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EIR

From the Managing Editor

Many people in the United States have accustomed themselves to the idea that Central America will perpetually be subjected to backwardness and bloodshed. But why should that be the case? Surely, in its so-called back yard, the world's greatest republic should be able to contribute to prosperity and thus to political advancement. Surely, after more than 200 years of dealing with operations by the Jesuits—who used to manipulate Indians into slaughtering colonists—Americans can figure out that Cuban-style insurgents in the subcontinent are, as the Jesuits brag, mere proxies in the order's latest successful effort to pit "right" against "left," and impose a dark age of ignorance and butchery. To that end, we publish this week's Special Report.

Our International section begins with an urgent news release by EIR founder Lyndon H. LaRouche, Jr. on the probability that the deployment of Soviet "mini-submarines" in Swedish coastal waters marks the beginning of a second Cuban missiles crisis, a Soviet effort to pre-empt the foolish Euromissiles, and to derail President Reagan's bold new antiballistic-missile defense policy. As we go to press, Act Two of the crisis in the making had begun, when the government of Norway tried to force a trespassing Soviet "mother submarine" to the surface near the NATO naval base at Bergen. At the same time, British NATO admirals suddenly gave a briefing on the vulnerability of U.S. coasts.

In this issue you will also find speeches by the U.S. President and the U.S. Defense Secretary which have appeared in no other journal. Mr. Reagan announces that the nation will move forward in the sphere of peaceful nuclear energy. Mr. Weinberger elaborates on the goal and feasibility of the administration's new antiballistic-missile defense policy. Next week, we will publish excerpts from another major Weinberger speech, delivered on April 29 at Fordham University, on the theological dimensions of strategic doctrine.

Susan Johnson

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Efraín Ríos Montt (c) just after taking power in Guatemala in March 1982: his army has been charged by *Le Monde* with acts of cannibalism. At left, Gen. Horacio Maldonado; at right, Col. Francisco Gordillo. Though defined by the State Department as a U.S. ally, Ríos Montt, a member of a Jesuit-fostered Protestant cult, stands in the way of U.S. interests in the region.

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Brazil and Mexico forge a special relationship

by Mark Sonnenblick in New York and Josefina Menéndez in Cancún.

The developing world's two biggest debtors have forged a political bond of solidarity which gives them immense power to influence the future shape of the world economy. That is what the creditors of Brazil and Mexico feared would happen when their presidents met in Cancún, Mexico, on April 26-29.

Mexican president Miguel de la Madrid laid the groundwork for the building of a "special relationship" in his welcoming remarks. He evoked Latin America as "our common fatherland" and later told his guest, Brazilian President João Figueiredo, "from the recent conflict in the South Atlantic blossomed an atmosphere of Latin American unity which must not be lost in times of peace." He declared, "The vitality of our peoples makes me certain that we . . . can come together in mutual benefit and to together serve the great causes of Latin America."

De la Madrid sought to raise the Brazilians from mere commercial pragmatism by explaining, "The greatness of Brazil does not lie primordially in its vast geographical spread nor in your enormous development potential, but rather in the great source of wealth which is your people." For three days, the presidents and the top officials of their governments worked to make sure that their populations would not be destroyed by economic policies foisted on them by their creditors and that the population of Central America would not be destroyed by what de la Madrid termed "strategies of extermination."

Mexico and Brazil have turned to barter as a "safety net" against their being drowned in the financial maelstrom. "The most important thing is that the two governments have shown that they have the political will to establish commercial relations of this kind," observed Mexican trade minister Hector Hernández.

Having secured their vital trade needs, Mexico and Brazil will be able to resist creditors' blackmail and use their foreign debts of almost \$200 billion as a weapon to force the negotiation of a new growth-oriented international economic system.

Mexico and Brazil are already feeling the effects of the storm. Each has subjected itself to the harsh depressionary conditionalities imposed by the International Monetary Fund (IMF) as a condition for keeping foreign bank doors open. As pointed out by Brazilian president Figueiredo:

The developing countries cannot carry the greatest weight of the present economic crisis, because they are not the primary responsible for it and because they lack structures and means to overcome it. To subject us to greater sacrifices imposed by the international dislocation brings grave risks, even for those who delude themselves in believing that they are the beneficiaries of existing structures. Equilibrium and austerity may not be obtained to the detriment of economic growth nor with the asphyxiation of the productive apparatus, on which the welfare and social happiness of our populations depends.

Moreover, despite all the riot-inducing austerity, foreign banks' doors have slammed in their faces; they are no longer able to obtain financing for their imports nor for their exports to equally debt-ridden trade partners. The barter deals mandated in the final communiqué will permit Brazil to obtain the oil it needs and Mexico to obtain the food and machinery it needs, despite the inconvertibility of their currencies, loss of credit ratings, and their present lack of access to dollar credits.

In 1981 bilateral trade between them totalled \$1.4 billion. In 1982 it dropped to \$1.1 billion. The leaders agreed

to raise 1983 trade back to the 1981 levels, to aim for \$2 billion in 1984, and to achieve \$10 billion in bilateral trade by the end of the decade. The barter trade—illegal under the rules of the IMF and the General Agreement on Trade and Tariffs (GATT)—will be disguised by a reciprocal credit covenant.

The debt question

On the eve of the summit, Brazil's planning minister Delfim Netto and his crew were still reassuring Washington that the trade scheme is merely a "pragmatic" way of "saving dollars to pay debt" by not having to pay cash for oil imports. However, each such deal diverts more and more goods out of dollar-earning exports into channels which are immune from the hands of the debt collectors.

There was no declaration of a debtors' cartel—in fact both presidents explicitly stated they had no such intentions—yet the continent is beginning to back its way simultaneously into both a debtors' cartel and a common market. Such state-to-state trade deals are proliferating. The new Mexico-Brazil relationship was an "example" for all of Latin America, the Brazilian president declared.

A next step to tie all of these defensive barter deals together into a viable economic system is the creation of an Ibero-American central bank, and a regional currency to facilitate trade. Increasingly, the dollar is becoming the currency good only for despised debt servicing.

Last August, *EIR* founder Lyndon LaRouche suggested the above measures and said he hoped Washington would be jolted into positive action by Ibero-America's refusal to go down the drain along with its unpayable debts. In his April 27 speech, Brazil's Figueiredo warned of the "regression" of global negotiations for a new economic order since the Cancún world summit almost two years ago. In their April 29 "Declaration of Cancún," the two presidents made an urgent call for the resumption of serious negotiations.

Expectations for the formation of "an OPEC of the poor" or joint renegotiation of foreign debts were so great that they had to be laboriously denied in every contact between economic officials and the press.

On April 27, *The Times* of London wrote, "There is much speculation. . . . [they] will discuss a contingency plan during their two days of talks whereby their two countries would join forces into pressing the IMF and the world's banks into accepting their own, more favourable terms for repayment of their vast foreign debts." *The Times* says analysts in both countries think they could insist later this year "on lower interest payments on loans or longer grace periods for their repayment or both. This in turn would lead to huge losses for the international banks. . . ."

Brazil joins Ibero-American cause

Brazil has joined the Ibero-American cause in a way which should be sending shivers down Henry Kissinger's spine. It was a non-stop repudiation not only of the "special

relationship" Kissinger signed with Brazil in 1975 but also of the disasters his successors at State are trying to reenact.

President Figueiredo told reporters April 27, "If the United States intervenes in Central America, Brazil will not support it." The anti-communist general blamed the United States for pushing Nicaragua to the Soviets. "If Nicaragua had received aid from the rich countries, especially the United States, two years ago, it would not be in the present situation," he observed. Brazil, he declared, would prevent Surinam from falling into Cuba's lap by giving it the aid withdrawn by the United States and Holland.

The final communiqué lauded the work of the four "Contadora Group" nations (Mexico, Colombia, Venezuela, and Panama) which have been working for a negotiated solution to the Central American mess. Brazil delivered "its vote of support that it be successful," and promised to work together and possibly join the Contadora Group.

Figueiredo's enthusiastic adherence to Ibero-American solidarity is causing nightmares to many people, including Planning Minister Delfim Netto. Delfim had been assuring the back rooms of Washington and New York that Brazil's "Third Worldist" independent foreign policy was a luxury that could no longer be afforded at times the U.S. government must be used as Brazil's "lender of last resort." Likewise, George Shultz believed Delfim had sold him veto rights over Brazilian foreign relations for 30 pieces of "bridge loans," the short-term loans that kept Brazil out of default until March.

O Estado, the oligarchic São Paulo daily whose geopolitical line is pumped from London's International Institute for Strategic Studies, ran a hysterical front-page story April 29 in which it claimed that President Reagan was "quite disturbed" at Figueiredo's categorical condemnation of his Central American policy. How could Figueiredo again get on the phone to plea for a bridge loan from Reagan or Regan after having done such a foolish thing, complained *O Estado*.

From Teddy Roosevelt to Vernon Walters, London's allies in Washington have repeatedly deployed Portuguese-speaking Brazil as a gendarme for their geopolitical designs on Hispanic America. "Divide and conquer" was the game. Kissinger once induced President Jerry Ford to proclaim the dictum, "Whichever way Brazil leans, there leans Latin America." The Rio daily *O Globo* of April 27 has its reporter telling a Mexican diplomat that Brazil is walking the wall between the Latin American and the U.S. approaches on Central America. The diplomat responds, "If the Brazilians had to fall off the wall, they are now leaning toward our side."

Brazil's strategic commitment to Latin America is a necessary step towards building the level of trust and cooperation needed to bring together the region to defend itself from economic warfare. For the moment, the economic moves will be in the trade area. But, if the international monetary system continues to unravel during the coming months, it is reasonable to expect that Latin America will say goodbye to its \$300 billion in debt.

Leutwiler's move to cut Brazil's loans

by Renée Sigerson

Tactical disagreements have emerged again between the Swiss and British oligarchical centers of international finance on how to proceed with reorganization of the world monetary system. On the one side, the Swiss, supported by allies in the West German central bank, are calling for an immediate halt to any new emergency "bailout" credits to debtor countries like Brazil. The Swiss viewpoint is being pushed by Bank for International Settlements head Fritz Leutwiler, who is convinced that major defaults are inevitable, and that it is politically preferable to face them sooner rather than later. Leutwiler is moving to trigger a financial breakdown by no later than June, and possibly as early as the eve of the May 22 Williamsburg summit of Western heads of state.

The British, with the major U.S. commercial banks operating under their thumb, are still largely committed to postponing the debt crisis for as long as possible with financial "fire brigade" operations. British and U.S. banks are continuing to negotiate emergency lines of credit, and are still counting on a U.S. congressional bailout of the International Monetary Fund to bolster "confidence" in the accounting-book debt refinancings which have been ongoing since last August.

The substantial issue behind these differences is that depending on which course of events occurs—a financial breakdown as early as June, or a postponement of defaults until later this year—will determine which nexus of financial power centers comes out on top as the virtual controller of a reorganized world monetary system.

A third option exists: sovereign governments—including Washington and Third World countries—could take the initiative to foreclose on the old debt, and immediately gear up new credits for production and trade. Proposals are circulating in numerous capitals for moves of this type, but, as in Washington, where faith in a magical recovery is still strong, this motion is inadequate. It is precisely to take advantage of this weakness before leading governments awaken, that Leutwiler moved last month to escalate the time schedule for financial chaos.

In late April, confidential talks were held in London between Bank of England officials and Leutwiler, where the

Basel BIS chief presented his arguments in behalf of a near-term shakeout. According to a leak in the London *Financial Times* April 21, Leutwiler had denounced his British hosts, as well as the U.S. Federal Reserve, for engaging in the practice of "pressuring" private commercial banks to keep extending short-term "interbank" lines of credit to debtor countries like Brazil in order to ward off defaults.

Leutwiler's attacks created quite a stir in London and Washington. By undermining already shaky confidence in international banking relations, Leutwiler had suddenly called into question a several billion dollar loan deal which had been laboriously pieced together just that week between British and Brazilian bankers. The package had been viewed as a "lifeline" which could mean the difference between Brazil being able to get through the summer still solvent. As the *Financial Times* reported, before Leutwiler opened his mouth, the Bank of England had been embarked on a "worldwide campaign" to convince private bankers to keep those short-term interbank deposits to Brazil coming.

A senior U.S. Federal Reserve official commented on Leutwiler's interference, "How in the world can the president of the Bank for International Settlements do something so irresponsible?" In the past 10 months, under the watchful eye of the Federal Reserve, U.S. banks have extended more than \$40 billion in such interbank credits to Latin American debtors.

One City of London financial source summarized the response there to the Swiss attack: "The Brazilian interbank process is crucial. . . . If the interbank market was not propped up officially all the time it would collapse. The Bank of England has abandoned ideas of grandiose designs. They know there's only trouble ahead for the next two years and that the way is going to be terribly difficult."

On April 28, Leutwiler's private statements were then restated publicly by West German Bundesbank chief Karl-Otto Poehl. New credits, Poehl told reporters at a press conference, will do nothing to solve the problems of the Third World. The debtor countries must bite the bullet, exercise "economic adjustment to the limits designed to correct for past mistakes," and just sit there and wait until the industrial countries get an economic recovery going. Poehl put the onus for generating a recovery entirely on the shoulders of the United States, and added that until the United States lowers interest rates, it is unacceptable for central banks to pressure private banks as a policy solution to the debt crisis.

The British and Swiss however are at pains at this time not to allow their tactical disagreements with each other to divide them from their shared objective of foreclosing on the political power of governments to destroy the oligarchy financial power. On April 26, the *Financial Times* issued an editorial endorsement of Leutwiler's criticisms of the Bank of England, emphasizing in conclusion that one point on which the Swiss and British emphatically agree: "The guiding principle for central bank operations should surely be that the aim is not to revive the Euroloan market as we knew it, but to cut it down to size in an orderly way."

G-24 pursues new monetary system but postpones joint debt action

by Kathy Burdman in Washington, D.C.

Representatives of the Group of 24 developing nations, at a press conference following their semi-annual meeting at the IMF in Washington April 27, endorsed the call by the Non-Aligned nations at their New Delhi summit this March for "an international conference on money and finance." There is "an urgent need for reforming the international monetary and financial system," stated the communiqué issued by the Group of 24 (G-24).

The GATT scheme

However, in Article 12, the communiqué contained a specification which could result in an all-out war on the practice of economic dirigism, by linking a nation's access to credit to its trade policies. The World Bank, IMF, and General Agreement on Trade and Tariffs (GATT) bureaucracy will undertake a joint study, the communiqué states. Its focus, according to a World Bank official, is to use *IMF conditionalities* to enforce GATT "free trade" policies. At present, he complained, GATT has no enforcement powers. The IMF could compel members to more quickly and thoroughly drop trade barriers, which in actuality are an indispensable prerequisite for their economic development.

Pakistan's Khan commented, "You may say I introduced it," referring to this part of the communiqué. Indian delegates attacked the plan as fostering trade policies inappropriate for underdeveloped nations. U.S. Treasury Secretary Donald Regan, in an unpublicized section of his speech to the G-24, however, specifically endorsed this approach.

Monetary reform

The communiqué announced that the G-24 finance ministers, who negotiate the interests of the Group of 77 developing nations at the IMF, will establish a task force to write a new program for world monetary reform. The G-24 is led by Egyptian Finance Minister Salah el din Hamed, and its vice-chairmen are Indian Finance Minister P. K. Mukherjee and Argentine financial representative Alberto Sola. The task force would be composed of the G-24 leadership, plus Mexico, Nigeria, Pakistan, and Trinidad, and Tobago, the communiqué stated.

Representatives from India and Egypt, who were the chief spokesmen for the Non-Aligned drive for world mon-

etary reform, made it plain at the G-24 conference that they are not calling for a "new Bretton Woods" system as proposed by the IMF and the Bank for International Settlements, but plan to give nation-states the power to revamp the entire IMF system which is now wrecking the world economy.

Indian Finance Ministry Secretary M. Narasimham told the press bluntly that the G-24 reject the ideas of the Brandt Commission and Donald Regan for an IMF-based new system. "We want to look at the whole structure of the international system," he stated. "The currency system has grave inequalities and is inadequate. The Bretton Woods system has proved itself incapable of meeting the realities of present economies. The time for piecemeal tinkering with the system is past. Something much more extensive must be done. The Bretton Woods system is not relevant."

In reply to a question from this reporter, Mr. Narasimham made it clear that the new G-24 task force, as is the G-24, will be "independent of the IMF" and that "we would not rule out holding the new conference outside the auspices of the IMF."

The G-24 communiqué also implicitly criticized the Ditchley Group creditors' cartel and the U.S. Federal Reserve's new policies limiting credit to the Third World, by denouncing those who wish to "impose restrictions which would impede the flow of financial resources to the developing countries."

Spokesmen for the G-24 also said Indian Prime Minister Indira Gandhi has sent personal invitations to many heads of state of both North and South to attend the U.N. General Assembly in New York in September, for discussions on economic and other issues.

The debt question

As spokesmen for the British Commonwealth at the meeting sneered, however, the Non-Aligned leaders are running out of time to enforce the implementation of a new system, by failing to wield the Third World's \$700 billion debt as a "debt bomb" to bring the OECD nations to terms.

When the IMF Development Committee met on April 28 and 29, the Group of 24's proposal was all but ignored, and received no mention in the final communiqué. The Development Committee, composed of 21 finance ministers of both

North and South and chaired by Pakistani dictator Zia's Finance Minister Ghulam Ishaq Khan, is dominated by the British Commonwealth and its U.S. deputies in the Treasury Department. The Development Committee is mandated to deal with debt and all issues affecting Third World development, but did nothing of the sort.

Indian delegate M. Narasimham, in his speech to the full Development Committee on April 28, made a sharp demand for the new monetary system to be put squarely on the IMF's and the entire world's agenda. "The Non-Aligned summit has called for an early convening of an international conference, with universal participation, on money and finance for development," he stated. "The time has come for a thoroughgoing and comprehensive look at the structure of economic and financial relationships."

However, the Non-Aligned call was easily beaten down by the alliance of U.S. Treasury Secretary Donald Regan, British Chancellor of the Exchequer Sir Geoffrey Howe, and Pakistani comprador Ishaq Khan. "We are absolutely against any conference which proposes 'universal' participation, meaning the communist countries, and we are especially against any conference held outside the existing institutions of the IMF and World Bank," U.S. State Department Office of Developing Nations Finance Director Adrian Basora told *EIR*. The initiative was stricken from the main communiqué.

The fact that the Third World cannot even mobilize the political majority to discuss a conference shows their "real weakness," laughed R. Lawrence, the British representative of UNCTAD who attended the meeting. "The real question here is not the new conference, but how can the Third World get anything out of a new conference?" Lawrence predicted that there would be "no world financial crisis before the fall, at the earliest," and that the conference would take place no sooner than that, if ever. "Who knows what will happen to these countries in the meantime?" he laughed.

As long as the Third World has failed to organize itself into a debtors' cartel, the British-run Group of 10 industrial nations will likely never be brought to restructure the world debt system on Third World nations' terms, with significant provision of new credits for development. "The developing countries have no political solidarity, and no clout," Lawrence said.

While Indian, Egyptian, and other Non-Aligned political leaders are ready for global debt action, the leading major Latin American debtors, especially Brazil and Mexico, "until now have been unwilling to discuss joint arrangement with the less developed countries in the Non-Aligned leadership, for the debt problem," said a top Egyptian spokesman bitterly.

"We have looked into this alliance possibility since Mexico got into trouble last September, but they were not forthcoming. Mexico and Brazil especially have special relationships and deals with their U.S. commercial banks, and the banks have special back-up of the U.S. government. The Latin Americans do not want to disturb those relationships." This is a widely held view, but by no means fully accurate,

in view of mounting evidence that the Latin Americans have mounted a façade of allegiance to the rules of the game while secretly preparing the economic and political "infrastructure" to support a "debt bomb."

Mexican and Argentinian representatives at the Development Committee meeting, who speak for the pro-IMF factions of their governments, seemed to confirm the Egyptian assessment. "There will be no collective renegotiation of the Latin American debt," Mexican central bank Deputy Director Ariel Buirra told *EIR* at the IMF meeting. "We have refused the requests to do so by other developing countries. We are taken care of; we have negotiated our own cases already." "There is no possibility of a debtors' cartel at this time," asserted Argentine financial representative to the U.S. Alberto Sola.

However, as another delegate pointed out, the reason that not a single leading Mexican or Brazilian attended the meeting, was that Brazilian Finance Minister Galvéas and Planning Minister Delfim Netto were in Mexico with their coun-

A battle over Rohatyn's rescheduling proposal

EIR correspondent Kathy Burdman created a furor over the Rohatyn debt restructuring scheme at the IMF Development Committee meeting. Reached for comment on ul-Haq's and Rohatyn's activities, Indian official M. Narasimham laughed that "ul-Haq and Rohatyn just want to bail out the banks." He likened the Rohatyn plan to the Treaty of Versailles. "That's exactly the parallel," he said. "They want us to pay the IMF reparations, as Germany was made to do at Versailles. Even Keynes knew that would not work."

At the public press conference following the Development Committee meeting April 29, Burdman forced Pakistani Finance Minister Ishaq Khan to deny categorically any involvement by his government in the Rohatyn scheme, prompting the ridicule of the financial reporters present, who were well aware of Mr. ul-Haq's promotion of the idea.

"There is almost no mention of the world debt crisis in this communiqué, and you say in paragraph 11 that the only way to deal with it is for the IMF to ensure 'adjustment of the domestic economies of the LDCs,' i.e., IMF austerity. Given those facts, can you confirm or deny that the Zia government of Pakistan, which murdered Prime Minister Ali Bhutto due to his support for the new world economic order, is promoting

terparts negotiating a bilateral trade barter deal which could serve as part of that "infrastructure (see article, page 4)."

Recovery mania in Washington

As Britain's Mr. Lawrence gloated, the Non-Aligned's major problem, as long as they cannot enforce debt action themselves, is that the U.S. administration under the sway of George Shultz and Donald Regan, "is at odds with the rest of the world and does not want to recognize the magnitude of the crisis." Regan and Fed Chairman Paul Volcker, he said, have sold President Reagan on the illusion that there is a U.S. recovery, and that "the recovery will deal with the Third World's problems. Therefore, the U.S. won't negotiate on debt issues."

Asked by this reporter for the American reaction to the Group of 24's call for a new world monetary conference, Treasury Secretary Donald Regan barked, "You expect me to talk about *that*?"

Aside from the Secretary's Marine sergeant mannerisms,

the world reorganization plan of Felix Rohatyn, under which the IMF or World Bank or some sister institution would take over the unpayable debts of the LDCs? And that, although the Zia government sells this to LDCs as 'debt relief,' would this not in fact be the same as the 1918 Treaty of Versailles, under which the IMF would use the debt paper to demand reparations of LDCs and control their economies? And thirdly, is it not the case that your planning minister, Mahbub ul-Haq, is doing this on behalf of the British Commonwealth and its debt collection policy?"

Pakistani Finance Minister Khan replied, "We are much too practical to promote such schemes. There is over \$700 billion in debt. What institution could possibly purchase that amount?" He pounded the table. "I deny it categorically! We wish to stay within the IMF framework—they force us to make adjustments, and they get us more bank loans. That's as far as we will go."

IMF spokesman Guitian intervened: "I resent your categorization of IMF programs as austerity programs." The press laughed. Khan grabbed the microphone: "Banks are not charities. If a country incurs a debt, it must pay the debt." The correspondent for *South* magazine (an outlet for Brandt Commission policies) asked, "Isn't it true that the IMF is discussing a new mechanism for debt rescheduling?" Khan replied, "When this young woman [Burdman] asked me about that proposal yesterday, I went and found Mr. ul-Haq, and he denied that he was promoting any such thing."

A. A. Clausen, president of the World Bank, jumped in to declare, "A macro approach to Third World debt is inappropriate. It should be handled case by case. We all have aches and pains in different places."

the recovery mania is being spread all over Washington in a way precisely calculated to keep President Reagan off guard to the danger of the impending world financial crisis. A private IMF study, a pre-study for the Fund's annual May World Economic Outlook, which shows a marvelous recovery in the OECD nations, was circulated privately at the Development Committee conference for gullible ministers. "The world economy is improving faster than expected a few months ago," the report lies. "The declining inflation and interest rates in 1982 appear to have laid the basis for a return of confidence and a more sustainable growth of output." The IMF study also lied that LDC debtors should be "able to meet interest payments in the years immediately ahead if they reform their economies."

Asked for his comment on the G-24's call for a new monetary conference, the usually dour IMF Managing Director Jacques de Larosière beamed, "Oh, that won't be necessary. The recovery will take care of the debt problem."

Donald Regan, in his speech to the Development Committee, which (understandably) was not made available to the press (someone might check his economic forecasting record), gave a "glowing account" of the U.S. recovery and all it will do for the world, according to a furious member of the Indian delegation.

"Regan said that we are very, very upbeat on the recovery and upbeat on its impact, which is clearly emerging, on helping the rest of the world economy," U.S. World Bank Director James Burnham told *EIR*. "Regan said that other OECD countries are beginning their own recoveries, and said the world financial situation should be dealt with on the basis of the five-point U.S. program previously announced" by the Treasury, under which debtors are told to adhere to IMF austerity conditions to solve the problem.

Arbiters by default

"The fact of the matter is that the LDCs are too stupid to figure out that if they *did* get us to the bargaining table on the whole world financial system, then they could dictate their own terms," laughed former N.M. Rothschild partner Richard Dale, a consultant on international banking at the Brookings Institution in Washington. "They could simply threaten to default if we don't extend the debt to 20-year maturity and give them 4 percent interest rates. So as long as that potential exists, there will be no such world monetary conference as the Non-Aligned propose."

Aside from the implication that the British hope to pick off, by military coup and other political means, the leaders of the debt bomb movement before they would accept a world conference, the general British strategy is to try to stave off the current debt crisis as long as possible. The British hope that they, should both the Third World and the dumb Americans fail to act as required, will become the arbiters of the world crisis, literally by default.

"Confidentially, the U.S. recovery doesn't look very good to me," smirked UNCTAD's Lawrence, "which means Bra-

zil and Mexico cannot hold their debt payment packages together infinitely. By the fall, these agreements could fall apart. Then the U.S. will be in big trouble, without a policy.”

At that point, he indicated, the British might be perfectly willing to hold a “new Bretton Woods” conference, to give the IMF even greater powers over both the Third World and the by-then collapsing U.S. economy. “Then, anything goes.”

By the fall of this year, the British hope, the Reagan administration will be incapacitated by a domestic political crisis and numerous foreign policy failures, including military fiasco in Central America, and an utter policy failure on the world debt crisis. The Third World, which at this time still has the potential to negotiate with the U.S. as a fellow sovereign nation-state *without the IMF*, will then be without a viable U.S. negotiating partner. At that point, there could be little obstacle to convening some IMF-run Bretton Woods II conference.

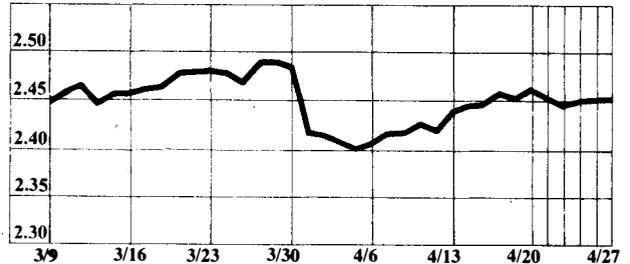
That they may impose their own renegotiation of the debt mountain under IMF auspices, the British, and particularly their Commonwealth agents, have already come up with their own plans for circulation. Pakistani Economics and Planning Minister Mahbub ul-Haq is circulating his own version of the plan by Felix Rohatyn of Lazard Frères for the IMF to take over \$300 billion or more of the Third World’s bankrupt short-term debt and convert it into long-term bonds, as Rohatyn did under New York’s Municipal Assistance Corporation (Big MAC) austerity program. Ul-Haq spent most of this week at the Brandt Commission-run Overseas Development Corporation in a conference held by the British Sussex University- and Tavistock-run Society for International Development. The closed meeting, attended by top Ditchley Group bankers such as George Clark of Citibank and Robert McNamara, discussed how to convene a “Bretton Woods II” conference to push an IMF-run debt bailout plan, Mr. ul-Haq’s wife Bani Haq told a reporter.

Brazilian Planning Minister Delfim Netto is also ready to demand the Rohatyn plan, on the threat that Brazil will not pay its debts, a Brazilian journalist claimed at the Development Committee meeting. “Delfim wants a stretch-out, and he agrees with Rohatyn,” the sources said. “That is obviously why Brazil is deliberately not paying some of its debts. Mexico is not paying either,” he pointed out. “It is not so much that Delfim has a deal with the U.S. government, which officially does not want to discuss a stretch-out plan. Delfim is making a deal with the U.S. banks, which of course are not unrelated to the U.S. government. Rohatyn is a banker. And [Morgan Guaranty Latin America Executive Vice President] Tony Gebauer wants the plan, too. Gebauer is proposing that the World Bank get involved, and issue Brazil long-term 20- to 30-year bonds at 9 percent rates, to be used to pay back all of Brazil’s short-term commercial debt. That way we won’t have to keep coming back to the brink all the time.” The particular formulation of the Rohatyn scheme was first put forward last December by Giovanni Magnifico, Director of International Operations at the Italian central bank.

Currency Rates

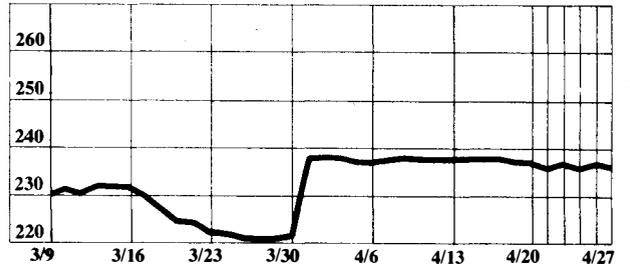
The dollar in deutschemarks

New York late afternoon fixing



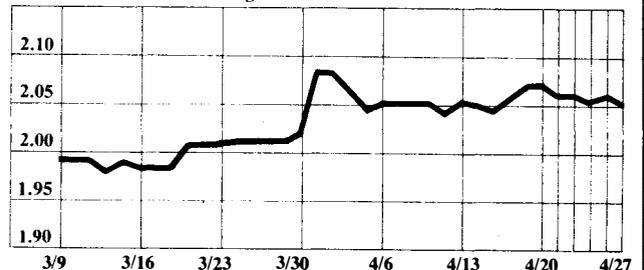
The dollar in yen

New York late afternoon fixing



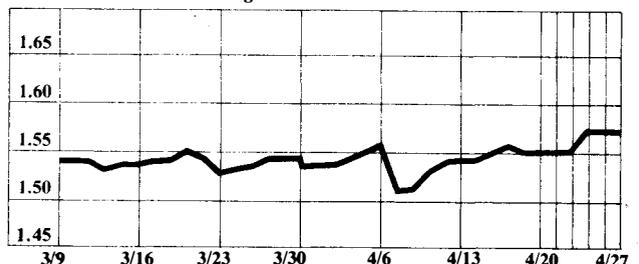
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Credit crunchers target Romania

by Konstantin George

"Soon after Poland will come Romania. . . ." That was Felix Rohatyn, master of putting debtors through the meat-grinder, writing in the April 19, 1982 *Wall Street Journal* about the next victim in Eastern Europe.

Word went out from the Rohatyns of the banking world, in New York and in Europe, that Romania, with industrial growth rates as high as 12.5 percent within the past decade, suffered from the Polish syndrome—allegedly too much industry, too many credits taken on in order to build it, and too few markets on which to realize its products, raise revenues, and pay the debt. A year later, their predictions or, better, threats about a Romanian debt crunch have fulfilled themselves.

In the past few months Romania has been the target of an intensified campaign of economic warfare, political attack and damaging rumor-mongering, coordinated by financial and political institutions centered in London, Switzerland, and Vienna. This pressure was compounded by Washington's application of the Jackson-Vanik amendment to Romania, reportedly at the urging of the Anglophile State Department, which led to an order to revoke its Most Favored Nation (MFN) status effective July 1, 1983. Purely on the economic balance sheet, this step will reduce the level of Romanian-American trade by about 50 percent, several hundred million dollars this year.

Those carrying out the "Romania's next" line may get more than they bargained for from Romanian President Nicolae Ceausescu. In a March 30 interview with the Kuwaiti newspaper *Al Siyasa*, Ceausescu practically associated himself with the most advanced discussion among LDC leaders, about international, joint action by debtors to save themselves from being ground up by the creditors' policemen at the International Monetary Fund and Bank for International Settlements. Ceausescu said:

The task that devolves today on all states . . . is, first of all, that of making every effort to overcome the world economic crisis, so that a normal activity may

be resumed, through a broad collaboration among all states. I have in view mainly the necessity that the poor countries should no longer be forced to bear the brunt of the crisis. This demands, above all, the substantial reduction of debts in general. I said in general, because, as far as the developing countries are concerned, we pronounce for the least developed countries' debts to be written off, for a reduction in the debts of other states and the granting of credits, under advantageous terms, so that economic activities may be resumed. In fact, this presupposes that negotiations between the rich countries and the poor ones be held, that a new world economic order be set up such as would take into consideration the developing countries' interests and help these countries to develop. Without a viable solution to this issue, neither will the economic recession of the world be overcome nor will the economic activity be resumed. What the world needs are resolute, daring solutions and the rich countries have to understand that it is their responsibility to act in support of the developing countries.

Fight with Club of Rome

Ceausescu's pronouncement in favor not only of radical debt relief, but "the granting of credits, under advantageous terms, so that economic activities may be resumed," left a number of people sweating. The Romanian president, who in the past called for the IMF itself to play an increased role in world credit, could no longer be counted on for such endorsements. And Romania, whose Ambassador to Washington was a member of the Club of Rome—advocates of global economic contraction even to the point of mass deaths—was defying Club of Rome policy.

The Club of Rome is furious with Romania. One leading Club of Rome member in Europe is Hannes Androsch, head of the Kreditanstalt Bank in Vienna. A top official of Kreditanstalt recently bared the truth as to why total economic warfare is being waged against Romania. The Viennese gentlemen began by confidently predicting that "Romania will definitely be kicked off the list."

Androsch's lieutenant then elaborated the policy and the "reasons" for it: "Romania is not going to get one penny from the banks. Before it gets anything, it will have to change its whole attitude and style of government. They are like a bunch of gypsies. They are always doing things not good for bankers." The banker expressed the Anglo-Swiss-Austrian demand that Romania submit to conditionalities: dismantle its heavy industry and decentralize its economy. "Nothing," he said, "nothing will change as long as Ceausescu lives."

Ceausescu's economic policy has violated Club of Rome rules across the board. Over the last 15 years, a sustained one-third of the national product has been plowed back into industrial investment. Much of this was in energy and fuels-processing. Having signed a 30-year oil supply agreement with the Shah of Iran—abrogated by the Khomeini regime—

the Romanians greatly expanded their petrochemicals industry during the 1970s. They also laid the basis for energy independence, by charting a program to have 10 nuclear plants completed or near completion by 1990. At first, they imported components from Canada, the United States, and Italy, but more recently they have been increasingly manufacturing the turbines and boilers themselves, at the IMBG steel-processing plant in Bucharest. Romania's concentration on building up heavy industry extended also to the basic steel (14 million tons per year) and the shipbuilding sectors.

Lending cut-off

The ostensible reason for loss of MFN was an October 1982 decree by the Romanian government that emigrees must pay, in hard currency, for their higher education before leaving the country. Losing the preferential tariffs of MFN—which means no special breaks, but only the absence of special penalties on trade—will hit Romania particularly hard because the United States is the centerpiece of Romania's trade with the West. Romania is the only country of the CMEA, the socialist economic group, which has the United States among its top-ranked trading partners among advanced industrial nations.

But credit pressure began well before the decree on education. At the beginning of 1982, when retaliation against Poland was decreed after the declaration of martial law, Romania fell in the line of fire. At that moment, U.S. Export-Import financing was stopped for Romania; Ex-Im credits had been slated to cover, for instance, General Electric turbines for two of Romania's nuclear plants and the Ex-Im contribution has had to be compensated for by counter-trade arrangements. There was also a shut-down of bank loans from Europe, from private banks, and even from the Bank for International Settlements, as Hungary, more heavily indebted per capita, continued to get credit. Only an IMF bridge loan kept some credit available to Romania last year. In 1982, a peak year of payments due, Romania negotiated for the first time to reschedule its commercial debt.

In order to keep MFN, under the terms of the 1974 Jackson-Vanik amendment on trade, Romania had to pass muster every year before a congressional review of its "human rights" record. Bucharest had done so every year since receiving MFN in 1975. Already at the spring 1982 hearings, however, the high level of bluster from Sen. Daniel P. Moynihan, among others, signalled that there was a move on to deny the MFN renewal. When Romania then declared its policy of emigrees' payment for education, representatives from the State and Commerce Departments, ultimately Assistant Secretary of State for European Affairs Lawrence Eagleburger, travelled to Romania to inform Ceausescu of the verdict: loss of MFN.

Club of Rome allied bankers in Vienna are not alone in wishing Ceausescu out of the way. Alongside the credit crunch, Romania has been the target of several political pressure campaigns. The Balkan region is in the Mideast-Medi-

terranean danger zone for major international explosions; destabilization of Romania, especially by means of ethnic-minority agitation, will send shock waves beyond its borders.

In early 1983, while the U.S.-Romanian showdown over MFN unfolded, letters to the editor in the London press and demonstrations outside Romanian diplomatic offices in various cities testified to an upsurge of manifestations by Hungarian groups asserting a claim on the Transylvania region in Romania.

In February, a string of broadcasts and articles in the British and the Swiss media alleged that a coup attempt had occurred in Romania and been crushed. The story originated with the BBC's correspondent in Turkey—in plain English, British intelligence—and the BBC team involved candidly admits that there was no hard evidence to substantiate it. But the manufactured story quickly found its way into *The Times* of London and Swiss *Weltwoche*. A West German source commented that the story "was a well-planted rumor and achieved its purpose in beginning the discreditation of Romania and Ceausescu. . . ."

The remaining crucial political fact for Romania is Moscow's attitude. After former President Richard Nixon visited Romania and Hungary in the summer of 1982, he revealed that in Budapest, he had been tipped off that Yuri Andropov would be the next Soviet party General Secretary, but that in Bucharest, this was not known. Many Romanians believe that Andropov's ascent means a rekindling of Russian-Romanian conflicts.

The last years of rule by Ceausescu's predecessor, Gheorghe Gheorghiu-Dej, and Ceausescu's coming to power in 1965 were marked by a public debate within the CMEA, where a Pan-Slavic faction inside the Kremlin was demanding a "Morgenthau Plan" deindustrialization perspective for Romania and other East European nations. Behind a rhetoric about the "international socialist division of labor," some CMEA members would be relegated to primarily agrarian backwardness.

A Munich-based observer of East European affairs recalls: "It is a well-known and established fact that there was a faction in the Comecon [CMEA] that wanted some of the member-countries to remain agrarian states, including Poland, Romania, Bulgaria, and Hungary. In 1964, an article was allowed to be printed in the Soviet Union by the Pan-Slavic 'Third Rome' faction, written by a Professor Valev of Lomonosov University. In the article, Valev not only restated the agrarian state perspective for Eastern Europe, but created a major international incident in publicly calling for the dissolution and partition of Romania. Under the Valev Plan, Romania would be carved up as follows: The southern portion along the Danube, Wallachia, would go to Bulgaria, the eastern portion, Moldavia, would be incorporated into the Soviet Ukraine, while Transylvania would be annexed by Hungary. As one could imagine, the article touched off a major diplomatic incident, and Khrushchev had to issue a public apology to Romania."

Lasers will reduce the risks in surgery and aid cancer treatment

by Marsha Freeman

For the past few years, intense, narrowly focused beams of laser light have been used by surgeons to perform the most delicate and high-risk operations. Using as a cutting tool the laser, which is always "sharp" and also perfectly sterile, doctors have been able to treat various disorders on which conventional surgery cannot be used due to the high risk to the patient.

Glaucoma—the build-up of fluid in the eye—has been treated by using bursts of laser-generated light. To treat this eye disorder, doctors have made up to 2,000 tiny laser burns through the pupil of the eye and the back portion of the retina. The fluid drains from the eye, relieving the built up pressure. This procedure can be done in the doctor's office in about twenty minutes, using a local anesthetic.

But the most exciting experimental medical applications of lasers are not those based on the intensity of the laser radiation, but those which use the laser specifically as a source of light.

Using laser light

Photo-radiation is a method for treating cancer with lasers, now under investigation in the United States, Australia, and Japan. The patient is injected with a "photo-toxic" chemical called hematoporphyrin (HPD) which, when exposed to light of a particular wavelength, produces a poison which destroys the cancerous tissue. The HPD lodges preferentially in the malignant tissue, which is then irradiated with the appropriate light and destroyed. Unlike the radiation therapy used widely today, photo-radiation therapy harms only the diseased tissue and does not produce unwanted side-effects.

According to Dr. Thomas Dougherty of Rosewell Park Memorial Institute in Buffalo, New York, this treatment is especially effective on patients on whom every other kind of treatment has been tried without success, "and on patients who simply cannot tolerate any more radiation therapy because of the side effects."

Another experimental medical application of laser light is its use in the diagnosis of disease. Animals have been used to test a "laserscope" which could locate diseases of the lungs. This technique would combine laser medical technology with laser communications technology. Fiber optic cables

could be used to pipe light into the body for complete diagnostic use.

The patient is injected with a chemical that is photo-sensitive, that is, it fluoresces or glows when hit by light. This photo-sensitive chemical is preferentially absorbed by diseased tissue and the doctor can locate this tissue by simply "looking" for the glowing light.

Last September Dr. Garrett Lee of the University of California at Davis announced a technique of using laser light to destroy fatty deposits of cholesterol that block arteries. The light was delivered through a laserscope, made up of a bundle of optical fibers. This technique has already been used successfully on animals.

The laser future

As in the case of using laser energy for the cutting of metals, rubber, plastics and other materials, it is likely that lasers will eventually replace the cutting tools in medicine. Intense coherent laser radiation is used today to destroy cysts, remove life-threatening tumors and growths, vaporize blisters, and perform other delicate surgical tasks. Not only does the laser cut more finely than conventional methods, it also cauterizes as it cuts. The heat from the laser beam seals off small severed blood vessels, reducing the amount of bleeding. Doctors report that, if used properly, the laser can be the safest form of surgery. While it is still a matter of speculation to consider specific future uses of lasers, one conceivable option is for totally "non-metallic" surgery for virtually every operation.

Laser chemistry is a field still in its infancy. It involves the use of finely tuned laser light (requiring a "tunable" laser) to stimulate one particular atom or molecule to react in a chemical reaction. The laser industry is developing tunable lasers that use liquid dyes, similar to the dyes used for fabrics.

These dye lasers can be made to produce very pure laser light of different wavelengths, allowing one laser to shine light of different colors into chemicals at alternating times, to stimulate specific chemical reactions and recombinations. It is possible that these kinds of controlled chemical reactions will create new classes of medicines and organic chemicals for medical uses that do not now exist.

Business Briefs

Domestic Markets

Private insurance for bank transactions?

Calls for the creation of private corporations to insure banking deposits and transactions in the United States are mounting. On April 26, Jack Guttentag, banking expert for the Wharton School's international financial division, suggested, in testimony before the House Banking Committee, that a secondary market, backed by insurers, be established to sell off non-performing loans booked at U.S. banks.

The proposal was issued a week after New York's *Journal of Commerce* endorsed the concept of variable risk insurance for banking transactions in an editorial commentary.

Another leading proponent of variable-risk and private insurance for banks is the Washington-based Heritage Foundation, which began circulating studies on the concept in early March. Also in March, William Isaac, head of the Federal Deposit Insurance Corporation, called for variable risk insurance for bank deposits to be introduced during congressional hearings relating to the bankruptcy of United American Bank of Tennessee.

Although Isaac has never endorsed the idea of a private corporation to sell high-risk insurance to banks, Washington insiders claim that privately Isaac supports the idea of bringing the private sector into insurance of "higher risk" banking activities.

International Finance

Brazil upstages Wells Fargo

Brazil is using its debt as a weapon against its creditors. Wells Fargo Bank precipitated the confrontation by cutting off credit lines to Brazil in mid-April. A new Brazilian central bank policy of delaying debt payments to those banks which pull their money out

of Brazil was then enforced against a Wells Fargo-headed syndicate.

Brazil was to have repaid \$152 million Wells Fargo on April 10 for distribution to the 25 banks which joined two years ago in buying bankers acceptances issued by the Petrobrás state oil company. The Brazilian central bank, which is now \$1 billion in arrears, has been paying some of its debts on time, but chose to hold up Wells Fargo and company after warning them, "those who cooperate with us will get paid first."

Central bank official Carlos Madeira Serrano has told 184 bank representatives in Brazil, "We're in the position of bill collectors now, not beggars. We want the money owed us." He tells the bankers that if they want to get paid, they will have to come up with the \$3.3 billion in credit lines which they promised to Brazil but have not kept available.

Petrobrás, Brazil's only borrower to have gained access to relatively low-interest bankers acceptances, has lost its credit rating. More and more banks are panicking away from short-term lending to Brazil.

Developing Sector

Oil and gas program helps India's economy

India's ambitious program to step up domestic oil and gas production, conceived and managed by the country's Oil and Natural Gas Commission (ONGC), continues to show impressive results. During the past year, a 37 percent increase in oil output to 18.2 million tons was achieved—a gain which is directly translated into a \$4 billion foreign exchange savings. Oil and petroleum products make up nearly 50 percent of India's import bill.

Observers in New Delhi say it would be "a miracle" if the oil output target for 1983-84 period of 23.25 million tons is not surpassed by more than 3 million tons. ONGC has managed to stabilize the output from the large Bombay High field at 400,000 barrels a day, or 20 million tons per year, years

ahead of the original planned schedule. Just two years ago Bombay High was producing only 6 million tons.

On the strength of past performance and future plans, ONGC signed papers in mid-April for a large \$400 million Eurocurrency loan from a consortium of 42 banks, including a lead bank team of five American, four French, and three Japanese banks. This large credit is on relatively favorable terms: \$260 million is priced at one-half percent over Libor; and \$140 million at 15 basis points over the U.S. prime. Economic analysts in New Delhi note that it is the first time that the U.K. has declined involvement in such a credit.

U.S. Unemployment

A million disappear from labor force

According to the Bureau of Labor Statistics (BLS), a division of the U.S. Department of Labor, more than a million Americans left the labor force between December 1982 and March 1983.

BLS officials claim this is due to an unexplained statistical fluke, but many suspect deliberate juggling. If individuals are classified as "not in the labor force," they cannot be counted as "unemployed."

In December 1982, the BLS reported 62.07 million Americans "not in the civilian labor force." In January, the BLS reported 62.806 million, a reduction of the labor force by 736,000. Between January and February, another loss of 146,000 from the labor force was reported, while the February-to-March drop was given as 220,000, for a total reduction of the labor force of 1.102 million.

In the 1975-82 period the labor force increased by about 175,000 per month, reflecting population expansion. The size of the labor force is not affected by unemployment since it is defined as those able to work, not those employed.

When the normal increase of the labor force is added, the BLS has over the four-month December to March period, "lost"

Briefly

1.802 million workers.

In the same time period, however, the BLS reports that unemployment has dropped 655,000, lowering the jobless rate from 10.7 to 10.1 percent. This means that if the BLS should "find" the 1.802 million "lost" workers in the next few months, the jobless increase could be as much as 1.2 million (the "lost" workers minus the reported decrease in the unemployed).

U.S. Industry

Steel orders dropped 26 percent in March

Peter F. Marcus, a steel analyst for Paine Webber Mitchell Hutchins, Inc., reports that steel industry orders in March dropped 26 percent below February orders.

If true, this would indicate the end of the very short inventory buildup in auto and consumer durables.

The demise of the "inventory-led" recovery may mean that the steel industry shipments will follow the downward curve it traced in 1982, but starting at a much lower level. In the first quarter of 1982, the industry produced at 60.7 percent of capability compared to 49.3 percent in the first quarter of 1983.

Banking

Seafirst takeover drubs stockholders

Bank of America's takeover bid for Seafirst bank, if successful, will force Seafirst stockholders to absorb all future loan losses. Seafirst stockholders will receive \$7.70 in cash and three-tenths of a BankAmerica non-voting preferred share redeemable in 1990 for \$25, unless devalued by BankAmerica by the amount of any future loan losses.

In effect, BankAmerica is getting Seafirst, the nation's 23rd largest bank, for half

price and a guarantee against all further loan losses. The takeover awaits the passage of a state bill allowing an out of state financial institution to hold more than 5 percent of the equity of a Washington State bank.

No official regulatory or legislative body has mentioned the fact that a bank takeover by an out-of-state institution is a direct violation of the Federal McFadden Act.

Debt Policy

Banks force Nigeria to go to the IMF

Nigerian officials held discussions with the International Monetary Fund in Washington, D.C. during the week of April 25, as the Nigerian government continues to look for means to relieve to the steadily worsening trade debt which is strangling the Nigerian economy. Some of this debt is reported to be a year in arrears, and Nigeria is no longer able to get crucial imports to keep its manufacturing sector going.

Dependent on oil sales for over 90 percent of its foreign exchange earnings, Nigeria's oil production is now at half of what production was projected to be a few years ago, even though Nigeria has now cut its price below the OPEC level. As a result, Nigeria's short-term trade debt has risen to \$5 billion, according to some reports, and banks are now refusing to extend further letters of credit.

President Shagari announced on April 19 that Nigeria was seeking up to \$2 billion in foreign loans to reduce the backlog in short-term trade debts, and persuade the banks to resume issuing letters of credit.

Barclay's Bank organized two meetings in London in April between Nigeria and its creditor banks to try to set up the loans Nigeria was seeking. Nigeria was asking banks to convert the trade debt owed them into loans. London sources report that the U.S. banks involved refused to agree to any commercial loans, despite Nigeria's low indebtedness (Nigerian debt is only about \$12 billion), without an initial approach to the IMF.

● **THE HOUDAILLE** Petition was rejected by U.S. Trade Representative (USTR) William Brock on April 24. In 1982, the Houdaille Machine Tool Company of Florida petitioned the USTR to deny investment tax credits to American purchasers of Japanese machine tools. It argued that the Japanese government had created an illegitimate cartel in order to promote exports. While denying the petition, the USTR indicated it would open talks with Tokyo to seek "voluntary restraint."

● **THE GROUP OF 30** held a private meeting in Tokyo in late April. According to a participant, their consensus was that commercial bankers have been "overly optimistic" about the viability of the debt refinancings and reschedulings since mid-1982, and that most governments are "unusually open" right now to contingency planning proposals for a crisis on the international markets. The elite advisory body of financial officials is headed by former International Monetary Fund director Johannes Witteveen, a Sufi mystic, and is devoted to a "post-industrial" economic outlook.

● **EDGAR GUTIERREZ CASTRO**, Colombia's finance minister, admitted for the first time, on April 27, that the country is in a very bad economic situation and is considering renegotiating its debt. Colombia and Panama had been the only Ibero-American nations paying their debts on time. All four Colombian labor federations are expected to carry banners calling for a debt moratorium in the Bogotá May Day parade.

● **MONJU**, Japan's proposed first fast breeder reactor, was approved on April 24 for construction by the Atomic Power Safety Committee.

Who are Washington's real enemies in Central America?

by Timothy Rush

Early Monday morning April 25, two days before President Ronald Reagan delivered a policy address on Central America, the entire U.S. Congress and key figures in the Reagan administration had on their desks a dossier on "The Real Enemies of Central America," prepared by *EIR* staff on commission of contributing editor Lyndon LaRouche. The dossier contained everything Washington policy-makers need to know about the intertwined networks of "left" and "right" Jesuits, "left" and "right" Socialist International operatives, Christian fundamentalists, Islamic fundamentalists deployed by Qaddafi, Israeli mafia gun-runners, and United Brands-linked drug-runners, who together make the Central American isthmus from Guatemala to Costa Rica the cult capital of the world.

Excerpts of this dossier, prepared on the basis of many months of unique in-depth intelligence gathering by *EIR*'s staff on three continents, are featured below. We are making this information available to a wider U.S. and international public to build citizen pressure on Washington on behalf of a sane American policy, and to counter the manipulations of a small interest group which would like to see the Reagan administration hopelessly embroiled in a genocidal war in Central America. Who these people are, the remainder of this report makes clear; their pressing strategic motivations are highlighted by the rapidly emerging open collaboration between the British and the Soviets to discredit and overturn the Reagan administration, as reported in this week's National and International sections.

The Edén Pastora case

One major thing President Reagan's April 27 speech proved was the urgent necessity of the kind of realistic intelligence picture *EIR* is providing. The inadequacy of the President's briefings was most apparent in his glowing "verbal portrait" of ex-Sandinista Edén Pastora (Commander Zero), whom Reagan cited to prove that the anti-Sandinista forces were not simply followers of ousted dictator Somoza ("Somocistas") attempting to retake the country, but "heroes" of the fight against Somoza who now recognize that the Sandinistas are no different.

Pastora is a perfect illustration of something quite different from what the

EIR

Executive Intelligence Review
January 13, 1983

For the first time, the U.S. Central Intelligence Agency has been forced to reveal its Central American trap set for the Reagan administration.



Our Jan. 13, 1981 Special Report had a cover photo of "Liberation Theology" spokesmen who supported the Salvadoran insurgency for their own ends.

President intended: a man so compromised by every dirty operation now going on in the region that trying to figure out his "true" allegiance is a waste of time. He is the tail, as it were, on five different dogs. He is the ideal vehicle, not for replacing the increasingly fanatical Jesuit leadership of Nicaragua, but of instituting the next phase of an endless cycle of "splits" and "regroupments" that will issue only in new bloodshed and depopulation.

Pastora was originally touted by the liberal U.S. press corps as the "inside" man, unburdened with ideology (or in fact great intelligence), who could best launch not one, but two or more civil wars in the country. After his "dashing" capture of the National Palace in Managua in 1978, Karen de Young of the *Washington Post* wrote, "Pastora has become perhaps the best known person in Nicaragua next to Somoza. . . [He is] the undisputed military commander, the chief tactician, and the closest the Sandinistas come to a figure approaching the standard of revolutionary charisma set by Cuba's Fidel Castro more than 20 years ago."

At the time he moved into the Sandinista leadership, his base was a region in the south supplied out of Costa Rica. His primary contact point was Pepe Figueres, one of the few figures in the Central American isthmus dirtier than he. Figueres simultaneously worked for 1) the Socialist International, 2) the CIA, 3) United Brands (formerly United Fruit), and 4) Robert Vesco, the hot money partner of the Meyer Lansky/Bernie Cornfeld mob. Pastora's ties are to:

- **The Socialist International.** Pastora attended the late May, 1982 Helsinki conference of the Socialist International as a member in good standing, even after his virulent

LaRouche's proposal for ending the slaughter

The prominent political economist and Advisory Board Chairman of the National Democratic Policy Committee (NDPC), Lyndon H. LaRouche, Jr., has proposed a four-point program for Central America.

1) **President Reagan should announce U.S. support for the initiatives of the Contadora Group** headed by Colombian President Belisario Betancur, including Venezuela, Panama, and Mexico. Under the direction of the Contadora Group and with U.S. backing, the borders of the nations of Central America should be immediately sealed to the arms trafficking throughout the area.

2) **President Reagan should announce the cutoff of \$4 billion in U.S. aid to Israel**, aid that was secretly established through the Carter administration's Camp David hoax and that principally takes the form of Israeli arms trafficking to both sides in the Central American conflicts. As part of this crackdown on the Israeli arms factor in the region, the Contadora Group should take the necessary steps to clean up the Monge government in Costa Rica, which is an organized-crime-run association under the control of the Israeli Mafia and of AFL-CIO President Lane Kirkland.

3) **President Reagan should declare war on the Jesuits**, including the Jesuit networks in the United States, subsuming the United Brands Corporation; and on their "opposite numbers" among the Moonies and the Christian fundamentalist cults swarming across the region.

4) **President Reagan should immediately begin implementation of genuine measures for the medium- to long-term development of the region.**

The above political actions will achieve a definite degree of stability in Central America by drying up the arms traffic and so removing any incentive and possibility for continuation of senseless violence. That accomplished, the Contadora Group, in consultation with President Reagan, should formulate a series of "Great Projects" to develop the **transportation, energy, and agro-industrial infrastructure** of Central America, thereby promoting the peace and stability of the region on a long-term basis. Such projects as the construction of a new wide-boat canal through Central America are exemplary of the kinds of achievements within reach once the conflict has been ended.

April 1982 attack on the Sandinista government—a government which the Socialist International continues to “critically” support.

- **The Libyans.** In 1981 Pastora flew to Libya and returned claiming that Qaddafi had given him \$5 million to buy arms for Guatemalan guerrillas. The Sandinista leadership reportedly blocked the account for its own factional motives; Pastora argued this was one of his reasons for splitting with the Sandinista junta at the time.

- **The CIA.** Pastora’s implicit connection, through his work with the CIA’s Figueres, became explicit with presence of CIA operative Daniel James at the April 15, 1982, San José press conference, where Pastora announced his decision to actively seek the overthrow of the Sandinista government.

- **The Israelis.** Reliable sources in Mexico indicate that Pastora is currently so tight with the mammoth Israeli arms-selling networks in the region that he uses Israeli connections as his preferred channel of communication with certain circles in Washington.

- **The Nazi International.** Pastora’s “Mexico Connection” for funding is through a Spanish businessman operating out of Mexico City named Benito Prieto. Prieto travels widely in Europe on Pastora’s behalf. Prieto’s personal lawyer is the son-in-law of Leon de Grelle, the top Belgian associate of Nazi International mastermind François Genoud (see *EIR*, April 19). Both Prieto and de Grelle were in contact with top Nazi stormtrooper Otto Skorzeny before the latter’s recent death in Spain.

- **The Jesuits.** These are probably Pastora’s first allegiance. Pastora once stated in an interview that “the only thing I share with Fidel Castro is being educated by the Jesuits.” His Jesuit schooling went from grade school through continuing Jesuit supervision of his medical studies in Guadalajara, Mexico, in 1969. In an interview released by the Italian news agency Ansa April 22, Pastora stated that his current activities continue to be funded by the Jesuits.

With Pastora’s “southern front” now gearing up for invasion of Nicaragua from bases in Costa Rica, all the pieces are in place for the complete dismemberment of Nicaragua along lines being advocated by the staff at Kissinger’s Center for Strategic and International Studies (CSIS) of the Jesuit dominated Georgetown University of Washington. The CSIS plan is to have the Nicaraguan Democratic Front (ex-Somocistas) hold the north, out of bases in Honduras; the Miskitu Indians hold the east; Pastora’s ARDE group control the south—leaving the Sandinistas with a strip along the Pacific coast and part of the center.

Such a drawn and quartered Nicaragua would not only be a testament to Malthusian policy, but to the elimination of national sovereignty in the region. It is the kind of “one world Malthusian” plan which Reverend Theodore Hesburgh (a man deeply involved in manipulating religious conflicts of the region, whose name had been suggested for the post of U.S. Special Envoy to Central America), hails when he calls nationalism “a kind of historical insanity.”

The paternity of the plan for dismembering Nicaragua is suggested by its close resemblance to the plan for ripping Lebanon apart into separate Maronite Christian, Muslim, and other minority enclaves, known as the “Bernard Lewis Plan,” after the British intelligence agent who originally conceived it. As in Lebanon, where the tragic consequences of this scheme are far advanced, and where the “population reduction” goals have claimed tens of thousands of lives, the plan was backed by Henry Kissinger, and is being carried out by Israeli organized crime circles, the same drug- and weapons-running mafia documented in Central America.

Jesuit mobilization

According to knowledgeable sources, the Sandinista leader who has most strengthened his position in the atmosphere of external threats arrayed against the regime is the Jesuit director of the Nicaraguan youth movement, Fernando Cardenal. It is Cardenal’s youth gangs, the “Turbas Divinas” (Divine Mobs), which are increasingly the enforcer arm of the Sandinistas. These youth gangs have been instilled with a death cult fanaticism rivaling that of Khomeini’s hordes.

In the late 1960s and early 1970s, Cardenal was in the forefront of those Jesuits who, pulling along certain currents in other Catholic orders—the Maryknolls, the Order of the Holy Cross, and liberal Protestant layers associated with the World Council of Churches—forged the doctrine of Theology of Liberation, and its sub-component, the “Christian-Marxist Dialogue.” The “Theology of Liberation” was designed to pull the masses of impoverished Catholics of the region into a schismatic movement that could then be thrown against Papal authority. Pope John Paul II’s scathing denunciation of the People’s Church during his March trip to Central America, has brought the schism into the open. The next months will be momentous in the several-thousand-year history of the Roman Catholic Church.

In an extraordinary interview published in this issue of *EIR*, one of the most important architects of the Liberationist doctrine for Latin America, François Houtart, S.J. of Louvain University, explains how he and other Jesuit associates have convened a summit council of Latin American liberationist figures, at Nicaraguan request, to plan open schismatic activity against the Pope. The “rather private affair,” to take place the third week of May in Louvain, is to include the head of the Jesuit order from Mexico; top Liberationist theoreticians Gustavo Gutierrez (based in Mexico) and Leonardo Boff (Brazilian); co-thinking “theologians” from throughout Europe; and Fernando Cardenal, S.J. and Miguel D’Escotto (Maryknoll), from the Sandinista government.

The complementarity of the Jesuits’ liberationist movement and the “opposing” Christian fundamentalist cults proliferating in the region is seen in Houtart’s insistence that the reason for the cults’ success is the “totally centralized and closed structure of the Catholic Church.” That is: the Church must react to the cults by turning into a cult itself, exactly as Fernando Cardenal’s “Turbas Divinas” point the way.

The Jesuits on both sides of the butchery in the region

by Timothy Rush and Michelle Steinberg

The **Society of Jesus** is a paramilitary order nominally inside the Catholic Church but traditionally operating outside papal control. For a 40-year period beginning in 1763, it was officially condemned by the Papacy. Throughout its history, since its founding as a branch of the Inquisition, its hallmark has been a process of indoctrination which has been compared to brainwashing, and the sophisticated creation, penetration, and deployment of religious cults, with emphasis on recruitment of assassins. For most of their history, the Jesuits have been associated with the practice of regicide. The induction oaths into the order place each Jesuit's loyalty to the order above loyalty to the Pope or to any temporal power.

The Jesuits, of both "left" and "right," are the most important single force controlling the Central American conflicts. Since the growth of the "anti-Somoza" movement in Nicaragua in the 1970s, the Jesuit order has controlled the Sandinista revolutionary forces there, and now seeks to reproduce the phenomenon in El Salvador. The Jesuits also control the so-called "opposition" to the Sandinistas through their U.S.-based institution, Georgetown University—the institution that produced some of the leading figures in the U.S. side of the Central American fiasco. These individuals include former **Secretary of State Alexander Haig**, and U.N. **Ambassador Jeanne Kirkpatrick**. Kirkpatrick's key aide is **Michael Novak**, a graduate of a Jesuit flagship institution in Rome, Gregorian University.

The Jesuits, pulling along certain currents in other Catholic orders—the **Maryknolls**, the **Order of the Holy Cross**, and liberal Protestant layers associated with the **World Council of Churches**—forged the doctrine of **Theology of Liberation**, and its sub-component, the "Christian-Marxist Dialogue," beginning in the late 1960s. The "Theology of Liberation" was designed to pull into a schismatic movement the masses of impoverished Catholics of the region. This movement could then be thrown against the Pope and Papal authority, as is now occurring.

On the ground in Central America

Nicaragua: The Jesuits have long-standing control of education, including the Jesuit-run **curso** movement, and the Managua branch of the Jesuit **University of Central America**. Virtually every current Sandinista leader went through the **curso** movement—with more specialized

training provided during the Somoza period at Solentiname, a "Christian utopian commune" run by **Father Ernesto Cardenal**, a Trappist monk, on an island in the middle of Lake Nicaragua. The "People's Church" phenomenon, which defied the Pope in early March, is a creation of the Jesuits.

Key personnel include:

Fernando Cardenal, S.J.: Fernando is Ernesto's more-powerful brother. Immediately after the revolution, Fernando moved into the sensitive post of designing the first Sandinista literacy drive, indoctrinating Cuban teachers in using the texts of Brazilian "de-schooler" **Paulo Freire**. Cardenal now controls the **Juventud Sandinista** (Sandinista youth). Reliable sources say that Cardenal and the secretary of the Junta, also a Jesuit, report nightly to the head of the Jesuit order in Nicaragua. Fernando Cardenal also coordinates with the Jesuit seminary in Panama, and travels there frequently.

Xabier Gorostiaga, S.J.: Deputy Planning Minister in the Sandinista government and is a member of the Rockefeller-created "Inter-American Dialogue," chaired by **Sol Linowitz**.

Father Alvaro Arguello, S.J.: Alvaro Arguello is head of the Institute of Historical Research at the Managua branch of the Jesuit University of Central America. Arguello reportedly centralized all Sandinista communications in his university offices throughout the years of clandestine guerrilla operations.

Ernesto Cardenal, Trappist: Currently the minister of culture in the Sandinista government. In April 1979, Ernesto traveled to Iran where he met privately with Ayatollah Khomeini. After these meetings, the culture minister proclaimed on Iranian radio that the Sandinista and Iranian fundamentalist causes were identical.

Miguel d'Escotto, Maryknoll: D'Escotto is foreign minister in the Sandinista government.

Tomás Borge: Borge, the Sandinista Interior Minister, is often cited as an example of Cuban control of the Sandinistas. However, Borge more accurately exemplifies the Jesuit side. In the later years of the Sandinista struggle, Borge was captured and tortured by "right" Jesuit torturers under Somoza, and then released into the hands of "left" Jesuit Fernando Cardenal. In a late 1980 interview, he reported that his favorite reading was "erotic poetry and the Bible, on the recommendation of Fernando Cardenal, the Jesuit. He is the

man I most love.”

Eden Pastora (“Commander Zero”) is being touted as the replacement for the Jesuit-run Sandinista leadership in Nicaragua. He came out of the **Tercerista** faction which based itself in the Socialist International resources of **Pepe Figueres** in Costa Rica. He also keeps close ties to the **Libyans**, the **CIA**, and the **Israelis**. But what is less known is the implication of his comment that “the only thing I share with **Fidel Castro** is being educated by the Jesuits.” His Jesuit schooling went from grade school through continuing Jesuit oversight of his medical studies in Guadalajara, Mexico, in 1969. He was deployed into the Sandinista movement from Guadalajara. Pastora’s current representative in Mexico, **Constantino Lacayo**, is a similar product of Jesuit education.

El Salvador: Since at least the mid-1960s a similar testing ground for the Jesuits has been El Salvador. At that time the order took a 180-degree turn and, ostensibly abandoning its long-standing alliance with the ruling local oligarchy, embraced radical Liberation Theology. Raising the banner of “land reform,” scores of Jesuits and Jesuit-trained Maryknolls, **Capuchins**, **Diocesans**, and members of other religious orders were deployed to organize or take over existing peasant groupings; the **Christian Democratic Party**; the social-democratic **National Revolutionary Movement (MNR)**; and the student groups that spawned the guerrillas.

The takeover of the mass institutions was facilitated by the Jesuit lock on the leading educational institutions. The Jesuits control the leaders of both “left” and “right” in El Salvador, “since most of them come from our own universities,” according to **Father Zweifelhofer, S.J.**, Director of Third World Policy Coordination for the Society of Jesus in Munich, West Germany (December 1980). The San Salvador branch of the Jesuit University of Central America included **Guillermo Ungo** on its faculty—before his brief entrance

into the governing “moderate right-wing” junta and subsequent exit to head the negotiating arm of the guerrillas, the **FDR**. A fellow junta member at the time, **Ramón Mayorga**, was head of the UCA. The entirety of the October 1979 government junta came from Jesuit documents.

A Jesuit relative of Fernando and Ernesto Cardenal is a guerrilla leader on the central directorate of the FMLN. He was recently reported to be active in Morazan province.

Mexico: The Theology of Liberation apparatus is based on the networks of the just-retired bishop of Cuernavaca, **Sergio Méndez Arceo**. Méndez Arceo led anti-communist street marches in Monterrey in the late 1950s, before being deployed by the local Jesuit infrastructure into “left” schismatic activity, early in the 1960s. In the mid-1960s, he threw Cuernavaca open to the activities of **Ivan Illich**’s **CIDOC** center, a training ground for terrorists and linguistic brainwashers that exported its products to at least a dozen other Latin America nations.

A founder of “Theology of Liberation” ideology in the late 1960s, Méndez Arceo was caught in 1981 providing money to guerrilla operations in Guatemala. He has sponsored and continues to sponsor innumerable schismatic activities in both Latin America and Europe, in close coordination with the pro-terrorist networks of the **Bertrand Russell Tribunal** and the **Lelio Basso Foundation**. A large circle of radical Jesuits in Mexico, grouped around the official Jesuit magazine of the country, **Christus**, carry on Méndez Arceo’s work, along with the Liberationist bishop of the southern state of Chiapas, **Samuel Ruiz**.

European Jesuit support networks

Key individuals include:

François Houtart, S.J.: Based at Louvain University, Belgium, Houtart indoctrinated two generations of “dissident” Latin American priests in terrorism, including Colom-



Ernesto Cardenal



Miguel d'Escotto



Tomás Borge

bian **Camilo Torres**, killed by anti-guerrilla security forces in 1969. His protégés later helped shape the **M-19 terrorist movement** in Colombia.

Johann Baptist Metz, S.J.: Based at the University of Münster, Baptist Metz is a ringleader of European support networks for Nicaragua, as well as a close friend of Sergio Méndez Arceo in Mexico, and **Ernesto Cardenal** (Trappist) in Nicaragua. He arranged publication of a full-page April 23 advertisement in the **Frankfurter Rundschau** supporting Nicaragua which was signed by members of both the German Green Party and the Willy Brandt wing of the Social Democratic Party.

Herr Schultz: The head of the Nicaraguan Information Bureau in West Germany, Schultz is a close associate of Johann Baptist Metz, S.J. "There is no way the U.S. administration can overthrow the Sandinista government," Schultz recently declared. "As soon as they start deploying troops, we will send 5,000 youngsters to fight in Central America. The Guatemalan, Salvadoran, and Mexican [sic] guerrillas will all join in a region-wide war." Schultz's information office will begin a pro-Sandinista mobilization in 30 European cities at the end of April.

Institutions:

Misereor and **Adveniat** are giant overseas missionary organizations funded by the German Catholic Church and controlled by left-wing Jesuit networks. In the words of a "right-wing" Jesuit analyst close to Buckley family circles in Europe, "If you withdrew the backing of Misereor and Adveniat, the Theology of Liberation activity in Central America would collapse overnight." The work of these institutions overlaps the circle of schismatic gnostic **Hans Kung**.

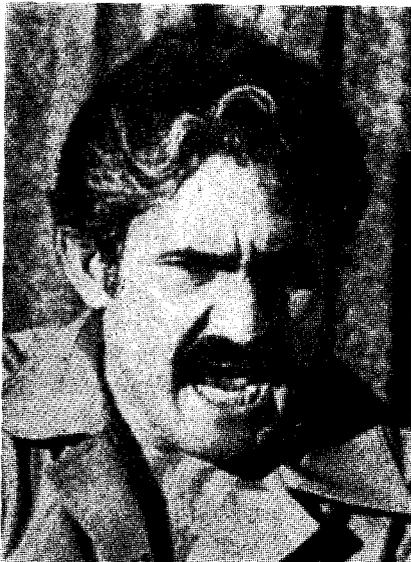
German Lutheran Church. A large fraction of the German Lutheran Church, together with broader elements in the World Council of Churches, functions as the Protestant wing of the Theology of Liberation. In a mid-April interview,

Warner Rostan, head of Latin American affairs for the **Diakonisches Werk der Evangelischen (Lutheran) Kirche** in West Germany, reported that he is compiling a special study on the spread of Christian fundamentalist cults in Central America in collaboration with the **North American Congress on Latin America (NACLA)**; **José Alvarez e Icaza**, a close Méndez Arceo associate in Mexico who runs a terrorist and environmentalist clearing house called **CENCOS**; and **Xabier Gorostiaga S.J.**, of Nicaragua.

Rostan lamented that the Pope's crackdown on the People's Church might interfere with the "beautiful ecumenical work" between Catholic and Protestant Liberationists in the **Centro Valdivieso** in Nicaragua, and in refugee relief work in El Salvador.

Medico International is a group founded in West Germany during the Biafran war of 1966 to run medical supplies and arms to insurgent groups. Its major sponsors include the "ecumenical" liberationist forces outlined above and portions of the **Brandt Socialist International** groups in Germany. The group, which ostensibly mobilizes only "food and medical aid," operates with an annual budget of 3 million DM, of which 1 million comes from the foreign ministry of **Hans-Dietrich Genscher**. In Central America, Medico International works with the Nicaraguan government and with insurgents in El Salvador and Guatemala. A number of its personnel have been killed in guerrilla fighting.

Longo Mai. Longo Mai is a series of terrorist safehouses and brainwashing centers housed in farmhouses on France's borders with Spain, Italy, and Switzerland. It maintains an elaborate computer bank in Basel, Switzerland, to track its supporters. Both "Liberationist" elements and Socialist International figures (e.g. Bruno Kreisky and the late Sicco Mansholt of the Club of Rome and European Community) have a share in control of the safehouses. Longo Mai has maintained two farmhouses in **Costa Rica** since 1973, when



Edén Pastora



Guillermo Ungo



Michael Novak

it began recruitment there under cover of refugee work.

U.S. Jesuit networks

Leading "left Jesuit" institutions:

Center for Concern. This is an institution founded in Washington in 1971 by "invitation of the United States Catholic Bishops to the international Jesuit order." Headed through 1982 by **Peter J. Henriot, S.J.**, a member of the Club of Rome. The Center for Concern was the moving force in the "Theology of the Americas" Liberationist project, together with the **Woodstock Theological Seminary**; it directed preparations for the "Detroit I and II" (1975, 1980) summits of Western Hemisphere "Theology of Liberation" figures, with heavy emphasis on Nicaragua and Central America.

The Center for Concern cosponsored a groundbreaking 1974 conference on how to use religious covers for a Club of Rome program of world population reduction. Co-sponsor of this conference at **Bellagio, Italy**, was the **Interreligious Peace Colloquium of Cyrus Vance** and "left" Islamic fundamentalist controller, **Richard Falk**.

The Center is funded by the Society of Jesus, the Maryknoll Fathers, the **United Auto Workers**, and the **Board of Church and Society of the United Methodist Church**, through which it has direct connection to leaders of the Socialist International-controlled Frente Democratico Revolucionario (FDR) in El Salvador. While maintaining these connections to the FDR, a group which supports the El Salvador guerrillas, the Center enjoys the support of Monsignor George Higgins, a close associate to U.N. Ambassador Jeanne Kirkpatrick, the reputed architect of the "anti-Communist" policy in Central America.

Jesuit Conference, Washington Office. This is the home base of **Simon Smith, S.J.**, the Jesuit Chief of Mission for the Third World who in 1980 claimed that the Jesuit order would trap Ronald Reagan in an El Salvador intervention that would "make him the laughingstock of the world."

St. Mary's Seminary, San Antonio. With money from the **Jesuit Order**, Bishop Patrick Flores established a special schooling program in Liberationist Theology, 1980. This is an center for Central American "left" support networks.

Loyola Center, New Orleans. With funding from **United Brands**, this center has trained more than 1,700 labor leaders from Central America, many of whom have since shown up as leaders in terrorist gangs on both sides upon their return.

The "**American Heresy**" forces of former Notre Dame president Father **Theodore Hesburgh**. Though nominally Catholic, like the Jesuits, Holy Cross Father Hesburgh has for four decades attempted to establish "independence of action" for the Church in the United States, on a sophisticated Malthusian program. Maintaining an image as an "anti-war liberal," he served on the boards of Chase Manhattan bank and the Council on Foreign Relations, served as chairman of the board of the Rockefeller Foundation (heavily involved in birth control programs throughout Latin America), and for a decade directed the joint project of the CFR and the Rocke-

efeller Foundation called the Overseas Development Council.

Under Hesburgh's long presidency (1954-82), Notre Dame vastly expanded its programs for Latin American students; among those who studied with Hesburgh and have maintained intimate contact are **Panamanian archbishop Marcos McGrath** and former Salvadoran president **Napoleon Duarte**. Hesburgh's top aide on the Mexican and Central American Church, **Claude Pomerleau**, has stated that the Jesuits in the region are "superb people" who "far and away know more than anyone else about what's going on." Pomerleau recently accompanied his father-in-law, **Sen. Leahy** of Vermont, on a human rights tour of El Salvador. A book by Pomerleau on the Mexican Church is due to be published later this year. Fellow priests of the Holy Cross, trained under Hesburgh, and now deployed to sensitive regions of Mexico, include **Jim Ervin**, a powerful behind-the-scenes figure in Sonora, Mexico, and **Al Mahoney**, stationed in the early 1980s in El Bosque, Chiapas. Ervin is a controller of the **PAN party** in Ciudad Obregon and helped engineer the fall of the local bishop in late 1981, in order to install a bishop who has now come out publicly in support of the solidarist-fascist PAN candidates of the region.

Principal 'right Jesuit' institutions:

Georgetown University. America's leading Jesuit university is an institution which has been the seat of "cold war" ideologues since the reign of geopolitician Father Edmund A. Walsh, the mentor of Sen. Joe McCarthy. Georgetown represents the key interface between the "left Jesuits" and "right Jesuits." Among sub-sectors exerting considerable control over U.S. policy is the **Georgetown School of Foreign Service** (closely allied with London's International Institute for International Studies) and the **Center for Strategic and International Studies (CSIS)**. Key institutions created by Georgetown cadre include the Committee on the Present Danger, Committee for the Free World, Freedom House, the Heritage Foundation, and Social Democrats-U.S.A., a member-organization of the Socialist International.

Former president of the University until his recent retirement, **Robert Henle, S.J.**, is also a close personal friend of Simon Smith, the head of the Jesuit Conference in Washington.

Institute for Religion and Democracy. This new institution was created over the last two years by a combination of Georgetown Jesuits and members of the Socialist International's SDUSA such as **Penn Kemble**. Ostensibly created to counter the political activities of the left-oriented Liberation Theologists, the leading force behind this operation is **Michael Novak**, a top advisor to **Jeanne Kirkpatrick**. While attacking the Theology of Liberation, Novak has described himself ideologically as a follower of "solidarism," the 19th-century anti-capitalist economic theory developed by leading Jesuits. Many of the Jesuits involved in controlling sections of the labor movement with active presence in Central America are also solidarists.

How the fundamentalist cults have multiplied in Central America

by Timothy Rush

The swarms of Protestant fundamentalist cults which have advanced across Central America in the past seven years are the "match" of the left Jesuit forces. A number of these cults are engaged in a "holy war" against the Theology of Liberation current in the Catholic Church. Their primary entrance point has been involvement in "relief" work, either in response to natural disasters (the 1976 Guatemalan earthquake) or to worsening conditions of civil war and insurrection (refugee centers across El Salvador, Honduras, and Guatemala). They preach acceptance of the "will of God" in the face of natural disaster or irrational killing, and obedience to civil authority of any kind, however brutal.

Over the past year, their U.S. parent groups have forged a tight alliance with the "**Greater Israel**" **Zionist fundamentalists** around former Israeli Defense Minister **Ariel Sharon**; his successor **Moshe Arens**; Minister of Science and Technology **Yuval Ne'eman**, and the terrorists of the **Jewish Defense League**, or **Kach**, as it is called in Israel, headed by **Meir Kahane**. The focus of this alliance in the Middle East is an attempt to rebuild the Temple of Solomon in Jerusalem on the site now occupied by the Dome of the Rock mosque, one of the holiest shrines in Islam. In Central America, the focus is the regime of "born again" Guatemalan ayatollah **Ríos Montt**.

The hallmark of the cults' theology is the belief that bloodshed and chaos are to be welcomed as a signal that the Second Coming of Christ is near. The line between proselytizing and participating in active military campaigns is particularly thin in Guatemala, where missionaries from Ríos Montt's Gospel Outreach group travel with the army and establish "relief work" as an integral part of the military operation.

Guatemala. 6,707 congregations or temples representing 110 distinct denominations. Direct membership is 335,000; the broader evangelical community is estimated at 1.5 million, over 20 percent of the population. Growth rates of up to 25 percent per year in some churches.

El Salvador. Estimated evangelical population is 500,000 out of a population of 4.5 million. The **Assemblies of God** (origin of the Jim Jones cult) claims 730 churches and a membership of 75,000. Membership of the sect grew 31

percent in each of the past two years; for the evangelical movement as a whole, the rate was 23 percent. The Central American Missions (CAM) reports growth in its ranks of 30 percent per year.

Nicaragua. Several dozen sects are active, including Ríos Montt's Gospel Outreach, despite expulsion of Mormons and Jehovah's Witnesses in mid-1982. Protestant missionaries have played a controlling role in the Miskitu communities of the Atlantic Coast since 1848. These missionaries, together with groups of anthropologists who have profiled every conceivable cultural and linguistic difference to be exploited in the situation, are among the most important "on the scene" controllers of the Miskitu tribe.

Honduras. Though overall figures of membership in fundamentalist churches are not available, expansion is notable. President **Roberto Suazo Córdoba's wife and daughter** belong to a fundamentalist sect called **El Cenáculo**.

Leading sects in Central America are:

1) **Unification Church** (Moonies). The Moonies first built a substantial presence in the region through activities of its front group, the World Anti-Communist League (WACL). WACL is linked to death squad activity in Guatemala, Honduras, and El Salvador. The Moonies recently split off a new front group, the **Confederation of Associations for the Unity of the Societies of the Americas**, (CAUSA), and have paid all expenses for conferences of up to 200 invited guests meeting in resorts across the Caribbean and into the United States. The most consolidated beachhead for the Moonies in the region is **Honduras**, where **Army Chief Gustavo Alvarez** is reputed to be a member of the cult. Moonie funds have flowed into Alvarez's front group, the **Pro Honduras Association**, and the Moonie group has arranged with Alvarez to hold seminars for Alvarez's officer corps. The Moonies also claim to have recruited one of the top officials of the **Francisco Marroquin University** in Guatemala City, which is a citadel of the von Hayek "free enterprise" cult, the **Mont Pelerin Society**.

In the United States, U.S. ambassador **Jeane Kirkpatrick** maintains direct liaison with the Moonies' CAUSA front, through an aide of ambassador rank operating out of her New York office. The Moonies, along with the AFL-

CIO, have been awarded a share of the State Department money for "education programs" against communism in Central and South America, under a program titled **Project Democracy**.

2) **World Vision** is the largest and most important "umbrella" coordinator of sects in Central America, and possibly in the world. The operation, based in Pasadena, California, works with an annual budget in excess of \$75 million. It ties into sections of U.S. Air Force Intelligence, the State Department, and the Episcopal/Anglican Church.

The group works at a much more sophisticated level than anything required for conventional missionary work. World Vision's Summer Institute of International Studies in Pasadena trains its missionary students in "anthropology and cross-cultural communication." A computer center is maintained in California to monitor fundamentalist missions internationally. Called **MARC**, for Missions Advanced Research and Communications Center, the computer center is headed by "born-again" Air Force Intelligence specialists mapping the anthropological profiles provided from the field. The group's connections in Washington work through board member (and **Scottish Rite Freemason** official) **Sen. Mark Hatfield**, and board chairman **Richard C. Halverson**, chaplain of the U.S. Senate.

World Vision's Latin American regional headquarters is in Guatemala. It has recently established itself in the Ayacucho area of Peru, where the bloody **Sendero Luminoso** cult is headquartered.

The literature of such groups as World Vision stresses that "Christian development" requires reversal of "technological, bureaucratic society" and recognition that the world has limited resources—exactly the argument behind the Malthusian doctrine of "population wars".

3) **Summer Institute of Linguistics (SIL)**. The SIL, which shares some training facilities with World Vision, deploys over 4,000 fundamentalist missionaries into remote Third World areas to translate the Bible and proselytize, under cover of "linguistic research." It is also known as Wycliffe Bible Translators. It began operations in Mexico and Central America in the 1930s. Steps were taken to throw SIL out of Mexico in March 1983, but it remains entrenched in Guatemala, Nicaragua, and Panama. Its role in running drugs and arms through remote jungle enclaves has been documented by several intelligence services.

4) **Central American Missions (CAM)**. The CAM group of fundamentalist missionaries, based in Texas and active since 1890, explicitly directs its proselytizing to counter Theology of Liberation currents in Catholic and liberal Protestant churches. CAM maintains 94 missionaries in Guatemala, by far the largest number of any U.S. missionary group. It claims to be growing 30 percent per year in El Salvador.

5) **Gospel Outreach** is a Eureka, California offshoot of the **Assemblies of God**. It established itself in Guatemala as **Church of the Word**, or **Verbo**, in 1976, on the coattails of a World Vision housing project for earthquake victims. Cur-

rent Guatemalan President **Efraín Ríos Montt** became a member in 1978. It claims a membership of 1,500 in Guatemala City. Through its affiliate, **International Love Lift**, it participates in Ríos Montt's scorched-earth campaigns to reconcentrate rural populations in strategic hamlets; airlifts in relief supplies; and proselytizes among the traumatized population. It is active in Nicaragua, where it evinces perfect accordance with the Sandinista government.

Key individuals include:

Ríos Montt, 57 years old. He received military training at Saint Cyr, Fort Bragg, and the U.S. Canal Zone. He has declared a policy of "permanent war" against rural populations felt to be harboring guerrillas. A minimum of 5,000 civilians, largely Indians, have been killed since his March, 1982 coup; 250,000 people displaced from their homes; and 75,000 sent fleeing over borders to Mexico or Honduras. The Guatemalan army under his command has committed acts of cannibalism, according to **Le Monde** (February 1983). He declares that he rules "as an instrument of God." Ríos Montt refused a papal plea for clemency for six condemned men just before the Pope's visit on March 7, 1983.

Ríos Montt was "born again" as a member of Gospel Outreach after a period working with the Jesuit-directed Catholic schismatic group, the **Charismatics**, in Spain. A Gospel Outreach biography of Ríos Montt, to be released later this year, is being printed by a Charismatic publishing house in Michigan called **Servant Books**.

Ríos Montt has brought elders from the Gospel Outreach sect into his government. **Francisco Bianchi** is public relations director and liaison man to fundamentalist circuits in Washington, D.C. **Alvaro Contreras** is Ríos Montt's private secretary. **James DeGoyler**, former hippie from Haight-Ashbury, is the chief liaison between Gospel Outreach in California and Ríos Montt, making frequent trips back and forth. DeGoyler declared on television March 7 that the executions of condemned men by Ríos Montt March 3 was justified despite the papal plea for clemency; they were the same methods used by the Church itself "during the functioning of the **Inquisition**."

Tens of millions of dollars of support for the "Ríos Montt model" have flowed into the country from large-scale U.S. fundamentalist organizations, including the **Moral Majority** and the **700 Club** of **Pat Robertson**.

Douglas Krieger. Krieger is the chief aide to U.S. "Temple Mount" financial angel **Terry Risenhoover**. Along with Risenhoover, he runs an interlocking series of agencies which include the **Jerusalem Temple Foundation** and **Tav Evangelical Ministries**. Krieger stated in a December 1982 interview: "I'm very much involved with Ríos Montt. The Israelis, of course, are training the Guatemalan army. There's a really nice little tie-in going on in Guatemala. Gospel Outreach is headed up by **Jim Durkin**, who is a very, very good friend of mine. Jim Durkin and Tav, we have been involved with the State Department in what has been happening in Guatemala."

'Success of sects due to Catholic centralization'

In the following comments made in late April, one of the most powerful architects of the "Theology of Liberation," François Houtart S.J. of Louvain University, outlined his preparations to split the Catholic Church.

Q: I understand you will be sponsoring a conference some time in May on Nicaragua.

A: What we are planning to do is a rather private gathering with theologians from Latin America and Europe, in the light of the events in Nicaragua when the Pope was there. The meeting is in response to a request by the Nicaraguans. We want to be able to react. . . .

Q: You said reflect?

A: Well, also—but I said react. We are bringing people who carry some weight within Christian institutions—theologians and sociologists. I spoke last night with Managua, and we are almost totally in agreement with what we are planning to do. We will do it in two parts. First, the meeting here in Louvain with theologians from Mexico, Brazil, and Nicaragua; then, from here we will all go together to the closing of the Consilium congress where we will meet other theologians who will be in Tubingen from May 23 to 29.

Q: Was there anything positive in the Pope's visit to Central America?

A: No. The whole thing was disgusting. The Pope's behavior was rather lamentable. He has not understood the political situation of Central America at all. I was with the Pope during the entire tour.

Q: Is it possible to make him understand?

A: No. Not at all.

Q: What are you going to do about it?

A: We must work with those who understand the situation. We must continue our work with the communities. We cannot change the way of thinking of either the Vatican or the Nicaraguan church hierarchy.

Q: Does [Alfonso] López Trujillo [the former head of the Conference of Latin American Bishops, CELAM, and now the archbishop of Colombia] represent a support?

A: Yes, a negative support. He is more closed than anybody. He is the number-one enemy. Let us not have any illusions about him, unless you agree with the Americans. Lopez Trujillo is an agent of the Americans. He is the one that wrote all the Pope's speeches in Central America.

Q: But the right wing has attacked him.

A: Yes, but look at which right wing. The feudal rightwing. He is, along with CELAM, an agent of modern capitalism against the people's power.

Q: Are you aware of the recent emergence of fundamentalist cults in Central America?

A: Yes. I think the problem must be seen from two different standpoints. First, when you have a society like the Latin American societies, where people live in constant uncertainty, it is easy for these sects to attract people who seek certain psychological and social security. But the conditions for the success of the fundamentalist sects is to be found in the totally centralized and closed structure of the Catholic Church. This is the first thing.

The second aspect is the way certain institutions utilize sects as a conduit to get their way into the Central America countries in particular. These are two type of institutions: religious and political ones, like the CIA. This is bad for us because it leads to the apolitization of the population. Once people have found this type of religious ideology, they become very closed-minded and reluctant to join social movements. This is why the CIA is currently promoting the proliferation of sects in Central America.

Q: How are you planning to counter them?

A: The only way to fight against sects is not by doing it directly. This is useless. The priority is the continuation of the revolutionary project. That is, to change the situation in which people currently live. To do this, we must fight for a more open and less conservative Church. This would be the



only efficient way to fight the sects. Of course, one must denounce the political use of sects.

Q: What are the possibilities of a real schism within the Church between your tendency and the conservatives?

A: This is a big problem. It is true that the communities [*comunidades de base*] do not want the schism. What they want is to be recognized by the Holy See as genuinely ecclesiastic. In Nicaragua, for instance, the communities say that the problem with the bishops is not so much a religious or moral split. We are not breaking with them on issues of faith or Christianity, but on political issues. The problem is not religion but a political problem. So, to prevent a break, we must be able to find political options within the Catholic Church, political options that are based on the particular social class each one of us belongs to.

Q: How do you see the Church in Latin America?

A: It depends. In Mexico it is very conservative due to the selection of bishops. There are a few who are really extraordinary but they do not carry very much weight. It is not like the Church in Brazil where there are big numbers of very open-minded bishops.

Q: Do you think the phenomenon of Camilo Torres [Colombian guerrilla-priest killed in 1969, student of Houtart] will be reproduced?

A: A historical phenomenon does not reproduce itself. His life and death, as a personal testimony, reproduces itself almost every day in Latin America. How many priests have been killed in Central America? But every time there are different circumstances. Whether the political commitment should be an armed commitment or not really depends on the circumstances. The political commitment to fight for the oppressed people by priests and nuns will increase and radicalize. This tendency will tend to strengthen within the Catholic Church.

Q: You knew him [Camilo] at Louvain?

A: Of course. He had a very appealing personality, he was very charismatic, very pleasant.

Q: Why did Camilo take to arms?

A: Because he had used every other means before taking to arms. He participated in every single reform movement, he tried to work with the government in agriculture reform. He was left with no option. The opposition against him was so strong that he could not continue moving from one side to another fearing that he could get shot. At the end, he could not sleep in one single place for more than one night.

Q: I just don't see how you can do this without splitting from the Vatican.

A: It is a crucial problem. We are faced with a paradox. If the official Church takes the side of the party of oppression, even if it is not badly intended, no one should be surprised if—as it happened in Europe—the popular classes increasingly take over the Church. Then, the official Church will remain as the Church of the middle classes. What we will see is the emergence of new type of political regimes and social organizations. I'm sure this will mean the progressive abandonment by the official Church of the masses. This would take one or two generations, but there is no doubt that it will happen. But I have to go now to the south of Belgium for an anti-missiles demonstration.

Q: I have heard that the Soviets have offered the Nicaraguans the installation of missiles.

A: It would very good if it actually happened, it would make the Americans reflect a little. By the way, the missiles the Soviets are talking about are not like the one the Americans want to put in Europe. The Soviet ones are air-missiles, defensive arms in case the Nicaraguans are attacked.

'Four points address roots of Central America conflict'

The following interview with Luis Yanéz, president of the Ibero-American Cooperation Institute of Spain, was conducted in Madrid on April 20 by Paris bureau chief Katherine Kanter and Elisabeth Hellenbroich.

EIR: Recently, Lyndon LaRouche, head of a faction of the Democratic Party, the National Democratic Policy Advisory Committee, made a proposal to solve the Central American crisis that includes the following points: freeze all arms shipments into the area; establish an international mediating commission under the leadership of [Colombian] President Belisario Betancur, which could be the Contadora group; cut off U.S. aid to Israel, which is supplying weapons to both sides; and promote great enterprises for the region, including the construction of a new Panama Canal. What do you think of this proposal from Mr. LaRouche?

Yané: Well, I believe that these are constructive suggestions. The comment that could be made about what makes the proposal as a whole constructive—rather than to comment on the specific points, which, in any case should be left to the governments of the region, or to those governments seeking to bring peace to the area—is that it addresses the roots of the problem; these are problems that are historic in nature, about social inequalities, about the absence of re-

forms during the last 50 years, about conditions that are almost prehistoric in the countries of the region. I believe the spirit of these proposals is being made concrete by the Contadora group, by the five countries that are seeking a negotiated solution, and which, of course with the support of other European countries such as Spain, we believe can be a way to solve the problem.

But, in fact, these initiatives must overcome the rigidity and intransigence not only of the United States or Reagan, let us be fair, but also that of the government of Nicaragua, which does not accept the withdrawal of the military advisors, of the military assistance it receives from Cuba and the Soviets. But I hope and believe, that if there were, if ways could be developed, to guarantee to the parties that certain accords would not be violated, I believe that there is still time to reach a peaceful and negotiated solution in the region.

'The CFR crowd is using conflict to oust Reagan'

The following is an April 22 interview made available to EIR with an expert on Ibero-American affairs, who has extensive contacts in the Reagan administration and in Central American governments:

Q: What is behind the furor over Central America?

A: There is a basic agreement between Henry Kissinger and associates at the Council on Foreign Relations [CFR], and the Soviets that the main objective of their deployments in Central America is not control of this or that country but the ouster of Ronald Reagan from the White House by the 1984 elections or sooner. Reagan is thus far performing according to profile. He is being drawn into a deeper involvement without the possible backing of the American people. Once Reagan takes the plunge, he will find himself politically isolated. The country will be polarized and his administration will be paralyzed. The CFR establishment plans to then pull the plug on his administration.

Q: How is the administration dealing with the CFR?

A: Reagan and his closest advisers suffer from the delusion that they can work around the CFR crowd, that they can make deals with them. They think that by being clever, they can force the CFR crowd to go along with their policy on Central America. The CFR crowd is letting them believe that, but once they get Reagan out on a limb, they will cut him to shreds.

Q: Where is this CFR policy laid out?

A: The recent meeting of the Trilateral Commission in Rome discussed this strategy to collapse the administration. This meeting was informed by discussion at strategy sessions of the Socialist International which reportedly bemoaned the problems in the United States of mobilizing large numbers of people against the administration, especially the failure of the so-called peace movement. They need dead bodies, bloody shirts to wave, and they need something like a Vietnam to touch off explosions on the campuses. This is scheduled to happen in the fall, around the slogan of "Reagan is a warmonger."

Q: What is the strategy, once Reagan is out?

A: The next government, most likely a government like the Carter administration, will work out a negotiated settlement with the Soviets, using the Socialist International as intermediaries.

Q: What is your assessment of the administration?

A: The administration is beset by traitors and fools. The State Department, especially George Shultz, [Undersecretary] Lawrence Eagleburger, and [Assistant Secretary] Thomas Enders are playing a treacherous role, waiting for Reagan to stick his head in the noose. In the meantime, they are letting a confrontationist grouping around the President gain the upper hand and push the policy toward a crisis point. They will then use the crisis to stage a palace coup against the President, with the help of the media and congressional networks.

Q: What alternatives does the administration have?

A: The problem is that I guess we have no policy options because we are stuck in the anti-communist profile. If Reagan goes for a confrontation, as it looks like he is doing, I am afraid that his government is finished. The structure for this war is in place already in places like Mexico. It is just waiting to be ignited. The political damage will be immense. The CFR and Kissinger are just licking their chops at the prospects. It's a hell of a mess.

Q: What are the prospects for Central America?

A: A process has been set in motion that will lead to 20 years of butchery, of tens of millions of dead. Even if things are stopped in El Salvador and Nicaragua, they will start up again somewhere else. The fighting will continue, because the Soviets want it. Kissinger and his friends recognize this. They don't care. It gives them something to crisis-manage. . . .

What I am afraid that we will learn is that the Soviets have a better profile of the American population than the President of the United States. We are about to polarize the country, to have a Vietnam-like explosion. We can have a "Bay of Pigs" disaster without even going ahead with an invasion.

Swedish military warns of Soviet mini-sub

by Lyndon H. LaRouche, Jr.

The following release was issued on April 27 in Wiesbaden, West Germany.

Documentation presented by the Swedish government at a press conference yesterday reveals that the Soviet Navy is deploying miniature submarines capable of a sneak thermo-nuclear attack against the mainland of the United States. Such devices were shown to have made repeated, successful penetration of Sweden's sophisticated anti-submarine defenses many times during 1982, with increasing instances of successful penetration during 1983 to date.

These miniature submarines are revealed to be of two types. One type crawls on treads along the sea bottom, and is capable of shifting its course to avoid obstacles while continuing to its assigned destination. Another type is able to slide along sea-bottom mud, driven by propellers. Swedish authorities report that three to four such mini-sub's can be transported by a single mother-submarine, and that the mini-sub's have a range of not less than 35 miles.

This means that Soviet "mother-submarines" deployed off the Atlantic and Pacific coasts of the U.S.A. could sneak such mini-sub's armed with H-bombs into the vicinity of such targets as Boston's Massachusetts Bay, New York Harbor, Philadelphia's waters, areas of the Chesapeake Bay, Mobile, New Orleans, Puget Sound, San Francisco Bay, and the vicinity of the San Diego Naval Base.

An underwater H-bomb explosion in the multi-megaton range would represent a hideous radioactive-steam fall-out potential against populations of the affected region.

The question immediately arises: is this the sneak-weapon that nuclear freeze-movement-loving Soviet Communist Party Secretary Yuri Andropov plans to deploy against the U.S. homeland as his pre-emptive response to the placing of Pershing II missiles in Germany? Or, does the release of such information by Moscow-linked Swedish Prime Minister Olof Palme signify that Moscow is using social democrat Palme as a channel through which to trigger a new missile crisis now, months before the scheduled fall-winter missile crisis over the stationing of U.S. Pershing IIs?

The Soviet leadership has made no secret of the fact that it intends to go through with a replay of the 1962 Cuba missiles crisis unless the United States and NATO back down from placing Pershing IIs in Germany before the end of this year. Soviet financing of the Nazi International-directed Greenie peace movement of West Germany (see article, page 37) is scheduled to erupt into violent attacks on U.S. NATO installations over the coming summer and autumn, but the Soviets are not relying on the Nazi-linked peace movement with which they are allied, to do the job successfully. They have indicated, and our best analysts agree with my assessment of this point, that the Soviet Union will retaliate against the Atlantic and Pacific coasts of the United States with nuclear-armed submarines, not by land-based missiles in Cuba or Nicaragua.

Since Soviet missile-bearing submarines are routinely off our coasts, how will their mere presence cause us to react to a new quality of H-bomb threat against our homeland? That is the intriguing question. The answer to the question is, on

principle, that the Soviets must leak some information to our intelligence community which causes us to view Soviet nuclear submarines as representing an upgraded quality of strategic threat. They would proceed as Khrushchev proceeded in the 1962 crisis, leaking information to us which we could not ignore, but not shouting his intentions from the steps of the Kremlin officially.

It has been my estimation that Secretary Andropov would start the new missile crisis as early as August or September 1983, rather than waiting until we were on the verge of actually installing Pershing IIs in Europe. I have argued that he could do so in an effort to show Soviet "toughness," in an attempt to gain a wide margin of psychological-political advantage, to attempt to catch the Reagan administration off guard by starting the crisis before the Reagan administration was organized to cope with it.

I have been certain that the Soviet measures would involve placing relays of missile-carrying submarines off our Atlantic and Pacific coasts, but I have been uncertain as to what exact technical measures they would use in that connection.

The leaking of the documentation on massive and successful deployments of Soviet mini-submarines by Sweden's social democratic, Moscow-linked prime minister, Palme, is perhaps the answer. Perhaps the new missile crisis has already begun count-down; probably, we shall know one way or the other very soon. Meanwhile, trying to put myself inside the mind of the Soviet leadership, I strongly suspect that this is exactly what they are up to.

Why now? Why not wait until August or September to start the preemptive missiles-crisis? I strongly suspect that there are several factors in this choice of timing of Palme's press conference.

1) President Reagan's concessions to the Kissinger/Trilateral Commission crowd on several issues, including the Scowcroft Commission report, have given the President's nuclear freeze opponents an opportunity to join Britain in regrouping forces against the President. Andropov is relying on Britain and the Mitterrand and Kohl governments to pressure the Reagan administration into some significant degree of back-

down, aided by the Mondale Democrats. This would be an opportune time for Andropov to act, rather than waiting until the President recovers the momentum he held temporarily after his March 23 announcement of his new strategic doctrine.

2) Washington is tied up in knots at the moment over the recently published phony report of a March economic recovery. As a result, Washington is doing nothing to prepare for the major financial crash now scheduled to explode some time between now and early July.

3) As a result of the President's efforts to force through a Middle East peace plan, sabotaged by Henry A. Kissinger and Secretary George Schultz's support of the Israeli Lavie jet project, we are on the verge of a new general Middle East war, triggered by increasing clashes between Syrian and Israeli forces.

It has long been the estimation of the London Tavistock Institute, the psychological-warfare division of the British Secret Intelligence Service, that the way to bring down President Reagan's administration is by hitting the President with several major foreign and domestic crises simultaneously. Now, since leading officials of British intelligence state openly that Britain and the Trilateral Commission are in operational alliance with Moscow against President Reagan, we must assume that Secretary Andropov is relying significantly on British Intelligence's advice as to how to deal with President Reagan. Based on the British intelligence profile of the President's administration, the time Andropov would choose to start a new crisis is now.

The activation of the new crisis through Sweden's Olof Palme strongly suggests that that is exactly what Secretary Andropov is doing.

In light of these developments, I am now placing my entire international organization on "yellow alert," both in probing for all intelligence which may bear on the indicated threat, and preparing to deploy its special capabilities in the event that the highly probable threat of the moment is confirmed. We will know how to judge any persons or institutions which attempt to hamper our work under such circumstances.



The Soviet mini-submarines deployed off the Swedish coast are probably carried by "India-class" Soviet rescue and salvage "mother" subs, as shown above.

British and Soviets hold talks to reverse Reagan's ABM policy

by Edith Vitali

The Kissinger-Carrington crowd and their associates in Moscow have now joined hands in an unprecedented assault on President Reagan and his policy of replacing the doctrine of "mutually assured destruction" with a doctrine of "mutually assured survival." As is known, the President and Defense

Minister Caspar Weinberger have made an offer to the Soviet leadership for parallel cooperation on an anti-missile beam weapon defense system. This new system has been flatly turned down by Andropov spokesmen like Aleksandr Bovin and Georgii Arbatov. Bovin told a British Broadcasting Corporation television audience April 20 that "he saw no constructive dialogue with the United States while President Reagan remains in office."

At the same time, London, which was more shocked than Moscow by the prospect of direct super-power collaboration, is maneuvering to regain its position of arbiter between the two great powers. First adding fuel to the upcoming "Euro-missile" confrontation, London will then present itself as the mediator, as during the Cuban Missile Crisis in 1962.

Lord Peter Carrington, speaking April 21 at the International Institute of Strategic Studies (IISS) in London, key-noted this design in his first major policy declaration since resigning as British foreign secretary a year ago. Carrington rejected American policy as mere "megaphone diplomacy," which he said should be replaced by a "new dialogue" with the U.S.S.R. Carrington, architect of plans for a "new Yalta" arrangement with Moscow in the Middle East and for an independent European "third force" for preserving British power at the expense of the United States, insisted that this "new dialogue" be linked to a "bigger defense role" for Europe featuring the British Royal Navy.

The *Times* of London drew out Carrington's main point: "Britain has a particularly important role to play in the East-West dialogue, being firmly of Western Europe, yet having a 'special relationship' with the United States." A European friend of Carrington and Henry Kissinger who attended the IISS event commented: "The whole Carrington plan is an antithesis to the Reagan approach on East-West trade and other issues."

Andropov against beams

Soviet party General Secretary Yuri Andropov reiterated his full-scale rejection of defensive beam weapons, in his first widely publicized interview with a Western publication, West Germany's *Der Spiegel*. He used the same arguments published in the Tory magazine *The Spectator* by Lord Solly

Is Yuri Andropov a Haushofer pupil?

The following statement was issued by a spokesman for Lyndon LaRouche April 25 from Wiesbaden, West Germany.

Adopting the language of Professor General Karl Haushofer, Adolf Hitler's geopolitics mentor, Soviet Party chief Yuri Andropov told the Hamburg-based magazine *Der Spiegel* that the United States is a "sea power," while the U.S.S.R. is a "continental power," which determines the qualitative differences in their arms potentials.

The Soviet presence in Afghanistan he explained in terms of the long land-border between the two countries, and the fact that it cannot be a matter of indifference to the Soviet Union which kind of government rules in Kabul, just as it could not be "indifferent to the United States which kind of government exists in Nicaragua."

Spiegel concludes that it is natural for both super powers to dominate smaller countries, if that corresponds to their "national interests." Andropov's background as long-term KGB boss shines through when he is being asked about the expulsion of nearly 50 Soviet diplomats from Paris recently: Is the "collection of information . . . a forbidden activity?" he innocently asks. "As far as I understand it, this belongs to the functions of the diplomatic service and other services of each country. . . ."

Zuckerman, a prominent representative of the "peace movement." Both the British lord and the Communist Party chief smeared beam weapons as part of alleged U.S. aggressive preparations for a "first nuclear strike." These weapons have been researched and have been developed in the Soviet Union since at least the late 1960s. Britain fears that with both superpowers deploying defensive beam weapons, its own nuclear deterrent and thus its political negotiating power will be gone with the wind. The inconsistency of how beam weapons can be "impossible," as Zuckerman claims, and at the same time "highly destabilizing," is never explained.

The Anglo-Soviet Roundtable reconvened in the vicinity of London in mid-April, after an early spring meeting in Suzdal, the center of old "Holy Russia," and a Moscow meeting chaired by Dzhermen Gvishiani, co-founder with Zuckerman of the International Institute of Applied Systems Analysis located near Vienna. The Soviet delegation in London was headed by Alexandr Bovin, a prominent *Izvestia* commentator who is close to Andropov.

Bovin anticipated the autumn 1983 missile crisis in an article written for the Sunday *Times* of London April 23: "To forecast the possible reaction of the Soviet Union [to the placement of Pershing II rockets in Europe] one must remember how the Americans greeted the installation of Soviet missiles in Cuba in 1962." Writing in *Izvestia* April 21 before he left Moscow, Bovin explicitly attacked Reagan's beam weapons policy—the very shift away from the Mutually Assured Destruction doctrine that could defuse the missile confrontation—as an attempt to reach "absolute security," which must create "absolute insecurity" for the U.S.S.R.

This tipped a whole series of denunciations by *Izvestia's* Washington correspondent, Melor Sturua, and a collaborator of Arbatov's U.S.A./Canada Institute, L. Semeiko, on the pages of the Soviet army paper *Red Star*. One of the British participants in the Roundtable, Michael Kaser of St. Anthony's College, Oxford, told a caller that "there is a complementarity of interests between London and Moscow concerning the Reagan administration," meaning that both want to contain Reagan and/or get rid of him and his current beam-weapons policy.

Gvishiani was in Vienna together with Club of Rome chief Aurelio Peccei the weekend of April 16, to participate in a conference of the "Council for New Initiatives in East-West Trade." The delegation of the Great Britain-U.S.S.R. Association, led by former Prime Minister Harold Wilson, who is close to Henry Kissinger, visited Moscow and Tashkent in mid-April. One of the delegation members, Sir John Lawrence, is a friend of the Archbishop of Canterbury. Lawrence recently told a caller that "Mother Russia will take care of the beam weapons." Another member of the delegation, top British Secret Intelligence Services spook Fitzroy MacLean, recently authored a letter to the *Times* of London calling for a new era of "secret diplomacy" to get discussions on "disarmament" onto a new track.

The British government also announced in early April,

that Malcolm Rifkind, the Foreign Office undersecretary responsible for relations with the Soviet Union, will soon arrive in Moscow for a series of high-level meetings. The architect of this visit, insiders say, is none other than Kissinger Associate Lord Carrington, who recently told an audience at the International Institute for Strategic Studies that a "new dialogue" must be opened with Moscow under the leadership of Britain, since Reagan's policy had failed miserably.

Georgii Arbatov, a Central Committee member who is Moscow's expert on the United States, arrived in the United States April 18 for meetings with beam weapons opponents. Before participating in a "task force" meeting of the Dartmouth Conference (which meets every two to three years), in Denver on April 27, Arbatov visited the Control Data Corporation in Minneapolis, on whose board sits Democratic Party presidential contender Walter Mondale, a key spokesman for the "nuclear freeze" movement. The April 27 meeting of the Dartmouth Conference group of Russians and Americans will include only five participants from each side. The Moscow group is headed by Arbatov, accompanied by four officials from his U.S.A./Canada Institute, including KGB General Milshtein, who also sits with Arbatov and Cyrus Vance on the Palme commission on disarmament. The American group is headed by Kissinger underlings William Hyland, a former aide to Kissinger on the NSC, and Brent Scowcroft, whose commission on strategy just presented an alternative to President Reagan's beam-weapons policy.

Arbatov told a Radio Moscow Program on April 13 that beam weapons look "defensive only to inexperienced people," but are in reality a key component of a first-strike potential. "All of this was discussed at length in a very heated way at the end of the 1960s and beginning of the 1970s. This naive concept, shared by many people on different continents (maybe even some people on our side at the beginning), was that defensive weapons are not dangerous." Besides repeating the Andropov line that strategic defensive weapons would be a cover for a first strike offensive doctrine, Arbatov pronounced it "technically impossible" for there to be "such an ABM system which would really defend [against] a massive attack of missiles from the other country."

'Anti-missile defense is adventurist and dangerous'

The following are excerpts from Soviet Communist Party General Secretary Yuri Andropov's interview in the April 24 issue of the West German weekly Der Spiegel.

The current situation is complicated and dangerous because the arms race, which is forced upon us by the West, threatens to overtake the negotiations. In order to avoid this, and create favorable conditions for leading negotiations, it is necessary, on the basis of healthy common sense, to freeze the nuclear

arsenals of both sides. This would be especially reasonable as long as other solutions have not been found. We have proposed to freeze medium-range weapons as well as strategic weapons.

In our opinion, this would only be the first step. The reply to us is: Why would we need to freeze weapons, when we should reduce them? This may sound fine, but unfortunately the arms race continues, while these statements are being made. The result is neither freeze nor reduction. . . .

Recently, it has become a fashion among the members of the Reagan administration to take the pose of the insulted when being caught in the act of militarist, aggressive strivings. Maybe this pose can impress people who are not knowledgeable in politics. That is apparently the aim. But in such cases, it is best to stick to the facts. And the facts state that the U.S. has entered the path of an unprecedented arms race in every field, that they are pushing international tension to the utmost limit.

Concretely, among other things, I mean the plans proclaimed by Washington to develop a broad-based, efficient, anti-missile defense. The adventurism and danger of this whole plan lies in the calculation that it is possible to emerge unscathed—that a nuclear first strike can be launched on the assumption one is safe from counterattack.

This is not far removed from the attempt to place a finger on the launch button. That is where the danger of the new U.S. military concept lies. It can only bring the world closer to the nuclear precipice. This demonstrates that while speaking about defense, in reality a mine is put under the whole process of strategic arms limitation.

Prominent scientists of the world testify to the effect that this is the case. We propose to the government of the U.S.A.: Let's bring together the Soviet and American scientists and experts on this field and discuss possible dangerous consequences of a broad-based missile system [anti-missile system]. Let science say its ponderable word.

It becomes more and more obvious that the U.S.A. will include the development of space weapons in their military preparations. They want to threaten humanity with these weapons from space. This must not be permitted. Space must remain peaceful.

We have proposed an international treaty against stationing weapons of any kind in space. We are convinced that we should go even further—to agree on banning the use of force in space as well as from space against the earth; not to start the arms race where it is not yet taking place, and to stop it where it is already happening. This is the essence of our position, this is our guidance during negotiations. The Soviet Union will also in future search for a common language with the American side, [and] she will try to arrive there. Our earlier introduced proposals remain in force.

Should the American administration make proposals on this or that problem, which aim at a solution of these issues in the spirit of equal security, we will definitely examine them positively.

'Agreed with Soviets on military policy'

Another participant in the most recent Anglo-Soviet Roundtable is Philip Hanson, Sovietologist at Birmingham University, who worked on the Soviet technology assessment program together with Ron Amann and others at Birmingham. Some of his remarks on the Roundtable were provided to EIR:

Q: I'm working on the possibilities for a new Europe-centered East-West dialogue. . . . Weren't the Soviets very upset about the Reagan administration?

Hanson: Well, despite everything, I found that the Soviets have a very strong desire to talk in a businesslike way with us.

One of their major concerns was credit. They want to return to normal credit arrangements with the West. They insisted that this was a political move. The Soviets pointed out that the United States anyway is no major supplier of machines for them, and they also want to diversify their sources of food imports, as well as reduce food imports altogether. I brought up in the discussion that increasing trade with Western Europe would be a way for them to increase the divergencies inside the Western alliance. The Soviets replied that it would be "unrealistic to decouple" Western Europe from the United States, but it is hard to know what they really mean.

Q: Did you discuss the "Star Wars" prospect?

Hanson: Yes, the Soviet side brought this up as an example for Reagan's excessively ideological, theological approach. The British side assured them that this particular policy is more a matter of rhetoric than of practical policy. Such an ABM system is extremely expensive and not very effective. Also, it is difficult to believe that this would go through three presidencies, which is the time it takes to realize that. The Soviets shared our skepticism, and they didn't seem to be too worried about it.

Q: What about the Euromissiles?

Hanson: Well, on this point there was no agreement. The British side told them that they should accept the fact that the Pershing missiles will be deployed, and that negotiations should continue thereafter. Anyway, for me it was striking in what a constructive way we were able to discuss developments elsewhere.

Q: Elsewhere? In the Middle East?

Hanson: Yes, the evaluation of the Middle East situation was remarkably constructive, also of the Far East. There were

many points both groups agreed upon: Iran-Iraq, China. I must say that it was a fairly promising meeting.

'The world doesn't need Ronald Reagan'

The following are excerpts from an article headlined "Nuclear Storm Warning" by Lord Solly Zuckerman in the London weekly The Spectator April 9.

Zuckerman was the British Defense Minister's chief scientific advisor from 1960 to 1966 and H.M.'s government's chief science adviser 1964-71. He was a close associate of the late Lord Louis Mountbatten, and the Western founder of the International Institute of Applied Systems Analysis (IIASA) in Vienna.

"President Reagan's call for a national scientific commitment is going to fare no better than Nixon's 1971 call for a 'total national commitment' to find a cure for cancer.

"Whether or not a space defense is technically realisable in a way that makes political sense, which it is not, I suspect that it will add considerably to the power of the anti-nuclear movement not only in Europe itself but also in the United States, where Congress has already all but endorsed a resolution calling for a nuclear 'freeze.' " Beam weapons mean a desire to acquire "a first-strike capability," Lord Zuckerman goes on, and the Soviets might well be impressed: "Talk of protracted nuclear war and the enormous increases now projected in the U.S. defense budget are hardly likely to make the Russians any less suspicious of and hostile to the United States than they usually are.

"Like [British pacifist demonstrators at] Greenham Common, the recent protest march of a million people in New York, the emergence of the Greens in Germany, the anti-nuclear voices of the Catholic Church in America and the Protestant in the U.K., are now political facts with which Western leaders have to reckon. . . .

"But while in theory feasible, in practice, the idea of significant anti-ballistic missile [defense] systems has proved impossible in spite of the expenditure of billions of dollars. Unfortunately, the fear that one or the other side might one day nonetheless succeed"—note this extraordinary feat of rhetoric whereby something which is impossible becomes destabilizing—"is not only a spur to the nuclear arms race but also 'destabilizes' the existing state of mutual deterrence.

"Reagan's new call for a defense which would destroy ballistic missiles and warheads in space is even greater strategic and technical nonsense.

"When President Reagan spoke about space ABM systems, of lasers and particle-beam weapons, he probably knew no more than did his Defence Secretary about the scientific, engineering, military, and economic considerations that were involved or about the strategic futility to which they added

up. He should have known that his words would not only encourage the Russians along the same path . . . but that he would also be giving a false sense of hope, while plunging others into despair as they came to realize that the idea of war in space not only opens up the ridiculous notion of destroying thousands of incoming nuclear warheads and decoys, but, worse, of destroying those very reconnaissance satellites that now reassure each side that it knows what the other side is doing.

"The world does not need President Reagan to call for a 'national resolve' to destroy nuclear warheads in space. What it wants is a statesman who knows that while he cannot rid the world of the nuclear secret, there is no point in provoking the final nuclear storm."

'The administration is too hard to control'

The following interview with David Watt, director of the Royal Institute of International Affairs (RIIA), conducted in Europe April 25, was made available to EIR.

Q: At the Trilateral meeting in Rome, the discussion rage was the post-Reagan era.

A: That'll be the day!

Q: What does that mean?

A: I suspect that we're in for another four years of Reagan.

Q: But the mechanism is being set up, as [former British foreign minister and Kissinger Associates member Lord] Carrington indicated and as was discussed in Rome, for setting up an international crisis mechanism. . . .

A: Maybe so, maybe not; but in any case I'm all for it. The problem is that the American administration is a law unto itself; it's difficult to control, there are not too many levers if the American government doesn't wish to be influenced. We could always be exercising some *force majeure*, like on this IMF question.

But otherwise our leverage is slim. We have a bit of leverage with the RDF [the U.S. Rapid Deployment Force], since there are the staging posts, the bases, that we either can supply or not supply. I think that since the Orlando speech [in which Reagan called the Soviet Union an "evil empire"], even before the Star Wars speech [Reagan's March 23 speech calling for the development of anti-missile beam-weapons], the attempts to surpass the Soviet Union in military strength are hardening up again.

Q: The Central America situation is evolving into a Cuban missile kind of thing. . . .

A: This is a conventional affair, where the administration is going to get bogged down on the ground. The administration people can see the danger of Vietnam, it is written on their

hearts. There won't be the protests until the coffins start coming home, then there will be serious trouble, but there are many gradations of trouble before you get to the real crisis point, until Americans get killed in large numbers, and that triggers something.

Q: Who can we work through as part of the crisis set-up that Carrington alluded to?

A: To bring European pressure to bear we would have to look toward Shultz on Central America, Weinberger on the Mideast; lower down, there is not much clout. Richard Burt [Director of Politico-Military Affairs at the State Department] may be susceptible if he is approached.

Q: What's going on with [*Izvestia* journalist Aleksandr] Bovin and his crowd [the Anglo-Soviet Roundtable at RIIA]?

A: They've been at Cambridge all weekend sightseeing. Don't look for deep political angles. He's the only one who matters in the delegation. He's close to Andropov.

Q: He told the BBC that the Soviets saw no hope for dialogue with the United States while Reagan was in power.

A: He reiterated that in private meetings. But they're realists, they do business as they can, they just think it's not possible with Reagan. They think he'll be around for another four years, like we do. They seemed pretty despairing about the whole thing, and they really laid it on, because they know we're fed up too.

Q: So, RIIA and the Soviets are on the same wavelength on the Reagan question?

A: Yes, indeed. Of course, we couldn't say so. We can't give the Soviets aid and comfort, but the Soviets were able to read between the lines. They could see that the British side was not as protective of American policy as we sometimes are. The formulation would be, "We disagree with Mr. Reagan, but. . . ." They understood, they could see we were unhappy with what's going. Probably that's why they played things so cool, the line of the party is very moderate, it's a very intelligent tactic. I'd do the same if I were in their shoes.

Q: Moscow and London have a lot to offer each other in the current situation, to play off Reagan.

A: In Central America, we don't have much standing. But in the Mideast maybe a bit more. We have a lot of contacts on the Arab side, expertise, and so on.

Q: One last thing. We discussed at the Trilateral meeting the idea of Kissinger being made Secretary General of NATO. . . .

A: That's been brought up before. Carrington is another name that's been present, but I can't see him leaving business, although he would have done it months ago if he had been asked by the French and Germans. The Americans don't want him there, he's too powerful and too independent.

Trilaterals plot the era' at their Rome

by Paolo Raimondi in Rome

Protected by several hundred policemen and in almost absolute secrecy, the Trilateral Commission held its 14th plenary session at the Rome Hotel Hilton April 17 to 19. More than 320 bankers, financiers, politicians (mostly Socialists), and

Italy's Trilaterals call for coup d'état

"To change a political leadership like the one we have in Italy, in other countries they have resorted to carrying out a coup d'état. We cannot go on waiting without doing anything."

This was a public statement made by Italian industrialist Giancarlo Lombardi to a meeting of Confindustria on April 13, a few days before the beginning of the Trilateral conference in Rome. Lombardi is the head of the textile industrialists' group inside Confindustria, the Italian confederation of big industrialists dominated by Trilateral Commission member and Fiat magnate Gianni Agnelli.

The newsweekly *Panorama* reported on the Confindustria meeting under the headline, "Tears and Blood, but with the PCI." Opening the conference, the president of Confindustria, Vittorio Merloni, stated: "We must overcome the stalemate. From now on we must act as if the government did not exist." It was at this point that his right-hand man Lombardi intervened with the suggestion that "other countries" had solved their problems with a coup. Merloni then asked the general manager of Olivetti Corporation, Carlo De Benedetti, "Why don't you consider something like a manifesto of the industrialists to present ourselves as independent from the parties?"

Commented *Panorama's* correspondent: "Never had the party of the industrialists spoken so openly, demanding early elections and even threatening a coup d'état." A few days later the Socialist Party boss Bettino Craxi provoked a crisis

'end of Reagan strategy session

economists led by Henry Kissinger, Zbigniew Brzezinski, Paul Volcker, Gianni Agnelli, and Raymond Barre met to plot against, discredit, and overtly sabotage the policy of President Reagan, in particular his call for a new defensive

of the coalition government and probable early elections.

"There is one thing anyway," the article continues, "on which everyone in Confindustria agrees: the program of Visentini." Senator Bruno Visentini, the president of Olivetti, is the chairman of the tiny Italian Republican Party (PRI). His program is a chilling echo of Liberal justifications in 1922 for Mussolini's March on Rome as a "temporary" emergency measure to restore order: Two years of "extraordinary management" for Italy with a Government of Public Salvation supported, or at least not opposed, by the Italian Communist Party (PCI). It is a program of "blood and tears" with a massive devaluation of the currency, cuts in the order of tens of billions of dollars in public spending, and strict taxation on every income. In Visentini's own words, "We must also hit the income of someone who owns just one chicken! After all, the state is only doing what is right by taking back what it has been giving to people over the past years." To help sell this brutal austerity in a country where the economy is in an advanced state of collapse, Visentini also calls for a moratorium on public debt.

Visentini, De Benedetti, and Agnelli head the closely interlocked groups of Olivetti (business machines) and Fiat (automotive) in Turin. But political insiders in Europe know they represent the Swiss and Venetian oligarchy which has steered these industrial powers into becoming the biggest funders of the "post-industrial society" in postwar Europe. What the Venetians now have in mind for Italy could not be clearer than in the statement by Gianni Agnelli which concludes the *Panorama* article: "We risk ending up like Turkey. But there [military dictator General] Evren did excellent things. These generals are really good. Good people, really very good!"

system based on beam weapons which would overthrow the MAD Mutually Assured Destruction doctrine of nuclear terror and begin a new phase of technological and industrial revival.

The program of the Trilateral Commission was best characterized by an article published in the communist paper *l'Unità* by the leader of the British-Soviet dirty operation known as the Basso Foundation, Guido Bimbi, who greeted the Rome conference as "the beginning of the post-Reagan era." The Soviet Trilateralist journalist wrote: "The present policy of the U.S. administration got its most violent and largest blow at the Trilateral meeting, that day by day is confirmed to be the center in which the post-Reagan era is being prepared. What is under attack is the whole range of Reagan's options, including security and armaments, financial policy, North-South and East-West relationships, and Euro-American relations." Kissinger—who received a subpoena from the Italian magistrates investigating his involvement in the Moro assassination and is presently a fugitive from Italian justice—opened the attacks on Reagan's strategic policy, telling the audience "not to pay attention to the words of Reagan but only to the acts of the American administration." Kissinger had just explained on Italian television that, on the new defensive system, "the President was referring to something that will take 20 years to be realized. At the end of the 20 years, there will be not only new defensive weapons but also new offensive weapons." In another interview, with member of the Trilateral Commission and former Italian ambassador to London Roberto Ducci, later published by the Italian daily *La Repubblica*, Kissinger stated that he "does not agree with the President's thesis that this will guarantee a new world . . . because it will have consequences for the arms race."

This line was more brutally elaborated at one session of the Trilateral conference which discussed the report, "Trilateral Security: Defense and Arms Control in the 1980s." The newspaper of Trilateral director Gianni Agnelli, *La Stampa*, described the report, without hiding its satisfaction, as a frontal attack against Reagan. "The document was prepared by Gerard Smith, former head of the U.S. delegation at the SALT negotiations, by Paolo Vittorelli (socialist), president of the Institute for Studies on Defense (ISTRID), and by Kiiki Saeki of the Nomura Research Foundation. The report contains suggestions that will be not welcomed by the Reagan administration. It proposes to re-analyze the project, clamorously announced by the U.S. President, concerning the use of extraterrestrial space to activate anti-missile systems, and it proposes to re-start the dialogue with the Soviet Union in order to prevent the 'export' out of the earth's atmosphere of means of war and strategies of war."

MAD forever

Instead, the report asserts that the "Trilateral countries" and the socialist countries are going to remain "vulnerable to nuclear attacks" through the 1990s and that therefore the

MAD doctrine is going to remain. As a consequence the commission suggests that a big "conventional" build-up is imperative, which would enable the Trilateral countries to confront the Russian menace in different parts of the world. The report goes as far as asking that new non-nuclear cruise missiles be built.

Following the presentation of the report, Helmut Sonnenfeld, Kissinger's former aide, restated the commitment to the insane MAD doctrine. "I believe," he said, "that the NATO doctrine of 'flexible response,' which considers also a nuclear answer to a conventional attack, remains of great value."

To realize this program, the Trilateraloids think that none other than Henry Kissinger will be needed as a new Trilateral dictator. Colonel Gianalfonso D'Avossa, member of the Italian chiefs of staff, and of the International Institute of Strategic Studies (IISS) of London and of the Center for Strategic and International Studies (CSIS) in Washington, wrote the final suggestions for the Trilateral Commission, which, as reported by the Italian daily *La Repubblica*, supports the candidacy of Kissinger to be Secretary-General of NATO. The Commission has plotted to "change the role inside NATO, giving the direction of the secretariat of NATO to an American politician and the command of the European forces in Europe (SACEUR) to a European." "Why should we not involve men of quality and international stature like Kissinger in this role?" writes D'Avossa. Second, the Trilateral Commission endorses the candidacy of a French general to lead the European SACEUR, to break the Gaullist independence in terms of defense and military matters. The Commission also proposes to speed up the one-worldist policy of undermining the independence and sovereignty of the western countries, giving more power to the United Nations Organization, to prepare that institution to play a major role against the developing sector in particular, in view of new upcoming wars and destabilizations in the Third World. If Doctor Strangelove should obtain the command of NATO, nuclear holocaust would be guaranteed.

Kissinger also led the rest of the Trilateral members to attack Reagan on several other fronts. As reported by the Italian press, Kissinger warned the Europeans in a press conferences he gave in Rome and in Paris April 20 that their friends in the East Coast "establishment"—from the New England families in particular, who are more sensitive to the European influence—have now fallen into disgrace. Now the newly powerful men from the South and the West rule, and they "do not accept easily the traditional ideas of common defense." He also went further to denounce Washington for falling into the illusions of economic protectionism against the Europeans. This language was used to provoked Europe into a clash with Reagan on strategic questions. Raymond Barre, for example, immediately attacked the U.S. decision to begin economic warfare against the Soviet Union, adding that this could provoke tensions and breaks in American-European relations.

While many political observers have suspected the hand of Kissinger was behind the bombing of the U.S. Embassy in Beirut, as part of the operation to provoke war in the Middle East and sabotage the Reagan's peace policy, the Trilateraloids happily stated that the Reagan policy in the region was dead. Kissinger again said that it was a Reagan "mistake to make the negotiations depend simply on a document" and it was another mistake to "put together Lebanon, Transjordan, and Gaza."

Brzezinski took the opportunity given him by Fat Henry to elaborate a global strategy built upon "Reagan's strategic mistakes." Brzezinski first said that the Soviet Union is facing major internal problems, particularly a weak and collapsing economic system, and that Reagan's continual dramatic mistakes in foreign policy are creating many opportunities for Soviet gains internationally. According to Brzezinski, these mistakes are: 1) abandonment from the American side of the strategic dialogue with China which Carter had developed to its highest point, 2) U.S. passivity in the Middle East, and 3) the excessive reactivity in Central America—this from the mouth of the architect of the "Arc of Crisis" theory and of Khomeini's coup in Iran!

But even more grotesque, if possible, was the attack launched on Reagan for the economic policy of the United States. Paul Volcker himself criticized Reagan for allowing too much freedom in exchange rates between currencies, and demanded that the United States contribute to international exchange rate stability by means of interventions on the currency markets. So, having first propped up the value of the dollar with his insane high interest rate policy, Volcker now says U.S. taxpayers' money should be thrown out of the U.S. economy into the hands of international speculators to depress the artificially inflated value of the dollar!

McNamara's hand

Then came Robert McNamara, who criticized Reagan for the high interest-rate policy, omitting to mention that it has been Fed Chairman Volcker, his brother in the Trilateral lodge, who, originally under the Carter administration, autonomously implemented this policy which broke the industrial economy of the United States and the rest of the Western world. McNamara, in the report he wrote, together with the creator of the Asian Development Bank, Watanabe, and with the French professor Lesourne, expressed his full support for the ideas and analysis of IMF president de Larosière, denying the existence of a debt crisis. McNamara said that vis-à-vis the Third World debt there is no crisis of insolvency but only a crisis of liquidity. After a demagogic tirade in favor of a more just distribution of wealth between North and South, he revealed his real intent, demanding that the Bank for International Settlements be given a more prominent role in international financing, in a mediation role with the IMF, the banks, and the debtor countries.

McNamara went further in attacking Reagan, trying to

profile him as responsible for all the economic problems which, in reality, had been consciously created by President Jimmy Carter of the Trilateral Commission. He blamed Reagan for the large defense budget, saying that this will result in the doubling of the budget deficit to \$220 billion in 1987-88 and produce the collapse of international markets. Contradicting himself on the non-existence of the debt crisis, McNamara stated that there will be no prospect of economic growth for the developing countries until at least the end of the decade. This was also the analysis of David Rockefeller, who added his own strong pessimism on the chances for a real economic upswing or even a reduction in interest rates.

In short, the Trilateral Commission meeting in Rome declared war on Reagan and made transparent that it is going to use everything, from wars to destabilization, from economic collapse to coups d'état, to attempt to reverse the push for technological and industrial mobilization implicit in the President's March 23 speech.

Several Italian papers wrote that the Trilateraloids were beginning, here in Rome, an effort to defeat Reagan in the 1984 American presidential election campaign. The important thing to understand immediately is the presence in the ranks of the Reagan government of several Trilateral agents who may stab the President in the back at any time. In this context it is interesting to note the visit of Ray Cline to Rome in the past days, where he gave a press conference to proclaim: "The Trilateral Commission is an organization in which many Democrats work. It is alarming that Kissinger is part of the group. In the past the Trilateral Commission was responsible for the election of Jimmy Carter, and this has particularly weakened the U.S.A. vis-à-vis the Soviet Union. They are now probably preparing the campaign for Walter Mondale. His election would be a disaster. The fact that he was number two in the Carter administration is not a good calling card."

For the Western countries, this Trilateral conference could be fatal. If the "end of democracy" issue was, until today, a theoretical idea of the Trilateraloids, from now on their dictatorial plans are operational. Let us look briefly at the Italian example: Following the Trilateral gathering, and particularly the meeting that Kissinger had with Bettino Craxi, leader of the Socialist Party, the Italian government was collapsed, pushing the country into a new crisis which threatens to undermine the already shaky democratic institutions.

These methods should not surprise anybody. In fact, contrary to the propagandized liberal image that the Trilateral Commission has given itself, using its control over the international press and media, the Commission is a secret Freemasonic cult. Over the past months, Italian magistrates investigating the dirty operations of the Propaganda-2 Lodge of Licio Gelli ended up in Monaco, location of the famous "Comité Montecarlo," which is the P-2 center for the criminal activities of the Trilateral Commission and of its members like Henry Kissinger.

WEST GERMANY

Case study: Nazis in the peace movement

by Rainer Apel in Bonn

Recent police investigations in the Federal Republic of Germany into an autumn 1982 wave of terrorism against U.S. military facilities have led to a unique series of arrests and intelligence leads. Anti-terror investigators discovered to everyone's surprise that the bombs had been placed, not by left-wing terrorists as was previously assumed, but by a group of neo-Nazis, some of whom were arrested several weeks ago. The arrests uncovered a network of overlapping "right" and "left" extremists, all operating under the rubric of the "anti-imperialist peace movement." The "left-wing" networks are protecting and safehousing the "right-wing" networks, and vice versa.

The Nazi International controlling this process is headed by Swiss banker François Genoud and his collaborators, like the Swiss-based publisher of Nazi literature Jean Amaudruz (see *EIR*, April 19). They are currently positioning themselves to exploit the mass protests and violence which will soon erupt in West Germany over the initial deployment of U.S. Pershing missiles there this fall. The Nazis seek to turn the ecology movement, the regional separatists, and similar groups into a political battering ram against the leading institutions of the industrial nations in the West. As Amaudruz underlined in private remarks recently, the worsening of the economic depression and the ensuing collapse of republican institutions in West Germany, Italy, France, and the United States will give them the opportunity they are seeking. Amaudruz believes that "the extreme right is in the same opposition to the System as is the extreme left," and therefore the two should cooperate against "the System."

The neo-Nazi Kühnen

A paradigmatic case is that of Michael Kühnen, head of the neo-Nazi Action Front of National Socialists (Aktionsfront Nationaler Sozialisten, ANS). Kühnen was released from prison last November, where he served four and half years for illegal Nazi activities. Kühnen is a controller of the right-wing "punks" who are now joining "peace" demonstrations.

Kühnen and Amaudruz, who make little distinction be-

tween "left" and "right," after all consider themselves "socialists, too" (national socialists). They are reviving the bloody tradition of Hitler's infamous stormtroopers, the Sturmabteilung (SA) of the period before 1933, and of the SS after 1934. Amaudruz is, as well, outspokenly in favor of the bloody tradition of the 19th-century anarchist Bakunin .

Among those most actively campaigning for Kühnen's access to the public media is a German-born left-wing Zionist living in London, known as one of the most prominent "socialist" writers within the German-speaking intelligentsia in Europe, whose name is Erich Fried. He and his political friends in West Germany, most of them prominently engaged in the "peace movement," have begun to campaign publicly in favor of selected neo-Nazis.

It might be surprising to an American reader not quite familiar with the European scene of political extremism to learn that during the recent scandal over former Nazi stormtrooper Werner Vogel, various supposedly pro-socialist B'nai B'rith networks in Europe stated thinly veiled sympathy for Vogel, who had worked his way to the top of the German Green Party before being elected as one of their candidates for parliament. These are the same supposedly anti-Nazi networks which produced Erich Fried, and with which Vogel still collaborates. Several years ago, the same networks were pushing the so-called "political rights" of the left-wing Baader-Meinhof gang of terrorists.

Kühnen himself boasts of his ties to the left. During recent discussions reported to an *EIR* investigative team, Kühnen said, "The prime task of the coming period is to revive the original national socialism of the pre-1933 period." This "original national socialism" was described by Kühnen as the tradition of the "social-revolutionary movement of the Strasser brothers and Ernst Röhm." The latter was the head of the Nazi SA. As Kühnen put it, the post-1933 NSDAP (Nazi Party) betrayed this allegedly "revolutionary potential" in the 1934 mop-up of the SA leadership, which included the assassination of Gregor Strasser and Ernst Röhm.

Kühnen said that the post-1943 collapse of the "Hitlerists' " chauvinist policy forced them to allow revival of the "European" tradition of the "original national socialism," which occurred in the form of the "voluntary Waffen-SS." This genocidal institution, mobilized on behalf of the "scorched earth" strategy of the Nazis at the end of World War II, was put together by recruiting ideologues and mercenaries from all over Wehrmacht-occupied Europe after 1938. Kühnen reportedly expressed his hope that this tradition of the "European" voluntary Waffen-SS might be revived by his own movement, the Action Front of National Socialists (ANS).

The ANS, which claims to be a "social-revolutionary movement of youth," is rapidly linking up with the "movement of remnant old Nazi networks" led by François Genoud and a number of former SS generals who managed to escape the Nuremberg Military Tribunal in 1946-47. One of those generals is Otto-Ernst Remer. He escaped prosecution in

Germany in 1952 by going underground in Egypt, then escaping again in 1962 and staying in exile in Syria between 1970 and 1981! He now has begun to organize old and new Nazis through public rallies. During at least one of these rallies Remer and Kühnen appeared together.

Backed by this decades-old logistical network of Nazis cooperating with and safehoused by Genoud's international spiderweb, Kühnen speaks of new tasks for his ANS: the movement must link up with the "three main protest movements of our time against the System." If it does not, Kühnen contends, the ANS will become a sect.

He has identified the three movements as: 1) the xenophobic, racist sentiment against foreigners and guest workers; 2) the ecology and protection-of-life movements of all sorts; and 3) the so-called peace movement.

Kühnen developed his ideas about this coming "Second Revolution" in a 300-page manuscript of that title he wrote while in prison between 1977 and 1982. The basic ideas of these movements are identical to the ideas of the old "social-revolutionary movement of original national-socialism of the early 1920s," he wrote. What today's "peaceniks" want, namely to create a "Europe of neutrality outside of the military blocs," was what SA leader Ernst Röhm is said by Kühnen to have had in mind; Röhm wanted "an army not based on high technology, but on self-defense . . . a people's militia . . . as one can find in Switzerland." Röhm's model of a post-1933 German military was the "Swiss model," and it was to be based on cooperation with the Soviets against the West, that is, against the United States.

What would have been Germany's domestic policy if Röhm and the SA leaders had lived beyond 1934 to realize their plans? As Kühnen put it, Germany would have been decoupled from the rest of the world economy, and would have had an economy based on "appropriate technology" designed to save precious raw materials—but based on primitive labor. Isn't this exactly what the supposedly "left-wing" ecologists of today want?

Rumors in West Germany have it that Michael Kühnen's *The Second Revolution* is today's equivalent of *Mein Kampf*. Jean Amaudruz reportedly may publish it through his notorious Courier du Continent publishing house in Lausanne, which has published many fascist and Nazi writings previously banned in Europe. Amaudruz makes little effort to conceal that he thinks "the United States of America is the main evil of the world, the main threat to the world," and "it was a big historical mistake of the white race to go to America."

In solidarity with such separatist groups as the radical American Indian Movement against "modern and decadent America," Kühnen's followers attempt to blockade U.S. military bases during so-called peace demonstrations and have been throwing bombs at the hated Americans. Some have already been arrested for bombings. More violence will certainly follow if preemptive action by anti-terror police is not taken.

Shultz sabotage of Reagan peace plan could spark Israeli-Syrian war

by Nancy Coker

If war in the Middle East breaks out during U.S. Secretary of State George Shultz's current stay in the region, the war, like its predecessors, will not be an accident. As Washington insiders know, Shultz is working with Henry Kissinger and with Israeli Defense Minister Moshe Arens to block President Reagan's peace initiatives in the Middle East. The near-term result could be a Syria-Israel war, preparations for which are already well under way.

All along the Bekaa valley in Lebanon, large Syrian and Israeli troops movements have been reported, as both sides build up their forces and fortify their positions. On April 27, for the first time, Syrian and Israeli troops exchanged fire.

"If the situation isn't cooled off fast, there's going to be a war," commented one Israeli intelligence source. "The dynamics are the same as those just before the 1967 war."

An Israel-Syria war—an option worked out last year in a secret meeting in the United States between former Israeli Defense Minister Ariel Sharon and Rifaat Assad, brother of Syrian President Hafez Assad—would probably lead to the partition of Lebanon and the redrawing of the map of the Middle East, which are both long-standing goals of Henry Kissinger.

Shultz blackmails Reagan

In his weekly radio address to the nation April 23, Reagan pledged not to be "intimidated" by the bombing of the U.S. embassy in Beirut. "The best way for us to show our love and respect for our fellow countrymen who died in Beirut this week is to carry on with their task, to press harder than ever with our peacemaking efforts, and that's exactly what we're doing."

According to administration sources, Reagan is exasperated by Israel's continued refusal to pull out of Lebanon, and has considered cutting off military aid to Israel to force its compliance at the negotiating table. Shultz has been vigorously countering the President, using the specious argument that harsh action against the Begin government will only alienate it further from Washington and induce it to adopt an even more extremist policy.

Shultz's maneuvering on behalf of Arens and Arens's

extremist clique in Israel includes blackmailing Reagan into going along with Israel's Lavie project (see *EIR*, May 3). According to reports from Washington, Shultz went to President Reagan behind Defense Secretary Caspar Weinberger's back and told the President that if the United States refused to sell Israel high-technology component parts to help the Israelis develop a new-generation fighter jet called the Lavie, then there was little likelihood that the United States would be able to convince Israel to get out of Lebanon. However, if the President okayed the Lavie parts, then Arens would "probably" cooperate with Washington and push for an Israeli troop withdrawal as a "payback" to the President.

Shultz was lying. Arens has no intention of leaving Lebanon, and will perform cosmetic little withdrawals only on the condition that Maj. Saad Haddad, Israel's puppet Lebanese administrator in southern Lebanon, be allowed to run the show there. And as for Shultz, he has absolutely no intention of pushing Arens to go along with Reagan's peace initiative. Shultz opposes the Reagan plan, as do his Israeli collaborators—Moshe Arens, Minister of Science and Technology Yuval Neeman, and former Defense Minister Ariel Sharon—all of whom have denounced Reagan's peace efforts.

Swayed by Shultz's promises of a deal with the Israelis, Reagan disregarded the warnings of Weinberger and leading representatives of the U.S. defense industry, and agreed to allow U.S. firms to sell Israel parts for the Lavie.

As *EIR* has documented, the Lavie is the centerpiece of a long standing project backed by British intelligence, the Kissinger networks in the United States, and the Soviet Union, to transform Israel into an independent world-class superpower as part of a "New Yalta" redivision of the Middle East that would severely delimit U.S. capabilities in the region.

The Shultz shuttle

Prior to leaving Washington, Shultz asserted that 95 percent of his mission had already been accomplished, and he needed to push only for the last 5 percent. At the same time, the Israelis sent out signals that they would not let Shultz—described as "the best friend that Israel has in the Reagan administration"—go back to Washington empty-handed.

But Lebanese President Amin Gemayel has publicly rejected any bilateral peace treaty with Israel and has categorically asserted that he would not tolerate any role in southern Lebanon for Major Haddad, as Israel has been insisting.

At the same time, Egyptian President Hosni Mubarak told reporters that the Palestine Liberation Organization (PLO) is the sole representative of the Palestinian people. Mubarak's words fly in the face of Shultz's recent assertion that the PLO has "forfeited" its mandate to speak for the Palestinians.

The first stop on Shultz's shuttle was Egypt, where he met for four hours instead of the scheduled one hour with President Mubarak. "The meeting with Mubarak was tense," said one Israeli intelligence source. "There is a good chance that the United States may lose Egypt."

Shultz's then traveled on to Jerusalem and Beirut. In Israel, Shultz's talks centered not around Lebanon or the Reagan plan, but around reviving the strategic memorandum of understanding between Israel and the United States on joint security arrangements for Lebanon. Shultz also promised to lift U.S. congressional opposition to increased aid to Israel, and pledged that the Palestine Liberation Organization will never be allowed to come to the negotiating table.

Lebanon's chief negotiator in the troop withdrawal talks has accused Israel of deliberately stalling the negotiations "in order to hold the United States hostage" in the Middle East. Shultz's collusion with Arens and his clique makes the secretary of state a witting perpetrator of this hostage scenario.

Reagan's problems in the Middle East are compounded by the April 18 bombing of the U.S. embassy in Beirut, which wiped out the CIA's most crucial Middle East personnel and substantially disrupted all U.S. operations in the area. Intelligence sources report that the CIA's loss was not accidental but was part of an operation run by a faction in the Israeli intelligence service Mossad to undermine U.S. capabilities in the region on the eve of a new Middle East war and to increase the CIA's dependence on the Mossad at this critical time.

Meanwhile, Israel and Syria are digging in for war. Israel, which recently held military exercises in the Golan Heights, has built several bases along the western edge of the Bekaa valley in Lebanon. At one location, a base has been constructed to handle tank transporters, and the main road toward Syrian positions has been widened for tank movements. In addition, a major logistics base with a sophisticated radio-communications system has been built outside Marjayoun, Israel's headquarters in southern Lebanon and the home base for Major Haddad. A half-mile-long air strip has been constructed by Israel near Damur, south of Beirut.

At the same time, there have been significant Syrian troop movements in the Bekaa Valley. The Soviet Union has reportedly set up an integrated air defense system for the whole of Syria. Large numbers of Soviet advisers are said to be manning most of the new air defense sites, raising the possibility of direct Soviet involvement should war between Israel and Syria break out.

Interview: Saudi Foreign Minister

'Third World needs funds, not conditionalities'

At a press conference attended by EIR correspondents Hartmut and Ortrun Cramer during the March Non-Aligned summit meeting in New Delhi, Saudi Foreign Minister Saud al-Faisal spoke on North-South relations. Below is an excerpted transcript of that press conference.

Philadelphia Inquirer: One of the topics being discussed here is the question of a new bank for South-South cooperation. What is your position on this? What especially is the contribution of Saudi Arabia?

Al-Faisal: Well, there are two sides in the economics of global negotiations with other than member countries. So the conclusions of any one side has to reflect the willingness of the other countries. But as far as the basic directions of global negotiations are concerned, the Non-Aligned countries are pursuing them from the basis of cooperation rather than confrontation.

They have contributed positively during the United Nations discussions, and we are hopeful that the Paris conference of the industrialized countries will make a political decision to go through with the global negotiations. Again, we hope that this conference, given the statement that is coming out on the global negotiations, will serve as an entrance to the industrialized countries to begin global negotiations which will deal with the economic problems.

On the status of the international economy, our attitude is likely to establish a relationship on the international scale that would resolve many of the outstanding issues. Not just for the benefit for the industrialized countries, but for the benefit of all, since a booming economy is good for everybody. In fact, if the world can develop as a whole, to the extent that it provides expanding markets, this can also be to the benefit of the industrialized countries. Some basic decision has to come, to transfer wealth from these countries, so that the base of the international economy is expanding, which therefore benefits all the industrialized countries. The

decision would be, of course, announced at the conference, but I hope it will be understood, that it needs to be positively enlarged by the industrialized countries.

The other important aspect of it is the collaboration between the countries of the Third World. And particularly because this deals with the members of the conference, we hope some positive decisions will be taken. In the area of finance we had to tell to everybody that there has to be a broader concept of investment, since the development of the Third World requires more than just the investment itself. The decision amongst the G-77 is that they will do that.

There were some ideas about establishing a new institution for that. In Saudi Arabia, our position on this was and is that the problem is really not developing new institutions; there already are institutions. The problem is the amount of resources these institutions have. Our inclination is that the resources have to be increased, but establishing new institutions is not necessarily the issue. The point is that those institutions dealing with development, like the funds that exist in many of the developing countries, one of them being my own country, open up channels between themselves, so that they can work together and cooperate in the various aspects of development projects.

This is then the trend that we hope, in the final analysis, will be established by this conference. On the one hand, there is the need to expand the financial resources for these institutions. My country is committed to do that, and also to open the channels between these institutions to facilitate cooperation in development.

The other issue that has impact on this is the technical and scientific cooperation, the transfer of other than financial resources, also amongst the developing countries. These issues have a tremendous importance and we hope that finally new directions will be established during this conference. Basic steps are being established in the scientific field.

EIR: Can you elaborate a bit on the financial implications? You have said that there is no need for new institutions; however, there have been a lot of complaints during this conference about the IMF conditionalities that have been put on countries which have been claimed to be and in fact are unjust. It seems obvious, that this international financial policy needs to be changed dramatically, which I think would put into question the very existence of the IMF as an institution. What is your stand on the IMF and also in respect to the financial crisis worldwide?

Al Faisal: I did not talk about international institutions, but more on the cooperation among the Third World countries. Among the Third World countries it is not the matter of establishing a bank or a fund, but it is a matter of operating and increasing the financial resources of the existing institutions.

Now, when you come to the international institutions like the IMF, I do agree with you completely. It has to be responsive to the problems in the developing countries. If it puts

conditions which, in the final analysis, do more harm to these countries than good, then it just doesn't work. The financial resources have to be equated with conditions that can be supported by these countries. There is a difference between ordinary budgetary practices that have to be enacted and those concerning a country that is poor. If you impose restrictions on some countries, which cannot support these restrictions, not because of bad budgetary practices, but because of the social conditions, then, for instance if the food or bread is no longer subsidized, people starve. How can you impose a condition like this? Especially on a country that cannot bear it on a much more important thing than just debt recycling? So these institutions have to be responsive.

The other issue of it is that in many instances, the IMF sends more money into better-to-do countries, whereas the need is more in some less-developed countries. This is another aspect. Something has to be done concerning the conditionalities of the IMF to make it more responsive. The decisions concerning these institutions lie in the hands not only of the developing world. We worked toward this goal, but we do not, however, take the position that either an agreement comes out or they are finished. We are trying to work harder to improve the responsiveness of the IMF. There is more of a presence by the Arab countries in the IMF now. We hope that this trend will at least cause some change in these institutions.

EIR: It appears that this conference will come up with a proposal for a comprehensive universal monetary system.

Al-Faisal: Yes, we had a specific proposal that we have come out with here. The monetary situation created in the developing world through the international institutions is a tremendous problem and this is where we think it is to the interest of both the developing and the industrialized world to work together to achieve a solution. The conference accepted a concept presented by Sri Lanka to make contacts for this particular problem, which is so large, so important, and where the interests of both sides are so clear, to perhaps reach an understanding between the industrialized countries and the Third World.

EIR: Your country presently is an oil-exporting country. I would like to know something about your plans for the future, and in particular what you think about using the profit of the existing energy technology, i.e., oil, in order to buy, develop and build the technology of the next century, i.e., nuclear technology?

Al-Faisal: Investment into alternative energy sources including nuclear energy is a necessity for everybody, since the energy picture for the future is not so bright. Oil is a finite resource, and in the future something new will be necessary to meet the expanding demand for energy. We in Saudi Arabia are investing primarily in solar energy, but we are also interested in nuclear. Going into nuclear energy is definitely a good investment.

Cabinet shakeup boosts younger generation

by Ramtanu Maitra

Within a week following his re-election for a fourth five-year term as president on March 11, Indonesia's Suharto named a new vice-president and a reshuffled cabinet. The new look in the Indonesian leadership named is aimed at maintaining a pace of economic development amidst a shrinking world market, and carrying out the transition of leadership to the post-Suharto era. This, by all indications will be Suharto's last term in office. At his swearing in as president, Suharto told the members of the Indonesian parliament: "The war of independence was the opening phase of the historic task of the '45 Generation [who led the independence struggle against the Dutch]. The next five-year period, 1983-88, will be the last phase of rounding up and completion of this historic task of the '45 Generation."

A new economic strategy

The key to Suharto's cabinet reshuffle is a consolidation of the loyal and competent officials around him. Suharto was perhaps mindful of economic issues more than anything else. Already reports indicate that the reshuffled cabinet has huddled several times in recent days with representatives of the International Monetary Fund, the World Bank, and several private consultants to map a strategy for dealing with the difficult situation confronting Indonesia's economy. The first result that emerged out of such meetings was the 27 percent devaluation of the Indonesian rupiah, weakened by massive capital flight and an increasing gap in the nation's balance of payments.

At present the cabinet is considering various options to stem the outflow of foreign exchange and enhance foreign exchange reserves. With the recent cut in oil prices by an average of \$8.26 a barrel, Indonesia will lose about \$1.8 billion in expected revenue in fiscal year 1983-84 unless the oil price increases during the later part of the year.

Speculation that major changes in economic thinking might be coming was fueled by President Suharto's shakeup of his economic team, including the removal of **Economic coordinating Minister Widjoyo Nitisastro**—the top technocrat in the Suharto administration over the last decade. According to **Arifin Siregar**, the new governor of the **Bank of Indonesia**, the government "needs to review all the country's monetary policies" in light of the oil price cut and diminishing demand for unprocessed commodities.

Rumors abound in Jakarta that President Suharto is not

only asking for a devaluation of the rupiah, but is also seeking credit restrictions and tighter foreign exchange transactions. In February, the central bank increased foreign exchange swap rates for private banks as a precautionary measure against rampant private hoarding of dollars. The move nearly doubled dollar-rupiah swap rates and effectively permits use of the swap to offshore dollar borrowings. Swap rates are government charges to banks for exchanging the rupiah against the dollar in futures trading.

The removal of Widjoyo Nitisastro from the new cabinet is considered by some observers to be part of an effort on the economic front as well to rejuvenate the leadership and retire the older generation from the front lines. Over the past decade and a half, Dr. Widjoyo had not only been a fixture in the administration but had also come to wield a substantial amount of power in economic policy-making. Dr. Widjoyo was the unofficial head of the group of technocrats sometimes called the "Berkeley mafia" because so many of them were trained at the University of California at Berkeley.

Former Finance Minister Ali Wardhana, who has taken over Dr. Widjoyo's post and is a close associate of his predecessor, has been given a major role.

Former vice-chairman of Economic Planning J. B. Sumarlin will now function both as chairman of the Bapenas economic planning entity and minister for development planning.

Ali Wardhana was appointed to the cabinet in 1968. A Central Javanese and Muslim, he was invited in 1966 to participate in a seminar to discuss an economic strategy on which the New Order economic policy was later founded.

Sumarlin is sometimes referred to as under Widjoyo's influence, but there are clear indications that he thinks independently. A Roman Catholic from East Java, who graduated from the University of Pittsburgh, Sumarlin dealt with the construction of the Krakatau steel plant when the project was undergoing a serious financial crisis in the mid-1970s, negotiating with the West German and Dutch builders. Last year Sumarlin toured the United States to attract American business to Indonesia.

While the cabinet seems to have weakened most of the bureaucratic power bases within the cabinet, three important ministers were left with their respective portfolios intact: **Foreign Minister Dr. Mochtar Kusumaatmadja**, **Minister of State for Research and Technology B. J. Habibie**, and **Minister for Mining and Energy Dr. Subroto**.

Part of what Suharto describes as "regeneration" is the President's effort to bring into the army leadership "The Magelang generation"—the cadets who were graduated from the Magelang Military Academy in Bandung since 1958. More than half of Indonesia's 24 ministers and 27 provincial governors are military men.

Under Suharto, the government is a mix of politicians, technocrats, and soldiers which depends heavily on the president. Prior to this reshuffle, the government's political base had become narrower. Suharto, having discarded many of

those whose support he sought but did not receive without a trade-off, has now brought into the cabinet those who have consistently supported him during these 17 years despite their lower level of power.

The vice-president

Perhaps the single most important appointment announced by Suharto is that of his new vice-president, **Umar Wirahadikusumo**. The previous vice-president, Adam Malik—a '45 Generation veteran—had evolved from a tumultuous role in the left-wing Partindo and Murba parties toward a more conservative stance, and was prominent under Sukarno as a diplomat and later trade minister. On March 18, 1966, a week after Suharto became the most powerful individual in Indonesia, Adam Malik, along with Sultan Hamengkubuwano, joined Suharto in an interim triumvirate. Malik became active restoring links with the rest of the region and with the Western powers. But Malik, who also served as Indonesia's ambassador to the Soviet Union under President Sukarno and as foreign minister under President Suharto, has been considered by many as too controversial because of his former left-wing ties. His replacement was not a surprise to political observers, especially since an Indonesian vice-president must be considered a future president.

While the new cabinet has opened up a number of possibilities as to whom may get the president's job in 1988, the vice-president's name certainly heads the list. Umar Wirahadikusumo, a general in the crack West Java-based Silivangi Division, played a major supporting role on Oct. 1, 1965 in helping Suharto to restore order during the attempted coup by the Chinese-run Indonesian Communist Party. Later, General Umar became chief of Kostrad—the Army Strategic Reserve—a post Suharto held before he was catapulted to power. He also served as the Army chief of staff between 1969 and 1973.

Suharto brought in Umar to head the Audit Board (BPK) following his role as the Army chief of staff. Although Umar's role in policy making during this period is not quite clear, it is well known that he always stayed very close to Suharto and maintained a high level of integrity. Among additional responsibilities, as vice-president Umar has also been entrusted with supervising the economic planning division.

The army command

The second most important individual in the 1983 cabinet next to the vice-president is decidedly the new commander of the 350,000-strong armed forces, **Gen. Benny Murdani**. The Catholic General Murdani had not only been the head of intelligence in the defense ministry since August 1974, but also had the function of head of the strategic intelligence center since August 1977 and deputy head of the state intelligence coordination body.

Murdani's association with Suharto goes back to the early 1960s, when the Indonesian army was engaged in a campaign to drive the colonial Dutch out of West Irian—now known as

Irian Jaya. Suharto, who was heading the Kostrad, was put in charge of the campaign by President Sukarno. It was during this campaign that a young commando officer, Benny Murdani, who was to win acclaim for leading a parachute jump into West Irian, became Suharto's confidant. Over the years Murdani has become the nation's most highly decorated soldier.

In the 1970s Murdani led 60,000 Indonesian volunteers in an operation in Portuguese Timor—now a part of Indonesia and known as East Timor. Four months before the Indonesian volunteers went into Portuguese Timor to forcibly push the Portuguese out of the archipelago, intelligence chief Benny Murdani, along with Defense Minister Panggabean and Deputy Armed Forces Commander Suronom, was reportedly involved in convincing President Suharto to move into Timor and occupy the Timorean capital Dili.

Murdani's latest successful commando operation took place in Bangkok in 1981 when five fanatic Indonesian Muslim fundamentalists hijacked a Garuda Airways plane with 54 hostages aboard and landed at Bangkok's Dom Muang airport. Murdani played a leading role in organizing the successful armed attack on the hijacked plane.

In 1964, when President Sukarno was carrying on his unsuccessful "Crush Malaysia" campaign, Murdani, then an assistant to Ali Murtopo, chief of the OPSUS (Special Operations) and a long-time associate of President Suharto, traveled to Malaysia with a cover as a Garuda Airways employee to meet senior Malaysian officials. An agreement with Malaysia was announced by President Sukarno on Aug. 11, 1966 and Murdani was sent to Kuala Lumpur as head of a new Indonesian liaison office.

Suharto has also brought into his inner circle old stalwarts such as General Poniman, also of the Generation of '45; Admiral Sudomo, the former Kopkamtib chief; and Rachmat Saleh, former Bank of Indonesia governor.

General Poniman's selection as Defense Minister surprised many. Poniman, a Javanese from the Siliwangi Division, was the Army chief of staff and earlier was also the head of Kostrad.

However, the same is surely not true in the case of **Admiral Sudomo**, whose association with President Suharto goes further back into the difficult days of the West Irian campaign. Sudomo, then a navy colonel, became Suharto's deputy and began an association that was to last more than two decades. Sudomo, a strong anti-communist Catholic Javanese, acted as a counterpoint to the pro-Sukarno Navy and Air Force in the early days of the post-Sept. 30 movement. Sudomo's appointment in the new cabinet as minister of manpower is perhaps in preparation for the challenge of fostering and managing a rapidly growing urban-industrial work force.

The new trade minister, **Rachmat Saleh**, the former Bank of Indonesia governor, and an economics graduate of the University of Indonesia, has been consistently influential in policy making, as consistently staying in the background.

Khomeinism flourishes at Georgetown

Egypt is a target of the Anglo-American academics who oversee fundamentalist insurgencies in the Islamic world.

Speech after speech repeated the refrain. Islamic fundamentalism is here to stay; the secular nation-state in the Middle East is soon to be a thing of the past.

The event was not a conclave of Khomeini's ideologues in Teheran, or a rally of terrorist supporters in Paris; it was the eighth annual symposium of Georgetown University's Center for Contemporary Arab Studies, which met on April 14-15 in Washington, D.C. Barbara Stowasser, chairman of Georgetown's Arabic Department, happily noted in her introductory remarks to the conference participants that the symposium marked "the tenth anniversary of the resurgence of Islam."

"In less than a decade," the conference brochure states, "Islam has become so dominant a force in the eyes of the West that other ideologies and forces of solidarity in the Islamic world—such as nationalism—are thought to have receded into the background."

Masquerading as "objective scholars," most of the professors who participated in the Georgetown event are agents in good standing in British intelligence's latest effort to plunge the Middle East into religious and sectarian warfare, using the Muslim Brotherhood and similar cults. Many of the conference participants were intimately involved in the plot which toppled the Shah and brought Khomeini into power in Iran.

The Georgetown symposium was, according to one of its participants,

"an important strategy session." It provided an opportunity for leading Muslim Brotherhood apologists from around the world to meet with like-thinking officials in the U.S. State Department to discuss extending the "Khomeini model" elsewhere in the Islamic world.

Ismail Faruqi, a professor at Temple University in Philadelphia, was one of the symposium's most vociferous advocates of Khomeini barbarism. Faruqi praised the fanatical Muslim Students Association (MSA) and its spin-off organizations for their role in spreading Islamic radicalism.

The MSA is the U.S. branch of the Muslim Brotherhood; it serves as a safehouse for terrorists and for Brotherhood troublemakers thrown out of the Middle East. Faruqi is a top MSA official.

"Hundreds of Islamic publications are pouring into my office every week," said Faruqi in his symposium presentation. "They reflect only a fraction of the thinking taking place in the Islamic world. Most of the thinking, the most important thinking, is taking place in meetings such as these."

In a luncheon address April 15, Richard Mitchell, a professor at the University of Michigan at Ann Arbor who has spent the past 30 years profiling the Muslim Brotherhood on behalf of British intelligence, justified the outbreak of Islamic fanaticism in the Middle East as the lawful response to "the Western secularism that was imported to the Islamic community."

"Whatever one may say about Iran," Mitchell continued, "Ayatollah Khomeini and those around him are running a functioning state; they are fighting a war; all this, despite the opposition from around the world. Iran is not about to collapse. The Islamic movement has been a success. It has rationalized and legitimized itself. And that is why it will prevail."

Ali Dessouki, a professor at Cairo University and a leading light of the Egyptian left, also exerted himself to justify the inhuman record of Islamic fundamentalism. Dessouki has privately affirmed that the Egyptian left hopes to take power some day by riding the coattails of Egypt's Islamic movement.

"Modernization was the beginning of our loss of identity," said the urbane Dessouki. "It brought about cultural colonialism, and resulted in our cultural schizophrenia."

Mansour Farhang, a key insider in the Khomeini takeover who operated out of the Iranian foreign ministry from 1979 to 1981, praised Khomeini as a "magnificent leader" remarkable for his "creativity."

"If there is anywhere that Iran may serve as a model," Farhang told an inquirer, "it is in Egypt. The same process that occurred in Iran is now under way there."

Cherif Bassiouni, a U.S.-based Egyptian who is tied into Italian terrorist networks through his International Institute of Advanced Studies in Criminal Sciences in Syracuse, Italy, predicted "explosions" throughout the Middle East, detonated by Muslim fundamentalists. "There is no bridge between that raw political reality of the fundamentalists and the rulers that oppose them. The raw anger of the fundamentalists is not capable of being contained by any rational argument. An explosion is inevitable."

The Fuerte-Mayo canal is on

The mobilization of the Pro-PLHINO Front ensured construction of the canal despite IMF conditionalities.

Defying the International Monetary Fund dictates that have been taking apart industry and infrastructure here, Miguel de la Madrid's government has given the go-ahead to construct a water development project linking the Fuerte and Mayo rivers in the south of the state of Sonora. The canal will make it possible to irrigate 30,000 hectares of rich but dry arable land in this state on the U.S. border.

The decision to build the canal, announced April 23 by Sonora Governor Samuel Ocaña, is a direct affront to the IMF austerity program forced on Mexico as a condition for a three-year \$3.9 billion loan. The devastation already wreaked on Mexico's industry and agriculture in only six months is so great that food and medicine supplies are reportedly reaching dangerously low levels.

The Fuerte-Mayo canal is part of a larger development project called the North West Hydraulic Plan (PLHINO) that would bring water from the water-rich states of Sinaloa and Nayarit to the agricultural plains of North Sinaloa and Sonora. The project, conceived 28 years ago by government technical agencies, is adamantly opposed by the IMF and its sister lending institution, the World Bank.

The PLHINO would allow the opening of 1 million hectares for agricultural production in Mexico's most fertile food production region.

Hundreds of farmers were organized around the Pro-PLHINO Front, a non-partisan organization created in response to the insistence of the Mex-

ican Labor Party (PLM) that Mexico's survival depends on continued economic development. The farmers pressured the government to decide to build the canal. Governor Ocaña had also campaigned for the project.

In May 1982, Front farmers carrying banners reading "Under Economic Warfare, We Will Continue Fighting for Big Projects," gathered in the Guadalupe Victoria collective farm to attend ceremonies led by former President José López Portillo to inaugurate the Fuerte-Mayo canal. The Front organized large demonstrations in several cities of the state over the next months demanding the completion of the canal. Front members also went to the local press with articles warning that only the opening of modern irrigated agricultural areas could avoid the food shortages.

The Front gathered again in Guadalupe Victoria the third week in April to hear Governor Ocaña tell them that he and the federal government had reached an agreement to finish the canal by next year. The Secretary of Agriculture and Water Resources, Horacio García Aguilar, announced the de la Madrid government's commitment to invest an initial sum of 6 billion pesos (\$40 million) to complete the Integral Agriculture Development Program of the Fuerte-Mayo Zone in four years.

This program, Ocaña explained, means the construction of transportation belts, irrigation and drainage systems, credit facilities, housing projects, schools, medical facilities, a food

distribution system, and most important, the organization of farmers around what he called "modules of production," in the 30,000 hectares irrigated by the canal.

The farmers greeted these words with banners reading "Eating Comes Before Paying the Debt." The Front has advised the government to renegotiate payments on Mexico's foreign debt of \$80 billion, to allow funds to go to productive purposes.

With this first victory against the IMF, Front members are now making plans to organize farmers in other states of the country around badly needed water projects. Twenty-five collective farms and representatives of 12 peasant organizations in the state of Durango have formed the Pro-PLHIGON Front, which is fighting for the water-development plan for the region north of the Gulf of Mexico. This project would irrigate the north and northeastern plains of Mexico, including La Laguna, a rich agriculture area that the IMF program is making a desert.

Leonardo Espitia Jordan, Mexican Labor Party candidate for mayor of the city of Gómez Palacio, Durango, is running his electoral campaign to organize farmers around this project, and in the process educating the state on the work of the great hydraulic planner and scientist, Leonardo da Vinci.

Jordan's election posters, which read "Vote for Leonardo," show a self-portrait of the 15th-century Italian Renaissance's Vinci as the father of hydrodynamics, "the science to unleash an hydraulic revolution in Mexico."

Members of the Pro-PLHINO Front are also planning to organize farmers and peasants in other states of the country to fight for the PLHICEN, the water-development plan for central Mexico.

International Intelligence

Vietnam announces new Kampuchea withdrawal

Vietnam announced April 28 its intention to withdraw about 30,000 troops from Kampuchea during the month of May. The announcement was made at a press conference held at the Vietnamese mission to the United Nations in New York.

The withdrawal will start May 2, according to Vietnam's ambassador to the United Nations, and should be completed by the end of the month. He said the troops to be withdrawn will come primarily from the Cuu Long Grouping. Foreign journalists will be invited to witness the withdrawal.

The ambassador emphasized that Vietnam's withdrawal at this time is a sign of strength.

He pointed out that it will take place at the beginning of the rainy season in the region—traditionally the period for expansion of guerrilla activities of the sort being waged in Kampuchea by the remnants of the Chinese-backed Pol Pot regime.

Of the recent heavy exchange of artillery fire between Vietnam and China, the ambassador said that the Chinese are acting like a parent who cries out loud to boost the morale of a badly beaten child. The "badly beaten child" is a reference to the Pol Pot forces, against whom the Vietnamese have recently inflicted defeats.

Portugese Socialists win, but who will rule?

Portuguese Socialist Party candidate Mario Soares scored an unimpressive victory in the April 25 general elections, held on the ninth anniversary of the 1974 progressive military revolution.

Whether, or for how long, the Socialist Party can govern Portugal remains to be seen; Soares failed at his last try in power in 1976-77. Soares's PSP polled only 36-38 percent of the vote, short of the majority required to govern alone.

Soares—whose campaign promises were austerity and more austerity—is expected to

seek an alliance with the runner-up Social Democratic Party (PSD) which has led the country for the past two years. This effort may be complicated by the electoral gains of the Portugese Communist Party (PCP), which won 18 percent. Observers predict it will take at least two months to work out the PSP-PSD coalition.

The political maneuvers have gained the attention of the military officers involved in the 1974 coup.

On the same day as the elections a grouping of some 1,500 officers who participated in the 1974 revolution opened offices in Lisbon. Leaders of the "25th of April Association" deny they are "waiting in the wings" but they emphasize that "the great majority of the Portuguese people" identify with their ideals.

The population, Soares has said, will have two to three more years of reduced living standards, which are already well below those of other European nations. Portugal is in the throes of a "Third World-style" economic and debt crisis. Its foreign debt is about \$13 billion; and its 1983 debt payments are estimated at \$6 billion—almost \$1 billion more than the country's general budget!

Investment has stopped, and domestic interest rates are climbing steeply. A severe drought has forced imports of millions of tons of wheat.

Tiempo Argentino documents LaRouche's role

The April 10 issue of Argentina's daily *Tiempo Argentino* devoted two articles to coverage of *EIR* founder Lyndon LaRouche's role in shaping the Ibero-American sentiment for a debtor's cartel.

"Difficult Test for Political Leadership," the first of the articles spread side by side across two pages, read in part: "Lyndon LaRouche, for instance, the economist and Democratic politician who heads *EIR* magazine, who is a tenacious critic of monetarism and a strong defender of the need for a new international monetary order, has recommended to Argentinian leaders that they

'lie': in other words, that they not reveal their true intentions in such matters of government until the very moment they are in government.

"The faction whose views this leader expresses, favors the idea of a 'debtors' club' to pressure the international monetary system to the effect that it may 'distance itself abruptly from monetarism and adhere to the principles of a national banking system,' according to an *EIR* memorandum which is being eagerly read these days by the leadership of the *Multipartidaria* [the central grouping of opposition parties in Argentina]."

And from the second piece, "The World Suffers its Deepest Crisis": "The gravity of the situation is so alarming that a movement has been set in motion within the Democratic Party of the United States, led by former presidential candidate Lyndon LaRouche, to urge 'poor' countries to constitute a debtors' club and impose changes in present relations with the centers of power.

"Representatives of Mr. LaRouche, whose organization edits publications of a strategic, economic, financial, and humanistic nature, have made contact with Argentinian analysts and political leaders, whom they have presented with the text of a work entitled 'The Role of a Debtors' Cartel in Bringing President Franklin Roosevelt's Anti-Colonialist Policy into Immediate Actuality.'"

"It is difficult, given the absence of greater details on LaRouche's real political capital in his country, to determine what degree of influence he may hold in the United States.

"It is true, nonetheless, that his magazine, *Executive Intelligence Review*, anticipated in its pages since late 1979 the course developments would follow in the financial world, leading into the present crisis, whose gravity it foresees will be no less than that of 1929.

"LaRouche warns debtor countries that, unless they rapidly consolidate a common front, the centers of financial power will create the conditions to control their economy as a dictatorship, converting the International Monetary Fund into a sort of central bank which will intervene into each of their internal lives."

Briefly

Europeans recognize 'missile crisis' danger

Leading analysts from the European defense community consistently voiced "aha's" of recognition in response to *EIR's* briefings about *EIR's* analysis of the issues involved in the brouhaha in Sweden over the deployment of Soviet submarines into Swedish territorial waters.

Without exception, analysts from West Germany, Switzerland, Sweden, and the United Kingdom acknowledged the validity of LaRouche's conception that the Soviet sub deployment is a "signal" that the expected "Cuban Missiles Crisis" has begun.

A source affiliated with the International Institute of Strategic Studies commented, "What has just happened will not be limited to Sweden. The Soviets will repeat this in Japan, probably in further areas in the Baltic region, and off the coast of the United States, possibly including into the Mississippi River.

"This is not a poker game, as some people still think, this is chess, and the Soviets have begun with pawn to king's-knight three [a highly unorthodox opening move in chess]. This is the opening move of the operational side of the strategic situation, leading to the missiles crisis you're talking about."

The European analysts indicated that the "midget submarines" are not only capable of deploying nuclear land mines that can be emplaced under the coastlines of American cities, but could also be useful in generating undersea explosions that could create massive amounts of steam, radioactive or otherwise, to inundate cities near the American coast and create destructive tidal waves in the Atlantic Ocean.

The Swiss daily *Neue Zürcher Zeitung*, which usually prides itself on filling its front page with two-day-old news, on April 28 carried extensive reportage on the Swedish Military Commission's investigation into Soviet submarine violation of Swedish territorial waters.

According to the *NZZ* report of the findings of the commission, a standard Soviet submarine can carry two to three of these mini subs. They are propeller operated, and

apparently capable of staying on mission under water for at least a week.

EIR terror exposé in Turkish press

Turkish authorities and reporters have begun to use *EIR's* information on Armenian terrorism, which has committed dozens of attacks on Turkish diplomats and citizens.

In the March 20 issue of the Turkish daily *Milliyet*, columnist Orsan Oymen cites *EIR* as his source: "The view that the Armenian terrorist organization ASALA was based in the PLO camps led by Arafat in Lebanon and supported by the PLO is wearing out.

"After the Israeli attacks, Lebanon was cleared of PLO fighters, but Lebanon, under the control of the Israeli occupation forces, continues to be a base for the Armenian Secret Army for the Liberation of Armenia (ASALA).

"This means that the international terrorist organization known as ASALA enjoys some kind of immunity. We wonder if Ariel Sharon, the butcher of Lebanon, his clique, and his local collaborators, the Christian Falangists, aren't offering protection to ASALA under their wings.

"The American institution the *Executive Intelligence Review*, well known for its intensive research work on international terrorism, draws attention to this point. . . . There is interesting proof that ASALA cooperates closely with the Lebanese heroin mafia.

"For example, in November 1981, the Swedish police uncovered a smuggling attempt involving \$70 million worth of heroin originating from Lebanon. They arrested 24 persons, most of them Armenians. . . . The proceeds from the heroin sales were transferred to this terrorist organization.

"As is observed, the web of Armenian terrorism is multilateral and multinational. . . . International terrorism, on the other hand, is another network which extends its activities from arms and the heroin mafia to secret services, without discriminating between East and West."

● **HENRI NANNEN**, publisher of the German magazine *Stern*—the "discoverer" of the British-inspired fake "Hitler diaries"—was a prominent propagandist in the Nazi ministry of Josef Goebbels. Nannen's *Stern* also touts the drug-rock movement, the Green Party, and the so-called peace movement.

● **ABU NIDAL**, terrorist leader, is "heir to the Grand Mufti of Jerusalem," France's *Le Matin* noted April 25. The Grand Mufti was the leading collaborator of Adolf Hitler in the Arab world and is the spiritual godfather of today's Muslim Brotherhood groups.

● **XINHUA**, the official news agency of the People's Republic of China, asserted on April 15 that the new Reagan ABM policy "constitutes a new step forward in the arms race in outer space."

● **THE PHILIPPINES** government has charged that a group of radical priests and anthropologists is backing communist insurgency against the ruling Marcos government. The government has claimed that the destabilizers have been seeking support from the Central Agency for Jesuit Financing of Development Programs in Holland, among others.

● **THE NIGERIAN** government charges that Libya's Colonel Qaddafi has spent \$50 million to topple the Shagari administration.

● **THE SAUDI ARABIAN** royal family issued a decree in late April announcing that Information Minister Abdo Yamani has been removed from his post. Yamani is a key proponent of the Club of Rome.

● **SPAIN** has reached zero population growth, according to its National Commission in Defense of Life. Spain's birth rate is now the lowest in the nation's history.

Administration losing steam on strategic defense policy?

by Richard Cohen

Sources at the White House who most strongly promoted President Reagan's strategic policy announcement of March 23 have confided to me that, beyond blatant factional moves within the administration and on Capitol Hill, "there are many other conspiracies" aimed at cancelling the President's anti-ballistic missiles beam weapon defense program and, as a result, the possibility for a highly independent White House strategic agenda.

The sources were responding to reports about the mid-April Trilateral Commission meeting in Rome, where former Secretary of State Henry Kissinger publicly attacked the President's ABM policy, and a combination of Kissinger intimates, including the former head of the U.S. delegation to the SALT talks, Gerard C. Smith, clamorously appealed to the President to "reanalyze" his March 23 commitment and reject space-based defense systems. These Trilateral Commission recommendations were hailed in the newspaper of the Italian Communist Party, *L'Unità*, and by Radio Moscow. This Trilateral gathering was clustered about what was probably the most intensive series of Anglo-Soviet high level policy deliberations in recent memory (see International section).

White House miscalculations

These forces are in the process of seizing upon serious vulnerabilities within the Reagan administration. Conditioned by existing legislative and electoral time tables, my White House source expressed astonishment at the current wave of Anglo-American attacks on the President's new stra-

tegic doctrine. "Why are they openly opposing it now? Why not wait until the implementation phase—when it goes up to Congress?"

Only two and a half weeks following the March 23 address, the White House had already demonstrated a blurry understanding of the short-term implications of its new doctrine. Seeking to buy time, they entered into a deal with close associates of Kissinger and long-time Soviet handler W. Averell Harriman, and endorsed the findings of the White House Commission on Strategic Forces (the "MX Commission"), headed by former Kissinger assistant Brent Scowcroft and former Carter Defense Secretary Harold Brown, who over the years had done his utmost to sabotage advanced ABM commitments.

While White House insiders suggested to me that the new MX arrangements were compelled by congressional rejection of the original MX missile proposals, the deal stipulates that the White House project strategic arms expenditures and strategic arms control agreements within a format that *excludes* the newly enunciated strategic defense doctrine. Then, on April 20, the White House stepped down from Defense Secretary Caspar Weinberger's strategy of bypassing the congressional budget process, a strategy which would have avoided temporarily severe compromises.

White House sources report that neither they nor the President view these deals as "compromises in principle," but these concessions have decidedly slowed down White House momentum following March 23, sending signals domestically and internationally that the March announcement

of a quest for "Mutually Assured Survival" may not be cast in iron.

The defense budget

While Paul Volcker has been busy denouncing Reagan's "excessive" defense spending and tax cut policies as disastrous for the U.S. economy at the Trilateral Commission meeting, Republican forces in the Senate on April 21, allied with the Fed chairman since December 1981—including Senate Budget Committee Chairman Pete Domenici (N.M.), Senate Majority Leader Howard Baker (Tenn.) and Senate Finance Committee Chairman Robert Dole (Kan.)—endorsed moves by Republican Budget Committee members Domenici, Kassebaum (Kan.), Andrews (N.D.), and Gorton (Wash.) to vote up a Democratic leadership sponsored budget resolution already passed by the Democratic controlled House.

The resolution would cut the proposed FY84 defense budget increase from the 10 percent proposed by Reagan to 5 percent, and increase taxes by \$30 billion in FY84. This move followed a flurry of attacks on Weinberger, inaugurated after March 23 by both Kissinger and Harriman agents on the Hill and in the media.

Weinberger, who along with National Security Adviser William Clark has been identified to me by sources close to the President as committed to "letting Reagan be Reagan," is more than the public point-man for the President's beam weapon policy. Weinberger had sought a "radical policy" of bypassing Domenici's Budget Committee, thereby taking the defense budget to the better-disposed Appropriations Committee and then directly to the Senate floor.

On April 20 the House Democrats, operating under the guidance of House Speaker Tip O'Neill, Democratic national chairman Charles Manatt, and Harriman, openly assailed Weinberger. "We urge the President to reject his advice. Failure to approve a budget resolution would send budget deficits and interest through the ceiling." They then accused Weinberger of "trying to scuttle the budget process altogether."

Weinberger's visible willingness to challenge the long-operative Trilateral budget blackmail game and rank national security as a higher priority than closing the budget deficits provoked Trilateral Commission Executive Board member Joseph Kraft to relay the order through his syndicated column that Weinberger keep quiet or risk total congressional alienation. On April 28, Kraft went further, demanding that Volcker, the mastermind of the budget blackmail game, be reappointed by Reagan in August when the Fed chairman's term expires.

On April 20, this mounting pressure had succeeded in securing an important presidential concession. In a foolish attempt to buy time, Reagan allowed White House Chief of Staff James Baker and the latter's ally, OMB Director Stockman, to come to a meeting on Capitol Hill with Budget

Committee Republicans chaperoned by Clark-Weinberger ally, White House Counselor Edwin Meese.

Astonishingly, Stockman was said to have proposed at the meeting that the White House would accept a Senate budget compromise of a mere 7.5 percent defense budget increase, and would agree to a three-year \$150 billion tax increase starting in 1986. Then the Domenici-Baker-Dole cabal immediately rejected the compromise offer on April 21.

'No new technologies'

On April 25, leading spokesmen from the Kissinger wing of the Republican Party and the Harriman wing of the Democratic Party initiated an open challenge to the President's March 23 doctrine in two major reports. One was issued from the Center for Strategic and International Studies at Jesuit-run Georgetown University; among its prominent authors are former Carter National Security Adviser Zbigniew Brzezinski and former Carter Energy Secretary James Schlesinger. The other is a similar report from the Carnegie Endowment for International Peace, co-authored by MX commission director Scowcroft and former Kissinger Soviet expert, William Hyland.

In their long-term strategic estimates, both reports attack the implications of Reagan's March 23 beam weapons development announcement. Indeed, the CSIS report endorses a long term U.S. military strategy based on direct action and logistical support for low-intensity wars over natural resources in the Third World as the primary strategic concern. The authors explicitly claim that nuclear war and world financial collapse are impossible—the same two crisis foci which the Harriman-Kissinger faction knows to be on the agenda for 1983.

In addition, the Georgetown report states that no new technologies can possibly be developed over the next 20 years which could give either side strategic superiority, the very line that Yuri Andropov and his associates have been trumpeting throughout Europe and through the press over the past week. Is it any wonder that Brzezinski, who also attacked the President at the Trilateral Commission meeting, will be meeting between April 22 and May 2 with arch-Andropov lieutenant Georgi Arbatov, as will Kissinger intimate and State Department adviser Helmut Sonnenfeldt? Andropov mouthpiece Arbatov will also meet with none other than Bent Scowcroft and William Hyland during this very same period.

Such unashamed collaboration between Kissinger-Harriman agents and Andropov's "best and brightest" to formulate assaults on presidential policies reached a high point on April 26, when leading Democratic presidential candidate Walter Mondale, appearing before the American Newspaper Publishers Association meeting in New York, championed a "mutual verifiable nuclear freeze," attacked President Reagan's defense spending program, and urged a regular U.S.-

Soviet summit meeting while stating that the MX missile is not needed. The former Vice-President is closely associated with the Minnesota firm, Control Data, where Arbatov spent the day on April 22.

Finally, on April 28, the chief public defenders of Harriman and Kissinger, the *New York Times*, wrote a slanderous frontpage story attacking longtime Reagan friend and collaborator Dr. Edward Teller on bogus conflict-of-interest charges, which the *Times* had probably spent the period since March 23 concocting. Teller is, of course, understood to have been a major influence on the President's new Mutually Assured Survival defense doctrine.

Manipulated by the 'recovery'

The basic reason for the administration's disorientation in the face of all this is that the President has for the present been wishfully taken in by the short-term economic forecast of the Treasury Department, the Office of Management and Budget, and the State Department.

White House economic sources say this new consensus within the administration is based on the argument that the "recovery," which several months ago was acknowledged to be "weak," has recently bloomed and will be able to absorb any mid-year financial shock from the imminent global debt crisis.

In fact, under the influence of Secretary of State Shultz's mentor, Undersecretary of State for Economic Affairs W. Allen Wallis, who is operating with the support of Treasury, OMB, and the Fed, the administration has beaten back alarmed warnings issuing from the National Security Council and Central Intelligence Agency on the debt crisis. The phony "recovery" line will thus dominate the upcoming Williamsburg summit of Western leaders in late May.

As *EIR* founder Lyndon H. LaRouche emphasized repeatedly both publicly and privately during a recent stay in Washington, reversal of the March 23 Reagan doctrine is deemed essential by the British, the Trilateral group, and their Kissinger and Harriman controlled domestic political operatives.

As noted above, the Harriman-Kissinger group privately acknowledges that two unprecedented crises are on the verge of breaking in the United States and thus globally in 1983—a ferocious economic crisis and a Euromissile crisis that could erupt in the form of a Cuban missile-style confrontation by late summer, precipitated by Soviet preemptive moves against the Preshing II installation in Western Europe. LaRouche pointed out in Washington that Reagan's March 23 pronouncement provided for administration access to independent and effective solutions to both crises (see *EIR*, April 26), through a World War II-style mobilization of industrial and scientific resources.

The mission of Kissinger and Harriman forces operating under the broader strategic control of the British and the Soviets is now to forbid this access to the administration at all costs.

States endorse the beam weapons policy

by Anita Gallagher

The overwhelming passage of a state assembly resolution urging Congress to support President Reagan's defensive beam weapon program in New Jersey—a state which voted up a nuclear freeze referendum lemming-style in November—illustrates that support for the nuclear freeze espoused by the Harriman wing of the Democratic Party is evaporating. Similar memorials, with bipartisan support in most cases, have been introduced in California, Minnesota, Tennessee, Colorado, Illinois, Nebraska, New Hampshire, and Washington State.

The ready support from both sides of the aisle for these resolutions has underscored how out of step the current Congress's reported support for the freeze is with the mood in its districts. Though House Speaker Tip O'Neill (D-Mass.) predicted that the freeze would pass by 100 votes on April 28, the House on that day voted once again to postpone the freeze vote—to the week of May 2, "if ever." The freeze is now more vulnerable to the defensive beam political weapon, and leaders of *EIR* founder Lyndon LaRouche's National Democratic Policy Committee, are requesting the introduction of beam resolutions in legislatures and city councils.

The record of the freeze during the past year has not lived up to its marketing. Democratic Party chairman Charles Manatt was among the first to tail the freeze when it was launched in April 1982, and declared that it would be a major issue that Democrats would ride to victory in the November 1982 elections. Though the freeze won narrowly in California and seven other states where it was put on the ballot as a referendum, even in California, the freeze's flagship state, anti-technology kook Jerry Brown was solidly defeated. Now the freeze itself is following in Brown's footsteps.

On April 11, the New Jersey Assembly overwhelmingly passed a resolution in support of the President's new strategic policy of defensive beam weapons development. The resolution enjoyed bipartisan support and direct support from labor. Its Assembly sponsors included Chris Jackman (D-Hudson), the former Speaker of the New Jersey Assembly and a vice-president of the state AFL-CIO, and Thomas Cowan (D-Jersey City), the legislative director of Operating Engineers.

Other Democratic sponsors were Eugene Thompson (D-Newark), Richard Visotcki (D-Bergen Co.), Thomas Pankov (D-Salem Co.), and Garebed Haytian (R-Sussex). A companion Senate resolution, S.R.3003, is sponsored by three Republicans and one Democrat.

The irony is that usually pro-technology New Jersey congressmen such as Richard Roe (D), Edwin Forsythe (R) and Matthew Rinaldo (R), are reportedly ready to vote up the freeze as a sop to pro-freeze sentiment reflected in the November referendum, even though that support has completely dissipated in the wake of the President's March 23 beam-weapon speech, as shown by the Assembly's quick passage of a beam resolution!

In California, Sen. Jim Ellis (R-San Diego), has introduced a beam weapons resolution, S.J.R.23, which has substantial bipartisan support in both Democratic-controlled chambers. Twenty of California's 40 state senators, Democrats and Republicans, have backed the Ellis resolution, as well as 27 of 80 members of the California Assembly. California, the most populous state of the union, also boasts a 10,000-person membership in Lyndon LaRouche's National Democratic Policy Committee, which has taken on the freeze and its proponents in every available arena.

Scientific spinoffs

S.J.R.23's sponsor, Senator Ellis, a career U.S. Navy officer and state legislator for seven years, said that he had introduced the resolution because "... a great deal will be realized from the spinoffs of this technology, as we found in the space program. Anytime we have a scientific opportunity to break through the unknown it should be pursued." Calling the concept of defensive beam weapons "superior" to trying to come up with an unworkable agreement, Senator Ellis described the legislators' reaction to it as "near universal support." The resolution is expected to be assigned to the Senate Rules Committee.

In Washington State, S.R.27, urging the Congress to support beam weapons as a defense policy and as a program of national economic recovery, has been introduced with bipartisan support by two senior legislators, Sen. Kent Pullen (R) and Sen. Slim Rasmussen (D).

In New Hampshire in 1983, the State House tabled a freeze resolution after overwhelming opposition erupted. Rep. Howard Dickinson (R) simply asked his colleagues if they had ever heard of the McCloy-Zorin Amendment, which proposes that a one-world police force replace national armed forces. This amendment was part of the original freeze resolution before the Congress. Rep. Dickinson followed up with the introduction of a resolution in support of beam weapons.

New Hampshire's well-known institution of town meetings voted down the nuclear freeze in 43 of 58 town meetings this year. This vote completely reversed the passage of the freeze by 51 of 68 towns in 1982.

Midwest beam support

In Illinois, Chicago Democrat Rep. Larry DiPrima introduced a anti-freeze resolution to the Illinois House of Representatives which passed the Democrat-controlled House's Executive Committee by a vote of 18-1! The freeze has never even been introduced in Illinois. The same Chicago Demo-

crat introduced a resolution supporting the President's beam weapon program on April 13, H.R.140. The beam resolution, which the National Democratic Policy Committee is backing, states that "The only possible means for ending the age of thermonuclear terror is the development of the beam weapon technology to destroy nuclear missiles in flight . . . [a] crash effort to develop beam weapons would incur no net cost to the U.S. economy since the civilian by-products would stimulate a higher technology economic boom."

A resolution in support of beam weapons has been filed by former Chicago Democratic mayoral candidate Sheila Jones with the Chicago City Council.

In Nebraska, where the freeze had expected to pass its resolution, the NDPC battled to cut the Democratic support out from under the freeze resolution. On April 18, the unicameral legislature voted a 23-23 tie, whereupon it was withdrawn. The NDPC then set to work to educate the anti-freeze sentiment. The NDPC state coordinator contacted Rep. Merle Von Minden (R-Allen), a black angus farmer, who agreed to introduce a beam resolution. On April 25, NDPC Midwest Coordinator Gerry Rose gave a background briefing on the strategic and economic implications of beam weapons to 23 of the 49 state legislators, including most of the Republican leadership. One legislator said, "We haven't even begun to understand the benefits laser technology will bring." On April 27, a motion for reconsideration of the freeze was withdrawn, after it was clear that the votes against it were solid.

In Minnesota, a resolution with bipartisan support memorializing the United States Congress to support beam weapon missile defense development was introduced by State Reps. McDonald, Schoenfeld, Gutknecht, and Fjoslien on April 14 and referred to the Committee on Governmental Operations. The introduction of the resolution and the growing support for it demonstrates the paper-thin support for Harrimanite Democratic front runner Walter Mondale.

In Tennessee, the overwhelmingly Democratic State Senate passed a resolution in support of the President's beam weapon strategy by a 24-1 vote on April 14. The resolution was introduced by Sen. Leonard Dunavant (D-Millington).

The North Carolina Senate defeated a freeze resolution by a 25-23 vote on March 17, after a fight led by Sen. Harold W. Hardison (D-Deep Run). Sen. Hardison said that many of the resolution's numerous sponsors removed their names "as soon as they looked over the disarmament provisions." North Carolina's liberal press, such as the *Raleigh News and Observer*, was agog with the defeat, calling the opposition's tactics "tricky, tricky, tricky."

For its own track record, the freeze has passed only three states legislatures in both houses in 1983—Washington, West Virginia, and Wisconsin. Also during 1983, only 3 other state houses and 2 state senate chambers passed freeze resolutions. Nine state legislatures voted it up in 1982, and two of these, Minnesota and Washington State, are already taking action to overturn that vote by taking up the resolutions for beam weapons.

Secretary Weinberger hails ABM defense for 'lifting hopes of all mankind'

On April 11, Secretary of Defense Caspar W. Weinberger spoke before the Aviation and Space Writers Association convention in Arlington, Virginia. In his remarks, Weinberger reiterated and elaborated on the pronouncements for a new strategic defense policy made by President Ronald Reagan on March 23. Short excerpts from this speech were carried in the Washington Times on April 12. Aside from this, the very fact that the Secretary of Defense delivered this address has been ignored in the press. What follows is the text of Mr. Weinberger's April 11 speech.

I am delighted to be here this morning to speak before such a distinguished group of aviation and space experts. I imagine that you have been more than a little busy lately analyzing the proposal on ballistic missile defense that President Reagan put forward two weeks ago. The President's initiative has created quite a bit of interest, on the part of our allies, Congress, the defense community, the media, and within government. Some have been skeptical, others cautiously supportive, and some merely confused. This was not unexpected, nor should it be considered unusual. New ideas, particularly when they go against conventional wisdom, are often greeted with doubt, cynicism, or wide speculation.

I would like to talk this morning about the President's proposal that we develop strategic defense, and report that we think it is not only a realistic goal, but argue that, if obtained, it could reduce the fears and lift the hopes of all mankind. First, however, I would like to discuss what the President's proposal is *not*:

It is not a hasty, ill-conceived scheme

It is not a Star Wars fantasy

It is not a quest for a first strike capability

It is not a retreat to Fortress America

It is not a substitute for deterrence or arms control

It is not a hasty, ill-conceived scheme; indeed the vision of defending against nuclear attack and freeing us from the terror of nuclear weapons is one the President has held for many years. Before announcing this proposal the President held lengthy meetings with his top advisers—both civilian and military—on technical and policy matters. We all recognized that the search for strategic defense will not be with-

out problems—technical, diplomatic, and political—but we all agreed with the President that the goal of strategic defense is so eminently desirable that we can and will find solutions to any problems that might develop along the way.

The quest for a system to defend against ballistic missile attack is not a Star Wars fantasy or a pipe dream, as some skeptics have suggested. While we are fully aware of the magnitude of this challenge, we have, understandably, great faith in our technical and scientific genius. Time and time again we have seen yesterday's science fiction become today's reality. Who would have believed in 1870 that the *Nautilus*, the self-sustaining undersea vessel Jules Verne described that year in *20,000 Leagues Under the Sea*, would become a reality by 1955? Who would have believed when we formed NASA in 1958 that we would have a man on the moon by 1969? Thirty years ago television sets were just coming on the market; today you can turn a dial and watch a continent away. Thirty years ago the prospect of converting the Sun's energy into useable power was considered preposterous. Last week a solar powered airplane flew the English Channel. Twenty years ago an electronic computer filled an entire room and cost thousands of dollars; today one fits in the palm of a hand and costs less than 20 dollars.

This list could go on and on. What it tells us is that no one of us can say with certainty what can be accomplished—or what cannot—if and when we turn our creative talents to it. The fact that we do not yet know the answer should not be an excuse to delay the quest. As President Kennedy once said, "All this will not be finished in the first one hundred days. Nor will it be finished in the first one thousand days, nor in the life of this administration, nor even perhaps in our lifetime on this planet. But let us begin."

Some, wedded to strategic theories and literature of the past, have called the President's proposal the drive for a first strike capability that would upset superpower stability and provoke the Soviet Union. The President's proposal would in fact do just the opposite. An effective shield against ballistic missile attack would prevent aggression by neutralizing an aggressor's offensive capability. We know the Soviet Union has been working to achieve these same defensive systems for many years, and we hope that they will continue.

A truly stable superpower relationship would be one in which both sides were protected from attack. Deterrence would be strengthened because we would remove an aggressor's capability to attack us rather than merely threaten retaliation after an attack has taken place. In the President's great phrase, we would protect our people, not avenge them. By developing defensive systems we would make the world more stable and secure by providing a shield against ballistic missile attack.

There has been some concern that by pursuing defensive systems we aim to cover only the United States with a protective shell and retreat from our alliance commitments. As the President said in his speech, we seek the capability to defend ourselves *and* our allies from the threat of military force. Our offensive weapons exist today for the sole purpose of deterring attack on the United States and our allies. Any defensive system we can develop would serve the same purpose—to deter attack against the United States *and* our allies by defending us all from ballistic missile attack. . . .

Many would have you believe that we seek to develop a single system which can intercept and defend flawlessly against all missiles and all attacks. We know there is no such "magic bullet." What we are trying to develop first is a defense network—a series of systems, not necessarily based on the same technology or physical principles—which taken together will provide a reliable defense against nuclear ballistic missiles.

The concept we will need to perfect is not dissimilar to the one we now employ to defend our fleet against tactical missile attack. The layered fleet defense system consists of F-14 fighters and Phoenix missiles at long ranges, the Aegis cruiser at medium range, and close-in weapon systems. All are under control of computers which keep track of dozens of incoming missiles, and direct interceptors to destroy them. The ballistic missile defenses we seek to build must do these functions also, not against dozens of targets, but against thousands and at vastly greater ranges.

We are focusing on ballistic missile defense because since the 1960s, defense against these weapons has been the pacing factor in providing a complete and effective shield against nuclear attack. The speed of these missiles, and the fact that they can carry multiple warheads and penetration devices, has confounded the ability of traditional antiballistic missile efforts to provide a capable defense. However, new technologies—in computer-aided detection and tracking, in defensive weaponry and in many other technologies—offer a means by which the ballistic missile may be defeated. In fact, one of the fundamental ingredients in ballistic missile defense, the "glue" that holds these systems together, is the ability to make millions of arithmetic operations and logical decisions per second in space, in the air and on the ground. Ten years ago, even five years ago, we did not have this capability. Today the tremendous technological explosion in microelectronics makes possible physically small, highly capable computers which allow us to consider BMD systems that orbit,

that fly, or are ground mobile. This capability, coupled with other technologies such as directed energy weapons, "smart" missiles, and sophisticated sensors, allows us to think about developing the kind of ballistic missile defense the President called for in his recent speech. And if we are indeed able to master this technology and develop a defense against ballistic missiles, we should also be able to cope with the easier task of defending against the slower flying and other threats. We know the Soviets are working to develop defenses against the cruise missiles, for example. We can do no less for our people.

A second reason for concentrating initially on defending against ballistic missiles is the fact that those systems, because they can reach their targets so quickly, pose a special danger. We have recognized this already in our START and INF arms control efforts which place special emphasis on limiting ballistic missiles. If we are able to develop defenses which offer the promise of depriving ballistic missiles of their military utility, we may achieve what over a decade of negotiations has failed to do—the reduction and eventual dismantling of these systems, offering a safer and more stable environment in which to live. . . .

As the President indicated, we must continue, for the interim, to rely on the offensive arm of deterrence to preserve the peace. Deterrence through a credible retaliatory capability has worked for nearly 40 years, and there is every reason to believe that this policy will continue to prevent aggression against ourselves and our allies. We also must—and will—continue to pursue reductions in nuclear arms, and to seek agreements which are balanced, equal, and verifiable. But it is important to remember that both deterrence and arms reductions require that we modernize our nuclear forces.

As a result of over a decade of relative U.S. military neglect coupled with two decades of Soviet major strategic and other force expansion, we are now confronted by significant strategic imbalances. The strategic modernization program which the President announced in October 1981 provides a balanced and prudent approach to redressing the strategic imbalance and strengthening our deterrent. . . .

We also need to continue, along with our allies, to maintain and improve our defense against conventional attack. We will need to have a strong conventional defense even if our efforts to develop new defense against nuclear attack are achieved. But as we strive to develop new technologies for nuclear defense, we and our allies must, as the President stated, exploit advanced technology to provide for increased effectiveness of our conventional forces too. . . .

Twenty years ago this spring, President Kennedy gave this answer to those who refused to accept the prospect that we have the ability to shape our future and manage our own destiny: "Our problems are man-made, therefore they can be solved by man. And man can be as big as he wants. Man's reason and spirit have often solved the seemingly unsolvable, and we believe they can do it again." How can we accept less?

Reagan: 'Move forward with nuclear power'

From the remarks of President Reagan at the Department of Energy's Enrico Fermi Award Ceremony on April 25. The remarks were blacked out in the national media.

... On Dec. 2, 1942, James Conant, the Science Advisor to the President of the United States, received a coded message during a phone call from Arthur Holly Compton. "The Italian navigator has landed in the New World," Compton said. Conant inquired, "How were the natives?" And Compton answered, "Very friendly."

Well, ladies and gentlemen, that coded message signaled to President Roosevelt that the first demonstration of a sustained nuclear reaction had taken place. The Italian navigator referred to was Enrico Fermi. And on that day, the whole of mankind landed in a new world.

The two individuals that we honor today played significant roles in the early exploration of the atom. I understand Dr. Anderson was present in Chicago at the time of the first sustained reaction. Dr. Neddermeyer was also involved conducting his research in another part of the country. Wartime necessity focused that early research on the production of a weapon—a weapon that, once brought to bear on the enemy, effectively ended the conflict that then engulfed the world. This development 40 years ago forever changed the world and our perceptions of the consequences of conflict, which is why 40 years later we continue to search for surer ways to control and reduce nuclear weapons and eventually better ways to defend against them.

While we might speculate on what the world would be like had nuclear weapons never been developed, we can't wish them away. And that's why I have challenged America's scientists and engineers to search for ways by which these weapons systems might eventually be rendered obsolete.

But while we're understandably caught up in our concerns for control of nuclear weapons, we mustn't lose sight of the tremendous peaceful benefits that nuclear science has brought us over the decades. These benefits were also a gift from nuclear explorers like the men we honor today.

Nuclear energy now plays, and will continue to play, an important role in meeting our nation's energy needs. Today, nuclear plants generate more electricity for the American people than oil-fired facilities. I noticed a story in the paper the other day about air pollution in a Colorado mountain resort. Apparently, wood-burning fireplaces were used so extensively that this beautiful mountain retreat is developing a smog problem—a reminder that there is a cost to every form of energy.

We do know that the complete fissioning of a single

pound of uranium, a single pound, provides two and half million times more energy than the burning of a pound of fossil fuel. This form of energy has tremendous potential for mankind. And we mean to plan—and plan to move forward prudently and systematically to ensure that the people of the United States are able to use it safely and keep warm, provide light, and to serve as a vehicle for a better life.

Energy production, while one of the most significant uses of nuclear power, is certainly not its only peaceful application. More than 40 million Americans each year receive medical treatment using radioactive isotopes and radiation therapy. In industry the essential task of construction testing is tied to the use of nuclear material, ensuring the quality of welds and the strength of building materials.

The concern over this awesome power is understandable, but we must not let this concern deter us from harnessing it to peacefully serve mankind.

In his article, "Fermi's Own Story," Fermi wrote: "Perhaps a time will come when all science and technical progress will be hailed for the advantages that it may bring to man and never feared on account of its destructive possibilities."

Well, the two men we honor today, like Enrico Fermi, are part of that small band of explorers that discovered, in a new world, a world where potential is limited only by our imagination. They represent the best traditions of American science. They are a tribute to our freedom and to our security. We are proud of them. And it is with great pleasure that I will present the awards.

First, there is Dr. Herbert L. Anderson. And Doctor, this citation is signed by Secretary Hodel and myself. It reads: "For his pioneering collaboration with Enrico Fermi in demonstrating the emission of neutrons in fission at Columbia University, for his essential role in constructing the first chain-reacting piles, for his work on production and determination of the properties, tritium and helium-3, for his collaboration with Fermi in detecting the first hadronic resonance at the University of Chicago, and for his continuing contributions to understanding the nature of strong and weak nuclear forces. . . ."

And then, there is Dr. Seth H. Neddermeyer. Doctor, your citation reads: "For participating in the discovery of the positron, for his share in the discovery of the muon—the first discovered of the subatomic particles, for his invention of the implosion technique for assembling nuclear materials and for his ingenious foresight and perseverance in finding solutions for what, at the time, seemed to be unsolvable engineering difficulties."

Thank you very much.

Court's nuclear decision endangers the economy

This statement was released by the National Democratic Policy Committee April 21.

Not since the infamous *Dred Scott* decision of 1857 has the United States Supreme Court so disgraced the Constitution which it is sworn to uphold. On April 20, the United States Supreme Court ruled unanimously to uphold the enforced California moratorium on the construction of nuclear power plants. The ruling—heralded by opponents of nuclear energy as the death knell of the nuclear industry in the United States—came in the case *Pacific Gas & Electric v. Energy Resources Commission*, No. 81-1945.

Specifically, the Supreme Court ruled that the states have the power to regulate nuclear energy in all areas other than safety and radiation hazards, which were held to be exclusively under federal purview. But with regard to economic issues, such as the need for additional generating capacity, the type of facilities to be licensed, siting, etc., the Court ruled that the states can regulate nuclear plants—even ban them altogether.

By its ruling in the California case, the Supreme Court has set the stage for a dismantling of our national economy and a reversion to the economic chaos of the pre-Constitution period under the Articles of Confederation.

The adoption of our present Constitution was a decisive defeat for the advocates of states' rights who were determined to prevent the emergence of a strong central government. The Constitution was opposed both by persons who were direct British agents-of-influence, and others—like Jefferson—who were misguided patriots imbued with the anti-republican ideology of British liberalism. But nevertheless, the Constitution won, and no government official today—above all those “guardians of the Constitution,” the Supreme Court—can reverse that historic accomplishment.

Need our nation be reminded that the Constitution was established “in order to form a more perfect Union, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity?”

No matter how much the Constitution has been eroded, no matter how much the Commerce Clause has been misinterpreted and diluted over the years, the Justices of the Supreme Court still owe their highest allegiance to the Constitution interpreted in light of the intent of its framers, not to eroding precedents piled up under the corrupting influence of British common law.

The Constitution was established to create a republic under natural law, a republic in which the national government had powers adequate to the task of ensuring the industrial and technological development of the nation. Alexander Hamilton's *Reports on Manufactures, on Public Credit, and on the National Bank*, submitted during the administration of George Washington, set forth the specific economic and financial requisites of carrying out the mandate of the Constitution. The system of protective tariffs and public improvements developed during the early 19th century, grounded upon Hamilton's financial policies, became known as the “American System,” and laid the basis for the United States to emerge as the most powerful and respected nation on earth.

The Atomic Energy Act of 1954, one of the few legislative acts of the modern era which carries fully forward the spirit of the Constitution and the American System, declares that it is the national policy of the United States to develop and use nuclear energy, and that the development and use of nuclear energy shall be directed to improve the general welfare and increase the standard of living. Congress also made formal findings that the development and utilization of nuclear power for military *and all other purposes* are vital to the common defense and security. . . .

In one ruling, the high court has managed to both adopt the ideology of “post-industrial society” and to resuscitate the long-discredited doctrine of states' rights.

This ruling must itself be overruled. . . . All that is necessary is for Congress to explicitly spell out—in language even a judge can understand—what is stated in the Atomic Energy Act and implicit in the Constitution: that the development of nuclear energy is essential to the promotion of the general welfare and ensures the economic strength to maintain our common defense, and that therefore no state may interfere with the implementation of this national policy. There is no “dual regulatory scheme;” there is only one policy—our national policy—and no state may take it upon itself to pull out of this national scheme and go back to the stone age, any more than a state could pull out of the Union in 1861 to try to maintain the slavery system.

The National Democratic Policy Committee calls upon President Reagan to mobilize the country in support of a national policy of nuclear energy, a policy to which he himself is deeply committed. The President's new strategic doctrine, announced March 23, based upon the development of high-technology, directed energy-beam weapons, cannot be carried out in an economy which is shrinking due to dwindling energy production and consumption, and which is abandoning its present technology.

Reprocessing methods available to states: who's afraid of nuclear waste?

by Jon Gilbertson

The only real problems associated with the disposal of nuclear wastes are political, not technical. To solve the nuclear waste problem today requires implementing a program that will put in operation by no later than 1988 the first underground depository to receive solidified high-level wastes from commercial reactor fuel. The technology to do this is at hand now and, in fact, has been available for well over a decade. What is lacking is the resolve at the national and state level to get the job done.

There are three basic parts to a nuclear waste management program: separating the radioactive fission product wastes from the spent fuel, recycling the unused uranium and plutonium fuel included in the spent fuel back into nuclear power reactors, and routing the wastes through a waste storage process.

The point is that we are not dealing with developing a new technology, such as nuclear fusion reactors, magneto-hydrodynamic energy conversion systems, or advanced fission reactors. We are talking about burying something for a long time, using technologies that exist now and are known to work.

What are nuclear wastes?

Although all types of waste are important, the most important, and the one causing the major controversy now, is high-level waste; that is, waste that has high radioactivity levels. High-level wastes include all the fission products built up in spent fuel over an approximate three-year period of operation, as well as small amounts of some transuranic elements that are left over after the reusable uranium and plutonium have been removed for recycling.

The other source of nuclear waste within the fuel includes the radioactive elements created by a nonfission capture of a neutron in uranium or some other heavy element in the fuel. These are generally called the transuranic elements and include neptunium, americium, and curium, plus small amounts of plutonium and uranium that do not get separated out during the reprocessing operation. Although very small in quantity compared to the fission product waste, these transuranic elements are important because they have very long decay times and, therefore, require long-term storage.

It is only this small portion of the spent fuel, less than 4 percent, that is considered high-level waste and must be disposed of.

Since President Carter's 1977 decision to stop fuel reprocessing, the United States has been left with the situation where all spent fuel is considered to be nuclear waste material. This has increased the amount of waste products, radioactivity, and heat production levels to be handled, since all spent fuel (100 percent) must be treated as high-level waste. In addition, the prohibition of reprocessing essentially throws away 40 percent of required fuel for new fuel elements that could be recycled back into the reactor—a combination of uranium-235, plutonium-239, and plutonium-241.

The only competent way of dealing with nuclear waste is to integrate the waste products into a fully closed nuclear fuel cycle; that is, a fuel cycle with fuel reprocessing. In a closed fuel cycle, nuclear waste becomes a by-product to be disposed of in a straightforward manner.

To implement a program of safely and economically disposing of nuclear wastes in the United States, it is essential that the nation reinstitute a fuel reprocessing policy. Until that time, a temporary measure for waste disposal must be the finding or constructing of adequate storage areas, away from present reactor sites, simply to store the current and future spent fuel coming out of operating nuclear plants. This is only a stop-gap measure; the actual solution to the problem must involve reprocessing. Once fuel reprocessing is reestablished, it will be a simple matter of shipping these stored fuel bundles to the reprocessing plant.

Storage technology

There are two technical problems in handling and storing radioactive nuclear fission waste material. The first is the radioactivity from the decay of unstable elements by either alpha or beta particles and gamma rays. This radiation is dangerous to human beings from external or internal sources; therefore, it must be kept isolated from the biosphere for as long as the activity remains high.

The second problem is that radioactive decay produces energy in the form of heat, and this heat must be dissipated for as long a time period required in order to keep material

temperatures below certain design limits. Both the shielding and the heat removal must be resolved simultaneously.

The most technically developed process for high-level waste disposal is to store the waste in concentrated liquid form at ground level for a cooling period of 5 to 10 years. At that point it can be solidified into small canisters and buried in a deep underground location in thick, stable rock-salt strata. Liquid storage of the waste and eventual solidification all will take place on the reprocessing plant site in a completely controlled and monitored environment. For years storage of liquid wastes has been a state-of-the-art technology. In fact, the Department of Defense has used storage in this form since the early 1940s and has highly developed the technique.

This proposed solidification process uses an automated system that converts the liquid waste by evaporation to a fine powder, mixes it with a fine glassy frit material, and converts it to a solid glassy cylinder by heating the mixture to melting and then solidifying it. The solid waste cylinder is sealed in a stainless steel canister and shipped to an underground burial site in specially designed shipping casks.

The only part of this waste disposal process that does not yet exist is the deep underground burial site, which can be developed and constructed with state-of-the-art technology. The actual storage area would be located 600 meters underground, in the middle of a thick salt layer. The stainless steel canisters would then be placed inside other containers made out of high-conducting iron oxide concrete that was specially designed to protect against possible salt corrosion. This con-

crete canister would then be inserted in cylindrical holes drilled into the salt. Heat is transferred and dissipated by conduction from the waste products, through the containers, and into the surrounding salt medium. The canisters would remain there forever or could be removed during the early decades of operation. This capability for removal might be desirable if it were later decided to use the waste products, their radioactivity, or heat energy in a productive way, or if some modification of canister design were needed. Therefore, it is recommended that at least the first few storage facilities be designed with a retrievability option for the first 75 to 100 years.

Because we know more about rock salt formations and their interaction with nuclear wastes, the first one or two depositories should be located in such formations. Burial in other types of geological formations such as granite, basalt, and slate, has also been suggested. If for some unforeseen reason the rock salt depository does not appear to be operating according to design expectations during the first few decades of service, the canisters could be removed and transferred to this new rock formation-based depository. And having such a back-up capability should satisfy even the most critical opponents of nuclear power.

A fuller version of this article appeared in the August 1980 issue of Fusion, Vol. 3, No. 10, the magazine of the Fusion Energy Foundation.

EXECUTIVE INTELLIGENCE REVIEW

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New York drug lobby fears school race

by Franklin Bell

Eugenicist Averell Harriman did not attend. But his former aide, New York's senior senator of "benign neglect," was there. So was the only mayor in the United States to shut down 90 schools.

They and other national figures in the reform Democrats' school of planned shrinkage gathered at New York City Hall April 25 to denounce a slate of candidates for one of the city's 32 decentralized school board districts.

Senator Daniel Patrick Moynihan, who advocates "benign neglect for minorities," called the candidates "bigots." New York District 37 state workers' president Victor Gotbaum, whose wedding featured Lazard Frères banker Felix Rohatyn as best man, called them "slobs." Mayor Ed Koch, with his usual eloquence, said, "I can best sum it up by saying I have seen them before, and they are the pits." City Councilman Stanley Michels tried to smear the candidates as members of "a fascist cult." New York's other senator, Republican Alfonse D'Amato, did not attend, but issued a garbled statement attacking the candidates.

The cause of this remarkable intervention into a local school board race? The nine candidates on the "Classical Education" slate in the May 3 election belong to *EIR* founder Lyndon LaRouche's National Democratic Policy Committee (NDPC).

Possibly recognizing the backfire-potential of the display, the *New York Times* blacked out the senatorial-mayoral press conference. The rest of the city media, taking their cues from earlier *Times* slanders, are using the lies they think will prevent what the Harriman wing fears.

'This will have a spiraling effect'

"The question in District 6 is not partisan politics, union politics, slate politics, nor any other kind of politics. The question is the future of all politics in this city," said Charles Hughes, president of the American Federation of State, County and Municipal Employees Local 372. He declared that if the LaRouche candidates are "able to win in the community school board elections, they will be positioned to run for other elective offices. This will have a spiraling effect. We have put the strength of our union—telephones, printing, support services—into the battle against the LaRouche cultists. We intend to win no matter the financial cost."

Before the Harriman reformers began converting New York into Hong Kong, the New York City school system was the finest in the country. Now the system produces high school graduates who do not comprehend sixth grade math or English. Forty percent of those who enter high school do not stay long enough to get a diploma. Most of the classical music and foreign language programs have been eliminated. Class sizes have continually increased, while teachers have been laid off by the thousands, and teachers aides head many of the classes. Federally funded bilingual and special education programs track pupils into illiteracy, and brainwashing-by-computer programs and vocational make-work courses have been substituted for traditional education.

Bobby Wagner, deputy mayor, who is Koch's intimate friend, and a recent candidate for school chancellor (New York State declared him unqualified), issued a formal proposal three years ago to shut 200 of the city's schools as part of Koch's "Program to Eliminate the Gap." The gap causing their concern was not in education but in the budget—a gap caused by their planned shrinkage collaborator Felix Rohatyn and his Municipal Control Board bankers' financial dictatorship over the city. By Koch's accounting system, they will not have succeeded until they shut down another 110 schools.

The incumbent school board members are affronted when anyone suggests that this is not the direction in which public education should continue if the nation is to produce a citizenry able to run the economy and the government in the 21st century. But the NDPC candidates have done far more. The NDPC's program for a classical curriculum and a means of financing it have evoked cries of derision from the press.

"The candidates propose an education program based on teaching the largely Hispanic district, with the city's worst reading scores, classical Greek, piano and violin, and laser technology," wrote the *New York Post* derisively. Voters in the district have had a very different reaction. At a candidates' night April 27 at Adam Clayton Powell school in Harlem, the mainly black and Hispanic audience broke out in applause when the NDPC candidates spoke. Attempts to slander the NDPC'ers were met with choruses of boos.

The NDPC candidates have already gained commitments from scientists, music scholars, competing candidates, and other community leaders to join them in establishing an ad hoc committee to make proposals for changes in the curriculum based on the NDPC's demonstrations that "genius can be taught." Nereida Cordero-Thompson, one of the NDPC-backed candidates, has been endorsed by the Puerto Rican Educators Association for the number-two position on its ballot. Cordero-Thompson had managed the NDPC-endorsed congressional campaign of Fernando Oliver in the Bronx last year.

The hidden agenda

But the hidden agenda of the controllers of the slanderers has little to do with curriculum per se.

Since LaRouche slanderer State Sen. Franz Leichter led the fight to “decriminalize” marijuana in the state, drug sales of all kinds have become a frequent means for school personnel to supplement their meager incomes. Grade schools rival parks as prime drug distribution centers in the American capital of drug money laundering.

From the outset of their campaign, the NDPC candidates have pledged to do what is necessary to create drug-free zones around all the district’s schools. In 1979, as leaders of the National Anti-Drug Coalition, candidates Cordero-Thompson, Jeanne Bell, and Dianne Oliver led a successful campaign to stop Democrat Leichter’s bill licensing the sale of marijuana in liquor stores.

The level of hysteria displayed by heavyweights Moynihan and Koch and their operatives in the United Federation of Teachers has led to suspicions throughout the district, especially in Hispanic and black neighborhoods, that the officials are sitting on top of a drug and sex mill operating under the cover of a public school system.

The same day the *New York Post* ran its insinuation that Hispanics are too stupid for a classical education, it also carried a story about a New York City dean of girl students who boasted that she and her administrative allies are conducting “subversive activities” to promote homosexual and lesbian literature in the schools.

Further questions about the drug-and-sex agenda the LaRouche opponents have for the schools are raised by would-be chancellor Wagner’s connection to the North American Man/Boy Love Association. NAMBLA is conducting a campaign to lower the official “age of consent” for sexual activity to age four—while Mayor Koch continues to plea before the city council for “homosexual rights.”

Stages of the smear campaign

The slander campaign against the LaRouche school board candidates has not been a last minute effort. As soon as the nine candidates and their associates in other districts handed in double and triple the number of petition signatures required to get on the ballot, Moynihan lent out one of his stable of lawyers to challenge the petitions in an attempt to keep the NDPC candidates off the ballot.

The tactic failed, and the news articles lamenting the failure conceded as the campaign began that the NDPC slate would win at least one or two positions on the nine-person District Six board. Thirty-five candidates qualified for the ballot after the press published an appeal by Koch for “concerned citizens” to run. Koch issued his appeal well after the petition period started, when it had become clear that the NDPC was on its way to meeting the petition requirements.

The next tactic was to “quote” anonymous “Jewish community leaders” professing fear of the slate. The press found proof of this in a leaflet entitled “STOP the New Fascist Cult” that was drawn up by a specially created organization, the Committee to Save Our Schools. The organization, endorsed

by Leichter, Michels, and U.S. Congressman Ted Weiss, quoted LaRouche out of context to make it sound as though he endorsed Nazism! In actuality, the statement the extract was taken from was a 1978 description by LaRouche of the Green environmentalist movement in West Germany as fascist (a description borne out by later revelations). “It is not necessary to wear brown shirts to be a fascist. It is not necessary to wear a black shirt to be a fascist. It is not necessary to wear a swastika to be a fascist. It is not necessary to wear the fasces to be a fascist. It is not necessary to call oneself a fascist to be a fascist. *It is simply necessary to be one!*”

Next, United Federation of Teachers President Albert Shanker got into the act by devoting his regular paid column in the Sunday *New York Times* on April 24 to slandering the NDPC campaign.

Not satisfied that the printed slanders were doing the job, the Anti-Defamation League arranged for a podium for a professional LaRouche slanderer at a Jewish community center in the district. Dennis King, a stringer for the Dope Lobby publication *High Times*, tried to use the same Goebbels tactic in front of a live audience. Quoting material out of context again, King refused demands from the audience to read the full body of the material which he claimed proves the LaRouche organization to be fascist. During the 1968 citywide teachers’ strike, King, then a Progressive Labor Party spokesman, attacked the heavily Jewish teachers’ union members as “racist.”

None of these tactics has seemed to work outside the slanderers’ own networks. Teachers, parents, Jewish leaders, other voters in the district, and even opposing candidates have taken up the NDPC program. Candidate Norman Pearl stated at a recent candidates’ night meeting, “What we are seeing here is more than an historical irony. Some of the most brutal of the Nazi stormtroopers came out of the back-to-the-earth counterculture groupings of the Weimar period. They were open proponents of drugs and pederasty. Now I hear some of my fellow Jews who came to this country to escape fascism calling us ‘fascist’ for fighting these same evils.”

Melvin Klenetsky, an NDPC leader who opposed Moynihan in the 1982 Democratic senatorial primary, explained at a press conference held before Moynihan’s April 25: “Nationally, LaRouche and his allies are viewed as a threat to the racist wing of the Democratic Party, put in place by Averell Harriman, whose own family . . . made itself conspicuous in the 1920s and 1930s by promoting the identical race ‘science’ of eugenics that Adolf Hitler adopted.” Klenetsky, who won up to 65 percent of the official vote in black districts in his race against Moynihan, said, “These elected officials . . . are the in-government protectors of cocaine and marijuana sales on the Upper West Side and in a proven 95 percent of Manhattan’s school yards.” Klenetsky was widely covered on radio and in newspapers as stating: “What Moynihan has said about the LaRouche group is slander that goes back to 1978, when LaRouche began a major war on drugs.”

FBI funding to be cut?

Congress may take "an option" of cutting the budget of the Federal Bureau of Investigation if the Bureau does not explain precisely how it intends to operate under the recently issued, liberalized domestic security guidelines which went into effect on March 21, according to Capitol Hill sources.

FBI Director William Webster was "recalcitrant" in answering congressional concern over potential FBI abuses that may arise under the new guidelines. Webster was also reluctant to explain why the new guidelines were necessary when he testified before the House Judiciary Subcommittee on Civil and Constitutional Rights April 27, sources added.

The new guidelines, the first major revision since the Levi guidelines were issued in 1976, allow the FBI to begin investigations of persons based on their making statements advocating criminal acts (see *EIR*, April 26). An injunction barring such FBI activity has already been issued by a federal judge in Chicago. Subcommittee chairman Rep. Don Edwards (D-Cal.) said that "the ambiguity of these guidelines and the possibility that some future FBI may place a different interpretation on them are legitimate cause for concern."

Edwards thinks that no case has been made as to why the Levi guidelines would not work, that no significant justification has been made for the change.

Most congressional objections to the FBI have so far been made over "civil rights" concerns, and have avoided the issue of criminal conspiracy in FBI operations such as Abscam and Brilab.

The National Democratic Policy Committee testified on this issue to the Subcommittee on Commerce, State, Justice, and the Judiciary of the House Appropriations Committee on April 25. "The FBI functions as an unconstitutional criminal conspirator whose connections with sections of foreign intelligence agencies . . . must be thoroughly investigated," the NDPC representative stated. Until these steps are taken, the "FBI budget must be drastically cut and . . . its remaining funds frozen until full and open congressional investigations have expelled the contaminated elements within the FBI."

The NDPC cited five immediate cases of FBI work against the national interests of the United States: "pardoning of known terrorists," subsidizing the organized crime-linked Anti-Defamation League, the "white-collar crime scams," and the "cover-up of the Billy Carter-Libyan affair."

Clinch River funding threatened again

The House Science and Technology Committee voted 24 to 16 April 26 to stop federal funding of the Clinch River Breeder Reactor (CRBR) for fiscal year 1984. Nearly all freshmen Democrats, including Representatives Durbin (Ill.), Andrews (Tex.), MacKay (Fla.), Reid (Nev.), Torricelli (N.J.), and Boucher (Va.), voted against continued government funding, so the margin of opposition to CRBR was wider this year than in previous votes.

CRBR also faces serious tests in the Senate, which approved funding and succeeded in getting the funding retained in conference with the House.

If private financing cannot be found, some on the Hill claim, then the government should not support such a non-viable project.

Just before this vote, the Committee had defeated, 21 to 19, a proposal by chairman Rep. Don Fuqua (D-Fla.) to continue site preparation, without specifying precisely the type of facility to be built.

The Subcommittee on Energy Research and Production, chaired by Rep. Marilyn Lloyd (D-Tenn.), will soon begin hearings on H.R. 2455 for "alternative" financing for CRBR.

Hearings continue on banking deregulation

The Senate Banking Committee continued its oversight hearings into the state of U.S. financial institutions on April 26 and 27, receiving testimony from Federal Reserve Board Chairman Paul Volcker and other federal bank regulators. The hearings were convened by committee chairman Jake Garn (R-Utah) as the first phase of a two-year process aimed at revising the entirety of U.S. bank legislation, including the Glass-Steagel Act, the McFadden Act, and the Bank Holding Company Act.

Garn has argued that "the market" has forced interstate banking and deregulation upon the United States, and that Congress must now adapt by breaking down the barriers which have protected the small commercial banks and thrift institutions.

In his April 26 testimony, Volcker "welcomed" the Garn hearings, noting that the changes taking place in the "depository institutions environment" are "healthy, but are proceeding without public direction." While Volcker

took pains to paint himself as more "cautious" than others in proceeding with wholesale deregulation, the specifics of his proposals portend major changes in U.S. banking law.

For example, Volcker argued that the traditional regulatory powers that states have exercised in determining the nature of banking within their borders and which have defined the uniquely American "dual banking" structure, should be abrogated. "Technology has caught up with us and interstate banking is a reality except for the narrowly defined retail bank."

Several senators, including Chic Hecht (R-Nev.), Alan Dixon (D-Ill.), and Frank Lautenberg (D-N.J.), expressed the concern that such changes would spell the demise of the locally oriented banking institution which has served U.S. industry and agriculture, as opposed to fostering speculation. Lautenberg said, "I worry that we will eliminate the small entrepreneurial-based bank . . . and that the only criterion upon which lending will be based is greed."

Volcker pointed to the example of Switzerland as a place where both "financial giants" and numerous other financial institutions can coexist.

Teamsters subdued, hotel union stalked •

A two-year investigation of the Hotel Employees and Restaurant Employees International Union (HEREIU) conducted by the FBI through the Senate Permanent Investigations Subcommittee (SPIS) moved into high gear on April 27, with hearings featuring the notorious FBI informant Joseph Hauser.

The subcommittee, which provided much of the publicity and support for the more recent prosecutions of now-resigned Teamster president Roy Williams, has apparently decided that it is time to escalate the witchhunt against other national unions.

Hauser, a former insurance company wheeler-dealer on the FBI payroll since 1979, testified that the former head of the Los Angeles local of the Hotel Workers union, "Blackie" Leavitt, as well as HEREIU International President Ed Hanley, were and are controlled by Chicago-based organized crime networks. He implicated Leavitt in the bombing of a California restaurant and the murder of a Nevada HEREIU local official.

Hauser asserted that Sidney Korschak, the Dope, Inc.-connected lawyer who is a social contact of the Jerry Brown-Charles Manatt hierarchy of the California Democratic Party, was introduced into California through Leavitt's connections!

Hauser concluded by alleging that "the organized criminal element in this country has manipulated and controlled the insurance coverage for the majority of the members of these three large International unions [Hotel Workers, Teamsters, and Laborers]."

Hearings on the Hotel Workers will continue over the next several months. Roth and subcommittee ranking Democrat Sam Nunn (Ga.), who chaired the Teamster investigation several years ago, are pushing for passage of S.336, the Labor-Management Racketeering Act of 1983, which would force union leaders to leave office upon conviction of a felony. Under present law, a union official can remain in office until the appeals process has been exhausted.

Companion legislation was intro-

duced in the House of Representatives April 20 by Rep. John Erlenborn (R-Ill.), who is also a major opponent of the Davis-Bacon Act providing area union-scale wages on federal construction projects.

McClure attacks arms controllers

Sen. James McClure (R-Idaho) released extensive documentation on Soviet violations of the SALT treaty in an April 25 press conference, and warned that "the arms control process has, so far, not protected [our] security interests."

McClure, a member of the Senate Republican leadership and an often-mentioned possibility to fill the Senate majority leadership post that Howard Baker is vacating in 1984, has not been an outspoken figure on strategic policy.

At his press conference McClure declared: "The arms control process has not produced stability around the world. It has not produced better relations between the United States and the Soviet Union. And it has not enhanced security, or put an end to the growth of nuclear arms."

In particular, McClure singled out the Hart amendment to the FY 1983 Extended Continuing Resolution. McClure said, "The United States is prohibited by the Hart Amendment from flight-testing the MX ICBM and from planning the development of a new small ICBM for a possible first flight test in 1989. The Hart amendment was justified to the Senate for the express purpose of complying with the SALT II treaty."

But, he continued, "the Soviets are doing precisely what the U.S. is prevented from doing."

National News

'Beam weapons policy doesn't exist'

The State Department is insisting on the record that the United States has no policy to develop space weapons systems, and is considering measures to ban them.

At the April 27 State Department briefing, spokesman Alan Romberg was asked to comment on Soviet leader Yuri Andropov's attacks on President Reagan's beam-weapons decision as an effort to ensure the "militarization of space."

After countering that the Soviets have demonstrated they do not have peaceful intentions in space, Romberg announced, "Other than an effort to develop an ASAT [anti-satellite] capability to match the Soviets', we are not planning any space weapons systems." Romberg cited previous U.S. support for controls over arms in space, including the ABM treaty, and added, "Our national space policy commits us to consider further space arms control measures that would ban or otherwise limit specific weapons systems if those measures are shown to be verifiable, equitable, and in U.S. national security interests. Until these problems are resolved, we will not be able to address questions of further negotiations."

Another State Department official reported privately that "very confusing signals are coming down," and that State Department policy remains to seek arms control agreements in space and oppose the "militarization" of space.

Keyworth backs beam weapons

Presidential Science Adviser Dr. George Keyworth told the Electronics Industries Association April 20 that "the United States—and the world's—best hope for continued peace and security lies in our ability to employ the best technology to make revolutionary changes in our defense systems. I can think of no clearer illustration of that than President Reagan's proposal last month for a radically new strategic defense."

Keyworth then denounced the "quick negative responses" from some scientists and experts, and the "opinion that the subject of

missile defense was taboo." This view, which he characterized as that of "a handful of self-appointed spokesmen," has been reported in the press as the consensus of the scientific community.

"In 1933," Keyworth reminded the executives, "Lord Rutherford, the father of nuclear physics, said that 'anyone who expects a source of power from the atoms is talking moonshine.' In 1944, Theodore von Karman, the aeronautical pioneer, discounted the feasibility of supersonic flight and the feasibility of navigation off the gravitational field of the earth. And in 1945 Vannevar Bush offered the opinion that a workable ICBM was an impossibility.

"What's amazing is not so much their flawed vision, as the short period it took to reveal it. . . . I refuse to believe we have to be resigned forever to mutually assured destruction. . . .

"We should consider how new knowledge and new technology might change the way we view these issues in the future. And we should be looking at what technologies to pursue more rigorously."

Wall Street group runs opposition

The Wall Street Bipartisan Committee on the Budget—the "gang of six" former cabinet secretaries run by Robert McNamara and Brandt Commissioner Peter Peterson of Lehman Brothers Kuhn, Loeb—is still trying to cut the President's defense budget and establish a "congressional dictatorship" against him, despite the necessity of higher spending to carry out the new ABM policy.

Reagan's administration must be dismantled, a spokesman for the McNamara committee said privately April 26. Before the President can deal with the world debt crisis, "the first thing that will blow up in his face will be a political crisis around his defense budget policy. There is going to be a sharp conflict by late summer between Congress and the President, with both parties against him. This is the end of Ronald Reagan's ability to run the Congress.

"Both the Senate and the House have passed the recommendations on defense and other budget cuts made" by the McNamara Wall Street committee, the economist bragged. "The Bipartisan Committee has asked

for a \$20 billion cut from Reagan's current defense spending projections for 1985, and the Senate has already announced for a \$15 billion cut. The House wants to cut even more."

Asked about beam weapons, he said that they were completely rejected in the Bipartisan Committee's budget projections.

Education panel decries 'educational disarmament'

The National Commission on Excellence in Education, initiated by Education Secretary Terrell Bell in 1981, issued its findings at a White House press briefing April 26.

The commission declared that "the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people." The panel specifically attacked the "smorgasbord" of high school electives that have undermined the curriculum.

To remedy America's "unthinkable, unilateral educational disarmament," the panel has recommended an emphasis on "new basics," including four years of English, three years of mathematics, science, and social studies, and a half-year of computer science.

President Reagan endorsed the report and used the occasion to reiterate his support for tuition tax credits and educational vouchers. This report is the latest of a half-dozen recent studies which have documented the same critical situation.

The report called the United States "at risk" for allowing other nations to "match and surpass our educational attainments. . . . Concern, however, goes beyond matters such as industry and commerce. It also includes the intellectual, moral, and spiritual strength of our people."

Constituents polled on defense policy

Representative Frank Wolf (R-Va.) is polling his constituents on their support for the

Briefly

President's new doctrine emphasizing strategic defense.

"President Reagan has proposed a new long-term defense policy for the United States to counter the Soviet missile threat based not on a build-up in offensive weapons systems," Wolf's questionnaire reads, "but instead, through the development of defensive weapons, to intercept attacking missiles in flight. During the next two decades, the President has called for an all-out effort for the United States to use its technology to construct and base an antiballistic missile system in space.

"What is your position on this proposal?"

Constituents are then given options to favor, oppose, or indicate that they are undecided about the President's initiative.

Planetary exploration program proposed

The Solar System Exploration Committee (SSEC), established in 1980 under the NASA Advisory Council, on April 17 released the executive summary of its study on a program for planetary exploration through the end of this century.

The core program lays out a goal of launching a planetary mission every two years. It also adds a new goal for the program, of great potential importance—the preliminary assay of near-Earth resources on the Moon and Earth-crossing asteroids.

Since the beginning of the space program, the planetary exploration part of NASA's space science efforts has seen many ups and downs. Funding for the programs peaked in the early 1960s, reaching a level in today's dollars of \$900 million. This was the period of the burst of missions to Earth's nearest neighbors.

Then the funding dropped by two-thirds and peaked again in the mid-1970s with the initiation of the Voyager missions to the outer planets and the Viking missions to Mars. By 1980, planetary exploration was down to less than \$300 million in current dollars. Robert Frosch, then administrator of NASA, asked the SSEC to outline a long-range program which would alleviate the extreme swings in funding.

The recommended program of the SSEC concentrates on fundamental solar system

exploration. Planetary scientists are now looking again at a U.S. return to the Moon, this time to stay. They have pointed out that a full resource evaluation is necessary before we can plan to colonize our neighbor.

The SSEC chose its missions to meet the four goals set for exploration.

The primary goal is the determination of the origin, evolution, and present state of the solar system. The second is the understanding of the Earth through the new science of comparative planetology. Getting an understanding of the relationship between chemical and physical evolution of the solar system, and the appearance of life is the third goal. The fourth goal is the survey of resources available in near-Earth space, which includes the Moon.

PIK to bolster farm machine sales?

Unit sales of farm machinery in the United States have declined an average of 50 percent since 1979 with an accelerated decline during 1982. The Department of Agriculture calls low farm income, high interest rates, and rising farm debt the cause.

Unit sales of all categories of tractors have fallen since the mid-1970s, but in 1982, sales of machines with 40 or more horsepower were down 26 percent from 1982 and down 55 percent from 1979. Combine sales declined about 40 percent below last year.

Farm suppliers have tried discounting and waving finance charges, to no avail.

A group of farm-related businesses have formed AGARI-PIK Service, Inc. to try to increase sales to farmers who are participating in the the USDA's Payment in Kind (PIK) program, in which a farmer is given surplus supplies of a crop he agrees *not* to grow. AGARI-PIK will act as a clearinghouse where farmers can use their PIK certificates to establish lines of credit. This credit can be used at participating businesses.

A similar scheme is being run by International Harvester, which puts the farmer "in touch with a commodity buyer" who provides a future hedge price against his PIK certificates in the form of cash. An International Harvester spokesman claimed that it was "an innovative way to stimulate sales" but "was not at liberty" to reveal who the "commodity buyers" were.

● **HENRY KISSINGER's** trouble with Italian authorities broke into the Eastern Establishment press April 25, when the *Philadelphia Inquirer* printed a brief account released by the U.S. embassy in Rome. U.S. embassy spokesman Joseph Johnson acknowledged that two magistrates investigating the murder of former Prime Minister Aldo Moro sent an "informal inquiry" asking if Kissinger would be available to speak to them, but the embassy replied that "it did not seem to us that he would have the time."

● **REP. JACK KEMP (R-N.Y.)**, in a late April radio interview, said that the Federal Reserve Board is responsible for the beginnings of an "economic recovery," not the Reagan administration. Fed Chairman Paul Volcker's money loosening and lowering of interest rates have been more significant than the President's tax cuts, according to Kemp.

● **SEN. JOHN GLENN (D-Ohio)**, the one-time hero of the 1960s manned space program, cast his fate with the environmentalist wing of the Democratic Party in his April 21 announcement of his candidacy for the presidential nomination. "We must have leadership that understands the potential of modern science, both for good and for evil," Glenn stated. [Technology] can cause lost jobs, environmental destruction, nuclear disaster, and an Orwellian nightmare of government control."

● **THE WASHINGTON POST** blacked out a syndicated column by Jack Anderson which named Sen. Edward Kennedy (D-Mass.) and eight sitting and former congressmen as possible customers in the cocaine ring that is under investigation on Capitol Hill. Other congressmen named by Anderson are Parren Mitchell (D-Md.), Gerry Studds (D-Mass.), Charles Wilson (D-Texas), and Ronald Dellums (D-Calif.).

Turning point in Central America policy

Early in 1981, *EIR* warned that the civil war in Central America could sabotage the potential of a new, independent and pro-growth policy following Ronald Reagan's 1980 electoral mandate. We also noted that an alliance between the United States and Ibero-America, particularly the Republic of Mexico, was the key to getting back to the "American Century" program of President Franklin D. Roosevelt and reversing the industrial collapse that is leading the world toward nuclear war.

The crisis has ripened to a decisive point.

President Reagan's address to a joint session of Congress on April 27 offered no dramatic new announcements that changed the policy toward Central America. The trap set for the administration on Central American policy remains baited, but the President did not fall into it head over foot. Reagan's enemies, who hoped to nail him with a "new Vietnam" charge based on this speech, went away disappointed.

Congress gave the President a hearing more appropriate to a sporting event than to consideration of American options in the Central American quagmire. The cheering was alternately for "stopping the tide of communism creeping to our doorstep" and "avoiding a new Vietnam—no U.S. soldiers will be sent to do the fighting." Both may be popular, but unless Congress and the President re-assess the faulty "East-West" strategic assumptions underlying the choices presented by the President, the potential for a Vietnam will rapidly grow.

First, Reagan alluded to the issue of the possible stationing of Soviet missiles on Nicaraguan soil, despite repeated and emphatic denials from the Nicaraguan government that it is considering any such course. The President inadvertently underscored why there is special urgency to cooling the Central American crisis quickly. If allowed to fester, it will increasingly overlap the looming strategic crisis over the stationing of Pershing II missiles in Europe.

That stationing is now programmed for the October-December period of 1983. The Soviet Union is threatening countermoves which are unlikely to include

stationing missiles in either Cuba or Nicaragua, but could include positioning submarines in waters adjacent to the United States. The Central American conflict will provide a hotbed for strategic miscalculation, and thus possibly the trigger for nuclear war.

Second, the President attempted to beef up the "bi-partisan" nature of his appeal for more U.S. involvement, by citing the Cold War doctrines of the Truman era. He thus chose to evoke precisely the historical moment when FDR's postwar plans were jettisoned and U.S. foreign policy was tucked back under the wings of the British. A U.S. policy fiasco in Central America is the major British lever for reversing the President's March 23 announcement of a new strategic doctrine based on defensive beam weapons against nuclear missiles. A British insider in the recent Anglo-Soviet Roundtable discussions (see page 30) gloated that the British assured their Moscow counterparts that Reagan's speech "is more a matter of rhetoric than of practical policy." The same spokesman declared his view, shared with the Soviets, that Reagan has gone "over the end" on Central America.

It is for precisely this reason that *EIR* founder Lyndon LaRouche commissioned the diagnosis and prescription for ailing U.S. Central America policy that appears in this week's Special Report and is circulating to Washington policy makers. It is not lost on the British that LaRouche is the designer of the strategic doctrine behind the beam-weapons policy they and their friends in Moscow want to destroy. It also did not escape their attention—the *London Times* was nearly apoplectic on April 27 about this—that the Presidents of Mexico and Brazil, the most powerful Ibero-American countries, at their recent summit came within inches of embracing the "debtors' cartel" of which Lyndon LaRouche is known internationally as the intellectual author. The two Presidents also pledged to rally unanimous Ibero-American support behind the Contadora group's plan for a regional peace solution in Central America, based on economic development. The enemies of these policies are Reagan's enemies.

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