

# EIR

Executive Intelligence Review

March 29, 1983

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# EIR

## From the Managing Editor

This week our Special Report features the seventh heads of state summit meeting of the Non-Aligned nations which concluded in New Delhi on March 12. Our report is the result of a combined effort by a team of *EIR* reporters on the scene led by our United Nations correspondent, Peter Ennis, and our New Delhi bureau chief, Paul Zykofsky. It included Sophie and Pakdee Tanapura from our Paris bureau, and Hartmut and Ortrun Kramer from our West European headquarters in Wiesbaden, West Germany.

As our readers know, we have placed great importance on the Non-Aligned movement and its summit meeting as a *punctum saliens* in the current world economic and political crisis. With 101 nations represented, the Non-Aligned are the single most important political movement of nations in the world today, and their voice will be heard with increasing strength under the chairmanship of India's prime minister, Mrs. Indira Gandhi. The results of the summit, while by no means meeting all the demands of necessity, should be heartening to those who are looking for a solution to the world depression based on industrial development of the so-called Third World, which will open tremendous markets for advanced-sector producers.

Our readers will find that our report on the summit conference is quite unlike any other coverage they may have read in the Western press—coverage which practically without exception ignored the economic issues being debated in favor of publishing "political" scorecards which sought to judge the Non-Aligned by how many times the United States was attacked versus how many times the Soviets were condemned. Such distortions are not new, but are still effective in perpetuating ignorance about the developing world.

*EIR's* team of reporters has, among other things, provided the most complete and accurate coverage you can read anywhere in the world. Next week, we will publish interviews *EIR* conducted at the summit with Third World leaders.

*Susan Johnson*

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**Note:** In our March 1 Special Report on the Klaus Barbie networks, the review of *The Belarus Secret* by John Loftus may have given an erroneous impression. The review stated, “According to one former U.S. military intelligence officer who battled Wisner and Dulles, Wisner’s OPC office was the center of a world-federalist cabal incorporating prominent homosexuals [including] Henry Kissinger, Fritz Kraemer, Frank Wisner, Helmut Sonnenfeldt, and Kim Philby, among others.” The intelligence officer’s statement was given directly to *EIR*, and did not appear in the Loftus book.

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## The Young Plan revisited: bankers head for a crash

by Criton Zoakos

The months of March and April 1983 are about to produce a re-enactment of the world trade collapse which occurred during June to October 1929. For students of history, the similarities between the world debt crisis now and then are extraordinary. Further similarities in the behavior of the major high finance factions then and now are also striking.

During the second week in March, a senior Swiss banking spokesman identified the "Morgan Syndicate," by which he meant the Bank of England, the U.S. Federal Reserve, and the major New York and London banks, as his major adversaries in the domain of current world credit and monetary policy. On the same day, a senior spokesman for Morgan Guaranty interests, based at Princeton University, told this review that he is alarmed over current Swiss banking policy, "a revival of 1930s-type Vienna monetarism," as he called it.

The "Morgan Syndicate" today is attempting a controlled refinancing, rescheduling, and/or reorganization of the \$700 billion Third World debt. The Swiss-centered "1930-type Vienna monetarists" instead want a general collapse of the world credit structure and its replacement with worldwide liquidity famine.

Back in the 1920s, the Morgan Syndicate had also taken the lead in promoting, rescheduling, and refinancing the major problem of world indebtedness, the German war reparations, while the "Vienna monetarists," typified by Swiss, French, and Austrian policy at the time, were demanding that no such refinancing be allowed, that Germany be declared

bankrupt, and its physical assets, mines, forests, factories, and valuable real estate be taken over by the creditors.

### The parallels

Today, the heirs of the "Vienna monetarist" policy are actively preparing for a takeover of Third World assets in raw materials, minerals, etc., by colonial means as soon as bankruptcy of Third World debt begins to break out in the markets. Though such a generalized bankruptcy may occur as early as the end of March 1983, the means for a large-scale resource grab against the Third World may not yet be at hand. However, the similarities between now and 1929 are profound. Compare the following:

Between 1924 and 1929 a massive refinancing and recycling of wartime debt was orchestrated by the "Morgan Syndicate" under the rubric of the "Dawes Plan." During the 1970-83 period, a similar refinancing and recycling of world indebtedness in the "Eurodollar market" was conducted by the same "Morgan Syndicate," based on such instruments as the 1973 oil price "revolution" and the 1979-83 Volcker interest-rate "revolution."

The 1924 "Dawes Plan" enabled Germany to make payments of war reparations to the victors of World War I (England, France, Belgium, et al.) by borrowing massively from the Morgan Syndicate. The victors, in turn, used these reparations payments to pay off the wartime debts which had incurred on the accounts of the Morgan Syndicate. As German reparation obligations to the war victors were made,

Germany's debt obligations to the Morgan Syndicate increased. But Germany's reparation obligations did not diminish in size. Nor did the victors' overall indebtedness to the Morgan Syndicate diminish.

Germany's total foreign obligations by the end of the Dawes Plan had increased by 18.6 billion Reichsmarks. This was in 1929, when Germany declared its inability to pay further—and consequently placed in jeopardy the victor-debtors' ability to pay the creditor Morgan Syndicate. At that point, Morgan moved in with the Young Plan to try to refinance the whole cycle of funds transfers. By October of that year, the Crash of Wall Street caused a breakdown in American ability to hold up its end of the credit merry-go-round, and led to the Great Depression.

The period between 1970 and 1983 is almost identical in character to the Dawes Plan period of 1924-29. World indebtedness has grown massively as a result of refinancing speculative financial paper by the Morgan Syndicate.

Third World debt has grown from about \$60 billion in 1970 to \$700 billion today. U.S. government debt has grown from \$502 billion to \$1.5 trillion; U.S. domestic household debt grew from \$500 billion to \$1.6 trillion; and business debt from \$690 billion to \$2.1 trillion. The fact that both the U.S. economy and the world economy have seen tangibles production stagnate during the same 1970-83 period establishes the condition which had been demonstrated to the creditors in early 1929.

What did the Morgan Syndicate do then, and what is it attempting now?

Between February and June 1929, having recognized the utter inability of the debtors to continue payment schedules, Morgan designed the Young Plan, which "restructured" world indebtedness along the following lines: Germany's reparation obligations would be stretched out to 1988, to be paid by very small annual sums, the funds for these payments being secured by putting aside about 600 million marks each year; the other debtor nations to whom Germany owed reparations, such as France, would be allowed to "commercialize" German reparation payments by using bonds to be sold in private markets against future German reparation payments. This "Young Plan" stretchout and reorganization logic is being followed today by the United States, on dictation by the Morgan Syndicate.

The administration's Interagency Group on Debt, a subgroup of the Senior Interagency Group on International Economic Policy, is currently maintaining a double-track posture. In terms of current policy, it is following Paul A. Volcker's line of pretending that there is no "systemic" payments problem, and that everything can be solved by means of perpetual refinancing, bailouts, and increased quotas for the IMF.

This is living in the never-never land of the "Dawes Plan," known to the man on the street as the "Roaring Twenties." The Interagency Group's fallback option, in case cur-

rent policy fails, is typified by the contingency plans now under their consideration. Among the best known are the Rohatyn Plan, the Kissinger Plan, the (Peter) Kenen Plan and the (Norman A.) Bailey Plan. All these are variants of the Young Plan: they propose a stretchout of payments and reorganization of the instruments by which payments will be made. A slight variation is presented by the Bailey Plan, in the sense that that is the only one which nominally takes into account the fact that the debtors' ability to produce must be improved in the future—but it provides no competent way to accomplish that.

As we enter the latter part of March, payments on Third World debt become nearly impossible. The Morgan Syndicate will again try Dawes Plan-style refinancing. The "Vienna monetarists" around Swiss bankers will continue to boycott such refinancing. Hence, the Interagency Group on Debt, under Morgan influence, will eventually propose some sort of a Young Plan solution. The results are not likely to be better than they were during 1929.

As readers will recall, the final signatures of 22 nations were put on the Young Plan almost at the same time as the New York stock market crash was occurring. The next year, 1930, was spent by the "Vienna monetarists" pulling their assets out of world money markets.

The final straw was when France, under the influence of Geneva bankers, and in retaliation against Germany for its inability to honor its Young Plan commitments after the New York crash, pulled all its financial assets out of Austria; Austria, after the collapse of the Kreditanstalt, withdrew its assets from Germany; Germany withdrew its assets from England, and we finally reached the Hoover moratorium.

From there, it was a few steps before Adolf Hitler was put in power by the now reconciled forces of the Morgan Syndicate and the "Vienna monetarists"—i.e., the Bank for International Settlements.

The American administration today need not repeat the same sordid history.

If it abandons the disastrous "Young Plan" orientation now evident in the activities of the Interagency Group on Debt, it will be able to better orient toward the offer for cooperation made this month by the New Delhi summit of Non-Aligned Nations: enter worldwide negotiations with the Third World for the joint task, for the "common aims of mankind," as Dr. Edward Teller once put it, of industrializing and modernizing the entire Third World. From that standpoint, it can then proceed to scrap the existing world monetary institutions associated with the 1944 Bretton Woods conference and replace them with world financial institutions and treaties designed to facilitate world credit and trade flows. Then the Great Enterprises can proceed, enterprises which will build modern, prosperous, industrialized societies where squalor and poverty now prevail in the Third World.

The alternative is a calamity worse than that created by the Young Plan of 1929.

# The BIS and the Brazilian bridge loans

by David Goldman

Bank for International Settlements President Fritz Leutwiler has been playing a game of brinkmanship with the world financial system which has aroused tremendous anger against the Swiss in Washington as well as London.

A Federal Reserve official claimed March 15 that on March 6 Leutwiler attempted to force collection of the \$1.45 billion in bridge loans owed to the BIS by Brazil, the top debtor nation. Leutwiler, the Fed source stated, ignored last-minute pleas from the Brazilian central bank for a few more weeks', or days', grace, and forced the repayment.

The U.S. Treasury, the Fed official said, is under the influence of Swiss-style free marketeers, such as Undersecretary of the Treasury Beryl Sprinkel and Milton Friedman, and has also demanded, and received, payment in full of a \$400 million bridge loan to Brazil. The uproar in Washington over the "bankers' bailout" made it "too politically explosive" for any of the monetary authorities to hand additional money to Brazil, he explained. "The bankers got themselves into this mess and now they're stuck with it," the Fed official said. "We're not going to bail those bastards out."

A Treasury official responsible for Brazilian payments, however, denied the Fed's charges, and accused both the Swiss-based BIS and its Fed collaborators of "lying and spreading panic" throughout the international financial markets. "The Fed is crazy," he said. "I'd have been called up and told in the middle of the night if the BIS did anything like this. The U.S. government has backstopped [guaranteed] \$500 million of that \$1.45 billion BIS loan," he fumed. "So I'm owed \$500 million of it. If Leutwiler wants to call it in, he has to ask me, as one of the creditors, first!"

"Leutwiler is spooked by the state of the financial system," the Treasury official continued. "The Swiss are scared, they're terrified. Leutwiler can't handle it. He's burnt out, this is a classic case of burn-out, he can't take the 15-hour days holding the system together. Bad case."

Treasury claims that the BIS had indeed refused urgent requests by Brazil to postpone a \$400-million installment payment due March 6 on its \$1.45 billion loan, which was scheduled to be repaid at \$400 million per quarter. The Brazilians have made that payment under pressure, he said. "The

U.S. government has not denied any request by Brazil for additional funds," the Treasury man also insisted. "There is no shift in the attitude of the U.S. authorities."

## Debt moratorium: front burner

Whoever is telling the truth among the thieves, "the whole refinancing operation has been an exercise in futility," said a senior U.S. government official involved in the negotiations. He was referring to the entire Brazilian bailout hammered together by commercial banks and the International Monetary Fund earlier this year. "Now Brazil is back to square one. They don't have the money they need to finance their deficit for the rest of the year, and they will start going into arrears on their debt payments to the banks." Brazilian businessmen have told *EIR* that "the idea of simply declaring a debt moratorium is growing every day," as one influential industrialist put it. "We are studying the cost of not paying and suffering the consequences, compared with what we are paying under the IMF now."

Asked about U.S. economist Lyndon LaRouche's proposal for an Ibero-American common market, he said, "We are now studying this scenario carefully as well. There is a grouping that thinks we should unite the debtors and provoke a confrontation. Under the present circumstances, I don't think we'll last another two months."

The Reagan administration, meanwhile, is paralyzed by the insistence by Secretary of State George Shultz and Treasury Secretary Donald Regan that the crisis is over. "The thing is not a temporary problem, it's a systemic crisis," exploded one senior administration official. "Secretary Shultz knows this, although he's playing cagey. [Fed Chairman Paul] Volcker knows it. But the Treasury is just denying there's any problem at all, and they're in charge of it!"

A senior State Department official explained why the crisis has not been officially acknowledged. George Shultz, he said, "is aware that there is a full systemic crisis in the international banking system. But if we said so, it would just be playing into the hands of those in the governments of Brazil, Argentina, and Venezuela who are calling for joint debt moratoria. It is clear from the New Delhi summit and the preparations for UNCTAD in June that . . . [many] of these governments want this, although it has not become government policy. . . . I'm talking about foreign ministers and people in the foreign ministries. . . . The U.S. government simply can't announce it's a systemic problem, because then the debtors will come up and say, 'Fine, we have a solution: Write it off! . . . They are not just talking about rescheduling as we now have it. They want an actual reduction in payments they must make—whether some of the value of the debt is written off, or they have moratoria, whatever. Furthermore, they are not fond of the IMF system, where they have to go to the IMF and to the banks and justify themselves and beg. They want a political alternative in which they have more control."

"Our strategy," the official said, is to "use the finance

ministers," the bankers' protégés, to control the situation. "They are the only ones who understand the world financial system. So far, our approach has worked. As soon as some other minister starts calling for a debt moratorium, the finance minister comes out and shuts him up, pointing out that he needs to be able to work with the IMF and the banks.

On March 3, Jacques de Larosière, managing director of the International Monetary Fund, had told a Swiss audience, "Analysis reveals that there does not exist a global debt crisis, [and] that current liquidity problems can be resolved." In a speech entitled, "The IMF and the Developing Countries," de Larosière claimed: "earlier fears have not been borne out, and the system has shown both its resilience and its adaptability. . . . Adjustment is underway throughout the world economy and confidence is being rebuilt." The State Department official, in effect, termed de Larosière a liar.

### **BIS-IMF coup in Washington**

The Bank for International Settlements meanwhile is moving to use the crisis to extend its control over the Fed to control over the government of the United States. In the Senate Foreign Relations Committee on March 16, Sen. Charles Percy (R-Ill.), the committee's chairman, introduced a plan to "study" American entry into the Bank for International Settlements. Rejected by Congress when the BIS was founded in 1931, the plan to bring the United States in has been revived by Morgan Guaranty Trust's Rimmer de Vries. Since the BIS, unlike the International Monetary Fund, is a private Swiss-based bank responsible to no government, such action would compromise American sovereignty.

There would be "absolutely no political resistance in . . . Congress to U.S. participation in the BIS," he asserted. By a vote of 14 to 3, the Senate Foreign Relations Committee passed March 16 the IMF quota increase bill (S.659), with Percy's BIS amendment, he noted (see Congressional Close-up). "All this stuff in the *Wall Street Journal* about congressional resistance to the IMF is nonsense. The IMF will have very little actual voting resistance."

The Bank of England is meanwhile using the crisis to push for more power for the IMF. On March 15, the London *Financial Times* reported the Bank is a supporter of plans by Lazard Frères banker Felix Rohatyn to use the crisis to set up a global version of New York's Municipal Assistance Corporation, the austerity enforcer which collected the city debt.

*From the March 15 London Financial Times:*  
The idea of a new international banking lifeboat has generated much discussion among bankers and several rough proposals. Three of the most talked about come from Barclays Bank, from the chairman of Morgan Grenfell and from Mr. Felix Rohatyn, chairman of New York's Municipal Assistance Corporation, and a partner at Lazard Frères.

Mr. Timothy Bevan, Barclays chairman, last week threw his weight behind a plan for a "rediscounting facility" which would enable central banks to provide liquidity relief for banks with problem loans, although not actually to transfer

risk.

Mr. Peter Leslie, senior general manager at Barclays Bank International, feels that within the next six months the world's banking system will need to cope with the "secondary effects" of the international debt crisis—a continued slow-down in growth and even a possible reversal in Euromarket lending, in both the interbank (bank-to-bank) market and in the area of direct lending.

He fears a liquidity problem as banks with a "heavy weight of immobilized debt" shy away from new loans. If banks have a sizeable part of their loans "locked up" as a result of debt rescheduling agreements which provide for repayment of interest only and not principal, they will find "3,000 reasons not to lend any more," according to Mr. Leslie.

His answer to this problem is for central banks to agree to purchase portions of such loans from banks, at a discount, as a temporary relief measure. In exchange, the banks must agree to lend the equivalent amount in new money, perhaps as export credits.

If the discounted loan turns sour, it will revert to the bank, which will then have to write it off. If the loan matures then the central banks will collect the principal, having already provided cash to the banks for the discounted loan.

Like Mr. Leslie, Mr. Bill Mackworth-Young of Morgan Grenfell stresses that his plan is only in very rough form. "The basic thrust of all these plans," he explains, "is to strip assets out of the banking system which shouldn't have been there in the first place."

Mr. Mackworth-Young would like to shift the burden of problem bank assets from the banking system to the international capital markets. His scheme is to create a new agency, supported by the IMF or central banks, which would purchase bank loans at face value and issue in exchange non-interest bearing bonds. This paper would then be discountable at central banks if serious liquidity problems arose.

In addition, these central bank-backed bonds could be converted into a second type of paper, which would carry a low interest coupon and would be tradeable on a new secondary market.

The Mackworth-Young plan then provides banks with two options: either to hold the face-value bonds and not write down the loans, or to write down the loans and dispose of the paper on a new secondary market. The secondary paper would be guaranteed by central banks, making it, in Mr. Mackworth-Young's view, the equivalent of "Quadruple A Paper."

Mr. Felix Rohatyn also favors the creation of a new agency, possibly a World Bank or IMF subsidiary, which would issue banks with long-term low-interest bonds in exchange for dubious loans. But he points out that the political difficulties of such a program are "immense."

Mr. Rohatyn is aware of the prospect of an outcry against "bailing out the banks" but suggests that some kind of scheme is vital in order to ensure a "strong and healthy banking system."

# London's free traders plan their domination of post-OPEC markets

by Judith Wyer

After the longest and most grueling consultation session in OPEC's 23-year history, the 13 cartel members finally arrived at an agreement to reduce the OPEC crude-oil price. This is the first time the cartel has cut its prices. But the agreement, which dropped the market price by \$5 a barrel to \$29 and limits the cartel's output to 17.5 million barrels a day (mbd), is not expected to last long.

A week before the March 14 announcement of the OPEC price cut, British Petroleum (BP) broke its usual public silence on oil policy and issued a highly provocative statement that OPEC's \$29 price formula was unacceptable, since it undercut the newly reduced British North Sea crude price of \$30.50 a barrel. BP and its Anglo-Dutch sister, Royal Dutch Shell, have not as yet accepted the British National Oil Corporation's Feb. 19 price drop of \$3 a barrel, and are known to be pressuring the British oil company to make yet another cut in North Sea prices. This move could easily spark another more drastic round of price cutting, or even a total price war.

For the first time since the current oil price crisis erupted, following the collapse of the late January OPEC meeting, Saudi Oil Minister Zaki Yamani issued a firm statement in London on March 14 that, should Britain opt for another price drop, undercutting OPEC's \$29 price, it would be "inviting a price war." Yamani cautioned that the British would lose if any price war with OPEC resulted in a sharp crude price drop.

How firm Yamani's threat is remains to be seen. It is known that the Saudis are considering a contingency to drastically cut their price and raise their output to as high as 10 mbd. Moreover, there are numerous independent oil companies waiting to purchase cheap Saudi crude. But until now the Saudis have not broken with their "play it safe" profile. By abiding by the rules of the oil price game defined by London, Saudi Arabia is risking not only the survival of a number of heavily indebted oil-exporting countries now

straining under the pressure of collapsing oil income, but is risking its own internal security.

## The next oil hoax

British Petroleum's unusual statement reflects the City of London's current bid to remove OPEC as a leading controlling force in the world oil market, and return the control of oil and all energy supplies to a small group of anglophilic multinationals. Only the naive would rejoice at the prospect of "greedy OPEC" being smashed. The financial interests now vying to consolidate control of the multi-billion dollar oil market rigged the first and second oil hoaxes from behind-the-scenes and fully intend to orchestrate a third, which will be sparked by chaos in the Middle East, putting a brake on collapsing oil prices.

In the short term, however, Britain and its allies are orchestrating a controlled oil price drop by increments, and thereby lay siege to the major oil exporting countries. A controlled price drop followed by a radical upturn in price, could net the large integrated multinationals a speculative windfall from massive oil inventories.

Since the collapse of the January OPEC meeting, the event which triggered the current oil price decline, the major oil companies have drastically increased their drawdown of stockpiled oil (drawing down means that the companies consume their own stocks by running stockpiled crude through their own refineries). On some days, this drawdown of stockpiled oil has been as high as 6 mbd, compared with the seasonal average of 1.5 to 2 mbd.

As a result, the majors have made a severe cut in their purchases of crude from the OPEC countries and more recently from Mexico. OPEC's total exports bottomed out in early March at just over 11 mbd, about 40 percent of OPEC's averaged record export level in 1977 of over 28 mbd. Effectively, the major oil companies are boycotting both OPEC

and Mexico to force further price reductions.

Within 24 hours of OPEC's March 14 price drop, various U.S. major oil concerns had already put out press statements that the cut was not enough. U.S. Secretary of Energy Donald Hodel told the *New York Times* that the OPEC price was headed by "the mid-20s range . . . the market will still have an oversupply."

Even debt-strapped Mexico's cut of \$3-plus a barrel is not seen as sufficient. Over the past month the companies have nearly halted purchases of Mexican crude in order to pressure for another price cut. Some of *EIR's* sources say that this de facto boycott will not let up until Mexico cuts by at least another dollar a barrel. It is only a matter of time until Mexico succumbs to such pressures. At that point, the entire OPEC pricing agreement could easily unravel.

### Oil stocks and speculation

There is evidence that at least some of the major oil companies might be cautiously bidding to drive the oil price down in order to replenish their inventories with cheap crude, as a speculative hedge against a future upturn in prices.

Presidential adviser Alan Greenspan, a zealous advocate of the Thatcherite model of free enterprise, spelled out just how the majors could make a speculative killing on an oil price as low as \$20 a barrel. Greenspan argued on March 11 in the *Wall Street Journal* that even if the majors were to hold on to \$20 a barrel stockpiled oil until 1990, with oil prices nominally rising to only \$30 a barrel, the profits would be handsome.

In fact, Greenspan's scheme of playing the "free market" by hoarding millions of barrels of cheap oil is premised on an oil price hike long before 1990!

Certain oil multinationals have reportedly consumed a large volume of their stocks in preparation for "restocking with cheaper oil." According to the March issue of *Arabia and the Islamic World Review*, Royal Dutch Shell and British Petroleum together have drawn down 110 million barrels of oil stocks worth \$3.5 billion, and are said to have completed their drawdown.

Among the so-called seven sisters, BP and Shell are the masters of oil market manipulation. They, along with the raw materials giant Phibro, a company whose board interlocks with Shell, were responsible for sparking the oil-buying panic of 1979 that eventually culminated in the Second Great Oil Price Hoax.

For BP and Shell, such a manipulated series of price shocks is a prerequisite for maintaining the market position of North Sea oil fields. Due to unusually high costs of production in the North Sea, a price drop to even \$25 a barrel for any period of time would collapse the value of investments there.

Though the North Sea is producing at a record volume of 2.3 mbd of high valued light crude, it is expected that Britain's production will ebb over the next two to three years,

and London is scrambling for new investment. Their North Sea oil exports have given the British leverage to manipulate the oil markets against the countries of both North and South, by speculating the price of oil up or down. These price manipulations have become one of the chief pressure points the British have used to gain their *political* objectives against the United States, oil-dependent European nations, and especially against the underdeveloped sector. As for the oil market itself, the British have disrupted the post-World War II structure of the market, through which oil trade was based on long-term purchasing agreements between producers and consumers, a partnership that afforded the world economy a certain measure of stability.

Now, given the current instability of the oil markets, oil companies have adopted short-term policies to increase their cash flow through both currency speculation and stock speculation. This has invited the emergence of the oil spot market and allied oil futures market.

According to the *Petroleum Intelligence Weekly* of March 7, between 30 and 50 percent of the total oil consumed in Europe is no longer price-pegged to the OPEC benchmark but rather to the fluctuating prices of the Rotterdam spot market. It is reported that affiliates of the multinationals now acquire as much as 80 percent of their total supplies via the spot market. And it is through this market that Khomeini's regime has been able to peddle up to 2 mbd of oil at prices well below OPEC's by way of trading companies which front for the multinationals.

British Petroleum is perhaps the largest single market force on the European spot market, moving as much as 1½ mbd of crude. Since the oil price began to decline in 1980, the spot market has consistently averaged prices up to \$5 below that of OPEC's. Not only in Europe but also in the United States, oil prices are increasingly being influenced by the spot market and allied futures market. Though the total volume of oil passing through the spot market is still relatively small, at 10 to 15 percent of the total volume of the non-communist oil market, the City of London envisions that it will grow to become the basis of a free-enterprise-style future oil market, dominated by short-term spot trade and associated oil futures markets. Continued turbulence of oil markets with prices fluctuating up and down is the precondition for such a transformation.

According to the London-based Petroleum Economics Ltd., in the future, oil will be traded "like another commodity" subject to manipulation of speculators. Within this emerging free market, the major oil companies are being transformed into pure trading firms, with no involvement in the physical act of producing energy. Over the past 13 years, the multinationals' control of oil production at the wellhead has declined from 97.6 percent of all OPEC wells to 50 percent in 1980.

But even with the increased control of its own wells, OPEC and other leading developing-country exporters are

not able to market their oil, because of the monopoly the majors hold over world markets.

Should the oil markets undergo the transformation envisioned by London, a few multinationals, most likely BP, Shell, and Gulf, will move for even tighter market control.

The model for such trading concerns is Royal Dutch Shell. At its inception, founded by Nazi-supporter Henri Dieterding, Shell was nothing but a middleman in moving oil and raw materials and its main purpose was to manipulate markets on behalf of the Anglo-Dutch oligarchy.

The oil futures market, in fact, was a product of the first oil shock, first established in October 1974 in both Rotterdam and New York, BP was the first oil company to endorse the futures market and later supported the establishment of the London-based gas oil futures market. The first oil hoax ushered in the process of "controlled economic disintegration" which the New York Council on Foreign Relations (an elite policy grouping allied to the London-based Royal Institute of International Affairs) endorsed in its *1980s Project* studies. Out of the process of disintegration a "reintegrated" oil market, dominated by a mega-energy cartel, is to emerge.

### **The role of a mini-OPEC in London's scheme**

In the short term, Britain is not likely to impose another price cut below the \$29 barrel level. However, London is expected to employ its old trick of having its OPEC allies, Libya and Iran, do its dirty work.

Iran has not even agreed to abide by the \$29 benchmark, and Libya is already reported to be transacting oil agreements with Eastern Europe at far below the OPEC marker price. These new Libyan deals have enabled the Soviets to withhold oil from its Warsaw Pact partners and simultaneously export a record volume of crude to Western Europe at prices that also undercut OPEC. Since late January, the U.S.S.R. has decreased its price three times, the most recent being less than 24 hours after OPEC finally cut its marker price!

Various outlets for British policy, including the Philadelphia Wharton School, are now forecasting that as a result of the current oil price slide, OPEC will be markedly cut down to size, with only the underpopulated oil exporters of the Arabian peninsula surviving as a kind of mini-OPEC once the oil price bottoms out. According to this scheme, the British-created Gulf Cooperation Council would serve to unify the Gulf states—those states that are known to possess over two thirds of the world's proven oil reserves of nearly 600 billion barrels. As the holders of the world's most abundant and cheapest-to-produce oil, Kuwait, Saudi Arabia, the United Arab Emirates, and Qatar would serve as a de facto oil reserve for London, turning up production when supplies are slack and turning production down when there is a glut. These states would have no sovereign control over their own oil policy and related economic development programs.

As a result, the Gulf states would also provide the "oil pricing security" underwriting the multinationals' bid to multibillion dollar investments in marginal oil in such exotic places as the

Arctic and Antarctic, in a race to secure top-down control over not only all of the world's oil supplies but raw material supplies as well.

For this reason alone, the oil price must go up again. The lead story in the February edition of the influential London-based *Petroleum Economist* is headlined "Heading for a third oil shock?" The article forecasts that another oil crisis is around the corner which will be triggered by "war, revolution, or assassination" in the Middle East.

Just when that crisis will hit is purely a political question. The most significant determinant is how long it will take to break certain large developing-sector oil exporters' control over their oil. Both Mexico and Nigeria have been targeted as the first victims of an ugly financial squeeze by both the international banks and the oil companies. These countries are being told to surrender their oil in exchange for badly needed credits.

At the same time, across-the-board, even countries less seriously affected by the current economic crisis and oil price downturn, such as Saudi Arabia and its wealthy neighbors, will make deep cuts in development which will result in billions of dollars in lost contracts for the leading industrial nations. Already Saudi Arabia has begun "stretching out" projects not related to military, security, and oil infrastructure, resulting in payment delays and the layoffs of thousands of foreign workers. Moreover, the Saudis have announced that their 1985-1990 development program will be based on only a 5 mbd oil production average (half of Saudi Arabia's peak output of 10.6 mbd), at a price averaged near \$20 a barrel.

Within the Reagan administration Secretaries George Shultz and Donald Regan have heralded an oil price drop as the magic needed to bring about the long-awaited economic recovery. The average world oil price has in fact already dropped well over \$5 a barrel since 1980, but no such recovery has resulted.

President Reagan is known to value the close alliance the United States has established with the Saudis over the years. But by supporting the oil pricing policy dictated by London, the administration is sure to destroy not only a relationship which is vital to U.S. national security interests, but also likely to finish off once and for all the United States' role as the leading big power in the Middle East. By London's calculation, this will impel the United States to retreat to the Western Hemisphere, leaving Britain's former colonial turf, the Middle East, and all of its oil, to London's designs.

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*A special consulting report on the world oil pricing crisis, "Oil Price 1983: Problems and Prospects," is available through the EIR Special Services Department at \$250 per copy. This report employs the LaRouche-Riemann economic model to analyze the impact on the total U.S. economy of various oil-price scenarios, and also provides a documented review of who is controlling current oil market manipulations.*

# American cattle herds are being cut back to a dangerous level

by Cynthia Parsons

The cattle industry, the largest segment of American agriculture, is undergoing changes of which even the keenest lobbyist for the industry is unaware. Sharp herd reductions, increased feedlot placement, and lower meat prices relative to other foods in the supermarket, coupled with reduced consumption, have created a conjuncture which has disoriented the usual progression of the cattle cycle. Such a situation does not bode well for either the producers or the consumer because, once herds are depleted, a very long time is needed to rebuild them. Thus the American population must consider a future where red meat will be considered a luxury item [see Figure 1].

The National Cattleman's Association (NCA), the cattle industry's umbrella organization, has been misleading the industry into believing that the future is looking hopeful and that there is an economic upswing on the way, in the hope that farmers will not rush to liquidate their herds, and that the bankers providing credit to producers will continue to assist. Also, livestock market analysts are using the upswing hoax to predict that cattle prices will rise during this year, with the peak to occur in late March, followed by another decline.

But how can there be any recovery in the livestock industry, let alone the general economy, when herds are already being liquidated? Is this the rosy hope for the industry?

## Herd liquidation

The reality is far from rosy or hopeful. Farmers throughout the country are reporting that cattle numbers are down significantly, especially cow calves, and that reductions are far in excess of those reported by the Department of Agriculture.

The small- and middle-sized farmer who combines cattle raising with field crops has carried the dominant share of the cow calf production. This is exactly the same group of farmers most affected by the economic depression, those who are being forced to leave their land. These farmers generally carry affected by the economic depression, those who are being forced to leave their land. These farmers generally carry about 50 percent of U.S. cattle. As they give up farming they give up their cattle. Actually, they have been selling off their cattle for some time, in order to raise ready cash.

Cattlemen are the most heavily financed of all farmers

**Figure 1**  
**Fundamental problem:**  
**The failure of farm prices—**  
**particularly for crops—to**  
**keep pace with rising**  
**production expenses.**

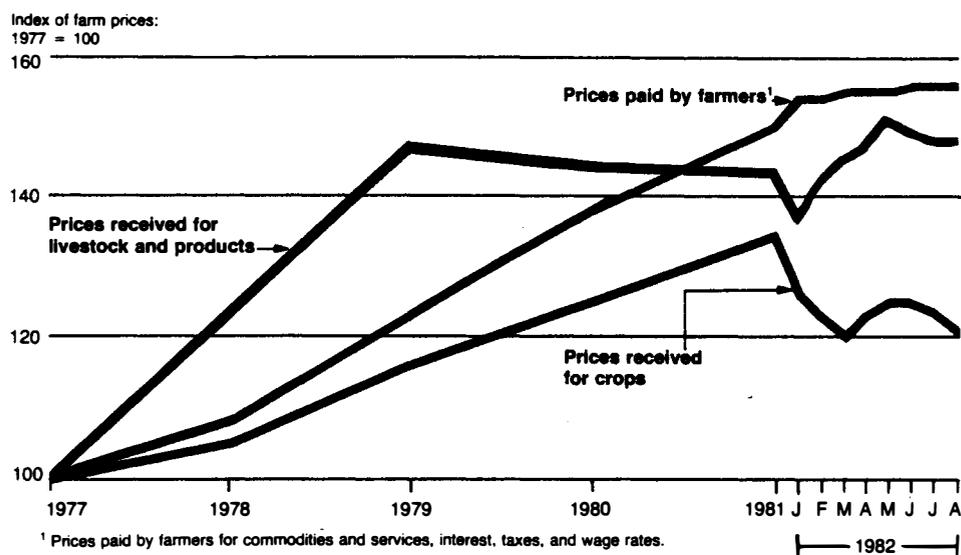
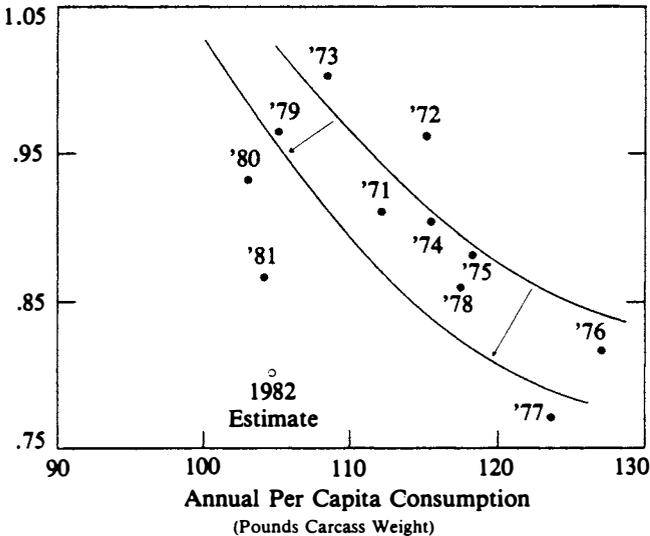


Figure 2

### Illustrative demand curves for beef in the United States, 1971-81.

Retail Price (1967 Dollars)



Source: Federal Reserve Bank of Kansas City, 1980

and, like the grain farmer, have had to bear the cost of three years of high interest rates and reduced incomes. But there is only so much loss they can absorb. Cattle prices have been lower than the real cost of production during this period and the average farmer can no longer afford to raise cattle. This leaves the industry primarily in the hands of the larger ranchers, conglomerate real estate speculators, and oil companies like Arco, the latter group having very little interest in maintaining herds if they become unprofitable.

Many farmers have voiced a fear that what is happening here is what occurred in Canada during the 1970s. Fifteen years ago, they say, Canada was a large cattle breeding country. Today, feeder cattle are no longer produced, and what remains are in the hands of foreign companies.

### The cattle cycle

The cattle industry is characterized by cyclical inventory accumulation and liquidation, and has been since the late 1800s. These cycles have typically taken from 8 to 12 years to complete, and are greatly influenced by prevailing economic conditions.

Since 1975, the cattle cycle has not followed a normal pattern. The onset of the mid-1970s depression, plus the oil price rises, and the 1979 interest rate hike, dampened the normal expansion of herds. Thus inventory numbers remain well below the peak of 131 million head of 1975. The most recent USDA statistics show that U.S. herds as of Jan. 1, 1983 were at 115 million head, and cattle experts predict further reductions this year. The same USDA report shows a

3 percent decline in the beef breeding herd, and a 4 percent decline in the number of heifers being saved for beef herd replacement. Thus the seven to nine year breeding cycle has been drastically changed for this, the fifth year in the cycle. In addition, the 1982 calf crop was 44.4 million head, the second consecutive year of decline.

The sharpest reductions occurred in Oregon, California, and Nevada, where beef cow inventories declined 8, 10, and 11 percent respectively. Reductions also occurred in the southeastern states, primarily Georgia, Florida, and Alabama. One Georgia farmer claimed that cow calf numbers in Georgia were down 80 percent from the mid-1960s.

### Feedlots overflow

The February USDA *Livestock and Poultry Outlook* report shows that marketings and placements were close to target until December 1982, when 7 state placements ran 18 percent over the previous year. The number of heifers on feed was up 28 percent over last year, and is at the highest level since 1978. The number of cows on feed was up 26 percent, the highest level since 1979, the end of the last cycle. These inventory figures confirm that herd liquidation is still underway.

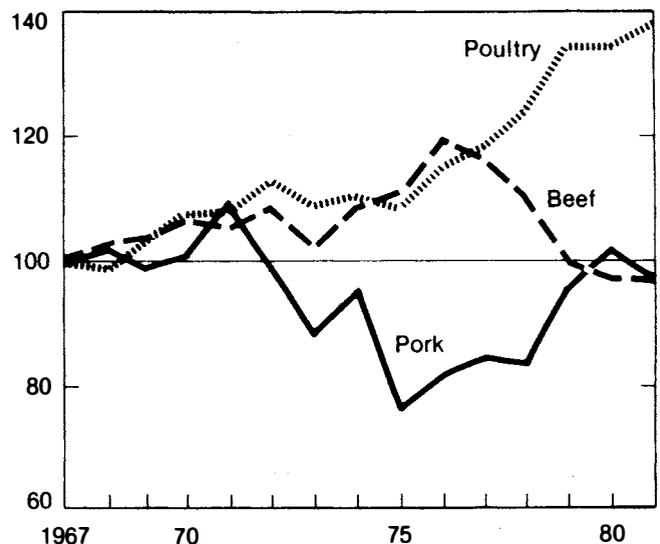
Feedlots are large eating factories. Approximately 1 percent of the operations, those with units of 1,000 head or more, account for about two-thirds of the fed-cattle marketings. Operations with less than 100 head account for almost 90 percent of the farms with cattle on feed, but they sell less than 15 percent of the fed-cattle marketed.

Feedlots have been going out of business, declining 6

Figure 3

### Per capita consumption of meat

% of 1967



Source: USDA, *Agricultural Charts*, 1982

percent during 1982. The number of cattle feedlots in the 13 major feeding states declined 5 percent in 1982, from 70,892 to 66,743. Feedlots with capacities to feed 1,000 head and more dropped by 67, while the number of smaller lots declined by 4,082.

Since 1980, the marketing pace of cattle has slowed, creating overflowing situations in feedlots. Last fall, feedlot placements rose 16 percent. Increased numbers mean more expense for the feedlot owner. These numbers have swelled because prices for cattle have been falling. However, feedlot marketings for the first quarter of 1983 are up by 11 percent, the largest in three years, yet still below those reached in 1978-79.

The "spread," or difference between prices paid to cattle farmers and what processors and retailers receive, has fallen from a stable \$1 in the recent period. The spread between these prices, considered an indicator of economic health by the cattle industry, is as low as 90 cents.

Commercial production of beef rose only 1 percent during 1982, while feedlots tried holding out for higher prices. Now the slaughterers are not buying, in an attempt to create a slight shortage to push prices up. During 1983, the fed-cattle proportion of total slaughter is likely to rise about 70 percent.

### Demand down

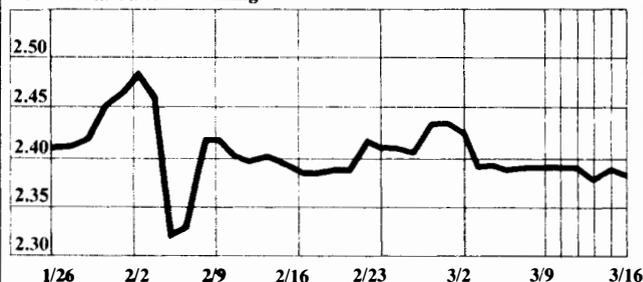
Despite the fact that meat prices are relatively low, consumption is continuing to fall. A Texas A&M University cattle economist explained that historically supply has always kept pace with demand—as if there were no reality outside of the economic balance sheet. But the plain truth is that most families have already removed the higher cost cuts of meat from their budget. Quite startling is the statistic that 35 percent of all meat consumed per capita is consumed outside of the house, in the form of hamburger and other fast food (see Figures 2 and 3).

Red meat consumption declined 4 percent in 1982, while all meat consumption was down 2 percent, the largest decline appearing among the "blue collar" worker users. According to statistics gathered by the NCA, the heaviest users of beef traditionally are the industrial "blue collar" workers in the medium- to upper-income levels for their type of work. The heavy users of red meat represent only 30 percent of the population, but consume 53 percent of the meat. The La-Rouche-Riemann data base shows that the productive workforce has declined from 33 percent in 1977 to 28 percent in 1982, which accounts in part for the decline in meat consumption. On the other hand, the white collar workers, representing now about 71 percent of the workforce, have been rejecting meat for other reasons. They have been the victim of the "cholesterol is dangerous for the health" line, and have rejected red meat in favor of foods which they perceive as being "lighter." Consumer disposable income spent on all meats dropped from about 5 percent during the 1960s and early 1970s to slightly more than 4 percent today.

## Currency Rates

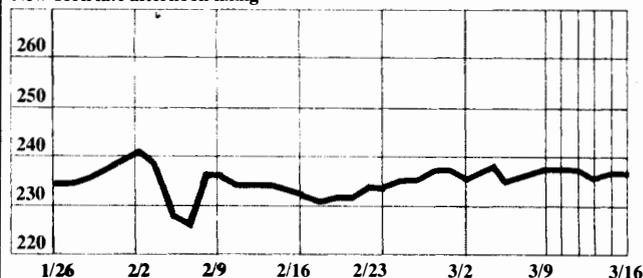
### The dollar in deutschemarks

New York late afternoon fixing



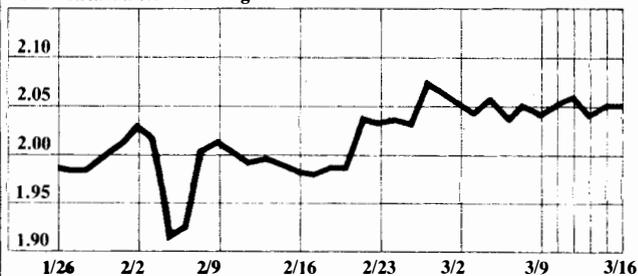
### The dollar in yen

New York late afternoon fixing



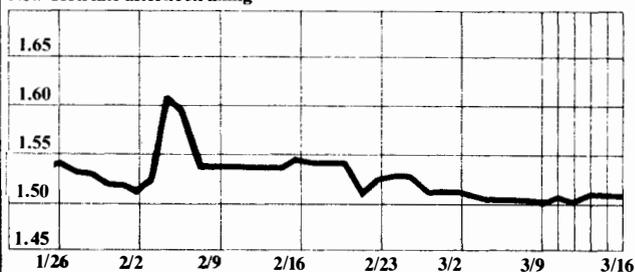
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



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## Book Review

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# Fascist policies with a digitalized face

by Martha Quinde

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### Microelectronics and Society— For Better or For Worse

*A Report to the Club of Rome*

Edited by Gunter Friedricks and Adam Schaff  
Oxford, England: Pergamon Press, 1982

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It is hardly a surprise that this report on microelectronics, commissioned by the Club of Rome, proves to be another forum for the Club of Rome's Malthusian economic theories. Specifically, Club of Rome member Alexander King, who contributed two of the chapters, sets the tone by insisting that Western technology is not suitable for the developing countries.

"As far as the main thrust of this book is concerned, the question which arises here is whether the countries of the Third World, which have not yet been able to assimilate the possibilities provided by the first Industrial Revolution, will be able to benefit by the upsurge of a second and much more complex phase of technology—that of microelectronics," King writes.

As far as King is concerned, they cannot. "Achievement of the threshold of technological competence is, as it were, the entry card to this system. . . . The Third World lies well below the critical threshold of technology."

In the advanced sector, the effect of the microelectronics age will be "the elimination of a high proportion of existing jobs." This could mean a "utopia," if "the inescapable employment aspects of the application of the new microelectronics should be turned into an opportunity to achieve a greater degree of industrial democracy." King describes this utopia as "an equitable distribution of employment through shorter working hours, earlier retirement."

In the developing sector, the situation is much more volatile, according to King. He warns, "By the end of the century, the proportion of the total population residing in the present industrialized countries will be about 20 percent only." Automation "will erode the main comparative advantage of the developing countries, namely their low labour costs" and, therefore, "increase the gap between rich and poor countries."

The idea that the developing countries could educate their

populations and actually assimilate new technologies King rejects as out of the question. "It is suggested in some quarters that the rapid introduction of packaged microelectronic processes to developing countries could be the panacea for the solution of the North-South problem, allowing these nations to leapfrog into the sophisticated industrial world of the twenty-first century. This approach is rejected as unrealistic, misleading and diversionary."

Besides, King continues, the Third World does not want it. This kind of development "will make the emergence of indigenous technologies more difficult and, in the end will erode local cultural values. This will be seen by many in the Third World as a new wave of technological colonialism." One cannot ignore, King says, "many of the deep structural, social and cultural issues . . . as the recent example of Iran has demonstrated all too clearly."

At best, the Club of Rome's prescription for the South is technology in the form of "the village computer . . . assisting in the distribution of effort to ensure that the available biomass is fully used and sustainable" or "development of new labour-intensive technologies using advanced scientific approaches."

The emergence of the microelectronic revolution will represent a major political force very soon, says King, for which governments and labour must be prepared with "contingency measures . . . which will have strong societal impact. The structures of governments were created for earlier, simpler times," and chaos and resource war could ensue.

"There is as yet little understanding in the industrialized countries of the fragility of their material prosperity, of their vulnerability to the withholding of vital imports of the materials and energy on which their industries depend. . . . Such a situation is inevitable in a world in which sovereignty is sacrosanct." But such sovereignty is eroding, King writes. "The applications of microelectronics, which we have described, cannot but accelerate the erosion."

In the remaining nine chapters of this book, little is said that is not in defense of King's position.

In "A Third World Perspective," Juan F. Rada of the Centre for Education in International Management purports to represent Third World opinion. "Information should not be used to infringe on a people's cultural identity and invade a world that is struggling to reach its own identity and development path."

Adam Schaff, with whom King works closely, describes the possible utopia referred to by King. Schaff, a Polish dissident claims that the microelectronics revolution will eliminate work, and he describes an automated world run by "researchers," people like himself. "Pride of place here goes to research which will increasingly become the socially most important tool." Utopia is a society whose "members would pass from the stage of *Homo laborans* to that of *Homo studiosus*, without losing the nature of *Homo ludens* [playful man]. That would mean unquestionable progress."

# Trade Review

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>NEW DEALS</b>			
\$213 mn.	U.S.S.R. from Japan	Komatsu Ltd. reported receiving orders from the Soviets for about 500 pipelaying machines for use in Siberian natural gas development. Not clear yet whether Japan's Export-Import Bank will provide financing Soviets want or continue its semi-embargo policy.	900 Komatsu pipelayers are on the job at the Siberia-Western Europe pipeline, where Caterpillars would have been except for the State Department. Even with U.S. relaxation of sanctions, Komatsu has won the market.
\$60 mn.	Nigeria from Brazil	A Brazilian consortium won bidding for 950 railroad freight cars. However, the Brazilians fear that final contracts, to be signed in April, will allocate 450 of those cars to Spanish and South Korean suppliers. Brazilian consortium members are Santa Matilde, Cobrasma, Mafersa, Fabrica Nacional de Va-gões and Companhia Comercio e Construção.	Santa Matilde says, "If Brazil uses our bargaining power as oil purchasers, surely the whole order will stay with Brazil." It stresses that in today's market, diplomacy is more important than price competition in winning contracts abroad.
\$20 mn.	India from Japan	India's first floating drydock has been ordered from Ishikawajima-Harima Industries of Japan. The dock, able to handle repairs of ships up to 25,000 gross registered tons, will be at the edge of Bombay harbor. It will be completely self-sufficient in power generation, repair workshops, and crew facilities. Ishikawajima will train Indian staff and advise Escorts Ltd., the private Indian engineering company, which will own the dock.	Dock is first part of 15-year Indian ship repair plan, which includes a complex in West Bengal, another floating dry dock at Madras, and improvements of repair facilities at 4 other ports. India searching for foreign partners for all projects, and giving ample tax incentives to local investors.
\$10 mn.	India from U.S.A.	Kalyani Steels Ltd. has agreed to a joint venture with Bendix subsidiary of Allied Corp. to manufacture and assemble truck components for India and the subcontinent. Kalyani Brakes Ltd., 40% owned by Bendix, will make compressor valves, master cylinders, actuators, and slack adjusters and other brake components in its 60,000 sq. ft. plant in Maharashtra state.	
	South Korea from U.S.A.	Hyundai is setting up a small R&D lab in California's Silicon Valley to tap U.S. know-how on electronic control systems for ships and automobiles.	Hyundai will then make its own controls in Korea, rather than importing finished systems as "black boxes."
\$120 mn.	Algeria from Sweden	Skanska Cement has won order for building 12 technical schools and student dormitories in Algeria.	Part of Algeria's Prefab 82 program.
\$8 mn.	New Zealand from Japan	New Zealand has ordered 2 turbines for geothermal electric plants in New Zealand, to provide a grand total of 93.8 megawatts.	

# Business Briefs

## Research and Development

### Japan designates 19 'technopolis' centers

The Japanese government has announced that it will submit to the current session of the Diet a plan to create "technopolis" areas in as many as 19 locations throughout the nation.

A technopolis is an industrial center for high-technology research and development and manufacturing. According to the *Japan Economic Daily*, these centers will emphasize semiconductors and biotechnology, among other high-technology areas.

The technopolis plan will be managed by 17 government agencies under the lead of the Ministries of International Trade and Industry, Construction, and Home Affairs. The central government will give top priority to bonds issued to finance the technopolis centers.

Japan thus becomes the first nation to finance new cities to develop new technologies.

## Recovery Proposal

### Japanese to bring GIF to Williamsburg summit

The Japanese delegation to the May Williamsburg economic summit plans to present the Global Infrastructure Fund (GIF) plan drawn up by Mitsubishi Research Institute founder Masaki Makajima for discussion as a solution to the current international economic crisis, according to Kyodo press service.

Government sources said March 17 that the current world crisis rivals the Great Depression of the 1930s, and major investments are necessary to get the world economy moving.

The Japanese government, which calls the plan an international "New Deal," is also working on plans for raising the necessary funds from the leading industrial nations to finance the proposed projects. One plan, to

divert military funds saved by arms reduction, the Japanese acknowledge to have little chance for success, but their other proposal is to raise the contributions each advanced-sector nation makes to official development aid, to finance feasibility studies for the various proposed infrastructure projects. Once the projects were begun, capital could be raised from private investors in various parts of the world.

If the leaders at the Williamsburg summit agree to go ahead with the plan, Japan will hold an international forum of experts to discuss details later this year.

The GIF plan, which was featured by *EIR* Feb. 23, 1982, calls for projects including a second Panama Canal, a huge artificial lake in central Africa, reforestation of the world's deserts, and hydroelectric projects in the Himalayas.

## Oil

### Saudis expect \$18-\$20 price in late 1980s?

Saudi Arabia's fourth five year plan, for 1985-90, is based on the assumption of an \$18-\$20 per barrel oil price during those years, *Platt's Oilgram* reported March 15.

Saudi Planning Undersecretary Hussein Sejini told the Mecca daily *al-Nadwa* that revenue estimates were based on production of 5 million barrels per day at a price between \$18 and \$20.

Sejini said that maintenance and operation of existing programs would receive special attention, implying there would be a reduction in the industrial projects under construction.

Because Saudi production fell to 3 million barrels per day before the recent price reductions were announced, the Saudis have begun to "stretch out" the construction of existing projects, and have allowed the projected Saudi-Dow Chemical refinery to fall through.

Aramco, the consortium of four U.S. oil majors and the Saudi government, has announced a 15 percent across-the-board cut-back in personnel while Parsons Engineering Company, a major contractor in Saudi

Arabia, has begun to recall workers from the peninsula.

It is reported that the Philippines government has sent officials to Saudi Arabia to arrange the return of Philippine nationals who are laid off in Saudi Arabia.

## Banking

### Jake Butcher fingered by American Express?

American Express influenced banking authorities to shut down United American Bank of Memphis, Tennessee, *EIR's* sources assert.

In January, American Express merged with the private banking fortune of Genevan billionaire Edmund Safra. In mid-February, United American was shut down and sold off to another bank holding company by the Federal Deposit Insurance Corporation, on the grounds of large unreported loan losses.

The intelligence sources report that Safra wanted United American's former chairman Jake Butcher out of business because of his ties to former U.S. Comptroller of the Currency Bert Lance. Lance forms part of a group of U.S. southern financial interests which have developed far-ranging financial ties to the Middle East. Much of Safra's fortune is based on financial links to the Middle East.

Credibility is lent to the report by the presence on the Amex board of a leading officer of the Anti-Defamation League of B'nai B'rith, Wall Street lawyer Kenneth Bialkin.

Over the past year, Bialkin has intensively lobbied in Washington in behalf of ADL policies for Israel. Simultaneously, Bialkin has masterminded other stock raids on Southwestern corporations which represent independent financial sources for the Democratic Party in that region.

Hearings on the FDIC shutdown of United American were held in mid-March in the House Commerce Subcommittee.

The hearings focused on the regulatory procedures used to monitor U.S. banking practices.

During the hearings, FDIC chairman

William Isaac proposed the FDIC should cease insuring banking deposits over \$100,000. This would help to keep bankers honest, Isaac stated, since depositors would exert more pressure on their bankers to protect their funds.

### **Third World Debt**

## **Argentine military demands IMF abrogation**

Led by the Air Force, the Argentine military junta has demanded that the nation's central bank abandon the recently imposed International Monetary Fund (IMF) conditionalities and lower the nation's interest rate. Argentine central bank policies have pushed the domestic interest rate up to 200 percent annually.

A list of economic objectives, including lower public utility rates, export stimulation, and both lower interest rates and a preferential rate for industries that adhere to government price guidelines was announced at the junta's regular Thursday meeting March 10.

The re-emergence of the junta taking control of economic affairs reflects the relatively stronger position within the junta of the Air Force and sections of the Army who see IMF conditionalities crushing the nation's industry.

The directors of the central bank have reportedly been forced to meet in their homes rather than in their offices in fear of the junta.

Central bank president González del Solar, a strong advocate of the IMF conditionalities, is said to have offered his resignation to the military.

### **Foreign Exchange**

## **Counterfeit Nigerian currency in circulation**

Huge amounts of counterfeit Nigerian currency are now being circulated in New York and other locations, according to high-level sources.

Otherwise legitimate money changing

institutions are selling the niara at between 78 and 90 cents to the dollar. The official exchange rate is \$1.40. The niara being sold at the low rate are almost certainly counterfeit, the sources stated.

The volume of counterfeit currency now circulating is causing serious problems for Nigeria, weakening the official exchange rate and forcing up domestic inflation. Other African nations faced with the same problem have evidence that the counterfeiting is being done in Hong Kong.

*EIR* wants readers to know that any attempt to use niara in Nigeria purchased at the 78 to 90 cents rate could have serious consequences.

### **International Finance**

## **Rumors mount of Brazilian debt crisis**

"We can't come up with the money to finance Brazil now," the head of the Latin American division of a big West Coast bank said March 15. "This means they are at the wall, and it seems hard to see how a debt moratorium will be avoided now."

Although the Brazilians are not yet in default, the Fed reports "talk of arrears on private accounts . . . of less than \$1 billion as of March 17. According to one large Japanese bank, Brazil has paid no interest on debt since March 1. Brazil has also gone into arrears on service payments not related to debt.

In addition, the collapse of Brazil's currency under International Monetary Fund orders has sparked a major flight of capital. The volume of the capital flight in the past few months is estimated at \$8 to \$12 billion by the London *Guardian*. A top Fed official confirmed that "those numbers are not too far out of line," while insisting "there is no difference between capital flight and capital outflow."

It is impossible to tell the actual state of Brazil's finances, "because one cannot distinguish between current and capital accounts," the Fed official went on. Brazil has borrowed up to \$16 billion in short-term funds, mostly loans to Brazilian banks, during the past six months.

## **Briefly**

● **JOHN DINGELL** (D-Mich.), chairman of the House Committee on Energy and Finance, and Rep. Sam Gibbons (D-Fla.), chairman of the Trade Subcommittee of the Ways and Means Committee, will lead missions to Japan to study bilateral trade problems at the end of March, according to Kyodo press service. The Gibbons mission will visit Japan's "silicon island" of Kyushu to see semiconductor and other high-technology industries there. The Dingell mission, which will also visit China, will include Rep. Richard Ottinger (D-N.Y.), the sponsor of the "domestic content" bill requiring auto-makers to use U.S.-made parts.

● **THE COMMERCE** Department has revealed that the United States is losing its share in the world market for advanced-technology industries. The U.S. industries share in the world market shrank from 28 to 24 percent. In 10 high-technology categories, the United States has expanded its share only in the agricultural chemistry field in the past 17 years. Japan has taken the lead in such fields as pharmaceuticals, robotics, and bioengineering, according to JIJI press service.

● **THE NUMBER** of U.S. rural poor has increased since 1979, from 26 million to 32 million in 1981, after remaining stable at 26 million during the 1970s. The official poverty threshold for then was \$8,450 annual income for a family of four, says *USDA Farmline*.

● **JAPAN's** nine electric power companies announced the site chosen for the first Japanese-designed nuclear power plant March 17. To be completed in 1994, the 600,000-kilowatt plant will use recycled plutonium as fuel in a design known as the advanced thermal converter reactor (ATR). A prototype 165,000 kilowatt ATR has been operated since 1979, according to the *Japan Economic Daily*.

## Non-Aligned summit pursues a new world monetary system

by Peter Ennis in New Delhi

“We are not asking for pity nor charity of any kind. We are asking for cooperation which will help them as much as it will help us. The industrialized countries ignore the Non-Aligned, they ignore the so-called South; they do so at their peril, too. I might also say that we may be poor, but our economies—certainly that of India—are far more resilient than those of many of the affluent countries.”

The words are those of India's Prime Minister Indira Gandhi, spoken on March 12, when she addressed hundreds of journalists from around the world, who had gathered in New Delhi's Vigyan Bhavan conference hall to hear the new chairman of the Non-Aligned movement summarize the results of the movement's March 7-12 heads of state summit. The summit brought together leaders of more than 100 countries, including the largest-ever gathering of heads of state, for a week of talks on how to resolve the economic and political crises confronting the world.

Together with a special appeal issued at the summit conclusion on March 12, which was called the New Delhi message, and which urged all nations to work together to end “the crisis which confronts our civilization,” by cooperating “based on the dignity and equality of man,” Mrs. Gandhi's press conference called to mind the powerful moral force in the world that the Non-Aligned movement had represented in its early days.

The New Delhi message argued that “the earth belongs to us all—let us cherish it in peace and true brotherhood, based on the dignity and equality of man.”

Mrs. Gandhi also placed the world economic crisis on center stage; this was a definite shift in emphasis from previous Non-Aligned summits, which have tended to give higher priority to discussions of political matters such as the Middle East and southern Africa. Both the New Delhi message (see page 28) and the economic declaration issued by the summit (see page 24) emphasized that peace is inseparable from world economic development, and true security of nations and their peoples lies in the stake in survival and development shared by each nation.

Mrs. Gandhi made an extraordinary call for all United Nations member heads of state to gather for talks at the next U.N. General Assembly.

Once the proceedings were under way, Mrs. Gandhi had no trouble convincing



Courtesy of the government of India

*Mrs. Gandhi assumes the chairmanship of the Non-Aligned from previous chairman Fidel Castro of Cuba on March 7.*

the other nations in attendance that economic questions were the priority. The concern of almost every delegate was the economic crisis. There occurred what many participants said was the most acute debate on economic policy, with the most widespread participation by different countries, ever to take place at a Non-Aligned conference. At the conference plenary—where delegation leaders presented opening statements—country after country issued biting denunciations of the International Monetary Fund; demanded relief from the debt burden now crushing most developing countries; and called for the establishment of a new international monetary system to rescue the world economy. Heads of state as politically divergent as Sri Lankan President J. R. Jayawardene and Nicaraguan leader Daniel Ortega found themselves on parallel tracks.

Jayawardene told the conference that if the IMF did not change its policies, it would soon have to place a sign above its entrance reading: "Abandon hope, all ye who enter here." Ortega proposed to the conference that the Non-Aligned nations form an organization of debtor countries which could plan joint action to pressure the industrialized nations to negotiate a new international economic order.

The summit economic debate also forced out into the open those countries whose leaders and governments acted as agents of the IMF and the private banks—like Pakistan's dictator Gen. Zia ul-Haq, Jamaica's Edward Seaga, a favorite of David Rockefeller, and the Singapore regime, which one African delegate reportedly described as "the richest whore in the transnational harem."

Thus the Delhi summit can be distinguished from any

previous meeting of developing countries by one fact—it accurately identified the bankruptcy of the existing international monetary system as the crux of the world economic crisis. The need for a new international monetary system, and the imperative to restructure the crushing debt burden of the developing countries, were made the highest-priority issues to be pursued in negotiations with the "North," with a strong call for the immediate convening of an international conference on money and finance for development.

Alongside the call for a new monetary system, an ongoing discussion among delegates occurred in the corridors on the question of whether to drop the "debt bomb" to force the "North" into real negotiations for a new monetary system. The threat not to repay their hundreds of billions of dollars of debt has now been recognized as a potent weapon—but at least so far, the biggest debtors, those in Latin America, were not yet ready to allow the weapon to be unsheathed.

In the end, the most important event was the debate over the need for a new monetary system and the use of foreign debt as a weapon. The condition of the international system is now such that convulsions are imminent; the debt bomb is certain to go off sooner or later, and the only question is who will wield its power. The next test of their political will occurs at the Group of 77 meeting of all developing countries in Argentina in late March and early April. The developing countries will have to act soon, however, or the momentum will shift to the IMF and its spokesmen Henry Kissinger and George Shultz—who hope to lull the developing sector with talk of an American recovery and possible dialogue, all the while preparing to impose the IMF's global austerity regime.

# Third World debt and financial restructuring dominate debate

by Peter Ennis in New Delhi

In New Delhi, the summit's economic committee, which was charged with the task of formulating the response of the Non-Aligned nations to the deepening economic crisis, closeted itself in virtual around-the-clock discussions. The tight security that surrounded the entire conference made it difficult to gain access to the economic committee's proceedings, but numerous interviews and discussions with participants have enabled *EIR* to reconstruct the committee's debate.

Barely had the work of the economic committee gotten under way than the issues to be confronted were sorted out and priorities were set. Additional issues such as trade, commodities, food, etc. received relatively little direct attention, and those sections of the declaration dealing with these issues were quickly agreed upon and set aside.

Deliberations revolved around four themes: a) the future of the international monetary system; b) the murderous debt burden of developing countries; c) a new formula for the convening of long-sought global economic negotiations; and d) the program of "immediate measures."

## The international monetary system

The future of the IMF system has been at the center of the North-South dispute for many years, and the insistence by successive American and British governments that no talks can be convened which call into question the "competence" and "jurisdiction" of the IMF, has blocked negotiations. Those institutions are heavily weighted by voting rights in favor of the developed countries, and it is the IMF that is the principal enforcer of contractive "adjustment" programs in the developing sector.

Since 1976, the Non-Aligned countries have been calling for the establishment of a "new international monetary system," a demand repeated by the New Delhi summit. The economic declaration reads: "An important feature of the current world economic situation is the manifest inadequacy of the Bretton Woods system, which was established at a time when economic and political conditions were vastly different, and only a few developing countries were sovereign independent nations. The Heads of State or Government stress the need to create a new equitable and universal international monetary system."

To place this question in the international spotlight, India

proposed that the Non-Aligned nations call for an international conference on monetary issues and finance for development, which would be "aimed at meeting effectively" the "development and other financing requirements of the world economy."

There was never much doubt that India's proposal would be adopted by the summit. The important question was the scope and jurisdiction of the proposed conference. Would it be designed to "propose reforms" of the IMF system, or would it try to bring about a comprehensive reorganization of that system?

The outcome of the debate on this issue was clearly resolved in favor of those who sought broad powers for the conference. One delegate from India said that the monetary conference "would be full-fledged and international" and "would have powers of treaty-making." Another said that "though the economic declaration does not say that the conference would be designed to create a new monetary system, it does say that the conference would be 'aimed at' providing credit for the development of the world economy. Now, since the current world monetary system does not effectively provide credit for world economic development, it goes without saying that the conference would be designed to bring about a new monetary system."

The outcome of the discussion on IMF conditionalities, however, was more equivocal. The final declaration, reflecting the proposal of Grenada for the formation of an anti-IMF "watchdog committee," called for the establishment of a "panel of experts" which could mediate disputes between the IMF and developing countries. The declaration also called for "an immediate review" of IMF conditionalities programs. However, participants in the debate pointed out that the sections of the declaration that criticized the IMF took great care to not "upset the Fund" and thus used extremely moderate language. This was the result of a broader debate in the committee over how far the Non-Aligned nations should distance themselves from the IMF.

On March 10, even before the heads of state formally began their summit, a leading apologist for the IMF within the Indian delegation, Mr. L. K. Jha, began a concerted effort to shift the monetary conference proposed by India into a "reformist" mode.

Speaking at a press conference, Jha said that the proposal submitted by India is "within the existing structural framework, within the IMF, the World Bank, and so on." He also said that the developing countries do not plan any "encroachments on the autonomy of the World Bank and the IMF." He argued that the proposed international monetary conference, would be designed to "advise" the IMF on how best to reform the monetary system, but that it would then be up to the IMF policy-making bodies to accept or reject the recommendations.

Sources close to the Indian delegation reported that Jha greatly overstepped his authority in making those statements. It was reported that the press conference was called to counteract an article printed in a prominent Indian newspaper that day by a World Bank partisan, Jagdish Bhagwati, who called on the Non-Aligned nations to become "more realistic" and to abandon their demands for a new international economic order. While Jha was authorized only to restate India's position on global negotiations, he took the opportunity to press the pro-IMF factional view on the crucial international monetary system issue.

Two days later, a top official of the Indian foreign ministry, Mr. Romesh Bhandari, spoke to the press and in effect corrected the Jha statement. "Why are we asking for an international conference on money and finance for development?" Bhandari asked. "That is already spelled out in our draft declaration. All of the questions of the existing institutions having become outdated, inequitable, having become unjust, having become insufficient to deal with the type of financial and monetary problems which the world is facing. Now, certainly some concept of some institutions formed in 1945 cannot, perhaps, be the appropriate tool to deal with the type of crisis the world is facing in the 1980s. Therefore, the call for an international conference on money and finance for development."

Pakistan's minister of planning, Mahbub ul-Haq, formerly a World Bank official, played a similar role to Jha, using every opportunity to argue that the developing countries should not challenge the IMF system. Haq spread the word throughout the corridors of the conference that India's proposal for an international monetary meeting was a "misguided idea," and that what was needed instead was a more limited "new Bretton Woods-type conference." U.S. financial officials had coined this term as part of their effort to use the international debt crisis to expand the powers of the IMF to those of a world central bank. Haq also said that the developing countries should be "realistic" and recognize that they should remain within the IMF system.

The main issue of the heated debate on debt was whether any type of "collective action" would be advocated in dealing with the creditors of the North, or whether the debt issue would be treated as purely a bilateral creditor-debtor relationship. The bilateral approach to the debt crisis has been termed by Henry Kissinger a "case by case" approach.

Throughout the summit, the debt issue was ever present

in hallway discussion, and Indian newspapers as well as the committee meetings. Journalists of every ideological stripe kept the issue publicly alive by constantly asking officials at press conferences to confirm or deny the latest "report" that consideration was being given at the summit to wholesale repudiation of foreign debts by the Non-Aligned nations or to the formation of a "debtors' cartel."

Many delegates pointed out that the proposal for a "new Bretton Woods" conference to strengthen the usurious IMF system was made only after U.S. private banks were threatened with bankruptcy late last year, when Brazil, Mexico, and other developing countries were unable to repay their debts. "This shows how sensitive the private banks are on the debt issue," one delegate said. This theme was echoed by Ambassador Sobhan of Bangladesh, who told a press conference: "If it takes the debt issue to bring the industrialized countries to the negotiating table, well, well and good."

Within the committee itself, the debate revolved largely around four proposals.

The first two were submitted by India in the draft of the economic declaration prepared before the conference. These two proposals were a) for the "collective negotiation" by the developing countries of a multilateral framework for the restructuring of developing countries' debt burden; and b) the establishment of an International Debt Commission to study all aspects of the debt crisis. The term "collective negotiation" used in the Indian draft was to become controversial, because it implied joint action by the developing countries on the debt issue—a proto-debtors' cartel.

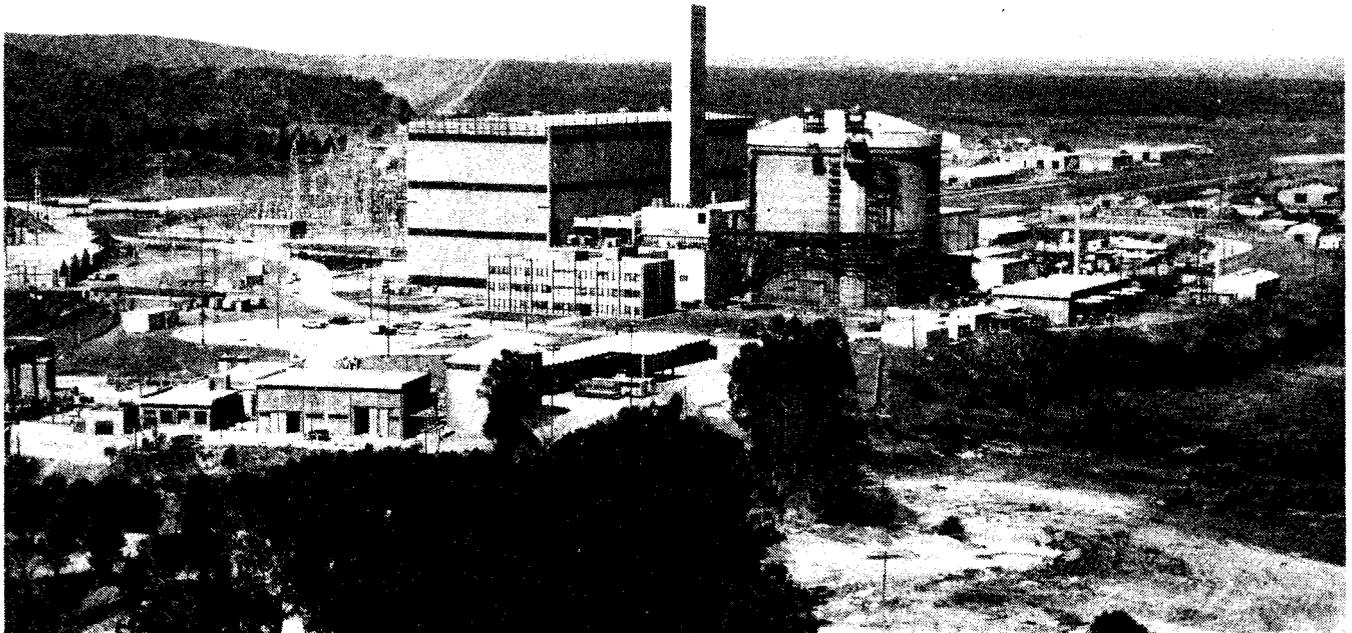
The third proposal on debt was submitted by Nicaragua and made public by that country's leader, Daniel Ortega, in his speech to the plenary session of the summit. The proposal called for the establishment of an "organization of debtor countries," and the idea carried particular weight because Nicaragua had earlier been chosen chairman of the Economic Committee. Ortega's proposal to the plenary read as follows:

We firmly believe that, in the face of the strategy of the poor debtors, and in the same way as the private international banks, the industrialized free market economies, and the international organizations have their own instruments and strategies, it is just, and even a right of the poor countries to establish an organization of debtor countries that would allow us to:

bring together in one organization with voluntary, universal participation, the debtor countries;  
[conduct] joint efforts and actions that would induce the creditors to seriously consider the necessity of a new international economic order; . . .

We should therefore consider massive transfer of resources that would allow our countries the possibility for development. In that way resources would also be generated to meet obligations.

If this is implemented, it would be possible to take



Courtesy of the Argentine National Atomic Energy Commission

*Argentina was the first Ibero-American nation to install nuclear energy. Above, the nuclear plant at Embalse, which has just gone into operation. Argentina played a major role at the New Delhi summit in passing a resolution in favor of nuclear energy.*

up, within the framework of the United Nations, reforms of the International Monetary Fund and the World Bank.

Without trying to present miraculous formulas, we believe that this effort is possible, and we propose the creation of a common organization of debtor countries that could well be called the "New Delhi Group."

Finally, Pakistan, with strong backing from Jamaica, submitted a fourth proposal, for the creation within the IMF of a "debt restructuring facility." Pakistan's Haq was very frank in admitting that this proposal presumes greater IMF surveillance over developing countries, and that the proposal echoes a similar idea recently circulated by Wall Street banker Felix Rohatyn.

A number of countries tried to remove all reference to "collective action" from the economic declaration, arguing that such a reference would prejudice them in their bilateral negotiations with the IMF and the private banks. This view was reportedly expressed by Argentina, Peru, Jamaica, and others, according to sources involved in the closed door sessions.

### **Asian positions**

Committee sources reported that, after especially Argentina spoke forcefully on this issue, several Asian countries adopted a similar position, including Sri Lanka, Pakistan, and the ASEAN group of Southeast Asian countries. Sri

Lanka was particularly important because that country was vice-chairman of the Economic Committee, and played a key role in the working group of the committee, which negotiated rough spots and redrafted controversial sections of the economic declaration.

India, for the most part, was sympathetic to the Nicaraguan view, but was not prepared to be outspoken on the issue so long as Argentina and other countries were intractable. "The Latin Americans that agreed with Argentina held the Non-Aligned hostage," one participant in the summit's deliberation said. "If they don't change their view then it will be hard for the developing countries to use debt as a weapon. After all, it is the Latin American countries that have the debt."

The result of the committee's debate was one of the most hastily constructed paragraphs ever to appear in a Non-Aligned conference document. In the section on the "immediate measures" program dealing with indebtedness, all reference to "collective" action was removed. The final paragraph calls for: "Exchange of information between the developing countries on their negotiations with regard to their external debt, and, where desirable, collaboration between them in such negotiations" and "Development of a comprehensive, equitable, multilateral framework for the restructuring of the debt burden of development countries in order to provide an orderly international response to the possible emergence of serious debt crises."

The first sentence clearly reflects the proposal made by Nicaragua's Ortega. The second sentence, reflecting the Argentine view, omits any reference to "collective" negotiation on the establishment of the proposed framework to control debt crises.

A later section of the declaration makes reference to the proposal submitted by Pakistan for the establishment of a debt restructuring facility. Sources pointed out, however, that the wording of the declaration on this account is significantly different from that used by Pakistan in motivating the proposal. The declaration makes no reference to the facility being located within the IMF, as Pakistan had proposed, and it clearly states that debt reorganization should be conducted on "appropriate terms." Said Bangladesh's Sobhan: "Talk of the developing countries accepting greater conditionalities from the IMF is pure speculation."

### **Global negotiations**

"Global negotiation" was another point of contention for the economic committee because it goes to the heart of the strategy pursued by the developing countries for the last four years in their efforts to bring about a new international economic order. Global negotiations, as first envisioned by the Non-Aligned at the 1979 Heads of State Summit in Havana, would consist of a U.N. conference at which fundamental economic issues could be dealt with and negotiated in a coordinated and comprehensive manner.

The emphasis placed by some countries at the summit on the need for the underdeveloped countries to emphasize "immediate measures" was viewed by Algeria and Bangladesh in particular as a potentially dangerous move, because it would sacrifice the main demand made by the developing countries for the last four years, without getting anything from the North in return. They argued that some formula would have to be found to integrate the demand for global negotiations with the demand for immediate measures. Pakistan quickly sided with Algeria in the dispute, while India was less concerned with formally and rigidly adhering to the global negotiations framework; Pakistan's support of Algeria was, however, viewed as a political ploy.

After extensive negotiation, the economic committee decided to try to convince the North to convene a conference within the United Nations which would conduct global negotiations in two phases. The conference would be convened early next year, after the Group of 77 developing nations conducts informal negotiations with the North over the formal agenda for the conference.

Phase One of the conference would take up issues which do not explicitly challenge existing monetary institutions, such as trade and commodities, by assigning the topics to be discussed to one or another international agency, such as GATT, the United Nations Food and Agriculture Organization, and so forth. Particular financial issues would be assigned to the IMF.

Simultaneously with the convening of the conference, a "working group" would be established to discuss an agenda for Phase Two of the conference. Phase Two would negotiate the reorganization of the existing international economic system, including agencies like the IMF. It is precisely this issue which has blocked the start of global negotiations for almost four years, and the developing countries have not fundamentally lessened their demand that the IMF system itself be the subject of negotiation.

There is considerable speculation that the United States, Britain, and other countries will not agree to holding Phase One of the talks, not to mention Phase Two, because of the

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*India proposed 'collective negotiations' by developing nations of a framework for restructuring the debt burden. India also proposed the establishment of an International Debt Commission to study the debt crisis. The term 'collective negotiations' became controversial, for it implied a proto-debtors' cartel; Nicaragua called outright for the establishment of an 'organization of debtor countries.'*

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"linkage" established between the two. Many delegates also voiced the concern that the talks could be "balkanized" by dividing them into phases.

### **Program of immediate measures**

The "immediate measures" program is the weakest section of the economic declaration, and would barely make a dent in today's economic crisis, even if its four main sections—on finance, energy, food, and trade—were to be implemented in their entirety. Of these four sections, only the proposals in the finance section for the reorganization of developing-sector debt provides a lever against the downward slide in the world economy. Technically, the proposal for an International Conference on Money and Finance for Development is also included in the immediate measures program.

# 'World needs peace and development'

*The following are excerpts from the economic declaration of the seventh summit of Non-Aligned nations, issued in New Delhi, India on March 12.*

## **I. Introduction**

1) The Heads of State or Government (HSG) reviewed the worsening of the world economic situation. The crisis of international economic relations and the widening gap between developing and developed countries have emerged as the most serious problem and source of instability threatening world peace and security. The earnings of developing countries had shown an ominous decline while interest rates on foreign loans had dramatically increased. Medium- and long-term lending to developing countries had fallen. Their balance of payment deficits and their debt burden had reached crushing levels. Measures at present contemplated and proposed were totally inadequate to deal with these problems.

2) Under the present unjust world economic system, the levers of power are firmly in the hands of a few developed countries, and are often used to the detriment of the interests of developing countries. There can be no hope of anything but at best a short-lived revival of the world economy. Nor can there be an equitable and viable system of international economic cooperation without a basic and fundamental change in the approaches and policies of the developed countries with respect to the establishment of the new international economic order.

3) The developing countries were facing extremely bleak prospects. The developed countries too were facing the problem of record idle productive capacity and mounting unemployment. While some of the developed countries favored the strengthening of international economic cooperation, others resisted it. The developed countries as a whole can no longer, under any pretext, shy away from their share of responsibility for international economic cooperation, nor can they afford to ignore the fundamentally indivisible nature of global prosperity.

4) The HSGs affirmed that all countries should be permitted in a real sense peaceful progress world-wide. Progress in the developing countries would help rejuvenate the stag-

nating economies of the developed countries. An improvement in the economies of developed countries would create better development prospects for developing countries. In an increasingly interdependent world, the economic fortunes and political stability of both groups of countries were more and more intertwined.

5) Peace and development are interrelated and the international community cannot be assured of durable peace so long as the economic disparities between nations were widening. Stable global development and viable international order required the halting of the arms race, followed by urgent disarmament measures that will release sorely needed resources for development. Orderly development and progress can take place only in an atmosphere of peace, harmony and cooperation. Political freedom and economic progress are inseparable. . . .

## **II. World Economic Situation**

8) The economic crisis now threatens to engulf the whole world in a major depression, worse than the Great Depression of the 1930s.

9) World production declined by 1.2 percent in 1981, and a further fall took place in 1982. The recession in developed countries has led to unemployment in excess of 10 percent of the labor force, a proportion which is without precedent since the Great Depression. World trade stagnated for two years in succession.

These developments have had particularly adverse consequences for the developing countries as a whole. In the past two years, they have suffered a loss of foreign exchange availability on the following counts: (i) export earnings have fallen by \$150 billion, partly as a result of a catastrophic decline in commodity prices; (ii) debt service payments have risen by \$37 billion, partly as a result of high interest rates; (iii) the annual rate of private bank lending to developing countries has fallen by \$25 billion.

Allowing for offsetting factors, the net foreign exchange flows suffered by developing countries during this period is estimated at about \$200 billion. This massive decline in foreign exchange availability translates itself into a corresponding decline in import capacity of developing countries, thereby reducing the exports of developed countries and threatening a major and cumulative contraction in world economic activity. This alarming process has already begun.

The devastating impact and debilitating effects of the crisis on the economies of the developing countries as a whole, and the least developed countries in particular, had added to their vulnerability. By the end of 1981, the reserves of the developing countries were only a little above \$110 billion, which could finance barely two and a half months' imports. The debt burden of the developing countries had shot up to \$540 billion and the burden of servicing the debt was as high as \$106 billion per annum. The balance of payments deficit of developing countries amounted to \$62 billion

in 1982, and is expected to increase in 1983. All these had forced a number of developing countries to defer repayment of loans and seek rescheduling of their debts. This rescheduling has been made even more difficult by the imposition of conditions and restrictions.

10) The HSG identified the following as among the most important factors which have contributed towards aggravating the international economic crisis:

- (i) squandering of vast human and material resources in an unproductive arms race;
- (ii) inward-looking policies followed by leading developed countries;
- (iii) a financial and monetary crisis confronting the developing countries;
- (iv) adverse trading conditions characterized by:
  - (a) protectionist barriers imposed by developed countries against imports from developing countries,
  - (b) the steady deterioration in the terms of trade of developing countries.

11) The heads of government view with grave concern the extremely low and in some cases negative rate of growth of the majority of developing countries, particularly in most African countries. The 36 countries designated as least developed countries, 26 of which were African, recorded no growth at all over their level in 1980. The situation of those in the Sahel region was desperate. Other developing countries faced a harsh—even hostile—external environment in their efforts to eliminate extreme poverty. The situation of the majority of African countries was so serious as to require urgent corrective measures.

12) An important feature of the current world economic situation is the manifest inadequacy of the Bretton Woods system, which was established at a time when economic and political conditions were vastly different and only a few developing countries were sovereign, independent nations. The heads of government stressed the need to create a new, equitable, and universal international monetary system. . . .

### **III. Negotiations for the Establishment of the New International Economic Order**

#### **A. Assessment**

16) Numerous international conferences have taken place which have scrutinized practically every dimension of the international economic system. The negotiations in these conferences have not yielded significant results; as a result, there has been hardly any progress towards the establishment of the new international economic order. . . .

#### **B. Strategies for forthcoming international economic negotiations**

19) The movement of Non-Aligned countries should fashion its strategies for forthcoming international economic negotiations on the basis of a thorough analysis of the world economic situation. Future negotiations should be guided by a new concept of international security which recognizes the interest of all nations and all peoples in survival and world development. . . .

### **IV. Global Negotiations Relating to International Economic Cooperation for Development**

25) The heads of government expressed their firm con-

## **'The inalienable right to nuclear energy'**

Leaders of Third World nations meeting in New Delhi this month at the summit of Non-Aligned nations called access to nuclear technology for development an "inalienable right" of nations. The section of the political communiqué dealing with nuclear development reads:

"The Heads of State or Government reiterated that full or unrestricted access to nuclear technologies for peaceful purposes under non-discriminatory conditions is an inalienable right of every state. They stressed the need to respect the options and decisions which are made in this sphere without jeopardizing related policies and programs

regarding the nuclear fuel cycle or international cooperation in the peaceful use of nuclear energy.

"The Heads of State or Government abhor the pressure and threats directed against the developing countries to prevent them from accomplishing their program for developing nuclear energy. In this connection, it was reiterated that non-proliferation should not be made a pretext for preventing states from exercising their full right to acquire and develop nuclear technology for peaceful purposes geared to economic and social development in accordance with their priorities, interests, and needs.

"Likewise, they supported the convening of a United Nations conference for the promotion of international cooperation in the peaceful uses of nuclear energy, after adequate preparation, with the view to adopting universally acceptable principles of international cooperation in this field on an equitable and non-discriminatory basis."

Also added to the political communiqué was a condemnation of the Israeli attack on Iraq's nuclear reactor.

viction that global negotiations remained the most important and comprehensive endeavor of the international community for the restructuring of international economic relations, the accelerated development of the economies of developing countries, and for strengthening multilateral economic cooperation on the basis of mutual benefit. . . .

28) The heads of government reaffirmed their commitment to the early launching of the global negotiations and reiterated their belief in the basic approach of the negotiations, namely a simultaneous, coherent and integrated treatment of the major issues confronting the global economy. The current global economic crisis, which has exposed the fundamental weaknesses of the international economic system and institutions, has made it imperative and urgent for the major issues of the world economy to be considered in an interrelated manner within the framework of global negotiations. They, therefore, urged the developed countries to respond positively and constructively to the efforts of the developing countries for the early launching of global negotiations. As a demonstration of their resolve to impart a fresh political impetus to global negotiations, the heads of government decided to propose the convening of a conference within the United Nations to launch global negotiations in early 1984, taking up in the first phase those issues on the formulation and allocation of which agreement would have been reached. During this first phase, parallel efforts should be made through a working group of the conference for expanding the global negotiations to include in the second phase other issues, particularly those affecting the structure of the international economic system and institutions.

## **V. Program of Immediate Measures in Areas of Critical Importance to Developing Countries**

29) In the meantime, the solution of the immediate problems of developing countries brooks no delay. The heads of government decided that all possible efforts should be made to ensure the initiation of negotiations for the adoption and effective implementation of a program of immediate measures in favor of developing countries. They resolved to vigorously pursue these measures as appropriate at the forthcoming conferences within the United Nations system. They recognized that some of these immediate measures have implications for medium- and long-term action as well as for structural changes in the existing international economic system and that such negotiations would be continued within the framework of global negotiations when launched.

### **A. Monetary and Financial Issues and Transfer of Resources**

#### *Official Development Assistance (ODA)*

- i) Attainment of 0.7 percent of GNP as ODA by 1985. . . .

#### *Indebtedness*

- (iii) Exchange of information between the developing

countries on their negotiations with regard to their external debt and, where desirable, collaboration between them in such negotiations. Development of a comprehensive, equitable, multilateral framework for the restructuring of the debt burden of developing countries in order to provide an orderly international response to the possible emergence of serious debt crises.

- (iv) Conversion of all outstanding bilateral official development assistance loans into grants for the least developed countries.

#### *International Monetary Fund*

- (v) Increase of IMF quotas beyond that agreed in the recent interim committee meeting, to a level of SDR 125 billion.

- (vi) A sizeable allocation of the SDRs sufficient to provide much-needed liquidity over and above the requirement for paying the 25 percent reserved tranche component of the recent quota increase. . . .

- (viii) Replenishment of the IMF Trust Fund by further sale of IMF gold and the use of these resources for subsidized lending to eligible developing countries.

- (ix) Immediate review of IMF conditionality with a view to ensuring consistency with the kind of adjustment process which developing countries can adopt, keeping in mind when prescribing certain policy changes, their economic situation, the structural nature of their imbalances, and the need to encourage expansion in production as an integral part of structural adjustment. It is essential to avoid adjustment processes which jeopardize the development process. . . .

#### *World Bank*

- (xi) Substantial expansion of the current lending program of the IBRD. . . .

### **B. Trade and Raw Materials**

- (xv) Substantially increased market access in developed countries for export from developing countries. . . .

- (xxiii) The conclusion, where possible, of arrangements on particular commodities to prevent any fall in price. . . .

### **C. Energy**

- (xxxi) A net expansion in World Bank lending in the energy sector. . . .

### **D. Food and Agriculture**

- (xxxiv) Expansion and enlargement of the food financing facility of IMF, to cover other essential food items. . . .

- (xxxvi) Establishment of a food security system through a system of developing country-owned food reserves. . . .

- (xxxvii) Adoption as a matter of urgent priority of a special international program of food aid and financial assistance to relieve the hard-hit countries of Africa.

- (xxxviii) Increased flow of resources for investment in food and agricultural production, as well as for the development of indigenous research capacity.

**E. International Conference on Money and Finance for Development**

(xxxix) The heads of government stressed the need for a comprehensive reform of the existing inequitable and outdated international monetary and financial system. To this end, they called for the convening of an international conference on money and finance for development, with universal participation, aimed at meeting effectively the development and other financing requirements of the international economy, particularly those of the developing countries, and the need for growth-oriented structural adjustment. This conference should not be regarded as a precondition for the launching of the global negotiations and would become an integral part of these negotiations when they are launched. They called upon the developing countries to pursue this objective as a matter of urgency in all relevant forums for the early convening of the conference. . . .

**Modalities**

31) The heads of government requested the chairman to invite a group of heads of government to hold discussions with other world leaders on the substance of the New Delhi declarations and message. The Chairman had, in her inaugural address, given a call for a meeting of Heads of State or Government at the thirty-eighth session of the United Nations General Assembly. This will provide an early opportunity to hold such discussions at the highest level. . . .

**IX. Monetary and Financial Issues**

39) The heads of government considered that, in the present international situation, it is essential to secure a massive transfer of resources to the developing countries as well as a cancellation of the external debt owed to developed countries by the least developed countries.

45) The heads of government emphasized that effective use of the resources provided for IMF depends upon the appropriateness of IMF conditionality. This calls for a different framework for conditionality from the traditional approach of the Fund, which emphasizes short-term adjustment through demand management. They noted that a policy change by the IMF in 1981 towards supply-side-oriented adjustment programs was short-lived and that demand management policies were today more entrenched than ever before.

46) The heads of government expressed their deep concern for the critical situation of the developing countries regarding their external debts. Official debt is a small part of the outstanding debt of developing countries and in recent years the non-official component had increased very considerably, imposing a heavy burden of debt service obligations. They urged consideration of the setting up of an international debt restructuring facility to help refinance the existing debts of the developing countries for a long-term period on appropriate terms. These issues should be examined in depth in the international monetary conference proposed above.

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# The New Delhi Appeal

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*The following is a special appeal to world governments and peoples issued by the Seventh Heads of State and Government Summit of the Non-Aligned movement. This is the first such appeal since the appeal for world peace issued at the founding Non-Aligned Summit in 1961 in Belgrade. Subtitles have been added.*

1. Our world is increasingly turbulent and insecure. International economic relations continue to be characterized by inequality, domination, and exploitation. The gravity of the situation is evident in the intensification of the arms race, in the resistance of the strong to the initiatives for change in favor of the weak, in great power involvement in regional conflicts, and in the threat of a worldwide nuclear catastrophe.

2. Peace and peaceful co-existence, independence, disarmament, and development are the central issues of our time. But peace must be based on justice and equality because the intolerable inequality and exploitation established by colonialism and imperialism remain the most important causes of tension, conflict and violence in the world.

3. We, the Heads of State or Government of Non-Aligned countries, appeal to the great powers to halt the arms race which is consuming, at an ever-increasing rate, the scarce material resources of our planet, destroying the ecological balance and wasting much of our finest scientific talent in sterile and destructive pursuits. These should be used to revitalize and restructure the world economy. The resources released by measures of disarmament should be diverted to promote the development of developing countries.

4. The Non-Aligned countries, speaking for the majority of the world community, want an immediate halt to the drift towards nuclear conflict which threatens not only the well-being of humanity in our times, but of future generations as well. The nuclear weapon powers must heed this voice to the people of the world. From all indications, 1983 may be a crucial year for nuclear disarmament. We urge the nuclear weapon powers to adopt urgent and practical measures for the prevention of nuclear war. They should agree on an international convention prohibiting the use or threat of use of nuclear weapons in any circumstances and stop further production and development of nuclear weapons. It is also essential that they observe existing arms limitation agreements while seeking to negotiate broader and more effective programs leading to general and complete disarmament, particularly nuclear disarmament, under international supervision.

5. The world economic crisis, which originated in some

of the major industrialized countries, has now become truly global in character and scope. In developed countries it has led to economic stagnation and rising unemployment to which they have reacted by adopting protectionist and other inward-looking policies. In developing countries, whose economies are specially vulnerable, it has led to enormous balance of payments deficits, mounting debt burden and worsening terms of trade due to the steep fall in their commodity prices and to the sharp rise in the prices of industrial products which they have to import. All this has brought many of these countries to the brink of disaster.

6. Never before have the economic fortunes of many of the developed and developing nations been so closely linked together. Yet, many rich nations of the world are turning in the midst of this common crisis to the catastrophic bilateralism of the 1920s and 1930s rather than to enlightened multilateralism. They still refuse to recognize that the economic revival of the North is simply not possible without the economic survival of the South. Solutions to these problems must necessarily be global.

## **'Existing economic order—inadequate'**

7. The present crisis has demonstrated the inadequacy of the existing international economic order to deal with the problems of development. A thorough-going restructuring of this order through a process of global negotiations is necessary. All hurdles must now be overcome so that these negotiations can be launched without delay. Non-Aligned countries have committed to strive for the establishment of the new international economic order based on justice and equity.

8. Concurrently, immediate measures must be taken to start a process of recovery and to bring the world economy back to the path of sustained growth, the activation and stimulation of the growth process in the developing countries must be a key objective of this endeavor. Immediate measures are needed in several areas. Special emphasis must be placed on enabling developing countries, particularly the least developed countries, to solve their acute balance of payments problems without interrupting their development process. At the same time, satisfaction of their basic needs of food and energy, enhanced access to markets, and fair prices for commodities must be ensured. Protectionist trends must be reversed and immediate measures to dismantle trade barriers implemented. It is necessary to put an end to unequal exchange between developed and developing countries. Besides, many developing countries are in a tragic situation

because of their inability to meet their debt obligations. This serious problem should be urgently addressed.

### **Call for conference on development**

9. We propose the immediate convening of an international conference on money and finance for development, with universal participation, and a comprehensive restructuring of the international monetary and financial system.

10. We are deeply concerned about the tensions and confrontations between the great powers and their disturbing effects on Non-Aligned countries. We are determined to resist economic and political pressures that might be exerted by any great power against small and vulnerable states.

11. Urgent political issues, such as the pressing need to restore to the brave Palestinian people, who are waging a heroic struggle against Israeli forces, their inalienable right to establish a national sovereign state of their own in accordance with UN resolutions; the withdrawal of Israel from Jerusalem, Occupied Palestine and Arab territories and from Lebanon, the independence of Namibia to be achieved by the speedy implementation of Security Council Resolution 435; the need to achieve peace in Central America through political negotiations between the parties concerned, as well as the problems in Southeast Asia, Southwest Asia, the Indian Ocean, the Mediterranean, and other areas in the world, call for a sincere effort on the part of all countries of the world to resolve them in accordance with the principles of peace and justice, independence and equality.

No less urgent is the common responsibility of all of us to ensure that our fellow human beings everywhere live in dignity and honor. Many wrongs have been perpetrated on the continent of Africa and its long-suffering people. The people of South Africa are bravely struggling against the obnoxious and oppressive system of racism and apartheid. We reaffirm our solidarity with the African people and their noble cause. There are some great powers in a position to help achieve this objective faster and, hopefully, with less suffering all around. We earnestly urge them to do so.

12. We, on our part, are committed to pressing these and other critical issues at the 38th session of the United Nations General Assembly. We urge the Heads of State or Governments of all countries of the world to join us there. We stand ready to cooperate with them in finding equitable, fair, speedy, and just solutions to these problems. Our destiny is common.

13. The crisis which confronts our civilization today is unprecedented in history. Great tasks call for wise decisions. We appeal to the great powers to give up mistrust, engage in sincere, forward-looking negotiations in a spirit of shared good faith to reach agreement on various disarmament measures, and to find a way out of the deepening economic crisis which threatens all of us. Unitedly, the members of the Non-Aligned movement are prepared to do everything in their power to assist in this process. The earth belongs to us all—let us cherish it in peace and true brotherhood, based on the dignity and equality of man.

## **The summit defuses political bombshells**

by Paul Zykofsky in New Delhi

The prophets of doom, who had predicted that the Non-Aligned movement would split apart at the New Delhi summit conference, have been proven wrong. Mrs. Gandhi pointed a finger at "some people" who "may have wished the movement to quarrel and divide," but told reporters as the conference closed that "we have disappointed them."

The New Delhi summit was faced with a number of very troublesome conflicts involving member states of the movement, such as the Iran-Iraq war, the situation in Southeast Asia, and the Afghanistan issue.

Well aware that these topics could create a destructive rift, the Indian hosts made it clear before the summit that they were eager to focus on "the less divisive" issues—for example, the economic crisis—and avoid troublesome political issues as much as possible. In the end, however, while economics received a great deal of attention, the battle over political questions could not be avoided. It was only deft action by Mrs. Gandhi and the Indian delegation which saw the summit through to a successful conclusion.

The six-day summit-level meetings also provided ample opportunities for informal bilateral summit meetings. Although no precise count is available, the number of parallel meetings held by the more than 70 Heads of State and Government—the largest number ever assembled in one place—was in the hundreds. Pakistani President Zia ul-Haq alone met with over 30 Heads of State and Government. One of the most important of these bilateral meetings was that held between Yasser Arafat and Lebanese President Amin Gemayel, the first since Gemayel took office.

### **Iran-Iraq war**

The outcome of the conference remained in doubt until the very end, as the result of a fierce conflict over the Iran-Iraq war. Originally scheduled to conclude on March 11, the conference had to continue into the early hours of March 12

when Iran refused to accept a compromise formulation regarding its war with Iraq, and the selection of Baghdad as the site for the next summit in 1986. With hundreds of journalists standing by for word of what was happening inside the conference hall, Mrs. Gandhi held two rounds of talks with both the Iranian and Iraqi delegations until 1:15 a.m., when Iranian Foreign Minister Velayati agreed to the compromise formulation. Under this, no direct reference to the conflict was made in final statements, and Mrs. Gandhi, as chairman of the movement, issued an appeal on behalf of it, to "bring an immediate end to the war." On the subject of the venue for the next summit conference, the final declaration noted that the "overwhelming majority of the member countries" favored Iraq as the site of the eighth summit. However, as the circumstances which had caused the shift of venue of the seventh summit from Baghdad to New Delhi remained unchanged, it was agreed that the final decision should be put off until the foreign-ministerial-level meeting to be held in 1985.

The compromise emerged after a running battle of wits and words throughout the summit. India's initial optimism that some steps could be initiated to resolve the crisis received a slight boost after the speech by Iraqi Vice-President Moheedin Marrouf calling for a cease-fire with no preconditions, the establishment of an arbitration panel by the Non-Aligned, and the stationing of observers from member states to enforce the cease-fire.

However, expectations plummeted on the following day when Iranian Prime Minister Hussein Moussadi rejected the Iraqi proposals out of hand. The battle carried over into the political drafting committee in the final days, with a large number of countries speaking out in favor of the Iraqi claim to hold the 1986 summit, while Iran's major supporters were Syria and Libya. In the last hours of negotiation, PLO chairman Arafat played an important role in trying to work out a compromise.

### **Mideast and Palestine**

Other Middle East issues proved to be far easier to resolve, since from all indications, the PLO and other Arab states were given a free hand in the drafting of the final statement on the Mideast region. Whereas the original draft prepared by India included 14 succinct and moderately worded paragraphs on Palestine, Lebanon, and the overall Middle East situation, the final statement was expanded to 26 lengthy and repetitive paragraphs which sharply condemned the United States by name on several occasions for supporting Israel.

Of more significance than the warmed-over arguments and positions on the Middle East was the initiative taken by Arafat to establish an eight-member committee on Palestine at the heads of state level, chaired by India, which will take over from the seven-member committee set up at the 1982 Fez summit of Arab countries, whose term will expire soon.

The purpose of the committee—which includes India, Bangladesh, Zambia, Senegal, Yugoslavia, Cuba, Algeria, and the PLO—is to achieve a "just, desirable, and comprehensive peace, through which the people of Palestine would be able to regain their free and sovereign rights to their homeland."

In contrast, the section of the final statement on Lebanon was brief and mildly worded, reflecting the Lebanese government's own position. It reaffirmed the U.N. Security Council resolution demanding a withdrawal of Israeli troops from Lebanon and called "upon all states to endorse Lebanese efforts to secure the withdrawal of all non-Lebanese forces present in Lebanon that did not have the support of the Lebanese legal authority."

The Delhi summit also marked the re-entry of Non-Aligned founding state Egypt into a major role in the movement after their isolation following the much-condemned Camp David agreement. Egyptian President Mubarak had a strong presence, along with a huge Egyptian delegation, and had numerous bilateral meetings with other Arab leaders, including Jordan's King Hussein.

### **Southeast Asia**

Aside from the last-minute compromise on the Iran-Iraq war, the most divisive issue in New Delhi was the question of seating of a representative from the Southeast Asian nation of Kampuchea. At the last summit in Havana in 1979, a seat which had been held by the genocidal Pol Pot regime was declared empty, over the protests of the countries of the Association of South East Asian Nations (ASEAN). On this occasion the ASEAN countries, led by Singapore and Malaysia, came ready for an all-out battle to restore the Kampuchean seat to the Sihanouk-Pol Pot-Son Sann coalition government in exile, a regime which is being backed by Peking.

The Kampuchean seat issue ended up taking up most of the time of the foreign ministerial-level meeting held before the summit on March 3 and 4. With over 50 of the Non-Aligned nations having voted in favor of Pol Pot's seating at the United Nations, the ASEAN nations were confident that they could win sufficient support for the Sihanouk coalition to reverse the decision taken at Havana. As a result of their pressure, and India's desire to dispel any impression that it was trying to impose a solution, a freewheeling debate was held by the foreign ministers for two and a half days, with over 60 countries speaking out on the issue. However, the ASEAN countries were forced to step back from their position when they found out that 31 of the 60 countries who spoke expressed their support for the Heng Samrin government in Phnom Penh.

In the end, they had to settle for keeping the seat vacant. An ad hoc committee was established to examine the issue further and make recommendations to the foreign ministers' meeting in 1985. Thus the conference avoided a bitter fight at the heads of state meetings on what was widely acknowledged to be the potentially most divisive issue facing the

Non-Aligned movement.

## Afghanistan

Another potentially divisive issue—the situation in Afghanistan—was handled with relatively little difficulty. The most troublesome aspects had already been ironed out at a Non-Aligned foreign ministers' meeting held in New Delhi in February 1981. At that time, Pakistan had played a major role in securing a statement condemning the Soviet intervention in Afghanistan, although without citing it by name.

In contrast with the ASEAN group's role in the Kampuchea debate, Pakistan decided to keep a low profile on this occasion. During the summit, a nine-country working group was set up to work out this section of the final statement. It concluded by re-stating the formulation worked out at the 1981 foreign ministers' meeting, which called for a "withdrawal of foreign troops and full respect for the independence, sovereignty, territorial integrity, and non-aligned status of Afghanistan, and strict observance of the principle of non-intervention and non-interference." This is a reference both to Soviet troop presence and to the interference by U.S.-backed rebels based in Pakistan. Responding to an Afghanistani initiative, the final draft also referenced the "constructive steps" taken by the U.N. secretary-general "in search of a political settlement."

## Central America

Increased participation of Ibero-American nations in the Non-Aligned movement was strongly felt at the New Delhi summit. The three-and-a-half years of Cuban chairmanship and the growing tensions in Central America focused new attention on this region. Following the Malvinas conflict, which created a serious split between the United States and its southern neighbors, more and more countries in Ibero-America have taken an interest in Non-Alignment.

Three of the four new members admitted into the Non-Aligned in New Delhi—Colombia, Barbados, and the Bahamas—were from Ibero-America, and, for the first time since Argentina joined the Non-Aligned in the early 1970s, its head of state attended the summit.

The summit's final statement expanded the original 12 paragraphs on the region contained in the Indian draft to 33 paragraphs. The effect of the Malvinas crisis on U.S.-Ibero-American relations has led to a re-thinking of the value of the Organization of American States [OAS], as is clear from the very first paragraph. The statement recalls the "long struggle of the peoples of Latin America for independence and sovereignty" and praises the "efforts of the states of the region to strengthen their unity, solidarity, and cooperation with the processes of regional integration, and supported the aspirations for the creation of a regional organization representative of the interests of all the countries of the region," a clear rejection of the OAS.

The statement specifies that the Central American prob-

lem "could not be attributed or explained by an East-West ideological confrontation." It goes on to denounce the "acts of aggression against Nicaragua" and commends the peace initiative presented by Mexico, France, Venezuela, Colombia, and Panama. The declaration also contains a strong denunciation of the Pol Pot-like regime in Guatemala, "which is pursuing a repressive and expansionist policy . . . reinforced by the use of its special military forces."

The section on El Salvador calls for "the immediate unconditional cessation of imperialist intervention" and "urges the United States to adopt a constructive position which would contribute to the peaceful solution of the problem." It also welcomes the peace initiative of Mexico, Venezuela, France, and Panama.

The section on Ibero-America was also the only section to sharply condemn the British. This was done not only in the paragraph on the Malvinas Islands, which reiterates the Non-Aligned's "firm support for Argentina's right to have its sovereignty over the Malvinas Islands restituted through negotiations," but also in a final paragraph denouncing the British for their "introduction of nuclear weapons" to the South Atlantic region, in violation of treaties proscribing such weapons in Ibero-America.

The Ibero-American section of the document concludes by welcoming "the historic visit of Pope John Paul II to Central America and the Caribbean, with his message of peace and reconciliation."

## Peace and development

The message that peace requires development, contained in Pope Paul VI's encyclical *Populorum Progressio*, was an underlying theme throughout the conference. The summit's political document specifically focuses on the need for ending the threat of war, or, as the conclusion of the statement puts it: "To lift the spectre of a nuclear holocaust, which has hung over humanity far too long. The greatest peril facing mankind today is that of its very survival."

In this context, the Non-Aligned strongly rejected "narrow, outmoded doctrines of deterrence, balance-of-power, and spheres of influence, which give rise to tension and polarization, division, and conflict among nations." Forceful appeals were also made throughout the summit to stop the nuclear arms race.

At the same time, the final declaration includes a strong statement reiterating that "full and unrestricted access to nuclear technology for peaceful purposes . . . is an inalienable right of every state." The Non-Aligned countries have thereby drawn a clear distinction between their views on peace and development and those of the "greenies" and the nuclear freeze movement, who are fundamentally against technological progress and economic development. As Prime Minister Gandhi expressed it in her opening speech to the conference: "The Non-Aligned movement is history's biggest peace movement."

## JDL terrorists threaten 'holy war' in Israel

by Nancy Coker and Joseph Brewda

On March 10, more than 40 armed Jewish fanatics allied with Meir Kahane of the terrorist Jewish Defense League were arrested in Jerusalem for attempting to tunnel into and seize the Temple Mount. The Temple Mount is the site of the Dome of the Rock mosque, one of the holiest shrines in Islam. It is also the site of the ruins of the Temple of Solomon, and as such has become the fixation of numerous Jewish and Christian fundamentalist cult groups, such as Kahane's, who are seeking to rebuild the Temple in accordance with Biblical prophecy. Kahane, speaking in New York this month, called the Dome of the Rock a "sacrilege" that had to be "destroyed."

An Israeli journalist in West Germany stated, "If Kach [the Israeli branch of the JDL] is not stopped, civil war will occur in a couple of months."

The Mar. 13 *Jerusalem Post* denounced the operation to take over the Temple Mount as "an act of terror by religious nationalist fanatics which could have resulted in a political disaster of international magnitude. The very idea of trying to take over by force the Temple Mount in the heart of Jerusalem on the eve of Friday's Moslem prayers is so literally crazy and objectionable that it defies understanding."

As discussed by Christopher White in his article on page 34, the Temple Mount operation is being coordinated by the highest levels of British intelligence and Freemasonry. In January of this year, *EIR* blew the Temple Mount scandal, focusing in on the efforts of one Terry Reisenhuver, a California-based multi-millionaire and Christian fundamentalist who, by his own testimony, consecrated himself 12 years ago to become the "New Nehemiah" and rebuild the Temple of Solomon on the Temple Mount in Jerusalem.

*EIR*'s exposé on Reisenhuver was picked up by every major Israeli daily, as well as by Israeli radio and television,

the Hebrew and Yiddish press in the United States, and several Arabic-language publications. The wide exposure of Reisenhuver and his Temple Mount Foundation "caused a bit of an uproar," in the words of one of Reisenhuver's associates. "In fact, it was a bombshell. Stanley Goldfoot, the head of the Temple Mount Foundation in Israel, was on the verge of closing on a deal to purchase land from the Armenian Church in Jerusalem to serve as Temple Mount Foundation headquarters. The Israeli press broke the *EIR* story on Reisenhuver and the Foundation, and the Armenians canceled the deal. Reisenhuver has gone into very low profile since this thing broke."

Over the past months, there has been a very bitter faction fight among different groups within the Armenian Church hierarchy in Jerusalem over whether or not to sell Church land to Israeli buyers. The fight erupted into the Israeli press in early November, just days after reports hit the international press on Henry Kissinger's involvement in a major land-scam project for buying up real estate in the occupied territories. Preliminary indications are that Kissinger is tied to that Armenian faction that wants to make the land deal with the Israelis and play into the Temple Mount scenario.

### 'A whole new Jew'

Up until a few months ago, the Temple Mount Foundation was looked upon as a harmless albeit misguided group. Now, high-level sources inside the Israeli Army and the Interior Ministry are extremely concerned about Kahane's link to the group. In an interview last November, one of Reisenhuver's closest associates, Doug Krieger, formerly of Tav Evangelical Ministries, admitted, "We are very much in touch with the Gush Emunim," referring to the militant Jew-

ish settlement cult that is known to work closely with Kahane's JDL.

Krieger also gloated about the emergence inside Israel of Jewish fundamentalism, committed to the same irrationalist kookery and extremism as promoted by the Christian fundamentalists. "A whole new Jew is evolving in the Middle East," said Krieger. "Most Western Jews—those Jews who are in the main in the Ashkenazi [European Jewish] communities throughout the world—are going to be so far removed from the Israeli Jew that it is going to be a very hard bridge to cross."

Most of those arrested for attempting to storm the Temple Mount were from the JDL-linked West Bank settlement of Kiryat Arba. Their leader is Rabbi Yisrael Ariel, number two on Meir Kahane's 1981 election list and one of the ringleaders of the resistance last April to Israel's withdrawal from the Sinai. At that time, Ariel was arrested for his role in inciting his followers into violent confrontations with Israeli soldiers in the Sinai town of Yamit. Ariel has been again arrested for his role in the Temple Mount affair.

One Ariel associate is Rabbi Dov Lior, head of the Kiryat Arba yeshiva, which, under the protection of the Begin government, combines so-called religious studies with military service. According to the *Jerusalem Post*, Kiryat Arba's "itinerant terrorists . . . have full and free access to all sorts of weapons and military equipment, apparently without any real control."

The JDL and Temple Mount operations are backed by some powerful personages in the Begin government. On March 13 Yuval Ne'eman, Minister of Science and Development and father of Israel's nuclear bomb, called upon the cabinet to institute statutory measures to enable Jews to pray on the Temple Mount. The other ministers overruled Ne'eman and agreed that the status quo regarding the Temple Mount, as worked out in a 1967 agreement between Israel and the Muslim religious trust, or Wakf, that administers the Temple Mount, should not be changed.

According to one source close to Reisenhuver, "Yuval Ne'eman could definitely be considered to be in the Temple Mount group." Over the past year, the Temple Mount Foundation has been deploying its Jewish adherents up to the Temple Mount to pray, in violation of the law. "We like getting arrested," commented one Temple Mount leader. "It's good publicity."

Others behind the Temple Mount affair include Rabbi Goetz, the rabbi of East Jerusalem and the Western Wall who is overseeing secret, ongoing Jewish extremist tunneling activity beneath the Dome of the Rock. Stanley Goldfoot, Temple Mount Foundation head in Israel, on a recent trip to California called for the blowing up of the Dome of the Rock mosque and its replacement with the rebuilt Temple of Solomon. "So what if religious warfare breaks out?" Goldfoot reportedly stated.

Israel's new defense minister, Moshe Arens, is also in on the Temple Mount affair. Like his predecessor Ariel Sharon,

Arens is a rabid expansionist who claims the West Bank and sections of Lebanon and Syria as Israel's God-given land. Arens also advocates threatening Israel's Arab neighbors with nuclear attack.

Arens's recruitment to extremist Zionism began in 1948, when he joined and led the U.S. branch of Betar, the youth group of the terrorist Irgun, then led by Menachem Begin. Among Arens's earliest followers was Betar activist Meir Kahane, who has described Arens as one of his first teachers.

One minister who is none too enthralled with the Temple Mount affair is Interior Minister Yosef Burg. Earlier this month, Burg received a series of death threats, and a plot to assassinate him was reportedly aborted.

## Banning the JDL

In response to the terrorist activities of the JDL and related extremists, Israeli Knesset member Yair Tsaban proposed a motion to ban the Kach movement in Israel. "By any accepted test, Kach is a fascist and racist group in ideology, propaganda, and terrorist methods." Justice Minister Moshe Nissim, however, opposes the banning of Kach.

It is not only in Israel that Kahane is being protected. In recent weeks, the JDL has set up an extensive underground apparatus in the United States and Europe. In addition, Israel army veterans who are Kahane loyalists have been deployed into the United States to join JDL "Vengeance Squads."

In February, Kahane appeared on Israeli television in response to charges of his responsibility for the grenade attack on anti-Sharon Peace Now demonstrations, in which one person died. Kahane praised the massacre in Lebanon as "God's will" and called for a war against "anti-Semites" internationally. Among Kahane's targets are the Pope, French President Mitterrand, President Reagan, and *EIR* founder Lyndon LaRouche.

New York City has recently become Kahane's prime base of operations, thanks to Manhattan District Attorney Robert Morgenthau, an admitted supporter of the JDL. On March 11, Kahane arrived in New York, fleeing an Israeli arrest warrant against him for questioning on the Peace Now killing. Morgenthau is so open about his affiliation with the JDL that he agreed to serve as honorary chairman of the JDL-linked PEACE (Prevention of the Emergence of Another Arab Country in Eretz Israel), formed in 1980 to promote Morgenthau's long-time friend Ariel Sharon's political ambitions. PEACE, whose board includes Meir Jolowitz, the U.S. national chairman of the JDL, advocates expulsion of all Arabs from the West Bank.

In recent weeks, violence on the West Bank has hit an all-time high, with roving bands of gun-toting Jewish settlers shooting indiscriminately at young Arab stone-throwers and into Arab homes. The attempted Temple Mount seizure could detonate the West Bank. In response to the incursion into the Temple Mount by the Jewish fundamentalists, thousands of Arabs demonstrated en masse in Jerusalem, while Arab merchants called a general strike.

# Freemasons' hand exposed in the Temple Mount affair

by Christopher White

Investigations into the ongoing effort to set off a renewed round of fratricidal religious and racial warfare in the Middle East under the fundamentalist cover of the effort to rebuild the Temple of Solomon have now focused on the role of the Scottish Rite of Freemasonry and its international, inter-denominational allies.

Directly implicated is the research lodge chartered by the London-based Grand Mother Lodge, and known as the Quatuor Coronati. Investigators were first tipped off about the significance of this lodge in connection with last year's ritual assassination of Italian banker Roberto Calvi, member of the fascist weapons- and drug-running Propaganda-2 (P-2) Lodge, who was found hanged under London's Blackfriars' Bridge, his pockets filled with bricks.

Terrorist incidents, combined with television, magazine, and newspaper coverage in and outside Israel, have combined to underscore the fires of conflagration that are now being stoked in Jerusalem and the West Bank. Certain features stand out in these recent developments, apart from the on-the-scenes terrorism of the Jewish Defense League (JDL). These are, first, the publication in the 100,000-circulation U.S. magazine *Biblical Archaeology Review* of a cover story by plasma physicist and cultish amateur archaeologist Asher S. Kaufman called "Where Was Solomon's Temple? New Evidence on Where It Stood." An editorial assistant on the magazine is Barbara Ledeen, the wife of Henry Kissinger and Alexander Haig-protégé Michael Ledeen, long under investigation by Italian authorities for his involvement in the criminal activities of the P-2 lodge. Mrs. Ledeen says of the Temple Mount project: "It's my baby."

Kaufman's article provides a new cover for disruptions around one of the holiest sites of the Islamic religion, the Dome of the Rock, where, for over a thousand years, it has been claimed Solomon's Temple stood. Kaufman claims to have discovered that Solomon's Temple was 330 feet from the present site of the Rock, so that the new temple could be built next to it—a formula which preserves the explosive potential of the project. Kaufman's work is primarily based on the work of a 19th-century fellow cultist, Sir Charles Warren. Warren was successively a British colonial admin-

istrator in southern Africa in what was then Ottoman-ruled Palestine, the London Chief of Police who failed to solve the Jack the Ripper murders, and the founding member of the Quatuor Coronati Lodge. Kaufman drew on the surveys Warren had conducted for the Palestine Exploration Fund.

The Quatuor Coronati connection is not merely a question of academic footnoes. Kaufman's career as a plasma physicist was sponsored by Professor T. E. Allibone, who worked on the Manhattan Project in the United States before returning to a physics career in Great Britain. Allibone is a trustee of the British Museum, which serves as an intelligence center, and a member of the Quatuor Coronati Lodge. "The Research Lodge was going to publish something on Professor Kaufman's work, but the man supporting it [Professor John R. Clarke of the University of Sheffield—C.W.] died a fortnight ago," said Allibone. "I keep asking Professor Kaufman for it. I've pressed him very hard to get that over here. I would help to get it published." Kaufman had earlier told an interviewer that the British Freemasons were among the most enthusiastic supporters of his work.

Clarke, like Allibone, was a member of the Quatuor Coronati Lodge. The present head of the lodge is a Church of England priest, the Reverend N. B. Cryer. The Church of England's Foreign Relations Committee, under Christopher Hill, has in the past reported its perspective for the Middle East: a decade of religious warfare of the sort that would be triggered if the Temple Mount operation were not stopped.

As Right Worthy Brother Betham, also of the Quatuor Coronati Lodge, told an inquirer, "The Middle East could well be hit by a new wave of fundamentalism. . . . The scene certainly seems to be set for a Northern Ireland situation. . . . The one thing that would unite the whole Arab world would be to attempt to rebuild Solomon's Temple; this would lead to no end of trouble. . . . People may try this, but they won't achieve their aim. It would be very nice to see the Temple of Solomon there, but you would have to do something with the mosque first, like blow it up, but that would unite the whole Arab world." Meanwhile, Meir Kahane of the JDL has called for the "destruction" of the Dome of the Rock mosque, whose existence he terms a sacrilege.

Quatuor Coronati protégé Asher S. Kaufman is also a member of Terry Reisenhuver's Temple Mount Foundation, which in turn works closely with Doug Krieger's Oregon-based Tav Ministries, and Lambert Dolphin of Stanford Research Institute's Department of Biblical Archaeology. Through the networks created by the Heritage Foundation's Religious Round Table, these characters have succeeded in making the Quatuor Coronati's efforts on behalf of religious warfare in the Middle East a rallying cry for the armageddon and apocalypse mongers, like Hal Lindsay, author of the book *The Late Great Planet Earth*, in the ranks of the U.S. fundamentalist movement. With help from the preachers, as in the case of Billy Graham's March 12 televised sermon about the Temple, such sheep are now being herded into supporting the Masonic project as the fulfillment of Biblical prophecy.

The Quatuor Coronati Lodge has had an important part to play in this process of cult creation over the past hundred years of its existence; for the group that now proposes to unleash fratricidal warfare to exterminate Jewish, Arab, and Christian populations in the Middle East played an important earlier role in the creation of the cults that led into Adolf Hitler's Nazism.

Working with members of the Trinity College Cambridge Apostles group such as A. J. Balfour and Henry Sidgwick, who were members at the time of the Society for Psychic Research, the founding members of the lodge helped to take the leadership of the Theosophy Society away from its Russian founder, the mystic and fraud H. P. Blavatsky, and install the whorish Annie Besant as its head. At that time, the Theosophy Society was intended to subvert the nascent Indian nationalist movement of Bal Gandakhar Tilak, using the worst cultist features of the British view of Hinduism to foment communal violence between Hindu and Muslim, just as is now proposed for the Middle East.

The Theosophy Society, whose cultish "all religions are one" theories mirror those of the Unitarians, put forward a racial theory of evolution, culminating in a "new age" run by a "new race" and used a form of the swastika as its emblem. Circles involved with the Theosophists in Paris and St. Petersburg were involved in fomenting anti-Semitic hate campaigns, such as those associated with the Dreyfuss Affair in France and the Protocols of the Elders of Zion in Russia. Such activities, conducted within the ruling circles of those countries, were key in setting up the respective governments for overthrow, and building the network of alliances that led into World War I and subsequently World War II.

The same circles spawned the notorious Order of the Golden Dawn within the broader recruitment base of the Theosophy Society. Anglican priest Rev. Adolphus F. A. Woodward of the Quatuor Coronati Lodge provided Freemason Dr. Wynn Westcott with the documentation from the library of the Freemasons' Hall in London that was the basis for the cult. Out of the Order of the Golden Dawn were developed the Order of the Temple of the East and the Thule

Society, which were the breeding grounds for the inner core of the Hitler movement. Such are the forces which leading circles in Israel, such as Chaim Herzog (once a colonel in British military intelligence, now a candidate for president), Yigal Yadin, and their manipulated fundamentalist allies in the United States are proposing to work with.

## Undermining the United States

It can also be shown that those operations which have done most to undermine the integrity of the American republic down to the present can be traced back to the Masonic core which controls the Quatuor Coronati Lodge. Allied with the Kaufman archaeological team in Jerusalem is the Franciscan order, which is also a prominent supporter of another Masonic front group, namely Prince Philip's World Wildlife Fund, itself set up as a Masonic front by British circles who had supported Nazism, and run in the United States by Masons such as Elliott Richardson, Robert McNamara, a member of the Theosophists' Lucis Trust (known previously as the Lucifer Trust), and the lying Walter Cronkite.

The same holds for the rock and drug counterculture, which was promoted by the Schizophrenia Program of the Northern Jurisdiction of the Scottish Rite in the United States, whose personnel collaborated with World Wildlife Fund supporters at Hoffman LaRoche, the company which invented LSD, and the Theosophical and Buddhist followers of guru Alan Watts in California.

There are nearly 3.5 million Freemasons in the United States. Much effort is spent on their behalf to prove that their lodges are simply ritualized social clubs, unlike Italian and French lodges. Anglo-Saxon Masons, it is said, do not permit politics or religion to enter into their lodges. The dumbly gregarious often join; they probably heard they could get a parking ticket fixed, or that the brothers would help with a deal in the community. The more venally ambitious also join, for is it not said that a job cannot be had on Wall Street, or in the Morgan interests, unless one is a Mason?

And so the secret society denounced by John Quincy Adams early in the 19th century as "an irrationalist cult" has done part of the job in corrupting the morality of the nation. But grid the list of corporate contributors to the World Wildlife Fund with the list of corporate contributors to such Theosophical projects as the Temple of Understanding at the United Nations, or the similar temple that was planned for Washington, D.C. The same names reappear—the Marshall Field Foundation in Chicago, the Rockefeller Brothers Fund in New York, the Morgan interests, and so on.

Behind the Temple Mount affair, the people who created the Ayatollah Khomeini are attempting to build a fundamentalist form of fascism in the United States. Richard Falk, one of the architects of the Khomeini movement from Princeton University, put it this way in a recent interview: "Religion and race . . . this is what will develop conflict in the United States." Or rather, that is what the Masonic controllers of the Temple Mount affair want to see develop in the United States.

# Green Party leader was Nazi official

*Werner Vogel, elected to the Bundestag on March 6, served in Hitler's SS. Susan Welsh reports on this confirmation of EIR's charges against the Greens.*

One week after West Germany's Green Party was voted into parliament for the first time, with 5.6 percent of the total and the welcome of much of the world press and many Bonn politicians, the European Labor Party's charge that the Greens are a fascist party was publicly confirmed. The word got out that the 75-year-old Werner Vogel, head of the Greens' electoral slate in the state of North Rhine-Westphalia, had been a Nazi official responsible for genocide in Hitler's "occupied territories."

Vogel had served under Hitler's Interior Minister Wilhelm Frick, whose role in the "final solution to the Jewish question" earned him death by hanging at Nuremberg.

Vogel had been no Nazi "rank and filer," as he claimed at first, but was in charge of "social insurance" in the occupied territories of Eastern Europe, and made a trip to the concentration camp at Dachau in 1938. A former leader of the Nazi Brownshirts, the *Sturmabteilung* (SA), he ended up in Berlin from 1938 to 1939 working directly under the state secretary in the Interior Ministry, Stuckart, who was involved in developing the Nazi euthanasia program. Stuckart attended the 1942 Wannsee Conference which decided on the "final solution," the extermination of all Jews living in Germany and the occupied territories.

Vogel, who says "I did nothing that I must reproach myself for," was to have presided over the opening of the newly elected Bonn parliament on March 28 (a privilege traditionally accorded the oldest member of the governing body). But in the scandal that has erupted over these revelations, Vogel resigned his parliamentary seat March 13. The first speaker will instead be Social Democratic Party chairman Willy Brandt.

## Ban the Greens

European Labor Party (EAP) chairman Helga Zepp-LaRouche declared, when the latest election results were known, that her party would intensify its efforts to have the Greens outlawed as unconstitutional, under the provision in West Germany's Basic Law which forbids the reconstitution

of a fascist party. The EAP has demanded this move for nearly two years, but now, with Vogel's exposure, numerous Bonn politicians, who had shrugged and said "you're exaggerating," are looking more closely at the facts and agreeing to meet with EAP representatives to discuss moves to ban the Greens.

Although the Greens have now been boosted into parliament by an extended campaign of media support, the 5.6 percent which they officially received presents an exaggerated picture of their true popular backing. This is due to outright vote fraud and to the peculiar nature of the West Germany electoral system, which worked to the advantage of the Greens and the equally small Free Democratic Party (FDP) of Foreign Minister Hans-Dietrich Genscher. Neither party received enough votes in any electoral district to elect even one parliamentary deputy, and in a federal electoral system like that in the United States, the Greens would never have had a chance of getting into office. But under the Federal Republic of Germany's complex "second vote" system, a voter votes once for his local *Bundestag* representative, and can vote a second time, for a different party if he chooses, to create a kind of floating pool of party votes from which the party leadership will pick the composition of its parliamentary delegation.

Through this means, and the vote-swapping and backroom deals which it facilitates, the Greens received 27 parliamentary seats.

Yet the results of recent elections in two states, Rhineland-Pfalz and Schleswig-Holstein, where the "second vote" system does not operate, demonstrate more accurately the real base of Green and FDP support. In Schleswig-Holstein the FDP got slightly above 2 percent and the Greens 3.5 percent. A party must have over 5 percent to qualify for state or federal parliament.

The European Labor Party, which received an insignificant official vote total in the federal election, has documented one instance of outright vote fraud benefiting the Greens, but believes that this must be merely the "tip of the iceberg." In

the city of Dortmund, the district in which EAP head Zepp-LaRouche was her party's candidate, a pollwatcher intervened to prevent EAP votes from being surreptitiously placed in the Greens' pile!

## Der Spiegel coverup

Despite Nazi Vogel's resignation from the Bundestag, his party is continuing to support him, and some of the national news media which had promoted the Greens in the first place are attempting to cover up the scandal. Helga Zepp-LaRouche issued a statement March 15 denouncing the "extremely suspect" behavior of the Hamburg weekly *Der Spiegel*, which published a story on Vogel omitting all the known details about his lurid past. *Der Spiegel* reported merely that Vogel had been a member of conservative youth groups during the Weimar Republic. The magazine, which recently described Italian fascist dictator Benito Mussolini as a liberal, is an enthusiastic supporter of the Greens.

At a meeting of the national coordinating committee of the Greens in Bonn to discuss the crisis in the party, there was widespread support for Vogel. Rudolf Bahro, emigré "dissident" East German and a top leader of the party, said that he hoped the Vogel case would help the Greens to overcome what he called "self-righteous anti-fascism." Green leader Hans Verheyen from the Ruhr region said that "even such people who committed major crimes during the Nazi period—and Vogel is certainly not one of them—cannot be kept out of political responsibility for all eternity."

The European Labor Party has prepared a comprehensive dossier on the Greens, which documents why the "eco-fascists" should be declared unconstitutional.

The roots of the Green movement are in the racist and eugenicist organizations of the Nazi International. Their ideology is identical to that of the "left" wing of the Nazi movement, the *Sturmabteilung*, and the Greens' back-to-nature primitivism is the perfect complement to Hitler's *Mein Kampf*, with its cultish paeans to "the German forest" and its horror of industrial progress. Israeli parliamentarian Ehud Olmert recently denounced the Greens for their growing outbursts of anti-Semitism.

The Greens, as a political shock-troop operation against Germany, have been cultivated, the EAP dossier shows, by leading lights of the European noble families (such as Prince Bernhard of the Netherlands and Prince Philip of Great Britain, both active in the laundering operation known as the World Wildlife Fund) and by other high-level oligarchical fascists.

## The Greens' creators and spokesmen

Prominent among these is Aurelio Peccei, founder and acting president of the Club of Rome. Peccei is linked to a network of pro-fascist organizations and "think tanks," such as the *Weltbund für Schutz des Lebens* (WSL—World Federation for the Protection of Life), based in Salzburg, Austria.

The WSL's head, Guenther Schwab, is a close collaborator of Swiss banker François Genoud, coordinator of the Nazi International. Schwab's 1957 book, *The Dance with the Devil*, is an apology for the neo-fascist "conservative economy movement." The WSL plans to award its annual prize this year to Peccei.

Another promoter of the Greens is Per Engdahl, founder of the Neo-Nazi International, based in Sweden. A self-proclaimed fascist, Engdahl told an investigator recently, "We have to rejuvenate our movement. We tried to recruit young people from the extreme right, but they were too primitive. In the past few years, we have, with some success, worked with young people from the extreme left, who realized that their old ideas of 1968 were in the wrong direction.

Neo-Nazi control over the Greens has worked through such individuals as Herbert Gruhl, candidate in 1978 of the Green List in the state of Rhineland-Pfalz. The Green List was exposed as a front organization for the overtly neo-Nazi National Democratic Party (NPD). In his book, *A Planet is Looted*, Gruhl wrote that only a "spaceship" economy can save the earth from depletion of resources. "This dictatorship eventually has to be tougher than Stalin's. . . . In the future, only those people will gain an advantage who succeed in maximizing their armaments while at the same time keeping the standard of living at the absolute minimum." Today Gruhl is one of the political gurus of the Greens.

Another leader "Green fascist" is August Haussleiter, formerly an executive committee member of the Greens. Haussleiter had been identified by the German courts during the 1960s as a dangerous figure, and his group, the *Deutsche Gemeinschaft*, was banned. But in 1976 he made a comeback as an environmentalist, with a new organization, the *Aktiongemeinschaft Unabhängiger Deutscher* (Action Society of Independent Germans). Haussleiter resigned from the Greens in 1980 when a scandal erupted over his real background.

The Greens have maintained longstanding political ties with Libyan Islamic fundamentalist dictator Muammar Qaddafi, whose political manifesto is called *The Green Book*, and who met with the Greens a year ago and called for joint efforts to overthrow industrial society. Principal Green liaison to Qaddafi is Roland Vogt, one of the party "theoreticians," who met with the Libyan leader in Vienna and later in Tripoli. Qaddafi is believed to be a major source of Green funding.

This motley mixture of "right" and "left" environmentalists also includes such people as Rudolf Bahro, who is on record demanding that history be thrown back to the Stone Age.

Dirk Schneider, editor of the pro-terrorist magazine *Radikal*, and a new member of the Bonn parliament, is under investigation by the police for "advertisement for a terrorist association." Other new parliamentarians include Otto Schily, former lawyer for the Baader-Meinhof gang of convicted terrorists.

# Can the era of 'national security' governments return in South America?

by Gretchen Small

The pieces of a new U.S. policy for Western hemispheric relations have been assembled in Washington by the British crowd. The word is being passed on: Congress and the White House are being stampeded; the "academics" and "Latin-Americanists" who update the profiles as policy is implemented are being advised; the press is being mobilized. A three-day seminar at Ditchley Park in London was convened the weekend of March 12 to hammer out final details; State Department officials William Luers and Ambassador Middelendorf, Lord Jelico of Tate and Lyle, and others sat down with European and American "experts" in the area.

As an aide to U.N. Ambassador Jeane Kirkpatrick put it to *EIR* in early March, "We are returning to the era of 'national security' governments in Latin America. You know, like Brazil, 1964. It's not going to be good for the democrats."

The word has also been put out to Ibero-American nations: "You are either with the United States or against it. Fortress America is preparing for war, and if you want your debt renegotiated, you will sell your raw materials to the U.S. strategic reserve—at our prices." Civilian governments who refuse to turn over their national wealth will be replaced by more pliable and cooperative military governments. Mexico, Colombia, and Venezuela are the first targets of this policy.

The combined impact of the end-of-the-first-quarter payments crisis and the collapse of international oil markets has thrown the finances of every country in the region into turmoil, creating the preconditions for a wave of coups rivalling the sweep of the continent directed by Henry Kissinger in the early 1970s, when government after government was destabilized and toppled. The ripping up of present institutional governments on the continent is viewed by Kissinger's friend George Shultz, and that eminent Hobbesian, Jeane Kirkpatrick, as the only way to prevent a continental rebellion against the banks in the form of a debtors' cartel.

Can the "Western Hemisphere" policy work? Can the shape of Ibero-American nations be once again changed in

an across-the-board sweep? How much was learned by the continent's national leaders, both civilian and military, during the Malvinas war may provide the answer to that question.

## A Central American showdown

The anglophile faction within the U.S. administration plans to use a strategic showdown in Central America to force this British colonial policy upon the hemisphere. Ibero-American governments are being told that the defense of "right-wing" governments in Central America, such as that in El Salvador, is a matter of survival for Western civilization, and that they must support a U.S. intervention into Central America or be considered "pro-communist," and they must be ready to acquiesce in their governments' overthrow by right-wing factions of their own military establishments.

Defense Secretary Caspar Weinberger, his deputy Fred Iklé, and Assistant Secretary of State Thomas Enders, among others, went before Congress in mid-March to demand full-scale U.S. commitment to war in Central America. Iklé, himself a member of a prominent oligarchic Swiss family, testified before the Senate Appropriations Subcommittee for Foreign Affairs that "the vitality of the Atlantic Alliance depends on this military thrust [of the Soviets] in Central America being halted."

Iklé and Enders termed Central America a potential "Eastern Europe," and warned that the United States considers any European interference against this military policy an attack upon the Atlantic Alliance. In the President's speech requesting increased military aid for El Salvador, Reagan's statement that "El Salvador is closer to Texas than Texas is to Massachusetts," was read throughout the region. As the daily *El Universal* of Mexico City put it, "U.S. Borders Extend to El Salvador."

Jeane Kirkpatrick, U.S. ambassador to the United Nations, is reported to be a key figure behind this new "national security" orientation infused in U.S. policy for Latin America. Washington insiders agree that Kirkpatrick is now run-

ning Ibero-American policy for the administration, with direct access to Shultz.

Sources close to Kirkpatrick report that the recent proposal aired by her for the establishment of a U.S. "Marshall Plan" for Latin America is part of the hemispheric realignment package. They report that Kirkpatrick, with Shultz, has convinced the administration to consider a several billion dollar bailout of the banks and the multilateral institutions by "pegging" the bailout to U.S. security. No Ibero-American nation will receive credit unless it 1) accepts a prearranged International Monetary Fund economic program, and 2) cooperates with U.S. "security" plans.

### The Big Three threatened

The lead democracies in the Caribbean Basin are most immediately threatened by the "hemispheric" planners.

- Ending Venezuela's collaboration with Mexico and Colombia in efforts to end the civil wars in Central America, and getting Venezuela to cease its attempts to enter the Non-Aligned movement were among Kirkpatrick's goals during her late-February visit to Venezuela. Government circles privately emphasized that "la Jeane" got nowhere with her efforts, but immediately after she left, military leaders began taking a more aggressive public stance on local politics.

Last week, rumors swept Caracas that the military high command considers the government incompetent, and is planning a coup. Several versions of the rumors reported that a group of military officers had just met with retired General Alfonso Ravard, the head of the state-run oil company, Petróleos, to request he head up a "national emergency government" after a coup.

- Colombia's military is in a virtual state of rebellion against President Belisario Betancur's efforts to eliminate criminal mafias such as the paramilitary MAS group, which have allies in the military. President Belisario tried to calm the situation March 13 with a radio and TV message warning that "you who speak with fear or a certain pleasure of a military coup, I'm going to disappoint you. Don't have any illusions, there won't be any coup d'état."

"The military has a lot more cards to play," the aide to Kirkpatrick stated this week, however. The Colombian military is coordinating "hook, line, and sinker" with covert U.S. operations in Central America, "and they don't like Belisario's peace orientation one bit." Lewis Tambs, the new U.S. ambassador to Colombia, who is expected in Bogotá shortly, is one of the architects of current administration strategy for prolonged war in El Salvador; he will try to strengthen the military's hand against President Belisario.

- Mexico's government is under increasing siege from a developing fascist movement led by the National Action Party (PAN), which is gaining support as the economic crisis worsens. PAN officials have led marches of thousands in the north of the country, in effect building a separatist movement in that area. Political turmoil will worsen as the oil multi-

nationals begin to give Mexico "the Nigeria treatment," and as a climate of panic against Mexico as a "security threat" is aroused in the United States.

Mexico and Venezuela are under particular pressure because of their oil. Plans for the creation of a "hemispheric reserve," in which Mexican and Venezuelan oil become strategic assets of U.S. "national security," have been put in high gear in the wake of the collapse of international oil markets.

The "hemispheric reserve" policy requires both countries to cut all ties with OPEC, increase oil production, and sell oil cheaply to the United States to pay their debt. But a closer collaboration by Mexico and Venezuela on oil policy has evolved in the past two months. Mexico has entered into informal alignment of its pricing and production policies with those of OPEC in the past two months, while both Venezuela, an OPEC member, and Mexico have announced that they will coordinate sales and prices of residual fuel to their common Eastern U.S. seaboard markets, to avoid cutthroat competition.

## The Mexicans respond to Washington scenarios

Mexican government officials have answered the policy coming out of Washington sharply.

On March 9, the office of the Presidency issued a communiqué in the name of President de la Madrid which reads: "Mexico is very far from the risks which are attributed to us by prophets of other latitudes who wish to see us in similar problems as those which lamentably affect brother nations. Those who thus intend to destabilize us should remember that we are a people with a structure, laws and institutions. We Mexicans are those who will defend our country, and we assume the responsibility for maintaining it as a strong and united nation. The passing problems which affect us should worry no one. . . ."

Speaking March 11 in New Delhi as an observer at the Non-Aligned summit, Mexican Foreign Minister Bernardo Sepuvela reiterated Mexican anger at foreign pressures: "There are voices which would have us believe that the revolutions in Central America will extend in a mechanical and automatic fashion to other countries in the region. This simplistic argument ignores the national essence of revolutions, and their profound economic and social causes which cannot be capriciously and arbitrarily transplanted. Those fallacious hypotheses ignore the history and identity of countries like Mexico. . . . Let no one try to take other countries as a pretext for illegitimate pressures in the different Central American areas."

# The U.S. strategic vacuum produces a crisis in NATO's southern flank

by Criton Zoakos

The Atlantic Alliance could soon unravel, beginning with a collapse of its southern flank in the Balkans. The current Balkan crisis derives from the changes in doctrine and strategy which were introduced into the alliance during the Kissinger era and subsequently. Turkey and Greece, faced with the prospect of finding themselves involved in a "limited theater nuclear war" fought in Europe, opted for two different and contradictory national security policies which today form the basis of those two nations' bitter rivalry. Turkey chose to build up a credible, independent national military force, a regional military preponderance of sorts, intended to enable the country to *stay out* of any future superpower conflict. Greece chose to pursue a policy of European disarmament, in association with the so-called Carrington Plan for a European "third force." These two divergent small-nation reactions to NATO's MC 14/4 theater nuclear warfare doctrine is now the central source of friction between Turkey and Greece, rather than any real or imagined ethnic rivalry between the two NATO neighbors.

## Consequences of U.S. defense policy failure

As of this writing, there is a complete breakdown in the final phase of U.S.-Greek negotiations over the future of U.S. military bases in Greece. The reasons are as follows: The United States, not having adopted any serious and credible strategic doctrine for the Alliance since the policy of "mutually assured destruction" (MAD) was modified with the "theater nuclear war" doctrine, and faced with an uncertain future for the Euromissiles, is engaging in a frantic conventional military buildup usually associated with the policies of Gen. Bernard Rogers, the NATO Commander in Chief. This policy assigns a major role to the Turkish military, and only a marginal role for the Greek armed forces. Hence, NATO's current strategy is seen by the Greeks as merely building up Turkey's already superior military strength. During the current U.S.-Greek negotiations, the consensus among Greek politicians is to demand from the United States an increase of military assistance to Greece to match, according to some formula, Turkey's increased strength. The United States re-

fuses to consider this request until after Greece signs an agreement to renew the stay of U.S. bases in the country.

Greece's Socialist government is adding further unnecessary complications by fanning anti-American sentiments in its propaganda posture, and demanding among other things that the new treaty state that the bases in Greece "serve only American interests," which is not strictly true. The U.S. government is also adding unnecessary complications by failing to see that Greek concern over a potential Turkish threat to Greece is not simply based on traditional paranoia about Turkey. The 1974 Turkish invasion of Cyprus and the continued partial occupation of that island demonstrate a point not about Turkey's hostility to Greece, but about Turkey's well-considered overall national security strategy.

That Turkish strategy was established by modern Turkey's founder Kemal Atatürk during the 1919-23 War of National Liberation and continues intact today. It is to keep the nation out of the conflicts of major powers. In historical terms of reference, the Turkish republic invented non-alignment as the basic policy for a minor nation before Nasser or Nehru or Tito were ever known. Turkey had to fight for its national existence against France, England, Italy, and Greece from 1919 to 1923 and had to rely on friendly relations with the nascent Soviet Union, her most powerful neighbor. Turkey was forced to join NATO in 1951 because since 1945 the U.S.S.R. had been pressing an official claim for Soviet control over the Dardanelles Straits and for cession of two adjacent Turkish provinces to the Soviet Union. Had it not been for this direct Soviet claim, Turkey would have preferred to remain neutral.

Because of her geographical position, Turkey is viewed by Moscow as part of its immediate defense periphery and by the United States as part of its forward defenses against the Soviets. Turkey's Montraux Convention obligations concerning the Dardanelles make her subject to Soviet naval pressures in periods of tension. Her geographical position with respect to the Middle East and the Persian Gulf make her subject to U.S. pressure for access to landing facilities and so forth. Turkey's national policy forbids her to allow

deployment of military threats against Middle Eastern nations. The country's current foreign policy is to encourage Khomeiniac Iran's anti-superpower posture and discourage any development of Iraqi-Syrian rapprochement, on the theory that the combined military establishments of Iraq and Syria are greater than Turkey's and that both Arab nations have military cooperation treaties with the Soviet Union. If they ever come together militarily, Turkey will be sandwiched in a way that will make it difficult for her to resist Soviet pressures for use of her air and naval space.

Hence Turkey is condemned to seek a combination of diplomatic policies and military forces which will encourage her neighbors, especially the Soviet Union, to "leave her alone" in case of major confrontations in the Middle East-Persian Gulf region. If there is a theoretical possibility for Turkey to be "left alone" in a major East-West conflict, Turkey will discover and utilize that possibility. It all, however, depends on the nation's ability to accumulate military advantages for bargaining with the superpowers. It appears that such advantages, in the context of the region, are to be found at the expense of Greece. Hence the excessive concern of Greece over Turkey's military strength.

To the extent that the U.S. government pursues the "Rogers Plan" course of conventional strengthening of whatever regional forces it deems suitable, the crisis in the southern flank of NATO will persist. Regardless of the fact that the current Greek government of Socialist Andreas Papandreou is making a painful nuisance of itself, Greece is confronted with a genuine national security crisis of tragic proportions for a small nation. If it approves the continued presence of U.S. bases and remains in the alliance under the present terms of the "Rogers Plan" of selective conventional buildup, it is faced with a clear and present regional threat, which will make itself manifest in the event of a—now likely—superpower confrontation which will trigger into action Turkey's underlying neutralist national security strategy. If Greece opts to rupture its security relation with the alliance, it will almost certainly be destroyed as a nation.

### **The superpower framework**

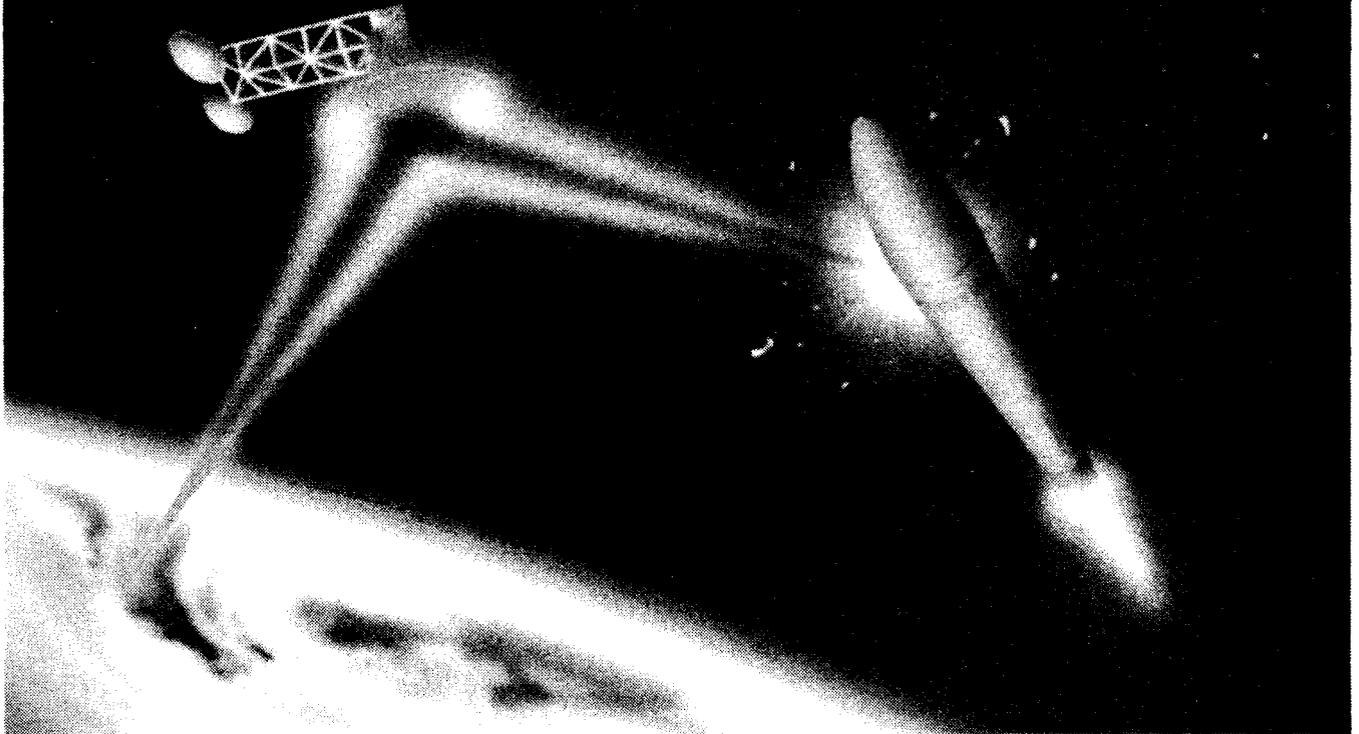
The current Balkan troubles should be gauged against the prospect that throughout 1983 the countdown toward a Cuba missile crisis confrontation between the two superpowers will continue ticking as the time approaches for a final decision on the deployment of the Pershing II missiles. If such a confrontation occurs, one of two outcomes will result: either general thermonuclear war or a retrenchment of U.S. power, which will leave the Balkans in a vacuum, associated, in the region's memories, with the Treaty of San Stefano. All national borders will be at stake. Current domestic instabilities in Yugoslavia, Albania, and Greece will contribute toward the pressures to redraw the region's map and turn the entire region, from Romania to Saudi Arabia, into a zone of instability and ferment.



*Turkey wishes to wield its military strength to avoid a new conflict in the Balkans, but U.S. policy is aggravating the war threat.*

A refusal of the Papandreou government to accept U.S. terms for a renewal of the U.S.-Greek base treaties would unravel NATO's southern flank in the weeks ahead. The U.S. administration's hard-line attitude this month toward Athens has certainly placed the ball in Socialist Papandreou's court. What Papandreou will do will depend on what he is told to do by the strategic gamemasters in London who are running the Carrington Plan for the emergence of a European third force. This group has essentially controlled, directly or by manipulation, the Papandreou government since its election in October 1981. The "old boys" in London, in turn, will be making up their minds over this matter after they see what new governments will emerge in France and the Federal Republic of Germany after those two countries' just concluded elections. Lord Carrington's European third force game-plan is earnestly on. Greece and Turkey might once again be used as expendable guinea pigs on which to experiment with a "New Yalta" agreement, a balance-of-power rearrangement, just as the two were used in the 1946-47 period as an excuse to pronounce the Truman Doctrine and plunge the United States into a protracted period of Cold War. That is the prospect for the Balkans—unless the Reagan administration announce a war-avoidance strategy for the alliance based on the development and deployment of high-technology, space-based, beam-weapon anti-ballistic missile defense systems.

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## Britain prepares to oust Fahd

*The Duke of Kent leads efforts to undermine King Fahd of Saudi Arabia by encouraging Arab fundamentalism.*

**T**he Duke of Kent paid a very secret visit to Saudi Arabia during the middle of March, as part of a scheme being run directly from Buckingham Palace to destabilize the world's largest oil exporter and break its long-standing alliance with the United States.

The Palace is behind a scheme to foment bloody religious war over the Temple Mount in Jerusalem, a war calculated to create the environment for a Muslim fundamentalist overthrow of Saudi King Fahd, an ardent ally of the United States.

When *EIR* asked at the Palace about evidence pointing to its involvement in fomenting violence over the Temple Mount, an agitated Palace spokesman insisted that their expert on the subject was one Commander Buckley. Buckley is the top aide of the Duke of Kent, a cousin of Queen Elizabeth. *EIR* has documented that the Christian and Jewish fundamentalists who are challenging the Muslims for control of the Temple Mount are being run from the top down by British Freemasonry (see article, page 34).

The Duke of Kent himself chartered the notorious Propaganda 2 Lodge, which was outlawed in Italy for attempting a coup d'état.

Various British royal press outlets are already publicly speculating on the next crisis in the Middle East, including the *Petroleum Economist*, a publication run by Angus Ogilvie, the husband of the Duke of Kent's sister

Princess Alexandra. "The Saudi royal family is not long for this world: I expect an Ayatollah," stated a representative of the *Petroleum Economist*, whose February issue's lead story was "Heading for a third oil shock?"

A Lebanese source told *EIR* that there is already a transcontinental operation to discredit King Fahd as fundamentalist rivalry intensifies over the Temple Mount. The Ayatollah Khomeini and Libyan madman Qaddafi are mobilizing the Muslim Brotherhood to challenge the Jewish and Christian fundamentalists over the Temple Mount on which sits the Dome of the Rock, the Islam's second most sacred shrine.

According to the Lebanese source, "This is to be a test of King Fahd. To prove himself as a Muslim, he will be pressured to join his sworn enemies, Khomeini and Qaddafi. He will be subject to blackmail, in which names of his mistresses and other things that prove him to be un-Islamic will be used against him." An anti-Fahd press campaign has erupted in both the United States and Europe to create the climate for his demise. The *Wall Street Journal*, a mouthpiece for the City of London, carried a story March 11, described King Fahd as a "sitting duck for blackmail because of his hedonistic ways."

The spectre of Islamic fundamentalism sweeping away the moderate Saudi government has Saudi officials worried. There is reportedly close co-

ordination between Saudi and French officials in investigations of anti-Saudi Muslim extremists in France. These investigations are centered around links between the Nazi International and the fundamentalists. Former Algerian President Ahmed ben Bella is a confidant of Swiss banker François Genoud, the leader of the so-called Malmö International, which is a Lausanne-based neo-Nazi organization.

French authorities are also said to be investigating the possible involvement of Saudi Prince Mohammed al Faisal, the head of the extensive network of Islamic banks, who is another close public friend of ben Bella.

Maarouf Dawalibi, the wealthy Syrian-born Saudi courtier, is also said to be under investigation by the French for his involvement in the operation against King Fahd. Dawalibi is currently the head of the World Muslim League, and was previously the leader of the Syrian Popular Party, an overtly fascist movement. He is one of the founders of "Islam and the West," an organization affiliated with the Club of Rome, whose members supported the Khomeini takeover in Iran.

In the United States, a mobilization of Saudi students against the Saudi ruling family is being led by a shadowy grouping calling itself the Voice of the Vanguard, whose unshaven leader, Ali Alyami, was identified in *EIR*'s special report, *Prospects for Instability in the Arabian Gulf* for his involvement in the assassination of King Faisal and the 1979 Muslim fundamentalist occupation of the Grand Mosque of Mecca. Alyami is reportedly flush with cash to buy off Saudi students for his cause. The American Friends Services Committee, an organization directly tied to British intelligence through the British Barclay family, is one of the major conduits through which Alyami is well funded.

## Behind the strife in Zimbabwe

*The country's potential to spark regional economic development has made it the target of destabilization.*

The insurgency against the government of Zimbabwe in Matabeleland Province in the western part of the country is being fraudulently portrayed as a "tribal conflict." This is one of the favored terms used by the British and allied European interests to cover up their covert operations in Africa.

The Western media, following the lead of the British media, are depicting a clash between Prime Minister Robert Mugabe and opposition leader Joshua Nkomo, both leaders of groups from their respective regions during the 1970s war for independence. They had formed a loose alliance; Nkomo received Soviet arms, and at the same time was well-connected to British colonial circles, such as Tiny Rowlands of Lonrho. Nkomo's forces saw little fighting during the war. Mugabe is from the majority Shona ethnic grouping, while Nkomo is from the Matabele group, which accounts for about 17 percent of the population.

When the Zimbabwe government clamped down on the campaign of terror and crime carried out by former members of ZIPRA, Nkomo's force during the war for independence, who either never joined the unified army established at the time of independence in 1980, or have subsequently deserted, the Anglo-American press began to play up the so-called tribal conflict.

When Nkomo went into exile on March 8 in neighboring Botswana, and subsequently in London, the press saw "impending civil war" and an "irre-

versible tribal split" in Zimbabwe.

Zimbabwe is often referred to as the economic powerhouse of the black nations in southern Africa, and the ongoing operations are a deliberate targeting of the black nation in southern Africa with the fastest development potential. Though small—the population is only 7 million—Zimbabwe could lead the way out of the economic disaster that neighboring Zambia, Tanzania, and Mozambique find themselves in. These countries, along with Zaire and Angola, could become a growth area for heavy industry and large-scale agriculture, if a regional rail network and electrical power grid were developed. The first year after independence, Zimbabwe had a large agricultural surplus; it sold food and provided food aid to other countries in the region that were suffering shortages.

Neighboring South Africa is a willing pawn of the neo-colonial networks who are trying to destroy Zimbabwe, since South Africa's only strategy for survival at this point is to keep all neighboring countries weak, by means of subversion.

Those networks include neo-Nazis in Europe and South Africa, along with people like Robert Gayre of Scotland, who had numerous connections with Rhodesia. Gayre is a racist eugenicist, disguised as an anthropologist, who said recently that "Population is absolutely out of hand, and the problem is that it is the wrong type that is growing fast, the type that on the social scale is least likely to con-

tribute." Of underpopulated Africa, he stated, "It is very, very true of the countries in Africa. The population explosion there is a true thing, especially in Zimbabwe. . . ." He advocated sterilization as a solution.

Similar networks which operate out of Switzerland specialize in fomenting regional rebellions against central governments. The *Tribune de Lausanne* in mid-1982 was already talking about a Matabeleland separatist movement in Zimbabwe.

Mugabe became prime minister by winning the post-Rhodesia elections by a large margin. At that time, he brought Nkomo and his party into a unity government. In February 1982, Nkomo was ousted from his cabinet position after arms caches were discovered on farms belonging to his party faction.

His ouster was followed by sporadic violence, which escalated dramatically around last Christmas. This provoked the government crackdown.

While the local population views the former ZIPRA guerrillas with little sympathy, they are forced to aid the guerrillas, and thus find themselves caught between the terrorists and government forces. The government has evidence of these terrorists training in South Africa, and reports that these forces have carried out many of the atrocities blamed on government forces. Last August, Zimbabwe forces killed three South African soldiers who were leading a group of black troops inside Zimbabwe.

South Africa is also training 5,000 members of former Ian Smith ally Abel Muzorewa's group, according to Zimbabwe officials. It cannot be ruled out that elements of this Shona-speaking force are involved in carrying out atrocities that are blamed on the government by those who are trying to whip up a tribal conflict.

## Will Betancur curb the banks?

*Colombia's president identifies them as destabilizers, but can he find the muscle necessary to defeat them?*

Things were looking black for Colombian President Belisario Betancur in mid-March. With the military and the landed oligarchy snapping at his heels and demanding that he dump part of his cabinet, Betancur was forced to postpone his organizing for a continent-wide drive for collective debt renegotiation. When the Supreme Court, under pressure from the banks, overturned his emergency economic program—which encompassed a radical reform of the corrupt tax system—Betancur was forced to cancel his trip to the Non-Aligned conference in New Delhi and retrench.

Escalating their efforts, the banks began to circulate rumors of an impending “maxi-devaluation” of the Colombian peso. Simultaneous, rumors of a military coup were being traced to the same origins. Finance Minister Gutiérrez Castro issued statements bitterly protesting that the banks were taking government credit intended for refinancing the bankrupt textile and machine tools sectors and buying up lucrative government bonds instead. Gutierrez also warned that the heavily indebted state-sector corporations were dangerously close to failure for lack of any credit outlays from either domestic or international sources. He pointed to the energy sector as the first likely to go.

Asked to comment on the government's charges, one Bogotá banker blithely declared to *EIR*, “The government wants us to refinance the textile industry, the cotton producers. As you must know, their economic situation

is not very good. And besides, why should we take the risk? If the government wants the banks to do that, it is going to have to nationalize us.”

Although the pressures have not let up, the Colombian president has begun to fight back. In a nationwide television and radio address last Sunday, Betancur identified the banks as the center of operations against his government:

“It angers us that, wanting to fish in troubled waters of discord, some are circulating the rumor that there will be a massive devaluation. They are using the fact that the private banks, against the intentions of the government . . . refuse to lower interest rates. To this we say that we will continue to seek an agreement . . . if this agreement is not reached, we will utilize other mechanisms that the constitution and the law provide us. In any case, my friends, hear this: your President tells you that there will be no such devaluation, simply because it is not necessary.”

Betancur was equally explicit on the coup threat: “To those of you who with fear or some pleasure speak of a military coup, I am going to disabuse you: have no illusion, there will be no coup d'état. We are united, we are firm, we are strong, we are better prepared than ever before to lead the country to a better future.” He warned the coup plotters: “By virtue of our unanimous entry into the Non-Aligned movement, Colombia is now more independent and sovereign, and has more friends in the world, with all that this

signifies.”

Betancur has won one important victory. Discussions in the Congress over the overturned economic emergency decrees have led to the unanimous decision in both the Chamber of Deputies and the Senate that Betancur's emergency packet is *not* unconstitutional, as was declared by the Supreme Court. The vote of approval for the packet—or parts thereof—is still pending, but the sentiment appears to run in its favor.

Rumor has it that to get congressional approval of his decrees, Betancur will be forced to hand over a chunk of his cabinet and decision-making power to the López faction of the Liberal Party, precisely the faction which he so overwhelmingly defeated in last May's presidential elections. Yet it is well known that it is former President López Michelsen who personally orchestrated the devaluation rumors, and it is the López clan which sets the defiant strategy of the banking elite in Colombia.

If Betancur's nationwide accusations against the banks are any indication, the *lópezistas* can expect little in the way of voluntary power-sharing by the wary Betancur. However, López & Co. have connections to both the rebellious military hierarchy and to the powerful drug/kidnap mafias whose funds are laundered through Colombia's leading banks. The past month's unprecedented wave of kidnappings and assassinations has created panic and chaos which could be played in López's favor. Not accidentally, the *lópezista* newspaper *El Tiempo* observed this week that the 1974 economic emergency decrees under then-President López did not suffer the fate of Betancur's decrees because a state of siege was in effect. It is well known that Betancur fiercely opposes a return to a state of siege.

# International Intelligence

## *Canadians follow U.S. euthanasia lead*

Judge Patricia Byrnes of Vancouver, Canada ruled on March 14 that a retarded 6-year-old boy, Stephen Dawson, should be given the right to "die in dignity" at the request of his parents, thus creating a precedent in Canada for legalizing the killing of "incompetent" people. According to Linda Stewart, lawyer for the child's parents, this is not only a victory for "basic civil liberties rights that a patient has the right to refuse treatment," but also, "in this case, that a parent has the right to refuse treatment for an incompetent child."

Judge Byrnes ruled that Stephen's parents had the right to refuse an emergency operation that would permit their son to live.

After Judge Byrnes's decision was taken, the British Columbia Association for the Mentally Retarded petitioned for an order to reverse the decision and to have the necessary surgery performed. The request was granted by the B.C. Supreme Court and the Association's lawyer, David Vickers will be asking the court to intervene quickly in the child's interest and "on the grounds it comes under the Constitution concerning the child's right to life."

## *Genoud to send Mideast over the brink?*

Nazi International chief financier François Genoud, the reputed controller of international terrorism, has left or is about to leave for the Middle East, sources close to Genoud have told investigators in Europe. Rumored stopovers for the Lausanne-based Swiss Nazi Party leader include Egypt and Morocco. These North African stopovers coincide with the arrival March 15 in Sudan, Egypt's southern neighbor, of Madeleine Chevallaz, a Lausanne journalist and close associate of Genoud.

These deployments underscore the extreme concern expressed by high-level sources in France, North Africa, and the Arab Gulf that that region is now on the brink of an immediate explosion. The trig-

ger on a new wave of Khomeini-style "Islamic fundamentalism," sources in Europe warn, could be the activities of Rabbi Meir Kahane and his controllers in the Christian evangelical-fundamentalist "Temple Mount Foundation (see article, p. 32).

Suspected collaborators of Genoud in preparing the Muslim Brotherhood destabilizations include:

- **Maarouf Dawalibi**, head of the World Muslim League and founder of the Geneva-centered Islam and the West International.

- The leading officers of the Dar al-Maal al-Islami (DMI) Bank of Saudi Arabian **Prince Muhammed el-Feisal**, based in Geneva, in particular Managing-Director **Ibrahim Kamel**.

- The leadership of the **Groupement Islamique** based in Paris.

- **Ali Kettani**, head of the Islamic Foundation for Science and Technology, involved in separatist-terrorist projects in southern Spain.

- Former Algerian President **Ahmed Ben Bella**, now in exile in Switzerland (bankrolled by Genoud), head of the Islamic League for Human Rights.

## *Velikhov: Fusion could bring peace closer*

Yevgenii P. Velikhov, the vice president of the Soviet Academy of Sciences and a nuclear physicist working on directed-energy-beam technology development, has told a domestic television audience that international cooperation on achieving thermonuclear fusion power is a task, whose accomplishment could help prevent war.

Asked Feb. 26 if the economic effects of fusion power "will eliminate the threat of wars" Velikhov answered in the affirmative: "I would say that every step—man creating the capability for nuclear energy and safely operating atomic power stations . . . contributes significantly to the possibilities of reducing clashes and conflicts. . . . Nuclear energy has completely proven itself technologically and justified itself economically. Further progress without its continued development is now inconceivable. The next

step is thermonuclear energy, [which] depends on fuel that is absolutely uniformly distributed around the world and of which there is an absolute surplus. . . . We want this knowledge to be universal, for it to originate on an international level with no commercial secrecy imposed on it. This is one of the reasons why the Soviet Union proposed joint work on thermonuclear energy problems. . . ."

Velikhov said that the present era should be a "golden age of science" worldwide and commented that "the U.S. could be completely independent of energy imports" if it pursued "a scientific program in which nuclear energy was given a significant role."

Velikhov and other Soviet scientists, however, are also being put forward as Soviet spokesmen for and liaisons to the so-called "peace movement." On this same television broadcast, Velikhov praised the peace movement in the United States.

## *Coup rumors fill Bangkok*

Following the defeat of the Constitutional amendment which, if passed, would have legitimized dictatorship in Thailand, the fascist right-wing of the Thai Army is flexing its muscle again.

The motion to amend the Constitution was presented before the parliament in an extraordinary session this month under pressure from Thai Army Commander-in-Chief General Arthit. Arthit's failure to push the amendment through means that the 1979 constitutional provision will take effect in April, during the approach to the scheduled June 12 national elections.

During the last two months, Gen. Arthit has been mobilizing right-wing Thai parliamentarians to nullify the provision which would prohibit civil servants, including military officers, from holding cabinet posts. The army-owned radio and television stations have broadcasted anti-politician polemics which have irritated most of the Thai politicians. Even within the Army, Arthit could not generate complete support.

Prime Minister Prem, a general himself, avoided comment on the issue. But it is clear

that if Arthit had succeeded in passing the amendment, Prem would continue in his office till Arthit decides to take it over. If the June election is allowed to go on, General Prem will have to get himself elected in order to continue as Prime Minister.

### ***German court: Moonies are a fascist association***

The Sixth Chamber of the West German federal court ruled that the sect of Reverend Sun-Myung Moon, otherwise known as "the Moonies," can rightly be termed "a criminal association," which "exposes human beings to psychological terror" and "proclaims a fascist system." The judges ruled, furthermore, that the sect had been proven to "have driven young people to commit suicide."

The court's decision, reported in the March 12 *Frankfurter Rundschau*, is a good point of departure for investigations into the clerical-fascist network of the South-German oligarchy: the rightwing catholic bishops of Augsburg, Würzburg and Regensburg are known for their lines into the "Moonies." The decision could also open up investigations into the various networks of West German members of the Club of Rome, several of whom have also been in contact with the Moon sect.

### ***Betancur reaffirms amnesty policy***

It takes patience to create peace in a country where guerrillas have fought for three decades, Colombian President Belisario Betancur stated in a highly-publicized meeting with the country's Peace Commission on March 16, but the government is committed to its political amnesty. A distinction must be made between "common delinquency and the guerrilla movement, which goes back 30 years." The first, he said, will be fought without quarter. Betancur warned that there are "conspiracies against peace" which must be defeated with "careful and uncompromising" commitment to dialogue.

By identifying the guerrillas as a 30-year phenomenon, Betancur separated the FARC, a Communist Party-allied peasant self-de-

fense movement first formed during the *Violencia* of the 1950s, from the numerous synthetic terrorist groups such as the M-19, ELN, MAO, and DRP.

The Communist Party's (PCC) representative at the meeting replied that PCC is equally determined to improve relations with the armed forces, and urged a declaration of truce so that the pacification process could succeed. Similarly, the national leadership of the FARC sent President Betancur a letter praising his personal integrity and requesting an immediate meeting with the President at which a truce could be signed.

The drug and terror apparatus—the military hierarchy and their terrorist offshoots—threatened renewed warfare in response. M-19 leader Jaime Bateman reported put out a statement declaring Betancur's amnesty efforts a total failure, and calling on Colombia's workers and peasants to "rise up and take power now," while the Maoist MOIR group charged that Betancur's recent declaration of war on the mafias was actually an order to "shoot to kill" leftist opponents of his administration.

### ***East German minister defends Richard Wagner***

On the occasion of the 100th anniversary of composer Richard Wagner's death, one of the several East German Deputy Ministers of Culture, Martin Meyer, issued a statement defending as a "revolutionary" the man who was an inspiration for Adolf Hitler.

This defense is based on Wagner's participation in the 1848 rebellion in Dresden. The Dresden uprising, in which Wagner played a leading role, was part of the British- and Freemasonic-coordinated series of attempted destabilizations that rocked Europe during 1848-49.

Representatives of the East German government told *EIR* that Meyer's statement does not reflect the official position of the government, thus showing the Wagner question to be a hot factional issue in East Germany. Representatives told *EIR* that there are two camps in East Germany on this question: those that believe, like Meyer, that Wagner is a "revolutionary," and those who think Wagner a "reactionary and anti-Semite."

## Briefly

● **HUMBERT OF SAVOY**, the former king of Italy who was ousted from the country in 1946 for his crimes in helping to install Mussolini, died on March 16 in Geneva, Switzerland. The campaign in Italy to permit his return has suddenly abated.

● **MUAMMAR QADDAFI** will sponsor an international conference on his *Green Book* in Libya in April. Invited participants include the leaders of the European "green" ecologist movement and prominent neo-Nazi leaders of West Germany.

● **AURELIO PECCEI** will get a medal in June in Austria from the German *Weltbund für Schutz des Lebens* (World Federation for the Protection of Life), which was set up in the 1950s by former members of the Nazi SS.

● **JAPAN** has caught the Green flu. The Japan Greens Party was founded in Kobe on March 13 by about 100 environmentalists and anti-nuclear activists. It is planning to run about 10 candidates in local elections set for April.

● **FERNANDO OLIVER**, a New York-area leader of the National Democratic Policy Committee and also of the Club of Life, appeared on Puerto Rican TV for an half-hour on March 13. He was interviewed on "The Fourth Question," the island's equivalent of "Meet the Press."

● **JAGJIT SINGH CHAUHAN**, leader of the terrorist "Khalistan" movement demanding the separation of Punjab from India, has been granted a visa to travel to the United States. In a recent interview, Chauhan conveyed threats to the life of Indian Prime Minister Indira Gandhi. "She can have an accident, somebody could shoot her," he said.

## A two-pronged attack on U.S. military strength

by Graham Lowry

While the “conventional warriors” of Robert McNamara’s and Cyrus Vance’s nuclear freeze movement press their campaign to dismantle U.S. strategic forces, self-professed British agent Henry A. Kissinger is directing a two-pronged attack against U.S. technological capabilities intended to permanently reduce the United States to a minor power.

On his most public track, Kissinger is demanding that the United States adopt a radical strategy of unilateral disarmament, keyed to knocking out existing advanced strategic weapons systems. At the same time, Kissinger is deploying his extensive networks both inside and outside the Reagan administration to “Watergate” key government and military figures committed to developing new generations of high-technology systems for the defense of the United States.

The special target of Kissinger’s rage is the prospect of U.S. development of space-based defensive beam weapons, which would not only give America the ability to destroy incoming ICBMs in a nuclear attack, but revolutionize U.S. technological capabilities for massive economic growth.

In an essay in the March 21 issue of *Time* magazine, Kissinger demands that the United States scrap its multiple warhead or MIRV missiles, even if the Soviets retain theirs, in order to eliminate the “complex technology” Kissinger pretends is the cause of strategic instability.

Stripped of its warhead equations and Kissingerian rhetoric, Kissinger’s proposed alternative of a limited number of single-warhead missiles is not an arms control strategy, but an attempt to ban any further advances in technology that could permit the United States to maintain a superpower role

in world affairs. And, like his counterparts in the nuclear freeze movement, Kissinger extols the joys of unrestrained conventional warfare—to be waged as depopulation wars against the nations of the developing sector.

The “strategic stability” that would result from his unilateral disarmament scheme, Kissinger writes, “would bring to the fore the pressing need to build up conventional forces to deter non-nuclear challenges.” The most critical of those “challenges,” as his top collaborator Secretary of State George Shultz has repeatedly told Congress in the last month, is the “excess population” of the developing sector.

Pressure is mounting on President Reagan to put forward a new disarmament proposal to the Soviet Union for an “interim agreement” on U.S.-Soviet nuclear weapons deployments in Europe. Toward the broader objective of forcing the United States into surrendering its military power, Kissinger is working in alliance with Vance and McNamara for an arms control agreement with Moscow. Vance is a leading member of the Palme Commission on disarmament, which published a series of policy recommendations last year stressing the need to end the “technological arms race.” The Palme Commission, which includes Soviet academician Georgii Arbatov, head of the U.S.A.-Canada Institute, is constituted as the “third channel” to hammer out a deal between the Soviets and the anglophiles typified by Averell Harriman in the West.

### Attack on beam weapons

The Palme Commission’s disarmament package would ban all anti-ballistic missile systems, including space-based



Stuart Lewis/NSRFS

Arms-control pundit Henry Kissinger.

beam weapons, as “destabilizing.” Kissinger proudly recounts in his *Time* essay his success in the SALT I negotiations in securing provisions that “severely limited anti-ballistic missile defenses to discourage an aggressor from believing he could launch a surprise attack and then defend against a counterblow.”

In the face of the current efforts by Dr. Edward Teller and elements within the Reagan administration, and an intense campaign by Lyndon LaRouche’s National Democratic Policy Committee to secure development of space-based beam weapons, Kissinger and Harriman’s networks are on a Watergating rampage against supporters of further development in defense technology.

The latest such assault, launched March 16 on the front page of the Harrimanite *New York Times*, is aimed at a group of former Boeing executives currently overseeing much of the most advanced weapons systems at the Department of Defense, including Deputy Undersecretary T. K. Jones, an advocate of beam-weapons development. Jones, the deputy undersecretary for Strategic Theater Nuclear Forces, Herbert Reynolds, the deputy director of the Office of Intelligence and Space Policy, and Melvin Paisley, the assistant secretary of the Navy for research, systems, and engineering, allegedly received a total of more than \$400,000 in severance pay upon leaving Boeing in 1981, and omitted in several instances to report their complete income in financial disclosure statements.

Washington sources report that the attempt to Watergate these key Defense Department officials is part of the Kissin-

ger crowd’s drive to lock U.S. defense policy into a rejection of advanced weapons systems in favor of a stripped-down conventional capability designed for regional wars.

The attack on three of the Defense Department’s advanced-technology advocates follows a rapidly blown-up financial scandal in the pages of the *Washington Post* against former Air Force Secretary Thomas Reed, now a consultant at the National Security Council (NSC) and a member of the Scowcroft Commission, which is currently reviewing U.S. strategic forces. Reed announced that he would resign from the administration on April 1, the date his commission with the NSC was slated to end.

Since January, Reed, who served as the Secretary of the Air Force during the Gerald Ford administration, has been the vice-chairman of the National Commission on Strategic Forces, a body studying the outline of strategic force structure in the United States. Initially formed to take charge of the deadlocked planning efforts to determine a basing mode for the MX missile, the commission broadened its mandate to review the entire U.S. strategic military posture.

The commission is chaired by Brent Scowcroft, a Kissinger protégé who is now executive director of Kissinger Associates, Henry’s “consulting firm” featuring Britain’s Lord Carrington as one of its major partners. Scowcroft is known to favor small mobile missiles over advanced weapons like the MX, just as Kissinger proposes in his *Time* essay. Reed was considered one of the proponents of high technology weapons development, including space-based beam weapons technology on the Scowcroft commission.

The scandal around Reed’s finances aired by *Washington Post* reporter Patrick Tyler is far from news. The information that Reed had been investigated in 1981 by the Securities and Exchange Commission (SEC) for stock trading violations had been first exposed in December 1982, by Common Cause, a liberal lobby organization, just before Reed was appointed to the NSC commission. Common Cause, which is headed by John Gardner, a member of the Council on Foreign Relations, is closely linked to the Democratic Party circles that are orchestrating the ongoing efforts to vote up a nuclear freeze resolution in Congress.

The only new development in the Reed affair since December is the fact that over the week of March 14, information was leaked from the Justice Department that U.S. Attorney John Martin of the New York Southern District had convened a grand jury to investigate charges of “preferential treatment” by the SEC in the 1981 investigation of Reed’s financial affairs.

Highly reliable sources report that the Reed leak is only the first of a series of contrived scandals intended to embarrass the administration. These sources also report that these opposition forces are being aided by a section of the Justice Department who oppose the Reagan administration and who are reviewing the personal records of every Reagan appointee with a “fine-tooth comb,” for use in the future.

Sources close to the *Washington Post* recently added, “The White House thinks they are in the clear because Reed

resigned. They are mistaken. There is a lot to investigate further in this matter.”

## World Federalist campaign

The overall thrust of the Kissinger-Vance-McNamara disarmament drive is to eliminate the technology needed for in-depth U.S. warfighting capabilities, *including* advanced conventional weapons. Disarming the United States is the long-cherished goal of the oligarchy's World Federalists, and is a common objective of Kissinger and the Vance-McNamara nuclear freeze movement, which has backed the World Federalist scheme for global dictatorship as part of the nuclear freeze resolution which is now in Congress (see *EIR*, March 22).

Toward eliminating the ability of the United States to defend its sovereignty, Vance and McNamara recently proposed a \$168 billion reduction in U.S. defense spending over five years targeting for elimination virtually all top-of-the-line, technologically-advanced equipment. The targets include the proposed new Nimitz-class nuclear-powered aircraft carriers, the B-1 bomber, and the F-18 fighter. Argued on grounds of budget-cutting necessity and “excessive technology” for simple little genocidal wars in the developing sector, such proposals constitute an overall “force restructuring” of the U.S. military to the level of a minor power.

To be enforced by continuing the deliberate collapse of the U.S. economy, the plans for dismantling of the U.S. military now include proposals to reduce even the size of its standing army. Senator John Warner (R-Va.) is leading a Senate inquiry into the feasibility of saving money by cutting back active military forces in favor of heavier reliance on National Guard and other reserve units for “emergencies.” The Pentagon is studying whether the current two-to-one ratio of active to reserve soldiers should be revised.

Solidly behind this “rationalizing” of the U.S. military is the leadership of the nuclear freeze movement. A top aide to leading freeze sponsor Rep. Jim Leach (R-Iowa), who recently joined Sen. Edward Kennedy (D-Mass.) in a Capitol Hill press conference boosting the freeze resolution, told a reporter March 15 that “the leadership of the nuclear freeze movement is sympathetic to rationalizing U.S. force posture,” but doesn't make it a “grass-roots issue” because “the American people wouldn't understand its complexities.” But the freeze backers expect the whole process of taking apart the U.S. military to accelerate should their resolution pass the House the week of March 14.

“No one looks at the freeze resolution as the end. It's just the beginning,” the aide declared. “We don't like to put it too up front, but implicit in the resolution is a process leading to total disarmament.” Included as a preamble to the resolution, introduced by Leach in committee, is the 1961 McCloy-Zorin resolution, which would make the United Nations a global police force to ensure total disarmament of the sovereign nation-states of the world, including the abolition of their standing armies.

## What U.S. x-ray laser declassification means

by Paul Gallagher

The Reagan White House and Department of Energy have begun a process of relaxation of national security secrecy on advanced nuclear and laser technologies, as an apparent eleventh-hour countermove against the Council on Foreign Relations' “nuclear freeze” campaign. This is not the sort of declassification likely to please sanctimonious “freedom of research” campus presidents. It concerns the most advanced research and development programs for beam-weapon anti-ballistic missile systems, and threatens to unleash a “nuclear technology breakout” of the most revolutionary and hitherto most secret technologies on the horizon for electrification, optics, diagnostics, and electronics.

The development had been forecast early in January by Dr. Edward Teller. It is a major victory for Teller's campaign for beam-weapon development for strategic defense against nuclear ICBMs, and for the campaign launched by Lyndon H. LaRouche, Jr. last February for a public “beam-weapon technology race” between the United States and the Soviet Union.

In a speech to 125 professors and students at the University of Miami Feb. 23, Teller introduced to his audience “a concept I could not have mentioned to you two weeks ago,” the x-ray laser for long-range strategic defense against incoming ICBMs. X-ray laser systems, because they will generate powerful and coherent electromagnetic radiation at very high frequencies, above the visible-light spectrum of ordinary lasers, will “kill” ICBMs with a punch-like shock even at distances of thousands of kilometers.

They can also revolutionize optical diagnostics for chemistry, biology, energy processes, and microchip printing, as Fusion Energy Foundation analyst Charles Stevens has shown (see *EIR*, March 22). But until last month, those U.S. scientists who know the most about such advanced laser- and energy-beams, and about the power-pulse technologies crucial to generating powerful particle beams, were not allowed to mention them in public, nor to respond to questions about

these now necessary technologies.

As Teller has warned repeatedly in the past year, the victory of Robert McNamara's "nuclear freeze" hoax would be assured unless Teller and his colleagues were allowed to speak out. Soviet programs for laser- and particle-beam ABM development are intensive, accelerating, and three to five times the size of U.S. programs; "larger than the Manhattan Project" according to Air Force Gen. George Keegan. Meanwhile, McNamara, Cyrus Vance, and the Soviet-backed international "peace movement" have made it their main crusade to stop development of such nuclear technologies for *defensive* weapons by the United States.

Now, following Teller's Miami speech, national laboratory sources have confirmed that scientists familiar with the x-ray laser development program (which is funded by the Department of Energy), may now give public speeches about the general potential of this revolutionary technology and the family of high-energy "directed energy beam" technologies of which it is a part.

*EIR* contributing editor LaRouche has pointed out that both the Mutually Assured Destruction doctrine of so-called deterrence, and the hysterical "nuclear freeze," rest upon the same public fear of the nuclear-tipped ICBM as the "ultimate weapon of destruction." LaRouche notes that public revelation of suppressed nuclear technologies capable of generating defenses against nuclear ICBMs could have a profound cultural impact, unleashing a wave of "technological optimism" such as characterized periods of rapid American progress.

### One-sided freeze

Most "nuclear freeze" leaders interviewed on prospects for x-ray laser and advanced beam-weapon development, such as Princeton's Richard Falk, MIT's Bernard Feld, Henry Kendall, Daniel Ellsberg, and officials of London's elite Tavistock Institute, have shown particular fear and hatred of this "technological optimism" implication of beam-weapon development.

South Dakota Sen. Larry Pressler, a Rhodes scholar and "nuclear freeze" sponsor, blatantly admitted in the Congressional Record for March 11, that the "freeze" is determined to stop U.S. beam-weapon development efforts, even though its leaders know that the Soviets are already developing these systems, and may be deploying high-powered laser ABM's "as early as 1985," in the words of Pressler's testimony.

Indeed, this double standard goes even further in the area of attempts to maintain secrecy around these technologies. Immediately following the x-ray laser declassification move by the DOE, the Fusion Energy Foundation began circulating articles on the x-ray laser from the *Soviet Journal of Quantum Electronics*. These showed detailed descriptions of the U.S. x-ray laser experiments appearing in open Soviet literature since at least the spring of 1981, and already translated into English and available in American libraries—while Dr. Teller and others could not print or say a word in public on the subject.

### Real history of non-proliferation

It may seem incredible for U.S. congressmen, spurred on by both the anglophile elite (Vance, McNamara) and some U.S. nuclear physicists, to demand suppression of the most strategically and scientifically crucial technologies, despite admitting rapid Soviet development and preparation to deploy the same technologies. This is particularly true since the networks of MIT, Princeton, CalTech, and other physicists now supporting the "freeze," and certainly such Spenglerian diplomats as Vance, Harriman, McNamara, et al., share an intimate acquaintance with Soviet intentions and the level of Soviet scientific and technological effort in these areas.

Dr. Robert Oppenheimer and the circles behind the "Baruch Plan" opposed U.S. development of the H-bomb even if the Soviets should develop and deploy thermonuclear weapons! Senselessly, they argued that the U.S. arsenal of atomic (fission) weapons would be "just as good" as a thermonuclear arsenal. Today's "nuclear freeze" is a pathetic parody of that "scientific" argument of Oppenheimer et al., to the effect that all nuclear explosives were essentially equivalent forms of the "ultimate destructive power" in weaponry.

The nuclear freeze movement of the 1940s and 1950s, headed by Lord Bertrand Russell's British disarmament networks, lost the battle over H-bomb and thermonuclear technologies to Dr. Teller and his supporters in the Atomic Energy Commission; but with the 1958-63 "test ban treaty" period, these Russelite neo-Malthusians apparently won the war.

With the Test Ban Treaty and the shutting down of the then-successful U.S. anti-ballistic missile program (Project Defender), an inquisition was launched against the most powerful technologies of the nuclear age, those which promised the greatest worldwide increases in the human mastery over nature and the most revolutionary insights into basic science. These were the technologies of *contained* thermonuclear explosions, and the scientific phenomena of focussed shock waves.

The harnessing of thermonuclear fusion by "inertial confinement" (bombardment of fusion fuel with energy or particle beams, often known as "laser fusion"), and the development of high-power and high-frequency lasers themselves, are two areas of focused shock-wave technology development which survived this inquisition, although in curtailed programs shrouded by secrecy.

But the more urgent nuclear technology projects of the 1950s "Atoms for Peace" did not survive; these were the use of small, contained thermonuclear explosions for peaceful purposes, known as "Project Plowshare." Project Plowshare was developed by Dr. Teller and his associates then at Lawrence Livermore Laboratory, for the primary purpose of "Great Projects" of irrigation, transportation, mining, and development of natural resources throughout Ibero-America and North America, in particular focusing on Mexico and Central America. The construction of a second Panama Canal using peaceful nuclear explosives for excavation is the best-known

of these abandoned projects, but by no means the boldest. The development of a national water and irrigation system for Mexico; opening up and “premining” underground deposits of oil, gas, mineral ores, and so forth by the use of directed explosive shocks; “reaching” underground water aquifers by the same method: these were some of the technological powers to be developed by the “Project Plowshare” tests. All of these required that the small, “clean” thermonuclear explosives which had been developed by the U.S. national labs, be used to study the laws of focusing and containment of strong shock waves underground as a powerful directed energy source.

This effort was directed against the inquisitional aspects of the Nuclear Test Ban drive. Working at Teller’s request, a group of scientists headed by Dr. Albert Latter proved that because of a principle of shock-wave interaction with compressed matter, known as “decoupling,” even a large H-bomb exploded in a deep cavern could not be detected by seismic instruments placed directly above it on the surface of the earth. The fireball’s shock would be reflected back into the cavern from its walls.

The result, intended by Teller, was that underground thermonuclear tests, found thus undetectable, were not banned. The immediate “spinoff” was a technology design known as “PACER,” to use thermonuclear explosions in steam-filled underground caverns to drive steam generators on the surface, producing an extremely efficient and powerful source of steady or pulsed electricity. This technology, and related designs, were effectively banned from the Test Ban Treaty period onwards.

All “Project Plowshare” tests were completely suppressed after a few underground “shots” in 1961. Major developing nations, such as India, which subsequently tested thermonuclear explosives to develop such capabilities, as Argentina has been today, were immediately branded as emerging nuclear weapons threats.

Testing and study of strong pulsed-power and strong shock-wave phenomena has of course continued through contained thermonuclear explosions, but under the deepest military-only secrecy and as the exclusive prerogative of superpowers. It was from such underground contained thermonuclear explosive tests, at Semipalatinsk in the U.S.S.R., that Air Force Maj. Gen. George Keegan first demonstrated in 1977 that the Soviets were developing powerful particle-beams for use in defending the Soviet Union against nuclear missile bombardment. The campaign of LaRouche and the Fusion Energy Foundation, to pull these most powerful geniuses of the nuclear age from the bottle of military secrecy imposed upon them by Lord Russell’s inquisition, began to intensify at that point. Experts in the field agree that unless the fruits of this campaign epitomized by the x-ray laser publicity are expanded, there can be no successful “Manhattan Project” for defense against thermonuclear weapons, and no use of directed-energy beam technologies to revolutionize industry, economy, and science over the coming decades.

## LaRouche: beam weapons a military means toward

*Democratic Party leader and EIR founder Lyndon H. LaRouche, Jr. delivered the following television address to San Diego citizens on March 5.*

I want to talk to you about a very painful subject: the growing danger of a nuclear war between the United States and the Soviet Union. That danger is very real and, in fact, it’s growing. I want to talk to you about what that problem is, and I want to talk to you about a possible solution to that problem. Some years ago, about 20 years ago, there were two events which terrified the people of the United States. First, there was the 1962 Cuban Missile Crisis, in which most people believed at the time, and rightly so, that we were minutes away from a thermonuclear exchange between the United States and the Soviet Union.

Then, approximately a year later, President John F. Kennedy was assassinated, and the fact of that assassination, the fact of the cover-up, terrified Americans and terrified people in Europe as well.

Under the impact of these two events, we in the United States shifted into a policy which was then associated with Defense Secretary Robert S. McNamara. (The “S” stands for Strange, and I think it’s quite appropriate.)

This doctrine is called Mutually Assured Destruction, or appropriately, M $\ddot{A}$ D. The doctrine essentially is that thermonuclear ballistic missiles are the ultimate weapon—a weapon so terrible that neither the United States nor the Soviet Union would actually ever launch a nuclear war. The argument is that we can eliminate war by maintaining static garrisons, static forces of this type, and by setting up arrangements which are in general called “crisis management.” This means red telephones, special conferences, and so forth, to

## offer Americans achieving peace

make sure nothing goes out of control, and that the two governments do not find themselves wandering by miscalculation into a situation in which they might actually set off a thermonuclear war. This MAD doctrine has dominated the West.

This led by the time the Soviets began to overtake us, in the early '70s, to a process called detente, which was begun by the former mayor of West Berlin, Willy Brandt, and Willy's close adviser Egon Bahr. This resulted in the so-called SALT I and other agreements negotiated between President Nixon and Soviet Secretary Brezhnev. So detente was on. But no sooner was detente on than we began to move toward the actual possibility of a thermonuclear war. This surfaced in 1974 and has been increasing ever since. In 1974, we had what was called the Schlesinger doctrine, the doctrine that a "limited nuclear war" within such areas as the European theatre could occur without that leading to an actual nuclear war between the homelands of the Soviet Union and the United States. After the Schlesinger doctrine, we had other policies moving in the same direction, generally called forward nuclear defense. What these doctrines meant was that as the United States became weaker in its military defense, certain kinds of capabilities, particularly nuclear capabilities, should be pressed forward, closer and closer to an assault position with the Soviet adversary—in other words, that we should increase our bluffing as we became weaker.

Then, at the end of the Carter administration, a policy directive was issued, Presidential Directive 59, which was the most insane policy in the series to date, and the policy which in effect is controlling the United States government today. This is an aggressive defense, involving Euromissiles and things of that sort.

In the meantime, partly because we are going into a depression, and partly because of the effects of the so-called environmentalist or Malthusian movement—the idea of trying to push us into a post-industrial society—our basic in-depth strategic capabilities are collapsing, both in the United States and in Western Europe.

At the same time, the Soviets are expending an extraordinary amount of their total product in developing not only the kinds of systems we are looking at in the charts I have here for comparison, but some absolutely new, fundamental revolutions in military technology, spending much more than even the CIA's Team B estimates of what they were spending. There is in fact a rapidly growing strategic imbalance between the two superpowers in which we of the United States are becoming progressively weaker and the Soviet Union is becoming progressively stronger. If this trend continues, possibly by 1988 or 1990, the Soviet Union will have a qualitative rather than merely quantitative net edge on us with respect to strategic balance. That is, they will reach the point that they can virtually dictate to the world the shaping of general international policy.

Now the danger is that sometime during the interval between now and 1988 or 1990, the President of the United States will be advised that this condition is developing; he may also be advised that it is too late for the United States to do anything to correct it. Under that condition the President has two choices: kiss the foot of whoever is boss in Moscow, or resort perhaps to using our thermonuclear arsenal for bluffing and trying to bluff the Soviets out of reaching this state of military development at which they would have a qualitative rather than just a quantitative strategic superiority.

This danger is increased by a policy advocated by the so-called nuclear freeze movement. Now some of you think the nuclear freeze movement is an anti-war movement. It is not an anti-war movement. The nuclear freeze movement specifies three things: 1) that the United States should cease all advanced technological development in military and other technologies; 2) that the United States should reduce its total military budget, *but* 3) that the United States must increase its conventional war-fighting capabilities for wars which shall occur below the Tropic of Cancer, that is, in Central America, South America, Africa, parts of the Middle East, and so forth.

We are committing ourselves to fighting Vietnam wars but not thermonuclear wars, at least so the doctrine goes. However, if we get into that geometry which the backers of the nuclear freeze advocate, such backers as Robert McNamara, Maxwell Taylor—who are rather familiar to us who remember the Vietnam war—we will be facing strategic inferiority relative to the Soviet Union, at the same time as we are massively engaged in Vietnam-style war or something approximating that, shooting our former friends in Ibero-America, Africa, and elsewhere.

This madness creates a general probability for war, for thermonuclear war, during the second half of the 1980s. And

if we continue on the present policy, then we shall lock ourselves into that geometry and we shall have war; it will be so probable that we dare not say it is not certain.

### **The way out**

Now what I propose is a solution to the military side of this problem. My proposal is to eliminate the superiority of thermonuclear weapons as the final weapon. They are not an absolute weapon. We have had over this same 20-year period actual weapons systems and potential weapons systems with the capability of destroying thermonuclear ballistic systems in the stratosphere. We have had systems which could provide point defense to defend cities, to defend missile sites, or other targets from an incoming warhead.

The Soviet Union in the last six years or so has been developing a set of weapon systems which could do this by means of laser-like beams, beam weapons. There are many kinds of beam weapons, and they are quite feasible now. If we developed a crash program now, we could probably in ten years or less guarantee that 99 and 44/100ths percent of a full flight of missiles directed against the United States would not strike the homeland of the United States. We have the imminent technological capabilities to do that. The Soviets have it, too. The Soviets are well ahead of us in developing such a capability, and some of the things you see them putting up peacefully in space are relevant to this. They have been on an accelerated program to develop this for some years, while we have been lagging.

Furthermore, not only can we eliminate that kind of missile, the land-based or air-based missile—that is, the missile fired from land or the missile fired from a plane—we can also potentially kill missile-carrying submarines. They say that submarines are undetectable, but that is a lot of bunk. We now know the technological means to pinpoint missile-carrying strategic nuclear subs. There are several kinds of technology involved; again, that is a technical matter, but it exists. So, if somebody tells you that sea-based or submarine missiles are invulnerable, either they don't know what they are talking about or they are lying. I know enough of the technology to know that subs are intrinsically detectable. So therefore it is possible to do this.

### **Winning by default**

If one side, we or the Soviet Union, were ever to emplace such a strategic system first, we would have won World War III by default. It now looks as though, with current trends from the Heritage Foundation and other lobbies in Washington, the Soviets, perhaps by the end of this decade, or perhaps earlier, will have such a strategic capability and we will have lost World War III. Perhaps we will go to World War III earlier, by the middle of the decade, in order to “head them off at the pass,” as the boys say.

I have proposed that we change our negotiations on arms with Moscow in the following way: 1) that we agree to,

independently but in parallel, develop and deploy anti-missile defensive beam weapon and supplementary systems; 2) that we agree to manage the progress in such deployment to such effect that we do not create a strategic imbalance of critical significance during the process of development; 3) that we then proceed on the basis of that agreement to a program of eliminating thermonuclear weapons, and 4) that we agree, as we put this into place, that if any third nation attempts to launch one or any number of thermonuclear weapons, we will jointly destroy those launched weapons—that we agree, in short, to free the world from more than 20 years of thermonuclear terror.

### **The disarmament hoax**

There is no other way to go. It will be impossible in any negotiation to significantly reduce the number of warheads; neither the United States nor the Soviet Union would actually give up what it considers the capability to obliterate the other by nuclear means. Disarmament leads nowhere; it accomplishes nothing. We cannot eliminate thermonuclear missiles except by going to a weapons development system that makes them relatively obsolete.

Granted, there is the possibility of an arms race from such a development as I have proposed. That is true. We could go beyond developing defensive systems to developing offensive systems of great and terrible power. But let us hope that by avoiding and averting the immediate danger of nuclear war before us, in that process we might grow up a little bit, and then, having grown up a little bit, we might by then find ourselves acting like mature people to take actions to remove the causes of war rather than simply trying to stop the weapons.

I think the answer to this lies in what Dr. Teller said in Washington this past October—I agree fully with him on this. If we commit ourselves to this technological revolution—and developing beam weapons technology is a technological revolution in modes of production as well as military science—and we use this technology to assist the development of developing countries, to increase the general welfare of mankind on this planet, to make ourselves more rational, more scientific, more inclined to think rationally about the connection between policies and practices and the results of those policies and practices down the road, that if we commit ourselves to those things which are properly the common aims of mankind, perhaps in that great effort we can find a solution.

Therefore, I propose that we adopt this policy—a beam weapon development policy, and put together a crash program to do this. We must negotiate with the Soviets on this question, as I have indicated, and we must couple this with a plan for technologically progressive economic growth, and to finally remove the hideous effects of centuries of British and other imperialism that blight the conditions of life for people of the developing sector. I think that is the way to peace, and I think that is the proper military policy.

# 'Gorsuchgate' to pave the way for a Global 2000 coup in the administration?

by Lonnie Wolfe

The networks that produced the Carter administration's *Global 2000 Report* blueprint for vast population reduction are planning to take over the Environmental Protection Agency (EPA) and use it to wreck both the Reagan administration and remaining U.S. industrial commitments.

When White House chief of staff James Baker III and Vice-President George Bush succeeded in ousting EPA chief Anne Gorsuch Burford, Bush and Baker were acting for a group of prominent environmentalists, otherwise known as "GOP moderates," including:

- Russell Train, the head of the World Wildlife Fund/USA, and a personal U.S. representative of World Wildlife Fund spokesman Prince Philip of England. Train, the former head of Nixon's Council on Environmental Quality (CEQ), worked to establish the U.S. environmentalist apparatus during the Nixon-Ford era.

- Russell Peterson, head of the Audubon Society and organizer of the Global Tomorrow Coalition, the private-sector lobby for Global 2000 which is headed by a former Club of Rome director and aide to Henry Kissinger, Donald Lesh.

- William Ruckelshaus, the former Nixon EPA commissioner who is responsible for banning of the pesticide DDT, a policy which has led to the deaths of tens of millions in the underdeveloped sector.

The three are members of one of Prince Philip's organizations in the United States, the Year 2000 Committee. The group also includes former Attorney General Elliot Richardson, Aspen Institute chairman Robert O. Anderson, former Carter administration Secretary of State and *Global 2000 Report* initiator Cyrus Vance, and former Defense Secretary Robert McNamara. This "bipartisan" network is running the next phase of the EPA-gate scandals; their plan is to consolidate a "power base" within the Reagan administration which will carry out their programs. In interviews last year, spokesmen for the Year 2000 Committee bragged that they would first paralyze the administration and then take it over. Next, they expect to install an "environmentalist-peace" govern-

ment in the 1984 elections.

Train, Ruckelshaus, and Peterson are all being considered to head the EPA. Also in line for the post are:

- James Buckley, the former top aide to Secretary of State Alexander Haig who has been identified by Year 2000 Committee spokesmen as the top environmentalist inside the State Department bureaucracy. Buckley, who has family connections to the European oligarchy, is a patrician anti-industrial "conservationist." He has met frequently with Train and other Year 2000 Committee members to discuss projects, including an administration reworking of the discredited Global 2000 document.

- Henry L. Diamond, a former aide to Nelson Rockefeller and currently a Washington lawyer. Diamond is known in environmental circles as a clone of William Ruckelshaus. In late 1980, with the backing of George Bush, Diamond attempted to take control of the Reagan transition team on environmental policy, only to be thwarted by Reagan loyalists.

Unless there is a sudden about face from the President, one of these individuals or a person like former New York State CEQ head and Global 2000 supporter John Quarles will be named to replace Burford and "clean up the EPA's image." Once installed, the new EPA chief will try to revive both the domestic and global environmental policies of the discredited Carter administration. These would include drastic measures curbing the export of pesticides and fertilizers to the underdeveloped sector, helping to create pestilence and famine that would reduce populations. In the United States, Train, Peterson, et al. have already planned to use the "acid rain" issue to make sure that closed heavy industrial plants in the Midwest stay shut and to force further closings.

Such policies are not in the interest of the Reagan administration, a source close to Reagan loyalists in the White House agreed on March 16. But because of the scandal-mongering about the EPA, he said, the White House will not risk interfering until it is too late to block the policy initiatives.

"The EPA will become a rogue agency," the source stated. "It will be in control of forces who want to destroy the

administration. Russ Train and his friends will mobilize the entire international environmental lobby behind the new EPA policies. . . .”

### **How EPagate gained momentum**

The Eastern Establishment media, which have been leading the assault on Burford and the administration, speculated that her fate was sealed the weekend of March 12 in meetings of the White House staff. Our sources say that the decisive point in the current phase of the battle came much earlier.

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*Moving to take control over the Environmental Protection Agency are Russell Train, Russell Peterson, William Ruckelshaus, and Henry L. Diamond, who are all in the orbit of the Global 2000 policy of eliminating billions of people worldwide by the turn of the century. The group is backed by James Baker III and the Vice-President of the United States. On the congressional side, Global 2000 operatives in this maneuver include John Dingell of Michigan and James Scheuer of New York, prominent ‘nuclear freeze’ advocates. Within EPA, one of their moles is Hugh Kaufman.*

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Starting in late January, a series of meetings took place among top Reagan supporters to discuss the future of the administration. On the agenda were proposals for an all-out war with the Eastern Establishment saboteurs typified by Train and his Year 2000 Committee. Among the items discussed were plans to fire the entire environmentalist “mole” network embedded inside the EPA. These moles, who include EPA official Hugh Kaufman, were the key sources of various unproven allegations of wrongdoing and political manipulation. Their ouster was to be part of a new program to revive the collapsing industrial economy.

Sources report that this agenda item was tabled. No new policy initiatives were discussed to revive the economy. Instead, top White House officials started mouthing lines about economic recovery.

The failure to take decisive action against the Eastern

Establishment networks running the EPA-gate in Congress and inside the administration opened the way for intensification of EPA-gate throughout the month of February. The saboteurs were aware of the probability that the President would run again in 1984. The strategy of the Global 2000 networks has always been to drive Reagan from office.

Meanwhile, Train, Ruckelshaus and Peterson stood waiting to offer the administration help in overcoming its political difficulties—difficulties that Train’s allies in the media and Congress, like Rep. John Dingell (D-Mich.) and James Scheuer (D-N.Y.) were orchestrating. The call for help is reported to have gone out in mid-March.

“Anne Burford was ousted for no reason,” said a source close to Reagan loyalists in the White House. “There has been no proof of any of the various allegations against her. It was political panic in the White House that did her in. This is how a Watergate climate builds. If the panic gets great enough, anyone can be driven out to save the sinking ship, regardless of whether any of the charges are proven.”

Staffers on Dingell and Scheuer’s subcommittees investigating the EPA say they have just begun. They plan to go after other EPA staff, and have their ultimate sights set on White House counselor Edwin Meese III.

Dingell, who chairs the witch-hunting Subcommittee on Investigations and Oversight of the House Energy and Commerce Committee, is a longstanding asset of Club of Rome-linked environmental networks in the United States. Working especially with Rep. Ron Dellums (D-Calif.), Dingell was one of the key supporters in Congress of the Carter ban on chemical pesticide and fertilizer exports to the developing sector, and was an outspoken backer of William Ruckelshaus’s banning of DDT. Dingell’s committee staff director, Frank Potter, the man directing the witchhunt, is a member of the U.S. Association for the Club of Rome and a contact of the Year 2000 Committee. He has helped the Year 2000 Committee stage hearings on “global environmental problems” which included testimony from Russell Train.

Dingell and Scheuer are also prominent spokesmen for the nuclear freeze movement. Dingell and Dellums have signed letters circulated by the Sierra Club and Audubon Society calling for a political merger of the “peace” and “environmental” movements for a war against the Reagan administration.

It is unclear exactly what President Reagan knows about the operation deployed against him. At a press conference March 11, the President defended Burford and charged that “environmental extremists” would not be satisfied “until the White House is turned into a bird’s nest.” He further stated that the people attacking the EPA were not interested in environmental matters, but in “attacking the administration and its policies.” But while his anger was genuine, the President stopped short of naming his attackers. More importantly, the White House appears prepared to turn the EPA over to precisely those people who want to turn the White House into a residence for a lame duck.

# DOJ and FBI protect Iranian operatives

by Edward Spannaus

The existence of a massive U.S. government "national security" cover protecting Iranian terrorists and Khomeini agents inside the United States has been confirmed in a series of affidavits filed by the U.S. Department of Justice on behalf of various intelligence agencies in Federal court in Washington, D.C. on March 7. The explosive affidavits were filed in response to subpoenas issued in the case of *Hashemi v. Campaigner Publications, et al.*, in which *Executive Intelligence Review (EIR)*, NSIPS news service (*EIR*'s publisher), and other associated publications and individuals including Lyndon H. LaRouche, Jr. have been sued for libel by Iranian banker and weapons dealer Cyrus Hashemi.<sup>1</sup>

The Hashemi suit grew out of a series of articles published by *EIR* in 1980 documenting how the Carter administration and British intelligence had made a deal with the Khomeini regime as part of an overall plan of fostering "Islamic fundamentalist" coups and destabilizations through the Persian Gulf area. In those articles, Hashemi and Iranian terrorist controller Bahram Nahidian were named as key figures in Khomeini's secret apparatus inside the United States.

The subpoenas issued on behalf of the "*EIR* defendants" sought any government files pertaining to Hashemi's and Nahidian's reported involvement in illegal activities in the United States. These activities included the planning and financing of the 1980 assassination of anti-Khomeini spokesman Ali Akbar Tabatabai in suburban Washington, D.C., as well as other Khomeini-sponsored clandestine operations conducted inside the United States, such as money laundering and surveillance of anti-Khomeini groupings.

### A stone-wall

Although three government agencies admitted to the existence of relevant documents, disclosure of these files was refused on grounds of "state secrets privilege" and national security classification. These three agencies are the FBI, CIA, and National Security Agency (NSA). The CIA and NSA, as well as the State Department and National Security Council, which both denied the existence of any responsive documents, all submitted affidavits either asserting a formal claim of state secrets privilege or denying the existence of documents.

The thickest wall was thrown up by the FBI and the Department of Justice, which not only have classified all their

documents concerning Hashemi and Nahidian, but even classified the affidavits which stated their claims of privilege!

The legal brief submitted by Special Assistant U.S. Attorney Lee S. Strickland argues that any disclosure of the relevant FBI documents would adversely affect the foreign relations of the United States or impair national security. "Because of the sensitivity of the information at issue," argues the Justice Department, "the United States has determined that no substantive statement can be made on the public record. . . ."

The fact that the FBI and the Justice Department not only admitted to the possession of documents, but threw a massive classification screen around them, confirms every charge made by *EIR* during 1980 (see box). The FBI, which has no foreign relations mission whatsoever (unlike the other agencies subpoenaed) is thus implicated in covering up the very terrorist operations which *EIR* said the agency was protecting three years ago.

During the Iranian hostage crisis and the outbreak of Iranian "militant" demonstrations and terrorism in the United States, *EIR* and NSIPS news service charged that a deal had been made between the Carter administration and the Khomeini regime which gave Khomeini's terrorists a free hand to operate within the United States in exchange for hoped-for concessions during the hostage negotiations. Two Iranians who have been publicly identified as middlemen between the Carter administration and Khomeini regime were Cyrus Hashemi and arms dealer Sadegh Tabatabai, Khomeini's son-in-law, who was recently arrested in the Federal Republic of Germany for heroin smuggling (see *EIR*, March 8). Sadegh Tabatabai, long under the protection of West German Foreign Minister Hans-Dietrich Genscher, escaped from the Federal Republic March 9 under the thin cover of "special diplomatic immunity." Tabatabai is known to have met with Carter State Department official Warren Christopher during the hostage negotiations.

The filing of the government affidavits in the Hashemi case March 9 in Washington parallels the scandalous protection which Sadegh Tabatabai received from Genscher, and confirms *EIR*'s original charges that a U.S. "national security" cover had been thrown over the entire funding and carrying out of the assassination of Ali Tabatabai in July 1980. A further indication was that the four individuals eventually indicted for the assassination were all American blacks; no Iranians were charged, even though Nahidian was widely understood to be the on-the-ground controller of the four indicted Americans.

The existence of four classified "responsive documents" was admitted by the CIA. The CIA's affidavit states, after deleting all national security information from the four documents—all CIA cables—that it was providing "all non-privileged parts of such text." However, the U.S. Attorney still refused to release these redacted documents on the grounds that it might infringe the "privacy rights" of "various individuals"—presumably Hashemi and Nahidian.

In addition to the FBI and CIA, the National Security Agency (NSA) also admitted to possession of documents responsive to the subpoena. The affidavit submitted by the NSA contends that the documents pertain to the NSA's "signal intelligence mission" and are therefore privileged information. Intelligence sources report that the NSA often records information obtained by other agencies so the material can be free from disclosure under circumstances where the CIA, for example, might be required to reveal it.

The State Department's and NSC's denial of any relevant documents concerning Hashemi drew particular scorn from *EIR* investigators, since Hashemi is known to have met with both the State Department and Brzezinski's National Security Council during the hostage negotiations, and he identified his own role in the negotiations in a television interview on Jan. 20, 1981.

Daniel Aharoni, lead counsel representing Campaigner and the "EIR defendants" in this case, commented that "it appears that a number of government officials climbed into bed with a bunch of terrorists, and now they are trying to pull the covers up. The claims of national security here do not appear to be a legitimate assertion of the state secrets privilege; rather it looks like a lot of government agents and officers are trying to hide their embarrassing involvement with a group of unsavory characters."

Following the submission of a reply brief by attorneys for *EIR* and related defendants, Federal District Judge Gerhard Gesell is expected to hold a hearing and possibly examine some of the withheld documents *in camera* before ruling upon the propriety of the asserted claims of state secrets privilege.

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<sup>1</sup>The main case is *Hashemi v. Campaigner Publications, et al.*, U.S. District Court for Northern District of Georgia, Civil Action No. 80-1555A. The proceeding concerning the subpoenas is identified as *Hashemi v. Campaigner*, Misc. No. 83-0017 in the U.S. District Court for the District of Columbia.

## U.S. Attorney refuses to release the proof

*The following is excerpted from the "Opposition of the Respondents to Defendants' Motion to Compel Compliance with Subpoenae Duces Tecum" submitted by the United States Attorney in Washington, D.C. in response to the EIR subpoenas for FBI, State Department, NSC, CIA, and NSA documents relating to certain activities of Cyrus Hashemi and Bahram Nahidian:*

Pursuant to rules 45(d)(1) and 26(b), Federal Rules of Civil Procedure, the respondents National Security Agency

(Subpoena No. 82-0433), Central Intelligence Agency (Subpoena No. 82-0432), and Federal Bureau of Investigation (Subpoena No. 82-0426) oppose Defendants' Motion to Compel Compliance with *Subpoenae Duces Tecum* on the grounds that the records sought are privileged from discovery pursuant to claims of statutory or state secrets privilege; further respondents National Security Council (Subpoena No. 82-0425) and Department of State (Subpoena No. 82-0427) oppose Defendants' Motion to Compel on the grounds that no records responsive to the subpoenae as amended were recovered pursuant to a thorough and diligent search and to require their appearance for deposition would therefore be unduly burdensome. . . .

The *subpoenae duces tecum*, as modified,<sup>1</sup> against the National Security Agency, National Security Council, Federal Bureau of Investigation, Central Intelligence Agency, and the Department of State seek any and all records concerning the participation of Abolfazl Bahram Nahidian and/or Cyrus Hashemi in a checklist of activities described in the Supplemented Complaint in Civil Action No. 80-1555A (N.D. Ga.) *Motion to Compel*, page 2, paragraph 2. Although the subpoenae were worded somewhat differently from the "checklist of activities in the Supplemented Complaint",<sup>2</sup> the respondents have attempted to fairly interpret the subpoenae in light of the negotiated agreement and have accordingly conducted their searches. . . .

The Federal Bureau of Investigation, through the classified declaration of Oliver B. Revell, Assistant Director of Criminal Investigative Division,<sup>3</sup> and the Honorable William French Smith, Attorney General,<sup>4</sup> has asserted the Secrets of State privilege for the FBI documents recovered pursuant to the defendants' subpoena to the FBI as amended. The existence of this privilege, which has never been doubted, *see, e.g., United States v. Burr*, 25 Fed. Cas. 30 (C.C.D. 1807), protects absolutely from discovery material whose disclosure would adversely affect the foreign relations of the United States or impair national security. *United States v. Reynolds* 345 U.S. 1 (1953); *Kinoy v. Mitchell*, 67 F.R.D. 1 (S.D.N.Y. 1975) (Ward, J.). Once this privilege has been established, no asserted necessity, however compelling, can require production of the material within its protection. As the Court stated in *Kinoy*:

. . . once the Court is satisfied that the material is a secret of state . . . whose disclosure would threaten the national security, the material is absolutely privileged from discovery.

67 F.R.D. at 9. *See, also Reynolds, supra*, 345 U.S. at 11. . . .

Indeed if full litigation of defendants' libel action is barred by the claim of privilege, the courts have uniformly recognized that the public interest would require dismissal of the suit, whether or not the United States was a party. . . .

The privilege of secrets of state for the Federal Bureau of

Investigation documents has been asserted here by the Attorney General in a classified affidavit to be made available to the Court for *in camera* inspection; the relevant documents are similarly available. Because of the sensitivity of the information at issue, the United States has determined that no substantive statement can be made on the public record with respect to the documents or claim of privilege. It is well settled that a claim of state secrets privilege need not be set forth on the open record to any specified degree before *in camera* review may commence, especially when “[i]n camera resolution of the state secrets question [is] inevitable.” *Halkin, supra*, 5989 F.2d at 7. Nor could such a requirement be made, for the danger exists that even making the claim could, in unusual circumstances, reveal a state secret. Here the specificity of documents subpoenaed and the obvious foreign relations concerns preclude any meaningful public showing. Since the Court must take great care in the face of such a claim not to risk revealing such privileged matter, *Reynolds, supra*, 345 U.S. at 8, no such requirement should be imposed. Indeed, the Supreme Court recognized in *Reynolds, supra*, at 10-11, that there could be situations where the full basis for the claim would not even be submitted *in camera* to the court. Here, however, this Court has full opportunity, based on *in camera* review of the affidavits and documents, to determine the validity of the claim. The respondents respectfully submit that such review will clearly support the Federal Bureau of Investigation’s claim of state secrets privilege.

### Conclusion

For the foregoing reasons, the defendants’ Motion to Compel must necessarily be denied.

Respectfully submitted,  
 STANLEY S. HARRIS  
 United States Attorney  
 ROYCE C. LAMBERTH  
 Assistant United States Attorney  
 LEE S. STRICKLAND  
 Assistant United States Attorney

<sup>1</sup>“... [Documents] ... which indicate Cyrus Hashemi’s or Abolfazl Bahram Nahidian’s participation in any of the activities described in paragraph 1, subparts (a) through (f), of the Supplemented Complaint in Civil Action No. 80-1555A;” Letter from Assistant U.S. Attorney Kragie to Daniel Aharoni, 15 November 1982. A copy is provided herewith as Exhibit A.

<sup>2</sup>“1. This is a diversity action for defamation, slander per se and libel per se. It involves a set of articles and other publications published by defendants in July and August of this year. In these articles and other publications the defendants make a series of false and utterly groundless assertions purportedly linking Cyrus Hashemi to a variety of unlawful activities in the United States, including but not limited to, a) participation in the planning and carrying out of political *assassinations*; b) providing

funds to help an accused murderer *escape* apprehension by law enforcement authorities; c) “*laundering*” and “*conducting*” funds from the illegal sale of *heroin* and hashish; d) secretly *smuggling funds* into the United States to support *anti-American propaganda* and illegal protest activities; e) being a “*ringleader*” and organizer of *subversive paramilitary activity against the United States*; f) heading up and supervising in the United States an Iranian secret police organization allegedly known as SAVAMA.”

<sup>3</sup>This declaration is classified at the SECRET level pursuant to Executive Order 12356, it is presently maintained by the United States Attorney in approved classified storage facilities and is available at any time for the Court’s *in camera* inspection. This declaration sets forth the factual basis for the claim of privilege.

<sup>4</sup>The Attorney General’s declaration, which is awaiting signature, is classified at the SECRET level and will assert the formal claim of state secrets privilege. The United States has determined that no substantive portion of these affidavits can be made public without disclosing, directly or by reasonable implication, classified information.

## What EIR said in 1980

*From an article titled “Civiletti and the Terrorists” by Scott Thompson, published in EIR, Aug. 12, 1980:*

High-level U.S. intelligence sources, exiled Iranian political leaders, and officers of a Washington, D.C. police intelligence unit have each independently charged Attorney General Benjamin Civiletti with covering up for the assassins of Ali Akbar Tabatabai, the head of the anti-Khomeini Islamic Freedom Foundation, who was murdered July 22.

This obstruction of justice by a U.S. Attorney General was allegedly committed to protect a political “deal,” whereby Iran would release the 51 American hostages. In exchange, the Carter administration would give Iranian intelligence (Savama) a license to kill any opponents of the tottering Khomeini regime on U.S. territory or elsewhere. The hostage release would be made at a timely moment for Carter’s political fortunes.

Underscoring this “deal” has been repeated Justice Department intervention to stop local police from arresting Washington, D.C.-based Savama station chief Bahram Nahidian, who has been repeatedly named as the field operative in charge of the Tabatabai assassination. Nahidian, whose personal bodyguard David Belfield (aka Daoud Sallahudin) allegedly murdered Tabatabai by shooting him three times in the chest at point-blank range, has been identified by U.S. intelligence sources as the courier between the Carter administration and Ayatollah Beheshti in arranging this deal. If Nahidian is arrested, these sources report, the deal is off.

### Senate committee passes IMF bailout

Without objection or comment, the Senate Foreign Relations Committee passed an amendment to the International Monetary Fund bailout bill (S.695) on March 15 which will set in motion a process whose ultimate aim is the subjugation of the U.S. economy to international private banking interests centered in the Basel, Switzerland Bank for International Settlements (BIS). The amendment, offered by Senate Foreign Relations Committee Chairman Charles Percy (R-Ill.), mandates the chairman of the Federal Reserve Board and the secretaries of State and Treasury to report back to the Congress on the feasibility of the United States joining the BIS.

The IMF quota increase of \$8 billion is a step toward forcing the United States to cede its national sovereignty to a world central bank or supranational banking institution, controlled by the *fondi*—the international financial oligarchy. The BIS is just such an institution. The United States is currently represented there by Citibank, although the Federal Reserve acts as a member.

Percy motivated his amendment by noting that U.S. objections to joining the BIS “seem to be historical rather than contemporary.” Those “historical objections,” as elaborated by Louis McFadden (R-Pa.), the Chairman of the House Banking Committee in 1930, rested on the charge that Morgan Guaranty Trust and other British-allied institutions were trying to destroy U.S. economic sovereignty. The other most recent call for U.S. re-entry into the BIS came from Morgan Guaranty official Rimmer de Vries, who testified to that effect before Percy several weeks ago.

At the hearings, Percy described the BIS as a “Swiss bank, privately owned,” and then tried to revise that all-too-accurate statement a bit with the reformulation, “a Swiss-based institution.”

Percy’s co-sponsor on the amendment, which garnered no comment from the assembled Sens. Charles Mathias (R-Md.), Paul Sarbanes (D-Md.), and Thomas Dodd (D-Conn.), was Sen. Claiborne Pell (D-R.I.), a member of the Club of Rome.

In a related development, Sen. Jake Garn (R-Utah), chairman of the Senate Banking Committee, stated on March 16 that he will support the IMF quota increase. Garn said that, while he did not like increasing the quota, he nonetheless felt that the measure was “necessary” because of the “repercussions in terms of jobs and exports if we do not respond.”

Garn went on to say that he views his role in the IMF legislative battle as one of moderating the efforts to substantially amend the quota increase. There will be attempts by Congress to legislate specific country lending quotas and other stringent banking regulations, Garn said, but such measures would only be “overreaction.”

### Abscam bill misses the boat

Senator Charles Mathias (R-Md.), former chairman of the now-defunct Senate Committee on Abscam, and six of the seven other committee members introduced the Undercover Operation Act of 1983 (S.804) on March 14. The bill seeks to reform federal criminal laws by establishing certain standards and limits for conducting federal undercover operations to the stated end of preventing abuses of undercover activities.

According to Mathias, the legislation will do the following: 1) expressly authorize Justice Department agencies to engage in undercover operations and permanently remove some of the legal restrictions which have impeded the use of this technique; 2) require agencies to promulgate guidelines for undercover operations; 3) prohibit undercover operations which cannot meet certain standards of justification; and 4) create an affirmative criminal defense of entrapment.

Yet, under broad constitutional guarantees, an individual is already protected against entrapment. To enact such a statutory provision actually limits the defense available to an individual.

Second, the Mathias legislation, as the Abscam committee did, ignores the role of corrupted sections of the Justice Department which carried out Abscam as a political witchhunt against targeted individuals. The issue before Congress is not so much the promulgation of guidelines, but investigating the executive branch officials who carried out these operations. As long as the Justice Department and FBI contain tainted elements, as was the case with prosecutor Thomas Puccio and his protectors in the Abscam operations, statutory guarantees are to no avail.

Not only did the Senate Abscam committee whitewash these elements, but the House Judiciary Subcommittee on Constitutional Rights, which has conducted much more extensive and probing hearings on Abscam abuses, is also under political pressure to water down its final report.

Under Abscam, individuals who had committed no crime or impropriety whatever—most notably Sen. Harrison Williams (D-N.J.)—were hounded out of office.

## **Administration faces opposition on El Salvador aid**

The Reagan administration's plan to request new military assistance for El Salvador was dealt a blow on March 14 when Sen. Daniel Inouye (D-Hawaii), the only Senate Democrat to actively support the President's Caribbean Basin initiative, announced that he "must oppose and vote against the President's request for increased military assistance to El Salvador."

Inouye, who said he had always "supported the President" in foreign policy throughout his career whenever "there was a measure of doubt," said he has concluded that "there is no military solution . . . the solution to the conflict in El Salvador lies within El Salvador." Inouye recalled U.S. support for the Batista regime in Cuba in the late 1950s, which made its money from "gambling and prostitution," and paved the way for the takeover by Fidel Castro.

In the House, Rep. Henry Gonzalez (D-Tex.) laid the blame for the situation in El Salvador to the past activities of the Dope, Inc.-connected United Fruit Company (now United Brands). "The genesis of the tragedy in El Salvador goes back a long way," Gonzalez stated. "In fact, exactly 51 years ago, you had another 30,000 Salvadorans killed in the same way, the same reasons, except that at that time United Fruit Company took care of the situation with those selected 12 powerful oligarchic families even if it meant the death of over 30,000 Salvadorans."

The House Appropriations Foreign Operations Subcommittee, chaired by Rep. Clarence Long (D-Md.), is expected to demand that the Social Democrats and the Christian Democrats be included in the negoti-

ations as a condition for any more aid to El Salvador. This is believed to be the position favored by the State Department and Thomas Enders and Secretary George Shultz.

## **Banking Committee announces dereg plan**

Senator Jake Garn (R-Utah), chairman of the Senate Banking Committee, told a gathering of foreign bankers in Washington on March 15 that he is about to begin extensive oversight hearings in his committee on the body of law which now regulates the U.S. banking sector and prohibits interstate and interindustry mergers. Garn said that the hearings will review the Glass-Steagel Act, the McFadden Act, the Douglas Act, and the Banking Holding Company Act.

Garn said that whenever he mentions the McFadden Act, which prevents interstate bank mergers and has protected the state-based local banking structure from takeover by major New York banks, he gets angry mail from independent bankers in Utah and throughout the nation. Nonetheless, Garn insisted, change would have to come. "In the real world, boundaries have broken down. The market place is changing the situation and I think interstate banking is on its way, whether I like it or not."

Garn stated that he did not intend to move legislation during the course of 1983, but this year would be used to explore the issue. He likened this to the process he began in 1981 with House Banking Committee chairman Fernand St. Germain. After two years that process produced legislation which made major inroads in deregulating the U.S. savings and loan institutions. Garn added that, while he did not expect legislative action during the

course of 1983, some unexpected financial development might move the situation forward at a faster pace.

## **Pressler: Soviets ahead in space, U.S. should quit**

The darling of Britain's Oxford University, Sen. Larry Pressler (R-S.D.), argued in a speech on the Senate floor March 11 that, since the Soviets are ahead of the United States in the area of space-based directed-energy weapons, and therefore "pose a serious threat to the U.S. security interests," the United States should seek to "halt and reverse this high level of investment in space-based and space-directed warfare." Pressler urged passage of his resolution opposing space-based technology.

To make his case, Pressler gave a quite straightforward assessment of the U.S.-Soviet situation: "We should take a look at the future of exotic beam weapons, an area in which the Soviets are investing heavily—some say three to five times as much as the United States. One path that the Soviets are following is that of high-energy lasers. . . . The Soviets are believed to be five or more years ahead of the United States in developing these weapons. Projections on the deployment date for an operational system vary from as early as 1985 to the late 1980s or early 1990s. . . . Particle beams, which have less of a problem in dealing with atmosphere conditions, are also under development in the Soviet Union, according to several publications. One author claims that particle beam tests are currently being conducted at a facility in Kazakhstan, in Soviet Central Asia."

Pressler is planning hearings in April on his resolution.

# National News

## A California court sanctions medical murder

A Los Angeles municipal court has dismissed murder charges against two doctors who removed life-support and nourishment from a comatose patient, thereby starving him to death.

The Los Angeles court decision was taken on March 9 by Judge Brian D. Crahan, following six weeks of a preliminary hearing which reviewed the evidence brought by city prosecutors that two doctors from the Kaiser Permanente hospital had starved 55-year-old Clarence Herbert to death. Herbert suffered cardio-respiratory arrest following routine elective surgery. Following resuscitation from the arrest, Mr. Herbert was in a coma. Only two days later, the attending physicians, Dr. Neil L. Barber and Dr. Robert J. Nejdil, convinced the family to discontinue the respirator, and then gave the orders to remove his nourishment.

Despite doctors' assurances that he would die as soon as he was removed from the respirator, he started breathing on his own. The doctors then overruled the nurses in order to disconnect the tubes for intravenous feedings and fluid. Still the patient clung to life for six days. As Detroit medical examiner Dr. Werner Apitz said, "If you put [body-builder] Arnold Schwarzenegger in a bed like that for six days, he'd be dead too."

## Justice Department to investigate Barbie

According to statements from Attorney General William French Smith the week of March 14, the Justice Department will begin a thorough investigation of the allegations that Klaus Barbie, the Nazi SS officer who was responsible for the murder of French resistance leaders and thousands of French Jews, had substantial, long-term contacts with U.S. intelligence services and operatives since his escape from Europe in 1948.

This announcement reverses French Smith's earlier decision not to pursue such an investigation, and was reportedly the re-

sult of a letter from National Security Adviser, Judge William P. Clark, urging him to conduct a full investigation. According to press reports, the investigation will probably fall under the jurisdiction of Justice Department official Alan Ryan, head of the Office of Special Investigations, which is charged with investigating the cases of Nazi war criminals living in the United States.

A real investigation into Barbie's protectors in U.S. intelligence will lead to such prominent "citizens above suspicion" as the staff of John J. McCloy, the High Commissioner for Germany in the post-war period; the law firm of Sullivan and Cromwell; and figures such as Henry Kissinger (the reported debriefing officer of Barbie at Oberammergau), Gen. Julius Klein, and Allen Dulles and Frank Wisner of the State Department Office of the Policy Coordination.

## Marc Leland: 'The IMF to replace colonialism'

Assistant Treasury Secretary Marc Leland described the IMF (International Monetary Fund) as "the key to everything." Leland was speaking at a conference on "Foreign Banking in the United States" at Washington's Four Seasons Hotel March 16. He had been asked how the United States could guarantee that underdeveloped nations undertake the harsh "structural adjustment" programs which he had advocated for them.

Leland went on: "You know, I like to say that colonialism and imperialism are out of style. We can't tell a sovereign country you have to do this or that. But the IMF does play a role in what these countries can do."

Leland included the U.S. banking system among those which should be subject to IMF control. When a questioner accused him of supporting federal control over domestic banking practice, he said that it would not be proper for the U.S. government to tell individual banks what their credit policies should be. "If we did it, then, perish the thought, we might as well nationalize the system." However, he added, "It is appropriate for Jacques de Larosière [managing director of the IMF] to play that role." Leland is apparently attempting to internationalize the system.

## Farm credit slashed under budget proposal

The Reagan budget for fiscal 1984 proposes a 36 percent cut in funds for the Farmers Home Administration (FmHA), reducing current funds of \$9 billion to \$5.74 billion.

The FmHA is not only the farmers' lender of last resort, but is also responsible for rural development and constructing rural housing and infrastructure.

The most crucial areas of watershed and flood prevention, resource, and conservation and development have been eliminated. The FmHA lending program would be cut 10 percent, to \$4.08 billion. Farm ownership loans would be cut 16 percent, soil and water loans would be cut 51 percent, housing loans 65 percent. Indian land acquisition loans would be cut 67 percent.

The only program to receive any increase provides farm operating insured loans, a very important program that is still seriously underfunded.

The FmHA is currently lending to 270,000 borrowers.

## Freeze movement focuses on beam weapons

The next step for the "nuclear freeze" movement is the banning of all weapons in space, one of its spokesmen told a gathering in Alexandria, Virginia on March 14. Carol Rosen, an activist in the World Futures Society who now heads the Institute for Security and Cooperation in Outer Space, issued those orders at the meeting, specifically targeting particle beam weapons.

An unusual guest was introduced to the audience, one Vasily Nikolayev, allegedly a senior engineer for the export and import division of the Soviet trade mission in Washington. When Carol Rosen was asked why he was introduced at a public meeting of the freeze movement, she said that was "very sensitive," and hastened to add, "Let me tell you, we get absolutely no money from the Soviet Union."

In Congress, where it was learned March

## Briefly

17 that Sen. Larry Pressler's resolution for banning space weapons was initiated last year on the direct request of the State Department, Kennedy Democrats have jumped in with their own proposal, in the form of a joint resolution with the force of law. Introduced in the House by Rep. John Moakley (D-Mass.) as H.J.R. 120 and in the Senate by Sen. Paul Tsongas (D-Mass.) as S.J.R. 28, the bill instructs the President to negotiate a treaty with the Soviet Union prohibiting the development of any ground-, air-, or space-based weapons for use in space, and to seek extension of Article IV of the United Nations Outer Space Treaty of 1967 to ban weapons in space.

The legislation was prepared with assistance from the very same Carol Rosen, along with John Pike of the Institute for Security and Cooperation in Outer Space.

### Aquarian retreat to open in Wichita

Williard Garvey, the multi-millionaire chairman of Garvey Industries, a self-proclaimed "conservative," and a friend of Fed Chairman Paul Volcker, plans to open a 92-acre "Center for the Improvement of the Human Functioning," within the city limits of Wichita, Kansas. The Garvey operation will consist of seven large geodesic domes, a pyramid, and a "learning center" for schoolchildren, as well as "clinical services" and "biochemical research and testing" of new methods of "holistic medicine." There will also be "herb growing experimental farms," and "nut farms."

According to a spokesman for the center, the Garvey pyramid has "been built exactly like an Egyptian pyramid, containing no metal and aligned on a North-South axis to allow the magnetic powers of the pyramid to have the maximum effect." The pyramid was designed by Garvey Center board member Bill Schul, who has written many books on the "powers of pyramids." According to Schul, pyramids have many therapeutic powers, since they "release the body's orgone energy."

To build support for his center, Garvey last year invited to Wichita *Aquarian Conspiracy* author Marilyn Ferguson, who told

her audience that the United States was leaving behind its past of industry, education, rationalism, and technology, and entering a "new paradigm" of "back-to-nature" mysticism and "mind expanding" drugs. Garvey plans to give his center a grand opening by hosting a "nationally significant" conference of Aquarian "holistic medicine" advocates on the premises Sept. 15 to 18.

Cheri Preston, Republican candidate for Wichita City Commissioner, has denounced the Garvey Center as an attempt to establish a recruiting center for Aquarian drug cults in the heart of America's farm belt. Preston, who is running with the support of the National Democratic Policy Committee, has already tangled publicly with Garvey over his support for his friend Volcker's high interest rates, which have been rapidly destroying the farm belt through more conventional means.

### Hollis places ninth in San Diego primary

Mayoral candidate George Hollis placed ninth in a field of 20 candidates in the San Diego nonpartisan mayoral primary March 15. Hollis was the first National Democratic Policy Committee-backed candidate to run a campaign in San Diego.

Although the official vote tally for Hollis was under 1 percent, his campaign in this city targeted for takeover by former SDS radical Tom Hayden's Campaign for Economic Democracy made any "politics as usual" impossible.

Hollis appeared on San Diego television March 5 along with NDPC advisory board chairman Lyndon H. LaRouche, presenting the NDPC program for economic recovery with emphasis on San Diego's future as a port city and center of nuclear-related advanced-technology production. The campaigns of his opponents, Democrat Maureen O'Connor, who came in first with 64,000 votes, and Republican Roger Hedgecock focused entirely on local "quality of life" issues, including freezing utility rates and closing nuclear plants. Both O'Connor and Hedgecock, who was backed by the local *Gay-zette*, have ties to the Hayden political machine.

● **DR. HANS MARK**, NASA deputy administrator, stated at the 14th Lunar and Planetary Science Conference at the Johnson Space Center: "by the year 2000, I would argue, there will be a first permanent base on the moon. Around the year 1995 the first small, manned bases could be put on the moon, and by the year 2040 the moon's population could be 1000." Giving the keynote address, Dr. Mark related a 1972 discussion with space pioneer Werner von Braun on how and when the United States would return to the Moon. Von Braun had said that, as with the permanent settlement of Antarctica, colonization would be possible when there was "enabling technology" to get men there easily. For the moon, this means the routine operation of the shuttle.

● **NASA** may have made a mistake in requesting the National Academy of Public Administration to set up a panel to explore "potential private industrial and commercial development of space." No sooner did NASA get the contract than it appointed an odd panel, chaired by former Secretary of Commerce Philip Klutznick, and including leading environmentalist lawyer Mitchell Rogovin, and Emilio Daddario, the founder of the anti-science Office of Technology Assessment. Daddario has a history in dirty operations going back to 1945, when, under the auspices of the OSS, he attempted to arrange for the escape of Italian dictator Benito Mussolini and SS Gen. Karl Wolf.

● **THE WORLD FEDERALIST Society**, advocate of a one-world government, and author of an amendment to the House freeze resolution which calls for dismantling sovereign military forces, was founded in 1939 in Massachusetts by the Cabots, the Lodges, and the Lowells, a long-standing World Federalist member recalled recently.

## Editorial

# 'Secrets of State'

The *EIR* is currently involved in one of the most paradoxical pieces of litigation in the history of the United States. We refer to the matter of *Cyrus Hashemi vs. Campaigner Publications et al.* Hashemi, the plaintiff, is an Iranian residing in the United States and is a top agent of Ayatollah Khomeini. He reportedly controls terror networks in the United States. He reportedly was involved in financing the murder of Ali Akhbar Tabatabai, an Iranian opponent of Khomeini, during 1980 in Washington, D. C. , under the approving eyes of then-Attorney General Benjamin Civiletti. We published at the time these facts. Hashemi had the audacity to sue us. We welcomed the suit. It had been advised by Civiletti or by his pro-Khomeini cronies at the Carter Justice Department.

We knew exactly where the "body is buried." We instructed our attorney, Mr. Daniel Aharoni, to subpoena from the FBI, CIA, National Security Agency, National Security Council, and Justice Department all documents pertaining to Hashemi and his colleague, Washington "rug merchant" Bahram Nahidian.

One would expect that these watchdogs of national security would be eager to oblige with enough file material to get a dangerous Khomeini agent pinned in court. But the watchdogs punted. Yes, the NSA said, we have the goods on Hashemi but we can't disclose, in order to protect our methods. Fair enough. Yes, the CIA said, we have the goods, we are deleting certain sensitive items and are sending the "sanitized" versions.

Yes, the FBI and Justice Department answered. We have file materials on Dr. Hashemi which pertain to your litigation but we shall not permit their release to you under any circumstances; we shall further, said FBI and DOJ, clamp down on the CIA and shall not permit it to release to you the documents which they have agreed to release. To justify this decision, the Department of Justice stated, we are enforcing a "*Formal Claim of Secrets of State.*"

This is where the case becomes a piece of Kafkaesque

absurdity. Consider: A Khomeini terrorist-controller causes the murder of a friend of the United States when U.S. citizens are held hostage in our embassy at Teheran. An American review, *EIR*, exposes these facts; the assassin-controller sues for "slander;" in the course of litigation, the publication subpoenas U.S. government documents to further prove its assertions against the Khomeini agent. The chief law enforcement official of the U.S. invokes the doctrine of *arcanum imperii* to protect the enemy assassin-controller. On what grounds was the Claim of Secrets of State made? We shall bring this alleged secret out into the open. It is a story cooked up by some smartass little lawyer inside the DOJ: "See, Dr. Hashemi only appears to be a Khomeini agent. He is in fact an agent for Admiral Madani who is working for the U.S.A. and is trying to topple Khomeini. So, you don't want us to expose dear Admiral Madani who lives inside Iran, and if the bad Ayatollah finds out that he is an American agent, he will cut off his head."

### Traitor Civiletti

All this is a bunch of baloney. There ain't no "Secret of State" to be covered up. The "Formal Claim of Secret of State" is being used to cover the unsavory ass of *traitor* Benjamin Civiletti. We stand by the title "traitor." If Civiletti disagrees he should sue us in a court of law. Civiletti is a *traitor* because he consciously and maliciously participated in a treasonous conspiracy to overthrow the Shah of Iran. Some of his fellow traitors in that conspiracy include Dr. Brzezinski, General Haig, Dr. Zonis, Dr. Ricks, Dr. Falk, and General Huyser.

So, dear Attorney General Smith: there is no "Secret of State" to claim. There is a *Secret Against the State*. And there also is the filthy posterior of Civiletti. Are lawyers in the Justice Department using you to cover him up? As for those who have been called traitors, including General Narcissus Haig, if they are bothered by the mud on their face, let them sue us.

Civiletti's posterior is not the State.

# EIR

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