher 19%. To give the reader a better appreciation of the value of the current survey, compare the 90% rating for Nunn and Glenn in the National Security Index of the American Security Council. The methodological flaw of the NSI rating, is to weight all defense-related matters equally, so that a simple vote on appropriations is counted the same as a crucial vote on the SDI, the MX, or troop deployments in Europe. The strength of the NDPC's survey lies in the selection of votes based upon a strategic perspective.

One final observation based on the Senate analysis: There is, on the whole, a clear demarcation between those in the 50% and up category, and those below 50%—with the exceptions of Melcher, Max Baucus (D-Mont.), and James Exon (D-Nebr.), explained above. The former category represents 42 senators, who, while imperfect, to say the least, occasionally display some healthy instincts. For example, Hollings (D-S.C.), who scores 50%, astonished a Democratic caucus meeting by coming out solidly for the Strategic Defense Initiative, because he thought it was right. Those below 50%, with the exceptions cited above, behave like traitors. Here we find Cranston (D-Calif.) scoring 7%, William Proxmire (D-Wisc.) 5%, and Jay Rockefeller (D-W.Va.) a well-deserved 0%.

The conclusion to be drawn is that ruthless pressure must be brought to bear on the 50% and up group, to act as a patriotic bipartisan leadership, while the other 55 senators must be turned out of office. As a weapon to realize this, the NDPC vote-rating report is invaluable.

The report is available for a \$10 contribution, plus handling charges, from Susan Kokinda, NDPC, P.O. Box 17729, Washington, D.C., 20041-0729.

Regan assumes role of 'prime minister'

by Nicholas Benton

As Washington moved into its last week before the great August recess, concern over the growing influence of the White House "Palace Guard," especially the role of Chief of Staff Donald Regan, intensified.

The reasons were well founded: impasse on the budget, inertia in the White House, failure to aggressively pursue the President's key programs—especially the Strategic Defense Initiative (SDI). Did Don Regan have something to do with all this? Many believe so.

The White House chief of staff is supposed to have a position with as much influence as the chief cleaning lady. But Regan has used it to assert more influence, insiders say, on any President since former New Hampshire Gov. Sherman Adams used to decide what President Eisenhower could or could not read.

Not only Regan, but also National Security Adviser Robert McFarlane, Secretary of State George Shultz, and Treasury Secretary James Baker III have muscled into much more direct decision-making postures.

Regan's assumption of "prime minister-like" powers first came to wide public attention during the President's brief stay at Bethesda Naval Hospital for his cancer operation. It was Regan, according to reports, who told Vice-President George Bush to "take a hike" during the operation, such that Bush didn't even meet with the President for five days. It was Regan, also, who allegedly convinced the President to sign over his powers of office for the brief eight hours that he was in surgery. And finally, there was Regan's role in building the President's operation into an inelegant circus of successionist speculation, making the decision to give the press access to full technical medical briefings on the nature of the President's condition.

However, the deeper danger involved in the Regan-McFarlane-Shultz-Baker "inside putsch" involves undermining the SDI.

Columnists Evans and Novak alluded to this on July 26, commenting, "The lack of a sure political touch under hard-driving Don Regan has hurt the President on the SDI and on chemical warfare." They were referring to the fact that, since April, "for whatever reason, the White House staff distanced itself from herculean efforts of pro-defense congressmen to prevent the new anti-defense mood from gutting Reagan's SDI."

One reason for this, they said, is that "McFarlane's own dedication to the SDI is questioned by some on the Hill," which would help explain why the administration never responded to repeated appeals by Senate loyalists such as Barry Goldwater to launch a major offensive to defend the President's full \$3.7 billion request for SDI. These appeals, Evans and Novak note, were all funnelled through Regan, and probably never got to the President at all. It wasn't until late June that the White House even acknowledged the fight. Even then, it was limited to a phone call by a lower-level White House aide to Rep. William Dickenson, ranking Republican on the House Armed Service Committee, asking him to "lead the battle for the SDI." By then, it was way too late, and the SDI figure had already been chopped to its present \$2.5 billion.

The same thing happened in the case of the administration's chemical warfare program. In this case, a confidential letter from 13 of the 19 members of the Senate Armed Services Committee on April 3 was never even acknowledged by the White House. The President's "personal involvement" and the "full weight" of his office would be needed to save the program, the senators wrote. Two months went by without a reply, until on June 3, Goldwater and Sen. Sam Nunn attempted a second appeal, stating that Reagan's "active support" would be "essential" to pass the program in the liberal House. It took another few weeks before the White House finally responded by inviting members of the House Armed Services Committee for a briefing. The result was that the House did okay the program, but not without restrictions on NATO deployment totally unacceptable to the President.

Regan, 66, the former chief executive at Merrill Lynch and Treasury Secretary, is loyal to those interests who own the lion's share of the \$2 trillion national debt—that is, Wall Street. His priorities, such as reducing the federal deficit even at the expense of the nation's defense, are guided by this loyalty. By contrast, for the President, not debt collection, but the strategic interests of the United States are a "gut" priority.

The danger represented by the "palace guard," therefore, is not simply defined in terms of personal ambition, but in terms of fundamentally different loyalties. In this context, Regan has done little to disguise his garrish attempt to assume the role of prime minister (as Robert Novak called him on a local television show). Regan became notorious as the White House point-man in two instances of slamming the Congress.

In the first case, he pounded his fist in front of a U.S. Chamber of Commerce breakfast demanding action to break the congressional budget impasse. Then he set up the Senate Republicans on the Social Security one-year freeze issue, telling them the President supported it, and then pulling the rug from under them when they committed themselves and the President reneged.

He capped this with a staged "photo opportunity," posing with Sen. Bob Dole sharing an Indian peace pipe. The mes-

sage his whole public relations campaign was aimed at was clear—when it comes to relations between the White House and the Congress, Mr. Regan represents White House clout.

An anonymous President?

Regan is also credited with the choice of a "yes-man," former Federal Trade Commission chairman James C. Miller III, to replace David Stockman as head of the Office of Management and Budget. Regan, it was reported, did not want someone upstaging him there, grabbing headlines as Stockman did. Next to Regan, everyone is supposed to have a grey anonymity around the White House—increasingly, even the aging President.

Insiders speculate that—with the exception of McFarlane—no one around the White House, including Defense Secretary Weinberger or Press Secretary Patrick Buchanan, can see the President without going through Regan first.

And while Regan and McFarlane are "guarding" the President, Shultz is running his own show, unimpeded, over at the State Department. His latest move was to tell the House Foreign Affairs Committee on July 24 that he is considering closing certain U.S. posts overseas because of the dangers of terrorism—thus undermining President Reagan's tough call for decisive action to prevent terrorists from fulfilling their objectives.

Shultz rejected a report on U.S. overseas security needs prepared by a panel headed by former CIA deputy director Bobby R. Inman. It contained 91 recommendations for remodeling and building at 126 of 262 U.S. overseas missions at a cost of \$4 billion. "It may be that the high costs of providing appropriate security safeguards will require the development of alternative ways of carrying on our diplomatic and consular activities in certain cities abroad," Shultz said. That is, pull out!

Shultz combined this with a new proposal for what he called a "diplomatic offensive" against terrorism as an alternative to more decisive action.

The press, meanwhile, has leaped upon the "Palace Guard" coup to proclaim the President a "lame duck." A *Christian Science Monitor* editorial even called on the President to resign now, arguing that the move "would seal Reagan's position in history." Others, like columnist Joe Kraft, have intimated that "everybody will be better off with the decision-making process at the White House being managed by Shultz and McFarlane." This team, Kraft wrote, "is not capable of winning one for the Gipper, but it can muddle through."

To a degree, President Reagan foiled the "Palace Guard" with his apparently swift recovery from surgery. The day before he went in for the operation, he devoted his weekly radio broadcast to a restatement of his uncompromising commitment to the SDI. The prospect remains for the man at the helm to order his upstart "Palace Guard" back into the servants' quarters where they belong, in order to guide the ship of state into safe harbor.

Farrakhan rallies Jackson machine

Addressing a packed house of 10,000 at the Washington Convention Center on July 21, Louis Farrakhan, speaking as the paid agent of the Libyan government, described his plans to create a movement which will launch a campaign of terror and disruption targeting the United States Armed Forces, the government, and the President. Farrakhan threatened to “chop off the head” of any black political leader who opposes his campaign of treason.

Farrakhan began his address by straightforwardly describing the conduit which will be used to help finance his terrorist support apparatus. A front called POWER (People Organized and Working for Economic Reform) is to be set up to develop and market a line of cosmetics, health products, and consumer goods which will supposedly circulate through a network of cooperative, black-owned businesses. The reality behind this, as Farrakhan boasted, is a multimillion dollar loan from Libya. Farrakhan admits to having received \$5 million, but intelligence sources put the amount closer to \$30 million.

“I took the money [from Qaddafi],” shouted Farrakhan, “and I don’t bow down to America, I don’t bow down to Saudi Arabia . . . and black people better get over their resistance to the idea of having friends who are the enemies of America.” Members of the terrorist MOVE cult were later introduced as exemplifying those values black people will have to overcome their resistance to!

Farrakhan said that from this point on, his coalition would be the defenders of those American Indians, Hispanics, and Asians who join him in an “exodus . . . out of America, her norms, her values, her ways, her wickedness. . . .” Should he or any member of this coalition suffer at the hands of the U.S. government, there will be swift retribution “at the hands of Allah,” retribution directed particularly at President Reagan—precisely the threats made over the last several months by Qaddafi.

His tirade then continued: “I’m not backing down from the Jews, because I know their wickedness. I’m not separating just Zionists out, because the Zionists are the outgrowth of the Jewish transgressions. . . . Any foolish black leader who would come out and repudiate me based upon Jewish control and Jewish money should be thrown out by black people. . . . I intend to raise the ante tonight. You will not lead black people being controlled by Jews . . . you will either come out and stand for us or get the hell away from us.

“So come out and attack me if you will, come out leaders

of black organizations—if you will, come on out church leaders . . . who is your master? Is it God? Is it Jesus Christ? Or is it the Jewish leaders in America?

“I say black people, whenever you put a black man in office, and that black man betrays the best interest of those of us who put him there . . . we will tar and feather them, we will hang them from the highest limb, we will chop off their heads and roll them down the streets. . . . I intend to stir up black people in America like they have never been stirred up in the history of black America. . . . No treacherous act by white or black will go unpunished by the masses of black people.”

The rally, far larger than anything ever assembled for former presidential candidate Jesse Jackson, signals a new stage in the legitimization of Farrakhan’s apparatus, and surfaces what was previously little known: Large numbers of black ministers and politicians have been or are being bought by Libya’s Qaddafi.

Farrakhan’s VIP collection, displayed on the stage at this rally, included D.C. School Board member Barbara Simmons, a prominent Washington Democrat who was active in the Jackson Campaign; Washington Redskins star Dexter Manley; numerous representatives of the faculty and student body of Howard University; Rev. Willie Wilson of the Union Temple Baptist Church; Rev. Theo William of the Shiloh AME church in Baltimore; and, not coincidentally, one “Dr. Love,” introduced as the astrologer for *Essence* magazine.

This group of personalities shared Farrakhan’s stage with members of the MOVE cult, and with Ben Chavez, notorious for his activities as a member of the terrorist “Wilmington 10.”

Reverends Wilson and William opened the rally with fulsome praise for the leadership shown by Farrakhan, and announced that they, and many other ministers, have been quietly working with Farrakhan since 1978. (According to local sources, many area churches, owned by real estate trusts which buy and sell the impoverished parishes, are in deep financial trouble, and have been desperately seeking funds from any quarter. These funds will now be available to anyone who will buy Farrakhan’s fanaticism.)

As Farrakhan developed his themes, dominated by a syncretic mixture of Bible prophecy and apocryphal quotes from the Koran, he frequently turned to the assembled VIPs, and with a Mephistophelian leer, asked, “Are things getting too hot for you up here? If so you can excuse yourself now!” The frenzied crowd screamed and jeered at this brazen manipulation of the bought “dignitaries.”

Several of these black VIPs, only a few months ago, were helping to organize mass rallies in Washington to urge the Reagan administration to stop backing International Monetary Fund genocide in Africa. The shift toward acceptance of Farrakhan’s politics by a growing faction of the black elite has come since President Reagan failed to respond to that movement. This shift is not irreversible, but time is rapidly running out.

Kissinger Watch

by M. T. Upharsin

Caught in the act, holding hands

One of the more blistering attacks on the policies and morality of Dr. Henry A. Kissinger was printed in a feature in the West German conservative daily *Die Welt* on July 24.

Public attacks on Kissinger are none too common in the Federal Republic. This article, in tandem with other, more indirect swipes at the policies of his protégés, suggest that key political elements in Germany may be moving to preempt the plans of new Ambassador Richard R. Burt to hand Germany to the East.

One would hope that political influentials in the Federal Republic have been emboldened by the tenacity of opposition to Burt's confirmation from conservative U.S. Democrats and Republicans in the Senate.

On July 24, *Die Welt* commentator Heinz Barth authored a feature on the diplomatic history of Soviet ambassador to the United States Anatolii Dobrynin, who has been in Washington since the early 1960s. Portraying him as the grand "orchestrator" of diplomacy, capable of playing the "full scale" of diplomatic tones, Barth asserts that Dobrynin succeeded, with "diplomatic virtuosity," in "holding hands with Henry Kissinger" during the eight years that Kissinger was so influential in formulating "world policy" for the United States.

Since Dobrynin's Russian accent precludes the letter "h," Barth contin-

ues, the Soviet ambassador was wont to call Kissinger "Khenry." "Khenry" was "charmed" by this treatment.

More, Barth points out, Kissinger was implicated in extensive private dealings with the Soviets, of an entirely unscrupulous nature. He cites Kissinger, in his memoirs, reminiscing that he and Dobrynin could "always switch back to the back-channel . . . whenever problems came up."

By his "extensive flirtation" with Dobrynin, Barth charges, Kissinger "undermined the position of the U.S. ambassador to Moscow and, therefore, also the reputation of American diplomacy, without the slightest moral scruples."

A more indirect attack on Kissinger's policies had been issued only days earlier, by Jürgen Todenhöfer, arms-control spokesman for the Christian Democrats, in a piece in the July edition of the *Bulletin of the German Society for Conflict Research*. Todenhöfer charged: "The Soviets never accepted military balance, but always aimed at superiority. What has been called arms control debate has been mainly a debate in the West."

Todenhöfer also blasted the "foreign ministries" of the West, which usurped too much control over defense policies. He called for ending the era of "arms control" and "détente" policies, which worked to the Soviets' unilateral advantage.

To informed observers, the target of these attacks was unmistakable: Who, after all, had devised the ideas associated with "arms control" and "détente," and laundered these into foreign offices and the State Department?

A Trilateral offensive?

The writings of Barth and Todenhöfer have more than just historical interest.

On May 5 of this year, Kissinger authored an internationally syndicated column, appealing to the Soviets: "Let us set up a private channel, out of the glare of publicity," to discuss matters of global concern.

Three weeks earlier, Kissinger had met with Dobrynin at Jimmy Carter's center in Atlanta, to discuss creating the new "channel."

Since May 5, there have been a whole number of U.S.-Soviet "channels" in action, ostensibly in preparation for a summit between President Reagan and Soviet leader Gorbachov. European insiders tell *EIR*, however, that something much more fundamental is going on. They report an unprecedented diplomatic and political offensive by leaders of the Trilateral Commission, to re-draw the map of Europe, the Middle East, and other parts of the world, in the months ahead.

According to these insiders, Henry Kissinger is the "point man" in this offensive, while Trilateral chairman David Rockefeller is taking a greater-than-ever personal role, to achieve defined political ends:

- Designation of the Middle East as a Soviet "sphere of influence." They report that, approximately one year ago, David Rockefeller made a secret trip to Damascus, Syria, to work out a deal whereby President Reagan would be "Carterized," subjected to a crisis like the Iran hostage-taking affair.

- Preparations for installing Trilateral favorite Raymond Barre as the next French President.

- Preparations for bringing the West German Social Democracy to power in West Germany.

West German attacks on Kissinger's policies will have the greatest immediate impact on the last of the Trilateral's ends. But if that policy were defeated, so might the rest of the package.

Committee passes waterway user fees

The Senate Environment and Public Works Committee passed an omnibus water projects bill on July 18 which firmly establishes the precedent of waterway user fees. If enacted, the bill would be the first major water-projects bill to pass the Congress since 1976.

Needed investment in the nation's water infrastructure has ground to a halt because of conflicts between those who have wanted to maintain the traditional "American System" method of national support for infrastructure, versus those who have pushed a "free enterprise" model of forcing local communities and users to bear costs.

The bill that passed the Senate Committee falls firmly in the latter category. For inland navigation, the bill would double the existing tax on barge fuel from 10¢ per gallon to 20¢ per gallon in 1995. A .04% tax would also be placed on the value of all cargo loaded on vessels using U.S. harbors, including the Great Lakes. Efforts, by supporters of the just opened Tennessee Tombigbee Waterway, to exempt that project from the barge fuel tax, were defeated in committee.

In related developments, the House passed HR 2959, a \$15.3 billion energy and water development appropriations bill. As evidence that the traditionalists have lost substantial ground, HR 2959 was passed with the proviso that any new cost-sharing provisions contained in the new water authorization bills will be applied retroactively to projects appropriated in HR 2959.

Rep. Bob Edgar (D-Pa.), one of the leading anti-water environmentalists in the House, who has banded together with the free enterprise crowd

to push user fees, enthusiastically supported HR 2959, declaring, "I believe we are really on the road to a new direction in water policy." Earlier in the year, Edgar had won a key House vote, by the narrow margin of 203 to 202, to establish the concept of waterway user charges.

Kissinger plan, variations debated in Committee

The House Banking Committee continued its series of hearings on the Third World debt crisis, with testimony on versions of the Castro and Kissinger plans to save the international banking system.

At hearings before the International Development Institutions Subcommittee of the House Banking Committee on July 25, Rep. Stephen Neal (D-N.C.) asked the witnesses what they thought of Henry Kissinger's proposal to create a "Marshall Plan" for the Third World. Neal quoted Kissinger's concern that the existing lending institutions had reached the limits of what they could achieve in "stabilizing" the international debt situation. Kissinger was scheduled to testify before the subcommittee on July 23, but, with no explanation cancelled at the last minute.

The witnesses, who included former U.S. Executive Director of the IMF William Dale, and Edward Fried of the Brookings Institution, dismissed Kissinger's proposals, insisting that the Bank and the IMF were still adequate to the tasks before them. The witnesses tended to discount the political dislocations caused by IMF austerity packages, and made no mention at all of outright starvation.

However, witnesses before a sec-

ond subcommittee, the Banking Subcommittee on Economic Stabilization, chaired by Rep. John LaFalce (D-N.Y.), focused more on Kissinger-type palliatives to the crisis. In his opening statement, LaFalce pointed to the economic and social costs of IMF austerity measures on the Third World and also on its effects on the U.S. economy. LaFalce said, "According to one recent estimate, the U.S. has lost 800,000 jobs from the turn of events in Third World debt."

LaFalce was intrigued by the testimony of Raul Prebisch, an Argentine economist and top Anglo-Swiss bankers' agent, who proposed a scheme whereby countries such as Argentina would carry out the necessary austerity measures to collect the debt owed to the international banks. Prebisch proposed that an agreement should then be worked out between Argentina and the banks so that only a portion of those funds would be returned to the banks and the rest could be used in Argentina for "investment." Prebisch's proposal falls in a category similar to Kissinger's, in that it puts forward a facade of allowing for some development, while maintaining the overall framework of the IMF austerity adjustments.

Conservatives miss the point on Ogarkov

Several conservative members of the House of Representatives took to the floor on July 23 to attack Soviet disinformation deployments into the West. Ironically, Rep. Bob Dornan (R-Calif.) singled out the role of Marshal Nikolai Ogarkov as head of the Soviets' disinformation division, detailing his past deception activities.

Left unmentioned by Dornan, Phil Crane (R-Ill.) and the others who spoke is Ogarkov's public resurfacing as the reported new commander of the Warsaw Pact. Nor do they, or anyone else in the U.S. Congress, acknowledge Ogarkov's past year's deployment as head of the Western Theater of War or his implementation of the "Ogarkov Doctrine" to carry out a first strike against the United States.

Ironically, the sources which Dornan and Crane rely on to "prove" the extent of Soviet disinformation, are themselves quite often part of the Soviet effort itself. Both congressmen cite Kissinger associate and New York advocate Larry Eagleburger on the "corrosive" effects of Soviet disinformation, and its impact in preventing an adequate defense of Europe! Equally ridiculous is Dornan's praise of *Washington Times* editor Arnaud de Borchgrave. The *Times*, which on July 23, "broke" the story of the Ogarkov doctrine, portrayed it as a plan to carry out a conventional assault on Western Europe.

Everybody misses the point on Africa

Liberals and conservatives alike engaged in varying forms of histrionics on the House floor over the ongoing crisis in Africa. Since the outbreak of violence and emergency rule in South Africa, numbers of Congressmen, including Sen. Edward Kennedy, and Reps. Bernard Dwyer (D-N.J.), Sander Levin (D-Mich.) and Louis Stokes (D-Mo.), have intoned sanctimonious speeches condemning emergency rule and demanding that the Reagan administration break from its policy of "constructive engagement"

with South Africa.

Each one of those speakers voted in favor of the International Monetary Fund (IMF), whose policies have caused economic devastation and starvation in the rest of Africa.

But the liberals weren't the only ones to skirt the issue. On July 23, a group of conservative congressmen, led by Rep. Toby Roth (R-Wisc.) engaged in an hour-long colloquy condemning the "holocaust against black Africans" taking place in Ethiopia. Roth was joined by conservative "aquarian" Newt Gingrich (R-Ga.) who charged that "Ethiopia may symbolize for the next generation a Third Reich of the Third World, that it is as horrible an example in the modern African context as Nazi Germany was."

Gingrich, Roth and others lay the blame for the death and starvation solely in the lap of the Marxist government of Ethiopia. While there is no question that the Soviets and their allies are capable of and have carried out genocide of cataclysmic proportions, and are wholly complicit in exacerbating the crisis in Ethiopia for political purposes, the conservative congressmen have conveniently turned a blind eye to the starvation and epidemics ravaging the non-Marxist countries of Africa. Just as with the liberals, no mention of the moving force behind the holocaust—the International Monetary Fund and its Nazi austerity policies—is made.

Kennedy-Reagan alliance doesn't save line-item veto

A week-long effort to override a Senate filibuster against the line-item veto appeared to be doomed, despite the combined support of President Rea-

gan and Sen. Ted Kennedy (D-Mass.) for the proposal. The "line-item veto" would give the President the power to veto specific sections of spending bills, rather than having to veto the entire bill as he now must.

Senator Mack Mattingly (R-Ga.) is the chief sponsor of legislation (S. 43) which would give the President the item veto for a trial period of two years.

After two unsuccessful attempts to shut down a filibuster by opponents of the measure, led by Senate Appropriations Committee Chairman Mark Hatfield (R-Ore.), Senate Majority Leader Robert Dole (R-Kan.) indicated on July 24 that he would pull S. 43 off the floor.

Support for S. 43 was running high in the Senate and had garnered substantial support from voters because of increasing frustration over the U.S. budget deficit—but that is principally caused by Federal Reserve policies, which Congress ignores.

Supporters of the line-item veto argue that it will allow the President to cut particularly egregious spending items.

In reality, the line-item veto is a constitutional abomination which destroys the balance of power between the executive and the legislature. In effect, the President would be afforded legislative power through his ability to precisely remold legislation by vetoing specific items. Indeed, Ted Kennedy's full-fledged support for the proposal should serve as a warning bell to its conservative proponents. Fiscal conservatives who want to see such power in President Reagan's hands, should imagine what another Jimmy Carter could do to the defense budget, were he given such pinpoint capabilities.

National News

A matter of national insecurity. . .

For those still wondering why the President hasn't taken any action against terrorism yet: According to documents apparently compiled—and leaked—by British intelligence, the U.S. secret counter-terrorist coordinating body, which we will not name here, is infiltrated by the Mossad and the British Special Intelligence Service. Not exactly infiltrated, you see, because some U.S. official, who must have read too many Ian Fleming books, actually put these foreign services in the middle of the U.S. national security establishment.

Mossad "guys" (that's what they're called by the Israelis) are attached to the U.S. Army Special Forces training center at Ft. Bragg, and they reportedly answer to two senior M—officials, one operating under the cover of a security company in New York, and the other under commercial cover in Los Angeles.

No wonder that the TWA terrorists in Lebanon "somehow" had advance knowledge of every move the Americans were going to make to free the hostages.

Seaga sees no need for war on drugs

EIR's correspondent Nicholas Benton interviewed Prime Minister of Jamaica Edward Seaga at the International Democratic Union conference in Washington on July 26, and not surprisingly, the darling of the Rockefeller crowd and Milton Friedman "free enterprise" cult rejected any role for his nation in an international war on drugs.

The "conservative" leader, one of only five heads of government at the conference of 17 "non-socialist democratic" political parties from the "industrialized democracies" of the world, said emphatically that he did not think there was any good reason for international cooperation to fight drugs.

Q: Will Jamaica be cooperating with efforts that have been proposed by other Latin American governments for a cooperative war on drugs throughout the Caribbean?

A: We don't have to deal with this problem on the basis of any internationalization of it. We have handled our problem. We have dealt with it without having any international agreement on the subject, so that we have played our part.

Seaga told EIR that the notorious Jamaican marijuana industry has been completely shut down, although he said that nothing other than "hand machines," no paraquat or other chemical means, were used to do it. He said, "We have demolished all the air strips, and we have eradicated the entire crop," but refused to be more specific.

His rejection of any role for international cooperation is not only a slap in the face to President Reagan's War On Drugs approach, but also directly countered one of the stated purposes of the International Democrat Union itself, which includes cooperation to fight drugs and terrorism among its aims. But then, the whole "free trade" crowd, starting with Milton Friedman and William F. Buckley, advocates legalization of *all* illegal drugs.

FBI caught in threat to African clergyman

It has been confirmed from unimpeachable sources that the Federal Bureau of Investigation has been harassing a high-ranking clergyman of Zaire and has, in effect, issued a death threat against him. Reverend Mpolesha Dibala, the head of the Zairean Ecumenical Council, and a founder of the Club of Life and the Schiller Institute, was the subject of FBI surveillance and slanders during a recent tour of the United States, during which Reverend Mpolesha made highly publicized attacks against the International Monetary Fund's genocide against the population of Africa.

Those attacks against the IMF, combined with Reverend Mpolesha's close collaboration with Lyndon and Helga La-

Rouche (Mrs. LaRouche is the founder of the Schiller Institute), were cited among the reasons for the FBI's Cointelpro campaign against him. Reportedly, the FBI compiled a dossier characterizing Reverend Mpolesha as "crazy and dangerous," and hinting that his continued collaboration with the LaRouches might cost him his life.

Other sources believe that the FBI action against the Reverend Mpolesha was also motivated by the fact that he is a moderate black African leader. Since January, the FBI has been caught repeatedly harassing moderate black clergy on behalf of Rev. Jesse Jackson and other radical black figures.

According to Reagan administration officials, there is an ongoing official investigation into the FBI's threats against the Protestant minister Mpolesha, who is also a close associate of the Vatican. Among the issues believed under investigation are how and why the FBI targeted Reverend Mpolesha for placement on a hit list.

Some sources have suggested that the targeting of Reverend Mpolesha may be related to the fact that FBI director William Webster is not a Christian, but a member of a heathen cult called Bohemian Grove, which also lists George Shultz and Henry Kissinger among its members. It is an anti-Jewish, anti-Christian Middle Eastern cult worshipping the god Abraxis.

Weinberger: U.S. will not be isolationist

"Isolationism never was and never will be a practical model for American foreign policy," Defense Secretary Caspar Weinberger said in a speech before the Comstock Club in Sacramento, California July 20. While cautioning against the use of U.S. military power unless "vital interests" are at stake, he warned that terrorists will not "shut the doors of democracy."

"Our ability to influence foreign events," he said, "may be somewhat limited in a world torn by religious and social upheaval. Violence in many parts of the world is endemic. This does not signal a slackening of our

global responsibilities because isolationism never was and never will be a practical model for American foreign policy."

In another speech, before the International Democratic Union in Washington, D.C. on July 25, Weinberger criticized those who provoked an "uproar" over President Reagan's statement that the Soviet Union is an "evil empire." "What does it say about the current state of political culture in the West," Weinberger asked, "that so many in intellectual circles should deem such a remark inappropriate, or perhaps a gaffe of some sort. . . ? It's not that the critics really argue that the characterization is untrue. . . . But it is that spotlighting the inherent evil of the coercive and tyrannical system of our communist adversaries is done so seldom that it strikes some people as being crass or even provocative."

Quincy navy yard hit by 'the recovery'

General Dynamics, the nation's third-largest defense contractor, announced on July 24 that it would close its shipyard at Quincy, Mass., following completion next year of a Navy ship construction program. The company blamed poor business conditions.

The yard, which employs 4,200 people, was opened 101 years ago and is one of the largest industrial facilities in the Boston area. It has built more than 600 ships. The shipyard was founded in 1884 as the Fore River Engine Company. During World War II, it employed 32,000 workers. The yard was closed in 1963 and sold a year later by Bethlehem Steel to General Dynamics for \$5 million.

Mexican drug-pushers arrested in Chicago

Federal agents in Chicago on July 22 arrested 134 people, seized 47 homes and businesses, and confiscated large quantities of

cocaine, heroin, and marijuana. U.S. Attorney Anton Valukas announced that the bust was the result of a two-year investigation of several Mexican families, particularly the 1,000-member Herrera family based in Durango, Mexico and headed by Jaime Herrera.

Unlike in many other recent drug busts, the authorities this time applied the "forfeiture laws," seizing the assets of the drug-traffickers. In the famed "Pizza Connection" bust, for example, the infrastructure of the mob remained untouched, and it was an easy matter for new "families" to move in and start up business again.

Four hundred fifty federal and local agents participated in the Chicago raid. Ten pounds of heroin, a kilo of cocaine, and \$200,000 in cash were confiscated, along with two caches of weapons and assorted drug paraphernalia. The Illinois/Indiana investigation which led to the arrests was called "Operation Fowl-Play," because it focused on a cock-fighting, drug-dealing den called "the Farm," owned by one Jesus Zambrana, Sr.

Buckley on firing line for pro-cocaine stand

New York Gov. Mario Cuomo denounced the pro-dope views of William F. Buckley, Jr., the monarchist, writer, and television personality, on the "Viewpoints" radio program on July 22. Buckley, in his syndicated newspaper column, had recently called for the legalization of cocaine. The "free enterprise" advocate has long boasted of smoking dope aboard his yacht, 12 miles off the U.S. coast—beyond the limit of law enforcement.

"I thought conservatives were the law-and-order people," Cuomo said. "Is 'flying too high' now their 'idea of something to do?' This scheme to make drug criminals legitimate tells me that some radical conservatives' recent successes have gone to their heads . . . like cocaine."

Buckley countered by comparing Cuomo's objection to the prudishness of the Prohibition Era.

Briefly

● **GUESS WHO'S** the frontrunner in the Democratic Party for the 1988 presidential campaign? Believe it or not, Teddy Kennedy. This is not only going to require a facelift, but major surgery. Expect to see Teddy becoming politically more like the "old" Kennedy image: a staunch right-wing social democrat, comfortable with being anti-Soviet like Brother John in the 1960 Democratic primaries when he wiped out Hubert Humphrey.

● **EIR'S** new Global Showdown report caused quite a stir in Washington when more than 400 copies were delivered to Congressmen and Senators, paid for by constituents at \$250/copy. But some 100 of the worst Soviet symps in Congress didn't get copies. Deeply hurt by the oversight was Speaker of the House, Tip O'Neill, who dispatched an aide to try to rectify the situation.

● **JAMES OBERG**, an expert on the Soviet space program, said the United States should start a Mars program immediately. Oberg is an engineer at the Johnson Space Center, and was speaking at a NASA Space Week program in Houston. Noting that the Mars program would not be as expensive as people think, he proposed building a refueling station on Phobos, a Martian moon, to facilitate a manned landing on Mars.

● **WINSTON LORD**, a chip off the Kissinger-Mondale block, was named ambassador to Peking by the Reagan administration on July 24. Lord is president of the Council on Foreign Relations, and former National Security Council assistant to Henry Kissinger. In 1983 Lord helped draft an Atlantic Council report pushing the China Card, but without giving China high technology. In 1984 he was an adviser to Walter Mondale's presidential campaign.

● **LISTEN** Monday through Friday, 12:30-12:45 p.m., to *EIR'S* daily briefing in Washington, D.C. Monday on WUST, 1120 on your AM radio dial.

Editorial

A report to shake the world

July 24 will be a day to remember in Washington, D.C. For it was on that day that virtually every member of Congress and the Senate, and most members of the administration, received *Global Showdown*, a 370-page *EIR* Special Report detailing the Soviet plan for world domination by 1988. Coming on the heels of the largest Soviet naval maneuvers in history, and virtually simultaneous with the release of the official intelligence estimates of U.S. and Soviet military capabilities, the release of *Global Showdown* represented a blast of reality into a capital obsessed with budgets and summit talk.

From the very first responses, it was clear that *Global Showdown* would create the kind of sensation it was planned to create. Between 40 and 50 people came to the press conference to announce the release. And the Congressional Research Service, which was releasing the official estimates, lost no time in attacking those who accuse the Soviets of having a "war plan."

Given the pace at which the Soviets are proceeding in their offensive against Western Europe, Asia, and the Middle East, we have no doubt that the report will become even more relevant, and sought after, in the immediate months ahead.

It is unfortunate, but true, that the only way in which a truthful evaluation of the Soviet threat could be produced is by a private intelligence agency. And the only agency capable of producing a truthful evaluation is *Executive Intelligence Review*.

The question to be answered is why is that the case.

There is no question but that the bulk of the information in *Global Showdown* has been available to the governments of the NATO alliance, and even to some of the legislators of the NATO governments. Tables of comparison of U.S. and Soviet missiles, submarines, and other such hardware are constantly being produced. And some of them, which escape the censoring hand of Henry Kissinger or Zbigniew Brzezinski, are even accurate.

But the essence of *Global Showdown* is not the facts and figures. The guts of the report is its identification of the Russian imperial strategy that underlies the Soviet military buildup, the pinpointing of the mechanism of the Russian mind. What *Global Showdown* does is to identify the specific Russian cultural matrix, and its history, which not only have pushed the Soviets into their current strategic deployment, but also define the weaknesses of the Soviet position.

It is here, in the cultural area, where *EIR* shows its unique capability. To the other "conservatives," a compilation of the tremendous military buildup of the Soviets is overwhelming to the point of provoking depression. Just to look at all those columns, where the Soviets have more than ten to one preponderance, or where the United States has no equivalent resources at all—as in civil defense—is to confront a profound despair: It has been more than once that *EIR* editors have tried to convince conservatives to put forward the real picture of Soviet superiority, only to be rebuffed by an attitude of helplessness and impotence. The truth is not useful, they say; it will only discourage the troops.

But, if you have grasped the central issue of the cultural differences between the Russians and the West, there is no reason for despair. For as the *Global Showdown* report points out, and we give a foretaste of in our special feature this issue, it is the cultural matrix which the Russians have rejected, the cultural matrix of the Judeo-Christian ethic, which holds the unique capability for the West to frustrate the Soviets' war plans in the immediate future, and eventually create conditions for world peace.

In other words, the secret behind the *EIR* report is a methodological secret, the secret of the same kind of cultural optimism that generated the Italian Renaissance after the degeneration of the Black Death, and that has consistently allowed mankind to emerge from the most profound crises of civilization. Spread that secret, and we can win the war.

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