

EIR

Executive Intelligence Review

June 1, 1982

\$10.00

U.S. Senate mandates beam-weapon development
LaRouche in Bonn: a call for 'great enterprises'
David Goldman profiles the European oligarchy

**Henry Kissinger boasts of
three decades of treason**



EIR

The special reports listed below,
prepared by the EIR staff, are now available.

1. Prospects for Instability in the Arabian Gulf

A comprehensive review of the danger of instability in Saudi Arabia in the coming period. Includes analysis of the Saudi military forces, and the influence of left-wing forces, and pro-Khomeini networks in the country. \$250.

2. Energy and Economy: Mexico in the Year 2000

A development program for Mexico compiled jointly by Mexican and American scientists. Concludes Mexico can grow at 12 percent annually for the next decade, creating a \$100 billion capital-goods export market for the United States. Detailed analysis of key economic sectors; ideal for planning and marketing purposes. \$250.

3. Who Controls Environmentalism?

A history and detailed grid of the environmentalist movement in the United States. Analyzes sources of funding, political command structure, and future plans. \$50.

4. Prospects for Instability in Nigeria

A full analysis of Nigeria's economic development program from a political standpoint. Includes review of federal-state regulations, analysis of major regional power blocs, and the environment for foreign investors. \$250.

5. The Real Story of Libya's Muammar Qaddafi

A comprehensive review of the forces that placed Qaddafi in power and continue to control him to this day. Includes discussion of British intelli-

gence input, stemming from Qaddafi's training at Sandhurst and his ties to the Senussi (Muslim) Brotherhood. Heavy emphasis is placed on control over Qaddafi exercised by elements of the Italian "P-2" Masonic Lodge, which coordinates capital flight, drug-running and terrorism in Italy. Also explored in depth are "Billygate," the role of Armand Hammer, and Qaddafi's ties to fugitive financier Robert Vesco. 85 pages. \$250.

6. What is the Trilateral Commission?

The most complete analysis of the background, origins, and goals of this much-talked-about organization. Demonstrates the role of the commission in the Carter administration's Global 2000 report on mass population reduction; in the P-2 scandal that collapsed the Italian government this year; and in the Federal Reserve's high interest-rate policy. Includes complete membership list. \$100.

7. The Global 2000 Report: Blueprint for Extinction

A complete scientific and political refutation of the Carter Administration's *Global 2000 Report*. Includes a review of the report's contents, demonstrating that upwards of 2 billion people will die if its recommendations are followed; a detailed presentation of the organizations and individuals responsible for authorship of the report; analysis of how the report's "population control" policies caused the Vietnam war and the destruction of Cambodia, El Salvador, and Africa; analysis of environmentalist effort to "re-interpret" the Bible in line with the report. 100 pages. \$100.

EXECUTIVE INTELLIGENCE REVIEW

I would like to receive these EIR Special Reports:

Order Number(s) _____

Bill me for \$ _____ Enclosed is \$ _____

Please charge to my VISA Master Charge

Card No. _____

Signature _____ Exp. Date _____

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone (_____) _____
area code

Make checks payable to:

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

Founder and Contributing Editor:
Lyndon H. LaRouche, Jr.
Editor-in-chief: *Criton Zoakos*
Editor: *Nora Hamerman*
Managing Editor: *Susan Johnson*
Features Editor: *Christina Nelson Huth*
Art Director: *Martha Zoller*
Contributing Editors: *Uwe Parpart,*
Christopher White, Nancy Spannaus
Special Services: *Peter Ennis*

INTELLIGENCE DIRECTORS:
Africa: *Douglas DeGroot*
Agriculture: *Susan Brady*
Asia: *Daniel Sneider*
Counterintelligence: *Jeffrey Steinberg*
Economics: *David Goldman*
European Economics: *Laurent*
Murawiec
Energy: *William Engdahl*
Europe: *Vivian Freyre Zoakos*
Latin America: *Robyn Quijano,*
Dennis Small
Law: *Edward Spannaus*
Middle East: *Robert Dreyfuss*
Military Strategy: *Steven Bardwell*
Science and Technology:
Marsha Freeman
Soviet Union and Eastern Europe:
Rachel Douglas
United States: *Graham Lowry*

INTERNATIONAL BUREAUS:
Bogota: *Carlos Cota Meza*
Bonn: *George Gregory, Rainer Apel*
Chicago: *Paul Greenberg*
Copenhagen: *Vincent Robson*
Houston: *Harley Schlanger,*
Nicholas F. Benton
Los Angeles: *Theodore Andromidas*
Mexico City: *Josefina Menendez*
Milan: *Stefania Sacchi, Marco Fanini*
Monterrey: *M. Luisa de Castro*
New Delhi: *Paul Zykofsky*
Paris: *Katherine Kanter,*
Sophie Tanapura
Rome: *Leonardo Servadio*
Stockholm: *Clifford Gaddy*
United Nations: *Nancy Coker*
Washington D.C.: *Richard Cohen,*
Laura Chasen, Susan Kokinda
Wiesbaden: *Philip Golub, Mary Lalevéé,*
Thierry Lalevéé, Barbara Spahn

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

In Europe: Executive Intelligence Review,
Nachrichten Agentur GmbH,
Postfach 2308, D. 6200 Wiesbaden Tel: 30-70-35
Executive Directors: Anno Hellenbroich,
Michael Liebig

In Mexico: EIR,
Francisco Díaz Covarrubias 54 A-3
Colonia San Rafael, Mexico DF. Tel: 592-0424.

Japan subscription sales:
O.T.O. Research Corporation, Takeuchi Bldg., 1-
34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160,
Tel: (03) 208-7821
Copyright © 1982 New Solidarity
International Press Service

All rights reserved. Reproduction in whole or
in part without permission strictly prohibited.
Second-class postage paid at New York,
New York and at additional mailing offices.
Subscription by mail for the U.S.:
3 months—\$125, 6 months—\$225,
1 year—\$396, Single issue—\$10
Academic library rate: \$245 per year

EIR

From the Managing Editor

If there was any mystery why the United States is illegally betraying the Monroe Doctrine and supporting the British Crown in the latter's diabolical war in the South Atlantic, Henry Kissinger clarified the matter by publicly stating before the Royal Institute of International Affairs on May 10 that in his official capacities in the U.S. government, he has acted as a British agent. And it is Henry Kissinger who has been running American foreign policy since 1973 and his cold coup within the Nixon administration, followed by his Trilateral Commission guidance of Carter's policy disasters, and his grip on the Reagan administration through Alexander Haig.

As you read our Special Report this week on Kissinger's treason, you will recall that Kissinger was the butcher of Chile. He ousted the Allende government in 1973—as usual, doing the Crown's work in the name of countering the Soviets—and installed a Friedmanite regime which has wrecked Chile's development potential by wrecking its labor force and productive base, while servicing London and New York creditors.

Latin America is now closing ranks in the face of the British assault, which has, among other things, forced even factions previously in the Kissinger-Friedman orbit to act in the interest of their nation and the continent. Brazil's military leaders are rapidly concluding that national security requires dramatic increases in arms production and exports (its own defense sector is substantial) to end dependence on unreliable "Northern" suppliers. This in turn means a political fight against the austerity policies of the Brazilian Finance Ministry, policies which preclude adequate financial and industrial capacity. The implications are immense.

For six years, *EIR* has warned Latin America (and every other nation) about Britain's determination to crush the underdeveloped sector and restore it to the status of a game preserve for the white Anglo-Saxon elite. Our credibility is higher than ever; and we are doubly conscious of our responsibility to bring our readers the strategic intelligence that in the past has proven so directly on the mark.

Susan Johnson

EIR Contents

Departments

- 16 Energy Insider**
Why do we need
the breeder?
- 45 Middle East Report**
Crisis in Israel.
- 46 Dateline Mexico**
The FBI story: Part II.
- 47 Africa Report**
King Hassan's visit.
- 60 Congressional Closeup**
- 64 Editorial**
Why Mr. Reagan should
not go to Europe.

Economics

- 4 The goal at Versailles:
supranational controls**
The Anglo-American intent
is to pacify Europe with a
currency-stabilization
agreement. Much more is
at stake in the summit.
- 6 'Even if an atomic bomb
destroys all of America,
our family will survive'**
Economics Editor David
Goldman recently visited
the hereditary seat of
the Venetian intelligence
directoriate. This is Part I
of his account.
- 9 Currency Rates**
- 10 The problem
within Mexico**
Fresh from a visit there,
Contributing Editor
Christopher White matches
the depth of the external
assault against its economy
with the current resistance,
and finds the latter
dangerously inadequate.
- 12 Braniff, its creditors,
and the bitter fruit of
air deregulation**
Who really made
"management
mistakes" at Braniff
International.
- 15 Agriculture**
Dairy's last stand?
- 17 Trade Review**
- 18 Business Briefs**

Special Report



President Nixon with Gen. Alexander Haig and Henry Kissinger in Key Biscayne, Florida in January 1973, a year and a half before joint sabotage of Nixon's administration by his White House adviser and his Secretary of State forced Nixon's resignation and nearly shattered the institution of the U.S. presidency.

Jacques Tiziou/Syigma

20 Kissinger boasts of three decades of treason

Lyndon H. LaRouche, Jr. explains "how we know what we know" about Britain's Kissinger networks.

Documentation: Excerpts from Kissinger's May 10 speech to the Royal Institute of International Affairs, and excerpts from an interview with Lord Alec Douglas-Home.

29 The training of an agent of influence

Kissinger's background.

30 A chronology of gross treachery

Kissinger's policy crimes.

32 Kissinger's boys in the administration

A who's who.

International

34 Will the U.S. stay in Britain's trap?

And will continental Europe go along with the destruction of American leadership?

36 'How to rescue the world from the current crisis'

A transcript of *EIR* founder LaRouche's May 6 address in Bonn.

41 Latin America reminds U.S. of hemispheric potential

Some quotations.

42 Argentines fight war—against Volckerism

The need for military strength has opened the way for ditching Friedmanism.

43 Alexander Haig sabotages Washington's Mideast policy

Diplomats around the world are appalled at the results.

48 International Intelligence

National

50 LaRouche in Washington: 'Harriman racists in control'

Contributing Editor Nancy Spannaus reports on the May 19 *EIR* seminar address by the National Democratic Policy Committee leader, and the Pennsylvania electoral showing by NDPC-backed Steven Douglas.

52 Senate mandates beam weapons

A new opportunity has been created for a debate on strategic policy, reports Military Editor Steven Bardwell. Some want high-technology armaments without a civilian recovery; others insist on both.

54 A two-faceted vote on reclamation law

Congress is moving toward a defeat of the environmentalist enemies of large-scale farming, but also toward Stockman's price hikes for subsidized water.

Documentation: Excerpts from a statement by Sen. William L. Armstrong.

58 U.S. Jews divided over Koch and Sharon

The move to make the New York City mayor a presidential contender could be in trouble.

62 National News

The goal at Versailles: supranational controls

by David Goldman, Economics Editor

With Britain's support, U.S. Treasury Secretary Donald Regan will propose a global economic deal to establish International Monetary Fund "surveillance" over the world's largest economies at the June summit meeting of the six top industrial nations at Versailles.

A principal subject of discussion at both the May 11 meeting of the Organization for Economic Cooperation and Development in Paris and the subsequent meeting of the IMF's Interim Committee in Helsinki, the plan attributed to the American Treasury Secretary will purportedly offer the following trade-off: the United States will accede to Western European demands that the major countries cooperate to stabilize the wild fluctuations of the U.S. dollar on international markets of the past three years, and, in return, the Europeans will phase out trade and industrial policies the U.S. and Britain consider objectionable.

The latter policies fall into the category of what the General Agreement on Trade and Tariffs (GATT) attacked as "bilateralism" in its May 15 annual report: protected trade agreements with other nations, subsidies for export credits, or investment subsidies to industries troubled by the deepening world depression. (According to British sources, under the "trade-off" the IMF would also gain powers to force U.S. budget cuts.)

The German attitude

A top Economics Ministry official told *EIR* May 19 that the Schmidt government is negotiating with the United States in good faith on a currency stabilization package. He added, "although there will be discussion

about forms of cooperation, the idea that these forms were to include any enhancement of the powers of the International Monetary Fund is very questionable. The IMF, as you know, is not a represented institution at the Versailles Summit."

What the West Germans want, and are seeking to negotiate, is precisely what Chancellor Schmidt asked for at the Ottawa summit one year ago: lowered American interest rates and American cooperation in stabilizing the dollar's value on the foreign exchange market, which the monetarist-dominated Treasury Department and Undersecretary for Monetary Affairs Beryl Sprinkel had refused at the time.

A cheering section for the IMF has popped up from the predictable quarters, i.e. the Hamburg-based journal *Die Zeit*, which entitled a May 17 commentary, "The [IMF] Governors Need More Power." Journalist Robert Herlt cites agreement between the IMF and its even more influential sister institution, the Basel-based Bank for International Settlements that "... a monetary system which deserves the name (according to BIS General Director Gunther Schleiminger) must have the following characteristics: codified rules of the game, centralized oversight, and the responsibility of members to justify their actions, and a code of behavior recognized in international law."

Herltd concludes, "in the world of today, the Governors need more authority than before if they are to measure up to their stability and controls tasks. By the end of 1983 plans should be complete. Helsinki proved that the snail is moving in the right direction."

that the world will be left prey to "the danger of national bankruptcies and an international banking crisis."

The debt picture

However, as the great trading nations are better aware than anyone, the Helsinki meeting's direction, towards tougher conditions for lending to the developing countries, did nothing to steer the world away from an international banking crisis. To the contrary: as the London *Economist* warned editorially May 13, the IMF's policy of refusing credits to developing nations until they put their economies into the shape the IMF wants does not answer the question that now keeps bankers awake at night: "Who will come up with the money to finance the deficits of those countries threatened with national bankruptcy?"

As *EIR* warned last issue, of the \$89 billion principal and interest due from Latin America alone this year, no more than \$9 billion could be squeezed out of further reductions of imports, and virtually all of that from the country best situated to handle its debt service, namely Mexico. Brazil and Argentina, the other two biggest debtors, have already cut imports to the absolute bone in the course of a severe economic downturn. And the imminence (at deadline) of a British invasion of the Malvinas should eliminate surprise at the fact that the Argentines have drastically increased their imports of *armaments* with a somewhat greater priority than payments of debt service.

In fact, the Bank for International Settlements has now revealed in full statistical detail what *EIR* reported from informal discussions a month ago: during the last quarter of 1981 the rate of lending to developing nations expanded drastically, from \$19 billion in the third quarter to \$27 billion in the fourth. Additionally, the OPEC nations raised their net borrowings from the market from \$3.3 billion to \$5.5 billion between the third and fourth quarter. Instead of depositing the funds that might be lent to developing nations into the market, the OPEC nations themselves either drew down deposits or borrowed money to finance their own deficit. With the major source of funds available to the market exhausted, i.e. the fabled OPEC surplus, the major contributors of funds to the market were American banks and corporations, the BIS reported. That is, the American banks (and no other sector of banks) have done what they swore mighty oaths they would never do: lend themselves further into a hole with respect to borrowers on the edge of bankruptcy.

Argentina's likely forced default in the event of British invasion, and the possibility that the United States may officially throw Poland into default (which major banks say their lobbying has put back for the moment), are the most obvious springs of an interna-

A British view

From a May 18 interview with Christopher Taylor, British Alternate Director to the International Monetary Fund, provided to EIR:

Q: Will the Versailles summit set up a new supra-national surveillance group at the IMF?

A: We would have to see yet the extent of its powers, but it is my information that it is proposed to move beyond the current IMF surveillance powers. The IMF currently has unilateral surveillance powers, in which it meets with and advises each member nation individually upon its economic policies. This would be more. It would consist of informal but frequent meetings between officials of all the countries concerned, both central banks, finance ministers, and staff level meetings too, with the officials of the IMF. The difference is these meetings would be multilateral, they would discuss all the countries at once.

Q: How far will it go to controlling national policies? For example, would such a group succeed in cutting the U.S. budget?

A: Well, our expectations would be very modest at first, but this kind of consultative group would tend to be able to reason with the U.S. on the American budget deficit—it would be a forum at which such things could be discussed. It would get U.S. representatives, even at the working level, into a room and force them to go over the details of why they are doing thus and such, when other countries have done it differently, and everyone's interests are at stake.

Q: You mean it would lead to a significant reduction in the independent budget policy?

A: Eventually, it is hoped.

Q: What about Donald Regan's plan to demand that continental European nations follow Britain and the U.S. and allow market forces to "phase out uncompetitive industries"?

A: Yes, Britain supports this, we've done it already, and had many bankruptcies, but we have streamlined.

Q: How fast will this multilateral surveillance take effect?

A: Well, it is not yet a step in the direction of a new Bretton Woods . . . but, the first major practical effect of such a new system will be to calm the foreign-exchange markets—the first practical actions will be in exchange-rate coordination.

Q: How far has this gotten? I thought it was just Regan's proposal?

A: No, all the ministers are attracted to the idea.

tional banking crisis, but certainly not the only ones. As one well-informed British banker said in late May, "It is not so much the obvious but rather the unexpected that is likely to bring the whole thing down. Everyone is watching the obvious problems, but there are institutions and mechanisms that no one is in control of." Illustrating the case is the failure of Drysdale Government Securities, which went down May 18 owing \$320 million to other securities houses, a bill that will be paid by the Chase Manhattan Bank. The Federal Reserve, for all its ministrations to the near-panicked market, claims it was taken by surprise.

"You've got to have a pretty goddamned big amount of bonds to lose \$135 million just on the interest of the bonds," complained a knowledgeable Fed official, who had sat in on the emergency meetings with bankers. "This is like the *Crédit Suisse* affair in Chaisso [in 1974]. The question is, how did they do so much business with someone who's only been in the markets for four months? Somebody in the back room at Chase really blew it. How the hell did they establish that credit risk?"

Although the Fed is, after the fact, trying to present the case as a "well-ordered fire drill," in the words of one official, Chase was still unwilling to market either certificates of deposit or bankers acceptances as of deadline on May 20, three days after the news broke. The economist for one top British merchant bank explained, "Quite a fascinating relationship, Chase and Drysdale. Word is really going out that Chase Manhattan may be a bad risk, getting involved with a fly-by-night operation such as Drysdale."

The prospects

In this environment comes the endorsement of more austerity as a solution to out-of-control deficits in the Helsinki IMF communiqué. The meeting reversed an earlier IMF leaning toward easier credit access for the developing nations, i.e. an IMF role in financing the deficits, and told the advanced countries: "monetary restraint must remain an essential element of the overall strategy of economic policies in the industrial countries. . . . The Committee stressed the urgency for a decisive commitment on the part of governments of the major industrial countries to budgetary discipline and smaller fiscal deficits." This is the policy that has produced the crisis, and no one active in the world financial scene really believes that more of it will succeed.

On the terms that Treasury Secretary Regan has proposed, the best that could be expected from the Versailles summit is no results of any sort: and the implications of such failure as a 1931-style depression crisis approaches hardly needs elaboration. And success for the Regan-British plan would hasten that collapse.

Profile: Thurn und Taxis, Part I

'Were an atom bomb to our family nonetheless

by David Goldman, Economics Editor

On April 29, the following announcement occupied half a page of West Germany's leading daily newspaper, the *Frankfurter Allgemeine Zeitung*:

Johannes, Sovereign Prince of Thurn und Taxis, makes known in his own name, and in the name of his Consort Mariae Gloria, Sovereign Princess of Thurn und Taxis, Countess of Schönburg-Glauchau, as well as in the name of his sisters, Princess Clotilde von und zu Liechtenstein and Princess Mafalda von Thurn und Taxis, his brothers-in-law, Prince Dr. Hans Moritz von und zu Liechtenstein, and Prince Franz von Thurn und Taxis, his uncles Father Emmeram O.S.B., Prince of Thurn und Taxis, and Prince Raphael von Thurn und Taxis, his aunts Rita and Illa, Princesses of Thurn und Taxis, and in the name of all other relations, the death of his beloved father

His Serenity

Karl August Maria Lamoral, Sovereign Prince of Thurn und Taxis

Prince at Bachau and Prince of Krotoszyn • Duke of Wörth and Donaustauf etc. etc. • Hereditary General Postmaster • Knight of the Order of the Golden Fleece • Honorary Citizen of the City of Regensburg • Bearer of high orders

On May 12, a Spanish priest named Juan Fernández Krohn attempted to murder Pope John Paul II with an open bayonet during the Pope's visit to Portugal. Father Krohn, 34 years old, was a follower of the arch-feudalist Bishop Lefebvre of France, who had ordained the would-be assassin personally.

International security agencies are now evaluating the connections between these two apparently disparate events:

The "Father Emmeram O.S.B., Prince of Thurn und

destroy all America, would survive'

Taxis" listed in the old Prince's death announcement controls the Benedictine Abbey just outside Regensburg, the family seat in Lower Bavaria. This Benedictine cloister is the chief supporter and training ground in Germany for the Lefebvrists, who schismatically oppose the last 20 years' work of the Vatican Council.

The Lefebvrist networks in Latin America, where the assassin lived for some years after ordination in France, operate under the immediate sponsorship of the Portuguese royal family, the Braganzas; the wife of the late prince was a Braganza.

Indeed, through the Braganza and Orleans families now based in Brazil, the Fascist International has created a network of death squads which took quasi-official form with the 1960 founding of Tradition, Family and Property, the principal fascist organization in Latin America. Tradition, Family and Property, founded by a German priest with the aid of two Braganza princes, has been a principal constituent of the World Anti-Communist League, the Fascist International's principal front in Latin America. As *EIR* documented in a Special Report published April 20, 1982, this network created the Guatemalan "White Hand" death squads, the assassins of the Alianza Anticomunista Argentina, the Latin American operations of the now-infamous Propaganda-2 Freemasonic lodge based in Italy, and other instruments of assassination. Tradition, Family and Property also maintains close contact with the old Hapsburg family networks led for some time by the late Otto Skorzeny, Hitler's chief commando and Hjalmar Schacht's son-in-law, based out of the Madrid Center for Documentation and Information. The military organization of the Braganza family's fascist front is called "The Blue Army of Fatima"—it was at the Portuguese shrine of Our Lady of Fatima that Father Krohn attempted to kill the Pope—in a reference to the "Blue Division," the Spanish fascist

volunteers who fought for Hitler on the Russian front.

Of particular interest to security agencies is the possibility that the Thurn and Taxis fortune—what was once, and may still be, the largest private fortune in the world—bankrolls the world's largest and most evil assassination program. With the death April 26 of Prince Karl-August, this fortune passed into the hands of Prince Johannes von Thurn und Taxis, who had directed the family's interest for some years before the death of his 84-year-old father late in the evening of April 26.

A visit to the palace

Through an incongruity of circumstances, this writer spent the afternoon of April 26 at the Thurn and Taxis palace at Regensburg, conversing with the then still Crown Prince and Princess about the world economic and political situation, and viewing the palace, one of the most intelligently devised historical museums in the world, in the company of the family's professional historical and archival staff. What I learned there, and what suspicions I confirmed, my colleagues have urged me to put into the form of a tale in the style of Edgar Allan Poe, considering that most Americans would never believe it, much less understand it. Nonetheless I shall try to give as forthright an account as possible and leave the rest to the comparatively select readership of *Executive Intelligence Review*.

Regensburg is a town of almost 200,000 inhabitants in middle Bavaria, whose livelihood consists of agricultural and related industries. Until the dissolution of the Holy Roman Empire of the German Nation, the loose ordering of aristocratic ranks that the 16th-century Emperor Charles V built as a substitute for a nation-state, Regensburg was the seat of the permanent Imperial Congress. Dominating the town center is the immense Thurn und Taxis Palace, still the family's private residence, of which no parts except the library and riding stables, which have been converted into a carriage museum, are open to the public.

Driving into Regensburg along the narrow two-lane highway that connects the town to the Munich-Nuremberg *autobahn* is taking a trip back into the centuries, not so much because the town, which most wartime bombing avoided, is relatively well-preserved, but because the town is in reality the estate of the Thurn and Taxis family. When Napoleon expropriated the family's hereditary control over the entire continental European postal system, which they maintained from 1510 to Napoleon's successes in 1812, he compensated them with a Benedictine abbey whose foundation goes back to the 9th century. This gift permitted a vast expansion of the family seat, which the Thurn und Taxis had maintained in Regensburg since 1748, when the Hapsburg emperor made their Prince his official representative at the Imperial Congress. Combining the Benedic-

tine with their other properties, the family obtained 40,000 hectares of land in Bavaria, becoming by far the largest landowners in Europe, and the landlords of all Regensburg, although the Bavarian holdings are only a small part of their present fortune. The castle in Regensburg itself, built substantially after 1812 into its present form, is about one-quarter the size of the Versailles Palace, the residence of the French Kings starting with Louis XIV, but relatively better appointed.

Inside the palace itself there exists another world, not much different from the Imperial days, but in jarring contrast to the surface life of modern Germany. The Prince and Princess are still addressed, not only by servants but by their professional staff, as *ihre Durchlaucht* (their Serenity)—although not necessarily by visiting Americans. The trappings of imperial sovereignty are as real to the family now as 200 years ago, and not entirely without motivation. Never was the importance of the family dependent on possession of any particular political jurisdiction. They were the nobility of the Empire as such, the lords of its postal service when Emperor Maximilian II gave them the post

in 1510, and, as might be expected, the chiefs of its secret intelligence, as well as the hereditary chiefs of the Venetian intelligence from the 15th century onwards. As great as the power they wielded then may have been, a power in its own way greater than that of the declining inbreeds of the Hapsburg dynasty, the power of the Thurn und Taxis may be even greater now. This extraordinary circumstance lends a double irony to their insistence on continued imperial titles and dignities.

The secret of survival

“We are the biggest private fortune ever,” the Prince told me over sherry. “We owned the postal service in the world. Of course we always had the castle in Italy and various other things. But it is interesting also, from the viewpoint of administration: for example, during the time of the Nazis. It was very difficult; my father was in jail. Naturally, my family was against them. But that only shows, once again, *you don't need to bow to political things.*”

The family's secret was never to wield political power as such, and therefore to survive all political



Prince Karl August von Thurn und Taxis on his bier in the Regensburg palace church.

changes, the Prince continued. "Since we did not have political importance, it was easier for us than for most of the royal houses, like England, or Belgium, or Sweden. They had to divide their private fortunes up between the new government and the crown. In our case, of course, that never happened."

Public estimates of the family's income run at about \$200 million per year, which would indicate a capital value of holdings of between \$3 and \$6 billion, already large enough to put the latter-day super-rich like Y. K. Pao or Daniel Ludwig or the Hunt family well into the background. The income figure is probably an underestimate, however. Their holdings include 40,000 hectares in Bavaria; 60,000 hectares in Brazil; similar landholdings in British Columbia, the United States (in Illinois and the Southeast), Australia, and Argentina; precious- and rare-metals factories in Bavaria, which have close ties to the Soviet mining industry and produce jewelry as well as high-technology applications; and six breweries and five banking houses.

How much the Thurn und Taxis hold in cash and gold, their presently preferred forms of liquidity, is inestimable, although the investment manager of their family trust told me it is considerable in relation to their fixed assets. The paintings, tapestries, furniture, clocks, and other *objets d'art* at the Regensburg residence, as well as the library's incomparable collection of rare books, are priceless, but could easily be valued in the high hundreds of millions, to say nothing of the properties themselves. But the importance of the family's wealth is not expressible in terms of its present capital value.

"Your family survived the Thirty Years' War, the Napoleonic War, the Second World War," I began to ask the Prince and Princess during dinner. "And the First World War!" interjected the family's business manager. "Yes, the First," I continued, "but that did not take place on German soil. But will it be possible to maintain this historical continuity yet again?"

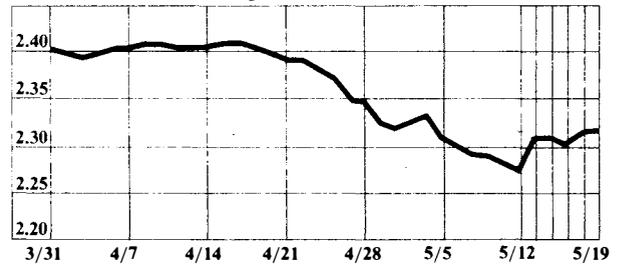
"That depends on the bomb!" laughed the Princess, a 25-year-old mother of two. But her 58-year-old husband said gravely, "Come what may. It is possible to make this possible. One can plan and plan anew, and then it comes to a point of destruction, after which there is no more time to think about it. We have put our investments into the most secure countries in the world, for example, Australia. Of course, at the time when an atomic strike were to be unleashed against the United States, then all would not go well for our holdings in America. But if we push the question this far, how is it possible to answer? I believe that if we distribute our holdings geographically to sufficient extent, there will always be something left over for us."

To be continued.

Currency Rates

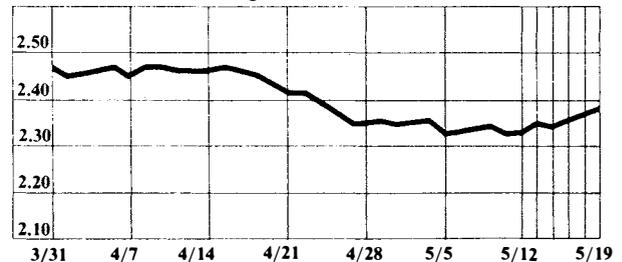
The dollar in deutschemarks

New York late afternoon fixing



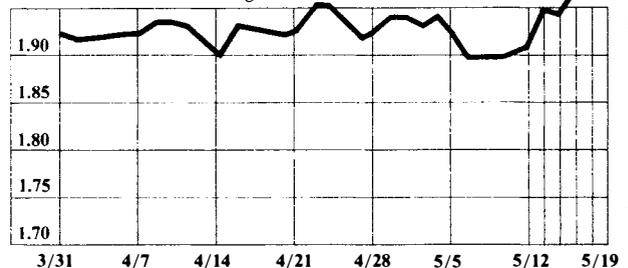
The dollar in yen

New York late afternoon fixing



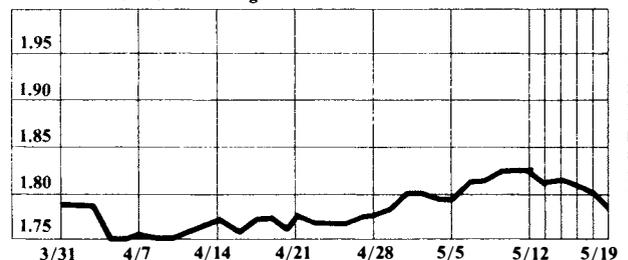
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The problem within Mexico

Contributing Editor Christopher White states: to save the republic and its economy, less rhetoric and more political courage are required.

I have returned from Mexico where I spoke at a mid-April conference organized by *EIR*'s Mexico City Bureau on prospects for the U.S. and world economy. The conference was widely covered in the capital's newspapers. In the days following I was able to meet with a number of individuals, from both the government and private sector. The following report is an evaluation of the crisis now facing Mexico as reflected in those discussions.

While I was in Mexico City a second major devaluation of the peso was already being discussed as "inevitable." American institutions, to this writer's anger and shame, were most aggressive in lobbying for that cause. Now that discussion has become public.

The pressure is part of the process of renegotiating Mexico's foreign debt on terms acceptable to the Swiss-based Bank for International Settlements (BIS) and the International Monetary Fund (IMF). As was the case with the first devaluation on Feb. 16, there is no competent economic argument to justify what is now being proposed. Mexico remains one of the most credit-worthy of LDC nations because of its immediate growth potentials. Credit worthiness is not the issue in this case, however.

The destruction of the republic

The decision has been made to destroy the Mexican republic, by shattering public confidence in its ruling institutions. Mexico is to be transformed into a drug-producing tourist playground, as state-backed industrial-development efforts are chopped up and destroyed. Cornerstone elements of the IMF-BIS proposal, such as the abandonment of large-scale development projects, have been mooted publicly in such leading newspapers as *Excelsior*. It is argued that under current depression conditions such ports will not be needed for trade, and that therefore the locations in question should be transformed into hotel-based resort centers along the lines of Acapulco. Such propaganda is accompanied by the beginnings of a campaign for renewed drug production in the Mexican countryside.

The port projects which it is now proposed to dismantle had been the core of a national commitment to develop the new urban centers urgently required to accommodate Mexico's rapidly expanding population. Public discussion of the termination of such projects

signals that the Mexican allies of the racist Malthusian crew in the United States, together with their allies in London, Cambridge, and Switzerland, now think themselves strong enough to advance their murderous objectives openly.

Such efforts to destroy the Mexican nation and slash its population could, even now, be stopped dead if the political will were forged among Mexico's elite to impose the necessary defensive measures in the form of exchange controls and the related measures required to protect that nation's currency and industry. Rather than the *rhetoric*, what is required is mortal combat against domestic allies of the international financial institutions and the racist genocide lobby. Thus far such challenges have been met with the traditional bombastic verbal flourishes of the Porfirio Díaz school of Mexican politics—and one substantive capitulation after another. Faced with a choice between the destruction of the republic, and the imposition of exchange controls to halt the hot-money outflows used to justify reversing growth plans, Mexico's factionalized ruling elite has chosen, thus far, the destruction of the republic.

Such a choice is too often rationalized by the need to obey the mythical rules of the Mexican political system, which dictate "unity within the national household against a foreign threat" for those in the ruling institutions of government, "realism and pragmatism" for those in the private sector.

Process of compromise

In Mexico, as elsewhere, such "unity" is of course achieved through a "pragmatic" process of compromise with the internal allies of the apparent foreign threat, on terms acceptable to the identified foreign threat—that is, capitulation. Meanwhile, the country is run on terms acceptable to the political heirs of Mejías and Miramón, the collaborators of Maximilian, while everyone ignores the fact that the invading troops have landed.

This is exemplified by the dominant tendencies in economic thinking in Mexico, imports from Cambridge University in England, and the Wharton School in Pennsylvania. To the extent that such "equilibrium" anti-growth doctrines are accepted as legitimate elements of the Mexican household, then the nation's policy planning is firstly riddled with incompetence, and

secondly wide open to the treachery of a snake in the bosom, like that indoctrinated radiator of Cambridge methods, 'Pepe' de Oteyza, the present Minister of Industry, whose British thinking, as in so many other such cases, is disguised behind the traditional *zapatista* moustache.

De Oteyza, for all his pro-industry rhetoric, is primarily responsible for the spread of the Nazi-modeled, and thus genocidal in effect, idea that Mexico's development can proceed on some kind of autarkic basis. He has proposed a variety of evil schemes over the years, such as imposing a lid on the amount of Mexican oil produced for export, thus constraining the search for partners in Mexico's development, and also proposing, and in fact overseeing, de facto controls on essential imports. He has acted against the policies for Mexico typified by the oil-for-technology approach of Lyndon LaRouche and others. Proposals and policies such as de Oteyza's proceed from the bestial British economic assumption, held alike by 18th-century Maoists in the French Physiocratic school, and the free-trade opponent of republicanism, Adam Smith, that raw materials, not human creativity transforming nature through technology, are the source of wealth.

The concomitant of the de Oteyza approach within circles of the ruling PRI party is the frequently encountered argument that Mexico's growth has outstripped its national capabilities, and therefore, for the moment restraint should be exercised, the economy should be cooled down, and population growth controlled. Then we can pick up again, such Cambridge-conditioned pundits argue—like the family which increased its costs by having a baby, and proposed to economize by not feeding it.

And thus infected by the slow venom of the de Oteyzas, Mexico's patriots adopt as their own ideas the policies and outlooks of their racist genocidal oppressor; and, as North Americans likewise tend to do, submit to policies which mean their own self-destruction, in the name of "realism," or "observing the rules of the game." And that nation's republican institutions and moral commitments, like those of the United States, are sapped from within by the contagious evils of oligarchism.

By submitting to such "pragmatic" rules Mexicans have accomplished the following over the past months, and set themselves up for more, including the process of "Iranization" which *EIR* founder Lyndon H. LaRouche, Jr. has warned against since 1976. The country's private sector has been effectively bankrupted, as the case of the flagship partner in national development efforts, the Alfa Group of Monterrey, typifies. The last devaluation administered the *coup de grace* to the private sector, already hurting mortally from the imported inflationary effects of Volcker's interest-rate

policies in the United States. Mexico's major creditors, like the Bank of America, have established task forces to pick through the wreckage to select the elements they wish for themselves. Criteria have been established to this effect, that anything which contributes to the development of Mexico's tourist industry, or to labor-intensive agriculture—admitted to mean drug production—will be saved; all else is to be scrapped.

The direction of the country's economic development has been reversed overnight from an official 8 percent annual growth, to an official estimate of zero growth as follow-up measures to the first devaluation were imposed by the central bank and Finance Ministry in late April. This piece of incompetence, including such autarchic Chilean-style asures as a lid on foreign borrowing, and overall reductions in public and private sector imports for the year, set the preconditions for the coming second devaluation of the peso, now slated to descend to approximately 70 to the dollar, and triggered a public discussion on the privatization of the Mexican state sector. That effort is headed by Armand Hammer of Occidental Petroleum, who has staked a claim to Pemex to add to his collection of national oil companies, and the forces associated with Agustín Legorreta of Banamex and Miguel Alemán, who aim to transform Mexico into a collection of impoverished free-enterprise zones.

The political corollary is that such policies are designed to unleash Jacobin upheavals in the Mexican countryside and cities, while outright psychosis is created by Jesuit and Dominican controllers of religious fundamentalism, who are feeding irrationalism in a superstitious population left open to such efforts by the capitulations of the Mexican elites to the influence of de Oteyza and his collaborators.

The next devaluation, according to our best information at this date, is scheduled to occur shortly before Mexico's national elections on July 4, in order to wreak maximum havoc against the presidency and the PRI. Such timing would conform to the political nature of the ongoing onslaught against Mexico. It is intended to bring about a fundamental transformation in Mexican political life before the next President assumes his official responsibilities in November. Again, the operation is profiled on the assumption that Mexican patriots will continue to be so manipulable as to play by the rules of the game. It is assumed that the incumbent is to act the part of "lame duck" out of deference to the wishes of his successor, and that the nominee lacks power to do anything effective except maintain appearances. In the interim, the field is left to the enemy.

Thus far that profiled script has been acted out to the letter. If such profiled rules of the game are permitted to remain in effect, the Mexican republic is indeed declaring itself unfit to survive.

Braniff, its creditors, and the bitter fruit of air deregulation

by Leif Johnson

In 1978 when the Carter administration rammed through the Airline Deregulation Act, Braniff International Airlines plunged headlong into the scramble for the 1,000 new routes offered by the Civilian Aeronautics Board (CAB). Braniff asked for 624 new routes, got 132 and serviced 75, then bought the 41 planes to fly them at a cost of nearly a billion dollars. Unsatiated, it took op-



Braniff carriers grounded at the Dallas-Fort Worth terminal in May.

tions

Harding Lawrence was reportedly the bucaneeering type, given to braggadocio and marketing gambles, while his wife went to work on dizzy paint schemes for the aircraft, designer uniforms with 26 changes for the flight personnel, and expensive kitch for the luxury corporate offices rented for \$760,000 a month.

But except for the legal battles, the high flying came to a quiet end May 13, when all craft were flown back to the Dallas headquarters and the 9,600 employees were told that the company had absolutely no cash left to pay for fuel, airport fees, passenger food or their last paycheck.

Was it Hardy Lawrence's decision to capture as many deregulated routes as possible that caused the company to fold so abruptly? What is caused by deregulation that allowed individuals like Lawrence to "make mistakes"?

By suspending operations, the airline, the nation's eighth largest with about five percent of U.S. traffic, clearly intends never to fly again, although it filed for reorganization rather than a Chapter 7 liquidation of assets. That brings us to the creditors.

At book value, the airline's 33,657 common stockholders will lose a quarter of a billion. Other losers will be the \$39 million preferred shares; the vendors, who were owed about \$100 million, the Boeing company, which lost \$84 million in the lost sale of three 747 aircraft; United Technologies, which lost \$10-\$15 million; and the employees, who lost about \$15 million in immediate pay and have a \$147 million unfunded liability in their pension system.

Then come the secured creditors, holding about three quarters of a billion in debt. Although they are senior creditors, it is very unlikely they will be paid dollar for dollar. The total worth of company's 50 aircraft and other equipment is estimated about \$400 million.

The first clue to the Braniff collapse lies in the secured creditors. There were 39 banks and insurance companies among them, including Prudential Insurance, Aetna Life & Casualty, Mutual Life of New York, Connecticut General, American National Insurance of Galveston, Travelers, Equitable Life, Bankers Trust, Citibank, Chase, Morgan Guarantee, Texas Commerce, Continental Illinois, Manufacturers Hanover, Marine Midland, and Chemical Bank.

Except for a heavier-than-usual concentration by Texas institutions, Braniff's creditors are standard airline creditors. Braniff's creditors are many of same that fund all other carriers, including American Airlines, against whom Braniff sparked a violent fare war that dropped both carrier's fares in the Dallas market by as much as 47 percent.

The bank creditors

Why did these creditors allow the cash-strapped Braniff to engage in a ruinous fare battle with the much larger American Airlines? Indeed, why did these worthy creditors allow the fandangoing Lawrence to gobble routes in 1978, pile up huge debts—the creditors' money—and then persist in keeping these routes despite markets conditions? Most curious, why did these creditors allow American to shift its routes to the Southwest from the Northeast, leaving a large number of highly profitable routes with steady load factors (the percentage of seats sold on a flight) as high as 85 percent, or more than 30 percent higher than the industry average? Not only did American abandon highly profitable routes, but it invaded Braniff's route territory, which ultimately brought both ruin to Braniff and large losses to American.

On the Braniff board of directors in 1978 when Lawrence's appetite was said to have overpowered him were three members of the New York City banking and corporate elite: Gustav Levy, senior partner of Goldman Sachs, who was also a director of Gulf Life Holding Company, one of Braniff's current creditors; Mrs. Albert Lasker; and Joseph Cullman III, Chairman of the Board of Philip Morris and a director of Bankers Trust, a Braniff creditor.

As directors who had been on the Braniff board for years before 1978 and had re-elected Lawrence as chairman and as directors of creditor institutions, it is impossible to believe they were unaware of Lawrence's route expansion plan in 1978. There is no evidence to suggest that Lawrence acted in defiance of the wishes of the board and the creditors—certainly he was allowed to continue his policies unmolested. There is no reason to believe that the massive fare-cutting begun by Braniff in November 1981 occurred in defiance of the present board of directors.

The net loss to the senior creditors will be relatively small. If the aircraft are sold, either to other airlines probably involving the same creditors, or to the military, the total loss will be some \$300 million. After tax write-offs (which for some institutions might entirely shield the loss or even shelter some other profits), the loss could not be more than \$100 million, shared 39 ways. Only the smaller Dallas and Galveston creditors might get substantially hurt.

Why did they let Braniff go?

In the Sept. 15, 1981 issue of *EIR*, we explained that the airline financiers made a decision in the late 1960s to dismantle the national airline network, reducing service by as much as 25 percent, regrouping the national carriers around regional airport hubs and, after the industry was shaken out, raising fares to levels that would further reduce the mobility of the American population, especially in smaller and medium-sized industrial cities in the Northeast and Midwest.

These financiers were carrying out the "Aquarian Age" policy of de-industrialization of the United States. Their tools were deregulation, which wiped out profits in the airline industry and wrecked a stable route structure; environmental controls, which further increased costs; a provoked strike of air traffic controllers, which reduced prime-time business flights; and, most important, a policy of financial usury enacted by the Federal Reserve Board as of October 1978.

A further element, by no means incidental, was an experiment with the industry's 300,000 employees, a "recycling" of the labor force which would set a national pattern of wage concessions, give-backs, loss-sharing, payless paydays for weeks or even months.

Such a process would hit the aircraft manufacturing industry, as ruined carriers like Braniff sold their older jets at a half to a third the price of new aircraft. Even more than computers, aircraft manufacture represents America's flagship export manufacturing industry, with 90 percent of the world's airframes made in the United States.

A case study: Louisville

Louisville, Kentucky, a manufacturing city of 300,000 ranking 49th by population, was a champion of deregulation, especially after the 1970 Civilian Aeronautics Board (CAB) route freeze. When prospects for the 1978 deregulation become favorable, the city petitioned the CAB for a number of "pairs" or non-stop routes to various destinations. The city argued, however, that these routes should be granted to one to three carriers, depending on the route, instead of allowing multi-carrier competition, which they asserted would in many cases provide no service at all; if a route would

Louisville, Kentucky fare history Top 10 markets

Louisville to:	Non-stop miles	Fare		Percent increase
		11/1/78	5/1/82	
Chicago	276	\$ 47	\$100	113%
New York	653	82	120	46
Atlanta	321	52	111	113
Washington, D.C.	467	67	140	110
Detroit	316	50	108	116
St. Louis	254	45	94	109
Dallas/Fort Worth	737	88	210	137
Pittsburgh	340	58	120	107
Los Angeles . . .	1828	173	315	82
Tampa	733	88	184	109

sustain one carrier on the basis of traffic, but all carriers could enter the route, they would often fail to do so, for if they were successful, another carrier would enter the market, eventually driving both out.

This is precisely what happened. In November 1978, before the effects of deregulation were felt, the city had 105 daily arriving and departing flights. Today that number has been reduced to 83. Worse, the number of non-stop arrivals has declined from 92 to 72 with non-stop departures dropping from 88 to 73. In the city's 50 largest markets, the total number of single pair services available went from 323 to 231, a reduction of nearly 30 percent.

As the number of non-stops declined—American pulled out all its 11 flights a week as part of its route shift to Dallas—business travelers were forced onto one-stop and two-stop flights often involving an extra day and a night's hotel lodging. In a submission to the CAB dated Nov. 18, 1980, C. Prewitt Lane, Jr., Executive Vice-President of Todd Investment Advisors, said, "For many years one was able to leave Louisville early in the morning and arrive at LaGuardia at approximately 9:30. That same afternoon you could leave at times which varied from about 5:30 to 6:45. This provided business with sufficient time to conduct a full business day without the additional cost of a hard-to-find hotel room in that city."

H. W. Nance, President of Serge A. Birn Company, who said he had depended on air service from Louisville since the early 1940s, found: "With the deregulation of air lines, our costs have definitely increased due to: 1) The cutback made by nearly all carriers to cities that they served prior to deregulation in order to serve new

markets; 2) Complete elimination of service by some carriers to cities previously serviced; 3) The poor arrangements of departure and arrival times of the remaining flights; and 4) Fare differentials that now exist between short and long flights—New York to Los Angeles can be cheaper than Louisville to New York."

After listing incongruities in flight times and connections, Nance quips, "If you have time to spare, go by air."

Before deregulation, the Regional Airport Authority of Louisville and Jefferson County, in its famous *Louisville Service Case*, asked that non-stops by one carrier be allowed on a Louisville-Los Angeles run and from Louisville to Kansas City. The CAB awarded the Los Angeles run to Hughes Airwest, and the airline announced its plans to start service. In the fall of 1978, when the Airline Deregulation Act was passed and the CAB stated that it would allow multiple entry, the president of Airwest informed Louisville that it would not take the route. Nor would any other. The Kansas City route was never serviced either, because of the CAB's multiple award policy.

According to Marshall P. Arnold, Deputy General Manager of the Regional Airport Authority, many of the routes dropped since deregulation were entirely profitable. He cites one former American Airlines flight that for years had a steady 85 percent load factor, an unusually profitable flight.

The fare pattern

While service has worsened to Louisville, fares have soared. Since Nov. 1, 1978, fares in Louisville's top 10 markets have doubled (see table.) Average coach fares nationally rose from 11.7 cents per mile in the third quarter 1979 to 14.7 cents per mile in the fourth quarter of 1981. But Louisville's fares went from 12.6 cents per mile in Nov. 1, 1978 to 25.3 cents currently.

As the Communities for an Effective Air Transportation System (CEATS) points out, fares from small and mid-sized hubs are subsidizing the fare wars on the far-war runs. The Louisville Airport Authority told the CAB in 1978, "... in an attempt to offset losses on highly price-competitive routes, services are reduced and fares increased in noncompetitive markets, thus putting the airline industry into a self-perpetuating downward economic spiral. The only beneficiaries ... are those passengers traveling in the highly priced competitive markets where air transportation is being virtually given away at the expense of the traveling public in other markets where premium fares are being demanded for inferior service."

Of course, when the industry nationally declines substantially, the special fares like New York to Houston for \$145, coast to coast for \$199, or New York to Miami for \$59 will also disappear.

Dairy's last stand?

Renewed administration efforts to revamp the U.S. program, if carried through, will cripple that vital sector.

On May 5, Secretary of Agriculture John Block announced that he would ask Congress to approve an emergency dairy plan, designed to bring "a balance to the nation's dairy program" by discouraging dairy production by means of an across-the-board reduction in price supports. Block also wants Congress to turn over to him the exclusive discretionary power to set price-support levels in the future.

Existing law mandates an 80 percent of parity (cost of production plus a fair profit) price, at which the government buys cheese, butter, and nonfat dry milk. The Secretary of Agriculture can lower the support price only with the consent of Congress. Block has frozen the minimum price for domestic milk at \$12.10/cwt for the past two years, and seeks to extend the freeze to Jan. 1, 1983. Then, assuming that Congress succumbs, he would reduce it to \$12/cwt.

Block claims that his freeze policy was already taking effect and farmers were "adjusting" voluntarily. He emphasizes that production figures were already decreasing. "With this initiative coming from the producers themselves, "combined with other features in our emergency plan, I believe we'll see some positive results by Jan. 1."

The Secretary, who has already cut support levels through the freeze to 70 percent of parity, is now leveling a double-barreled gun at dairymen: further cuts now, or

elimination of supports later.

For nearly 50 years the federal dairy program has been a model of success. By dismantling supports, the free-marketeers will bury—as was done to the grain program—the vestiges of parity in U.S. agriculture. As a holdout for relatively healthy levels of government price support, the dairy industry has been for years the target of an alliance of Friedmanite obsessives and liberals from operations like Common Cause and the Community Nutrition Institute.

"The existing level has been held for two years," boasted a Block spokesman who is now working on a special USDA study instigated by the Office of Management and the Budget. All indications to date are that this new evaluation of the dairy industry's problems will be a rationale for the proposed cuts.

The dairy people aren't doing very well in the current round either. The free-market madmen have been able to beat the producers around the ears with the bogus argument that by reducing the "oversupply" of milk and milk products, prices would rise because of scarcity, and the government would not have to shell out \$1.94 billion in supports. This rationale is touted by Sen. Bob Dole (R-Kansas) in particular and other budget balancers.

Although some elements of the industry realize that price supports

are only part of a larger issue, they have been forced to fight a defensive battle on this ground, and each group is trying to cut the others' throats.

The largest dairy federation, for example, is proposing that price supports be put on a two-tier basis, which would link the support price to the amount of production. This has been written into the Milk Marketing Production Act of 1982, which is being pushed by the National Milk Producers Federation (NMPF) and Sen. Roger Jenson among others. According to Block, the NMPF bill would rein in dairy price-support expenditures even faster than his own proposals.

The industry has thus confined itself to offers to tie its own productive hands and "equalize" the sacrifice. Its lobbyists are pessimistic: "Some will go out of business. The cuts will fall most on the young farmer," one told me.

Of course, the dairy "oversupply" disappears if we consider how an expanding economy would mean increasing food consumption both in America and abroad. At home, consumption of dairy products and milk have steadily fallen. The Reagan administration's verbal commitment to encourage exports, while slapping on export controls and maintaining high interest rates, are actually hindering the growth of U.S. exports. If dairy products held by the Commodity Credit Corporation (CCC) were sold at world market prices, though half that of the United States, they would gain more than by the current practice of giving thousands of tons away.

This column was contributed by Cynthia Parsons.

Why do we need the breeder?

Political short-sightedness could destroy America's chance to break the energy-supply blackmail.

In a vote which surprised some and pleased the anti-nuclear advocates of the Sierra Club and Natural Resources Defense Council (NRDC), the U.S. Nuclear Regulatory Commission voted on May 17 again to refuse a Department of Energy request for waiver in order to permit preliminary work to begin on the Clinch River Breeder Reactor near Oak Ridge, Tennessee.

The vote is being played up as another step toward finally cutting the tiny breeder allocation of some \$252 million from next year's federal budget.

On the surface, the situation is relatively simple. The generally pro-nuclear Reagan administration has been battling, albeit ineffectively to date, to revive nuclear development from the debacle of Jimmy Carter's Trilateral Commission-scripted policies.

The President's newest appointee to the Nuclear Regulatory Commission, Jim Asselstine, presumably an honest, intelligent, and therefore "pro-nuclear" commissioner, now gives Reagan a theoretical three-to-two majority to begin breaking the ludicrous NRC roadblock. The anti-nuclear Sierra and NRDC petitioned Asselstine to abstain so as to not "create the impression of a rapid and unreflective effort" to reverse a March vote. May 17 was the deadline to reverse. Asselstine rejected the NRDC request, asserting correctly he was not responsible for his speedy ap-

pointment, but then voted "no" to "avoid serious concerns about my . . . objectivity," rather than voting on merit. Let's hope Mr. Asselstine is less swayed by political pressure in the future.

Some history of the Clinch River Breeder reactor is in order. During four years of anti-nuclear pressure from the Carter administration, Congress defied the demands of Carter James Schlesinger, and the Trilateral Commission. It insisted on funding Clinch River while Carter kept construction from proceeding. Now, Reagan is moving to break ground, saving about six months of costs by beginning preliminary roadbuilding and site clearance. To date, about \$1 billion of a total of \$3.2 billion to build the first U.S. full-scale 325 megawatt demonstration breeder, has been spent on components, awaiting a construction go-ahead.

Certain Congressmen and other dimwitted individuals argue for killing the breeder, claiming that with such unexpected cutbacks in nuclear light-water reactor construction over the last four years, we will have enough uranium to provide our needs.

The breeder is so named because it basically produces (or breeds) more fuel than it consumes. During the early years of the Atoms for Peace effort in the 1950s, breeders and reprocessing were accepted as the only intelligent way to create enough energy for the world's de-

velopment. Commercial breeding, combined with reprocessing of unused portions of spent fuel rods from conventional reactors, will give the world about a 60-fold increase in useable uranium supply.

In effect, the Clinch River design is one of a precious few in the world, the French Phénix and the as-yet-uncompleted Super-Phénix being the most advanced. The technology is proven. However, under a hostile Club of Rome-influenced Mitterrand government, commercialization of the French breeder is hardly secure. Because of a serious problem within the pro-nuclear Schmidt government, centering around Interior Minister Gerhard Baum, the West German Kalkar breeder is in serious jeopardy now. Japan and the U.S.S.R. are proceeding; but Clinch River has the world's most seismically stringent design according to industry experts, and thus offers an important prototype for commercialization.

The U.S. uranium industry today is nearing a state of collapse, with many properties being bought up by firms such as Rio Tinto Zinc, the architect of the illegal and highly secret London Uranium Cartel, which uses South African, Canadian, and Australian market dominance to run the world price up or down parallel to OPEC oil prices. This London cartel is only too eager to see Clinch River die: that would mean a choke on energy resources by the British-dominated multinational oil faction. The same people financially back the Aspen Institute to halt nuclear growth.

Clinch River is not some "symbol" of American commitment to nuclear energy as some have portrayed it, it is *essential* to that commitment.

Trade Review by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
CANCELED DEALS			
\$2.8 bn.	India from U.K.	Davy McKee lost the contract to lead a British-French consortium to build the 1.5 mn. tpy Orissa steel complex for the India govt. A letter of intent was signed last September with great fanfare, because the turnkey project would provide 50,000 man-years of work for England and place U.K. in a good position in the developing-country construction market. The British, however, were intransigent in insisting on a renegotiating contract at a much higher price on pretext that a necessary site change raised costs. The Indians waited until May 15, when, by agreement of all Europe, all deals financed at 7.75% which were not completed would become void. Now Europe requires 10% interest.	India decided its own skilled engineers in state-owned MECON will manage the project; only purchases of goods unobtainable in India are going to be contracted through international bidding. Full front-page coverage in the U.K. press lamented the loss, which occurred despite a visit by Prince Charles.
NEW DEALS			
\$420 mn.	India from U.K.	India signed contract with Northern Engineering Industries for 2,000 MW "super" coal-fired electric plant in the Uttar Pradesh coal fields. Not only is the British govt. subsidizing interest rates at 7.75%, it is giving India a \$90 mn. grant and forgiving \$110 mn. owed by India to Great Britain.	This project was given to U.K. without international bidding during Mrs. Gandhi's recent visit to Mrs. Thatcher.
\$164 mn.	India from France	France's CIT Alcatel won a letter of intent for modernization of India's archaic telephone system. Contract is for 200,000 phone lines in computerized electronic digital exchanges. France will provide this technology to a new state enterprise, Hindustan Telecommunications Industries, which will set up a factory at Hosur.	Will be compatible with the existing mechanical equipment. French low-interest export credits lowered total interest cost to 7.5%. Big British campaign for this contract flopped.
\$40 mn.	Cuba from U.K.	Cuba has awarded Seadrec of Scotland contract to design and build a large cutter suction dredge and 7 support vessels to keep Cuban harbors clear. It is Seadrec's third dredge to Cuba. Seadrec is so happy with Cuban business that they plan to open a Havana office.	Morgan Grenfell bank group financing scoop, with U.K. govt. Export Credit Guarantees Dept. subsidizing interest rate.
UPDATE			
	U.S.A./Brazil/Japan	Kaiser Steel of California is completing negotiations with Brazil to buy close to 10 percent of the 3 mn. tpy slab steel which the Tubarão mill in Brazil will turn out starting in June 1983. Kaiser will use the Brazilian semi-finished steel to roll steel sheets and coils in its California plants which will remain operational following Kaiser's decision last year that it could no longer profitably run a vertically integrated steel complex on the West Coast. One attractive feature of the deal is the ships carrying the steel from Brazil to Los Angeles will return with Western U.S. coking coal formerly used by Kaiser's mills and needed for Tubarão, sited on coast, near Brazil's Rio Doce iron ore pits.	Kawasaki Steel agreed to provide Kaiser with its steel slab unloading and transportation know-how. Kawasaki is partners with Italy's Finisider and Brazilian govt. in Tubarão steel mill. Deal to be announced soon ends doubts about Tubarão being able to sell its steel in depressed world markets. Pricing is probably extremely advantageous to Kaiser.

Business Briefs

Conference Report

EIR's Schlanger addresses Houston seminar

Houston *EIR* correspondent Harley Schlanger participated in a seminar on May 11 on "Mexico After the Peso Devaluation" co-sponsored by the U.S. Department of Commerce and the Inter-American Chamber of Commerce of Houston. Schlanger spoke on a panel which included a local professor, an economic forecaster, and a representative from the Mexico desk of First City National Bank of Houston.

The first three speakers told the audience of bankers and exporters that the devaluation and subsequent austerity forced on Mexico were "necessary" and "a good thing," arguing that Mexico must adjust to a period of slower growth and scale down the projects now on the drawing boards. Schlanger challenged the audience to instead "reject the textbook remedies proposed by the very same people who are conducting the economic and psychological warfare against Mexico." He identified Federal Reserve Chairman Paul Volcker's interest-rate policy and the subsequent credit squeeze directed by Swiss/London financial interests through the IMF and the BIS as the principal problems facing Mexico.

"As exporters and business leaders, the people in this room must move to defeat these financial policies, which are bankrupting our trade partners and our own businesses, and the political policies, such as Haig's support of Great Britain on the Malvinas question, which are turning our allies against us."

Schlanger's call for implementation of the "Great Enterprise" approach outlined by *EIR* founder Lyndon LaRouche during his recent trip to India sparked interest in the audience: many indicated that they had hoped there is an answer to the gloomy predictions for Mexico which have predominated in the press and seminars covering this topic. For Mexico, this approach includes full implementa-

tion of the plans for nuclear-energy development, water projects such as PLIH-NO in Sonora, expansion of the port projects already under way, and a massive upgrading of agriculture through use of high-technology capital-intensive methods.

Banking

U.S. Fed ups the ante against Mexico's economy

The industrializing nation of Mexico could be forced into bankruptcy and become "the next Poland," a New York Federal Reserve official told *EIR* May 21. "Mexico is in a lot of trouble and the situation is really serious," the Fed official stated. "Commercial bankers are telling the Mexicans that their new economic austerity program, even if it can be implemented, is not enough. Mexico must do more."

The private bankers are in a position to demand austerity of Mexico because the country is currently in the market for a \$2.5 billion "jumbo" loan credit. The entire purpose of the credit is to help pay some of the \$11 billion in debt interest which Mexico owes during 1982. According to a major West Coast bank lender to Mexico, the loan may not go through because the government's current austerity program is "inadequate."

In order to receive the loan, "Mexico must reduce its trade deficit to zero," the Fed official said, and borrow for nothing but its interest payments this year. "The Mexican government has promised to do this, by reducing imports by \$6 billion, but no banker believes it yet," he said. "They're going to have to slap an import freeze on to make it stick."

The Fed, as *EIR* has reported, also demanded a fresh big devaluation by 30 percent from 45 pesos to the dollar to 65 pesos. "Mexico will also have to cut back its budget," he added.

If these austerity measures are not taken, he stated, Mexico will not get the

jumbo loan to pay its debts and will be in default, he stated. "The banks will refuse and Mexico will have to reschedule all its debt, just like in Poland," he said.

Monetary Policy

IMF meeting endorses Paul Volcker

The International Monetary Fund's semi-annual meeting issued a final communiqué May 14 endorsing the continuation of the high interest-rate policy identified with U.S. Federal Reserve Chairman Paul A. Volcker. The IMF's Interim Committee, which met May 12-14 in Helsinki, Finland, called for increased IMF surveillance over domestic economic policies of the United States U.S. and other major Western nations.

Despite the attacks May 13 by the Group of 24 developing nations on high U.S. rates, the policy of anglophile U.S. Treasury Secretary Donald Regan was adopted May 14 by the full meeting. The final communiqué states that "the Interim Committee of the IMF agreed that monetary restraint must remain an essential element of the overall strategy of economic policy in the industrial countries. An undue shift toward monetary expansion would risk an upward ratcheting of inflation."

The IMF communiqué also called upon nations of the West such as the United States to cut their budgets, and repeated the Volcker myth that only by such measures can interest rates be brought down. "It was the committee's view that fiscal policy [budget cuts] consistent with firm monetary policy would offer the best prospect for a reduction in interest rates," the IMF said.

The IMF communiqué also mooted the idea, scheduled to be presented by Volcker and Regan at the Versailles summit, that the Big Five must submit their national economies to direct IMF surveillance.

An agreement to tight-money auster-

ity is the "policy grounds" upon which the nations at Versailles must conduct their negotiations, one IMF director told *EIR*, saying "IMF surveillance over the Big Five nations basically means implementing this policy. The Versailles conference will simply flesh out the IMF communiqué."

Fiscal Policy

Bank of England demands IMF surveillance

Sir John Kirbyshire, retired senior adviser to the Bank of England, called for the heads of state at Versailles to agree to IMF surveillance over Western economies. In particular, he wrote in the May 19 *New York Journal of Commerce*, if the United States does not agree to cut its budget deficit, the budget will cause instabilities in the world financial markets which may lead to "defaults" on "corporate and [Third World] country debts."

Sir John's op-ed, entitled "Some Issues for June's Summit," begins by endorsing French and German calls for "coordinated foreign-exchange market intervention" by the Big Five Western nations, the United States, West Germany, France, Britain, and Japan. The French and Germans have proposed (all well and good in itself) that the United States coordinate its interest rates and dollar rates with Europe.

Kirbyshire says all nations must agree to joint austerity programs as a basis for currency coordination, because the dollar allegedly cannot be stabilized and markets calmed unless "the U.S. budget deficit comes down. The U.S. budgetary problem lies at the root of the matter."

If the United States does not cut its budget, this will be read by Europe as a "crisis situation," he states. "Clearly foreigners cannot intervene in the details of the United States internal debate," Kirbyshire lies, "but they can and should ask

that the U.S. budget be discussed. . . ." He concludes, "Forecasts of inadequate growth throughout the world and of corporate and country defaults on debt will become still more credible" the longer the United States delays.

International Credit

Bankers give Brazil a new life on lease

Eurodollar bankers are in a mad rush to convert their debts to shaky Brazilian firms into hard assets, according to *Folha de São Paulo* of May 18. *Folha* economist Nivaldo Manzano describes this as "a subtle way of doing without formal declaration of debt moratoria." He reports that "Morgan Grenfell of London bought for \$56 million cash the blast furnaces of Açominas," a 75 percent complete \$4 billion steel complex which has run into financial disaster due to bad planning by England's Davy International, the World Bank, and the London banks.

Manzano says Morgan Grenfell bought the blast furnaces and leased them back to the Brazilian state-backed steel company. In a similar operation, Das Multinational Leasing AG of West Germany snapped up a functioning Brazilian factory for \$10 million and leased it back to its former owners.

The Brazilian government is encouraging a wide gamut of lease-back operations in order to improve its balance-of-payments image. Oil platforms built in Brazilian shipyards are "exported" to Banco do Brasil's BB Leasing Trust in the Cayman Islands, which leases them back to Petrobras for use on Brazil's continental shelf. Petrobras and Banco do Brasil recently signed \$800 million worth of contracts for 11 such platforms. The net result of this paper operation is that Brazil's export performance looks \$800 million bigger and its overall foreign debt balance looks \$800 million lower.

Briefly

● **INTERNATIONAL** Banking Facilities may receive further expanded powers to do off-shore banking in the U.S., if a powerful lobby of New York clearing-house banks has its way. The banks are asking the Federal Reserve to allow the IBFs to take overnight deposits, which they may not now do, which would bring billions more dollars into New York IBFs from international corporations. Bankers also seek the ability to issue negotiable certificates of deposits, which would open a trading market in IBF CDs and expand deposits there.

● **POLAND** has failed to pay \$1 billion in interest accrued from January through May 1982, the *London Daily Telegraph* claimed on May 19. Poland's total interest and principal repayment due this year is about \$5 billion. A high-level delegation from Bank Handlowy, the Polish foreign-trade bank, has been touring Western capitals attempting to negotiate rollover loans.

● **'ARTHUR BURNS** [the U.S. Ambassador to Bonn] thinks forcing a Polish default is crazy," according to well-placed American sources in West Germany.

● **WHEELING PITTSBURGH** Steel Corporation, the eighth largest U.S. steelmaker, has asked Kobe Steel, Ltd. to bear half of the construction cost of its \$140 million seamless steel pipe plant and in return acquire preference shares of the Pittsburgh-based company. Almost 40 percent of Japan's steel shipments to the U.S. in 1981 consisted of seamless pipe, tubes, and other specialty items. Kobe Steel President Kokichi Takahashi said it would be a considerable time before his firm reaches a decision on the request. If realized, it would be the Japanese maker's first capital participation in a U.S. steel producer.

Kissinger boasts of three decades of treason

by Lyndon H. LaRouche, Jr.

We have included in this Special Report excerpts of Henry A. Kissinger's treasonous bragging before a British audience at London's Royal Institute for International Affairs (RIIA) on May 10. The excerpts should bring a surge of angry blood to the face of every patriot of the United States.

We have but to add two indispensable comments. First, we summarize, to the extent of our own knowledge, the process by which we have come to know Kissinger's treasonous remarks to be true. Second, we employ the principles of constitutional law which must guide every President of the United States in judging whether Kissinger's admissions are treasonous in fact under the clear intent of the U.S. Constitution.

Kissinger insists that since no later than the term of office of Secretary of State Jimmy Byrne [June 1945-January 1947], the foreign policy of the United States has been dictated from London by means of secret, unwritten agreements between certain U.S. officials and the Royal government. It is the documentable knowledge of myself and my associates that there are many important instances corroborating Kissinger's claims on this point. Equally important, we are well informed, if certainly not completely knowledgable, concerning the special, unofficial channels of "secret government" through which successive presidencies have been manipulated into submitting to such unlawful forms of foreign-policy dictates by Britain.

Any good attorney would not be satisfied with our documentary proof of what we report, although for every claim we submit we have massive proof. A good attorney would demand to know at least the essentials of the process by which we were guided to discover such evidence. In a good practice of law, no evidence, however massive, is conclusive until adequate evidence has been added respecting the way in which submitted proofs were developed.

Therefore, it is our proper duty to account for the process by which we began to uncover the treasonous role of Henry Kissinger, beginning January 1974.



Barbara Dreyfuss/NSIPS

Henry Kissinger, the U.S. Secretary of State who "kept the British Foreign Office better briefed than the U.S. State Department," at a December 1981 American Enterprise Institute conference in Washington, D.C. At left is Willard C. Butcher of Chase Manhattan; at right is Nancy Kissinger.

Although this reporter is most immediately identified as an economist and a probable contender for the 1984 U.S. presidential nomination of the Democratic Party, his entry into political life as such has developed more recently, as an earlier unforeseen outgrowth of a philosophical commitment to republican principles originating in a family tradition of honoring the memory of its earlier allegiance to the Whig faction of Henry Clay. To serve that philosophical commitment, this writer has followed assorted pathways and developed a range of capabilities, some of each of a very special character.

Who are 'we'?

This philosophy is most simply and most accurately name *Augustinian Neoplatonic republicanism*, the form of Judeo-Christian republican commitments mediated into the founding of our republic chiefly by channels of the Commonwealth Party of John Milton and, later, of Benjamin Franklin. This philosophy agrees with St. Augustine and Cardinal Nicholas of Cusa on the adoption of the scientific method of Plato both as to science so-called and the foundations of the science of statecraft. However, Platonism became Neoplatonic republicanism chiefly through the subordination of Platonic knowledge to the leading principles of the Judeo-Christian impulse.

The first, historically, of these Judeo-Christian principles is the kind of commitment to technological

progress recently emphasized as the kernel of Pope John Paul II's *Laborem Exercens*, the injunction of the Book of Genesis that man must "Be fruitful and multiply, and fill the earth and subdue it." The second is the Christian doctrine of the consubstantial Trinity, that the Logos or Holy Spirit, the lawful ordering of universal creation, is equally consubstantial with the Godhead and Jesus Christ, as set forth at the opening of the Gospel of St. John. These directly interact as man, through fulfilling his command to technological progress, obliges himself to master more perfectly the lawful composition of the universe, and so brings his knowledge and will for earthly practice into greater agreement with the Logos. On this rests the potential divinity of the human individual, the sacredness of the human personality.

It is to be acknowledged that only a relative minority of Judeo-Christian republicans actually exert themselves to understand adequately the readily available knowledge of this sort. Through the influence of the kind of Judaism represented by Philo of Alexandria and Christianity, the Judeo-Christian republican values have been embedded more efficiently, if somewhat unconsciously, in our culture. This is so to the degree that approximately three-quarters of our adult citizenry remains essentially moral today, by means of deep-rooted commitment to moral policies derived from the direct or indirect influence of Judeo-Christian republicanism.

What is so far lacking among nearly the entirety of even those moral citizens is direct knowledge of the way

in which Judeo-Christian republicanism has been in combat with an opposing, anti-republican current in European civilization over the past 2,000 years. The ordinary moral person is so preoccupied with the trials and labors of immediate personal and family concerns, that the problems of society as a whole, the problems of affects of policies over the span of successive generations, seem to the average sort of moral individual a matter of little immediate practical sort of importance to him.

For such reasons, the perpetuation of republics continues to depend upon the reproduction of a certain special sort of republican elite. This is not an elite of powerful, wealthy families. It is an elite of knowledge and special dedication to service, reflected by those American patriotic families which, over two centuries, have committed themselves to a policy of developing their children in moral qualifications and knowledge to serve alternately our diplomatic service or military officer-corps.

Such an elite is of a modest disposition respecting pursuit of hedonistic goals of earthly paradise; it locates the personal identity and self-interest of its members in the function of service to the nation and civilization, to the future its works leave after it for generations yet unborn. The individual's greatest reward is that true happiness which can be achieved only by one whose life is committed to accomplishments which survive the passing of his mortal life.

Such elites have the duty of focusing their attention on the important matters of policy of practice usually overlooked by the average moral citizen. Their education to this purpose is a mastery of 2,500 years or more of history from the standpoint of the classical Greek conceptions of the process of history and scientific progress. The principal concern for acquiring personal wealth among such elites is to achieve a standard of material culture adequate to provide such a classical education and outlook to their children.

In modern European culture, Groote's great teaching-order, the Brothers of the Common Life, typifies this concern, as did later, the Oratorian teaching-order of Italy and France. Indeed, from the founding of the Brothers of the Common Life, through the mid-19th century influence of France's École Polytechnique in Germany, such teaching and scientific institutions sprung from the classical Greek republican tradition, have produced, directly or indirectly, nearly all of the great scientists, philosophers, creative artists, and statesmen upon whose influential role the rise of European civilization from the ashes of the 14-century Dark Age has chiefly depended for leadership.

This writer's commitment to such service began to develop in the wake of his return from India at the close

of the last World War. Although the disposition for the idea of a life devoted to service was earlier imbued by the influence of Christian ministry within his family, the immediate cause for his choice of direction was the recognition that the post-war period in the United States was dominated by moral degeneration into philosophically thoughtless pursuit of the hedonistic pleasures of an emerging middle-class suburbia. In the monetary and other policies emerging during the first post-war years, the United States was already blindly drifting then toward a repetition of the kinds of follies which had produced the Great Depression and the two World Wars of the century to date.

Although this writer had learned to despise the British from meeting them and seeing their works in India, he did not initially associate the disorientation of the post-war United States with a principally British influence. That connection first became clear during January 1974, as the writer and his associates first uncovered facts proving British secret-intelligence service's guiding role in deploying both the Kissinger-Haig inside, and the Institute for Policy Studies' outside of the Watergate operations.

This writer's initial concern, especially from 1952 onwards, was to prevent a new general economic depression and a correlated drift into resurgence of fascist forms as a result of the prevailing monetarist policies associated with the Bretton Woods system.

The institutions of policy and influence responsible for their suicidal drift, he judged, must simply be either reformed or, if not reformable, replaced. Although that commitment has not been altered in direction from its beginning, the knowledge of the implications of this commitment among the writer and his immediate collaborators has been successively transformed to higher levels, especially beginning the autumn 1971 establishment of an international political-intelligence news service.

Out of the work associated with that continuing root-commitment, there has developed an international association of close collaborators among persons who are both patriots and world-citizens of their respective nations. This philosophical association, somewhat paralleling the Society of Cincinnatus established jointly by George Washington and Lafayette, is premised upon two governing commitments.

First, we are committed to a secular world order constituting a community of principle among nations committed to policies coherent with Augustinian Neoplatonic republicanism, and to the development of individual nations according to those principles.

Second, we are committed to the principle of the absolute sovereignty of each and every sovereign nation-state republic, following the principles exemplified

by Dante Alighieri's proposals and the principles of international law elaborated by Cardinal Nicholas of Cusa during the 15th century.

We function like an international Freemasonry of patriots who are also world-citizens, as the two, cited principles define such a policy.

Our principled function is not to seek positions in government or to acquire wealth. Such desires we know to be potentially dangerous, as too great an attachment to either goal corrupts morals and the powers of judgment. We prefer to promote scientific progress, to help in promoting classical culture, and in fostering institutions which spread republican knowledge to new generations. In respect to government, we would prefer to inform and otherwise assist governments in discovering right policies, than to be part of government ourselves.

Unfortunately, because of the pluralist and related decay into pragmatism among the major political parties of most nations, these parties as a whole are not constituted in such a way that they are presently morally or intellectually capable of understanding or implementing even those kinds of policies urgently required for the continued survival of civilization. Therefore, contrary to our underlying impulse, we have been obliged to participate directly and vigorously, and very factionally, in the partisan political process. There are presently, no effectively functioning bodies of republican elites ruling the governments and leading political parties of nations, except as we act to catalyze the development of such formations by intersecting ourselves those fragmented circles which are potentially elements of such an elite.

'When we forget the larger reality, the British betray us with their dirty, behind-the-doors operations using the Soviet Union to manipulate the strategic situation and perceptions of the United States.'

It is this character of our work which has caused us to be rated as "potentially very dangerous" by powerful forces intersecting the ruling British oligarchy. It is for that reason that oligarchical institutions, including the British-controlled major news media of the United States, have spent so many tens of millions of dollars launching coordinated lying vilification of this writer and his associates. It is for that reason that this writer has been repeatedly a prospective target of assassination

beginning an aborted effort of late 1973, and repeatedly a target of assassination-plots deployed internationally beginning the summer of 1977, plots concocted now by the same circles otherwise mooted new assassination-attempts against Pope John Paul II, Chancellor Helmut Schmidt of West Germany, and President Ronald Reagan.

Henry Kissinger, who is documented as having abused governmental authorities in a personal vendetta against this writer since 1975, is politically allied to the circles behind both the international press-vilification and the projected assassinations.

What is the leading issue?

We first acquired a rating of "potentially dangerous" during 1973, during the period the Institute for Policy Studies deployed Communist, Trotskyist, and other hooligans in an unsuccessful effort to physically destroy our organization in the United States. The principal cause for this sort of escalated harassment was our publication that year of a series of strategic policy-studies we found it appropriate to label as the "New Constantinople" thesis.

It was made clear to us, with aid of the clinching facts concerning the Club of Rome, that certain powerful European oligarchical interests intersecting the British monarchy itself, were actively deploying a coordinated effort intended to eliminate all sovereign nation-states, and to replace those states with a global Malthusian world-federalist order. One of the options we discovered those forces to be exploring was the use of what may be described as the "Thuringian geopolitical" proposal, aided by Willy Brandt's version of détente, to make central Europe (i.e., Germany) the possible center for such a world order.

The most famous historical precedent for such a scheme, since the old Roman Empire, was the role of Constantinople from Constantine through the period up to the [tenth century] Paleologue insurrection. One might have said "New Venice," rather than "New Constantinople," since, following the rise of the Paleologues until Napoleon destroyed the Republic of Venice [1797], Venice was the coordinating-center for the same rentier-financier geopolitical policy which the Malthusian world-federalists continue to deploy today.

What made us dangerous in the eyes of backers of the Malthusian world-federalist project was not only the evidence that we had stumbled across the nature of their true policies, but that we were publishing this assessment internationally. If influential patriotic circles of favored nations were to take seriously our analysis, the success of the Malthusian world-federalist project might be jeopardized by "premature" exposure.

At the close of 1973, two of the best-known opera-

tives of Britain's MI-5, Mr. Paul Walsh and Mrs. Schroeder, were caught red-handed in an elaborate covert operation against us internationally, an operation including elaborate arrangements with New Caledonia Airlines, and coordinated through channels of Britain's psychological-warfare center, where Henry Kissinger was indoctrinated, the London Tavistock Institute, into such U.S. assets of British secret intelligence as the Institute for Policy Studies.

The uncovering of leading aspects of this particular transatlantic covert operation, in late December 1973 and the first weeks of January 1974, led us to recognize that the forces deployed against us were identical with leading elements, including the Institute for Policy Studies, setting up Watergate as an attempted destabilization of the United States. Shortly, through aid of some Republicans in the Congress and some honest elements of the Nixon administration, we pieced together proof that Henry Kissinger and his errand-boy Alexander Haig had set up the Nixon administration from the inside for the *Washington Post's* and Institute for Policy Studies' operations from the outside.

For months, through 1974 and into 1975, we struggled to sort out such questions as the indicated role of the Rockefeller interests in many more features of the subversion than were subsumed under Henry Kissinger himself. Although we had massive evidence of British guilt, it was initially not credible to us that a ruined former imperial nation, such as Britain, could be the master of wealthy American families such as the Rockefellers. What we blamed the Rockefellers for doing during those two years was accurately based on fact, but, later, with aid of a better estimate of the limits of David Rockefeller's mental powers, we were obliged to face the conclusive evidence that the British side of the connection was the controlling feature.

The fuller truth dawned on us beginning the day in 1975 Rupert Hambro telephoned our New York office, asking for an appointment. The interests of the Hambros were focused upon my proposal to establish a gold-reserve-based international rediscount facility as replacement for the decaying remnants of the Bretton Woods System. The concern of the London bankers, as they later explained their policy in the matter, was to study the reasons for the influence of our proposal during that year, in order the better to defeat it—with aid of their agent Henry A. Kissinger.

So, during 1975, on orders from London, began Henry A. Kissinger's massive use of the resources of U.S. governmental agencies and of NATO intelligence, for massive news-media libels, financial warfare, and other evil deployed against not only ourselves but every leading figure of the United States, Europe, and the developing sector sharing conceptions of monetary reform similar to our own.

Nowadays, we have regular chats with officials of the forces behind the Malthusian world-federalist projects. We are curious to know what they are thinking, and they are curious to know what we are thinking. We chat like leaders of two opposing forces preparing for all-out warfare. With aid of our international political-intelligence capabilities, we presently know more of the relevant fine detail of British policy-making than any official patriotic agency of the United States.

The reason for our superior political intelligence in this connection is not located so much in the amount of fact at our command. The important thing is to know what to look for, as any homicide or burglary detective might inform you.

The key thing is to see the United States (in particular) as our nation is seen through the eyes of the leading British oligarchy, and to understand so why and how the British intend to destroy our nation (among others). At the same time, and in the same general way, one must understand who are the Tory traitors among policy-influencing circles inside the United States, and what motivates those persons to be the Tory traitors they are. The trick of intelligence, and also science generally, is to know what constitutes an adequate body of relevant fact, and to determine so where to look for the kinds of facts which are both available and important.

How most U.S. patriots are distracted

Beginning 1917-22, and again from 1946 to the present, it is prevailing doctrine of the United States that our primary adversary is the Soviet Union and "international Communism." The reality of the military-adversary relationship to the Soviet Union is so much a thermonuclear preoccupation of most policy-influentials, that most among them see this strategic fact in the wrong practical terms of larger reference.

It would be silly to suggest that the Soviet Union is not arming at as much as twice the rate projected by early CIA "Team B" estimates, and that this Soviet arms-race is not in preparation for the prospect of a probable thermonuclear confrontation with the United States. It would also be silly to overlook the fact that a certain influential "international Communist" faction within Communist nations and among Communist parties elsewhere is committed to seeing the United States "buried" by one means or another, preferably our own internal self-destruction, as early as possible.

These are monstrously big and very ugly strategic facts. The Sun is also a very big fact of our solar system. Yet, as the galaxy dwarfs our Sun to pitiful tininess, so there are larger facts in our strategic galaxy than the Soviet adversary-situation.

Essentially, the modern radicalism out of which the Bolshevik faction split off was established under the

titular leadership of Giuseppe Mazzini, and under the joint direction of Venice and Britain's Lord Palmerston, as the "Young Europe," and Concord "Young America" transcendentalism, of the 1830s and 1840s. From the beginning, the radical movement of Europe, and its socialist outgrowths, was created by the rentier-financier oligarchical interests of Europe for the specific purpose of mobilizing a "proletariat" as a destructive social-battering-ram against the influence of the kind of industrial-capitalist institutions then represented more perfectly by the United States under George Washington, James Monroe, and John Quincy Adams. It was a representation of an oligarchical trick familiar from ancient history, the creation and deployment of wild-eyed dionysiac mobs as forces of chaos and confusion, to destroy the republican institutions of urban-centered republics.

To a certain degree, both Karl Marx and V. I. Lenin, represented contradictory impulses within the oligarchy-directed radical movements. Although Marx accepted the destruction of industrial capitalism, he and his follower Lenin projected the establishment of a socialist form of industrial state, a form of society not much less or more abhorrent to the oligarchists than the capitalist form of industrialized nation-state. Consequently, as the Soviet Union emerged as a consolidated nation-state power, and later as a world power, the oligarchs retained control over most of the international socialist movement, through the anarchist and socialist internationals, while attempting to play the United States (especially) and the Soviet Union off against one another, aiming thus to facilitate the mutual destruction of both.

President Franklin D. Roosevelt plainly had a grasp of this strategic reality, as the published reminiscences of his son Elliot help us to understand more exactly. Roosevelt's clear commitment to an "American Century" coming out of World War II, was to eliminate British "18th-century methods" from international relations, and to deploy "American methods" of high-technology development of the world's agriculture, industry, and basic economic infrastructure. To the extent that the Soviet Union was willing to accept a place as a sovereign nation-state within such an "American Century" world-order, war-avoidance between the two post-war super-powers could be effected.

Unfortunately, beginning Walter Lippmann's lying policy-interventions during the period of the 1944 Roosevelt re-election effort, the U.S. government was repeatedly hornswoggled by a combination of Britain and American Tories. With Roosevelt's death, the Tories, including Secretary of State Jimmy Byrne, led President Truman around by the nose. Instead of imposing an "American Century" on the post-war order of international relations, we accepted the degradation of the

United States to becoming a "dumb American giant on a British leash," barring such glorious moments as President Eisenhower's slapping of the British in 1956.

In brief, we must situate strategic issues respecting the Soviet Union within the larger, determining context of the conflicts between U.S. and British interests. No matter how bloody and dangerous the facts of the U.S.-Soviet conflict become, we must never permit that to cause us to lose sight of the larger reality in which the shape of that U.S.-Soviet adversary relationship is situated. When we forget, the British betray us with their dirty, behind-the-doors operations using the Soviet Union to manipulate the strategic situation and perceptions of the United States.

When we were embroiled with a war against China in Korea, at the same time Britain was keeping up appearances with a few Tommies dying on Korean battlefields, Britain was providing the most vital strategic assistance to Peking through Hong Kong. Britain plays up to the present day, the same sort of behind-the-doors games with Moscow against the United States it played with Peking against the United States at the beginning of the 1950s. Indeed, the British are playing similar games with Moscow in connection with the present British war against Argentina. Certain Soviet officials have been caught plotting with British military commanders, both chortling over the humiliation and isolation of the United States if Washington is foolish enough to permit Haig's policies to continue.

The Philby case is exemplary. Harold "Kim" Philby, presently an influential General of the Soviet KGB, is to the present moment one of the most prized assets in Moscow of the British monarchy's private household. Philby, who was sold to Moscow through aid of providing Moscow with details on the British-directed U.S.A. Albania operation, was sitting in Washington directly on top of innermost secrets of U.S. intelligence—some of which he was transmitting to Moscow—including his knowledge of every unwritten secret British-American agreement of the sort to which Kissinger refers broadly in his recent public address in Britain.

Secret but unlawful agreements

The foreign policy of the United States, under law, flows primarily from the declaration of national purpose explicitly and implicitly embedded historically in the 1787 draft of the Federal Constitution of the United States, and as typified by Secretary of State John Quincy Adams's arguments of principle and constitutional law in formulating the Monroe Doctrine of 1823. Additional law can be added to foreign policy only with the consent of acts of the United States Senate, which are law insofar as those acts do not contradict the implications of our Federal Constitution.

The President of the United States, who is the only

constitutional authority for making and conduct of foreign policy of the United States, may of course make secret agreements, provided these agreements do not contravene the Constitution and existing law, or that his proposed alterations of treaty-law are duly submitted for the consent by vote of a majority of the U.S. Senate.

So, under U.S. law today, the President of the United States is not only empowered but obliged, without need to consult Congress or his Secretary of State, to kick the British out of the South Atlantic more forcefully than President Eisenhower kicked the British in 1956. That is the obligatory law and action of the entire Executive Branch of government until such time as the Senate shall explicitly repeal the Monroe Doctrine and all of the numerous treaty-laws attached to that doctrine since its first promulgation.

However, no President has the authority to make secret agreements which contravene or subvert existing law, unless authority for the interest of those secret agreements is submitted to the Congress in written form for deliberation and vote by a majority of the Senate. Any secret agreement otherwise conflicting with a law such as the Monroe Doctrine is null and void, especially if it is an unwritten secret agreement of the sort which the treasonous Henry A. Kissinger has insisted on to enable the British to govern secretly the conduct of the foreign policy of the United States.

Since such secret agreements have the cumulative object of destroying the constitutional sovereignty of the United States, and, in the most recent issue, to prompt Secretary Haig to aid what is under law a British act of war against the United States, we make not the slightest exaggeration in denouncing such secret agreements as both unlawful and implicitly treasonous.

Under the 1947 Treaty of Rio de Janeiro, which is one of the treaty-laws subsumed under the Monroe Doctrine, any British military action against a sovereign state of the Western Hemisphere, for whatever cause, is by law an act of warfare against the United States. Whatever elected or appointed public official gives aid and comfort to those actions of Britain under such circumstances, is *ipso facto* guilty of treason against the United States.

Haig, whose ignorance of U.S. history, the Constitution, and literate language generally is well established, may be behaving treasonously under the influence of his own defective mental powers. His actions are *ipso facto* treasonous, only his degree of legal mental responsibility for such acts is to be deliberated. Kissinger, although probably a moral imbecile, has made it clear through his remarks that he, Kissinger, is adequately witting of the treasonous intent in his own support of Haig's treasonally unlawful actions.

Documentation

'I kept Britons better informed than Americans'

What follows are excerpts of Henry Kissinger's May 10 speech to the London-based Royal Institute for International Affairs. Subtitles and emphasis are in the original.

All accounts of the Anglo-American alliance during the Second World War and in the early postwar period draw attention to the significant differences in philosophy between Franklin Roosevelt and Winston Churchill reflecting our different national histories. America, which had never experienced a foreign threat to its survival, considered wars an historical aberration caused by evil men or institutions; we were pre-occupied with victory defined as the unconditional surrender of the Axis. Britain had seen aggression take too many forms to risk so personal a view of history; she had her eyes on the postwar world and sought to gear wartime strategy toward forestalling Soviet domination of Central Europe. . . . The dispute was resolved according to American preferences—in my view, to the detriment of postwar security.

Fortunately, Britain had a decisive influence over America's rapid awakening to maturity in the years following. In the 1940s and 50s our two countries responded together to the geopolitical challenge of the Soviet Union. . . .

Philosophies of foreign policy

The disputes between Britain and America during the Second World War and after were, of course, not an accident. British policy drew upon two centuries of experience with the European balance of power, America on two centuries of rejecting it. . . .

Britain has rarely proclaimed moral absolutes or rested her faith in the ultimate efficacy of technology. . . . She remains Hobbsian: she expects the worst and is rarely disappointed. . . . As late as 1949, the Department of State submitted to the Senate Foreign Relations Committee a memorandum that strove mightily to distinguish the new North Atlantic Treaty from traditional military alliances and above all from any relationship to the very balance of power it was supposed to establish.

There is also a perennial American assumption that economic well-being automatically ensures political stability. . . . Disillusionment was inevitable. America fluctuated between moral crusading and frustrated isolationism, between overextension and escapism, between extremes of intransigence and conciliation. But history was kind to us. For a long time it spared us from the need to face up to fundamental choices. Not being called upon to help preserve the equilibrium—a service rendered gratis by Great Britain—we could avoid the responsibility of permanent involvement in world politics. . . .

The nature of the special relationship

Even [after World War II], Anglo-American difficulties persisted occasionally. The anguished disagreements over immigration into Palestine; the misunderstandings over atomic cooperation; competition over Iranian oil: the abrupt, unilateral ending of Lend-Lease; and the race to demobilize were only some of the items in a stream of irritants. More serious policy differences were to follow in the 50s, causing Anthony Eden to reflect on the "tough reality of Anglo-American relations. . . ." Misunderstandings and conflicts of interest continued through European integration, the rearmament of Germany, and Indochina, right up to the tragic climax of Suez. . . . That these irritations never shook the underlying unity was due to statesmanship on both sides. One factor was a brilliant British adjustment to new circumstances. To the outside world it may have seemed that Britain clung far too long to the illusion of Empire; in her relations with Washington, she proved that an old country was beyond self-deception on fundamentals. . . . By discreet advice, the wisdom of experience, and the pre-supposition of common aims; she could make herself indispensable, so that American leaders no longer thought of consultations with London as a special favor but as an inherent component of our own decision-making. The wartime habit of intimate, informal collaboration thus became a permanent practice, obviously because it was valuable to both sides.

The ease and informality of the Anglo-American partnership has been a source of wonder—and no little resentment—to third countries. Our postwar diplomatic history is littered with Anglo-American "arrangements" and "understandings," sometimes on crucial issues, never put into formal documents. . . . The British were so matter-of-factly helpful that they become a participant in internal American deliberations, to a degree probably never before practiced between sovereign nations. In my period in office, the British played a seminal part in certain American bilateral negotiations with the Soviet Union—indeed, they helped draft the key document. In my White House incarnation then, I

kept the British Foreign Office better informed and more closely engaged than I did the American State Department—a practice which, with all affection for things British, I would not recommend be made permanent. But it was symptomatic. . . . In my negotiations over Rhodesia I worked from a British draft with British spelling even when I did not fully grasp the distinction between a working paper and a Cabinet-approved document. . . .

Britain, Europe, the United States, and the Soviet Union

The central foreign policy problem that Britain, America, and Europe have had to confront together since 1945 is, of course, the Soviet Union. . . . The flaw in containment was not only, as the cliché has it today, that it was overly preoccupied with military counterforce but that it misunderstood that the West in the immediate postwar period was precisely at the apex of its relative strength. Containment thus deferred the moment for a diplomatic encounter with the Soviet Union to a later time by which Soviet power could only have grown. In 1945 the United States had an atomic monopoly and the Soviet Union was devastated by 20 million casualties. Our policy paradoxically gave the Kremlin time to consolidate its conquests and to redress the nuclear imbalance. . . .

In a period of nuclear stalemate, ironically, conflict became more likely at the level of local, nonnuclear crisis. In an age of decolonization, many of these clashes were bound to occur in the Third World. This was another area in which, in the immediate postwar period, American and European attitudes diverged sharply.

Americans from Franklin Roosevelt onward believed that the United States, with its "revolutionary" heritage, was the natural ally of peoples struggling against colonialism; we could win the allegiance of these new nations by opposing and occasionally undermining our European allies in the areas of their colonial dominance. Churchill, of course, resisted these American pressures. . . .

In the early stages of the Falkland crisis America hesitated between its Atlantic and its Western Hemisphere vocations. But neither of these disagreements did any lasting damage. In the end we came together; the old friendship prevailed over other considerations.

The lesson I draw is that in the Third World we may occasionally operate from different perspectives. But we must take care not to let these differences reach a point where they undermine the basic self-confidence and sense of mission of the other party. . . .

The strategic position of self-confidence of a close ally on a matter it considers of vital concern must not be undermined. It is a principle of no little contempo-

rary relevance. In this sense the Falkland crisis in the end will strengthen Western cohesion. . . .

The contemporary debate

The issue before the allies now is . . . to face our future. An alliance at odds over central issues of East-West diplomacy, economic policy, the Middle East, Central America, Africa, and relations with the Third world is in serious, and obvious, difficulty. . . .

The strange aspect is that the disarray is taking place at the precise moment that the bankruptcy of the system that denies the human spirit seems to become clear beyond doubt. The Communist world has fundamental systemic problems and has not shown any ability to solve them except by recurrent brute force, which only delays the day of reckoning. . . . Soviet economic performance is a disaster. . . . It seems impossible to run a modern economy by a system. In short, if Moscow is prevented by a coordinated Western policy from deflecting its internal tensions into international crisis, it is likely to find only disillusionment in the boast that history is on its side. . . .

The Atlantic Alliance has no institutional machinery for addressing economic or Third World issues, or any long-term political strategy; the European Community, while eminently successful in its political coordination, has no mechanism as yet for formulating a coherent European view on matters of defense. The economic summits of Western and Japanese leaders begun in the mid-70s, are an attempt to surmount this procedural impasse, but they can do little more than call key leaders' attention to key problems in an informal, unsystematic way. Procedures do not solve substantive problems. Nevertheless, creating an appropriate forum for broader and deeper consultation would be an important first step.

On Britain's side by 'instruction'

Following Henry Kissinger's May 10 speech before the Royal Institute for International Affairs in London, Executive Intelligence Review's Mark Burdman spoke with Lord Home of the Hirsel. Lord Home, also known as Alec Douglas-Home and the former Foreign Secretary of Great Britain, attended a private luncheon for Kissinger following his speech. The interview with Lord Home follows:

Burdman: What is your impression of Mr. Kissinger's speech, in which he seems to promise full backing for

Great Britain in the current South Atlantic conflict? What additional aspects did Mr. Kissinger allude to during the follow-up reception?

Lord Home: He gave an historic review of the past 30 years, that was the gist. He emphasized the close contracts that have existed between us and the Americans over the past years. He brought in the Falklands issue as such rather late, but I can say that he understands very much our difficulties.

Burdman: Would you consider Mr. Kissinger to be in fact a trustworthy extension of British interests within the United States?

Lord Home: I would say so. He's always been friendly to us. I worked with him for many years in my official capacity, and only on minor tactical details did we ever disagree. We've always been on the same road.

Burdman: Would you say Mr. Kissinger would like to ensure the hegemony of London within the Western alliance, that this is his paramount concern?

Lord Home: Yes, I would say so. Our purpose has always been the same as his, yes.

Burdman: So you would agree with the assessment that Mr. Kissinger is in fact a British agent inside the United States?

Lord Home: Not an agent. That's too strong a word. But surely by instruction and experience, he finds himself on the same side as us, yes.

Burdman: And of course there is this question of secretive "arrangement" that he spoke about. What does this amount to?

Lord Home: It's not necessarily formal arrangements. We don't have to write things down. Kissinger was referring to common purposes that don't need to be put down on paper necessarily. But to cite one good example: Diego Garcia [an island 1,000 miles south of India—M.B.] in the Indian Ocean is a good case of how we are able to cooperate in a crucial theater. On the essentials of security, Mr. Kissinger is saying, we come together.

Burdman: Your own press today quotes Mr. Reagan himself and Vernon Walters as well showing some possible doubts about going too far in support of the British, with Walters calling Mrs. Thatcher a "machita" and so on. Do you think some people may not be so enthusiastic about supporting Britain from within the American leadership?

Lord Home: No. I don't think so. Even Mr. Haig is gravely concerned about losing his friends in South America and I can understand this. But I have absolutely no doubt about American support in this situation. I am sure it is forthcoming.

The training of an agent of influence

by Robert Zubrin

A review of the early years of Henry Kissinger's career establishes the precise accuracy of Lord Alec Douglas-Home's recent assessment that the former U.S. Secretary of State is "by instruction and experience" predisposed to serve the interests of the British empire.

Born Heinz Alfred Kissinger in Furth, Germany of Orthodox Jewish parents in 1923, Kissinger was forced to flee Germany to America with his family in 1938. There, the Kissingers settled in New York City's Washington Heights neighborhood, and Henry continued his schooling with an eye to becoming an accountant. The emigration experience, however, left Henry with a strong predisposition to the so-called Bettelheim syndrome, named after the psychologist Bruno Bettelheim, who studied Nazi concentration camp inmates—the strong belief by an oppressed individual that only propitiation and emulation of the oppressor can relieve his suffering.

Kissinger was drafted into the U.S. Army in 1943. In the armed forces, he was soon adopted by one Fritz Kraemer, a supporter of the pro-fascist Pan European Union of Venetian-Hapsburg agent Count Coudenhove-Kalergi, who fondly called Henry "my little Jew." Kraemer secured for Kissinger a job as the driver-interpreter for a general in the intelligence division in which Kraemer was an officer.

After the war, Kraemer kept Kissinger in Europe where he worked under Kraemer's supervision as an instructor at the European Command Intelligence School in Oberammergau, Germany. The Oberammergau school was an offshoot of the British Wilton Park project based in London. Wilton Park was the project for profiling and recruiting German nationals after World War II to serve as British agents at all levels of the German government. Between 1946 and 1956, more than 8,000 German POWs were "re-educated" at Wilton Park, where they were treated to lectures by the pro-Nazi Lord and Lady Astor, the British Fabian Society's Bertrand Russell, and Arnold Toynbee of the Royal Institute for International Affairs, to name only a few.

The Harvard years

On Kraemer's advice, Kissinger gave up his plans to become an accountant, applied to Harvard, and was accepted. There he soon became a protégé of William

Yandel Elliot, the chairman of Harvard's Government Department. Elliot was a longtime British agent, who was trained at Oxford University's Balliol College by A. D. Lindsay. Lindsay, who later headed Wilton Park, was also a prime mover in the establishment of the elite British intelligence forum known as the Round Table. The Round Table was founded in 1910, with funds from South African mining magnate Cecil Rhodes, for the express purpose, as Rhodes specified in numerous drafts of his last will and testament, of reconsolidating the British empire, recapturing the United States, and making the world safe for the expansion of the white race.

In the 1930s and 1940s, Elliot functioned in the United States as a British intelligence operative under the direction of John Wheeler-Bennett, the intelligence director of the Round Table. It was Elliot's dream to use his government seminars at Harvard as an extension of the Round Table operations into the United States, and to recruit agents who could be insinuated into the American government.

In a 1968 essay (basically his doctoral dissertation, *The Pragmatic Revolt in Politics*, republished), Elliot indicated that he was still working toward this goal:

"In conclusion may I make a special plea for a type of group that I do not think we have today as a nation . . . the Round Table. . . . We must find ways to produce some high purpose groups like a . . . Round Table for the Republic, chosen on a coopted basis, selecting those people who represent the best principles. We must find . . . a staff of young men . . . with self-effacing service and heroic willingness to undertake missions no matter how dangerous or difficult. This is what the Round Table of Arthurian legend suggests. . . . the Round Tables could be spread on an international base by a parent Round Table for Freedom. . . . We had the makings of something like this on a lower-level model in the well-chosen representation of Harvard International Summer Seminars set up during the 10 years which I ran the summer school, and with Henry Kissinger as the prime guide for it through most of his life."

Kissinger's geopolitics

Specifically, the ideology that Elliot had assimilated at Balliol College, and which he and Kraemer passed on to Kissinger to be disseminated at the Harvard Seminars which Kissinger ran for many years, was the British "geopolitical" doctrine of Halford Mackinder and Cecil Rhodes. Founded in eugenics theory, this ideology argued that the large Slavic-populated Eurasian "heartland" must be broken up into feudal fiefdoms and brought under the control of the Western European oligarchy, which would exploit its natural resources and colonize it for the Anglo-Saxon race. It was this ideology which caused the British to trigger both world wars of this century, on the misunderstanding-

ing that their imperial German and Nazi marcher lords, once unleashed, would confine their own ambitions to attacking eastward.

This same brand of geopolitics is what underlies both Kissinger's China Card—under which the United States, allied to a militarily useless Peking regime, serves as the new marcher lord—and his limited nuclear war “madness” doctrine which seeks the mutual destruction of the U.S.-NATO countries and the U.S.S.R. in the hope that after the war the British could re-emerge from their hinterland domains of Australia and South Africa to take control of the world. To Elliot and Kissinger, the United States is a dumb giant to be deployed and hopefully destroyed on behalf of the centuries-old British obsession to control the European heartland.

The cult of madness

Sometime between 1952 and 1955, Kissinger was sent into a “group therapy” program run by the Tavistock Institute of London, the top think tank of the psychological warfare division of British intelligence. It was apparently under the guidance provided in these brainwashing sessions that Kissinger began to espouse the doctrine of “credible irrationality” as the basis for tactical nuclear war against the U.S.S.R. According to the Kissinger/Tavistock madness doctrine, which was based on studies by Tavistock's H. V. Dicks of Hitler's rug-chewing negotiating tactics at Munich, the Soviets could be terrorized into surrendering after a limited nuclear exchange if they could be made to believe that the Western leadership was insane enough to escalate to a full-scale nuclear exchange.

Kissinger was then commissioned by Hamilton Fish Armstrong and George Franklin of the New York Council on Foreign Relations (CFR) to write this lunacy up as a book, *Nuclear Weapons and Foreign Policy*, which the CFR, itself the official American wing of the British Round Table, promoted as a best seller during the late 1950s. In the book, Kissinger argued that the United States should make the *frequent* use of nuclear weapons a *routine* aspect of U.S. foreign policy, so as to acclimatize the Soviets to the fact that America was thoroughly mad. It was during this same period that Kissinger was laundered by the CFR into the position of top foreign policy adviser to the Rockefeller family, whose policies he has controlled ever since.

In 1961, Kissinger was brought into the Kennedy administration as an adviser on European affairs. During the Berlin crisis, Kissinger wanted to send U.S. troops into East Berlin to tear down the wall, and to announce that the United States was prepared to use tactical nuclear weapons if the Warsaw Pact challenged its authority to do so. After a succession of such proposals, Kissinger was asked to submit his resignation.

A chronology of gross treachery

by Christina Nelson Huth,
Features Editor

Henry Kissinger, the man whom President Kennedy called a “lunatic” and ordered removed from his position as adviser on European affairs for repeatedly advocating the use of tactical nuclear weapons in the 1962 Berlin crisis, has committed actions which countered the national interest of the United States and under the Nuremberg Code must be defined as promoting genocide.

‘Limited nuclear war’

Kissinger's first major publication was *Nuclear Weapons and Foreign Policy*, written for the New York Council on Foreign Relations in 1957. This was the public's introduction to the doctrine of “credible irrationality,” in which for the first time the strategic doctrine of “limited nuclear war” was presented as not only possible, but also desirable. Wrote Kissinger: “[All-out war] by identifying deterrence with maximum power tends to paralyze the will. . . .”

“With proper tactics, nuclear war need not be as destructive as it appears when we think of it in terms of traditional war. . . . As long as both sides are eager to avoid a final showdown, a nuclear war that breaks out after diplomacy has established a degree of understanding . . . would stand a better chance of remaining limited. . . .”

The Vietnam war

Within weeks of his inauguration in January of 1968, Richard Nixon and his Secretary of State William Rogers presented to the National Security Council a comprehensive plan for simultaneous de-escalation of U.S. involvement in Vietnam and settlement of the Middle East crisis. Kissinger, serving then as NSC Adviser, objected violently to a U.S. disengagement in Vietnam, arguing that both Vietnam and the Middle East were “proxy” wars against the U.S.S.R.

Kissinger personally oversaw the escalation of the Vietnam conflict, and its spread into Cambodia. The target here was not Soviet or Chinese imperialism, but the populations of the region themselves. The Vietnam war was a war of depopulation, as such Kissinger protégés as Gen. Maxwell Taylor, commander of U.S. troops in Vietnam, and Gen. William Draper, of the

depopulation think tank, the Draper Fund, have documented in their own words.

Genocide in Cambodia

Henry Kissinger, in collaboration with Chinese Prime Minister Chou En-lai, coordinated every aspect of the spread of Vietnam war-fighting into Cambodia, the withdrawal of American troops from Vietnam, and the coming to power of Khmer Rouge faction-leader Pol Pot in Cambodia. Between 1975 and 1978, 3 million of Cambodia's 7 million people were exterminated by the Pol Pot regime under the sponsorship of the Chinese government in Peking and with the knowledge and approval of Henry Kissinger and Alexander Haig.

Kissinger and Haig together planned and carried out the so-called Vietnamization of the war, involving the gradual withdrawal of American troops from the region. The key to this plan, which the public record shows that Kissinger discussed fully with Peking's Chou En-lai, was to wind down American presence while keeping Vietnam divided, and to hand over Cambodia to Peking's puppet Pol Pot. Alexander Haig was the on-the-scenes desk officer for this mission. Thomas Enders, currently Haig's State Department deputy in charge of Latin America, was at that time Haig's right-hand man, residing in Cambodia.

Under this Kissinger-organized reign of terror, the civilian government of Lon Nol collapsed, the Peking-backed Khmer Rouge took power, and the depopulation of Cambodia began.

The China card

Under Kissinger's direction, President Nixon's effort to normalize relations with mainland China within the context of continued détente and trade agreements with the Soviet Union was perverted into the now-discredited China Card policy. In Kissinger's British-dictated geopolitical scheme, the White House was to be convinced to replace its East-West détente efforts in favor of an alliance against the Soviet Union with the militarily useless Peking regime. From London's—and the Peking leadership's—point of view, a Peking-U.S. axis would lead toward superpower confrontation, the destruction of both the United States and the U.S.S.R., and the unfettered rise to world dominance of a "third force."

Kissinger's personal loyalty to London's China Card policy knew no bounds. As is documented in *Dope, Inc.*, the scandal-provoking 1978 report on the international drug cartel, the former Secretary of State used his office to suppress all information on China's burgeoning opium-producing industry, which Peking expanded at the height of the Vietnam War for the explicit purpose of addicting hundreds of thousands of American soldiers in Southeast Asia.

The Middle East war

On June 25, 1970 Nixon's Secretary of State William Rogers put forward a proposal for a 90-day cease fire in the ongoing war of attrition between Egypt and Israel and for negotiations to open the way for Israeli withdrawal from territories occupied during the 1967 conflict. Egyptian President Nasser officially accepted the Rogers plan in July, and the U.S. intervention was praised by the Soviet press as a positive step toward peace.

Immediately, Kissinger began coordinating disruptions throughout the region with other assets of British intelligence, including the British-controlled terrorists in the radical PFLP wing of the Palestine Liberation Organization and the Israeli Mossad. PFLP terrorism soon led to a virtual civil war in Jordan. From the National Security Council, Kissinger argued that the U.S.S.R. was behind the destabilizations.

It was out of the 1973 Arab-Israeli war brought on by his manipulations, and the infamous shuttle diplomacy that followed the war, that Kissinger, on behalf of the City of London oil cartel and the Club of Rome oligarchists' depopulation lobby, created the 1973 oil hoax.

Robert Dreyfuss writes in his 1980 best-seller *Hostage to Khomeini*: "The 1973-74 oil hoax was the work of Henry Kissinger. During the December 1973 OPEC meeting in Teheran, the Secretary of State had told the Shah to demand an astronomical price increase." World oil prices more than doubled from \$5.00 to \$11.65 a barrel. During the height of this crisis, which delivered an economic shock from which world industrial and agricultural production has never recovered, OPEC's leadership recognized the hand of the U.S. Secretary of State in driving up prices. U.S. Ambassador to Saudi Arabia James Akins wrote after the crisis that Saudi Oil Minister Yamani had told Akins that "there are those amongst us who think that the U.S. administration does not really object to an increase in oil prices, and there are even those who think you encourage it."

Murder of Pakistan's Ali Bhutto

Henry Kissinger's vendetta against Pakistani President Zulfikar Ali Bhutto is one of the most bloody case histories demonstrating the lengths to which Kissinger will go to enforce backwardness, poverty, and misery in Third World nations.

Bhutto defied Kissinger's admonitions against undertaking the development of nuclear energy in Pakistan. "I am going to make a horrible example of you," Kissinger told the Pakistani leader during an October 1976 visit to Pakistan's capital city. Not long after Kissinger made this pledge, Bhutto was overthrown by the heroin-running Islamic fundamentalist regime of Zia ul-Haq, who imprisoned and hanged Bhutto.

Kissinger's boys in the administration

by Robert Zubrin and Kathleen Klenetsky

British agent Henry Kissinger is still exerting substantial control over U.S. foreign policy through a network of protégés, who served under him at the National Security Council (NSC) or in the State Department, and who now occupy key positions in the Reagan administration. The following is a partial list of Kissinger's forces.

- **Alexander Haig, Secretary of State**, was Kissinger's top aide in the Nixon NSC from 1969 to 1973. During that time he helped Kissinger wreck the Rogers Plan to bring permanent peace to the Middle East and assisted Kissinger in Middle East War, which kicked off the first oil hoax. In 1974, Haig, as White House Chief of Staff, was Kissinger's key ally in orchestrating the White House coup which forced Nixon out of office.

- **Walter Stoessel, Deputy Secretary of State** received special training in 1959 at Kissinger's Harvard Center for International Affairs. In 1969, as U.S. Ambassador to Poland, Stoessel played the point man in opening up Kissinger's "China Card" strategy by establishing the first U.S. diplomatic liaison with Peking. From 1972 to 1974, Stoessel served at the State Department as Assistant Secretary of State for European Affairs.

- **Richard Kennedy, Undersecretary of State for Management**, was Deputy Assistant to Kissinger for NSC planning from 1969 to 1975.

- **Robert Hormats, Assistant Secretary of State for Economic Affairs**, was a senior aide for international economic affairs to Kissinger on the NSC from 1975 to 1977. He was Kissinger's key operative in preventing the adoption at the 1975 Rambouillet summit of Western nations of a Japanese proposal to set up an international trade financing facility to promote exports and global economic development.

- **Lawrence Eagleburger, Undersecretary of State for Policy**, was Executive Assistant to Henry Kissinger from 1973-75. Eagleburger owes his entire career to the joint influence Kissinger and Averell Harriman.

- **Thomas Enders, Undersecretary of State for Inter-American Affairs**, was Kissinger's and Haig's point man

setting up the Khmer Rouge takeover and the subsequent genocide in Cambodia as U.S. Chargé d'Affaires in Phnom Penh from 1971-74. Enders was promoted to be Kissinger's Assistant Secretary for Economic Affairs in 1974, a post which he used to force drastic oil conservation and zero economic growth on the West. Enders has played a major role in setting up the current Falklands/Malvinas war by luring the Argentines into action with promises of U.S. support should they seize the islands. He is also playing a key role in coordinating the depopulation of El Salvador through covert support of both the right-wing Death Squads and the left-wing insurgents in that country.

- **Stephen Bosworth, Deputy Assistant Secretary for Inter-American Affairs**, was also an aide to Kissinger in the State Department during the Nixon years.

- **Nicholas Veliotos, Assistant Secretary of State for Near Eastern and South Asian Affairs**, was Kissinger's Special Assistant to the Deputy Secretary for Near Eastern and South Asian Affairs from 1971 to 1973.

- **John Holdridge, Assistant Secretary of State for East Asian and Pacific Affairs**, was Kissinger's NSC aide for East Asian Affairs from 1968 to 1973, and was Kissinger's Deputy Chief of Mission in Peking from 1973-75. He is known to be totally committed to the Kissinger "China Card" policy.

- **Chester Crocker, Assistant Secretary of State for African Affairs**, was a staff officer for Kissinger on the NSC from 1970-72, and from 1973-80 was the director of African studies at the Georgetown Center for Strategic and International Studies, where Kissinger resided from 1977-80.

- **Paul Wolfowitz, Director of Policy Planning**, was Deputy Assistant Director of the Kissinger Arms Control and Disarmament Agency from 1974-77, a post from which he helped Fred Iklé negotiate the anti-technology SALT treaty. He is an unspoken opponent of civil nuclear power and other technological development for the Third World.

- **Lt. Col Robert McFarlane**, initially counselor to the Haig State Department, is now Deputy Director of the National Security Council under William Clark. After 10 years of active Marine Corps service, McFarlane was pulled into the Kissinger National Security Council in 1969, and from 1973 to 1975 served as Special Assistant to Henry Kissinger.

- **Frank Carlucci, Deputy Secretary of Defense**, was Kissinger's representative as U.S. Ambassador to Portugal from 1975 to 1977, at a time when NATO made repeated attempts to organize a military coup counter-revolution in that country.

- **Fred Iklé, Undersecretary of Defense for Policy**, was Kissinger's Director of the Arms Control and Disarmament Agency from 1973-77, from which post he negotiated the anti-technology SALT treaty. Iklé is committed

to the Kissinger doctrine of preventing the spread of technology, in particular nuclear power technology, to the Third World. He is a member of the board of the New York Council on Foreign Relations and the London-based Institute for International and Strategic Studies.

- **John Lehman, Secretary of the Navy**, was Special Counsel and senior staff member to Kissinger on the NSC from 1969-74, and Deputy Director of the Kissinger-Iklé Arms Control and Disarmament Agency from 1974 to 1977. Trained at British intelligence's Cambridge University, Lehman is known to be extremely close to Kissinger and Haig. Lehman's book, *The Executive, Congress, and Foreign Policy* is entirely devoted to praising the role of Henry Kissinger in the Watergate affair.

- **Marc Leland, Assistant Secretary of Treasury for International Affairs** was a senior staffer in the Kissinger-Iklé Arms Control and Disarmament Agency from 1976-77. Educated at Harvard and Oxford, and married to a Rothschild, Leland is known to share fully Kissinger's British empire geopolitical philosophy.

- **Lionel Olmer, Undersecretary of Commerce for International Trade**, as chief of U.S. Naval intelligence received special training in geopolitics from Kissinger and Kissinger's mentor William Yandell Elliot. From 1973 to 1977 he worked closely under Kissinger as a member of the Foreign Intelligence Advisory Board.

- **Ray Waldman, Assistant Secretary of Commerce for International Economic Policy**, was Kissinger's Deputy Assistant Secretary of State for Transportation and Telecommunications from 1973-75. Waldman was instrumental in developing Kissinger's international telecommunications policy, and assisted Kissinger in reorganizing U.S. intelligence services in the aftermath of Watergate.

- **William Casey, CIA Director** was Undersecretary for Economic Affairs in the Kissinger State Department in 1973, and served under Kissinger on the Foreign Intelligence Advisory Board from 1974 to 1976. Casey's connections to British intelligence far predate his association with Kissinger, however. Casey has been closely associated with British intelligence networks since 1937. Throughout his career, Casey has worked closely with such top British spooks as William Stephenson and David K. Bruce.

- **Henry Nau, member National Security Council**, was Special Assistant to the Undersecretary for Economic Affairs in the Kissinger State Department from 1975 to 1977. While at that post, he wrote a study for Kissinger titled "Technology Transfer and U.S. Foreign Policy" which opposed a leading role for the United States in transferring technology to the Third World. Today Nau is a key National Security Council supporter of the Federal Reserve Chief Paul Volcker's high-interest-rate policy.

Henry's not out of power

The following are Henry Kissinger's current affiliations:

- **Counselor, Center for Strategic and International Studies (CSIS)** at Georgetown University. A leading think tank and subversion center for the Jesuit wing of British intelligence, CSIS was founded by Edmund Walsh S.J., an avid student of Halford Mackinder and Nazi theoretician Karl Haushofer, who made his life's work the insinuation of British/Nazi geopolitical thought into the American foreign policy establishment.

- **Professor of Diplomacy, School of Foreign Service**, Georgetown University. The School of Foreign Service is the lower-level operational end of the Jesuit CSIS complex, which uses it as a factory for churning out foreign service officers to stuff the U.S. diplomatic corps and State Department with reliable British agents.

- **Senior Fellow, Aspen Institute**. The Aspen Institute is the top think tank pushing for a zero-growth world federalist dictatorship. It is headed by Club of Rome members Robert O. Anderson and Harlan Cleveland.

- **Member, former Chairman, New York Council on Foreign Relations**. The CFR was set up in 1919 as the New York branch of the British Round Table. It is the channel for the British oligarchy's control over U.S. foreign policy.

- **Member, formerly Chairman, Trilateral Commission**. The Trilateral Commission was set up in 1973 by Kissinger and David Rockefeller to group the anglophile elites of North America, Western Europe, and Japan into a single organization on behalf of London.

- **Director, Foreign Policy Association**. Founded at the same time as the CFR, the FPA functions as a unifying organization for the bringing together the various anglophile World Affairs Councils and CFRs from such cities as Boston, Philadelphia, Houston, and Los Angeles into a single policy disseminating group.

- **Trustee, Rockefeller Brothers Fund**. Headed by the Rockefeller family, the RBF is one of the leading funders of environmentalists in the United States, including the Sierra Club, the Friends of the Earth, the Lindsfarne and Foxfire witchcraft associations, the Population Council, and Zero Population Growth. It was RBF director Gerald Barney who wrote the Carter administration's *Global 2000 Report*.

- **Counselor and member, International Advisory Committee, Chase Manhattan Bank**. Chase Manhattan is controlled by the Rockefeller family; it is the third-largest bank in the United States.

- **Trustee, Metropolitan Museum of Art**.

- **International advisory board of the NBC television network**.

- **Advisor to Goldman, Sachs investment firm**.

Will the U.S. stay in Britain's trap?

by Susan Welsh

While European support for Britain's escapade in the South Atlantic is crumbling and Latin America is rallying to the support of Argentina, the British are trying to compensate for these losses by tightening their hammerlock on Washington. Their loyal instrument is Secretary of State Alexander Haig, who reiterated May 18 that the British will get everything they need from the United States. Haig had just returned from a NATO foreign ministers meeting in Luxembourg where he tried to bludgeon the European allies into fully backing Britain.

Without U.S. assistance, British military threats are a bluff. Thatcher's government has asked the U.S. to put a variety of military supplies and equipment in readiness in case Britain needs them, said Reagan administration officials quoted by the *New York Times* May 18. This is just the tip of the iceberg of what London is requesting: the British urgently need a U.S. aircraft carrier, and are maneuvering to achieve a direct U.S. military involvement, something President Reagan has so far flatly rejected. But if the battle turns dangerously against the British, Haig will certainly increase the pressure on Reagan to commit U.S. military might more directly.

Meanwhile Haig and his British cohorts are openly working to overthrow the government of Argentina. On May 18, Thatcher demanded the removal of President Leopoldo Galtieri, and Haig has deployed the U.S. Ambassador to Buenos Aires, Harry Schlaudeman, to meet with Argentinian opposition leaders. Senior government officials in Argentina have stated the "concern" of the regime that the United States is attempting to destabilize the government.

In Western Europe, the rumblings of dissatisfaction with the British which have been going on for weeks burst into open revolt during ministerial meetings in Luxembourg. Ireland and Italy bucked the pressure-tactics of Haig and British Foreign Secretary Francis Pym and refused to endorse the continuation of economic sanctions against Argentina voted by the European Community in late April. Ireland, the only EC member that is not also in NATO, had announced its intention to pull out several weeks before. Italy's break with the Anglo-American policy is all the more dramatic, since it is the key country for NATO's southern flank.

In two days of meetings, no EC decision could be reached. Haig, seeing how things were going, marched in and "appended" the May 17 EC foreign ministers' meeting to a meeting of NATO foreign ministers scheduled to occur across the street, insinuating himself into the deliberations of the European Community. In effect, the campaign for the EC sanctions was run by Haig and NATO Secretary General Joseph Luns—a highly unusual and quite illegal situation.

Haig spent an hour privately working over Italian Foreign Minister Emilio Colombo, but the latter could only repeat that all of Italy's major parties had voted in parliament to compel him to veto the sanctions, and if he supported the British his government would fall.

Revolt in Europe

The Italian official bucking of its European partners and the United States is unprecedented. But Italian

Prime Minister Giovanni Spadolini hinted in an interview May 19 with the daily *La Stampa* that the decision to defy the British was actually made in Hamburg, West Germany during a meeting between himself and Chancellor Helmut Schmidt in mid-May. "Some people think that Italy has said openly what the French and Germans think but do not want to say," said the interviewer. Spadolini replied: "Our position in support of negotiations has found French and German supporters. And my recent trip to Hamburg has contributed significantly to defining this position."

West Germany has maintained its position of "solidarity" with Britain, principally out of fear of hurting its relations with the United States. But numerous West German officials have told *EIR* they are hoping for a shift in U.S. policy. "Tell Washington that the German government would be ready to follow the U.S. administration if it decided to implement the Monroe Doctrine," said a senior Bonn government source in April. "This is the only thing that will save both NATO and the European Community from disintegrating."

Perfide Albion

The actions taken by Ireland and Italy laid the basis for an ever greater blow to the British the following day at the EC Agriculture Ministers' meeting. The ministers voted to sweep aside traditional British veto power and raise farm prices by 11 percent, thereby maintaining parity prices for continental Europe's farmers. For two months the British had refused to allow this and were demanding huge rebates from the EC budget, citing the 16-year unwritten rule in the EC that a country can veto anything it considers vital to its national interest.

On May 18 the agriculture ministers abandoned that rule and they voted by simple majority (7 to 1, with 2 abstaining) to raise prices by the largest percentage in the history of the Common Market.

"Collective madness is ruling in London," commented West Germany's normally pro-British Deutschlandfunk radio station May 18.

British newspapers are screaming that there is a "constitutional crisis" in the EC, and British Agriculture Secretary Peter Walker denounced the European attitude as "cynical, incoherent, and ridiculous." Labour Party MP Peter Shore declared that his party had been right to say Britain should not have joined the EC in the first place.

NATO extension?

The European challenge to Britain, while a definite break from the pattern of the past weeks, is not enough to prevent the British from plunging the world into war. The British intend a restructuring of NATO for deployment "out-of-area" in the Third World, in service of British colonialist policy, debt collection, "population

wars," and confrontation with the Soviet Union.

The communiqué issued May 18 by the NATO foreign ministers repeated that such deployments can be important for NATO security and can "stabilize" governments outside NATO's sphere of Europe and the North Atlantic. NATO has given itself a carte blanche for interference in the affairs of any developing nation.

This concession to the Anglo-American line is a dangerous one, but its practical implementation is already being placed in question. The Spanish representative attending the meeting for the first time (Spain has not yet joined NATO) stressed May 18 that if Spain enters NATO now, this must not mean that its military bases could be used for NATO military operations into the Mideast. This was in fact a role Haig and the British had intended for Spain, and it may not be quite coincidental that Spain on May 19 cancelled Haig's scheduled visit there.

In Italy, the government's withdrawal of its support for sanctions against Argentina has sparked the patriotism of a country long battered by terrorism, economic crisis, and political destabilization. A columnist for the pro-British Italian daily *Il Giorno* complained in an article May 19 about Italy's new "fantasies of ancient grandeur" since it had the courage to "go it alone" against the British.

All Italy's major parliamentary parties voted against renewal of the European Community's trade ban, forcing the reluctant Foreign Minister Emilio Colombo to join the Republic of Ireland in opposition to London. The president of the Christian Democratic party (DC), Flaminio Piccoli, declared in an interview with *La Stampa* May 19 that "I am convinced that our position is more dignified than that of the other [EC] countries, which have extended the sanctions but only for one week. And so at last we can put an end to accusations that the DC is a slave to the United States and always ready to accept its positions." Former Prime Minister and DC leader Giulio Andreotti commented simply that the Italian decision had been "inevitable." DC foreign policy expert Luigi Granelli, interviewed in the Communist Party's newspaper *L'Unità*, called for Europeans to launch their own mediation effort in the South Atlantic conflict, and demanded that Great Britain cease its "dangerous escalation of acts of war, which could lead to incalculable results."

A crucial element is the influence of the Vatican, although the details of this are not known. The Christian Democrats are the political party most closely tied to the Vatican. Both Italy and Ireland, the countries that bucked the British, are Catholic countries, as is Spain, which is not yet a member of the EC and hence was not involved in the sanctions issue, but is the only Western European country that recognizes Argentine sovereignty over the Malvinas.

'How to rescue the world from the current crisis'

by Lyndon H. LaRouche, Jr.

Printed below is the text of Lyndon H. LaRouche's speech in Bonn, West Germany, May 6, at a seminar sponsored by Executive Intelligence Review.

The problem we face is not an objective problem. It is a subjective problem: people—contrary to sociologists, for whom we do not have much use—do not behave in response to reality. Rather, people misinterpret reality according to prevailing delusions. It is only when reality intersects efficiently to offset these delusions, only when the delusions reach a point of crisis that reality impinges upon them.

Society, as Plato analyzed it, as Saint Augustine analyzed it, and as Dante Alighieri analyzed it in his *Commedia*, is divided into three categories of people, three moral categories. At the lowest level, we have the man-beast, Hobbesian man, the philosophical anarchist, the existentialist, the irrational hedonist, who is concerned with gratifying, like a cow or some other form of cattle, what appear to him his immediate inner psychological desires. He is not concerned with whether his desires are moral or not; nor is he concerned with whether the means used to achieve these goals are moral; he is concerned only to realize his goals—as Max Weber, the founder of sociology in Germany, and also implicitly the founder of fascism in Germany, laid out in his system of sociology, of populism, which produced an Austrian hippy named Adolf Hitler in this country at a certain point.

On the second level, we have moral man, the average moral man. Now the average moral person pursues hedonistic goals for himself or herself or for the immediate family or local group. In that sense, he seems to resemble the hedonist, the Hobbesian man that Dante relegates rightly to the Inferno.

But this moral individual of the middle category,

which Dante associates with Purgatory, is also Kantian man, as Kant describes this process in his *Critique of Practical Reason*. If the moral individual allows society to shape his conscience by negation, society says "no," this goal is forbidden. The moral Kantian man says, "Yes, my conscience henceforth will forbid me to seek such a category of goal." Then society intervenes and says: "Not only are certain categories of goals morally inadmissible, but certain means to achieve goals, are also immoral." And Kantian man says: "Yes, sir. I permit my conscience to be instructed; henceforth I negate my inclination for those means. I will not use those means even for moral goals without blushing."

Kantian man

So we have Kantian man, who is governed not by a positive morality, but by a sense of duty in terms of negation of immoral goals. That means that he goes into the bars in Hamburg by night; he may go even though he knows it is immoral; and he does not steal when he expects himself to be caught, even for a noble purpose.

Now this kind of individual—the typical "little man"—can be moral and rational only insofar as the immediate, personal, family, and other social relations are concerned. When it comes to the matters of society at large, national policy, or world affairs, this little moral fellow, says: "Well, you say the bombs are gonna drop tomorrow, you may be right; but I can't be concerned with those matters. Don't you see, I am saving for my pension?"

That is your typical moral man.

He has no rational perception of cause and effect in terms of policy on a national level, or in terms of international affairs. He is completely irrational. Under normal circumstances, what he does is this: he associates

himself with certain institutions, political parties, churches, Freemasonic lodges, and whatnot; he presumes that the leadership of these institutions will make the right choices in terms of policy on the national and international level.

You say to him: "That policy of the government is insane." He will tell you: "Well, I don't know about that. I belong to my party and my party's leadership, whom I trust, says such and such. My party's leaders are so smart, I don't have to argue this question with you; so who are you, to criticize that?"

Therefore, the average moral little man runs around with a mouth full of phrases, slogan, and catch-words, which are a substitute for rationality in matters concerning cause and effect in national and international policy. Therefore, in normal circumstances, there is no correlation between what is occurring in society, in the world, and the individual's response, in terms of the policies he prefers.

Now, it has been perfectly obvious over the past 15 years that we are headed toward a world depression, and that we are headed for a probable thermonuclear confrontation. It has also been clear that the policies we were following were leading us toward that. But in this past period, you hear, "No, nothing can be done about it," and "I can't change it," and "Impractical!"

The Third World said, "We don't wish to die. Let's have a North-South negotiation. Henry Kissinger took Giscard d'Estaing, then the President of France, to the Rambouillet conference in 1975 and the industrialized nations (the OECD), agreed to act as a bunch of thugs to prevent the Third World from imposing any transformations in the world monetary institutions. Even though this was leading toward depression, was leading to mass death. The Rambouillet conference has murdered more people than Adolf Hitler was accused of killing in World War II. And we have people who consider that a moral decision.

The average little Kantian man goes on from day to day walking through the streets, saying, "I have to trust my party leadership in this and that" and mouths the slogans over and over. On top of that he is lied to by the news media. I can say this freely because the news media in my country are probably the worst in the world, and certainly the most corrupt. If the *New York Times* were to publish the truth on any subject, I would be sincerely shocked. If it were the *Washington Post* I would emigrate—I would know that something evil is going on.

The little man is lied to; he is miseducated. We have watched, particularly, the policies of de-schooling of Dr. Alexander King and Ivan Illich, applied over the past two decades. We have watched parents consent to watching their children's minds being destroyed by the destruction of educational institutions.

To deal with real policies and real economic policy making, we must look for those peculiar points, those conjunctural points in the historical process at which the credibility of the dominant institutions is undermined.

The crisis we face

Now we are in world depression. In point of fact, we entered a depression, that is no longer a recession, in the period between October 1981 and February 1982. We are now in a period analogous to spring 1931, before the Vienna Kreditanstalt Bank collapsed. We are simply waiting for the Argentinians to repudiate their debt toward Britain. If the Argentinians repudiate their debt toward Great Britain, under conditions of warfare, and if Britain manages to secure support among nations it considers allies for reprisals against Argentina, the entire international monetary system collapses in domino fashion.

If the idiots around Fred Iklé in the foreign policy section of my Defense Department succeed in enforcing a declaration that Poland and Romania are in default, securing acceptance of that among nations, then the chain-reaction eruption means the entire world monetary system collapses.

Some months ago, some people around my government talked to me about the crisis management that would soon be needed. Everybody knows—who knows anything—that by the spring of 1983, if not earlier, the world will be at the brink of thermonuclear war centering around the placement of Euromissiles in the Federal Republic of Germany. If those missiles are placed, we are very close to thermonuclear war. You cannot place thermonuclear missiles within a few minutes of the Urals or Siberia, cutting down on a warning time of strategic missiles from 20 to 25 minutes to several minutes, and not have a thermonuclear confrontation that makes Cuba 1962 seem like a very minor affair.

But thermonuclear confrontation will come before the spring of 1983—given the world economic depression. I said some months ago that it is April/May of 1982 which is the breaking point, where the countdown toward thermonuclear war begins.

This development in the South Atlantic is simply a part of a global process of eruptions of hot spots, which Lord Carrington set into motion. The Israelis and Lord Carrington were playing a game with each other. The Israelis encouraged the Argentinians to do something and also manipulate the British; so Carrington on March 28 produced a violent atrocity against some Argentine civilians, who were working under contract in the South Georgian Islands. On March 31, the Argentinians moved into the Malvinas Islands in response to that atrocity. Under the United States law, the Malvinas are not only the property of Argentina, but the British

shooting at Argentina is an act of war against the United States. That is U.S. law. In point of fact, I am moving to have Alexander Haig indicted for treason against the United States. He is technically guilty of treason against the United States under conditions of war.

It is the British who set this operation into motion. Carrington set a bomb under the British government, lit it, and walked out, waiting to watch the explosion occur. The Israelis, on the other hand, encouraged Carrington to do this and encouraged the Argentines to move. The Israelis are now the major suppliers of military hardware to Argentina and plan to set up a large military-goods-production operation in Argentina. Now they are laughing because Begin hates Carrington, for completely different reasons.

But apart from the specific elements of this affair, the point is that these kinds of situations, which would have normally been controlled can no longer be controlled, because the world has entered a period of strategic instability.

Therefore what do we do and how do we do it?

We have entered into a depression in a period of war; institutions will either reform themselves, or people will look for institutions to replace them. We are at a branching point of history, in which the old way of doing things and the old policies are about to end. Either we make the correct choice of branch or by default, we will find ourselves going down the other route toward collapse. We are headed possibly toward either fascism throughout the industrialized countries, or an irreversible approach to thermonuclear war. Those are the choices. Under these conditions of shock, it must become possible—and it is possible—for heads of government and heads of state, including President Reagan, to undertake drastic, sudden innovations in policy which would have been politically unthinkable a few years ago or even months ago.

Program for recovery

This brings us to the substance of what I propose. I propose these measures be enacted suddenly, be enacted ruthlessly, and be enacted with the determination to crush any opposition which threatens to obstruct the successful implementation of the policy.

I propose that my President announce the remonetization of the gold-reserve stocks of the United States at \$500 per ounce; that he do so unilaterally, without bothering to wait for consultations with anyone outside the United States, or even outside the White House itself, and that he dump Paul Volcker in the same act—because he has the power to do so.

I propose that the United States impose total Hamiltonian regulation on the entire U.S. banking system, and forbid claims or transactions with the U.S. banking

system by any banking system outside the United States which is not regulated by these standards. That under the pricing of gold arrangement, the United States would agree to settle claims on imbalances in gold at \$500 an ounce with such governments and their banking systems who enter into an agreement to that effect.

I propose that the U.S. Congress issue immediately \$200-\$400 billion of U.S. Treasury gold-reserve denominated currency-notes; that these notes not be spent by the government, but rather that they be loaned at between 2 and 4 percent through the Federal Reserve System under congressional acts which would convert the Federal Reserve System into a national bank like the United States Bank and the Second Bank of the United States.

I propose that the discount function of the National Bank, that is, the Federal Reserve System under this law, shall be as follows: categories of hard commodity investment, with infrastructural projects approved for special treatment. The private banker brings in a loan-agreement to the central bank, the loan agreement is in an approved category. The central bank will lend to the private bank at between 2 and 4 percent interest, and will then lend a portion of the total value of the loan agreement.

The first effect of this plan is the shutting down of M2, M3, M4, M6, and any of these Friedmanite categories of funny-money, which have bred under the Eurodollar system. We shut them down; we destroy the ability of the international private banking system to print money. We restrict the international private banking system to the ability to lend savings and to act as agents for lending and credit created by governments under this kind of system. To compensate for the shutting off of, or the elimination of, entire categories of money, the governments, in this case of the United States, must issue sufficient credit through the private banking system at low interest rates to ensure that there is enough credit to maintain the system and to expand the system in terms of certain categories of things which will be most beneficial to the economy as a whole.

For high-technology energy projects, for public works which are infrastructural in character, for high-technology industry, for high-technology agriculture, for world trade in terms of capital goods, there will be abundant credit available at between 2 and 4 percent rediscount cost. If someone wishes to open a house of prostitution or engage in real-estate speculation, he will pay whatever the private banking market decides it can afford to charge. There will no public funds available for lending anything which is not determined to be in the public interest by category. We will have a free market in the things we do not like, and a subsidized market in the things we do like. This will not cost anything. This is what we mean by a two-tier credit

system of economics.

There is a great mythology about credit systems, money systems, and banking systems. Essentially, what is the function of credit? In a modern economy, we have three categories of cost, of basic cost to production.

First, we have the cost of maintaining the labor force, the goods-producing section of the labor force, the households from which we recruit the goods-producing section of the work force.

Second, is the cost which is represented by capital goods and materials of production, and third is the cost represented by administration and essential services, which these days includes the military, police, and so forth. (I must say the United States would need a lot more police, because contrary to rumors, we do not have much of a military.)

We have to deduct these costs from our total output, and then we have—one hopes—a surplus, which is available for reinvestment. At the same time, the money put into circulation by production and by circulation of newly produced goods is actually the sum—approximately—of the paid out costs, for the households of the labor force, for capital expenditures on production, and for administration and services. Therefore, if we have a surplus, we do not have as much money put into circulation through production and circulation of production as the value of the total product produced. Therefore, we seem to have a problem which some idiots call a buy-back problem. Now, this marginal surplus, for which the monetary volume is inadequate, and the monetary volume generally right now is inadequate, exists in the form of idle capacities, or potentially idle capacities, of a margin of goods that are not sold, and in terms of labor force which is unemployed.

The function of credit

The function of credit, which is the proper function of the state, is to create gold-denominated currency notes for lending to purchase through loans the unemployed labor, the idle capacity, the idle portion of goods, and to sell these goods to a performance-worthy investor, including the state as one of these such investors, who will put these goods and labor to useful work to increase both the total amount of production of the nation and the productivity of the nation. That is the function of credit.

We do not require a private credit system, nor should we have a private credit system, which is engaged in the creation of money. The private banking system should be an entrepreneurial system, which deals with the determination of the kind of customers these banks consider to be performance-worthy. The supply of margins of new credit to the private banking system must be by the state, which must issue a well-regulated gold reserve-denominated currency in adequate supply

for all of the legitimate loan agreement requirements to the private banking system.

Under that condition, provided that we are promoting technology and technological progress, and that we have made the right choice of priorities, there is never a need to be in a depression, or to fail to get out of a depression, or to fail to meet the essential requirements of humanity on a world scale.

There is, however, a world goal we must meet in this process. I could pull the United States out of a depression on any Tuesday morning, or any Thursday morning for that matter, simply by these acts. There are certain powers which the President of the United States has that I would use. There are certain things that the Congress would have to do, and the President has to know how to intimidate the Congress into doing what it is supposed to do. Congress has to be kicked in the proper way. Franklin Delano Roosevelt used to do that all the time. He would get on radio and tell the people, "You are having problems getting out of the depression because you have a number of dumb-bunnies in the Congress who won't cooperate, and you people should go down and roast these characters." Then just watch the Congress snap to and perform under those conditions. I am just the nasty kind of person to do that, even without the model of Franklin Delano Roosevelt on this question.

We are in a Rooseveltian crisis-management period. I am prepared to use those methods, and any competent world leader will use those methods. Any head of state or government who does not use those methods, is not fit for his job, or her job—referring to something across the channel.

Not only does this work in principle, but the United States has done it three times, twice in the case of wars. The only time the British have allowed the United States to use the American System, that is, the system of Hamilton, List, and the Careys, in the 20th century is when the United States was being instructed to prepare to fight a war to get Britain out of one of the messes that London created for itself. I mean the two recent world wars, which the London Round Table crowd around Lord Milner and so forth cooked up. Then Milner et al. said, "All right, you, the United States, will have to use the Hamiltonian method to crank up your economy in order to produce the military goods, and your American fellows from our little colonies there have to come out and rescue us from the mess we have made for ourselves."

Then we had a war production system which worked, almost as I have described it. If you were a manufacturer or a farmer, and you had a war production contract, or you had a contract to supply the needs for a war production contract, you trotted over to your local banker with this contract between your teeth. The

local banker would look at this, he would sniff and he would paw, and stamp, and scratch the floors, and he would say, "Friend, it looks like you have a really good contract here. I'm going to get you some credit."

These war-production contracts were discounted through the banking system and the little fellow with his government contract would find himself with ample credit to keep production going. Between 1929 and 1939, the United States could not get out of the depression, and there was nothing that Franklin D. Roosevelt could do to change it much. Suddenly in 1940, we decided that we were going to go to war. We cranked up our military economy, we began cranking up war-production credit, and, lo and behold, the depression abruptly ended.

What happened? Military goods are not useful goods. You cannot eat them—unless you are a punker, and a tank might be used as a tractor, but I would not recommend using tanks to supply the needs for tractors. They are rather expensive to maintain, among other things. So, in principle, military goods are pure waste, as end products. So, how then did the production of sheer waste, military product, particularly in World War II, bring the United States out of a depression when nothing else succeeded? What lesson do we have to learn from that in the depression we now face today? Our condition today is approximately that of the depths of the depression in the 1930s. Today we have a lot of parasitical service functions, but once you look at the basic production of wealth in the economy, we are below the relative levels during the depths of the 1930s depression. It was not the war production period of 1940 to 1944 that brought the United States out of the depression, but, with the exception of NASA, almost the entirety of the economic power of the United States, which has been diminishing over the past 40 years, has been living on the capital established during the recovery from 1940 to 1944. What is the lesson to be learned from this process?

Mobilizing the sinews of peace

The lesson is this: we not only produced war goods; we cranked up the civilian economy, we mobilized otherwise idle resources, of capital goods, capacity, and labor. In order to build the capacities for war goods we had to build the capacities for the other kinds of goods. There is no such thing as a strictly military industry. Such things do not exist. Take for example the soldiers of society: you do not tell certain women to go into breeding stalls and produce soldiers, at least not in a well-ordered society.

At least since Niccolò Machiavelli laid down the first articulation of the principles of republican warfare, in the early part of the 16th century, that the defense of the nation is the mobilization of its able-bodied citizenry

to provide combat strength in-depth; and since the work of Gottfried Leibniz on military policy and economy in the last quarter of the 17th century, we have understood that mobility, firepower, logistics, and the in-depth capabilities of the entire able-bodied population are the basis of warfare. Just as the quality of the soldier is a product of the primary and secondary education and the levels of family culture and the levels of the society in general, so the weapons of war, the technology of the weapons of war, are simply a reflection of the in-depth capabilities in the civilian economy.

Mobilization for war means the mobilization of the forces of peace. It is from the strength of the forces of peace that the sinews of war are formed. To produce military goods, you must produce the entire infrastructure of supporting the production of civilian goods.

During World War I and World War II, the United States government established parity values for agricultural products because we needed food, not only to supply our civilian population but to satisfy our logistical needs internationally. Because we were short of labor to produce for both civilian and military needs, we also needed to maximize the productivity of labor, in agriculture as well as elsewhere, to bring more land into production, to force useful kinds of investment in agriculture and production. We cranked out an agricultural capability which began to die after the First World War in 1925, and which has continued under rather peculiar circumstances until about 1978 in the postwar period. The same thing happened in other sectors of the economy. We cranked up and mobilized the sinews of peace in order to provide the sufficient base to also produce the sinews of war. *That means we do not have to have a war to get out of a depression.*

All one has to do is to use these methods, the methods that we have used in the United States in this century only in the cases of war, and apply them to the tasks of peace. Now, there is another aspect of politics which we have to introduce here. Economics and politics cannot be separated; you cannot mobilize the people of a nation and nations for policy other than politically. One of the advantages of a war is that a people is mobilized for the enterprise of a struggle for its own political existence. Under those conditions of mobilization, people will be mustered to a unity of will and a sense of directed achievement which is not possible under more pragmatically minded conditions.

The same thing applies in the NASA case, which is a complementary case to the war economy. For every dollar that the United States spent on NASA, on the moon landing, and associated projects, the United States received in repayment \$10 to \$14 in return, through the increased productivity effected as the result of the transmission of improved technology to civilian applications. That is the main objective.

What is required to make the kind of change we must make, is the mobilization of the consciousness of the people for a great enterprise. Great enterprises are the building of a nation, as for example the case of India, which achieved rates of growth of 10 percent under the first and second five year plans under Nehru, until John Kenneth Galbraith got over there and ruined it. The mobilization of a people to some enterprise such as nation building, liberation struggles, conquest of space, fighting a war—these kinds of ideas are absolutely necessary to take the ordinary little Kantian man and mobilize him to espy in his own little identity something bigger than himself. The Kantian man, because the nation has committed itself to a great enterprise which will benefit future generations and the world more generally, now finds that in his identification with the work of his nation, there is a world-historical meaning for his own existence. It is that kind of uplifting of the individual which is key to making these kinds of policies possible.

What is the great enterprise? We stand at the brink of thermonuclear war, we are in a depression. Let no one fool himself. If these policies continue, we are headed for war. Now, in Aachen, they tell us that if 10 percent of the nuclear weapons of the superpowers are detonated, this would produce among its effects sufficient radioactive, long-life isotopes of cesium, which intersects with the iodine function of biological systems, such that in two years after the detonation of the nuclear devices, there would be no form of higher animal life left on this planet. People associated with Alexander King and that faction in NATO, the Harrimans, the Moores, the Morgans, and that crowd in the United States, are going to push the United States or the Soviet Union to launch thermonuclear war. Not that they intend to do that, but the consequences of the policies which they are adhering to are that.

We are in a depression, this depression, if it is continued, with the policies now afoot, will probably reduce the population level of the human race by 2 billion people over the coming three decades. We are living with policies, including the Brandt Commission policies, which, if applied, would murder 100 times more people than Adolf Hitler was accused of murdering at Nuremberg. So, to get out of this immorality, this insanity, that is in a sense a great enterprise. But politics does not work that way. Negative enterprise, while you can move people to do something, it does not attract them, it does not pull them. What is a great enterprise?

There are two great enterprises I propose to mobilize the conscience of Kantian man throughout the nations: we must raise the standards of living of the populations of the Third World, and we must set ourselves the task of colonizing space.

Latin America reminds U.S. of hemispheric potential

The following are statements and press analyses from Latin American leaders reassessing relations with the United States.

From an address by Panamanian President Aristides Royo to U.S. and Latin American delegates at an early May seminar on trade and development in Central America:

The Monroe Doctrine can be interpreted in two distinct ways. First, that the Monroe Doctrine is only to be used for U.S. interventions in Latin American affairs. Second, and what seems to me to be the good in the doctrine, is that it prevented the countries of the Holy Alliance (France, Great Britain, and Spain) for many years from returning to take back the colonies which had belonged to them. . . . What would James Monroe have thought on seeing a power like Great Britain storm in with a mammoth air and sea force to rescue those little islands which make up the Malvinas? What would he have thought had he foreseen the current North American position?

From a statement released May 18 by Peruvian Defense Minister Luis Cisneros:

If the armed forces of Latin America were to unite, they could become a dissuasive force so that England would not persist in attacking the continent. . . . [This] would also make it very difficult for the United States to intervene, because if it did, it would practically be opening the door to world conflagration.

From a May 15 article by political strategist Enrique Alonso in the Argentine daily Clarín:

We face two possible policies. If underdevelopment engenders instability, then only economic cooperation on a hemispheric scale and the implementation of national policies by the Latin American countries will overcome such oscillations. But if the installation of a fixed order is permitted, then we will see the return to the big stick policy on a universal scale. . . . What will happen in America? What is the means—if indeed there is a means—of restoring the deteriorated relations with the United States? It is clear that Argentina can be a lucid partner in dialogue with the United States . . . to honestly lay out the problems of the region and creatively propose possible solutions. . . . This will require the will to grow—not the binding of the economy like the feet of Chinese women.

Argentines fight war —against Volckerism

by Valérie Rush

The war mobilization in Argentina, however inadvertently, has lifted the lid on widespread outrage over the state into which Friedmanite policies have driven the economy, outrage focused against economics minister Roberto Alemann, Argentina's Paul Volcker.

The opposition to Alemann's tight-money austerity policies includes the military, industrialists, bankers, opposition political leaders, and those within the government who have acquired a healthy instinct for survival. The Buenos Aires daily *Clarín* reported May 15 that Argentine President Leopoldo Galtieri complained to one of his cabinet ministers, "The patient has already taken its medicine, and yet continues to worsen. . . . After the [Malvinas] conflict, we will have to take other measures or different courses of action."

One of the most outspoken opposition political leaders, Raul Alfonsín of the Radical Party, declared recently, "We have fallen into the Chicago School. It has been a disaster—like the neutron bomb in reverse. The people are alive, but the productive machine is destroyed." He was referring to the as many as 10 and 12 bankruptcies per day hitting the productive sectors of the economy. With interest rates ranging from 150 to 200 percent, industry is estimated to be operating at barely 50 percent capacity, and production rates are dropping.

The Argentine Industrial Union (UIA) issued a highly controversial document in mid-May which stated: "The current norms . . . have nearly destroyed the productive apparatus and have inevitably and seriously affected banking activities such that neither Argentina nor any other country in the world could subsist for any length of time with the extremely high rates of interest that dominate the market."

In a warning to the Galtieri government, the UIA document says, "No country neglects for a moment its internal market. . . . This must be the point of departure to pass from an economy of speculation to an economy of production." The document is widely interpreted as a call for Alemann's resignation.

Furious at Alemann's refusal to address the interest-rate problem, the Argentine Chamber of Financial

Companies insisted that "modifying the excessively high interest rates down to the actual capability of the productive sector to pay should constitute at this moment the priority of economic policy."

Bankers denounce Alemann

Alemann had centered his emergency proposals around a gradual dismantling of central bank guarantees on deposits, guarantees he claimed were a root cause of high interest rates. The Argentine Institute of Cooperative Funds countered that the measure would only "aggravate the market situation, introducing one more element of disorientation . . . and tending to concentrate the financial system to the benefit of the foreign banks."

The Argentine junta has begun to show some awareness that Alemann's policies could undermine the country's war effort. In a statement released the week of May 10 by the Public Information Service (the propaganda arm of the ruling junta), Galtieri ordered a temporary "halt" to the process of "denationalization" of Argentina's once-huge state sector, thereby striking a blow at the centerpiece of Alemann's economic program.

Galtieri's public explanation was the need to avoid "interruptions" of the war mobilization. However, it is well known that the principal targets of the denationalization strategy were the state-run oil company Yacimientos Petrolíferos Argentinos (YPF) and the massive military-run industrial complex Industrias Militares. The essence of the fight is whether the vital state sector will be dismantled as Alemann plans.

While many of the country's industrialists view this move as just a temporary retreat in the face of their anti-Alemann campaign and not as a fundamental shift in economic policy, there are indications that a factional battle is occurring on the issue within the government. *Clarín* reported May 16 that the Minister of Public Works, an Alemann ally, had violently protested the halt in denationalization. Alemann was out of the country at the time.

A *Clarín* economic review dated May 16 is nonetheless hopeful that a pro-industrial tendency is taking root inside the government. "Sectors of the government are beginning to understand that a good war economy depends less on norms dictated in times of emergency than on the health and vigor of the economy to which they are applied. And if it is sunk in deep crisis, this not only compromises the material effort which national defense demands, but also the social peace one hopes to consolidate in the postwar period."

What is required, concludes the analysis, is to "force the machinery" with exceptional stimulants, taking advantage of the fact that the industrial sector is operating with a major portion of its capacity unused."

Alexander Haig sabotages Washington's Mideast policy

by Robert Dreyfuss, Middle East Editor

Interviews with U.S. diplomatic and intelligence personnel and senior Middle East diplomats have revealed a East policy on the part of the Reagan administration in support of American interests in the area.

"Your President simply is not acting forcefully, not presidential," said a top Arab diplomat candidly. "It is presidential," said a top Arab diplomat candidly. "It is hard to us to believe, but we do not even know whom to talk to. The White House is not leading the policy, it is just allowing others to pull and push in several different directions."

A former U.S. ambassador with extensive Middle East experience said bluntly, "We are heading for a disaster. The idiots at the State Department simply don't know what they are doing. If Iran is allowed to make further gains, what will happen is this: the Iraqis will realign themselves with the Soviet Union and Syria, there will be a leftist takeover in Iran soon thereafter, and the Arab Gulf states will have to accommodate themselves to the Soviet Union, which will become the strongest regional power."

He added, "And this is exactly what the Israelis want to happen. They believe that this will force the United States to support them and them alone. I would say that Haig agrees with this policy."

And from a diplomat from one of the states of the Arab Gulf: "U.S. credibility is on the line. Iran's military victories are seen throughout the Gulf as a humiliation of the United States. We remember how the mullahs treated the Carter administration during the hostage affair. The result is that the United States is not seen as a reliable ally. In the Gulf, there is extreme concern over Iran's threats—but as a result there will not be, as some people think, any Arab Gulf rush to ally with the Western states and NATO. Precisely the reverse will occur."

The cause of this situation is that former Secretary of State Henry Kissinger, the self-admitted agent of the British Empire, has been allowed to coordinate a clique which intends to politically collapse Egypt and Iraq, and to cause a dramatic shift in Saudi Arabia and the Persian

Gulf to the advantage of Great Britain and the Soviet Union.

Led by Secretary of State Alexander Haig, this "Kissinger mafia" has steered the Reagan government into a policy track essentially identical with that of the discredited Carter administration.

Kissinger, through Haig and other allies in and outside of the administration, is orchestrating U.S. support for the Iranian mullah regime in its war with Iraq. Furthermore, ignoring both American and Israeli distaste for Israeli Defense Minister Sharon, Haig's State Department and the Kissinger mafia are backing the revival of the U.S.-Israeli Memorandum of Understanding on Strategic Cooperation, thus committing the United States to a military alliance with Israel.

Among the policies carried over from the Carter era by the Kissinger circle are: support for Iran's brand of "Islamic fundamentalism" as a bulwark of U.S. influence against Soviet expansion, a favored outlook of Zbigniew Brzezinski; reliance on the inept and useless Rapid Deployment Force as a semi-colonial military arm; and continued agreement with the Israeli interpretation of the terms of the Camp David accords, to the exclusion of a dialogue with the Palestinians.

Kissinger's Geneva boys

The looming catastrophe in the Middle East has been building since the era of President Ford, when a small clique of aides to Henry Kissinger assumed an almost total dictatorship over U.S. policy toward the Middle East. Under three presidents—Ford, Carter, and now Reagan—this Kissinger crew has steered American policy in a pro-British direction.

Included in the Kissinger mafia are the so-called Geneva boys, the Kissinger aides who attended the 1973 Middle East conference in Geneva with the Secretary of State. In the latest volume of Kissinger's memoirs, *Years of Upheaval*, there is a photograph of most of the group at the opening of the Geneva talks.

Among the Kissinger underlings who deserve men-

tion, besides Haig himself, are Deputy Secretary of State Lawrence Eagleburger; U.S. special envoy on Lebanon Philip Habib, Kissinger's former number-two man; U.S. Ambassador in Cairo Alfred Atherton; and a host of Middle East specialists now in key unofficial positions, like Harold Saunders of the American Enterprise Institute; Joseph Sisco, the Trilateral Commission's Middle East specialist; Bill Quandt of the Brookings Institution; and so forth (see article, page 32).

In the Pentagon and the National Security Council, others—such as Eugene Rostow, Richard Perle, and Geoffrey Kemp—are part of the network of the Kissinger “old boys.”

Despite controversies within the administration, Haig is reported to be in control of Middle East policy. In fact, in the near future Haig intends to replace Assistant Secretary of State Nick Veliotis—who is reportedly at his wits end over American policy and has threatened to resign—with U.S. Ambassador to Israel Samuel Lewis, says *Newsweek* magazine. The reason, they report, is that Haig feels more comfortable with Lewis and seeks his own team in the Near East Bureau.

The policy orientation of the clique is to subordinate American Middle East policy to the goals of London's Foreign Office. Basically, that means that the United States' influence in the Middle East must be eradicated, in order to clear the way for expanded Anglo-Soviet influence in the region. London, which seeks to reorganize NATO for greater involvement in the underdeveloped sector, is prepared to offer to Moscow a deal in the Middle East: in exchange for toleration by the U.S.S.R. of NATO intervention in crucial Third World countries, where British banks have outstanding debt obligations, the British will facilitate greater Soviet influence in the area of Southwest Asia.

The British-Soviet cooperation in toppling Iran's Shah and supporting the mullahs is a case in point.

Another case in point: Israel Defense Minister Ariel Sharon, who makes Menachem Begin look like a moderate, is consciously taking advantage of U.S. weakness in preparation for expanding Israel's role as a regional “superpower.” Despite reports of scattered opposition to Sharon in Washington from the Pentagon and U.S. military, Secretary of State Haig is intent on ramming through a revival of the agreement on strategic cooperation. Sharon, who arrived in the United States on May 20, expects to be able to force a rewrite of the Memorandum to the advantage of Israel (see Middle East Report, page 45).

The Memorandum of Understanding, which was suspended by Reagan last December after Israel's illegal annexation of the Syrian Golan Heights, is a drastic “anti-Soviet” document, which portrays the American-Israeli military relations as the primary means to deter Soviet influence in the region. In addition, the Memo

provides hundreds of millions of dollars in military benefits to the Israeli arms industry and pledges to foster greater Israeli arms exports to the NATO countries, Latin American states, and Africa.

The Memo locks Washington into a narrow alliance with Israel, virtually handing the Arab states to the Soviet Union and to whatever British-sponsored “moderate anti-American” movement should develop! That, in fact, is Sharon's motivation.

U.S. backing for Iran

Even more outrageous than the self-defeating U.S. support for Sharon is Haig's continued backing for the Iranian regime.

Since late March, Iran has managed to drive back Iraqi forces toward the Iranian-Iraqi border, though at enormous casualties for Iran's “human-wave attack forces.” Iraq, which went to war in September 1980 after unprovoked Iranian attacks, sought to defend itself and the Gulf states from the spread of the Khomeini plague. But, within a few months, Iraq found itself without allies internationally and bogged down in an unwinnable war.

Iran, in the meantime, picked up substantial support from Israel, Great Britain, and the United States, along with Syria, Libya, and North Korea—and quiet Soviet backing. Now, Iran is readying its forces for an attack against the Iraqi-occupied city of Khorramshahr, where thousands of Iraqi troops have dug in for a determined defense. Two Iraqi divisions are deployed north of Khorramshahr for the defense of the city, and elements of nine Iraqi divisions are stationed just across the border in Iraq east of Basra, the southern port city of Iraq.

Iraqi strategy seems to be to pull back from an unwinnable situation to the border amid hope that Iran agrees to negotiations on a ceasefire and settlement talks. However, Iran seems determined to first push Iraq out of Khorramshahr, which has been described as a Stalingrad-type battle in preparation. At present, Iraq is restricted to a single supply route linking Basra to Khorramshahr for resupplying its forces.

Yet Iranian leaders have proclaimed their goal repeatedly in the past weeks of spreading the Iranian revolution to Kuwait, Saudi Arabia, and the rest of the Gulf, and most military analysts expect Iran to try to cross the Iraqi border in an effort to destroy the Iraqi regime. That goal, while perhaps not one Iran can achieve easily or at all, is a challenge of the first magnitude to the most basic U.S. interests in Gulf stability.

Despite this situation—described by one Arab diplomat as an “emergency”—Haig not only continues to tolerate Israeli support for Iran, but supports the delivery of American weapons to Iran's forces.

Crisis in Israel

The Defense Minister wants to take Lebanon, and much more. Will Begin or Sharon come out on top?

Following months of factional warfare and infighting, a government crisis has erupted in Israel, bringing to a head the tensions between Prime Minister Menachem Begin and Defense Minister Ariel Sharon over whether to invade Lebanon.

Sharon's strategy for coming to power is war.

For months now, Sharon, with the tacit support of Secretary of State Alexander Haig, has been straining at the leash to occupy the southern half of Lebanon and conduct military operations into Jordan and even, possibly, Saudi Arabia. His goal is straightforward: to exterminate the Palestine Liberation Organization, and at the same time use a military spectacular to catapult himself into power in Israel as some latter-day Caesar.

To block Sharon's power play, Begin, and a number of military officers associated with the Labour Party, have managed to temporarily check Sharon's extremism.

Begin favors early elections in order to gain an absolute parliamentary majority, thereby freeing himself from his current dependence on the extremist religious parties.

The opposition Labour Party, which would almost certainly lose to Begin's Likud in new elections, would like somehow to maneuver itself into power *without* elections, through a deal with either Begin or one or more of the extremist par-

ties.

However, with his government now collapsing because of defections, Begin is fast losing his ability to keep his renegade defense minister in tow. Encouraged by the political turmoil, Sharon hopes to forge ahead with his dangerous Lebanon invasion plans.

Sharon's sidekick, Chief of Staff Rafael Eytan, coyly warned May 14 that he "might go into Beirut." As many as 60,000 Israeli troops have been massed on the Lebanese border in preparation for what is already being called in Israel "Sharon's war."

Sharon does not enjoy an open field. Inside the Cabinet, Ministers Ehrlich, Levy, Zippori, Aridor, Berman, and Burg oppose him. He is also being restrained from outside—namely, by Washington.

The first signs came weeks ago, when President Reagan was said to have personally issued several warnings to Israel to refrain from invading Lebanon.

Then, on the eve of Sharon's scheduled May 21 arrival in Washington to sign a reconstituted Memorandum of Understanding on U.S.-Israeli Strategic Cooperation, rumors began to fly that the official part of Sharon's Washington visit would be canceled, the Memorandum would be put back on the shelf, and Sharon's stay would be limited to fund-raising for Israel.

According to one intelligence

source, a controversy has arisen between Sharon and Defense Secretary Caspar Weinberger over the Memorandum of Understanding. "The United States is now seeking an explicit commitment from Sharon not to attack Lebanon before any revival of the MOU can be expected," the source said. "Weinberger is absolutely insistent on this.

"Sharon, however, doesn't want his hands tied by such a commitment. In fact, what Sharon is looking for is an official letter from Reagan stating that the United States is unalterably opposed to a Palestinian state in the West Bank and Gaza. Then and only then will Sharon agree to stay out of Lebanon."

The snag around the MOU does not mean that the Memorandum is being scrapped. What it could indicate is that Reagan, and Weinberger, want to consummate the deal not with Sharon but with Begin (the prime minister visits Washington in June) so as to strengthen the somewhat more moderate Begin against Sharon.

Another setback for Sharon was the May 19 vote of no confidence in the Knesset, which Begin managed to squeak through with a narrow one-vote margin. Sharon had intended to use a government collapse to launch his military move.

That possibility still very much exists. Both the Liberal Party and the National Religious Party may bolt the Likud-led coalition, leading to a complete government reorganization.

That would not necessarily bode ill for Israel. The question is what Sharon has up his sleeve—and what the Reagan administration intends to do to restrain him.

The FBI scandal: Part II

The story of Sir William Stephenson's 45-year-old gift to the Americas: illegal Bureau activity.

Last week our investigation into the intelligence operation known as the Social Democratic Party (PSD) unearthed the U.S. Federal Bureau of Investigation, whose name also came up in the attempt to wreck Mexico's independent security-intelligence capabilities through the scandal around Miguel Nassar Haro, head of Mexico's Dirección Federal de Seguridad.

But this is not a recent phenomenon. It began with a deal made between the British covert-intelligence Special Operations Executive (SOE) and American intelligence in 1938.

The special arrangement that brought the FBI into Mexico was formulated by Nelson Rockefeller, then head of the Office of Coordinator of Inter-American Affairs; the Division Five of the FBI (counterintelligence) headed at the time by Canadian Louis Mortimer Bloomfield; and Bloomfield's boss at the British SOE, Sir William Stephenson ("Intrepid"). The wartime U.S. Office of Strategic Services was never permitted to operate in Mexico, and its successor, the CIA, came in only as a junior partner.

One of the first successes of this arrangement was the assassination of Leon Trotsky in the Mexico City suburb of Coyoacán in August 1940. The assassin, Jacques Mercador, had been permitted through the security screen President Lázaro Cárdenas had provided Trotsky, on the basis of recommendations

from the Communist Party U.S.A. and the Socialist Workers Party of the United States. As records later proved, both organizations had been under the top-down control of the FBI since 1936 at the latest. The operation also featured the cooperation, through London, of the predecessor of the Soviet KGB.

The coordination between these different intelligence agencies was upgraded by the 1950s and early 1960s "defections" of British agents Kim Philby, Guy Burgess and Donald Mclean from the top levels of the British Secret Intelligence Services to equally top posts in the Soviet apparatus—the most successful triple agent operation in history.

It was this British-FBI-Soviet nexus, directed by Stephenson and Bloomfield, that was the force behind the assassination of President John Kennedy in 1963.

The entrance of the CIA into Mexico in 1950 did nothing to bring a halt to the FBI, London, and Soviet interface. The man directing the CIA's operations in Mexico was James Jesus Angleton, a cohort of Stephenson and Bloomfield, and Kim Philby's liaison officer in the United States for 14 years. Angleton directed his CIA officers to give cover to FBI operations in Mexico.

His two men on the scene in Mexico in 1950 were E. Howard Hunt and William F. Buckley. Later, E. Howard Hunt would reput-

edly help arrange the Mexican contact points for Lee Harvey Oswald's return to the United States from the Soviet Union.

The Buckley family's allegiance to the FBI was so close that brother James, raised recently to the number 3 post in the State Department, ran at that time a club called "The Friends of the FBI."

Today the Buckleys are at the center of the Dope, Inc. conclave in Mexico centered around Acapulco boss and former President, Miguel Alemán, along with New York mob attorney Roy Cohn, Henry Kissinger, and the Baron di Portanova family.

It was not surprising, therefore, that the PSD's presidential candidate, Manuel Moreno Sánchez, received the endorsement of Mexico City's English-language daily, *The News*, on May 18. *The News* is run by some of Alemán's very close business cronies.

The editorial admits that none of the minor candidates can win, but is enthralled with the PSD's "co-participation" scheme whereby workers in state-owned industries would have to buy equity in the concerns, in Mussolinian fashion.

Postscript: the PSD has run into trouble, since it came under our scrutiny, in passing itself off as a political party. In mid-May, just six weeks before the elections, the PSD went to the Mexican Federal Election Commission to have 40 out of 120 of the names on its slate for national office changed. Rodolfo González Guevara, Commission head and a top Interior Ministry official, called the request incredible. The request was denied; the PSD's future as a registered party after the July 4 elections is uncertain.

King Hassan's visit

With a tradition of nationhood that is rare for North Africa, Morocco should be aided, not set up, by the U.S.

King Hassan II of Morocco, along with several of his ministers, arrived in the U.S. May 18 for a week-long visit. If the kind of aid the Kissinger-shaped State Department has given to other U.S. allies is any harbinger, the aid and advice offered by the Kissinger/Haig combination could well lead to Hassan's political demise.

President Roosevelt made his famous denunciation of colonialism while in Morocco for a summit during World War II, putting forward the American system of industrial development as an alternative. It was also during World War II that the Moroccan independence movement was formally organized, leading to independence in 1956. In addition to being one of the United States's longest-standing allies in Africa, the kingdom of Morocco is more of a nation than the rest of the North African countries, because of its long history predating its takeover by French and Spanish colonial powers, as well as institutions such as the 1,000-year-old university at Fez.

Even in the eyes of the opposition parties in Morocco, the institution of the monarchy is considered vital to ensure the integrity of the state. One Moroccan source insisted to me, even though he doesn't see eye to eye with Hassan on many policy questions, that "without the monarchy in Morocco, you would have permanent destabilization. The monarchy keeps the nation to-

gether."

And all the political parties in Morocco are in favor of getting nuclear power generating capacity, an indication that all the political currents in the country have put the development of the nation above the immediate interests of their political group.

For these reasons the monarchy of King Hassan II represents the biggest obstacle in northern Africa to the State Department's plans of controlled economic disintegration and dismantling nation-states.

The fact Kissinger-Haig networks push for a military buildup in Morocco indicates that they are trying to lock Hassan into the "right" side of a right-versus-left conflict like those Haig has organized in Central America.

The political problem confronting Hassan is the conflict over the Western Sahara, which is pitting Morocco against Algeria, Libya, and the Polisario liberation group, which is backed by the latter two countries. Polisario is demanding independence of the territory for the 70,000 or so nomads who wander in and out of the area.

A coup within the Organization of African Unity in February led to the OAU suddenly admitting the Polisario, and wrecking a referendum that Hassan II had agreed on to resolve the crisis. A referendum has historically been the way to resolve such conflicts in the OAU.

In April the Polisario began

threatening to get arms from the Soviets if Hassan refuses to negotiate independence with them, thus providing the "left" side of the scenario. In addition to the Socialist International, France (Morocco's traditional ally) is also lending a very sympathetic ear to the rebels, and has swung to the Algerian side of the spectrum, further pushing Hassan into the Haig-Kissinger orbit.

Haig is demanding that Morocco grant Rapid Deployment Force (RDF) bases as a precondition for military support, a move that will only isolate Hassan in the OAU and hasten the Iranization of Morocco.

On the day of Hassan's arrival in the United States, Angier Biddle Duke, a former U.S. ambassador to Morocco and leading advocate of Third World population reduction, said that he is working to establish Morocco as a staging area for the RDF. Duke is arranging meetings for Hassan in New York when the King arrives to speak before the Council on Foreign Relations along with Henry Kissinger.

The U.S. ambassador to Morocco, Joseph Verner Reed, is promising increased U.S. military aid if Hassan plays ball with Haig. Reed is a close associate of David Rockefeller, who is the Kissinger piggy bank; it was Rockefeller's intercession with Reagan that got Reed the job. The State Department has proposed a 200 percent increase in military aid to Morocco.

Ironically, proponents of the RDF in Washington are saying privately that Morocco is not all that crucial for the RDF, since Portugal and Spain also both lie right across the route to the Middle East, making Morocco only one of three possibilities.

International Intelligence

Mubarak crackdown on Muslim Brotherhood

Egyptian President Hosni Mubarak has begun to make good on a pledge voiced during a major address the second week in May, to crack down on Muslim extremists in Egypt. On May 15 Mubarak replaced the governors of seven Egyptian provinces, including Alexandria and Asyut—the stronghold of the Muslim Brotherhood and organized crime in the country.

Mubarak is also expected to change his cabinet in preparation for a new set of economic reforms. These are likely to focus on cleaning up the dope-dealing Mafia in Alexandria and other “free-enterprise” zones.

Informed observers are warning that the Muslim Brotherhood may attempt to stage a revolt sometime this summer, perhaps during the Ramadhan holiday in July. The May 16 *Christian Science Monitor* transmits a detailed picture of the Jihad extremist group as composed of crack terrorist and assassination squads, with members in the Air Force, military intelligence, and Army central headquarters.

‘Law of the Sea’ rigged for London

The heart of the controversial U.N. Law of the Sea Treaty, which in May received a 130 to 4 vote approval in the General Assembly, was rigged by persons tied to the London-based metals marketing cartel.

Under the rhetorical cover of promising deep-sea-bed minerals to be developed by a supranational U.N. Seabed Authority as “the common heritage of mankind,” the final draft of the treaty ensures the present dominance of the London group.

Under the treaty, any development of such mineral resources as manganese nodules from the ocean floor will be sub-

ject to production and pricing controls set by the Authority. The Authority, in turn, is mandated to set prices according to a formula worked out between then-U.S. Law of the Sea Special Negotiator Elliot Richardson and his Canadian counterpart, Alan Beaseley. Their formula, which was then backed by Zaire and Zimbabwe, artificially restricts seabed mining for at least a 20-year period by a formula based on world nickel consumption. Nickel is one of four valuable minerals contained in manganese nodules.

Canada, a member of the British Commonwealth, controls about 80 percent of present nickel production in the non-communist world.

‘The Falklands Company should be investigated’

Dennis Small, *EIR* Latin America Editor, called for an investigation of the Falkland Island Company (FIC), the dominant corporate entity on the war-contested Malvinas Islands, at a seminar attended by international representatives May 19 in Washington, D.C. Issuing his call in behalf of *EIR* founder Lyndon H. LaRouche, Small urged both the United Nations and the OAS to demand that Great Britain fully reveal the financial and corporate facts about the FIC. Rumors that the husband of Prime Minister Thatcher is a large shareholder in the company, for example, warrant detailed investigation, he said.

Investigation of the FIC will show, Small stated, that British claims to represent the wishes for continued British rule by the “islanders” are a hoax. The so-called “islanders” are nothing more than badly paid *employees* of the FIC, and preliminary investigations reveal that they have been granted no legal rights whatsoever by the British. They live a miserable “company-town” existence, in which government and employment are all centralized at FIC headquarters.

FIC owns 43 percent of the Malvinas territory, and 50 percent of the 650,000 sheep here. There is no government on the island, no elections are ever held, and residents do not even have the minimal right of immigration to Britain accorded to official territories in the British Commonwealth.

Substantial City of London financial interests intersect FIC through its wool auctions on the London Wool Exchange, where FIC markets 1,000 tons per year. An official survey of life on the island done for the British government in 1976 reported that the island residents benefit little from these earnings, maintain very low living standards, and are not provided with minimal education facilities.

U.N. environmentalists backed by Buckley

United Nations Environmental Program (UNEP) concluded its second Conference on the Global Environment by passing resolutions to continue the program of genocide begun by UNEP with its first conference 10 years ago in Stockholm.

Some of UNEP’s recommendations (and the implications of carrying them out) included:

- “The development of global, regional, and national programs to deal with the problems of acid rain, carbon dioxide, and the depletion of the ozone.” Translation: stop industry.

- “Improved management practices to prevent the loss of forests . . . alternatives to the use of pesticides, and preserve genetic resources . . .” Translation: stop agriculture and rural economic development.

- “Environmentally sound planning to deal with the problem of population growth that is outstripping the capacity of governments to provide essential services in many areas of the world.” Translation: kill the poor.

- Reducing the risk of serious pollution and natural resource degradation

from inappropriate industrial development." Translation: stop industry.

James Buckley, whom Alexander Haig has just promoted to State Department's number-three position, was the United States' top representative at the conference. Buckley placed the United States on record as objecting only to a clause saying that war, especially nuclear war, poses a grave threat to the human environment, and objected to a Third World formulation calling for a new economic order that would allow for global development.

Zaire reestablishes relations with Israel

The director of the office of President Mobutu of Zaire met with Israeli Prime Minister Begin and Foreign Minister Shamir May 16 to formally convey the Zaire decision to re-establish diplomatic relations with Israel, which had been announced May 14 in Kinshasha by Mobutu. Twenty-six of 29 African nations that had had relations with Israel broke them off after the 1973 war against Egypt; Zaire had been the first.

David Kimche, member of a Swiss banking family, was reportedly the key figure behind the effort to re-establish Israeli relations with African nations. A member the Israeli secret service, the Mossad, for 27 years before becoming Director-General of the Israeli Foreign Ministry, in the past few years Kimche has made several trips to meet African leaders. Kimche reportedly gained wide experience in Africa while in the Mossad.

Under President Mitterrand France has been playing a key role in opening doors for Israel in Africa, especially among its French-speaking former colonies. Zaire is expected to be the first of several African countries to renew ties to Israel now that the Sinai has been returned to Egypt.

Israel has extensive security and business connections in Africa, many of which continued to operate after relations were formally broken.

Terror intended to keep Spain in line?

After Spain became the first and only West European nation to both support Argentine sovereignty over the Malvinas Islands and oppose the British military deployment there, the country has been hit with a renewed wave of Basque separatist terrorism.

On May 5 the director of the Lemoniz nuclear power plant in the Basque region, Angel Pascual Múgica, was assassinated by ETA terrorists. The nuclear power plant has been the target of terrorist actions since its construction began in 1977, and six workers and staff members have lost their lives.

Following the Pascual assassination, the government of the Basque province announced on May 11 that it could no longer provide security for the technicians of Lemoniz. The plant would continue to operate, said Vice-President Martin Villa, but if necessary, the American company Bechtel, which specializes in construction under military conditions, would be called upon to run the facility.

The next day the whole technical staff at Lemoniz resigned, saying that terrorism had made their "personal, family, and professional situations unbearable." The main telephone center in Madrid was bombed on April 23; civil guards and policemen were assassinated in the Basque province, and the bombing of an electric main near San Sebastian left the city without electricity.

Hugo de Borbon-Parma, the pretender to the throne of Spain who is known as a controller of ETA, is a key link in a chain of terrorist controllers that includes British intelligence as well. He is connected by marriage to the Braganza noble family which plays a role in the Latin American subversive network known as "Tradition, Family, and Property." This secret society, which works closely with the Jesuits, includes as one of its members Fernandez Krohn, the man who tried to assassinate Pope John Paul II in Portugal.

Briefly

● **THE GREEN PARTY**, West Germany's environmentalist party, nominated a convicted high-jacker at its party convention in Frankfurt on May 15-16. The gentleman, named Keppel, who will appear on the Green's list for the Hesse state parliament, was given a two three-and-a-half year sentence in 1979. Other Green candidates have distinguished themselves as neo-Nazis.

● **GERHARD BAUM**, West Germany's Interior Minister, approved the start of construction on three nuclear plants early this year—the first such approval in five years. But Baum has since introduced regulations which the electric companies say will make the plants unfeasible investments.

● **MARY LALEVÉE**, one of *EIR*'s Wiesbaden Bureau Chiefs, addressed a group of 80 Germans and Iranians in Göttingen, West Germany May 15 on "The Future of Iran."

● **PRAVDA** on May 18 carried an imaginary interview by the *New York Daily News* with George Washington, on the subject of the Malvinas and America's "special relationship" with London. In it, Washington rebukes the *News* for saying that liberation movements "nothing but a mask for international terrorism," reminding the interviewer of Washington's own war of liberation against the British. "But General, you are simply out of date," the newsman replies.

● **THE WELSH** nationalist party, Plaid Cymru, has demanded that Prime Minister Thatcher halt all military action against Argentina. The descendants of Scottish immigrants in the South American Bagpiping Association are also tooting for their country, Argentina, which has proven itself far more respecting of ethnic immigrants than England.

LaRouche in Washington: 'Harriman racists in control'

by Nancy Spannaus, Contributing Editor

The consequences of the imminent disappearance of the United States as a superpower was the primary theme of *EIR* founder and National Democratic Policy Committee Advisory Board Chairman Lyndon H. LaRouche's keynote address to an *EIR* conference in that nation's capital May 19. By taking dictation from the British Empire, the United States government—led by Alexander Haig and the associates of Gov. Averell Harriman—is adopting a policy of racist population wars that puts Hitler to shame.

The Harrimanite racist policy, now being promoted both within the misnamed peace movement and in the official military policy deliberations within the State and Defense Departments, is best understood as a replica of the British oligarchy's Cecil Rhodes plan: clean out the black, brown, and yellow people in order to retain "natural resources" for the white Anglo-Saxon race.

The setting of the conference itself underscored LaRouche's judgment. Although a handful of U.S. government officials showed up for the morning session on the breaking crises around the Malvinas and the international financial situation, not a single government official appeared among the 130 attendees at the LaRouche presentation. The degree to which this demonstrates the closing of the grip of the Harriman genocidalists on the Reagan administration is underscored by the fact that last year's *EIR* events featuring LaRouche drew several tens of representatives from the government.

Equally shocking was the fact that among the 48 representatives of foreign governments who attended the LaRouche address, only one came from the Western European "white Anglo-Saxon" nations. There were, however, upwards of 50 representatives of the National

Democratic Policy Committee political action group.

When LaRouche concluded his speech with a call for the American Century policy of development that was mooted by Franklin Delano Roosevelt during World War II and abandoned after his death, it was unambiguous that the NDPC and other LaRouche-led organizations, along with LaRouche-influenced Third World governments, were the only ones who had the moral qualifications and capability to carry it out.

The LaRouche vote

The growing capability for the NDPC to reverse the Harrimanite takeover of the Reagan administration was underlined by brief preliminary remarks made at the afternoon session by NDPC Chairman Warren Hamerman. Hamerman reported that on Saturday night, May 16, LaRouche had appeared on a half-hour television program in Philadelphia, Pennsylvania to urge the population to reject British colonialist policy in any way they could, including a vote for NDPC-backed candidate Steve Douglas in the May 18 Democratic gubernatorial primary.

Three days later the electorate of Philadelphia gave the relatively unknown Douglas a whopping 35 percent of the vote.

Throughout the rest of the state, where Douglas and LaRouche did not have media time, Democrats nonetheless gave Douglas 20 percent of the vote. This demonstrates, Hamerman stressed, that anyone who says that America backs Britain's racist war in the South Atlantic is lying. The American population rejects British colonialism—it is waiting for leadership.

Great Britain has taken over the policymaking of

the United States in large part, LaRouche began. In fact the primary purpose of the Malvinas Islands affair has been to subordinate the United States to the oligarchic policy of genocidal population wars.

The Harrimanite policy, which is that of Global 2000, Global Futures, and the military ravings of Vietnam butcher, Gen. Maxwell Taylor, defines "the principal strategic threat of the 1980s to be not the Soviet military forces, but the size of the population of Latin America, Africa, and Asia. They assert that the excessive numbers of black, brown, and yellow-hued peoples are consuming altogether too much of the natural resources of the territories they inhabit, natural resources which the Anglo-Saxon race must conserve for itself. This, very briefly of course, is what Maxwell Taylor and his cothinkers mean by asserting that 'raw materials and population' are the fundamental strategic issues of the 1980s. As Taylor and others emphasize, the 'excessive population' of Latin America, Africa, and Asia is for them the fundamental military-strategic issue of this decade and beyond."

Thus the purpose of wars in the developing sector is to depopulate. "The source of war in these regions [Latin America, Africa, and Asia] of the world is intended to destroy large portions of the basic economic infrastructure of the targeted nations. The purpose is to create the conditions of famine, epidemic disease, and pestilences which will be sufficient to cause the desired increases in the death-rates."

LaRouche reviewed the introduction of these policies in the U.S. through Rhodes scholar William Fulbright, confessed British agent Henry Kissinger, Harrimanite Cyrus Vance, and currently a network of largely Kissingerian implants in numerous departments of the Reagan administration (see Special Report, page 32).

"Granted, the point has not yet been reached at which any U.S. official can publicly announce that multinational military forces of Britain, the United States, and France are fighting wars in Latin America, Asia, or Africa for the explicit purpose of depopulating those regions of the world," LaRouche stated. "Other pretexts for such military deployments will be found," like the current Malvinas crisis.

The Harrimanites hope, LaRouche added, that the Soviet Union will sit back and let this racist butchery proceed unhindered. First, they devoutly hope that "the 'Soviet Empire' will do us the favor of gradually crumbling away through internal eruptions pouring from Eastern Europe, into the Caucasus and into the 'Islamic fundamentalists' of Soviet Central Asia. It is believed that by humiliating the United States in foreign policy, as Secretary Haig is accomplishing quite effectively, the United States, . . . will develop a savage 'Fortress America' disposition forcing the Soviet Union to increase substantially its military expenditures," which in

turn are hoped to be effective in dissolving Soviet power. "What the Harrimanites fear is a premature confrontation with Moscow," said LaRouche. They look instead to the peace movement to create conditions for a long-term strategy of destabilization until they are ready to make a confrontation.

Second, they ignore the kind of warfare which the Soviet Union is prepared and willing to fight—including the use of space-based anti-missile weapons in full thermonuclear conflict.

The Soviets will not allow themselves to crumble, LaRouche continued, as was documented at a February *EIR* seminar. "Rather, under a Harrimanite policy combined with the consequences of Paul Volcker's usury, the Atlantic Alliance will plunge into a condition of ruin and despair in which thermonuclear bluffing becomes the Alliance's only effective force against relatively superior Soviet capabilities in depth. That is the kernel of the process by which all support for the Harrimanites, whether from Senator Kennedy or Alexander Haig or from Moscow, puts the world on the track toward an almost inevitable thermonuclear war."

An American Century policy

LaRouche next outlined the republican counter-policy to the current world strategic lunacy. Starting with a brief reference to his published proposals for an agreement between the United States and Soviet Union on particle-beam anti-missile space-based systems, LaRouche called for a "resurrection" of the American Century doctrine. That policy is to replace "British 18th century methods" with an American high-technology, developmental approach.

LaRouche illustrated what he meant by the American method by outlining four interlinked measures that alone could reverse the present.

1) Unilateral remonetization of U.S. gold reserves at approximately \$500 an ounce, and the firing of Federal Reserve Chairman Paul Volcker; 2) Enter a gold-reserve settlement of balances among those nations who adopt similar gold-reserve policies; 3) Federalize the Federal Reserve System and impose regulations to end Eurodollar-like speculation; and 4) Create an adequate supply of lendable credit on the order of \$200-400 billion in gold-based currency notes.

In sum, this program means the elimination of the domination of world monetary affairs by the racist genocidalists who reside in London and Switzerland. Due to Moscow's error of equating capitalism with British rentier parasitism, it is only the United States which can re-order world monetary affairs in this way.

Perhaps the potential for carrying out this proposal was shown by the fact that as he finished speaking, Mr. LaRouche received a standing ovation from the largely diplomatic audience.

Senate mandates beam weapons

Very different factions support the recent push to develop advanced anti-missile capabilities, reports Military Editor Steven Bardwell.

In a voice vote on May 17, the full U.S. Senate added an amendment to the FY83 Department of Defense budget appropriation committing the United States to build a space-based laser anti-ballistic missile system within the decade. By Dec. 1, the DOD is ordered to submit to Congress a specific plan for developing such systems. Co-sponsored by Sens. Malcolm Wallop (R.-Wyo.), Harrison Schmitt (R.-N.M.), Jake Garn (R.-Utah), John Warner (R.-Va.), Don Nickles (R.-Okla.), Barry Goldwater (R.-Ariz.), Alphonse D'Amato (R.-N.Y.), S. I. Hayakawa (R.-Calif.), Mack Mattingly (R.-Ga.), and John East (R.-N.C.), the resolution reads: "The Secretary of Defense shall spend such funds as are authorized and appropriated for an orbiting laser weapon system to produce such systems as quickly as technology will allow . . . within a decade."

While appropriating no new funds for the laser-weapon research effort, the resolution opens the way for a national policy debate on advanced strategic weaponry and overall economic-technological capabilities. The timing is interesting: the 1972-74 U.S.-U.S.S.R. agreement on anti-ballistic missiles is up for renewal this fall.

The resolution meanwhile makes the Senate's reply to the House version of the DOD appropriation bill, which cut the DOD's request for funds by more than half. Capitol Hill observers see both positions as preparations for the upcoming conference-committee negotiations on the DOD funding bill, with the Senate firmly on the pro-beam weapons side and the House opposed.

The factional line-up

The fight over accelerated development of beam weapons has divided Washington in several unexpected ways. The opponents to development of beam weaponry for ballistic missile defense is centered in the highest levels of the Air Force. One Senate staff member describes "the group of old-guard generals who run the Air Force who are opposed to any qualitatively new technology in the military." This group in the Pentagon is not opposed to the use of lasers for tactical, battlefield deployment (for anti-aircraft or anti-armor missions),

but has firmly committed itself to opposing the beam weapon for defense against ballistic missiles.

As all military analysts have realized, the perfection of a beam weapon capable of destroying nuclear-armed ballistic missiles would totally change the nature of modern nuclear warfare: for the first time in 25 years, a defense against nuclear holocaust would be feasible. The beam weapon—whether using a laser beam or a beam of particles (or more exotic plasma or microwave beams)—is theoretically capable of aiming a ray carrying a large amount of energy with pinpoint accuracy over many hundreds of miles, and destroying instantaneously (at the speed of light) an incoming missile. It is the first technology which even promises to be capable of a complete defense against nuclear holocaust.

This Pentagon group, backed by influential circles in other parts of the DOD, has consistently opposed not only beam-weapon development, but any defense against nuclear weapons in the name of preserving the nuclear strategy of "mutually assured destruction," the idea that the greatest deterrent to nuclear war is the assurance by both nuclear superpowers that their adversary has the ability to destroy them should they start a nuclear war. This doctrine, more accurately called assured vulnerability, has been accepted only by the United States; the Soviet Union has consistently stressed all aspects of nuclear defense (civil defense, anti-missile missiles, and an aggressive beam development program).

Senator Wallop, in his speech introducing the amendment, accurately stated the connection between the basic Western strategy of mutually assured destruction and the opposition to the beam weapon: "Then the doctrine of mutually assured destruction became fashionable. . . . Robert McNamara and the civilian and military dynasty he started want so much for this condition to be real that they imagined it was real. As a consequence, we had scrapped our air defense system, scrapped a promising ABM system, and slowed down our research and development for new technology on defensive weapons."

In the current fight in Washington, the anti-beam position is put forward by the House Armed Services Committee, whose leading staff person for research and development, Anthony Batista, proposed the cuts in the DOD request stopping research on the only short-term laser beam program (using chemical lasers), and restarting a longer-term basic research program in beam weapons. This opposition to the short-term chemical laser was described in public as being based on the impossibility of using long-wave-length laser light (like that produced by chemical lasers) for a beam weapon, because a long-wave-length laser would be too heavy and costly to make an effective weapon. The House committee stated its firm opposition to a "premature" development program for beam weapons, echoing the testimony put forward by the Pentagon and Air Force spokesmen.

The pro-beam weapon forces

Accurately identifying this House position on the spurious issue of short- versus long-wave-length lasers as a "red herring," the pro-beam forces in Washington have come from two widely divergent camps. On the one side, Senator Wallop (apparently aligned with British strategists) and a group of "young Turks" in the Air Force are supporting the beam weapon as the ultimate in air power. Seriously disturbed by the recent Soviet advances in beam weapon development, which include the destruction last year of an ICBM in flight by a Soviet chemical laser beam weapon, these beam weapon supporters have played on the existence of a "beam gap" and are pushing for the development of beam weapon in the United States. In spite of their agreement with the general anti-technology bias of the Air Force traditional elements, Wallop and his co-thinkers can see clearly that beam weapon technology has revolutionary implications which will not wait for the present Pentagon leadership for their development. The late April testimony by Secretary of Defense Weinberger that according to his "optimistic" estimate, the U.S. would have a beam weapon well into the 21st century, has these pro-beam spokesmen terrified.

On the other side, typified by Sen. Harrison Schmitt, and Gen. Daniel Graham, author of *The High Frontier Project*, is a group supporting the beam weapon for entirely different reasons. Their concern is the entire scope of civilian and military technologies and industrial capacities. Starting with a commitment to use the most advanced technologies of space exploration and high energy plasma technologies, the faction represented by Schmitt, the National Democratic Policy Committee led by *EIR* founder Lyndon LaRouche, and others, has identified the beam weapon research program as the keystone not merely of necessary upgrading of the U.S. military, but also, of an economic revival.

The problems of low productivity, insufficient capital investment, and decaying education would all be very efficiently addressed by a crash program for development of beam weapons. In much the same way the Apollo program did in the 1960s, a large-scale investment program in the most advanced propulsion, energy, computer, and magnetic technologies—like those demanded by the development of a space-based beam weapon for ballistic missile defense—would force the education of new scientists and engineers, provide a source of technological innovation, and generate large amounts of capital investment in the most advanced and capital intensive industries. This combination was the key to the impact of the Apollo program on the U.S. economy, and would be replicated by a beam weapon research and development program.

In a series of white papers recently released by the NDPC and the Fusion Energy Foundation, the beam weapon program is shown to be critical in developing all the technologies leading to the next, major stage in technological development, "The Plasma Age." According to the FEF, this stage of industrial technology will be as great an industrial revolution as was the introduction of electricity 100 years ago. By making available energy densities thousands of times higher than those available today, all aspects of industry will be changed: energy generation using nuclear fusion, electricity production using magnetohydrodynamics, materials processing using the fusion or plasma torches, transportation using magnetic levitation, mining and refining using plasma torches, Earth-orbit for production of exotic medical and electronic materials, and many others.

The pro-beam grouping has proposed a program consisting of three parts contained in the Senate amendment:

1) A commitment to build an orbiting anti-ballistic missile beam weapon before 1990. This program should be "technology limited, not funding limited," in the words of the recent General Accounting Office analysis which concluded that the program was, at present, funding limited.

2) A management reorganization to centralize and speed up the research and development of beam weapons. The Senate amendment calls for a "fast track" program which would allow the DOD to circumvent the usually time-consuming procurement procedures and cut the development time of the weapon by one half.

3) A reconsideration of the West's nuclear strategy. This, while only implicit in the Senate amendment, is widely discussed in Washington; the replacement of the doctrine of mutually assured destruction, by a doctrine of assured survival, in the words of General Graham, is long overdue.

A two-faceted vote on reclamation law

by Glen Mesaros

Land reclamation has become an intense political issue in the United States: that is, the role of the federal government in providing low-cost water in order to capture, or "reclaim," arid land for productive use.

House and Senate agricultural committees this year passed long-awaited reclamation reform bills, and on May 6, the House bill, H.R.5539, was voted up on the floor by 228 to 117. Both the House and Senate versions trade increased flexibility on the acreage limitations which are eligible for subsidized water, in return for a precedent-setting two-tiered water-pricing system intended to achieve full "cost recovery" to the federal government for funds spent on reclamation projects.

The BuRec

At issue is the role of the Bureau of Reclamation, which since its inception in 1902 has administered those projects in 17 Western states, and in large part fostered the modern American agricultural miracle. The BuRec, as farmers refer to the agency, built the Hoover Dam, which created the agricultural wealth of the magnificent Imperial Valley in Southern California.

The Bureau has generated economic activity which would not otherwise exist—in the form of flood control, irrigation, hydroelectric power, potable water, and recreation. Therefore, what free marketeers characterize as a "subsidy" to farmers in the form of cheap water for irrigation is no such thing, but rather an investment in the well being and productivity of the entire country. The 1902 law thus predicated its water-pricing structure on the "ability to pay" of farmers using the water.

The mandates of the BuRec are under attack by a familiar combination of radical environmentalists, who oppose high-technology farming, and free-marketeers, who oppose federal subsidies. The environmentalists have sought to enforce the 1902 law limiting the size of farms qualifying for BuRec water to 160-260 acres (at the turn of the century a well-sized farm), although farmers could lease far more land in other irrigation districts without forfeiting the right to subsidized water. In 1976, a federal court ruled in the environmentalists'

favor, and the Carter administration tried to enforce the 1902 limits.

The House bill now specifies total allowable BuRec-watered land at 960 acres, in all districts. The Senate bill, S.1867, allows farmers to own up to 1,280 acres and lease another 800 acres for a total of 2,080 subsidized acres. In addition, both bills reject residency requirements, i.e. the environmentalists' demand that the farmer live on the land in question.

The 'cost-recovery' question

While the "greenies" have been set back, the free-marketeers have made gains. The new bills specify that farmers whose acreage exceeds the limit may still purchase water—but at "full cost-recovery rates." The bills also eliminate any ambiguity about subsidized water itself: "the price of project water . . . shall be at least sufficient to recover all operation and maintenance charges which the district is obligated to pay the United States."

These provisions accordingly establish a two-tiered pricing system, which one water lobbyist in Washington described as a potential "nightmare" to regulate. The two bills also differ on full cost recovery, as the House bill stipulates payment according to interest charges on government issues at the time of construction, but the Senate version wants to pro-rate *current* higher interest charges into the formula.

The Senate bill also has a "snap-back" clause imposing the higher rate on *all* water bought for farms exceeding the acreage limit. That would mean a permanent gap between 7,000 to 10,000 acre farms, which could afford the higher rate due to economies of scale, and 2,000-acre size farms which would be subsidized, prohibiting any middle ground.

Representative Tony Coelho (D-Cal.), who helped work out this compromise, estimates that the non-subsidized water would jump from \$18 per acre-foot to \$40 per acre-foot in the Westlands Irrigation district in California's Central Valley, which contains 480,000 irrigated acres. Irrigated agriculture in California produces 50 percent of the U.S. fruit and vegetable crop.

At this point, the bills contain wording that allows districts to remain in their old framework, although this is not likely. The House also attached three conservative amendments which need to be scrutinized for their impact, should they survive the future Senate/House Conference Committee.

Water lobbies support bills

Under fire of the Malthusian attacks on "rich farmers" who produce "luxury crops," most Reclamation lobbyists support the pending legislation as the best deal they can get. They especially seek a stable system of acreage flexibility, in order to avoid costly litigation

over leasing rights, which erupted after a federal court upheld the 160-acre limit in a 1976 ruling.

However, nobody really knows what impact the new price structures will have, since each district has different formulae corresponding to the initial cost of reclaiming the land; districts also differ according to whether they produce wheat or vegetables, in terms of the crop prices.

The only thing that is clear is that most farmers will end up paying a lot more for their water, on top of already astronomical interest rates and low crop prices. And contrary to what the "free market" mystics predict, enforced water conservation in modern farming systems will only ruin the soil (by allowing mineral salts which should be flushed from the soil to remain), produce inferior crops, and eventually bankrupt the farmer.

Implications

The problem here, as with the totality of jeopardized U.S. infrastructure, is the susceptibility of the Reagan administration and many legislators to Friedmanite economics. The *Wall Street Journal* recently editorialized that a "heavily subsidized water supply encourages waste," in order to justify selling water at Paul Volcker's rate. The "free market . . . and its price mechanism is still the best way to allocate scarce resources," asserts

the *Journal*.

The real waste will be the agricultural sector decimated by these Stockmanite policies. Currently, the Congress is fiddling with conservation measures while the giant Ogallala aquifer underlying the six states of Texas, Oklahoma, Kansas, Colorado, New Mexico, and Nebraska is going dry. Herein lies the potential dust-bowl of the 1990s.

The facts show that all narrow formulae of full cost recovery are free-enterprise gimmicks designed to destroy the nation's vital infrastructure. As Senator Armstrong's testimony shows (see page 59), BuRec programs have historically generated a 3:1 profit ratio, returning \$26 billion from an increased tax base on an investment of \$9 billion in this century. The BuRec puts the ratio at 4:1. The overall solution remains the crash construction of an expanded version of the Parsons engineering company's North American Water and Power Alliance (NAWAPA) (see *EIR*, April 6, 1982) plan for using the Rocky Mountains runoff in Alaska and Canada to provide 350 million new acre feet of water annually to the continental United States. That project, alluded to by Senator Armstrong, could be combined with nuclear power development to lay the basis for an economic boom that would make the Hoover Dam's benefits look small by comparison.

Net increase in business activity, wages, and jobs caused by reclamation projects in 1979

(millions of 1979 dollars)

Type of output	Net value of output	Total tax base		Non tax base items	Total wages and net farm income	Person-years of employment (thousands)
		Personal income	Corporate profits			
Agriculture	8,627.3	5,703.0	893.0	2,031.5	4,841.6	436.8
Net crops production	4,264.7	3,041.5	297.8	925.4	2,523.9	232.5
Livestock	567.4	394.7	34.3	138.4	317.4	29.4
Food processors	3,795.2	2,266.8	560.9	967.7	2,000.3	174.9
Municipal and industrial						
Water	3,566.9	2,277.2	622.8	686.4	2,030.4	176.5
Retail water sales	204.7	104.9	12.4	87.4	34.5	2.0
Output of water-dependent industries	3,362.2	2,172.3	610.4	579.0	1,995.9	174.5
Hydroelectric power	1,765.8	745.1	321.3	699.4	543.5	48.4
Retail sales	1,396.5	524.3	276.4	594.2	189.4	11.2
Output of hydro-dependent industries	370.3	220.8	44.9	104.6	354.1	29.2
Recreation spending	318.3	200.0	34.4	75.9	176.7	16.1
Capital investment	2,284.2	1,490.3	224.9	569.0	1,286.3	108.0
Bureau of Reclamation						
direct spending	860.8	562.9	53.7	244.1	519.0	37.6
Total	17,423.1	10,986.7	2,150.1	4,286.3	9,398.5	815.4

Source: Dr. J. Gordon Milliken, Senior Research Economist for Denver Research Institute.

Sen. Armstrong discusses real cost-efficiency

From a speech by Sen. William Armstrong (R-Colo.) before the Senate Dec. 15, 1981, on the need for water resource development:

When the Federal Government puts money into carefully planned reclamation projects, it is investing in the country's continued prosperity. . . .

Western reclamation projects have already returned more money to the Federal Treasury than they have taken out, and most of these will go on paying for decades. Since passage of the Reclamation Bill in 1902, less than \$10 billion has been appropriated to existing reclamation projects. In only 38 years of that period, from 1940 to 1978, they generated \$25.6 billion in tax revenues. . . .

Wayne Aspinall, former chairman of the House Interior and Insular Affairs Committee, calls Western water the "magic ingredient" that has transformed a once-barren wasteland into some of the richest, most productive farmland in the world, producing a major proportion of some of America's most important cash crops. The return on the agricultural portion alone makes reclamation projects an attractive investment.

From 1906 to 1980, the total gross crop value from lands irrigated by water from these projects was in excess of \$78 billion. Add to that the incalculable benefits which have accrued and will continue to accrue from other aspects of water development—municipal and industrial uses, flood control, energy development, clean and renewable hydro-

electric power, and recreation—and you begin to get an idea of what this kind of investment is worth.

The \$10 billion that has been invested in Western reclamation projects over a period of 80 years has created a productive giant that not only pays back the initial investment with interest, but also generates untold billions of dollars in profits and tax revenues. In 1980 alone, this \$10 billion was repaid in the form of direct benefits. Since 1962, a total of \$100 billion has been repaid 10 times the original investment. . . .

New water, new energy: the future

We need to be developing plans today for solving water problems that are many years down the road. For us in Colorado, that task is all the more difficult due to the complicating factor of energy development and its many secondary impacts. What will our water problems be at the turn of the century? Where will additional water come from? Will technological advances keep pace with these problems? . . . The 20th century is the century of technology, and its history is the repetition of the far-fetched becoming the far-sighted. Even now, futuristic plans are being developed and considered for augmenting river flows by weather modification: harvesting the clouds. Speculation is cropping up again about diverting water from more prosperous river basins—the Missouri and the Columbia—into the heavily used Colorado River system. There is even a study of a mammoth engineering project, to be undertaken jointly with Canada, to sell and export practically untold amounts of water from Alaska and north Canadian watersheds into the American heartland [The North American Water and Power Alliance; see *EIR*, April 16, 1982—ed.]. While the engineers sit at their drawing boards, planning for tomorrow's needs, we must be out in the field solving today's problems. . . .

YOU'RE A MOVING TARGET FOR SOMEONE WITH A MOTIVE.

Could be an international terrorist or criminal group, or even someone with a grudge against your organization. You or one of your employees could easily become a statistic . . . unless you know how to protect yourself.

MTI's **EXECUTIVE PROTECTION MANUAL** provides the most complete coverage of protection strategies available in one resource. Originally created for 10 multinational corporations by a team of security consultants assisted by security directors and government experts, the **EXECUTIVE PROTECTION MANUAL** discusses:

- Case studies of terrorism
- Executive protection policies and strategies
- Hostage negotiation
- Bomb threat procedures
- Pros and cons of paying ransom
- Special problems in family protection
- Vulnerabilities—home, office, and vehicle
- Crisis management systems
- Protection equipment
- And more!



320 pages

All this, together with hundreds of diagrams, photos, security checklists, and methods for threat analysis, for only **\$29.95!**

Don't make the mistake of thinking that it couldn't happen to you. Order the **EXECUTIVE PROTECTION MANUAL** today and receive a free bonus, MTI's Executive Survival Handbook!

MTI Teleprograms Inc.
3710 Commercial Avenue, Northbrook, Illinois 60062

Name _____

Position _____

Organization _____

Address _____

City, State, Zip _____

Telephone (____) _____

Qty. _____ Total _____

EXECUTIVE PROTECTION MANUAL \$ _____

____ Softbound \$29.95 each
____ Hardbound \$39.95 each

Payment enclosed (check or money order only)
Add \$2.05 for shipping and handling.
Illinois residents add 6% sales tax.

VISA Mastercard

Card # _____

Expiration Date _____

Allow 4 weeks for delivery.

CAN YOUR ORGANIZATION COPE WITH THESE CRISIS SITUATIONS?

- Terrorist or criminal attack?
- Natural disaster?
- Major accidents, fire, or explosion?
- Industrial espionage?
- Loss of trade secrets?

PREPARE NOW with the Ultimate in Contingency Planning . . .

THE CRISIS MANAGEMENT SYSTEM

From MTI Teleprograms Inc.



Developed for ten multi-national clients, MTI's **CRISIS MANAGEMENT SYSTEM** is now in use in over 100 corporations and government agencies. The program consists of 3 modules designed to help you charter the Crisis Management Team concept, select and train the team members, and develop essential policies and procedures.

Unique to the system is the CRISIS Simulation, a realistic exercise that tests your CMT's competence in responding to the kidnapping of one of your key executives.

All materials can be easily customized to your particular organization's needs.

The entire **CRISIS MANAGEMENT SYSTEM** – Administration & Development Manuals, Reference & Operations Manuals, Sound/slide Briefing Kit, 28-minute CRISIS film, and the CRISIS Simulation – are available at a very affordable price . . . only \$1,500.00!

Fill out the coupon and order today, or call us toll-free.

MTI Teleprograms Inc.
800-323-5343
In Illinois, Alaska, and Hawaii,
call collect 312-291-9400



MTI Teleprograms Inc.
3710 Commercial Avenue, Northbrook, Illinois 60062

____ Please send me the complete MTI **CRISIS MANAGEMENT SYSTEM** for only \$1,500.00.

____ Please send me the Executive Overview Manual for \$195.00.

____ Bill me, P.O. # _____

____ VISA _____ Mastercard

____ Card # _____

____ Expiration Date _____

____ Please send me further information.

____ Name _____

____ Position _____

____ Organization _____

____ Address _____

____ City, State, Zip _____

____ Phone (____) _____

U.S. Jews divided over Koch and Sharon

by Robert Dreyfuss, Middle East Editor

Not too long ago, after President Reagan held a private meeting with a group of six American Jewish leaders led by Reagan's long-time friend Albert Spiegel of Los Angeles, another American called it "outrageous" that the meeting even took place, and used the words "court Jews," or *Hoffjuden*, to describe Spiegel and the others.

The diatribe against Reagan and Spiegel, which caused shock among many Jewish community leaders, was not the product of some unrepentant Nazi ideologue, its anti-Semitic tone notwithstanding. It was the opinion of Howard Squadron, the New York lawyer who heads the Conference of Presidents of Major American Jewish Organizations. Squadron, enraged that *he* was not invited to the meeting, simply lost control of himself and loosed a stream of invective.

Exactly why Squadron would attack a presidential meeting with Jewish leaders held in the White House is a revealing story.

Squadron is the unofficial campaign manager for the most unlikely of ventures into political affairs: running New York Mayor Ed Koch for President in 1984! The clique of political hacks and others behind Koch is supported by the British intelligence service as a laboratory experiment in creating an "authentically American" fascist movement—under the obnoxious demagogue Koch, who announced in early May that New York would build concentration camps for youthful petty offenders.

The story behind the "Koch for President" movement explains why Squadron would object to Reagan's meeting with Spiegel. Spiegel, a friend not only of Reagan but of Ed Meese, the President's Counsellor, has long backed Reagan, even in 1976 when most Republican Jews followed Max Fisher in support of President Ford's hapless effort at reelection. Recently, Reagan has reached out to Los Angeles's Spiegel in an attempt to build a relationship of trust with a prominent Jewish

leader. Normally, any ethnic constituency group would welcome happily the idea that the President of the United States would seek to cultivate a friendship with an honorable representative of that group. But Squadron, ignoring Jewish concerns, has decided to play cutthroat politics.

Koch for President?

The British Secret Intelligence Service and the small but powerful clique behind Israeli General Ariel Sharon, the extremist defense minister, are using Mr. Squadron to increase their leverage inside the Democratic Party in anticipation of 1984. According to intelligence sources, the Koch-for-President idea is not farfetched, and is to be launched after Koch is elected as Governor of New York in 1982. The Koch campaign is meant in direct opposition to the rising influence of the National Democratic Policy Committee, the political arm of former Democratic Presidential candidate Lyndon H. LaRouche. Koch intends to work in parallel with the West Coast version of Adolf Hitler, California's governor Jerry Brown, whose national political hopes have been severely undercut by the NDPC's Will Wertz for Senator campaign.

Squadron is the lawyer for Rupert Murdoch's *New York Post* and, according to influential sources in the New York Jewish community, Murdoch is Squadron's "boss." The *Post*, a sex-and-violence tabloid modeled on London's yellow sheets, has been Koch's chief backer and almost singlehandedly started his campaign for governor this year by publishing front-page coupons and demanding that New York's citizens clip them and send them in to "draft Koch for Governor." Koch had just won the 1981 mayoral election, running simultaneously on both Republican and Democratic tickets.

An Australian multimillionaire, Murdoch is well known as an intelligence operative of the British Tories. Among his other publications are the obscene London *Sun*, the "chic-porno" *Village Voice* of New York, and the mouthpiece for the British oligarchy, the *Times* of London.

In Israel, the *New York Post* correspondent has long been the irresponsible Uri Dan. In early May, as a reward, Dan was appointed by Defense Minister Ariel Sharon to be his official press spokesman. Dan is also the official biographer of gangster kingpin Meyer Lansky, a close friend. The appointment of Dan has outraged many in Israel, among them General Motti Gur, a former chief of staff, who accused Dan of violating Israeli security laws and called him a threat to Israeli national security. Several years ago, Dan was fired by the daily *Maariv* and stripped of his press credentials for leaking classified information that jeopardized Israeli intelligence work.

The unsavory coalition of Sharon, Lansky, Murdoch, and Dan is not the only power behind Koch, although as lawyer for this clique Squadron will keep busy. Another Koch backer is David Garth, the political consultant who managed Koch's Madison Avenue campaign for mayor. Garth worked side-by-side with Sharon in 1981 in Israel when he managed Prime Minister Menachem Begin's reelection effort, a campaign marked by strongarm tactics described as "fascist" by opposition leader Shimon Peres.

Garth's business partners are interesting: Zeev Furst, of Garth-Furth Associates, is the former representative in Israel of the B'nai B'rith Anti-Defamation League (ADL). And Edward MacGregor, another Garth associate, lists among his credentials a position on the board of Charter Oil, the spook outfit that mediated Billy Carter's Libya connection to Muammar Qaddafi.

Squadron, the conductor of this off-key chorus, is also the chieftain of the American Jewish Congress. The first week in May, the Congress held its annual get-together in upstate New York, where it concluded with a pledge to rally American Jews against the Reagan administration because of the alleged anti-Semitism of the White House. Also backing the Congress is the similarly initialed American Jewish Committee, publish-

ers of the kooky extremist *Commentary* monthly. Its leading light, "neo-conservative" Norman Podhoretz, has just authored a *New York Times* magazine piece announcing, pompously, his "break" with Reagan.

According to New York Jewish sources, the two AJCs—the Committee and the Congress—are bankrupt and considering a merger. With the ADL, the AJCs are the elite of the *real* "court Jews," the New York mafia that serves the Episcopalian New York Council on Foreign Relations. Following their CFR masters, the ADL and the two AJCs are preparing to bring down the Reagan administration. No wonder that the B'nai B'rith *Messenger* proudly displayed Squadron's attack on Spiegel under banner headlines on its front page recently, or that, at a New York rally sponsored by this *Hofjuden* mafia, with Mayor Koch present, the crowd booed President Reagan when a message was read about the President's concern for Soviet Jewry.

Spiegel, intent on developing a close link with the President, especially in anticipation of coming storms in U.S.-Israeli relations over the Palestinian issue, has brushed off Squadron's hysterical attack. Yet in New York and Washington, the *Hofjuden* are nervous. "Spiegel is an outsider," said one Washington Jewish elitist. "We don't know him. If he gets too close to the President, it is going to cause trouble."

EIR

U.S., Canada and Mexico only

3 months **\$125**
6 months **\$225**
1 year **\$396**

Foreign Rates

Central America, West Indies, Venezuela and Colombia:
 3 mo. \$135, 6 mo. \$245, 1 yr. \$450

Western Europe, South America, Mediterranean, and
 North Africa: 3 mo. \$140, 6 mo. \$255, 1 yr. \$470

All other countries: 3 mo. \$145, 6 mo. \$265, 1 yr. \$490

I would like to subscribe to the *Executive Intelligence Review* for

3 months 6 months 1 year

Please charge my

Master Charge No. _____ Visa No. _____

Interbank No. _____ Signature _____

Expiration date _____

I enclose \$ _____ check or money order

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Make checks payable to *Executive Intelligence Review* and mail to *EIR*, 304 W. 58th Street, 5th Floor, New York, NY 10019. For more information call (212) 247-8820.

Hatch discovers raffle ticket scandal

Crusading Sen. Orrin Hatch (R-Utah), chairman of the Senate Labor And Human Resources Committee, revealed evidence on May 11 of a labor scandal whose proportions may dwarf the Hoffa Wars. Hatch presented explosive evidence about forced raffle-ticket buying in Boilermakers Local 154! Hatch described the sordid detail of the scheme: "Transient members working for Boilermakers locals are being forced on threat of firing to buy so-called '50-50' raffle tickets. This monthly raffle is called 50-50 because proceeds from tickets sales are to be split between the member whose ticket is drawn at the monthly meeting and a 'sick and disabled' fund for members injured on the job or facing financial emergencies. . . . If forced, these practices violate the section of the U.S. code dealing with extortion. . . . Who protects members who do not wish to participate?"

Flash: Highly-placed sources, whose identities must be protected for their own safety, have told EIR that Hatch's next crusade will take him into the nation's senior citizen's centers to expose corrupt bingo practices.

Underneath Hatch's dog-and-pony show on May 11, which was complete with anonymous witnesses behind protective screens, lay the continuing efforts of Hatch, and more important, committee investigators Frank Silbey and Walter Sheridan, to continue to pressure the Labor Department into vastly expanding in its inves-

tigations into organized labor. Hatch fulminated against the failure of the Labor and Justice Departments to vigorously pursue the evidences of corruption brought before them, and read a timeworn list of botched or unpursued investigations. Most of the evidence presented to the committee is years old.

Ludicrous as Hatch's attempts to revive the McClellan Committee are, the behind-the-scenes efforts of Silbey and Sheridan to topple Labor Department head Ray Donovan are continuing apace. Hatch is providing the sound effects for the first stage of Reagangate, which will commence in earnest if Donovan is forced out of his position.

House passes austere NASA authorization

The House of Representatives passed the National Aeronautics and Space Administration authorization, H.R.5890, on May 13, providing an austere budget of \$6.6 billion for FY83 NASA programs.

According to Rep. Ronnie Flippo (D-Ala.), chairman of the Science and Technology Subcommittee on Space Science and Applications, the bill preserves the Space Shuttle production schedules leading to an operational fleet of four orbiters supporting civil and military needs from launch sites on both coasts, along with funding for early operations leading to an initial flight rate capability of 24 flights per year; supports continued development of the Space Telescope; keeps on schedule the Gal-

ileo mission to Jupiter for a 1985 Shuttle launch using the "inertial upper stage"; continues the planetary exploration of the Voyager and Pioneer programs; continues the Landsat-D development for 1982 and 1985 launches; and provides continued U.S. support to the International Solar Polar Mission with only the European spacecraft.

The authorization, however, will result in a net loss of 433 NASA employees out of a previously planned level of 21,652; will delete funds for the Venus Orbiting Imaging Radar mission, which is the launch and initial operation of the tracking and data relay satellite system, the Space Shuttle Solar Maximum Mission retrieval/repair demonstration activity; and will significantly reduce the capability to process and analyze the valuable scientific data gathered through NASA programs.

While the \$6.6 billion represents an 11 percent increase over the FY82 levels, NASA spending power is less than one-third of its 1966 levels. "These [funding] trends do not recognize the positive contributions which NASA programs make to national defense, to the nation's economy, to the monitoring of our natural resources, to energy and mineral exploration and to the expansion of scientific knowledge," Flippo charged. "The most significant economic effects of NASA spending are in the long-run productivity advances from new technologies developed for the space and aeronautics programs."

The committee request, which was \$34 million (one-half of one

percent) above the Reagan administration request, found itself faced with a floor fight with a group of self-professed NASA supporters who were willing to expend a great deal of time and energy insisting that the \$34 million be cut in order to help "balance" the budget. An amendment sponsored by Larry Winn (R-Kan.), ranking Republican on the Science and Technology Committee, to cut the \$34 million from Aeronautic Research and Technology was defeated 204 to 169.

Senate calls for NATO industrial integration

Trilateral Commission member Sen. William Roth (R-Del.) proposed an amendment to the Defense Authorization Bill May 13 which calls for the complete economic and defense integration of the member NATO states. The amendment specifically calls on President Reagan to propose at the NATO summit this month that the NATO nations "pool their defense efforts and resources" and "establish a cooperative defense industrial effort within Western Europe and between Western Europe and North America." The amendment passed by a vote of 87 to 1.

In motivating his proposal, Roth declared that "Western Europe could be treated as a single geopolitical entity. NATO forces would become far better integrated through using common and interoperable weapons systems."

Senate Armed Services Committee Chairman John Tower (R-Tex.) wholeheartedly endorsed this attack on sovereignty, and called

on the Senate to unanimously endorse the proposal in order to both force the President to act on it and to give the President strong backing if he does. "If [the amendment] passes only marginally or fails, it will be an empty-handed President who would go to the June NATO summit, the Senate having rejected the notion of rationalization, standardization, and interoperability."

Speaking for the Democrats, Henry Jackson (D-Wash.) fully endorsed the proposal.

The only opposition came from Sen. Charles Grassley (R-Iowa), who told his colleagues that "I believe there is a right way and a wrong way to bring about standardization of NATO equipment through industrial cooperation, not industrial integration. . . . I am concerned at the implications for maintaining our independent defense industrial base."

Out-of-area NATO deployment advocates testify

Jeffrey Record and Robert Komer testified before the House Foreign Affairs subcommittee on Europe and the Middle East May 20 in an effort to get the House lined up solidly behind the NATO out-of-area deployments doctrine. Komer stated that it would be a "very important step" for the House, "which is considered the more parochial of the two bodies" of Congress, to pass a resolution similar to the Glenn-Roth-Nunn Bill passed in the Senate. The Senate resolution, which Komer helped write, calls for integration of the defense industrial base of NATO members, interoperability of weap-

ons systems, and a redefined division of labor among NATO members in order to free up forces for other deployments.

Record testified against any quick pullouts of U.S. troops from Europe, but rather gradual withdrawal as European countries filled in a greater ground forces role combined with "robust" U.S. air, naval and tactical nuclear deployments. "These new demands [for United States forces out of NATO] derive from our growing dependence on fossil fuels and other critical raw materials in increasingly unstable areas of the world where the U.S. does not, as in Europe, enjoy politically secure military access ashore and the help of militarily competent local allies and client states."

When asked what the U.S. should try to get out of the upcoming NATO summit, Komer demanded that Reagan "take Chancellor Schmidt aside and get him to stop stalling on the West German add-ons to the NATO infrastructure program," which the Germans have been resisting for two years; the policy could topple Schmidt if pursued. "We need to stay away from the rhetoric and get some concrete initiatives like Carter did in May 1977 . . . on barriers, interoperability and upgrading of reserves . . . Reagan has to take Mitterrand aside and discuss what more France could do for its own and for NATO's defense.

The three Congressmen in attendance, Lee Hamilton (D-Ind.), Millicent Fenwick (R-N.J.), and Toby Roth (R-Wis.) supported the testimony enthusiastically.

National News

Federal court acquits Abscam target Kelly

Calling the Justice Department's Abscam entrapment "outrageous," Washington Federal District Court Judge William Bryant overturned the Abscam conviction of former Republican Rep. Richard Kelly of Florida on May 14.

In a 25-page opinion, Bryant called the operations used to entrap Kelly by convicted felon Mel Weinberg and his associates in the Federal Bureau of Investigation "a loose cannon rolling around the deck of the criminal justice system." The judge stated that "Law enforcement exceeds its bounds when it manufactures crime and creates criminals."

The government's actions, Bryant wrote, "so deviate from real-world constraints that it [creates] a crime which would never have reached fruition but for the government's involvement. . . . Government agents, hard about the business of corrupting public officials who are free of suspicion, essentially subvert our government."

Two businessmen indicted and convicted with Kelly, Stanley Weisz of New York and Eugene Ciusio of Florida, were granted new trials at the same time.

NDPC chapter head becomes issues adviser

Karen Nafziger, head of the central Virginia chapter of the National Democratic Policy Committee, was named as an issues adviser to Democratic congressional nominee James Olin, following a run-off vote at the sixth district Democratic convention May 15 in which Nafziger placed third.

Both Olin and a third candidate for the nomination, Roanoke Mayor Wick Anderson, had consistently denounced

high interest rates in their campaigns, but claimed the President was the chief culprit. Nafziger, who had campaigned on the four-point program to reverse the depression designed by NDPC Advisory Committee Chairman Lyndon LaRouche, located the issue of dropping interest rates—and Federal Reserve Chairman Paul Volcker—as the first step in issuing long-term, low-interest credit to rebuild the American economy.

The contribution of the NDPC program will be particularly effective in Olin's campaign, since his likely Republican opponent is state delegate Ray Garland, an advocate of free-market monetarist economics.

At Senate District conventions in the state of Texas May 15, four NDPC members were elected as delegates to the state party nominating convention Sept. 10 and 11. Five NDPC alternates were also elected.

Carpenters may picket Manatt law office

The Los Angeles district office of the Carpenters Union officially warned Democratic Party chairman Charles Manatt the week of May 10 to stop using non-union labor at the construction site for his new law office in Los Angeles. Paul Miller, Secretary-Treasurer of the District Council, made the official complaint to the subcontractor at the site, Sam Gilbert, after he found out the non-union laborers had built the initial fence and canopy around the new building.

Manatt's law firm employs former U.S. Senator John Tunney and Mickey Kantor, chairman of California Governor Jerry Brown's Senatorial campaign.

Carpenters leader Miller says he wants the law firm, which is minority owner of the construction site, to "hire all-union people and all-union subcontractors."

Gilbert responded that he reserved

the right to hire any subcontractors he chose—union or non-union. One leader of the International Brotherhood of Electrical Workers commented, "If this is not corrected, we may have to rescind our endorsement of Brown."

The politically sensitive scandal erupted after another carpenters union in Santa Monica started picketing the future home construction site of Tom Hayden and Jane Fonda, also for using non-union labor.

Schiavone investigates congressional leaks

Schiavone Construction Company, the former employer of Labor Secretary Ray Donovan, has hired private investigators to probe the sources of stories leaked to the media which attempt to link Donovan and other Schiavone executives to organized crime elements.

It is believed that among the individuals being investigated are Sen. Edward Kennedy (D-Mass.), the Senate Labor Committee's ranking Democrat; Frank Silbey, a top staff member for Labor Committee Chairman Orrin Hatch (R-Utah); and Walter Sheridan, Minority Chief Investigator for the Committee, who played a major role in the Robert Kennedy Justice Department's war on Teamster Union leader Jimmy Hoffa (see Congressional Closeup).

A special prosecutor was appointed to investigate Donovan in December 1981 after charges were made that Donovan was present at the delivery of a bribe to a union official several years ago. Recent press leaks have maintained that Donovan and other Schiavone executives have multiple ties to organized-crime interests. Donovan's accusers are all convicted felons under the control of the Organized Crime Strike Force for the Eastern District in New York, the base of operations of former federal prosecutor Thomas Puccio, accused of evidence-

tampering and entrapment tactics in the conviction of Sen. Harrison Williams of New Jersey.

Schiavone attorney Theodore Geiser stated that detectives would be looking into "interesting connections" between members of Congress and convicted criminals making allegations in the affair. Donovan has consistently maintained his innocence, and voluntarily testified before a federal grand jury in mid-May.

British: Reorganize American Joint Chiefs

Articles in the April and May issues of the *Armed Forces Journal* advocate reorganizing the American Joint Chiefs of Staff along the lines of a top-secret centralizing of the British Defense Staff in February. The British proposals are similar to those of outgoing Joint Chiefs Chairman David Jones.

British parliamentarian Neville Trotter argues in one article that similar problems of the British and American military would require the staff changes. The British reorganization strengthens the role of the Chief of Defense Staff as principal military adviser to the government, and gives him and his staff a voice in senior promotions in all of the armed services. Trotter acknowledged that "unlike Britain, such a change in organization amounts to a change in the U.S. Constitution and requires legislative approval." In Britain, the reorganization was kept under tight security wraps until it was a fait accompli. The American political system does not permit such secretive procedures.

President Reagan's security team should note that Trotter cites Caius Petronius of the Roman Army who in A.D. 66 said, "We tend to meet any new situations by reorganizing, and a wonderful method it can be for creating the illusion of progress." The reorganization of the

Roman Army in A.D. 66 followed the assassination of Nero by the Isis cult member of the Roman General Staff for "fiddling" instead of allowing the Praetorians to fight wars in the Near East.

Maritime industry targeted by reforms

The Reagan administration has composed a series of reforms which would finish off the shipbuilding industry and cripple the maritime sector further. Drawn up by the Wharton School-influenced Secretary of Transportation Drew Lewis and the Mont Pelerin Society-controlled OMB, the administration package includes the following initiatives:

1) Eliminate all subsidies for construction of merchant ships in U.S. shipyards, while simultaneously eliminating the tariff on constructing U.S. flag ships abroad. Under this plan, Lewis euphemistically admits, "it is expected that some of the 26 [U.S. ship] yards will not be able to remain in business."

2) Phase out operating subsidies which pay ship operators the difference between hiring U.S. or foreign crews.

3) Eliminate rate regulation on domestic shipping. This will cause cutthroat competition and bankruptcies, on the model of the airline and trucking industries under deregulation.

4) Allow foreign interests to buy up to 75 percent of U.S. shipping lines. Currently the limit is 49 percent. This will allow a complete takeover of the U.S. merchant marine by London-centered financial interests.

The administration attempts to deal with the national security threat posed by the loss of a merchant marine by specifying that a fleet of 40 "defense relevant multi-purpose carriers" will be built by the Navy, and leased to private owners, to be made available for mobilization as a sealift capability in a national emergency.

Briefly

● **'LIVING WILL'** legislation passed the Massachusetts House of Representatives May 17 by a vote of 71 to 68. Then, as part of a regular parliamentary procedure it was brought up for reconsideration May 18, and defeated by 79 to 71. The bill, H.B.4356, was backed by three prominent members of the Black Caucus, Sandra Graham, Mel King, and Doris Bunte. Its sponsor was Rep. Richard Voke.

● **LEWIS TAMBS**, history professor at Arizona State University, was named as adviser to the National Security Council on Latin American Affairs the week of May 10. Tambs has been known to favor a more pro-development policy toward Latin America, especially Mexico, than the State Department has adopted in recent years.

● **THE NATIONAL** Association of Homebuilders projects 50,100 housing starts for the city of Houston in 1982—versus only 54,900 for 15 major cities in the Northeastern United States.

● **GORDON WALGREN**, former Washington State Senate majority leader, lobbyist Patrick Gallagher, and former House Speaker Joseph Bagnariol are to report to the federal prison at Terminal Island, California for 24 to 36 month terms—despite the fact that Walgren never accepted any of the bribes offered to him by the FBI under "Gamscam" and none of the three attempted to enact legislation proposed to favor phony FBI "businessmen." The U.S. Supreme Court refused to review their convictions.

● **SEVEN REPUBLICAN** senators circulated a letter May 14 announcing they will introduce a budget amendment that would forbid cuts in Social Security benefits. The seven are Durenberger of Wisconsin, Chafee of Rhode Island, Roth of Delaware, Stafford of Vermont, Lugar of Indiana, Hawkins of Florida, and Weicker of Connecticut.

Why Mr. Reagan should not go to Europe

The White House must view the latest attack upon Pope John Paul II as a warning that President Reagan should cancel plans to attend the Versailles economic summit and the Brussels NATO summit this month, as well as his plan to visit London.

Why, you may ask, is Mr. Reagan a target for assassination at this point, when he seems to have caved in so fully to the Anglo-oligarchic policies embodied in Paul Volcker and Alexander Haig? One aspect of the answer is that the controllers of terrorism and assassinations remain determined to destroy the Presidency along with other institutions. Another aspect is the possibility that Mr. Reagan may yet face reality—as President Eisenhower did in 1956, leaving the word “Suez” still echoing ominously in the ears of America’s enemies. Hence the danger to his life.

The attempt to stab the Pope at the Lady of Fatima shrine in Portugal is the latest in an escalating series of terrorist attacks around the European continent. As early as February, *EIR’s Investigative Leads* bulletin warned that terrorist networks and their political controllers would try to prevent private meetings among Mr. Reagan, the Pope, and Helmut Schmidt.

Such meetings would have the potential to break the President out of his controlled environment, and bring him to reconsider his subordination to British-scripted economic, foreign, and military policies.

Security experts in Europe and the United States concur that—although the U.S. news media have let the subject drop—the attempted stabbing of the Pontiff was a totally serious assassination deployment.

The instigators

The powers ultimately behind the threats to the Pope have been repeatedly identified by *EIR*: the Anglican hierarchy and its oligarchic counterparts on the European continent.

Canon Edward West of the Cathedral of St. John the Divine in New York City, the ranking Episcopalian in the United States and the Queen of England’s protocol officer for that country, stated last October that Pope John Paul’s proclamations in favor of

technological progress and population growth are “disastrous” for the zero-growth strategies of the oligarchic faction.

What will be done about the Pope? Canon West was asked. “Given the system [of the Roman Catholic Church] as it is,” he replied, “you have no methods of dealing with the problem. Death is the only option.”

Further targets

This is the same Canon West who in 1977 explained to two visitors that *EIR* founder Lyndon H. LaRouche was a menace to the Anglicans’ plans for transforming the United States; that he had decided the most effective slander against LaRouche, as a preparation for physical attacks against him, was to paint him as an anti-Semite; and that the B’nai B’rith Anti-Defamation League (a secular dirty-tricks entity) was being deployed for that purpose.

LaRouche, his wife Helga Zepp-LaRouche, and certain other leaders on behalf of economic development and war-avoidance—above all, Indira Gandhi and Helmut Schmidt—are on the assassination list as well. Since the massive destabilization of Mexico, Mr. LaRouche stated recently, only the Pope, Mrs. Gandhi, and Chancellor Schmidt remain as influential forces who could obtain collaboration with President Reagan to halt the present depression and undertake rational negotiations with the U.S.S.R., countering Britain’s designs.

Note that the Pope’s latest would-be assassin, Juan Maria Fernández Krohn, was trained at the Swiss seminary of the occult schismatic Archbishop Marcel Lefebvre, and joined the even more extreme French group Sedes Vacantes. These cultists are part of the oligarchic armamentarium.

As Economic Editor David Goldman indicates this week in his account of a descent into the vaults of the ancient oligarchic Thurn und Taxis family, it is there, in the palaces of Bavaria and Venice and England, that the source of the assassination terror can be found.

Franklin House Publishers present:

Lyndon LaRouche

the STRATEGIC STUDIES SERIES

All seven volumes for only \$25

The Power of Reason: A Kind of Autobiography, \$2.95. Lyndon LaRouche discusses his life and philosophy.

How to Defeat Liberalism and William F. Buckley, \$3.95. Rebuilding the American System through a labor/farmer/industrialist alliance.

Will the Soviets Rule in the 1980s?, \$3.95. The precipitous state of U.S.-U.S.S.R. relations — essential background to the Polish crisis.

What Every Conservative Should Know About Communism, \$3.95. The idols of Friedmanite "conservatism," Jefferson and Adam Smith, exposed as free-trade anarchists.

Basic Economics for Conservative Democrats, \$3.95. How to end the depression: the economics of capital formation.

Why Revival of "SALT" Won't Stop War, \$3.95. The causes — and prevention — of World War III.

Hostage to Khomeini, by Robert Dreyfuss with Thierry LeMarc, \$4.25. *EIR's* Middle East Editor details the essential historical background to how and why British intelligence gamemasters installed the Muslim Fundamentalists in Iran. An expose being re-published in Arabic and Farsi throughout the Middle East, including Iran. Commissioned by Lyndon H. LaRouche.

Send me the 7-volume LaRouche series at \$25 (including postage).

I have ordered single copies as indicated.

Please send me the Benjamin Franklin book catalogue.

Enclosed \$ _____

MasterCharge/Visa # _____

Expiration Date _____

Mastercard/Visa holders, call (212) 247-7484

Name _____

Address _____ Tel. (____) _____

City _____ State _____ Zip _____

Order from your bookstore, or from:

The New Benjamin Franklin House Publishing Co., Inc.

Dept. E

305 West 58th Street

New York, New York 10019

(Add \$1.50 postage per book. Postage included in Special Offer.)