

EIR

Executive Intelligence Review

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EIR

From the Managing Editor

‘Trying to find the cause of the Korean airplane incident in any particular concerning the flight is like asking why a man-eating tiger ate any particular man,’ commented Lyndon H. LaRouche, Jr. the day after the Soviet Union shot down 269 civilians. In this issue, you will find two major documents by LaRouche, the first being his “Open Letter to Yuri Andropov,” which identifies the nature of the Soviet beast and then outlines a way in which it can, so to speak, change its stripes, preserving the Soviet Union and the rest of the world from thermonuclear war.

The second LaRouche document is the *EIR* founder’s introduction to our Special Report on the potential for the development of the Pacific Basin/Indian Ocean nations—economically speaking, the great road toward elevation and expansion of the world’s population in the 21st century, and politically speaking the prerequisite for superseding the present sterile and dangerous “three world empires” system. The introduction to the Special Report was originally written as the preface to a lengthy policy document, in which Mr. LaRouche details his proposals. The document will be discussed at conferences and seminars around the world this autumn.

As these conference plans were made, it happened that Henry Kissinger decided to hold a meeting on the Pacific Basin in Hong Kong on Oct. 28-29. In this issue, we continue our scrutiny of Dr. Kissinger’s activities, with emphasis on his effort to secure the seizure of Third World resources to redeem bad debts, and to kill the momentum toward a debt moratorium. When the notion of a debtors’ cartel first circulated among the Non-Aligned movement leaders in 1976, a few well-placed “hits” from Henry and threats from the International Monetary Fund/World Bank sufficed to squelch it. Today, both the debt crisis and the political resolve of developing-sector leaders are, of course, much further advanced.

We call your attention to the interview in this issue with veteran congressman Henry Gonzalez, Democrat of Texas, who is seeking an investigation of possible conflicts of interest in the appointment of a partner in Kissinger Associates as head of the Central America commission. Representative Gonzalez also makes some pungent comments on the results of IMF policies.

Susan Johnson

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NSIPS/Uwe Pappart-Henke

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Kissinger caught in corruption scandal

by M. T. Upharson

Since the Aug. 27-28 American Enterprise Institute (AEI) meeting on the Pacific Basin in Vail, Colorado, Henry A. Kissinger has become the center of the most destructive case of financial corruption by a U.S. government official in a very long time.

During late 1982, prior to his recent appointment as head of the new Central America commission, Kissinger formed a business venture, Kissinger Associates, Inc., with Britain's Lord Peter Carrington and other former government officials. The firm's advertised function was to use its influence to put official Western pressure on Latin American and other governments for the advantage of Kissinger Associates' clients. Kissinger has also held lucrative positions as special adviser to a number of New York financial interests, including the chairmanship of the International Advisory Board of the Chase Manhattan Bank N.A.

The bill to grant a U.S. taxpayers' bailout of \$8.5 billion to the International Monetary Fund, currently stalled by the House Appropriations Committee, is part of Kissinger's scheme. He has been lobbying on Capitol Hill in a high-profile, not to say strong-arm manner for the IMF bill, because the IMF's austerity programs serve to soften up Kissinger's victims among debtor nations.

An *EIR* dispatch from the Vail, Colorado meeting reported on statements there by Alan Greenspan, a consultant to Kissinger: "Aug. 29—The Gerry Ford Second World Forum, which drew Henry Kissinger, former President Gerry Ford, former Chancellor Helmut Schmidt, former President of France Valéry Giscard d'Estaing, and other figures from

the Kissinger-Nixon-Ford period, to Colorado for a weekend of discussions on the state of the world, ended here yesterday. . . .

"Wall Street economist Alan Greenspan, a consultant to Henry Kissinger and director of the Morgan Guaranty bank, told a journalist, 'Most of the private part of the meeting was on the pressing problem of developing-country debt.' What must be done, he said, is to convert the bankers' holdings of debt, which the countries can pay or not as they choose, to bankers' holdings of 'equity in the debtor nations'—actual ownership by private European and U.S. banks of assets in the Third World, the way a stockholder owns a piece of a corporation, according to Greenspan.

" 'The only problem is what equity means in sovereign nations,' Greenspan stated. 'This is not self-evident.'

"Kissinger and Greenspan told the meeting that there will be no further bank credit to the Third World at all, until the equity ownership issue is resolved. 'We raised the issue that new private international lending to LDCs, especially to Latin America, but also to Pacific Basin countries such as the Philippines, will be extremely modest in future, in fact, much less than any number now being projected by private and official agencies. There will be almost no private bank lending, in effect.'

"The 'new mechanism' of world credit is to be equity ownership of Third World economies, and this is to be backed by official agencies in the North, he continued. 'It is clear that instead of traditional private bank lending, there must be a major extension of direct investment and access to capital

markets for equity finance for the LDCs. We can't just continue to put in new debt on the traditional lines, because this creates payment deadlines the debtors cannot meet, which is a major source of the current debt crisis. With equity, there are no such deadlines.'

" 'We must convert debt to equity,' he added, noting that not only should new equity be bought, but that existing old debts should be converted to equity ownership. 'These debtor countries have export earnings and raw materials, and the question is, how would the creditors gain some form of equity? We must have forms of payments which are not specifically related to debt payment deadlines themselves, but to ongoing earnings on exports and raw materials development.' "

IMF: Kissinger's collection agency?

The policies discussed by Kissinger and Greenspan are being pressed on the U.S. government with the sales pitch that equity investment is "better free enterprise" than loans without strings to "socialistic" Latin governments. The U.S. government "will soon be publicly supporting the free market, equity approach," a source close to Kissinger reported. If this scheme becomes U.S. policy, Kissinger will have put the diplomatic and military weight of the U.S. government behind Kissinger Associates, while Kissinger Associates acts as a well-paid global enforcer for its banking clients' bad debts. The IMF is to have an ever-larger role as the local, on-the-ground collection agency in this process.

Kissinger is pushing the currently blocked appropriations for H.R. 2957—which grants the IMF an \$8.5 billion U.S. quota increase—as a bill to enhance U.S. trade with Ibero-America and the rest of the Third World, retailing the lie that the IMF funds will be put toward expanding U.S. exports. In fact, U.S. cash for the IMF will not "bail out" the Third World or stop the world debt crisis.

The role of the IMF, as a spokesman for Henry Kissinger and David Rockefeller's Commission on Latin American Debt and Governmental Politics stated the day after the Vail meeting, is to "squeeze" the economies of Ibero-America—until the nations of the region give up their sovereignty, and agree to Kissinger's transfer of equity ownership to foreign lenders, said an official of the Americas Society, the sponsor of the Rockefeller Debt Commission. "We have to use the austerity and social chaos to crack the social institutions of these countries, to change the laws," he stated, stressing that the IMF is assigned to shrink the industrial operations of public sector companies in Brazil, Mexico, Argentina, and other countries where in truth the public sector has carried out most of the nations' industrial development.

The Rockefeller Debt Commission is already meeting with Ibero-American governments to make the bankers' demands for equity ownership and repeal of national laws, the spokesman stated.

The Commission on Latin American Debt is sponsored by the Americas Society; its de facto chairman is Henry

Kissinger's piggybank David Rockefeller, and its executive director is Robert Hormats, former Kissinger State Department employee and Kissinger's aide at the Goldman Sachs investment bank. The commission was set up in New York on Feb. 24, by the Ditchley bank's creditors' cartel, and the Americas Society (Council of the Americas).

The commission includes leaders of the Ditchley creditors' cartel such as Chase vice-chairman Willard Butcher (head of the Ditchley Group), Morgan Bank vice-president Robert Lindsay, Bank of America vice-Chairman William H. Bolin, First National Bank of Chicago president Barry Sullivan, Lehman Brothers Kuhn Loeb executives Nathaniel Samuels and Jose "Pepe" de Cubas, Jimmy Carter's lawyer Sol Linowitz, First Boston president Pedro Kuczynski, and Celanese Corporation president John McComber.

The policy outlined by Greenspan and the Rockefeller spokesman is a revival of the British Empire's 19th-century transformation of Egypt into an abject colony by creating and then foreclosing on Egypt's Suez Canal debts, and turning masses of Egyptian workers into slave laborers working off debt payments. That policy will devastate U.S. allies and turn ally and "neutral" alike against the United States, toward Soviet "assistance." No Soviet agent inside the U.S. government could strike a more effective blow against the strategic interests of the United States.

'Laws will be changed to give creditors equity'

The following interview with an official of the Council on the Americas Society, which is the sponsor of the Rockefeller Debt Commission, was conducted on Aug. 30 and provided to EIR. Emphasis has been added.

Q: The Latin American Debt Commission will issue a report on debt in the area this fall. What will it say?

A: The entire structure of Latin American debt needs to be changed. The U.S. government is committed to a new approach using private capital flows and private enterprise, of which private equity ownership is a touchstone. The problem is that Latin American debt has not been structured that way. The debtors have shifted the free enterprise system over the past 10 years, intentionally, and obtained large masses of capital to expand their public sector corporations as the preferred instrument of development, while placing obstacles on private foreign investment.

That must be changed, and is being changed. The prob-

lem is that most of the debt these countries accumulated was borrowed by these public sector corporations, which wasted huge amounts of money. Loans were mistakenly given to these countries, to do with as they wished, and they decided to build up huge public sectors. Instead of producing export revenues, they set up internal development programs, and only produced a mass of bureaucratic waste.

This sort of socialization of credit should be stopped. That is what the IMF is doing with its programs in most of Latin America and elsewhere—squeezing all the subsidies out of the public sector companies. The IMF is enforcing first and foremost the reduction of these overblown public sector companies, and the reduction especially of borrowing by them, and subsidies by the governments to them.

All money must be channeled instead into production of exports to earn export revenues for debt repayment.

Q: But how can this be done?

A: The real problem is that they won't allow it. *The laws in Latin America on foreign investment must be changed, and that is a problem of national sovereignty.*

We are meeting with many of these governments to make this point clear. The Commission has sounded out the ideas of most U.S. multinational corporations and banks, and we are presenting them to the governments in Latin America. For example, we're having a meeting here with Argentinian finance and economics ministry officials soon to tell them what Americans are thinking about new investment. There are a number of laws which must be changed.

Take the Argentine state company Fabricaciones Militares, the company owned by the army; it is active in industry and mining, far beyond the needs of the military. We will tell them: "You have to squeeze all the subsidies out of the domestic economy, and the first place to start is with these public companies. Fabricaciones has been absorbing too much foreign capital and government subsidies, to cover up their inefficient management. These have got to be eliminated."

In fact, somehow in Latin America *the concept of bankruptcy has to be introduced into the public sector.* There must be a change in the state laws in Argentina, Brazil, Mexico, and other countries. First, no state subsidies to public companies like Fabricaciones, which do not operate on a business basis like normal private companies. Then, either they are allowed to go bankrupt, or, if they need new money, *open them up to private foreign investment.* This goes for a company like Petrobras in Brazil as well. They have been borrowing money to do with as they like, and if they go into the red, the state borrows more money to bail them out. This has to stop.

Q: Can this be extended to the conversion, as Greenspan said, of existing public sector company debt into equity, as well?

A: Exactly. Once you have a public sector company in a bankruptcy court, if you are a creditor, you can do what the

U.S. government did in the case of Chrysler or what the banks in Germany do when a corporate borrower gets into trouble. You convert some of the debt into equity.

In Mexico and Brazil, we must get rid of the law saying that foreign investors may not own 100 percent of a company. This is ridiculous. Also, in Mexico there is the question of what the government is going to do with the non-bank assets which they acquired when they nationalized the banks. The Mexican central bank still owns the Mexican banks' shares in many companies, including companies which are joint ventures with U.S. companies. The U.S. partners must be allowed to buy them out.

Another example is Andean Pact Decision 24, which limits the participation of foreign owners in equity. This must be changed. [The Decision also limits foreign investors to a 12 percent annual rate of repatriation on foreign investment in Andean Pact nations.]

Q: But how will you ever get these nations to change the laws?

A: It is a slow process. First, we are meeting with them, as I said, to urge them to change the laws. Then there is the fact that we will put out no more money until they do so. We say to these governments, "If you want foreign investment, you've got to eliminate those barriers."

We are getting some results. Ecuador recently loosened restrictions on foreign investment. Brazil is maneuvering in that direction. The organization responsible for determining which are the "national interest industries" is getting more lax and allowing more foreign investment. Meanwhile, the current IMF measures are biting and they have no other sources of credit. They will agree eventually.

Q: Isn't there the danger if you push them too far with austerity, they will declare a moratorium on their foreign debts?

A: You are absolutely right. I don't feel confident about the ability of Brazil, for example, to survive its current domestic situation. But there is no substitute for the austerity process. It is very true that it causes social chaos, but mass protests can be used to promote change. There will be tremendous public pressure, due to unemployment, on these governments to change their laws to get access to new credit. *We have to use the austerity and social chaos to crack the social institutions of the country, to change the laws.*

The more that is done now to reduce levels of expectations, the better. There just ain't enough money to go around. It's crass, but it's true. We're going to be doing the same thing in the United States—reduce the level of expectations.

If unemployment continues, in Brazil, and social unrest makes the institutions unworkable, I would not rule out a military coup by a strong figure like Pinochet to impose austerity, as occurred in 1964. It is bloody and painful but we have no choice. We have to continue withholding funds, and push the current process as far as we can.

The choice before Brazil is national sovereignty or starvation

by Mark Sonnenblick

Brazilian President João Figueiredo returned to the presidency Aug. 26 after a 45-day medical leave, with the affirmation that "National sovereignty is untouchable."

"We want to comply with our financial obligations, but we will not accept impositions which imply the abdication of our authority," Figueiredo warned. "The honor of the nation is more important than any advantages or concessions which harm our national dignity. We will not accept any economic-financial negotiations which harm our moral authority."

But the Brazil to which Figueiredo returned is a country already staggering under the effects of "concessions" Brazil has made to placate creditors by churning out a \$6 or even \$7 billion trade surplus this year. As business leaders insist, the "dollarization" of the domestic economy (pegging internal interest rates to the dollar's) results in usurious internal interest rates which are choking off every productive sector. New York bank economists anticipate a 7-8 percent drop in industrial output this year, with 40 percent of Brazil's 47 million workforce already underemployed. For those lucky enough to still have jobs, Figueiredo and Delfim and misguided business leaders are trying to ram through Congress Decree-Law 2045 which will cut real wages by 25 percent over the next two years.

Such policies will cause a social and political explosion, Brazilian authorities and business leaders have warned over and over again. Yet all of them make the grave mistake of believing that their creditors also fear social breakdown in the country which has half of Ibero-America's population, economy and resources.

The contrary is starkly revealed by a spokesman for David Rockefeller's Commission on Western Hemispheric Debt (see interview, page 6).

Trapping rats

The intended consequence of these policies—starvation—has become Brazil's reality. As grain stockpiles have been depleted in the drive to cut imports, most of the 60

million people in the drought-struck Northeast, and millions elsewhere, hover on the edge of starvation. On almost any given day in some town of the Northeast, up to a thousand starving people descend on the market in a desperate search for food. Sometimes the authorities calm the mob by giving a pound or two of rice to ward off starvation for a few days. Sometimes the crowd carries off sacks of grains, flour, and powdered milk.

For the last five years, lack of rain has killed the crops in this rugged area. Food is so scarce in Ceará state that people fight over rights to trap rats. Whole towns survive on fried lizards. The few pick-and-shovel jobs on labor fronts pay \$23 per month, just enough to provide one person with a starvation-level 999 calories per day. In the once prosperous European-settled South, massive floods have been followed by plagues.

As a result of IMF-mandated austerity policies, industrial production fell 6.7 percent, with capital goods down 22.5 percent to a third of capacity. Industrial bankruptcies were up 28 percent, and preventive reorganizations up 87 percent.

All of Brazil's interminable "negotiations" with its creditors, and their policeman, the International Monetary Fund (IMF) revolve around the question of what Brazil will give up next, not any alleged differences over statistics.

Under these circumstances Figueiredo has balked; but he has refused to decisively break with the IMF, and lead an Ibero-American debtors' cartel which would set conditions permitting a resumption of economic development. Though Figueiredo has also refrained from using Brazil's ultimate weapon—a declaration of moratorium—he has been urged to do so by labor, business, and political leaders, and—according to several *EIR* military sources—by the Brazilian Army, who are reported to oppose continuing Delfim Netto's surrender to the dishonorable conditionalities of the creditors.

What is at stake is the existence of Brazil as a nation-state, as a country which could develop its resources into a great industrial power by the end of this century. The big

question mark is whether the military will rally its population around that goal or will be manipulated into the kind of impotent isolation in which Chile's Pinochet is now locked.

In the meantime, neither Brazilian leaders nor their creditors still entertain illusions that Brazil could in fact continue to service its debts. On Aug. 19 Planning Minister Antônio Delfim Netto informed the Paris Club of government creditors that Brazil was unilaterally suspending all payments of principal *and interest* on some \$9 billion worth of debts to 15 foreign governments and agencies such as the World Bank. Delfim told the Paris Club convenor, French Treasury official Michel Camdessus that Brazil would not resume payments until the governments of the North agree to extend terms on some \$2 billion in interest and principal due them over the next 17 months.

Brazil's partial moratorium caused bankers to miss several heartbeats, and it went unreported in the U.S. financial press for almost a week. During August, Brazil also stopped debt service to practically all creditors. For the first time, it fell \$500 million in arrears on interest, as well as over \$2 billion in arrears on principal and trade bills, and another \$800 million behind to the Bank for International Settlements. If regular interest payments are not resumed by the end of September, Citibank, for example, will have to write off \$100 million in profits—much to the embarrassment of its managers and its stock value.

A London source told *EIR*, "We are desperately wishing it [a moratorium] won't happen. If it does, we've lost the game. We are horrified at what we see and will do anything to stop it." So far, a moratorium has been warded off by: 1) repeated false reports from Delfim and the banks that the IMF's Jacques de Larosière had endorsed Brazil's letter of intent and the banks would give Brazil a \$6 billion jumbo loan, and 2) military fears that the United States would seize its assets abroad, its ships, its planes, and perhaps even the Amazon region.

In the view of a prominent London merchant banker, just returned from emergency "advisory committee" meetings in New York, "The Brazil problem is imminent. Rumors that the IMF will give its seal of good conduct and the banks will extend new money are not credible. In fact, there will be an awful lot of banks that simply won't give a penny. I think that the Brazilians are still trying to reach an agreement with the creditors rather than try something big and unilateral. They are moving towards an agreement that will be very unfortunate for the foreign bankers. The point is that Brazil won't earn the money to pay debt, that's all. Citibank's dreams of collateralizing the raw materials in the Carajás project are pipedreams. The Brazilians would rather go to war. That's their sovereignty. The Brazilian crisis could have two effects: 1) that all the other Latin Americans stop paying interest too, and 2) that the banks stop distinguishing between the bad guys, Mexico, and the very bad guys, like Brazil."

The Anglo-American news media have been loaded with comparisons of Brazil's "failure" and Mexico's "success" in imposing austerity. *The Economist* of London writes of Mexico, "In no other country. . . not even post-Weimar Germany, has so radical a programme been instituted so rapidly, so free from hesitation—or with such sudden success." Mexican finance minister Jesús Silva Herzog was all smiles and self-congratulation at the celebration of the refinancing of \$11.4 billion in public debt held at New York's posh Lincoln Center on Aug. 26, but the odor of unreality was the same as at Brazil's ill-fated Feb. 25 signatory festivities.

'Apocalypse Now'

The Bank of England is encouraging the military's fears by leaking reports that its three-year old scenario for a Brazilian debt moratorium, entitled, "Apocalypse Now," has been activated. According to a City insider, Threadneedle Street is "twisting arms, telling the Latin Americans that the flight-capital assets they have in the United States in particular, holdings of bank deposits, Treasury securities, and real estate, might well be seized in the event of a moratorium."

A leading Brazilian capital-flight operator in New York told *EIR*, "What a scenario! Unfortunately for the debtor countries we don't have enough military power to defend ourselves. . . . We saw it in the Falklands." He contended that if the U.S. took such action against Brazil, "Everyone in Brazil will go leftist in 24 hours. We are not leftists, but we will be. There is no way out of it." A leftist upsurge is the military's biggest bogeyman.

Rumors swept through Brazilian banking circles Sept. 1 that the government was about to give creditors shares in the state-sector giants which control Brazil's petroleum and ore-mining as partial payments for debts. This is easier said than done, since the still-powerful military feels its mission is to protect the strategic industries and resources which are the key to the nation's future. Contrary to rumors on the Chicago commodities exchange Aug. 25, exports of remaining soy-bean stocks will continue, though they will be watched more closely.

People like the Rockefeller spokesman who expect the army to do their dirty work by repressing an increasingly miserable population may be surprised that the army wants to leave politics to the politicians. Figueiredo declared on Aug. 26 that he would allow the opposition parties to help him select the next president. That means that Brazilian internal politics will not be ruled by dictatorial imposition. Negotiations with business, labor, and other constituencies in pursuit of a broader consensus add up to bad news for the bankers.

Under these circumstances it is hardly surprising that the Brazilian military has blocked the signature of a new letter of intent with the IMF which mandates shock therapy to reduce inflation from 180-200 percent this year to 55 percent next year and cut state sector deficits to zero.



'Latin America's economies must make adjustments'

World Bank Vice-President for Latin America Nicolas Ardito Barletta invited EIR correspondent Carlos Wesley for a chat at the bank's Washington headquarters on Aug. 17. A University of Chicago-trained economist, Dr. Barletta said he had just concluded a two-week seminar on "Western values" at the Aspen Institute, the Colorado-based think-tank chaired by Atlantic Richfield's Robert O. Anderson. Over lunch in the luxuriously appointed—and subsidized—World Bank executive dining room, Barletta spoke about his philosophical outlook—British liberalism—and his economic theories—"everything for which there is a market, has value." He defended his leading role in the creation of Panama's offshore banking center, reportedly a hotbed of illicit money laundering, on the basis that it created wealth—"services are productive"—and he insisted that the depressed economies of the underdeveloped countries will recover if they are willing to make "adjustments," such as devaluing their currencies, cutting their budgets, and eliminating food subsidies for the poor. Excerpts from the interview follow.

Wesley: You and I know that there is a huge financial crisis at this moment. In the case of Ibero-America, the collective foreign debt of over \$300 billion is, in our estimation, unpayable.

Barletta: The crisis is a serious one, but it's manageable. The crisis goes beyond debt. It has to do with the whole global economic situation. . . . I think that some of the actions already under way are beginning to help the situation.

Number one, the countries in Latin America have had to adjust their economies to the situation of the balance of payments, as realistically as possible. That has a short-run high social cost. However, it allows them to move their economies toward a position in which they can take advantage of an economic recovery.

Number two, those adjustment policies need to be supported by the international financial community, so that they can ease the adjustment process.

Number three, the world's economy needs to have a sustained recovery and to maintain open trade, so that with an increased volume of exports, and better prices for those exports, the Latin American countries can go back to being

able to service their debt, and at the same time provide sufficient employment for their people. . . .

I also think that the Latin American countries can help themselves, by increasing their own intra-regional trade. . . .

Wesley: What you are saying sounds very similar to the proposals to ostensibly give some leeway on debt, which in reality would prevent growth with the excuse that "we have to live within our limitations." . . .

Barletta: No, what we are saying is that. . . the Latin American countries, by doing what they are doing in 1983, can poise themselves to take advantage of an economic recovery that has already started, and that needs to be sustained by the industrial countries through 1984, 1985 and so on. . . . There is a critical problem of timing here; the solutions under way cannot go on for three or four years, because we will then be in a real problem. . . .

Wesley: . . . You are essentially telling the countries in the Third World: hold on a little longer, there is a recovery going on in the United States and the rest of the OECD countries, everything will be okay. However, *EIR's* LaRouche-Rie-mann econometric forecast, which has proven to be the only accurate model during the past few years, confirms that there is no recovery. This is a view shared by others in the know, including Fritz Leutwiler, the head of the BIS.

Barletta: The information I have seen, from different sources, tends to support the view that there is already a recovery taking place in the U.S. economy. . . . At the same time, the Latin American countries should not and cannot keep waiting. They need to continue adjusting their economies. . . .

Wesley: When you talk about adjustment, in reality you mean austerity measures, for example, in the case of Brazil. Are you talking about cutting people's lives before you say the necessary levels of adjustment have been achieved?

Barletta: Of course not. But this is the kind of decision that, in the final analysis, only the governments of those countries can take. . . . What I tried to say before, is that adjustment is necessary in the sense that fiscal deficits have to be cut

down, that domestic savings have to increase, that resources have to be utilized more efficiently, that policy for export has to be defined consistently, and put in place effectively, by the Latin American countries, so that in effect they can regain efficient growth, and efficient generation of employment. . . . Obviously, this is painful in the short run. The critical thing here is not to allow it to become very prolonged, because if it becomes very prolonged, then it becomes unsustainable. . . .

Wesley: [EIR founder] Lyndon LaRouche has proposed Operation Juárez, which calls on the Latin American countries to form a debtors' cartel, to force the advanced sector to negotiate a new world economic order. Technology would be transferred from the North to the South, real growth would take place in the South, and exports from the North would increase, without the painful "adjustments" you are imposing. Why not adopt LaRouche's approach? Why not a debtors' cartel? Why not a new world economic order?

Barletta: I think that no responsible public sector official of any Latin American country today is proposing any debtors' cartel. They are all very much aware that any action on that front would be detrimental to everybody, including themselves, because, that could get the whole world into a situation of charges and countercharges; we know where we start, but we don't know where we end. There has been sufficient improvement in the situation, we have to keep working and have faith that if all the parties do their part, we can move to recovery. . . . At the same time we have to be prepared to take care of any crises that may ensue. . . .

Wesley: The World Bank has always advocated "appropriate" technology, and opposed real technology. How then can the developing countries produce sufficiently to pay back the debt? . . .

Barletta: First of all, as a Latin American, I am a great believer in the growth and development of the Latin American countries. I have great faith in the potential of their people, and in the fact that through our efforts, our work, our discipline, we can, over the next 20 years, become more developed countries. That is why I work in this institution. . . . I also think, that the development of the Latin American countries, the development of their markets, is beneficial to the developed countries. . . . On the other hand, I think that the Latin American countries have to continue to do their homework. . . .

Twenty-five percent of our [World Bank] lending goes for agricultural development of different kinds in Latin America; 25 percent of our lending in Latin America goes for energy development. Ten percent goes for urban development of different kinds. . . . We are trying to transfer technology to the Latin American countries that is both real and appropriate to their needs, including utilizing technology

generated within the Latin American countries. . . .

The critical thing here is that prices of the factors of production be taken into account, to make sure that the production is most efficient—so that, for example, some Latin American countries do not begin to implement heavily capital-intensive industries, heavily subsidized by fiscal incentives, which could be detrimental to employment generation. The critical thing is that they try to use as much labor as capital, and that is what I mean by appropriate technology. Sometimes, the technology best suited for a developed country, such as the United States or Canada, may not be the technology best suited in a Latin American country, because the salary ranges are different, and the critical thing is to use the technology that would permit the utilization of sufficient labor, and sufficient productivity, to allow for those products to be exported.

Wesley: Translated into practice, what your policy has meant—by emphasizing labor-intensive, as against capital-intensive production—is that the populations of the underdeveloped countries have been kept in a state of colonial backwardness. It has also meant that those countries are increasingly not able to produce sufficiently to sustain their populations. The World Bank's solution to this problem has been and remains: "Then, cut your population." That is the one area you left out when you spoke about what the World Bank's money goes for.

Barletta: What we stress is the appropriate combination of capital and labor. . . . The key problem in Latin America is employment generation. We would be doing the wrong thing if we utilize only capital-intensive industries.

Latin America is in a long wave of population growth. It used to be 3 percent per year. Now it is something like 2.4 percent per year for all of Latin America. Fortunately it has begun to go down; still, the increase in the labor force for the next 10 years is going to be above 3 percent per year. So, we go back to the same problem: employment generation. . . . We have to take care of it by reducing the rate of growth of the population, we are not reducing the population. . . .

Wesley: Dr. Barletta, the country that you and I come from, the Republic of Panama, is larger than Belgium. Belgium has six times as many people. Panama is also larger than Israel, and Israel has three to four times the population of Panama. Israel and Belgium are developed, advanced countries with much higher living standards. Doesn't this suggest that a larger population can be sustained if you have an industrializing nation?

Barletta: The critical thing here for Panama, is to increase the level of training of the population, to increase productivity. . . . We have to increase the level of investment, but we have to find the right technologies to create as much employment as possible.

Federal Reserve recovery statistics are a cooked-up hoax

by Cinncinatus

Did you ever have the creepy feeling that the spring 1983 U.S. "economic upswing" never happened? So did former management consultant Lyndon H. LaRouche, Jr., *EIR*'s founder and chairman, who was part of discovering many an embezzler's cooking of the accounting records in days of yore.

True, there have been some up-ticks in hiring in a few spots: automobile manufacturing, home-building, and jobs selling sody-pop and blends of horse-and-kangaroo-meat in ye olde faste-foode joint. Otherwise, the official federal government statistics stunk to high heaven of a classical corporate embezzler's stunt. A deeper look into the way the government and Federal Reserve guys say they put their figures together shows how the faking of the reported statistics was cooked up.

The way most folks are fooled by government statistics is that folks just naturally assume that those statistics represent some team of civil servants going out into the nooks and crannies of our grand old national economy, and actually counting things: "One, two, three. . . ." Or, taking a "good statistical sample, at least." Nope, neighbor, it taint done like that, they just plain made the figures up in their head, just like any typical corporate embezzler does.

"But the figures cross-check!" one fella says.

Right enough. That's the first thing that any embezzler thinks of, when he puts his mind on how to fool the company's outside accountants. Cook the figures up until they all cross-check.

The reason many expert accountants have been fooled by a slick inside embezzler, sometimes year after year, is that these accountant fellows like to sit up in the office, and not get their white shirts and nice suits dirty out rummaging around in the inventory or on the factory floor.

In the old management-consulting days, Chairman LaRouche knew that if the payroll records show a certain number of employees, there has to be some track of such employ-

ees actually being present and doing some sort of work out in the plant, and that total inventory actually received (and not sold out the back door by someone on the sly) is current inventory plus what has been accounted for by the number of units produced, or that even the slickest construction man around can't put 20 yards of ready-mix concrete into a five-yard hole. Any competent accounting firm knows about such things, and know how to track down figure-faking once they recognize that such a problem exists. Trouble is most accountants and college-trained economists are office boys, who like to keep their distance from the blue-collar social set.

Take the automobile production figures, for example. In some cases, figures showed factory operatives putting out twice as much per man as before the last big layoff-wave, and some of those plants weren't even reopened for production. If a fellow tells you he's just seen a six-legged goat that can count in words up to one hundred and three, a sensible citizen just naturally goes out to take a look at such a critter before taking the fellow's word for it.

The economic-financial research staff at *EIR* knew that there was a lot of faking of statistics going into the report of the big 1983 "upswing." The question was, exactly how much fakery? What statistics were being faked, by what methods, and by how much? *EIR* had them dead to rights on the unemployment figures; they had just plain buried more than a million additional members of the labor force (statistically, that is) to show unemployment as dropping. These government fellows were not exactly demonstrating honest intentions in putting the figures together.

So, *EIR* focused attention on one of the key parts of government statistics which is easiest to check out: the Federal Reserve System's *U.S. Industrial Production Index*. *EIR* came up with proof right off, that somewhere between 0.8 percent and 3.1 percent of the past year's growth in that index was simply fakery by officials down at the Fed. *That means*

roughly an error of between 3.2 percent and 12.4 percent in GNP as a whole!

The Fed's associate research director, Helmut Wendel, admitted that the Fed does not wish anyone to know how it gets its statistics-fudging factor (*Production Adjustment Factors*) because they are making the figures up. "They are all judgmental," he said, "almost entirely our own guesswork." He added that the Fed should not disclose its equations for the factors "because they don't really work; most of what goes into the PAFs is judgmental. We consider the equations as such a preliminary and vague guide to forming a PAF that they don't really work."

What these fellows do is to start with a set of sample figures they don't believe themselves, and then change those figures to work out to whatever upward or downward trend in the economy they decide to put out to President Reagan and the public as their current propaganda line. Then, all of the official statistics are faked to fit that picture. It is exactly what any company's embezzler does to fool the outside accounting firm.

One of the *EIR* research staff has written a 5,500-word report on the history and recent effects of the Fed's fudge factor. It's technical, but to anyone who knows the business, it's a real eye-opener.

The recent hoax began last summer, when some of the boys in the back room in Switzerland, London, and Wall Street were afraid President Reagan might react to the Mexican debt crisis by launching a genuine recovery program. They dreamed up the tactic of convincing him that Fed chairman Volcker's measures had started an economic upswing at last, and that if the President would just listen to Henry Kissinger on how to deal with Latin America, and listen to Paul Volcker on "how to keep the upswing going," everything would be just nice and dandy for the President's 1984 election campaign. So, between the State Department and Treasury, the Federal Reserve, the New York bankers, and a bunch of statistical bureaucrats who knew what was expected of them, the wildest orgy of figure-faking since the middle 1960s was turned loose.

Economic upswing? Never actually happened. *EIR* estimates that what did happen is a slowing of the rate of economic collapse, from about a 12 percent rate during the early part of the last quarter of 1982, to a rate of decline of between 2 percent and 4 percent during the first half of 1983. That half-truth behind the "upswing" story is that the rate of collapse slowed down significantly, temporarily. Now, the rate of collapse is beginning to accelerate again—now that Fed chairman Paul Volcker has just been reconfirmed, as the fellows in the back rooms intended to manipulate President Reagan into doing.

The question is, how long will President Reagan believe that what his re-election campaign advisers wish were true? If he doesn't wake up soon, the voters next fall will be voting *against* Herbert Hoover, not *for* anybody at all.

Staking out the 'fudge Volcker's faked recovery

by Kathy Burdman

A senior official of Paul Volcker's Federal Reserve admitted Aug. 26 that the Fed's figures on U.S. industrial production are "totally unreliable," and that the key U.S. Industrial Production Index, upon which claims of a U.S. economic recovery are based, is "entirely guesswork."

The admissions by Federal Reserve Board Associate Director of Research and Statistics Helmut Wendel in an interview with this author, along with an in-depth investigation by *EIR* of the makeup of the index, show that large parts of the U.S. recovery data *may have been* faked. What is clear is that the Federal Reserve cannot and will not demonstrate the accuracy of the figures published in its Industrial Production Index over the past year and a half, and that within the Fed staff's "guesswork" may be contained a large margin of fakery.

"We make judgmental adjustments to the index which are almost entirely our own guesswork," Wendel stated. Especially the "first release" figures, the newest figures which make press headlines each month from which the financial media has proclaimed the Great Recovery, are "totally unreliable," he stated. "They can mean anything. When we calculate the 'month one' figures, we just arrive at a number and we figure, 'Okay, if it's wrong, we'll correct it the next month—it doesn't matter.'"

The news media does the rest of the job, by publicizing only the first-month estimates, and burying the corrections on the inside page. It is from first-month data that U.S. policy is made.

Any honest American, a category which excludes most statisticians and employees of the Volcker Fed, can see that the U.S. economy continues to collapse around our ears with one look at the unemployment lines, closed factories, and the decay of our cities.

But even Fed officials admitted last month that over the last year, between 0.8 percent and 3.1 percent of the rise in the U.S. Industrial Production Index as published by the Fed, was due to "guesswork." Economist Lyndon LaRouche estimated today that the introduction of such an annual fudge factor in the Industrial Production Index "means roughly an error of between 3.2 and 12.4 percent in GNP as a whole." (See article page 11.)

'Phudge Addition Factor'

In fact, since Volcker began to claim that he has created

factor' in of U.S. economy

an economic recovery in March 1982, between 1.3 and 5.3 percent of the rise in the Industrial Production index was purely a result of the Fed's Production Adjustment Factor (PAF), more appropriately known as the Phudge Addition Factor.

For example, in the series agricultural chemicals, for which the Fed has released the PAF adjustment factor, the rise in the index of agricultural chemical production which may be attributed solely to the PAF factor was a full 2.9

Typical PAF adjustment factors

MONTH "1"	Agricultural chemicals	Composite of 27 industries estimated from manhour data
3/82	1.—*	1.534
4/82	1.—	1.532
5/82	1.—	1.540
6/82	1.—	1.559
7/82	1.365	1.570
8/82	1.365	1.574
9/82	1.365	1.570
10/82	1.365	1.569
11/82	1.365	1.581
12/82	1.370	1.592
1/83	1.375	1.587
2/83	1.380	1.592
3/83	1.385	1.603
4/83	1.390	1.595
5/83	1.395	1.610
6/83	1.400 prelim.	1.625 prelim.
7/83	1.405 est.	1.635 est.

* decimals not available

Source: Federal Reserve Board of Governors, Washington D.C.

This table shows the fractions by which rises in the Industrial Production Index are added by PAF factors. For example, assuming that the index for the 27 sectors measured by manhour data was 100 in March 1982; adjusted by its PAF, it became 153.4. Merely by the rise in the PAF from 1.534 in March 1982 to 1.635 in July 1983—that is, even if the unadjusted index remained utterly flat at 100—there was a rise of $1.635 - 1.534 = .101$; $.101/1.534 = 6.6$ percent in industrial production in those 27 industries, exclusively due to the PAF adjustment, over the 17-month period. Over the year August 1982–July 1983, the PAF for these sectors accounted for 3.9 percent of the rise in production in these sectors.

percent during the 17 months from March 1982 to July 1983.

The PAF fudge factor works as follows:

First, the Fed does not collect a great deal of actual data from industry. During the first early month of estimates, data on actual production of real goods comes from only 13 percent of all industries. The other 87 percent of the Industrial Production Index is calculated by sheer extrapolation from the number of manhours worked in a given industry in only one week of each month. These figures the Department of Labor gathers in a spot survey once a month.

"It's cheaper not to have to gather production data," one Fed economist told *EIR*. Corrections are done three months later from actual production data, after the press headlines are long dead, but only for 45 percent of all industrial sectors in the index.

Even after the fourth month of corrections, when the numbers are considered final, the rest of the 55 percent of the index's industrial sectors are still merely estimated. Production indices for these sectors are extrapolated from data on manhours worked in the industry one week in the month, or on the number of kilowatts of electricity consumed by the industry over the month, a slightly more reliable figure.

In the case of manhour-based series, the margin for fudging is enormous. The Fed takes the monthly manhour data, which may or may not bear any relationship to what was produced, and compares it to the previous month's equally questionable data, to get a rate of rise or "rough index." Then they take a series of PAFs and multiply them by the rough index, which usually "adjusts" the index significantly upward.

For example, for the year measured from August 1982 to July 1983, the aggregate PAF factor for the range of 27 industries whose production data is calculated using manhours rose by 3.9 percent. Over the year and a half from March 1982 through July 1983, it rocketed by 6.6 percent. This rise in the adjustment factor alone caused a 0.8 to 3.1 percent rise in the Industrial Production Index.

Top secret

Much of U.S. politics and foreign policy now rests on statistics like the Fed's Industrial Production Index. Whether it rises or falls may determine the outcome of the 1984 presidential election and how long some nations will continue to submit to International Monetary Fund austerity conditions. Yet, the Federal Reserve won't tell exactly how they have calculated the data. Finding out how the Fed constructs its Industrial Production Index each month is more difficult than getting the specifications for the neutron bomb.

"We simply don't release our adjustment factors," said Fed economist Mary Hillard of the Fed's PAF fudge factors. "It's privileged information, private information."

"We compile this index for our own purposes," said another Fed economist, Dickson Tranum. "We want to see what our monetary policy is doing to the economy. So, we do it as we find convenient. If other people want to use it, fine, but

we don't make any promises to the public. Whoever doesn't like it shouldn't use it."

When Trantum's boss, Helmut Wendel, was threatened with a suit by *EIR* under the Freedom of Information Act, he explained that the Fed can't release their "classified" formulas to the public, because they don't in any event derive much on the basis of the formulas—they just make the numbers up.

With the maddening logic of a Dr. Strangelove, Wendel politely explained, "We can't release the equations which we use for the PAFs, because they don't really work. We consider them preliminary, a vague guide. Mostly, we just make our own judgments, and do a lot of estimates."

Wendel gave an example of how the Fed comes up with numbers for a key industry in the IP index, the category of Metalworking Machinery, relied on as an indicator of whether production and investment in basic capital goods is taking place.

Metalworking—which includes machine tool production—is one of the industries for which the Fed has decided not to monitor real production of units of machines. They make early estimates, instead, by counting manhours worked, one week in a month. "We get in the manhour data from surveys completed by the companies, and we never really know what they mean," Wendel confided. "They don't mean much about what was really produced, but we compare them to the manhours the previous month. Say, there was a rise of 0.5 percent in July '83 manhours versus June '83—a 6 percent annual rate. Well, from that, we could assume a 6 percent rise in production."

Next, the Fed staff chooses the adjustment to make based on the "business cycle," an invention of the University of Chicago monetarists which says that the economy moves in yin-yang cycles. If it's falling now, it will "eventually" rise again, goes the line.

If the Fed staff decides that an "upswing" is occurring in the business cycle, they simply begin to adjust that 6 percent rate upwards. That is, *if they say it's a recovery, they make the numbers fit.*

"We make an upward business cycle adjustment for recovery," Wendel stated. "We assume that since it's a recovery, production per manhour must be rising, because each plant is producing more with the same number of workers. So, we add 3 percent for productivity. Then we have 3 percent plus 6 percent equals a 9 percent annual rate of growth in machine tools. But then someone might say, 'orders are down' for machine tools. So we decrease it to 7.5 percent."

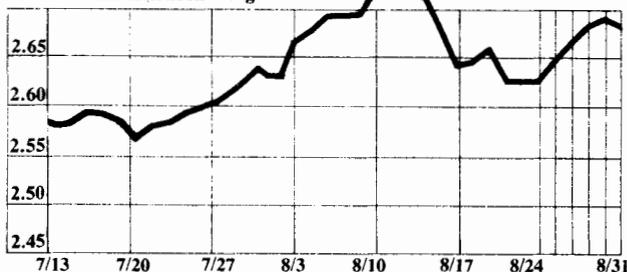
Asked where these seemingly quite precise percentages come from, Wendel replied. "You don't really use formulas. You just pull that number out of your head. You just say this first number doesn't line up with everything we know, and we just look at it and change it without even a calculation."

In this case, that is, the Fed's totally fudged PAF adjustment factor is the difference between the observed 6 percent rise in the raw data, and 7.5 percent—that is, a full 1.5 percent manufactured out of thin air.

Currency Rates

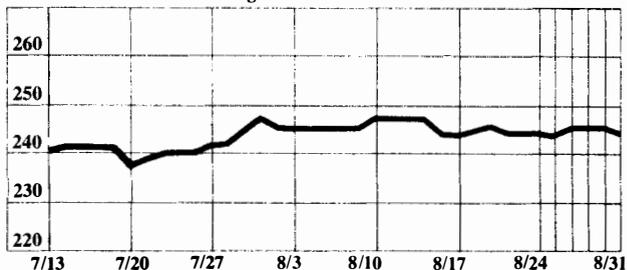
The dollar in deutschmarks

New York late afternoon fixing



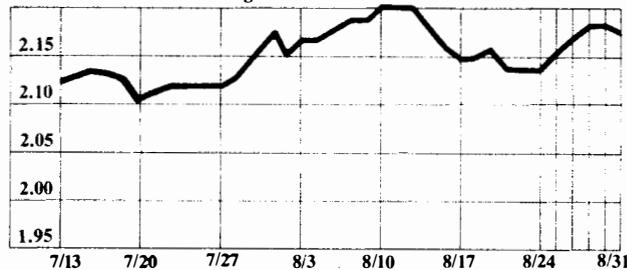
The dollar in yen

New York late afternoon fixing



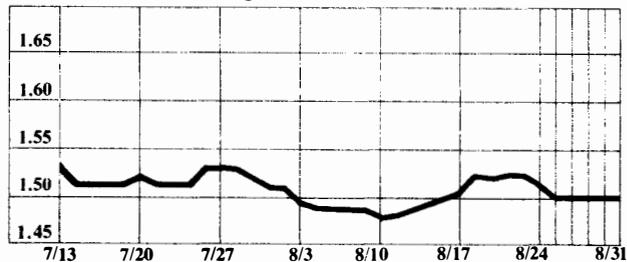
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Rates will continue to rise

A debt crisis, Fed money-printing, a dollar decline, and interest-rate leaps is the likely sequence.

Short-term declines in interest rates have, throughout this year, followed the completion of Treasury borrowing schedules; the Federal Reserve must precede each borrowing period with a rise in rates, in an effort to convince lenders to the U.S. government that the worst is over before the Treasury comes to market.

The importance of the August decline of rates is that it aborted within two weeks. Although bond prices rose, virtually no retail buying was evident; the major traders simply passed paper around their narrow circle at somewhat higher prices. The charade ended the week of Aug. 28, as most of the major commercial banks' funding departments had projected. Large commercial banks assume that rates will be up 50 to 100 basis points by Sept. 30.

No one is more humiliated by the renewed decline in the bond market than the Veterans' Administration, which hastened to drop its lending rate from 13.5 percent to 13 percent the moment long-term rates had fallen by half a percent. This indecent haste betrayed administration fears concerning the evaporation of the entire phony economic recovery. During the next week or so, the VA will have to move back up, making all the more evident how fast the housing uptick must evaporate.

Two other matters must be taken into account, however, to gauge where rates might go. The banks' 50- to 100-point estimate represents a floor for

the increase. The ceiling is established by the emerging international monetary crisis.

By not much later than the last week of September, the bank analysts will have discovered that Brazilian arrears (which cannot be accrued as gross interest income after 60 days) will cost most of the big money-center banks the equivalent of a Drysdale or Penn Square in second-quarter earnings. That, of course, is the least of the problem; the banks' "best case" at the moment is a 60- to 90-day Brazilian moratorium, which would force smaller creditors to stay in the game, and open negotiations for creditors' seizure of Brazilian raw materials and state-owned industries.

As the London *Financial Times* acknowledged on its front page Sept. 2, the Brazilian parliament is likely to reject the IMF package. (It might have added that the U.S. Congress is not much more friendly to the IMF.) In this case "the Eurodollar yield curve will stand up like a flagpole," as one bank's international economist warned.

If the Fed reacts according to existing contingency plans (and Volcker's profile), i.e., throws in enormous amounts of money to dampen the shock effect, the next step may be a severe drop of the dollar and liquidation of private investments in U.S. securities. This will produce higher, not lower, interest rates for all instruments with the possible exception of short-term Treasury securities.

The other area to watch is the so-called economic recovery. All current indications support the contention of *EIR's* July Quarterly Economic Report that the fake recovery will evaporate during the September-October period. Thinly based on a government-subsidized housing uptick, and vastly exaggerated by official statistics, the "recovery" will founder in the fall.

About four-fifths of the total reported improvement in industrial output (inflated to a considerable extent by Federal Reserve fudge factors) stems from the auto and housing upticks.

The disappearance of the latter is already clear in scattered reports, including single-family home sales and the big drop in July durable goods orders. An *EIR* survey of auto plants around the country shows less planned overtime for critical parts plants, indicating a declining rate of auto output by October at the latest.

At a certain point, a further round of U.S. economic collapse will produce a nasty fall of rates. But the impact of this collapse on federal revenues (which never recovered) as well as on foreign inflows into the U.S. will either delay the decline in rates, or even push rates higher in the short run.

As the political calendar now stands, it does not appear that there is any prospect for lower rates until early next year, and this after the international banking crisis and the domestic economic shakeout have already taken their toll. However, the combination of banking and military crisis at a global level renders all such calculations moot. The overriding point is that rising interest rates represent a nasty intrusion of reality into Paul Volcker's stage-set recovery, an introduction to even nastier intrusions to come.

Business Briefs

Ibero-American Debt

IMF reverses its approval for Argentina

The International Monetary Fund is delaying disbursement of a \$330 million tranche of its standby loan to Argentina, because of that nation's non-compliance with terms of the original agreement.

Countering an evaluation made as recently as Aug. 15, an IMF technical delegation in Buenos Aires has determined that Argentina's trade balance this year will be well below the estimated \$3.5 billion—more in the area of \$2.4 billion; and that interest on \$900 million in debt that just fell due is unpaid.

Finance Minister Jorge Wehbe had signed a loan agreement in New York in mid-August with 300 commercial banks for \$1.5 million after the IMF board of directors held an emergency meeting to determine that Argentina was "in compliance" with the standby agreement.

Not only is the IMF denying the third tranche of the IMF agreement, but commercial banks are delaying the disbursement of the \$500 million first tranche of the \$1.5 billion loan. Because of the shortfall in its trade balance, Argentina's financial authorities have recently made known that the government will have to borrow between \$2 and \$2.5 billion more this year to cover interest payments.

West Germany

Industrial collapse stirs labor unrest

Large labor demonstrations were staged during the last week of August in some of the West German cities hardest hit by the collapse of industry.

In Bremen, where official unemployment is over 14 percent, workers in the city's

shipyards—the major industrial employer—demonstrated against a planned merger of the Weser and Vulkan yards. The plan is being sold to the workforce as meaning "only" 500 layoffs, but it is well known that for lack of incoming orders, there will be no work at all by early 1984.

In Oberhausen, in Germany's Ruhr industrial heartland, Thyssen Steel has decided to shut down a steel stamping plant which employs 500. A demonstration of 20,000 people was staged Aug. 30, with demonstrators ringing churchbells to signify that the plant closing means the death of the city. The 500 layoffs will mean 2,000 additional jobs lost in Oberhausen.

The Bonn government, which has refused to provide support for export contracts in the past year, is faced with either subsidizing industries which have no orders to produce, or dealing with massive unemployment.

Agriculture

Reagan vetoes legislation to halt dairy assessment

The second 50-cent tax on American dairy farmers, intended to curb "excess production," became effective Sept. 1 after Senate Joint Resolution 149, which would have delayed implementation until Oct. 1, was vetoed by President Reagan Aug. 23. The resolution was passed by Congress in the closing hours before the summer recess in order to provide time to consider the pending compromise on dairy support policy when the legislators return in September.

The compromise proposal replaced a bill which had been developed by the Livestock, Dairy and Poultry Subcommittee. It calls for a total of \$1.50 in support cuts, made in three 50-cent increments.

The first cut would take place on Oct. 1, 1983, with additional cuts on Jan. 1 and July 1, 1985. The second and third cuts would be made if estimates of Commodity Credit Corporation (CCC) purchases on those dates exceeded 6 billion and 5 billion pounds milk

equivalent on an annual basis respectively.

The controversial 50-cent-per-hundred-weight assessment on all milk marketed is retained in the compromise and would be continued through Dec. 31, 1984.

According to the National Milk Producers Federation, Agriculture Secretary John Block recommended the veto in order to spur congressional action on the dairy compromise legislation.

Sixty senators had written the President in mid-August urging him to approve the resolution. They stated that both the Senate and House agriculture committees have favorably reported the compromise proposal, and speedy action will be sought when the Congress reconvenes.

Industry

U.S. 'recovery' keeps its downward track

New homes sales, the Commerce Department reported Aug. 29, fell 6.5 percent in July, down 35,000 units from June's level of 638,000 units. The increase of home mortgage lending rates by more than 2 percentage points since June, to almost 14 percent, prompted Michael Sumichrast, chief economist of the National Association of Home Builders, to say, "The August figure should show even a deeper drop than in July, below the 600,000 unit annual rate."

New factory orders fell 1.7 percent in July to a seasonally adjusted \$175.49 billion, the Commerce Department reported Aug. 30. The decline was led by a whopping 11.3 percent drop in orders for non-defense capital goods, considered a barometer of future plant and equipment spending.

The downturn in overall economic production led the leading economic indicators index—the distorted product of fraud and statisticians' fantasies—to rise a scant 0.3 percent in July, according to the Commerce Department on Aug. 31.

More bad news seems in store. Interest rates, after a two-week softening period, began to rise again by Sept. 1, in a pattern

which will send rates higher, and hit the economy even harder.

Transport

ICC head wants total trucking dereg

Representative Jerry Lewis (R-Calif.) claims that Interstate Commerce Commission chairman Reese Taylor has written President Reagan urging complete trucking deregulation and an early abolition of the ICC.

Lewis, who heads the House Republican Task Force on Congressional and Regulatory Reform—which demanded early “sunsetting” of the ICC in its May 1983 report—said that Taylor will now join with Transportation Department in pressing for complete deregulation, not only of trucking but also of the freight forwarding and water transportation industries.

Soviet Union

Andropov decrees faster technological innovation

The Soviet government announced a new decree in late August aimed at increasing the rate of technological innovation and its applications in industry.

The decree, which calls technology “one of the main areas of competition between the socialist and capitalist systems,” states that from 1985 onward, rewards of up to 40,000 rubles will be given for new inventions or proposals for new technologies.

All industrial products will be rated as either “top” or “first class,” and goods which do not meet either standard will be withdrawn from production, immediately or after a period of two years. The State Pricing Authority may reduce the price of goods found to be substandard as much as 30 percent.

The decree criticizes industrial ministries and the Academy of Sciences for failing to ensure a rapid and steady development of new technologies in past years. Too much of Soviet industry is called behind the times, and long-term research programs are proposed to bring together academicians and engineers.

As Soviet party chief Yuri Andropov has stated in recent speeches, the first aim of these reforms is *not* to turn the Soviet Union toward “consumerism.” Soviet inhabitants have been reminded frequently that “there are more important things” than material consumption.

Such reforms of the Soviet economy are essential to support the U.S.S.R.’s growing rate of military production.

Military Technology

West German journal reports on beam weapons

The August issue of the prestigious West German military monthly journal, *Europäische Wehrkunde* (*European Military Science*), published an article on the potential for developing directed-energy anti-missile weapons (beam weapons), written by Fusion Energy Foundation Research Director Dr. Steven Barwell, who is *EIR*’s military affairs editor.

The article, titled “Beam Weapons and Reagan’s March 23rd Speech,” outlined both the technological requirements and the status of current research and development of these technologies.

The journal, published by the Gesellschaft für Europäische Wehrkunde (Society for European Military Science) in Munich, is the organ of the foremost nationwide military organization in the country and is the “journal of record” on the issues dominating strategic discussion in the West German military.

It is read by all commanding and retired officers of the West German officer corps, and has a wide circulation among NATO staffs and delegations.

Briefly

● **WILFRIED GUTH**, chairman of the board of Deutsche Bank, was quoted in an Aug. 31 article in *The Banker* of London that the only solution to Third World debt problems, in particular Ibero-America’s, is to open the flood gates to “inflows of private foreign capital.” Barriers to foreign control were erected to maintain national sovereignty.

● **BONN** economics ministry officials have told *EIR* that the West German capital is being shaken by the Ibero-American debt crisis. “Brazil—no one knows what will happen. A formal debtors’ cartel is unlikely but not impossible. We were thinking up until [the last week of August] that Mexico was the trump card against common Latin American action on debt. And then we had a meeting with the Mexican ambassador to Bonn. He told us to look a little beyond all the press articles. . . . ‘The U.S. recovery is a hoax,’ he stated, ‘and you should not believe that we in Mexico are so stupid that we can not realize that. In its present condition, the U.S. economy is not going to play locomotive for us or you. The policy has to change.’ ”

● **REP. BILL FRENZEL**, a Minnesota Republican and supporter of David Stockman, introduced legislation Aug. 4 to repeal the section of the 1920 Jones Act, which allowed only U.S.-built, U.S.-manned, and U.S. flag vessels to operate in domestic trade. The Shipbuilders Council of America and others have expressed concern that the Frenzel repeal would undercut the future of the U.S. merchant marine, which is essential for military defense.

● **DENNIS SMALL**, *EIR*’s Ibero-America editor, and Steven Bardwell, editor-in-chief of *Fusion* magazine, are in Buenos Aires holding seminars with official and private-sector policy makers on the just-completed LaRouche-Riemann economic study of the Argentinian economy.

A 50-year development policy for the Indian-Pacific Oceans Basin

by Lyndon H. LaRouche, Jr.

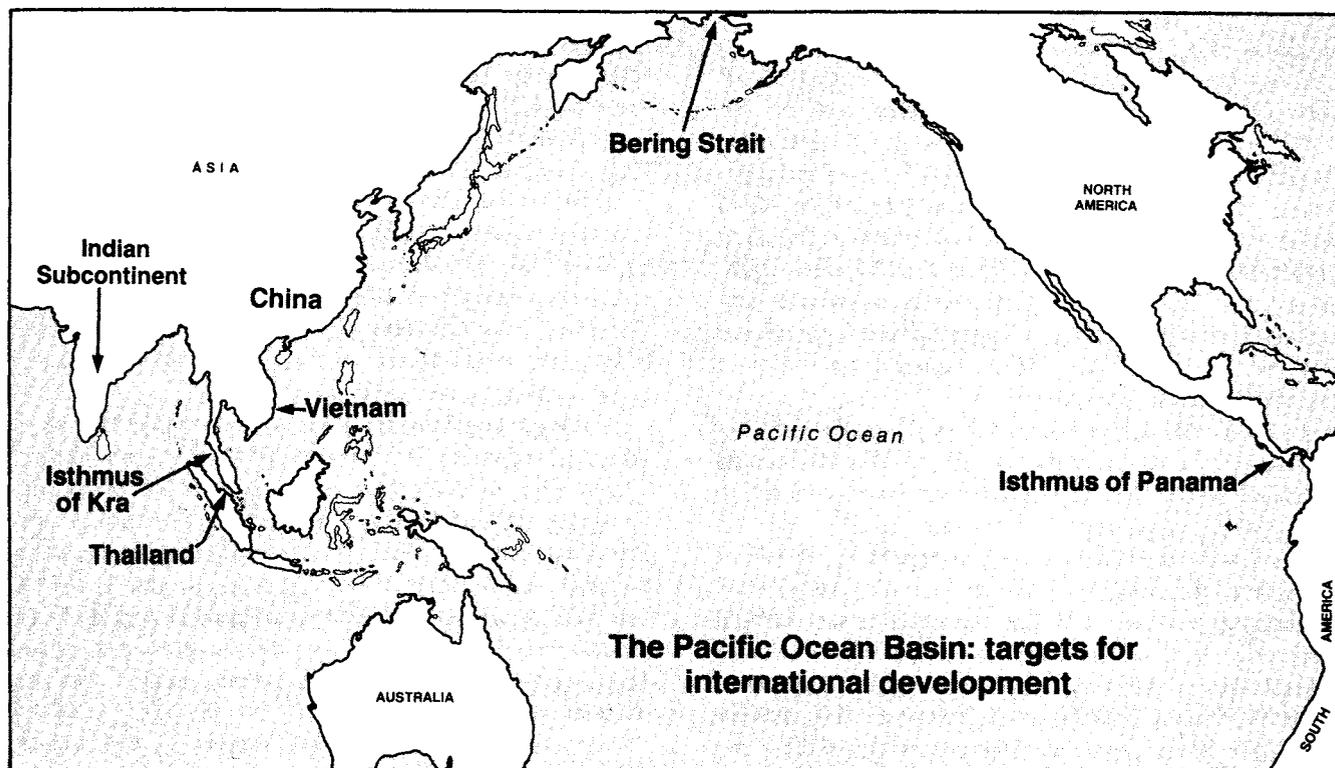
Lyndon H. LaRouche, Jr. drafted this policy document as the basis for deliberations at a series of EIR conferences to be held in several international locations shortly. We present here the foreword to Mr. LaRouche's book.

For close to 25 years, discussions have been under way concerning the desirability and possibility to establish some sort of association among the nations bordering the Pacific Ocean. The studies conducted, the conferences assembled, the speeches delivered, all on the subject of facilitating economic cooperation in this region, total to some large number. So far, nothing concrete has been accomplished.

The well-founded arguments suggesting close economic cooperation are well-known, and are usually listed in each new conference assembled on this matter. The combined Pacific and Indian oceans' basin contains more than one-and-a-half billion persons without including China, and more than half the total human population when China is included. Additionally, a statistic which usually escapes popular attention in the U.S.A., the United States now conducts a greater volume of trade within the Pacific basin than by way of the Atlantic.

The contrast between the importance of the subject, and the consistent impotence of endless policy-deliberations on the subject, reflects, most essentially, the fact that embedded in the idea of Pacific cooperation is a deep policy conflict which none so far have been willing to attempt to resolve directly, and which few specialists have so far dared even to publicly acknowledge to exist. The mere suggestion of integrating the Pacific region on the basis of economic cooperation, raises bitter and deep issues, issues touching the heart of post-World War II strategic policies. Any attempt at serious economic partnership among the nations of the combined Pacific and Indian oceans' basin would implicitly topple the existing structures of post-war North-South policy doctrine, and would require a radical adjustment of East-West policies of practice.

Although most of the nations of South and East Asia include elements of their economies and urban culture typical of OECD economies, the social composition



of the economies of most is that of "pre-industrial" society, dominated by masses of rural poor and the problems of assimilation of masses of rural poor spilling into urban regions. If development is actually to occur, there must be established a new kind of partnership. The industrialized nations of the basin, the U.S.A., Canada, Japan, Australia, and New Zealand, in particular, must accept a new basis for cooperation with the less-developed nations. Such cooperation would challenge the most fiercely defended past and present policies of international monetary institutions, including the International Monetary Fund, the World Bank, GATT, and the Bank for International Settlements.

As soon as the participants in deliberations on cooperation in this basin are aware of this matter of present monetary policies, the discussions of cooperation tend to retreat to the narrower framework of paeans to the glories of tourism.

The second principal cause of habituated impotence in deliberations is the simple fact that China and the Soviet Union are also economies of this region. It is impossible to exclude these two nations from economic cooperation in the region, and it has also been impossible to secure agreement among the other nations of the region on the matter of including them.

The progress of the deliberations up to this point has been chiefly the following.

The Pacific Basin debate has centered around two contrasted conceptions of a process of integration of the region, the one introduced from Japan, the opposing view advanced by U.S.-based proponents.

From Japan, the argument has been advanced that the

integration of the region must be premised upon a determination to develop the productive powers of labor of these nations, to increase the per-capita purchasing power of nations as an indispensable precondition for sustained growth of regional trade. The proponents of this view have recommended, as a first step, that the "Big Five" (U.S.A., Canada, Japan, Australia, New Zealand) should form a common-market-style arrangement, which would promote expanded trade among these nations. This proposal has come to be known as a possible "Pacific Free Trade Area" (PAFTA), a proposal prompted by, but not an exact copy of the European Common Market.

Unfortunately, such a PAFTA would not directly benefit the less-developed economies of the region. To correct that defect, the Big Five would be obliged to concentrate efforts among themselves on building up the levels and scale of industrial output and advanced technologies in the less-developed nations, permitting the latter nations—eventually—to participate as equal partners in an expanded "Pacific common market."

This is the regional correlative of Japan's "knowledge intensification" industrial strategy. This projects the transfer of "smokestack industries" to the developing economies, and Japan's concentration on upgrading its own industrial structures, to higher value-adding industries including specialty steel. Japanese sources propose, should the Big Five adopt such a "knowledge intensification" role, the Big Five would acquire the economic basis for coordinating their policies toward the region's developing economies; such coordination would, it is proposed, prompt a more rapid pace of

industrialization of the latter economies.

This proposal from Japan has been rejected by U.S. institutions actively participating in the debate. Japan's proposal is opposed by a proposal known as the "Organization of Pacific Trade and Development" (OPTAD). The proponents of OPTAD reject the PAFTA as inimical to Adam Smith's "free trade" doctrine. They recommend that their brain-child be a looser, regional "consultative" association. The OPTAD proposals flatly ignore all issues of the relationship between the developing and industrialized economies of the basin, at least all issues leading to questions of reform of present monetary institutions.

Such fundamental differences among the Big Five, aggravated by the intensity of the East-West issues overlapping the debate, have caused the discussions to tend to collapse to the level of a society for promotion of tourism.

Faced with this situation among the Big Five, the nations of ASEAN, for example, have become very wary of the discussion as a whole. They fear that anything which might be adopted among the Big Five would lead only to a diminished role for ASEAN itself, and thereby weaken the present, modest negotiating-positions of their nations. They fear entering more limited agreements among nations of the Asian side of the basin as the prospect of domination of their economies by Japan, a fear increased by U.S. demands that Japan undertake a qualitatively larger military responsibility. They fear that the U.S. intent is chiefly that of treating the region purely as an asset of U.S. military strategy.

At the same time, many of the U.S. proposals for the Pacific Basin have been in fact poorly disguised proposals for little more than U.S. security operations. All U.S. proposals thus far have had the associated, undisguised objective of preventing Japan from developing its position as a regional economic power. To the present point, U.S. foreign policy has been efficiently directed, in its effect, to excluding Japan from significant development of potentially expanded markets in Southeast Asia, Mexico, and the Indian Ocean Basin, forcing Japan to rely upon exports to the collapsing EC markets, the collapsing OPEC markets, and a U.S. internal market. Added to this, U.S. protectionist impulses, and efforts to create dumping-markets for U.S. goods in Japan, are pushing Japan's exporters to diminished roles in the U.S. internal market. Japan is recently offered leading roles in the markets of Chile and Argentina, markets which present international monetary institutions' "conditionalities" doctrines are in the process of collapsing absolutely!

The fruitless discussions of Pacific cooperation of nearly 25 years are now at the brink of being terminated by escalation of protectionist economic warfare among the discussion partners.

Origins of the debate

The best leading indications available to date, indicate that discussions of Pacific-basin cooperation began largely as bilateral talks between representatives of Australia and

Japan. As early as 1960, representatives of leading industrialists of Australia entered talks with Mr. Shigeo Nagano, then head of Nippon Steel. These discussions were the beginning of renewed relations between the two countries, ameliorating the strains in relations left over from World War II.

After Mr. Nagano visited Australia during 1961, a Japan-Australia cooperation committee was established. During an early meeting of this committee, the idea of integrating the region economically became a prominent point of discussion. The Japan Economic Research Center became involved in this discussion. Observers from the U.S.A. and New Zealand began attending these conferences.

The most important study completed so far on the possibility of cooperation in the Pacific Basin was accomplished during 1966, under the direction of the noted Japanese economist Kiyoshi Kojima. Mr. Kojima minted the term "Pacific Free Trade Area" (PAFTA), and presented the proposals for this identified above. It is notable that Mr. Kojima worked at that time for the Japan Economic Research Center, an institution which was also the primary think-tank developing for Japan the famous 1960s "income-developing plan," for the domestic economy of that nation.

Mr. Nagano, doubtless aware of the U.S. opposition to the PAFTA proposal, has stipulated points of disagreement with Mr. Kojima's views. Unfortunately, the authors of this present report have not yet had the opportunity to study Mr. Nagano's observations to this effect in full. It is known to us, however, that Mr. Nagano expressed concern that the common-market proposal associated with PAFTA not appear to be "exclusionist," and argued to that point that the idea of cooperation in the Pacific basin must be broad in scope.

However, it is our view that Mr. Nagano's critical observations are to be taken as a useful and necessary part of the dialogue of deliberations on this subject. He expressed agreement with the perspective toward the developing economies. He also posed the issue of including China and the Soviet Union in future arrangements for cooperation, identifying Siberia as part of the Pacific region.

The broader institutional framework of discussions to date was prompted by Mr. Takeo Miki, during the period he was Foreign Minister of Japan. Not long after Mr. Kojima's issuance of his study, Mr. Miki delivered an address of notable consequence, supporting the establishment of a "Pacific Community," to integrate the region. Thereafter, the foreign ministry of Japan acted in support of the proposals of both Mr. Miki and Mr. Kojima, promoting seminars and conferences on this subject. This series of sessions has become institutionalized as the "Pacific Trade and Development Conference Series," which has brought together specialists from all of the countries of the region for discussion of economic cooperation.

The role of Stanford Research

The Stanford Research Institute launched its first major move into discussions begun by Mr. Nagano and Australia

soon after those discussions began. During several years prior to that time, SRI had sponsored the activities of an organization known as the "Japan-California Association," which had assembled leading businessmen from Japan and leaders from the U.S.A.'s West Coast business community. The person most prominently associated with this organization, from that time to the present, has been Mr. Weldon Gibson. During 1965, Mr. Gibson began talks with Mr. Nagano on the subject of regional cooperation. In 1967, SRI sponsored a new venture, the Pacific Industrial Conference. This Pacific Industrial Conference led to the formation, that same year, of an organization known as the "Pacific Basin Economic Council" (PBEC).

The PBEC rallies approximately 400 companies from the Big Five nations, and holds regular annual conferences, in addition to activities of subsumed subcommittees' task-forces, and so forth. The secretariat for PBEC is provided by SRI. During 1968, PBEC held its first major conference in its series, a conference which drew over 100 participants from the region, including 14 from the U.S.A.

Despite PBEC's weighty public-relations credentials, its public conferences contain no addresses of much importance, except proceedings one may read at one's leisure from a distance—on the weighty subject of tourism! What may transpire outside the public proceedings is a matter of well-informed speculations.

In a probably related set of developments, the ideas of the West Coast U.S.A. institutions have had notable influence on U.S. policy toward the basin. Exemplary is a well-known 1967 item in the New York Council on Foreign Relations' journal, *Foreign Affairs*, under the by-line of U.S. presidential candidate Richard Nixon. That article, popularly reputed to reflect the work of Richard Allen, discusses the economic potential of the Pacific Basin, and suggests a possible U.S. opening to China.

It is notable, in that connection, that many of the U.S. public figures earlier involved in the Pacific Basin deliberations were brought into the Nixon administration. These included several among the fourteen U.S. figures who participated in the 1968 PBEC conference. These included David Kennedy, who became Treasury Secretary under Nixon, Roy Ash, who directed the OMB, and Henry Kearns, who became Director of the Export-Import Bank, and had been earlier a member of the Eisenhower administration.

Recent developments

During the period preceding his election as Japan's Prime Minister, the late Masayoshi Ohira delivered a number of addresses in which he proposed some sort of Pacific Basin community. After his election, he formed a task-force known as the "Pacific Basin Cooperation Study Group," which issued a report whose effect was to expand the work of the foreign ministry's continuing conference-series. Otherwise, Japan and the ASEAN countries now have numerous, different forums used as vehicles for discussion of cooperation.

Current proposals by the government of Japan to aid ASEAN nations to renovate their factories is the apparent outgrowth of these recent discussions, including the work of groups established under Prime Minister Ohira.

It is significant, to whatever undetermined effect, that Democratic presidential-nomination candidate and Senator John Glenn has enjoyed a very active part in treatment of the idea of development of the Pacific Basin, an activity stemming from his earlier position as Chairman of the Asia Subcommittee of the U.S. Senate Foreign Relations Committee. While he was Chairman of that Subcommittee, Glenn commissioned the Congressional Research Service to conduct a study on the subject of Pacific Basin cooperation. Two academics were contracted to conduct the study: Prof. Hugh Patrick of Yale University, a specialist on East Asian economies, and Dr. Peter Drysdale, of the Australian National University.

The distinctive feature of the EIR proposal as a whole is emphasis on the elemental point that the projected economic cooperation is unworkable unless the Pacific and Indian oceans' basin is treated as an indivisible unit of such cooperation. Under conditions of economic revival, the concentration of ocean-borne freight movements will make the combined Indian and Pacific oceans' basin the center of the world's economy.

Senator Glenn's leading role in repeatedly attempting to force the United States to break its solemn treaty-agreements with India on nuclear-energy projects, and Dr. Patrick's past performance, do not imply anything but worsening of U.S. relations with Japan and the developing-nations of Asia issuing from that quarter of U.S. policy-shaping. The foreign-policy record of Glenn's principal competitor for the Democratic presidential nomination is far more hostile to developing nations and Japan than that shown by Glenn, but per-

haps this is only because former Vice-President and Trilateral Commission protégé Walter Mondale has a much longer record on these matters. On the record of statements and performance to date, U.S. relations with Japan and the developing nations would become significantly worse under either a Glenn or Mondale presidency than they are at present.

Notably, Dr. Patrick, co-author of the Glenn report, is famous as a leading adversary of the "income-doubling plan" which was the basis for the recent Japanese "economic miracle." Also notable, it was the Glenn report, enthusiastically endorsed by Glenn, which proposed the establishment of OPTAD as a weapon of negotiations against PAFTA and other proposals from Japan and ASEAN nations.

The *EIR* proposal

EIR has prepared a preliminary study intended to provide the government of the United States, as well as governments and influential private circles of the proposed partner-nations, a new agenda for formulating policies of cooperation within the combined Indian and Pacific oceans' basin. The short-term purpose of composing and issuing this proposal in the present, preliminary form, is to provide President Ronald Reagan a fresh set of policy-options for his consideration, in connection with his planned visits to Japan and Southeast Asia during November 1983. The medium-term purpose is to set into motion a process of discussions intended to produce a more efficient consensus among the prospective partners of the proposed, early cooperation.

The preparation of this present report is an undertaking adopted during the course of Lyndon H. LaRouche, Jr.'s July 9-August 3, 1983 visits to India, Japan, and Southeast Asia, the occasion for an intense schedule of meetings with governmental and other public figures of that region on a variety of topics, of which the issue of economic cooperation and of the importance of economic cooperation for enhancing political stability were the leading topics.

During the course of discussions during the recent visits, it became clear to Mr. LaRouche and the companions of his party, that not only did *EIR* command the essential completed researches needed to produce a proposal of this type, but that it was a matter of urgency both to the United States and the nations of the region that a new proposal of this type be added, a proposal incorporating leading features of work already accomplished to similar purpose by others. This commitment was adopted, and its nature reported to discussion-partners of visits to Japan and Southeast Asia, and reported back to New Delhi as well as to relevant circles in Washington, D.C.

The short-term object of issuing this report at this time includes the intent to provoke and solicit comments, including critical observations, which help to set into motion the kind of discussions needed in search for an efficient consensus for action.

The distinctive feature of the present proposal as a whole is emphasis on the elementary point that the projected economic cooperation within the basin is economically unwork-

able unless the Pacific and Indian oceans' basin is treated as an indivisible unit of such cooperation. India's urban labor-force is approaching 60 million persons, and includes one of the largest pools of scientific and related professional manpower in the world today, a population adapted for rapid rates of assimilation of advanced technology, and, predominantly, with a cultural disposition for assimilation of both large-scale infrastructure-building projects and advanced technologies. India, Indonesia and Japan are the pivotal nations for the economic development of approximately one-and-a-half billions population on the southern and eastern rim of Asia, and thus key to development of the mass of economic power needed to provide China a reservoir of assistance for its own needs for trading partners and imports of technology.

Moreover, assuming that the world does not continue its presently accelerating descent into a new dark age, as the proponents of "post-industrial society" and neo-Malthusianism are, principally, efficiently causing to develop, the world will soon effect turnabouts, away from present directions in policy, unleashing potentially the greatest technology-driven economic boom in history, world-wide. Under such happy, and urgently required conditions, the concentration of ocean-borne freight movements in the world will make the combined Indian and Pacific oceans' basin the center of the world's economy, as the accompanying world-map illustrates our point. The other principal ocean-basins of commerce and economy, the Mediterranean, the North Atlantic, and South Atlantic, must necessarily feed into the center of world economy chiefly through the Suez Canal and augmentation of the present Panama Canal by the proposed new sea-level canal, plus a lesser but significant role for the Cape of Good Hope.

The single, most-crucial point of strategic weakness from this vantage-point is the constricted passage past Singapore through the Straits of Malacca. The obvious remedy for this is the development of a large, high-speed, sea-level canal through the Isthmus of Kra of Thailand—a well-researched project clearly to the long-term objective advantage of that and adjoining nations, but not without subjective and other causes for hesitation within Thailand itself. Those sensitive problems associated with the Kra canal, and with the aborted Mekong River Development project as well, typify the point of deliberations at which objective determinations of economic science must pass over into the more emphatically political domain of internal and combined deliberations among the nations most immediately affected by such projects.

It is the general view adopted for this report in that connection, that the cultural matrix of that region of Asia be efficiently respected, and that, rather than proposing each desirable project one at a time, a package of desirable such projects be adopted, to the effect that each nation obtain its share of the benefits provided by the combination of projects taken as a whole, the same principle of practice exemplified by the Great Infrastructure Fund (GIF) proposal submitted by Mr. M. Nakajima, founder of the Mitsubishi Research Institute.

Great Projects to develop the ocean basins

The economic development of the Indian-Pacific oceans' basin requires a "crash program" approach, comparable to the United States' industrial mobilization of 1939-43. This implies a vast, energetic improvisation, guided by a well-aimed conception, but relying chiefly, at first, on the most unlikely assortment of obsolete productive capacities and unqualified labor. Only in this way can the now-lacking pre-conditions for rapid development be created.

An explosion of world trade, especially in capital goods needed for the indicated development projects, will rapidly place a premium upon high-speed ocean freight. We must therefore examine the strategic choke-points that will be created in shipping within and among the world's principal ocean-basins: Indian-Pacific, Mediterranean, North Atlantic/North Sea, South Atlantic, and Caribbean. The choke point from the Mediterranean into the Indian-Pacific basin is the Suez Canal. From the South Atlantic into the Indian Ocean basin it is the Cape of Good Hope. From the North Atlantic and South Atlantic, through the Caribbean, into the Pacific Ocean, it is the Panama Canal. Within the combined Indian-Pacific basin, it is the Strait of Malacca, presently a crippling choke-point, which could be remedied only by a high-speed, sea-level canal through the isthmus of Thailand. This global approach gives a somewhat different view of the development of the basin than examining the basin internally, and is the correct view of the potential for development of the basin itself.

Each project should stand on its own merits economically, but the package of projects as a whole should embody the principle of equity among nations and peoples, and each part of the basin should benefit from the package of projects as a whole.

There are three major infrastructural projects required to permit efficient commerce into and within the Indian-Pacific oceans basin: 1) the sea-level canal through the Panamanian isthmus, 2) the canal through the isthmus of Thailand, and 3) improvement of the Suez Canal.

The additional three principal proposed projects are principally inland-water-management development projects: 1) the south-north Grand Canal modernization project within China, 2) the Mekong River development project, and 3) the water-development project for the vast fresh-water potentialities of the Indian subcontinent, principally India, Pakistan, and Bangladesh.

While decreasing the percentage of labor employed in consumer goods industries and increasing the ratio of capital

investment to investment in consumer goods in the economy overall, priority should be placed on research and development and on education of the population. This will be facilitated by changing the character of urban life. Today's "megapolises" are becoming increasingly unmanageable. The older large cities of the world, steeped in congestion and decay, have reached the point in their history that efforts to ameliorate such conditions, poured into those cities, vanish with either no perceived net benefit, or a very short-lived amelioration of the problems addressed.

The general alternative to this urban sickness is the creation of *nuplexes*—agro-industrial complexes, urban industrial centers servicing the rural areas in which they are embedded, powered by complexes of nuclear-energy facilities in clusters of between 1.0 and 6.0 gigawatts capacity. With modern approaches to mass-transit systems, and with a policy of constructing cities on top of two or more layers of honeycombed base, instead of urban sprawl, we might develop cities of fine limits in size, internally efficient in terms of mass transit.

There are three leading areas of scientific achievement required globally: 1) fundamental and applied technologies of relativistic plasma-physics bearing on the central target of controlled thermonuclear fusion; 2) the conversion of plasmas into systems typified by energy-directed beams, such as lasers and "particle beam" modes; 3) biological advances centered around the definition of living processes and advances in biotechnology. In every national economy, there must be established points of entry, in educational, laboratory, and production institutions, through which these frontier projects can be tackled.

The economic development of the Indian-Pacific basin encompasses a span in the order of two generations, for which the general features of the initial quarter-century are rather clear today, and the second quarter-century foreseeable in those broad terms of reference we need to make decisions today. On condition that a crash program effort is dominated by shifts in technology, what must tend to emerge is a new view of man's management of his environment. This will be a view informed significantly by work in designing construction of earth-like environments on such locations as the Moon and Mars. We will say to ourselves, "If we have demonstrated that we can grow forests on Mars, as well as human colonies, why do we not employ the same repertoire of technology to adopt a similar, gardener's approach to management of our environment on Earth?"

Canal is cornerstone of Asian development

by Uwe Parpart-Henke

As far back as 1793 the younger brother of King Rama I of Thailand (Siam) had proposed to dig a canal across the peninsula of Thailand south of the Isthmus of Kra, connecting the Lake of Songkhla and the South China Sea with the Indian Ocean. The motivation at the time was to facilitate military and naval operations against frequent Burmese invasions. However, in spite of numerous military and, even more importantly, commercial advantages, no such canal has been constructed to date as the project remains a subject of political controversy.

From the standpoint of facilitating greatly increased trade and rapid ocean transport between the Indian Ocean basin and the Pacific basin and, more broadly, between the Western world and the countries of Southeast and East Asia, there is, however, no question about either the urgent need for the Kra Canal or its pivotal role in the economic development of Thailand and the entire region. The Straits of Malacca, which now handle most of the relevant traffic, are highly congested and will become quite inadequate by the end of this decade based on even modest projections of increased trade flows.

A relatively recent feasibility study for the Kra Canal, commissioned in the early 1970s by Mr. K.Y. Chow of the Thai Oil Refining Company, can serve as an excellent basis for initiating the project as soon as Thai government approval is secured. Of course, the feasibility study in question, carried out by engineers and planners of Tippetts-Abbott-McCarthy-Stratton (TAMS) and Robert R. Nathan Associates, Inc. (RRNA), in collaboration with Lawrence Livermore Laboratory of the United States and submitted in September of 1973, is now dated and requires extensive review. Such review would principally have to evaluate economic feasibility and financing proposals. The engineering conclusions of the TAMS-RRNS study, in the view of this writer, remain valid, though in certain instances very recently-developed technologies could shorten construction time and improve final performance.

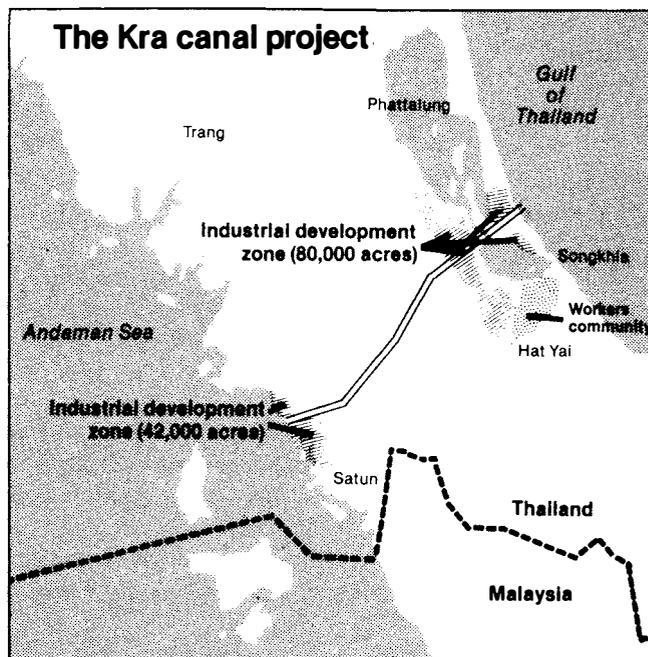
The Kra Canal Project, as detailed in the TAMS report differs conceptually from earlier major canal projects with which it would reasonably be compared, e.g. the Suez and Panama Canals. The transport distance saved by building the Kra Canal—about 900 miles—would not by itself appear to justify the large expenditures in excavation and operating

costs. There are two other principal factors which define the overall importance and viability of the project. These are: 1) the already mentioned growing *inadequacy of the Straits of Malacca*, and 2) the *industrial development potential* based on construction of *deep sea ports* at one or both of the canal outlets.

The Straits of Malacca are used by well over 50,000 ships a year and further significant increases in traffic are inevitable. Thus the Kra Canal could be expected to attract all excess traffic from the Malacca Straits as well as traffic which assigns a premium to speed. Emphasis on speed, as will be explained below, is a major reason why the TAMS study selected a canal route well south of the actual Kra Isthmus. This route, labeled 5A (see map), makes possible the construction of a *sea-level canal without locks* through which even large (up to 500,000 dwt) tankers could pass at normal speed. The integration of one (or possibly two) deep sea ports and associated industrial development zones with the Kra Canal proper can be expected to become the single greatest long-term economic asset of the entire project.

Taking the experience of the “Europort” of Rotterdam at the mouth of the Rhine River as a model, an “Asiaport” conjoined with the Kra Canal could become not only a major trade center for Southeast Asia, capable of eclipsing Singapore, but also has the potential—as proved by the Rotterdam and similar examples—of serving as a focal point for major industrial development.

A major included *strategic factor* also deserves the attention of Thai policy makers. Contrary to some reported opinion and concern that a canal through the southern part of the Golden Peninsula would have negative security implications, severing the ethnically and religiously ill-integrated southern-most part of the nation from the rest of the country, the



Route 5A, the recommended option for the canal project

opposite consequence would be the projected outcome. The canal complex as a major industrial growth-spot would function as an integrating and unifying factor, joining together the southern, central, and northern provinces in a large common endeavor capable of inspiring the entire nation, uplifting the economic condition of the southern population, and thus reducing the potential for dissatisfaction and dissension, while putting Thailand into a potentially commanding strategic position vis-à-vis its South and Southeast Asian neighbors.

Route selection and canal design specifications

Any canal-design study must give at least a preliminary answer to two basic questions: First, what size ships and what maximum volume of traffic are to be accommodated? Second, given preliminary answers to these questions, and given the geographical and geological constitution of the general area under investigation, what is (are) the optimal canal route(s) from the standpoint of these considerations.

1) Ship sizes and traffic volume projections. It is clear that tankers of at least 500,000 dwt must be accommodated, and handling of larger tankers may be desirable. Maximum safe canal transit speeds with respect to the land of about 7 knots (13 km/h) for ships of this size represent the presently established international standard; in the view of this writer, which differs from that of the TAMS study, a two-lane canal is necessary. The assumption that one lane, handling mainly west to east traffic, is sufficient is based on the untenable premise that for a long time to come the export potential of the East and Southeast Asian nations will be small relative to Western imports.

The canal should preferably be sea-level without locks, must accommodate drafts of at least 100 feet (fully-loaded supertankers), i.e., be at least 110 feet deep, and have a bottom width of approximately 500 meters. The alternative to one rather wide two-lane canal would be two one-lane routes of about 200 meters width each.

2) Route selection. Extensive geographical and geological investigations have been carried out to find the optimal route for a sea-level canal of the above design specifications. Included in these investigations were considerations concerning required canal crossings for railroads, highways, and utilities. Relative excavation costs and, in particular, the feasibility of nuclear excavations methods were prominently taken into account.

The preferred route settled upon by the TAMS-report (route 5A—see map) would extend from about 30 km north of the city of Satun to the Gulf of Thailand. The total canal length through land for this route is 102 km, with sea approaches of 50 km in the west and 70 km in the east respectively. This is the shortest possible route for a sea-level canal, minimizes excavation costs and provides for the best possible sites on either end for harbor and industrial development. Construction time for route 5A using conventional excavation methods is estimated to be 10-12 years; partial nuclear excavation would cut both construction time and cost by at least 40 percent.

“Asiaport” and industrial zones

The construction of major deep sea port facilities and associated industrial development zones at either end of the Kra Canal is both feasible and highly desirable. However, phased port and industrial development, concentrating initially on the eastern canal outlet, appears to be the best strategy at this point.

This involves, in particular, a most interesting concept first proposed in the early 1970s by Mr. K. Y. Chow. Since most Southeast and East Asian ports with the exception of Hong Kong and Singapore are, at present, ill-equipped to handle large cargo vessels and could only be enlarged at very high cost, a port facility at Songkhla could rapidly develop into a major transshipment center for the entire region, capturing a very substantial portion of transshipment now handled by Hong Kong and Singapore.

This development, however, would only be Phase I and should rapidly be followed up by construction of a comparable facility at the western canal outlet. Even in the initial planning stage, both ports must also be laid out to handle not only transshipments, but also the substantially greater berthing requirements that will arise out of area industrial development. The pattern of such industrial development requires intensive detailed study to be coordinated with existing Thai government plans for eastern seaboard development and construction of a deep sea port at Sattahip.

One possible outline pattern of industrial development for the Kra Canal Complex would look as follows:

1. Initial development of industries and servicing facilities supportive of the canal and transshipment port projects. This would from the outset have to involve dry-dock and shipbuilding facilities, building a modern fleet of rapid feeder vessels as specified above. Phase I development must also take into account the immediate as well as long-term power requirements of the Canal Complex. If nuclear excavation is used, then the right kind of expertise would already be assembled in the region to consider construction of one or several nuclear power plants. Ideas going back to the mid-1960s for nuclear-industrial complexes should be reviewed in this context.

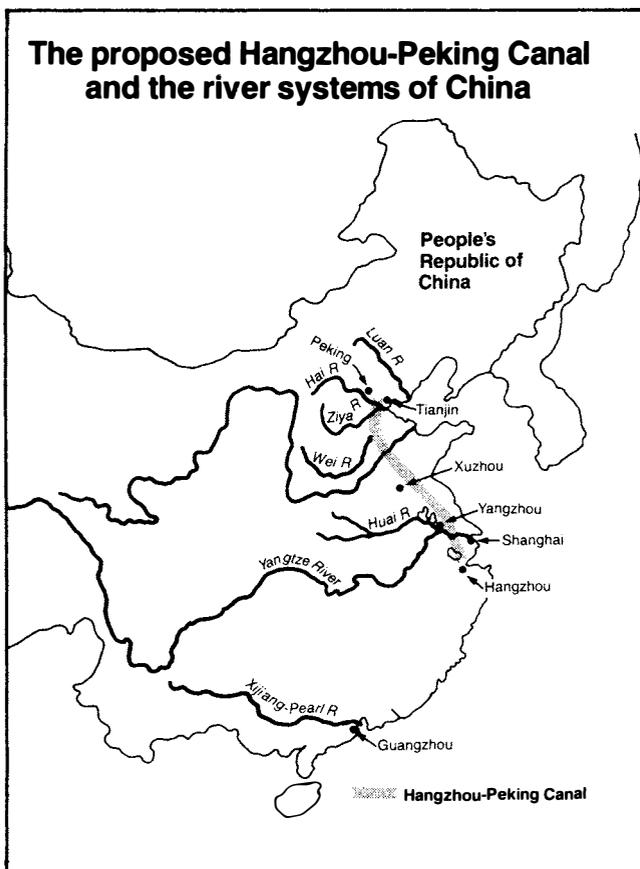
2. Phase 2 should envisage the development of large and basic heavy industries developed both as an offshoot of the canal construction itself and as back-up for the proposed shipbuilding project—iron and steel as well as basic capital-goods industries as indicated.

3. In an environment already shaped by nuclear excavation and power plant development, having assembled the required advanced engineering and scientific manpower, the exciting possibility arises of developing a modern nuclear-based high-technology complex. Lawrence Livermore Laboratory experts have suggested that the world's first nuclear isotope separation plant of a significant scale might become associated with the Kra Canal Complex. Recent developments in laser technology would in that same context point to the possibility of developing new high-energy laser-based industries.

Revive the Grand Canal project

by Gregory Buhyoff

Work has recently begun on a large-scale project to modernize an ancient system of canals joining China's greatest river, the Yangtze, with the Yellow River and other major rivers and lakes of northern China. The south-north water diversion project centers on the modernization of the famous "Grand Canal," an ancient artificial waterway over which grain taxes were once shipped to the northern imperial capitals from the rice-growing regions of the south. The project could become the major artery in a badly-needed network of domestic waterways joining the northern and southern parts of the country, as well as provide a water-control and irrigation system to divert excess water from the Yangtze valley river



system to the dry north.

Since all of the major rivers in China run from east to west, commerce between the northern and southern regions of China has historically been difficult. The Grand Canal was the first important transportation link between the north and south, connecting the Yangtze, Huai, Yellow, Wei, and Hai river systems, constituting an important practical and symbolic link between northern and southern China. The Grand Canal, or Da Yunhe as it is known to the Chinese, was one of the greatest public work projects of its time, comparable, in terms of manpower and materials, to the Great Wall. It was built in sections with the major work carried out under Sui Emperor Yang Chien during the late 6th and early 7th centuries and later in the 13th century under the Yuan regime. It stretches approximately 900 miles from the rich rice-growing regions of the Yangtze River valley to the outskirts of Peking.

Over the centuries sections of the canal fell into disrepair and little work was done to make it capable of serving the needs of a modern industrial economy. Today, despite the introduction of rail and air transport, China remains critically deficient in its ability to transport goods from the north to the south and vice versa.

The Grand Canal project was recently revived by the Chinese government as part of a comprehensive plan to modernize China's domestic transport system. The project had originally been proposed in 1978, but was one of many large infrastructural projects to fall victim to the 1979-81 "economic readjustment" which emphasized fiscal restraint. The project was resubmitted by the Ministry of Water Conservation and Electric Power and approved at last December's meeting of the National People's Congress. It is now considered one of the most important large-scale projects in the New Five Year Plan, and is one of the keys to China's goal of quadrupling agricultural and industrial production by the end of the century.

The primary objectives of the project are:

1. To increase transport capacity, particularly the means to move large amounts of coal from soon-to-be exploited mines in the northern provinces to Shanghai and other industrial cities for energy production and export.
2. Water diversion from the Yangtze River to the northern cities suffering critical water shortages.
3. To provide, in conjunction with smaller canals and river systems, a means to control water supplies for irrigation in the parched agricultural regions of the North China Plain.

Though only the first stage of the project, dredging and widening of the 200-mile section of the canal between the cities of Yangzhou and Xuzhou, has been approved definitively by the State Council, the Grand Canal project is reportedly being considered on the basis of a ten-year, two-stage perspective. However, because of the economic debate which continues to divide the Chinese leadership, the scope of this, like a number of other key infrastructural projects, remains undecided.

Potential world breadbasket

by Peter Ennis

Prior to the Vietnam War, the Mekong River basin was one of the world's most fertile breadbaskets and produced a sizeable amount of agricultural products for export, despite the lack of the most basic elements of modern agricultural production. Now, after 35 years of continuous war in the region, production lags behind the most minimal of potentials. The water resources of this huge river go virtually unutilized, with much of the water flowing through the Mekong delta into the South China Sea. Due to lack of capital investment, there is very little irrigation in the entire basin. There are many canals, but they are largely for drainage and water transportation, not irrigation.

Four riparian countries form the watershed of the Mekong River: Kampuchea, Laos, Vietnam and Thailand. The Lower Mekong basin covers more than 600,000 kilometers, comprising almost the whole of Laos and Kampuchea, one-third of Thailand, and two-fifths of southern Vietnam. Were these countries to join together to harness the power of that resource, not only would it provide a foundation for their modernization, but it would provide a context for the settlement of the political tensions that continue to plague those nations.

Plans for the development of the Mekong River basin have existed since the late 1950s. Studies have been carried out by United Nations-sponsored task forces, the U.S. Bureau of Land Reclamation, and other organizations; yet for political reasons the plans have not been implemented. The most comprehensive plan to date for the development of the Mekong River basin was drafted by a United Nations team, and is titled "Report on Indicative Basin Plan for the Lower Mekong Basin." The recommendations presented here are largely based on the United Nations study.

A plan to control the Mekong River

A program for developing the Mekong basin must address the serious lack of transportation infrastructure in the region, the near-total lack of mechanized agriculture, and the problem of torrential rains during the May-September monsoon season alternating with a very dry climate for the rest of the year.

The key question is how to control the waters of the Mekong, not a very difficult or expensive task. The main

stream of the river could be controlled with two dams, one at Pa Mong, and one in Kampuchea, at Stung Treng. Water control would allow use of high-yield varieties of rice, which depend on precise control of water supplies, fertilizer use, etc. Vietnam, which now produces some 5 million tons of rice per year, estimates it could produce 20 million tons under such conditions.

Two additional dams would be important as a source of electricity generation: the Sambor dam in Kampuchea and the Upper Thakhek dam in the area of the Thailand-Laos border. These four dams, all on the main stream of the Mekong, would be able to control flooding, provide irrigation, and thus make possible double- and triple-crop agriculture in the delta.

There is an additional proposal to build a dam at the mouth of what is called the Great Lake in Kampuchea, which acts as a natural reservoir for the Mekong. Out of the lake comes the Tonle Sap river, which joins the Mekong at Phnom Penh. During the rainy season, the lake fills up, and during the dry season, the waters flow into the delta. The proposal is to put a dam with sluice gates on the lake, to provide greater control over the water flows than occurs naturally.

Once upstream control is provided on the Mekong, the next task is to build dykes for flood control along the river. Dykes are also needed all the way around the coast of the delta, to prevent sea water intrusion. This would provide for year-round irrigation.

The power generated by these dams would be very significant, approximately 20,000 megawatts, with 5,000 MW provided by the Pa Mong dam and 7,200 provided by the Stung Treng dam. Some of this power would be transferred to Thailand. Thailand would benefit from the entire plan, partly through irrigation of its northeast sector, a Mekong watershed area where tributaries are located.

Together with the main-stream development and the development of the delta, a series of projects would involve controlling the flow of the tributaries into the Mekong. When this was originally drawn up by the United Nations-sponsored task forces, they considered both a short-range and a long-range plan: the first 10 years, from 1970 to 1980, were intended to be mainly tributary projects, with the large-scale projects coming on stream between 1980 and 2000.

The projects they outlined could increase food production from 12 million tons at that time to 37 million tons by the year 2000. Other experts consider such figures to be very conservative, reflecting a lower estimate of possible mechanization and fertilization of agriculture. But even as a baseline, such figures mean the Mekong basin could one again become a breadbasket.

The total capital cost of this project, as estimated by the United Nations task force in 1970, was \$12 billion. The total investment required was estimated at \$30-\$40 billion over a 30-year period. Other experts have estimated higher investment costs, but the investment required for the projects would be remarkably small compared to the enormous returns.

Water management key to development

by Peter Ennis

The study prepared by the Fusion Energy Foundation (FEF) in 1979, *India in the Year 2000: A 40-Year Program To Make India An Industrial Giant*, shows India's capacity to become a modern industrialized nation—if the latest, most advanced technologies are used. But the labor-intensive, and gradual, "organic growth" approaches advocated by the Club of Rome and the World Bank can only perpetuate economic backwardness. Nothing but a sharp, well-defined shock delivered to the entire economy, especially to the dominant but at best marginally productive rural and so-called unorganized sectors, will break the cycle of underdevelopment.

The key to Indian economic development is water management—the huge but unavoidable task of harnessing the subcontinent's immense water resources to break the deadly, centuries-old cycle of droughts and floods and create a modern agricultural industry to replace one of the world's least-productive rural economies. The irrigation and power reserves in India's river and hydroelectric balance are enormous, and an equally enormous effort is needed to develop them. To develop India's water resources would cost, according to the FEF study, \$180-\$200 billion over a 30-year period, as the single largest industrial construction project for the entire subcontinent.

This water development program would make India able to more than quadruple its electricity-generating capacity. At present, 8,000 megawatts, approximately 28 percent of India's total installed generating capacity of 28,000 megawatts, comes from hydroelectric power. The potential, even according to conservative estimates, is over 40,000 megawatts.

No region in the world is better suited for large-scale agricultural production than the Ganges-Brahmaputra river basin. While India today produces 120 million tons of grain per peak monsoon year, experts estimate that India could be producing over 1 billion, and perhaps 2 billion tons of grain per year! With the necessary fertilizer, mechanization and—most important—water. India could become a breadbasket for the world within 15-25 years. At present 43 million hectares are irrigated; the FEF plan would irrigate at least three times that area.

To manage its water resources, India must build a grid of canals linking the major river systems, to divert water from surplus to deficit areas, and at the same time develop ground-

water storage recharge and extraction sites. The FEF proposed a two-stage approach and timetable for the project, which incorporates some of the outlines for a National Water Grid first proposed by former Indian Irrigation Minister K. L. Rao.

The first stage of the program, 1984-2000, would construct a diversion canal from the Brahmaputra River, which carries a surplus of water, especially during the monsoon season, near Dhubri, to the Ganges River, near Patna. The canal would include outlets for irrigation releases to Bangladesh. A second diversion canal would be built from the upper Ganges and Yamuna Rivers in Haryana (north of Delhi) with groundwater recharge and extraction facilities en route to convey surplus water into the Sutlej Basin to the Western Desert through an enlarged Rajasthan Canal. Near Bikaner in western Rajasthan, a pump-lift canal facility would convey Himalayan water to the porous sandstone aquifers about 105 kilometers northeast of Jodhpur as a regulating storage facility. The dam, canal, and groundwater systems of each individual river basin will be developed in coordination with the anticipated facilities of Stage Two.

Groundwater recharging and extraction systems must be improved. With the storage capacity of dams in the steep Himalayan river valleys limited, surplus runoff during the July-October monsoon season must be stored in groundwater systems, particularly in the Ganges Delta, where 65 percent of India's runoff flows.

The third priority is construction of flood control embankments and other means to improve the navigability of the lower Ganges and Brahmaputra Rivers. River training techniques developed by the U.S. Army Corps of Engineers on the lower Mississippi River would be effective. A competent master plan for Bangladesh, prepared by an engineering company in the United States in 1964, is being slowly, partially carried out by the Bangladesh government.

The FEF study proposed a crucial addition to this plan: a seawater barrier at the mouth of the Ganges, with saltwater-clearing navigation locks and sediment sluiceways similar to the Zuider Zee reclamation project in Holland. This feature is necessary to fully utilize the fresh water potential of the river system, especially during the low flow season.

Stage Two, 2001-15, would complete the groundwater recharge and extraction and the river diversion plans, and build the Ganges-Cauvery Link Canal. This canal, from Patna to the Cauvery River in the South, was originally proposed by former minister Rao, but the ultimate capacity of the canal proposed here would be 24 billion cubic meters per year, 10 times greater than the project he proposed.

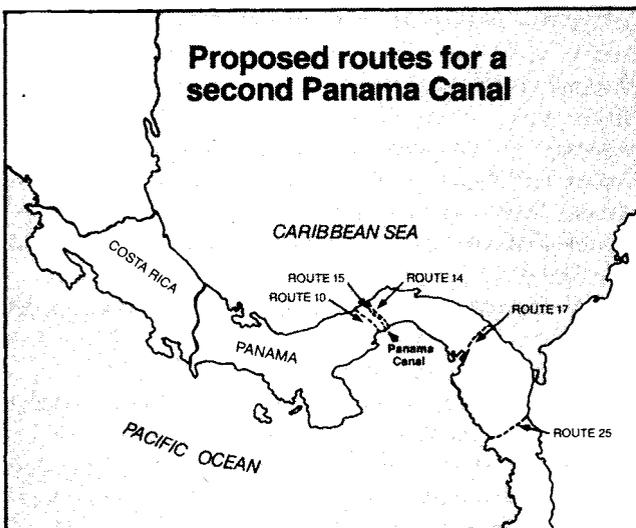
The Ganges-Cauvery Link Canal will connect the major river basins of most of the states in the Southern peninsula into a nationally regulated economic unit by providing inexpensive barge transportation for ores, grains, and bulk products from the south to the north. Of the total length of 1,640 miles, 440 miles will be in pump lift reaches of national rivers and 1,200 miles in gravity-flow canals or rivers.

World economy needs second canal

by Carlos Wesley

The Panama Canal, built by the United States in 1914 after 30 years of work by French and American engineers, has been rightly called "the eighth wonder of the world." Its construction linked the Orient with Europe and Africa, North America with the nations of western South America, and the Eastern Seaboard of the United States with the West Coast. Today some 14,000 ocean-going vessels pass through the canal each year, carrying over 160 million tons of cargo—over 4 percent of total world trade.

While the Panama Canal is one of the greatest engineering achievements of mankind, its capacity even now is inadequate to modern shipping needs, and given any significant expansion in world trade the canal would soon become a major bottleneck. A ship today must literally "climb" over mountains, by means of locks, as it is lifted from the Atlantic Ocean 85 feet above sea level, across the Continental Divide, and finally down to the Pacific Ocean. The canal locks and channels are too small to allow passage of some 8 percent of the world's ocean-going fleet, ships of over 65,000 tons (many bulk carriers and oil super-tankers are over 250,000 tons). Furthermore, the locks are extremely vulnerable to sabotage or terrorism, and sinking one or more vessels in the lock-chambers could incapacitate the canal.



These considerations point to the urgent need for a new sea-level canal, as originally envisioned by the designers of the lock system. This will be one of the most monumental construction projects ever undertaken. Any canal across the isthmus that stretches from the Yucatan Peninsula in Mexico to northern Colombia will have to cross the mountains of the Continental Divide. Canal-builders will also have to contend with tropical forests and jungles before excavation can begin, and they will have to deal with the fact that sea-level on the Pacific is usually slightly higher (about three-quarters of a foot) than on the Atlantic, and that there are marked differences between the tides of the two oceans.

Current estimates are that it will take anywhere from 8 to 20 years to get the job done—even if peaceful nuclear explosives (PNEs) are employed—and that it will cost \$15-\$16 billion at today's prices.

The Atlantic-Pacific Interoceanic Canal Study Commission (ICSS), appointed by President Lyndon Johnson, in its 1970 report identified five routes across the isthmus, some suitable for building a canal by conventional means, and the others by a combination of conventional techniques and PNEs. Of these routes, Route 10, which is about 10 miles west of the existing Panama Canal, was selected as the best through which to build a canal by conventional means. Route 17, the Sasardi-Morti route through the jungles of Darien in Panama, and Route 25, the Atrato-Truando in Colombia, were identified as the best prospects for building a canal by combined techniques.

While PNEs are significantly cheaper than conventional technologies, the fact that they cannot be employed near population centers limits their use to remote areas, offsetting their cost advantage. However, PNEs have the advantage that excavation and spoil disposal are accomplished in a single operation. According to the ICSS report, "energy produced in nuclear explosions would be used both to fracture material and eject it from the channel. This form of excavation would eliminate mechanical earthmoving, which is the major cost item in most conventional excavation. . . . Studies to date indicate that nuclear excavations may be several times less expensive than present methods in many applications and that effects can be satisfactorily predicted and controlled."

A Panamanian engineer, Demostenes Veragara Stanziola, has recently proposed a non-nuclear construction design—"dredging the mountain"—to be applied on Route 10. This involves excavating, by conventional methods, two large artificial lakes, similar to the man-made Gatun lake that is the basis of the current lock canal. Large dredges and bargelines would then proceed to dredge their way through the lakes, extending them until they are connected. This method would allow for efficient disposal of spoil from the excavation, with attendant cost savings. The finished canal would provide for simultaneous passage by two vessels of up to 250,000 tons, dispensing with the need for tidal-gates at each entrance.

Nazi-KGB pact detonates the 'arc of crisis'

by Mark Burdman

Executive Intelligence Review correspondents attending the Aug. 29-Sept. 7 "United Nations Conference on Palestine" in Geneva, Switzerland, report that that event has served as the site for the consolidation of an operational alliance between the highest levels of the Soviet KGB and the Switzerland-based Nazi International.

The immediate aim of this alliance, which high-level Israeli and British sources dub "Hitler-Stalin Pact Take Two," is to explode the region extending from Egypt and its neighbors in northeast Africa through to the eastern borders of the Indian Subcontinent into a complex of tribal and ethnic-secessionist wars and destabilizations. This would break up the region into various ethnic satrapies malleable to the imperial control of Yuri Andropov's Holy Mother Russia.

In 1977-78, *EIR* identified the early-phase activation of this process: the "Bernard Lewis Plan," authored by Princeton University-based and Oxford University-trained Orientalist Bernard Lewis and endorsed by the circles around Henry Kissinger, for a "redrawing of the map" of the regions south of the borders of the Soviet Union. Many foolish geopoliticians and closet KGB operatives in the West had endorsed this scheme as a means of Balkanizing the U.S.S.R.; now Yuri Andropov, Soviet Deputy Prime Minister Geidar Ali Reza Aliyev, and their Nazi allies are having the last belly-laugh.

The Nazi-Communist command structure over the balkanization of the "arc of crisis" had begun to take shape in the transitional period of the last months of Leonid Brezhnev's rule in the U.S.S.R. in mid-1982, as *EIR* founder Lyndon H. LaRouche, Jr. preemptively warned intelligence analysts in a widely circulated July 22, 1982 *EIR* feature

entitled, "Nazi Anthropologists Play Soviet Card." LaRouche's outline of a potentially emerging alliance between the U.S.S.R. and the regionalist-secessionist assets left over from the Nazis' Reichshauptsicherheitsamt (RHSA) Bureau Six and Abwehr Division Two (minorities' division) has in the summer months of 1983 become a living and very dangerous strategic reality.

In Pakistan, nationalist leaders of the opposition Pakistan Peoples' Party report "shock and dismay" that the momentum of mobilization against the Zia ul-Haq regime is slipping rapidly out of their hands and into the control of an array of Baluchi and Sindi secessionist extremists committed explicitly to destroying Pakistan as an integrated nation.

In neighboring India, whose leadership is watching developments in Pakistan with great anxiety, Prime Minister Indira Gandhi has warned in an Aug. 26 New Delhi speech that India itself is targeted by "outside forces" committed to disintegrating the nation, and the last days of August have witnessed a simultaneous activation of separatist extremists among the Sikhs of Punjab State and among the Assamese of the northeast state of Assam, while renewed troubles have commenced between the Tamil and Sinhalese communities of neighboring Sri Lanka.

These processes are having ripple effects in Iran, and are intersecting disintegrative tendencies in the Middle East heartland, fanning out from Lebanon.

A high-level Swiss intelligence official with decades of experience in the Middle East told *EIR* at the beginning of September that all these events correspond to "a historical shift away from the nation-state. The nation-states haven't led to anything in the region and people are dissatisfied with

them," he claimed. "Look at Pakistan, it is definitely going to break up. Look at Egypt, there will be new fights between Coptic Christians and Muslims, and Egypt will break up into a Coptic Upper Egypt and a Muslim Lower Egypt. Look at Lebanon: Bernard Lewis is right; if not, why is the tribal fighting so savage? There is dissatisfaction with the status quo, and it is being exploited by believers in gnosticism."

The official, a member of a top banking family of Switzerland, concluded: "People talk of a new map, but it won't be workable. It is easy to destroy states, but not to create new ones. So, the Middle East will become like a cheese with very big holes with little texture around it."

With Rome, against Carthage

The point of departure for this process is the cynically misnamed "Palestine Conference" at the United Nations. Given that the KGB oversaw the decimation of the political independence of the Palestinians earlier this year, the conference has only served as a pretext to bring together the Nazi-terrorist sewers and their Soviet friends and/or controllers.

In attendance, *EIR* correspondents report, was a massive Soviet delegation officially numbering 20 and headed by Soviet Deputy Foreign Minister Vinogradov, former Soviet ambassador to Iran during the period of the Khomeini ascension there, and by the notorious Mr. Primakov, head of the Moscow Oriental Institute. Also in attendance were the key controllers of the Nazi International's Muslim Brotherhood Organization, including: Marcel Boisard, director of the Geneva-based Islam and the West and a top officer of the International Red Cross; Salam Azzam and Muazzam Ali, directors of the London-based Islamic Council of Europe; and Maarouf Dawalibi, head of the Muslim World Congress and an overt Nazi sympathizer close to the Lausanne circles of Nazi International financier François Genoud.

Also represented at the conference was the pro-terrorist Swiss-Arab Association and the Swiss-Palestine Association, headed by M. Belguermi, director of the Lausanne cell of the Swiss Communist Party. The Nazis' "Anthropology International" was represented by the Canada-based World Congress of Indigenous Peoples, and a whole host of openly terrorist organizations, typified by the U.S.-based November 29 Coalition, were in attendance as well.

In an atmosphere defined by violent anti-Americanism, Soviet case officer Vinogradov's Aug. 31 speech elaborated the policy direction for the Nazi-Communist alliance in the "arc of crisis." Vinogradov began with the key-and-code formulation that Israel was serving as the marcher-lord for the United States to launch a war in the Middle East. He then put the "southern borders" vector of Andropov's "Third Rome" imperial doctrine on the record: the United States, asserted Vinogradov, has "no organic historical tie" to the Middle East but the U.S.S.R. "has long historical ties" to this region "which is along our southern borders."

This was a blunt reassertion, with implicit marching orders attached, of Andropov's famous formulation in a spring

1983 interview with West Germany's *Der Spiegel* magazine, in which the Red Czar claimed that "Soviet security" demanded hegemony over the areas along the U.S.S.R.'s "southern borders," in the context of the geopolitical doctrine whereby "the Soviet Union is a land power, while the United States is a sea power."

Implementation of this imperial policy lies with Gaider Ali Reza Aliyev, "Islamic Division" head of the Third Rome and descendant of the strange gentleman who coordinated the 1921 Baku Conference in the U.S.S.R., in which the anti-Lenin "Cominternists" of the U.S.S.R. promoted "national minorities" and tribal movements throughout what is today known as the Third World. Under Andropov and Aliyev, the Baku Doctrine is operational policy, and has incorporated old Nazi assets for the current unprecedented onslaught on the region.

Insiders took note of the ideological content of a half-page commentary in the Soviet military daily *Red Star* Aug. 17 by commentator R. Nikolayev. Entitled "Strike Force of World Reaction," the piece is a violent diatribe against "international Jewish financial capital," as the accused bankroller of global "American imperialism." Intelligence experts attribute this echoing of the 19th century's "Elders of Zion" and other kinds of Dostojevskian anti-Semitic propaganda in the Soviet military journal to the hardcore blood-and-soil "Holy Mother Russia" grouping in the Soviet military, centered around Generals Ogarkov and Yepishev, whom are known in leading circles as the "All-Russian Party" within the Soviet army-command structure.

With increasing intensity over the past months, it has become common for neo-Nazis, ranging from leading officials of the Swiss-Arab Association to Libya's Col. Muammar Qaddafi, to rant against "Jewish power" in the United States. Commentator R. Nikolayev knew exactly whom he was addressing in his Aug. 17 column.

The fascists of the West are returning the compliment in kind. *EIR* has recently come into possession of a document written several months ago by the leading ideologue of the French "New Right," Alain de Benoist, in which this leading "universal fascist" calls for an alliance between his friends and the Russian Communists against "the main enemy"—the United States of America! In terms nearly identical to those of Andropov's *Der Spiegel* piece, de Benoist writes: "The center of continental Europe drifts toward the East, i.e., Russia. As Europeans we are on the side of the masters of the land, against the masters of the sea. . . . America is not a new Rome, but a new Carthage. We always will be for Rome, against Carthage" (see International Intelligence).

Target: Pakistan

In a statement issued Aug. 29 from Washington, D.C., in his capacity as chairman of the Advisory Council of the U.S.-based National Democratic Policy Committee, LaRouche warned of the Nazi organizations' targeting of Pakistan and called on all the forces of the nation to rally together

to save the nation. Entitled, "LaRouche Appeals for Sanity in Pakistan," the piece begins by warning that "there is a grave and increasing danger that the combination of separatist insurgencies and savage repression by the government of President Zia ul-Haq is leading in the direction of the dismemberment of Pakistan, and of the spread of increased instabilities throughout the subcontinent of Asia."

LaRouche attributes the control-point over such insurgencies to the types of organizations recently seen in force in Geneva, with backing from the U.S.S.R.: the Endangered Peoples' organization in Western Europe, "an umbrella organization for all the major separatist and terrorist organizations in the world today," and linked to the Nazi International and the shards of the old Nazi intelligence services. This apparatus, LaRouche charges, is backed by that faction in the West, founded by the late Lord Bertrand Russell, which has extensive back-channel ties into Moscow, and which has been explicitly committed throughout this century to the depopulation of the non-white regions of the South.

These forces, LaRouche stresses, are "the true, common enemy" of all Pakistan, and can only be defeated if General Zia and the opposition "settle their differences" for the higher purpose of saving the nation.

Thanks to a heavy-handed crackdown by Pakistani army forces attempting to isolate the opposition to Zia to the Sind province of Pakistan alone, the path has been opened wide for Nazi-linked cultists from the "Sindudesh" separatist movement to capture much of the momentum of opposition to Zia's regime. These Sindi ethnic-separatist advocates have effectively joined hands with the London-based Baluchistan Liberation Organization of Baluchi tribalist leader Ataullah Mengel, who traces a Baluchi racial continuity back nearly 2,500 years, in a common front to dismember Pakistan.

Nationalist leaders of the PPP in Europe have told *EIR* that they were shocked when during an Aug. 28 demonstration in London outside the Pakistani embassy in London, anti-Zia demonstrators chanting "Long Live Pakistan!" were ostracized by rally organizers and told that that slogan did not apply to the cause for which they were fighting. Mengel himself, in a discussion with a journalist Aug. 31, declared forthrightly that "I hope there will be an incredible confrontation with the government" in Pakistan in which there will be "a lot of bloodbath." Raving against "Punjabi dominance" of Pakistan, Mengel declared, "We have decided to seek our future outside the context of Pakistan. . . . Pakistan is younger than I am. I was born in 1931, Pakistan was born in 1947."

The centrifugal tendencies rapidly emerging in Pakistan intersect other trends in the subcontinent. During the week beginning Aug. 28-29, India's Punjab and Assam states witnessed new upsurges of ethnic-regionalist unrest, following directly after Mrs. Gandhi's warning Aug. 26 that "divisive forces had been resurrected, whether on language, religion, state, or regional issues" and that "some countries thought it was not in their interest that India remained united and strong." In Punjab, upwards of 15,000 Sikh extremists went on a

rampage, carrying swords, daggers, and spears, and attacking police, demanding more "autonomy." In Assam, militant students opposed to the increasing presence of Bengali refugees in that state have begun a new round of agitation coinciding with the visit of Mrs. Gandhi's son Rajiv to the state, and intelligence sources fear a new round of unrest, with behind-the-scenes Soviet backing, possibly triggering a repeat of the events which earlier this year brought about a reported 5,000 deaths.

The last days of August also witnessed a new heating of ethnic tensions in Sri Lanka.

Target: Lebanon

Parallel processes are going on in Lebanon, with an increasing assertiveness of tribalistic forces ready to drown the state in bloodshed.

In particular, dangers arise from the parallel decisions by the Soviets and Syrians on the one side and the Israelis on the other to throw massive support behind the Druze sect militias of chieftain Walid Jumblatt, who repeatedly told interviewers on French national television Aug. 27 that he spoke in the name of the "Druze tribe." France's *Quotidien de Paris* Sept. 1 and at least five Israeli sources in private discussions with *EIR* have indicated that Israel has poured enormous amounts of money and armaments into Jumblatt's apparatus.

With Israel's army slated to pull out of the contest Shouf region of Lebanon beginning the Sept. 4-5 weekend, it is expected that Jumblatt's militias will immediately move to fill the vacuum and to launch a war escalation that will drown Lebanon in blood and sunder its national unity. Lebanese citizens had a foretaste of this hell on Aug. 31, with the reported wanton massacre of over 30 Christian men, women, and children by Druze fanatics. One day later, Jumblatt, on Syrian television, announced that he was in "total war" against Lebanese President Amin Gemayel and against the American Marine units backing the Lebanese army. Israeli sources forecast that extremist Druzes and extremist split-off grouplets from the Falangists will arrange to have Gemayel assassinated in the days to come. This, they fear, will initiate a new civil war in Lebanon, creating the conditions for former Defense Minister Ariel Sharon, the KGB-linked architect of Israel's June 1982 invasion of Lebanon, into power in Israel. During the power maneuverings in the Israeli Herut Party following Prime Minister Menachem Begin's stepdown from power Aug. 30, Sharon positioned himself for such a future role by making a deal with premier-designate Yitzhak Shamir to win the post of cabinet minister responsible for Israel's settlements in the West Bank.

Shamir, until Begin's resignation Israel's Foreign Minister, is historically well-positioned to operate in the Middle East environment shaped by the emergent Nazi-Communist alliance. In the 1940s, Shamir was a top professional assassin for the Stern Gang group, which was wont to make deals of convenience and collaboration at various points with the Nazis, with other fascist organizations, and with the Russians.

You have chosen to plunge the world into war

by Lyndon H. LaRouche, Jr.

When you rejected even exploratory negotiations offered by President Ronald Reagan, on the basis of the new U.S. strategic doctrine publicized on March 23, 1983, you consciously chose thermonuclear war to occur sometime during the several years immediately ahead. You know that, and I know that. Unfortunately, there are many people, including heads of governments around the world, self-deluded by their own wishful thinking, who are refusing to accept very simple facts on that subject.

I would not go so far as to argue that you like the idea of a thermonuclear war, that you desire that experience. I mean that you are consciously aiming the Soviet Union toward a thermonuclear confrontation with the United States, and you are prepared to risk the possibility that in such a situation the United States will shoot, rather than back down to the present Soviet margin of advantage, in the event the U.S.S.R. goes to the point of launching a pre-emptive strategic strike against the United States. (I have personally gone through the calculations, based on comparison of known U.S. capabilities and known portions of Soviet capabilities.) I am certain that you believe the probability of U.S. backdown is much greater than I do; you are very, very wrong: You overlook the lessons of Pearl Harbor, and what happened to the peace movement of that time on the morning of Dec. 7, 1941.

For example, if Germany and the Benelux nations begin to shift out of NATO, toward a "Middle Europe" constellation, such a development, occurring in the context of what is now occurring in the Middle East and Northern Africa, will hit the consciousness of leading institutions and much of the population in much the same way as the events of Dec. 7, 1941. The anger and rage building up because of the deepening general economic depression, detonated to a state of angered desperation by occurrence of the impending monetary collapse, will intersect such developments as a "Middle

Europe" eruption. All of the frightening developments will seek to attach themselves simplistically to one single issue for action. The mood will be, "Now we have to fight!" Most Americans will seek to find agreement among themselves on a choice of tangible adversary to be fought. That choice will be, inevitably, the Soviet Union.

Take the case of the Harrimans, for example. W. A. Harriman not only praised Mussolini as early as 1927 (in the front pages of the *New York Times*), but, during a 1932 conference sponsored by his family's and Morgan's New York American Museum of Natural History, his family endorsed and praised Adolf Hitler and the Nazis, with special praise for the Nazis' "racial hygiene" policies. The Morgan interests, partly through the I. G. Farben cartel, which they controlled at that time, were crucial backers of the German Liberal Party leader Hjalmar Schacht's decision to put Hitler into power—with more backing of leading monied interests from outside Germany than from within (a small matter not so strangely overlooked during the Nuremberg Trial proceedings later). However, after Winston Churchill and others recognized the certainty of a previously unexpected course of events in the impending war in Europe, that Hitler would strike west first, before attacking the Soviet Union, beginning 1938 the Harrimans and Morgans, among others, began to drop their earlier, strong affections for the Hitler regime, and assumed leading positions to their own advantage within the political machinery of war preparations.

You must not overlook the fact, that the same gang which entered Bertrand Russell's Pugwash Conference operations, proposing to divide world rule between two nuclear empires, was also the same gang behind Russell's earlier, persisting demands for "preventive nuclear war" against the Soviet Union. Many Soviet circles delude themselves by describing these scoundrels as the "realists"; there is a point of devel-

opments in progress now, at which these wretches will see their special interests threatened with Soviet destruction, at which point those present leaders of the Nuclear Freeze and associated peace movements will adorn themselves with Phrygian caps and lead the procession demanding war.

I know these scoundrels Soviet circles call the the "realists" very well. They were full-fledged fascists during the 1920s and 1930s, were really fascists during the war, and are fascists today. Moreover, they are fanatical racialists, as was that proponent of genocide against "darker-skinned racial stocks," Bertrand Russell; the fundamental issue for them is the perpetuation and increase of the worldwide power enjoyed by the circles of oligarchical "families" they represent in North America, Europe, and elsewhere. At the moment they see you threatening their "families' " interests, they will suddenly become the most fanatical U.S. patriots against you, not because they like the constitutional republic of the United States—they hate the "ideas of 1776," and always have—but because the United States represents the only power which could check Soviet advances.

Thus, on the point of a "new Pearl Harbor" as I have described it broadly above, the U.S. population—the honest people—and these oligarchical families will be plunged into an anti-Soviet alliance with one another, an alliance of opposites on the limited basis of passionate commitment to "common but conflicting aims."

Except for that point of strategic miscalculation, which prompts you to underestimate the consequences of your recent and continuing rejection of the new U.S. strategic doctrine, you, Yuri Andropov, have chosen to plunge the world into general thermonuclear war.

Let us also consider the fact, that leading circles of the Soviet Union presently view me as intellectually the most dangerous adversary of the Soviet Union. In a certain, twisted sort of logic, that present Soviet characterization of me as "worse than President Reagan," is based on fact. I am very much a patriot of the United States, such that when the existence of the constitutional republic founded in 1789 is imperiled, I would mobilize from out of my nation capabilities beyond your imagination, to defend my nation by war if that need be: I know how a nuclear war can be successfully won—as do, more or less accurately, Soviet military circles associated with Zhukov, Sokolovskii, and Ogarkov. I would mobilize to win such a war quickly, if such a war were threatened. That much about me is true.

What you allege against me is a threat to you only if you leave me no choice. If you would be sensible, I, together with forces more or less in the footsteps of the late Gen. Douglas MacArthur, am the very component of U.S. thinking suited to sit together with Soviet specialists steeped in the Sokolovskii tradition, to thrash out options to be delivered to my President and your government, to obtain durable peace. The choice lies in your hands. My President, supported by Defense Secretary Caspar Weinberger and Dr. Edward Teller, has made you a fair and generous offer of negotiations of

a new strategic doctrine, a doctrine which, from the U.S. side coincides more or less exactly with Soviet military doctrine. You have refused those negotiations; therefore it is entirely on your head that the moral responsibility for the thermonuclear war now rests.

Do not argue that the President made this offer merely as some sort of ruse, to hide plans for a "first strike." You do not believe such nonsense yourself, otherwise you would have discussed the President's and Secretary Weinberger's actual offers, rather than issuing barrages of nothing but wild falsehoods. Let us suppose you were suspicious of the President's offer, this would have required you to offer *exploratory negotiations*. Except for the most recent accord between Teller and Velikhov, you have so far rejected every avenue of exploratory or other negotiations. You have strengthened the position of forces which oppose the President's offer, the forces of the same fascists who concocted the Pugwash doctrine of Mutually Assured Destruction (MAD), the policy leading us into nothing but a thermonuclear war. *You chose thermonuclear war, and accelerated the possibility of its early occurrence.* You helped to push Henry A. Kissinger back into government, a development which would not have occurred if you had responded to the President's proposal with at least exploratory negotiations. With Kissinger and what he represents in power in Washington, a thermonuclear World War III is almost guaranteed for the period ahead.

If the Soviet Union is almost demolished in thermonuclear war, do not blame me; blame yourself.

We may disagree on some of the fine points, but I know that you know that the essential point I have presented to you is entirely true.

The Soviet government must reverse its present policies, immediately and dramatically. If it does not, thermonuclear war is virtually assured.

Beginning with a two-day public seminar convened in Washington, D.C., during February 1982, I presented simultaneously to your government and my own a proposed strategic doctrine for avoiding World War III, a proposal to overthrow the insane and immoral policies of both governments and NATO from the Pugwash Conference. Many people of influence in the United States quickly accepted this proposal, and, when Dr. Edward Teller was persuaded to become spokesman for such a new doctrine, the President was won to accept its broadest military features, although not—at least visibly—its included economic-reforms features.

Your government had more than a year to study this new strategic doctrine before March 23, 1983. You may have been confident that leading Democratic Party circles, and others whose brains have been "Pugwashed," would have succeeded in preventing the President from adopting any principal features of my proposed doctrine. If so, you clearly underestimated the President and the internal dynamics of the political process in the United States. Once the doctrine was promulgated, you should have accepted at least exploratory negotiations immediately.

One of the key included elements in your blundering refusal to negotiate immediately was your misestimation of my influence in the United States. I have no direct influence over the President, of course, but it must have been obvious to your informants from the United States and Western Europe—among other locations—that the circulation and influence of ideas associated with me is sufficient today, that conceptions circulated from me and my immediate circles permeate circles throughout the United States and some other nations, to the effect that the influence of these ideas pops up in many influential places and proceedings. This is also demonstrated to you by the fact that Soviet agencies have watched closely, and filed routinely, accumulations of operations directed against me by McGeorge Bundy et al. since the spring of 1968, attacks which have escalated, especially since 1973, to the degree that attacks directed against me by leading forces supportive of the Pugwash Conference's strategic and Malthusian dogmas have made me a leading household synonym for the word "controversial public figure" worldwide. In such circles, it has become lately the leading concern of such forces throughout many parts of the world to go almost to any extreme to prevent me from assuming the positions of power they fear I would surely secure without hundreds of millions of dollars of effort deployed against me worldwide each year at this time. The fact that a strategic doctrine proposed by me could circulate through the internal processes of the United States, to become a fundamental change in U.S. strategic doctrine a year later, ought to have taught you something.

What it should have taught you is not that I have any direct power, in the usual sense of power. I have almost none, as your government knows, except the power of ideas. What March 23, 1983 should have taught you is that the species of world-outlook I represent has such great organic appeal among the people of the United States in particular, that even the most powerful political and financial forces of Europe and North America have so far been unable to halt the accelerating growth of my ideas' influence. That should have taught you something about the character of the United States, its cultural character, and associated potentialities.

It should have taught you that the strategic doctrine announced by the President has powerful appeal to the American people, such appeal that even the concerted lies and hatred against me mobilized through the major news media and other channels of actions could not prevent such appealing conceptions from spreading to the effect seen.

If you had accepted the President's offer, your acceptance of even provisional negotiations of the new strategic doctrine would have increased the credibility of the philosophical world-outlook among the U.S. population and leading institutions which was reflected in the doctrine and associated offer. You were choosing between the cultural heritage of the American Revolution—the "ideas of 1776"—and the opposing, oligarchical cultural heritage associated with Morgan, Harriman, et al., "families" which are outgrowths of the

treasonous "Essex Junto" of New England and its New York accomplices over the period of treason by that crowd, 1796-1863.

By overlooking such considerations, you have done great damage to the possibility of avoiding thermonuclear war, and contributed to the ongoing destruction of all of the nations of the developing sector during the course of this decade. You have put yourself on the side of evil, on the side of the policies of the "oligarchical families," allying yourself in fact with those forces now imposing genocide on one nation of the developing sector after another.

Is it also the case, that the Soviet government is so steeped in false pride, that it cannot admit that it has committed a wicked blunder on this point? Would the Soviet government rather cling to a policy which assures thermonuclear war, which fosters genocide against the developing sector, than "humiliate" itself before the eyes of its foreign adversaries, by admitting that a mistake has been committed?

Now I must act again, as I did in February 1982. The proposed strategic doctrine I proposed then is the only valid strategic doctrine for war avoidance today; it would be insane to propose to trade that doctrine away for "disarmament agreements" or any such diplomatic trash. However, merely restating the doctrine is not sufficient. Something new has been added to the world's situation by your misguided refusal to consider even exploratory negotiations. Therefore, features must be added also to the original proposal. Broader, deeper issues must be considered and addressed, in addition to those already considered in the strategic doctrine's formulations and design.

I act now as I did in February 1982; I place my proposals publicly before the nations and conscience of the world, and present them most emphatically for the attention of your government and my own.

Pugwash and 'Third Rome'

The manner in which your government foolishly rejected even exploratory negotiations of the President's offer, was crucial evidence pointing to the dominating features of current Soviet policy-thinking. When any government consciously chooses to risk thermonuclear war, rather than explore the only available alternative actually presented, certain conclusions must be drawn concerning the intellectual and moral state of mind of that government.

Something very evil is influencing the philosophical world-outlook currently shaping the decisions of the Soviet government.

Some of my friends, including my close friends in many parts of the world, are frightened that I should refer publicly to such things. They allege that even if what I have caused to be published on this subject were true, it is "tactically" wrong, "counterproductive," to utter it. Those friends are badly mistaken; I should never have accomplished the scientific discoveries I have accomplished, nor would my association have grown to its present role in world affairs, had I been

susceptible of intellectual and moral cowardice of the sort which they, in fact, have strongly recommended to me. About important questions, only the harshest truths are permissible.

We shall get nowhere, unless I address with ruthless accuracy the specific, visible element of philosophical outlook which has prompted your government to adopt the wicked decision it has adopted on the issue of strategic negotiations.

Unless you recognize that flaw in yourselves, the entire world is destined for early destruction. "Diplomatic" evasions of truth are never a good policy, and often the hallmark of manipulators whose efforts for good must ultimately fail because they lack the courage to pursue a rigorous course of action in support of fundamental principles.

There are three elements chiefly directing you to the

The Soviet media response to beam weapons

A TASS release from Rome, reprinted in the Soviet government paper *Izvestia* of Aug. 26, acknowledged in straightforward coverage the result of the conference of Soviet, American and European scientists held Aug. 20-23 in Erice, Sicily: "The international seminar of physicists in the Italian city of Erice on problems of peace and disarmament, in which scientists from both socialist and capitalist countries took part, has signed a project of agreement on cooperation among the U.S.S.R., U.S.A., and Western Europe. This document provides for the creation of a permanent scientific group which will study proposals on the possibilities and feasibility of developing and creating a global system of defense against nuclear war."

This is the first time since President Reagan's March 23 speech on strategic defense as the means to avoid war, totally blacked out in the Soviet media, that a major Soviet daily has as much as mentioned such an idea as "feasibility of defense against nuclear war." Neither the party paper *Pravda* nor the army paper *Red Star* of the same date published the release.

A sample of earlier Soviet coverage:

***Izvestia*, Aug. 25:** . . . The Heritage Foundation. . . with clearly marked "hawk's plumage," proposes that 400 satellites be put into orbit armed with. . . lethal ray guns for attacking targets on earth. . . . This argument was used in the well known "star wars" speech delivered by. . . Reagan in March. What such "arguments" contain is revealed by Prof. M. Kaku of New York University. . . . They provide "not a security based on peace but a security that is to be produced by a nuclear war that becomes inevitable."

Radio Moscow in English, Aug. 23: . . . We may recall with what alarm the Americans received last March Reagan's program on so-called Star Wars. A group of prominent U.S. scientists and public figures then called on Andropov to assist in banning space weapons.

Moscow Domestic TV, Aug. 20: . . . It really is a terrible danger, because from space the earth looks as if it is in the palm of your hand; . . . it seems indefensible from such weapons as lasers, and all the more because in

space, where there is no atmosphere, laser weapons increase their power and range. . . . We [want to] shake hands in space with U.S. astronauts and not look at each other through gunsights. . . . not exchange laser blows. . . .

Moscow Domestic TV, Aug. 25: . . . The testing of an antisatellite weapon, which the U.S. plans to carry out in the near future, will be the first step leading to war in space. That is the alarming warning issued by the Center for Defense Information, an influential U.S. organization. . . . Admiral Gene LaRocque, director of the Center, described this [Andropov's] peace initiative as a unique opportunity. . . . If it is not taken, the admiral said, an outbreak of war in space, which will inevitably spread to the earth, will become more likely. . . . Three Star Wars films have broken all records. . . . The upshot of this is that Hollywood has gradually carried out the advance brainwashing of public opinion, by preparing the ground for the serious space wars which President Reagan, who began his career in Hollywood, is getting ready for mankind.

Sotsialisticheskaya Industriya (Central Committee daily), Aug. 24: . . . Beam weapons. . . focus energy in a narrow beam. When this is achieved the beam becomes, as the militarist press likes to repeat persistently, a "death ray." . . . But as the well-known American expert K. Tsipis notes, "An effective laser weapon will be of impressive proportions. . . ." It is this last fact which particularly attracts the military-industrial corporations. Incidentally, California's Heliotechnics . . . is actively involved in the development of laser weapons for space. Its biggest shareholders include the notorious "father" of the American hydrogen bomb E. Teller. . . . Well-known American specialists on military-technical problems have made well-founded objections to Reagan's decisions. Some of them describe as the "biggest lie" the President's assurances that sophisticated types of weapons are the key to a humane, peaceful future.

Radio Moscow to North America, Aug. 23: The world is really at a crossroads now. It is time for humanity to choose where to go further: either towards Reagan's star wars that mean an inevitable end to the world or to ban outer space for any weapon, to keep it peaceful for all times. The Soviet Union has made its decision and the question now is what position the United States will adopt.

wicked choice of decision you made in response to the President's and Secretary Weinberger's offers. (You have no right to denounce me for what I am about to say about you. My denunciations of the relevant swine of my own and other nations on my side of the strategic division are specific and thorough. I cannot be accused of being inconsistent or unfair in my denunciations of your behavior on the same issues.)

The first of the three elements chiefly to be considered is the effects (in this case upon Soviet policy and thinking) of the succession of two postwar strategic policies of the oligarchical families' faction of the United States and Europe. The first in this succession was Russell's proposal for "preventive nuclear war" against the Soviet Union, a war proposed in service of Russell's demand, beginning the October 1946 *Bulletin of the Atomic Scientists*, to create a "world government" with a monopoly on possession and use of nuclear arsenals. This continued under the auspices of present leaders of the international "nuclear freeze" movement, and Russell's World Association of Parliamentarians for World Government (WAPWG) until approximately the 1955 WAPWG conference, in which Soviet representatives participated. In response to Soviet development of both nuclear and thermonuclear arsenals over the 1949-54 period, Russell steered a second project, called the Pugwash Conference, which has negotiated with Soviet representatives, through that and correlated "back channels," every strategic doctrine adopted by the United States and NATO until March 23, 1983! Both of these statements you know to be entirely accurate, both explicitly and in respect to their broader implications.

Thus, from the vantage-point of every ordinary U.S. citizen, the European and U.S. leaders of the Nuclear Freeze and allied movements appear to be indisputably agents of the Soviet KGB. You and I know that this image may be true in significant part, but that it is broadly an oversimplification. The reality of your rejection of the President's proposal of March 23, 1983, was your maintaining a very special kind of alliance with the Western faction which has been the Soviet partner in the Pugwash Conference and associated back-channel proceedings. Accepting the President's proposal would mean tearing up an existing, longstanding devil's pact with the gang of racist, oligarchical scoundrels associated with the life's work of the most monstrous degenerate of the 20th century, Bertrand Lord Russell.

You know that Russell's earlier proposal for "preventive nuclear war" against the Soviet Union and the Pugwash Conference have identical objectives and spring from the same motives and evil philosophy. In summary, a "world government with a monopoly on possession and use of nuclear arsenals" was nothing but a proposal for an Anglo-Saxon world empire, to be ruled by a coterie of families, including Lord Russell's own, in the model of the Assyrian, Babylonian, Median, Persian (Achaemenid), Ptolemaic, Roman, Byzantine, Ottoman, Austro-Hungarian, and Russian empires of the past, the idea of empire which was the goal of the

faction in 18th-century Britain centered around David Hume, Lord Shelburne, and the British East India Company offshoot of the Venetian Levant Company.

When Soviet development of nuclear and thermonuclear arsenals made "preventive nuclear war" less appealing to the great humanitarian and pacifist Bertrand Russell, Russell et al. drew upon the military knowledge of relevant British scholars, and cooked up a proposal modeled upon the agreement between King Philip of Macedon and the Chaldean-Phoenician banker-priesthood families controlling the Achaemenid Empire from within. Russell caused to be proposed to the Soviet government that a single world empire be established, eliminating the institution of the sovereign nation-state worldwide, but that this empire be ruled by two separate forces, rather than one: an "Eastern" and "Western" division of a single world empire. Not without factional commotion within the Soviet Union on this issue and its sundry leading implications, the Soviet government has, in net effect, accepted Russell's two-empire proposal, and has tolerated, within limits, the oligarchs' proposal of creating a third, Chinese empire, which fellows like Brzezinski have attempted to extend to include Japan, Southeast Asia, and chunks of a ruined India. (I believe you draw the line against the demolition of India to such purpose, and perhaps also, it appears, Southeast Asia—unless the the United States makes the error of a strategic build-up in that area.)

The Soviet Union's assigned role in this arrangement is broadly that earlier projected to King Philip of Macedon. This arrangement, first presented to Soviet representatives in the form of Dr. Leo Szilard's elaboration of the doctrine of Mutually Assured Destruction (MAD) at the second, 1958 Quebec conference of Pugwash, was emphasized in Szilard's included proposal to "redraw the political map of the world" between the two superpower alliances, the policy presented associated with Lord Peter Carrington's "new Yalta" doctrine currently in process of global implementation in Asia, Africa, and Yugoslavia.

You may find it more comfortable to your conscience to think of this as "spheres of influence." I prefer a more honest word, "empire," "naked, brutal imperialism," everything against which the American Revolution was fought, and, to the extent I gather the means, what I shall destroy in every part of the world such a monstrous abomination reappears.

Don't speak to me of U.S. imperialism unless you are willing to speak in the same way of Soviet imperialism. Both our nations have been drawn into the policy framework for the postwar world by Russell and his abominable accomplices. If we are to eliminate imperialism, we must negotiate to eliminate it jointly from the practice of both our nations, rather than aiming to bomb the other to extinction (by one imperialism) on the grounds that the other is an imperialist power. Our nations, together, dominate the world, and we do it very, very badly.

There are two leading features of the imperialism imposed upon the world by the forces behind the Pugwash

Conference series. The primary feature is the doctrine of “international socialism” promulgated during the 1920s by Bertrand Russell, H. G. Wells, and their accomplices from sundry, wicked theosophical cults modeled on the ancient cult of Isis, such as Aleister Crowley’s Lucifer-worshipping Golden Dawn cult. The exemplary references include Russell’s 1923 *The Problem of China* and *The Prospects of Industrial Civilization*, and H. G. Wells’s 1928 *The Open Conspiracy*. The second, derivative feature of the Pugwash imperialist doctrine, the specific linchpin of agreement embedded at the center of Pugwash’s two-empire scheme, is the doctrine of Mutually Assured Destruction (MAD). The function of the military and arms-control policies subsumed under MAD is to create a military order of the sort indispensable for world social and economic order conforming to the specifications of Russell’s proposals for “international socialism.”

We cite a passage from Russell’s *Prospects of Industrial Civilization*, as quoted in C. White, *The New Dark Ages Conspiracy*, New York, 1980:

“Socialism, especially international socialism, is only possible as a stable system if the population is stationary or nearly so. A slow increase might be coped with by improvement in agricultural methods, but a rapid increase must in the end reduce the whole population to penury . . . the white population of the world will soon cease to increase. The Asiatic races will be longer, and the negroes still longer, before their birth-rate falls sufficiently to make their numbers stable without help of war and pestilence. . . . Until that happens, the benefits aimed at by socialism can only be partially realized. *The less prolific races will have to defend themselves against the more prolific by methods which are disgusting even if they are necessary.* [emphasis added]”

This is the policy of the Club of Rome, of the International Institute for Applied Systems Analysis (IIASA), and of the *Global 2000* and *Global Futures* policies issued by the outgoing administration of President Jimmy Carter. This is what such Harriman cronies as Robert McNamara have represented at the World Bank, in sponsoring the Brandt North-South Commission, and in the policies of the fascist Green Party of West Germany today. This is the policy of the leaders of the nuclear freeze movement, including a Harriman family which supported Hitler openly because of Hitler’s “racial hygiene” policies against “non-Anglo-Saxon” racial stocks.

Behold! Yuri Andropov, those “progressive forces” of Pugwash who are your preferred Western partner in the devil’s pact of world-empire of “international socialism”! That suicidal eruption of monstrous bestiality which is the so-called Iranian revolution, the brutish madness of “Islamic fundamentalism,” the assortment of separatist “peoples’ liberation struggles” steered from such centers as Lausanne, Switzerland’s François Genoud, by the Nazi International constituted around the nucleus of Walter Schellenberg’s RSHA Amt VI “foreign nationalities” sections of the Abwehr and Waffen SS: These are your “progressive allies,” Yuri Andropov—

and you know it! Shall we judge your policies, your philosophical outlook by that with which you ally yourself? By what other standard do you propose we measure the content and motive of your policies?

So you acted in response to the President’s offer of March 23, 1983, and so we must interpret the intent behind your employment of statements you know to be wildly false, in your persisting denunciations of the President’s offer. For sake of a devil’s-pact partnership with the “Western” component of your Pugwash back-channel negotiations, you allied the Soviet Union with such monstrous degenerates even worse than Adolf Hitler, and for this “noble alliance’s” interest, you preferred a commitment to probable thermonuclear war over the best offer of assured peace the Soviet Union has received during the entire postwar period! How else can we judge your intent, except by the yardstick of this new parody of the Hitler-Stalin pact?

Some of my friends insist I should not mention such things, as if a doctor might cure a disease better by diplomatically ignoring the fact of its existence. I am intellectually tougher, more rigorous than some of my frightened friends. It is unpleasant, but it is necessary.

What circumstances within the Soviet Union could bring its leadership to such a demoralized state of mind as this well-documented evidence of its behavior suggests? Put aside all my criticisms of Soviet philosophy, economic policies, and so forth. You are urinating on the grave of Lenin with such practices! For decades, the Soviet Union held itself up to the world as the moral champion of the rights of all people to enjoy technological progress, access to education and experiences by which the power of reason might be developed in the individual, and the sovereignty of oppressed colonial and other strategically weaker nations against the rape of their wealth by supranational agencies. Soviet spokesmen may have not understood such goals in the proper light philosophically, but the kernel of the spokesmanship was never worse than a defective approach to a principle identical with that of the “ideas of 1776” and of 1789. Where is your commitment toward the other nations and peoples of the world today? What do you imagine a Lenin would think of you if he could see what you have become in your foreign policy of practice today?

Something has changed very drastically. This change—this drastic change—has two clear and leading features: *A sweep of worldwide cultural pessimism into Soviet society generally, combined with a falling-back toward what Old Russian culture can bring forth under conditions of deepening cultural and moral pessimism.*

I am clearly not opposed to even sweeping changes in Soviet society and Soviet philosophy. Although I refrain from intervening into your internal affairs to any degree out of keeping with the facts that yours is a sovereign state and I a foreigner to that state, I have not been exactly bashful about proposing some important changes in your philosophy and

practice. Some of my recommendations on changes in economic policy you, personally, might welcome, Yuri Andropov, while perhaps resenting the fact that I had proposed them. Some you would not like at all, but it is nonetheless proper, and not a *casus belli*, that I should insist on stating my point.

The question is, *change for what?* Perhaps some among the internal changes you are making I might heartily endorse, scientifically, and possibly also specific measures adopted; I do not believe I have yet sufficient evidence to say. Your present foreign policy, and the philosophical outlook it carries with it, is broadly monstrous, as I have indicated leading points. *Change, yes, but not this change.*

The reality of your rejection of the President's proposal of March 23 was your maintaining a very special kind of alliance with the Western faction which has been the Soviet partner in back channel proceedings. Accepting the President's proposal would mean tearing up an existing, longstanding devil's pact with the gang of racist, oligarchical scoundrels.

As the energy of Soviet Marxism-Leninism has evaporated, there is a slow, accelerating upsurge of the influence of the old *Raskolniki*, centered around the emergence of a *Raskolnik's* sort of church-institution. This occurs, inevitably, in the path of least resistance defined by 1917 and its aftermath. It does not proceed back directly to the Jesuit, Russian Church, and oligarchical institutions associated with the Venetian, Count Capodistria's dictating of Russian foreign policy at the 1815 Congress of Vienna. It proceeds, in state and party institutions, along lines of embedded potentials, through the Parvus and Parvus-linked Bolshevik fragments of the post-1905 period, including the Bogdanov and later Bukharin tendencies. It intersects the fact that the forces in play in both the 1905 revolution—especially in Baku—and in what was unleashed by the Parvus-centered operation in the February 1917 eruption, had strong included features

of a 20th-century Pugachev revolt, which, as we know from the documentation of the latter period and the events leading through the virtual revolutionary insurrection in implementation of the first Five-Year Plan, was the constant feature of the process which Lenin and others focused on channeling, with special emphasis on the Social Revolutionaries, of course. It is mystical elements typified by Dostoevsky and Tolstoy, which adapt to the institutions and ruling ideas of party and state apparatuses, which seep into every pore wherever cultural pessimism exerts its grip.

This is reinforced in a very visible, and very understandable way, by xenophobic impulses nurtured by invasions, threats of war, and other aversive circumstances over a span of 65 years to date. Hatred of the outside world, and therefore despising as well as distrusting every leading cultural impulse associated with Western European culture: This makes ideas and impulses expressed in the extreme by Dostoevsky quite credible to the Russian people in large degree, at least. It is not the fact that Philotheos of Pskov formulated the Third Rome doctrine in 1510 in a certain way, or that this policy was associated with the Byzantine form of church-state relations under czarist institutions under most czars. It is the fact that this deeply embedded cultural matrix must appear to a contemporary Russian farmer, for example, to be fully corroborated by the experience with the United States and Western Europe over most of the past 65 years.

I can, in that sense, make excuses for the Russian people and government, as to what process they were impelled in the direction of such cultural tendencies. I can also document, in many cases, cultural matrices of numerous nations which would make this world a pure Hell if those nations, with continued such cultural impulses, ever gained power over their neighbors. Those elements of Russian culture best identified by the *Raskolniki* are no worse than those of other cases; the most evil cultural impulses I know to exist in the world today are those associated with Bertrand Russell and those in the Western nations attracted to Russell's outlooks and policies on leading issues. *The practical problem is that if the foreign policies of a superpower, are under the influence of such cultural impulses, the world is in danger.*

The practical problem is, that as long as your government is committed to the Pugwash agreements, thermonuclear war is almost certain for the period ahead, and even without a war, a spreading, Malthusian-directed destruction of every existing nation of the developing sector is certain to have been completed by the close of the present decade, a destruction which will lead quickly to the destruction of every other nation of the world before the close of this century. You would find the Pugwash agreements an abomination to be destroyed by every means available, unless the combination of your infection with worldwide cultural pessimism, and your acceptance of the Pugwash imperial doctrine, had not pushed you into adopting a foreign policy best described as a thrust consistent with the doctrine of Philotheos of Pskov:

“The Third and Final Roman Empire.”

Thus, it would be silly to merely criticize your strategic policies, without examining the fact that your present policy is based on a Pugwash devil’s pact with the most abominable scoundrels of the Western world. There can be no practical hope of correction of your commitment to that devil’s-pact alliance with Harriman et al. unless we address that cultural outlook within your present government which permits you to adhere, up to the point of threatening preemptive thermonuclear warfare, to defense of your wicked agreements with the pack of scoundrels.

Only frightened people, who lack the moral strength of intellect to face hard realities, can sustain continued objections to my pointing the finger to the issue of the “Third Rome.” Not only must we in the West (and developing sector) face that unpleasant fact; we must attempt to induce you to see it as I see it. Then, you might will to change it.

Otherwise, all other maneuvers and negotiations in the name of “war-avoidance” will prove to be in the end a terrible waste of mental energies and time.

Finally, on this specific point, I could not blame you morally for rejecting my recommended approach to war-avoidance, as long as the United States had not offered you such an alternative. Once the President and the defense secretary had made the offer publicly, things must be judged

You must demonstrate public commitment to negotiate the March 23, 1983 doctrine’s implementation seriously. If such a properly founded summit meeting could occur between you and the President, I would favor it at the earliest point possible.

differently. You rejected peace, and chose thermonuclear war. It is that choice which must be addressed, and changed.

Time is running out very rapidly.

Practical measures of policy

Broadly, I support everything which contributes to an improved climate of negotiations, but it is foolish at this stage to delude oneself that a “friendlier atmosphere” by itself will do anything but contribute to greater likelihood of thermonuclear war. START agreements and such things are, in themselves, diplomatic trash at this juncture. The fundamentals, to which I have referred above, must be directly faced and resolved. To the extent we believe that merely promoting

a “friendlier atmosphere,” or finding “constructive compromise or agreement” on another silly arms-control agreement—which we shall both break immediately, anyway—is a substitute for facing fundamental issues, we increase the danger of imminent thermonuclear war by deluding ourselves to believe in the effectiveness of what are in fact empty gestures.

Steps toward a “friendlier climate of discussions” are tragically foolish enterprises, unless those steps are consciously directed, and so understood by both parties, toward negotiating within the framework of broad agreement to the President’s policy declaration of March 23, 1983. Negotiation directed toward any other, early end-result is merely generating the false confidence which increases the certainty of war.

Were I President of the United States, I would have offered a wide range of unilateral and negotiated gestures to assure you of my intentions in respect to the March 23, 1983. In fact, within the narrowed political limits of action your rejection of his offer has imposed upon President Reagan, he has done several such things. However, at this stage of the process, I would advise President Reagan, were I asked, not to undertake a personal meeting with you, Yuri Andropov, at this time. He must expect that you might behave as Khrushchev did in the Paris summit with President Eisenhower, in keeping with your present efforts to make Walter Mondale or John Glenn President of the United States. Whereas, a meeting between perhaps Ustinov, Ogarkov, and Basov on your side, and Dr. Teller and some of our military people on our side, should have occurred immediately after March 23, 1983, preparatory to an Andropov-Reagan summit projected for the end of April or early May. That option for a summit meeting has been temporarily destroyed by your conduct on several fronts during the recent months. First, you must demonstrate public commitment to negotiate the March 23, 1983 doctrine’s implementation seriously, such that you personally take some political responsibility for a serious meeting.

If such a properly founded summit meeting could occur between you and the President, I would favor it as the earliest point preconditions for such a meeting were put into place. The President is a personable man, the best on that account we have enjoyed for a long time. The mere establishment of personal contact to underscore personal commitment to proceeding in good faith, is all that I would project for an initial summit meeting. Such a limited accomplishment would be invaluable.

If there were anything which I might contribute personally and properly to the public airing of the ideas contained in my original design of such a strategic doctrine, perhaps in some unofficial oral or literary exchange with Soviet experts, I would consider this as contributing to the desired climate for the President’s officially commissioned discussions with Soviet representatives. Since I have been strenuously attacked as virtually Soviet International Public Enemy Number One, on account of my perceived part in the matter of the

new U.S. strategic doctrine, the form or lack of discussions between me and Soviet experts constitutes a signal which I believe that my President's advisers would by no means ignore.

We must understand that there are two, parallel avenues of discussion which must occur. One must be totally unofficial discussion of conceptions, to the effect that statements exchanged are in no way confused with diplomacy, a purely scientific exchange of ideas. The intellectual environment so enriched becomes a resource from which assets can be coopted by official discussions as they may or may not choose to do so. Meanwhile, you have every sort of clown from the United States and elsewhere crawling about Moscow for discussion of strategic policies, called "clowns" advisedly because they simply lack any relevant knowledge of the deeper issues of strategic policy, but merely regurgitate a mixture of the false information and irresponsible speculations they have overheard from one place or another. This is not to speak of the nastier species, the "Pugwashers." These confused fellows merely make matters worse with their shallow-minded but "official-sounding" utterances after their return.

As to the technical feasibility of the current U.S. strategic doctrine, I am confident that the Soviet specialists such as Major General Basov and Academician Velikhov, and their associates, have no difficulty on the principles of the matter. After all, this has been at the center of Soviet strategic doctrine since 1962, and Soviet progress on relevant areas of science and technology are very impressive. In any case, Dr. Teller and his immediate collaborators are perfectly able to handle this side of the matter, and have little need of assistance from me, except as these matters intersect economic science.

This brings us to the matter of the Soviet government's real objections to the March 23, 1983, as opposed to the smokescreen of misleading propaganda issued from Soviet sources on this subject.

First, you are generally ahead of the United States in developing and deploying ABM systems, and have advanced capabilities, relatively speaking, in the domain of particle-beam systems aptly suited for what is called "terminal defense" generally and "point defense" in particular. With a "crash effort" the Soviet Union will probably match the United States during the first phase of such ABM systems, and will outdo the United States unless the United States also launches a crash program.

Thus, U.S. development of strategic ABM systems premised on the "new physical principles" is not in itself a cause for any legitimate rejections of the March 23, 1983 doctrine as umbrella-agreement for new dimensions of negotiations.

The root of the real objections, secondly, lies in the effects of such "crash programs" on the Soviet and U.S. economies, respectively. This objection has two aspects. First, that the spillover of the same technologies into the Soviet and U.S. economies simultaneously would cause a much greater rate of economic growth in the U.S. than in the Soviet econ-

omy. Second, that this would mean a resurgence of the U.S. position as an economic power, to the degree that the relative U.S.-Soviet positions on this account would take the world back to approximately the middle of the 1960s. It is the combination of these two effects which suggests that the United States would therefore develop the relative economic capabilities for conducting a continued "technological arms-race" which the U.S.S.R. might be unable to match.

Otherwise, the Soviet propaganda barrages accusing the Reagan administration of launching an arms race are misleading to the point of being a falsehood. The Soviet Union is already spearheading an arms race in the domain of thermonuclear ballistic missiles, such that to imply that beam weapons would "start" an arms race is, as a flat statement taken out of proper context, utter nonsense.

The fact is, that technological obsolescence is as inherent in armaments policies of all but very stupid nations as the same principle is inherent in the economy itself, also except in very foolish nations. It would be no less true of beam weapons than of ballistic missiles. Only to that degree, and in that sense, is the Soviet concern about "arms race" under conditions of high rates of technological growth of economies a valid point of deliberation.

However, we must not permit this single, valid point of Soviet objections from acting to implement the new strategic doctrine cooperatively (if possible). The price of not implementing the new doctrine in this way is thermonuclear war. Therefore, it must be our policy to implement the new strategic doctrine as rapidly as possible, whatever the objections. However, if the Soviet government has valid objections, these objections must be solved somehow within the framework of the new doctrine of Mutually Assured Survival. In short, *you need cooperation in solving the problem of economic bottlenecks in the Soviet economy.*

I would think it very sensible that you should say to us: *The new doctrine has some unacceptable implications for us unless our bottlenecks are overcome; we require your cooperation on this matter as part of any strategic agreement.* Personally, I would find such a demand from you a very reasonable demand, apart from the special fact that as an economist I am like the fanatical mechanic who must repair every automobile instantly he recognizes need for such services.

The problem is, in this connection, that the government of the United States presently has not the slightest conception of what the Soviet economy needs to repair its bottlenecks problems. The discussions of this in the United States are so clouded with the heritage of ideologically misshaped appreciations and habits of economic warfare, that the only means we have to help you from off our shelves, is to reduce the pressure of economic-warfare measures. I strongly suspect that that form of assistance would not be sufficient to solve the broader problem. Obviously, you require profound internal economic reforms, to the effect of increasing per capita output in agriculture and various categories of industries, and

also ensuring that a rural-to-urban shift in composition of total employment of your labor force results in a large increase in capital-goods capacity, especially in critical machine tool categories (broadly defined).

I have written memoranda of my general knowledge as to how to approach such a problem, which I need not restate here, therefore. I believe that the problem admits of a general solution, provided the Soviet population is won over to acceptance of such changes. Any effective approach would require a "crash program" centered around the most beneficial varieties of large infrastructure-building projects and spearheaded by emphasis on breakthroughs in frontier areas of advanced technology. Effective cooperation from the United States would require that you define such a program, and locate specific needs of economic cooperation in terms of bottlenecks affecting the implementation of the program itself.

Broadly, this requires a scientific discussion of the problem, through aid of which to formulate conceptions which may then be referenced by officials on both sides.

That is the general way I foresee the indicated point of objection as being best approached.

Accompanying the indicated point of your objections to March 23, there is also the aura of your desire that the United States should collapse and more or less vanish from the Earth as soon as possible. Apart from the fact that the growth of the economy under a high-technology "crash program" might strengthen the United States greatly, relative to the Soviet economy, there is the strong flavor of wish in your practice, that we should not continue to exist at all. After all, if the United States collapsed, the U.S.S.R. would more or less dominate the world, uncontested, by default; it is a prospect which I do not think displeases you at all.

I do not believe that you are immediately intent on gobbling up the world entirely, but rather merely being free to do pretty much as you please throughout that world. That is not tolerable; you must give up any thoughts in such a direction.

Apart from narrowly defined military technologies and economic implications, the more general problem for you is that the new U.S. strategic doctrine points in the direction of tearing down every Malthusian and other policy institution associated with Pugwash doctrine. The President's new doctrine attacks the entire structure of the Pugwash doctrine and institutions at their most vulnerable point. *That was my intent in devising such a strategic doctrine:* to break not only the grip of MADness, but also the grip of what you fellows prefer to call "imperialism" from the back of every nation of the world, my own nation most emphatically included.

My design of the entire strategic doctrine, coinciding in every feature with the President's on military matters, is of one piece with my proposals for a new international economic (monetary) order, and such projects as my "Operation Juárez" (1982), the new proposal for economic development of the combined Indian and Pacific Oceans' Basin (Sept. 15,

1983 Washington D.C. seminar) and the policies I proposed in my 1979-80 campaign for the Democratic Party's presidential nomination. My policies coincide in significant degree with President Franklin Roosevelt's policies for the post-war world, the so-called American Century doctrine which was scrapped entirely by the State Department within as briefly as 48 hours of the President's untimely death. As the President said to Prime Minister Winston Churchill during the war (Elliot Roosevelt, *As He Saw It*), the world has ached too long under the sway of "British 18th-century methods," and of colonial empires and their vestiges. We must have a world-order based on the efficient principle of sovereignty of the nation-state and of cooperation in fostering technological progress in the development of the productive powers of labor in every nation.

We must take down every institution which imposes upon nations and their peoples that system of usury and imperiums dating in Mediterranean civilization from the evil Chaldean Ur and the sundry empires built by oligarchical rule on the economic foundations of ground-rent, usury, parasitical commodity speculation, and looting by force. We must establish a world order consistent with the same principles for which the American Revolution was fought and the U.S. federal constitutional form of government established by the administration of President George Washington. Every nation, including the Soviet Union, must enjoy the right to secure existence in pursuit of those domestic objectives which the framers of the U.S. constitution around Benjamin Franklin demanded for the people of the United States.

This is not a matter of sentiment. It is a matter of discovering critical flanks of vulnerability in existing oligarchical power. The great vulnerability of that oligarchical power is that its policies have fatefully steered the two powers which in effect rule the world's affairs into an early thermonuclear war with one another. (Our power, yours and ours, does in fact rule the world's affairs, much as other nations, insulted by this arrangement, might wish to pretend this is not so. Any nation which believes it can cut a niche for pursuing its independent policies, even in relatively small matters, independently of playing between our two powers, merely deludes itself on this point. We are morally responsible, and no one else, for what becomes of every nation and people of this planet.) If your nation and mine wish to survive, we must rise up in agreement to destroy those supranational institutions of power associated with the Pugwash Conference and its policy matrix. Our very desire to merely continue existing, confronts us with a choice between our dying, and our destroying what the Pugwash Conference represents. We have no "third way"; a "third way" exists only as an infantile delusion of silly old oligarchs such as those today imagining themselves almost a superpower with their infantile "Middle Europe" nonsense. This has been, potentially at least, the fatal blunder of the oligarchs; they have produced a circumstance in which our only chance of survival is to break their supranational political power.

The tactics behind the planned violence

by Lena Mletzko

The West German "hot autumn"—the project of the "peace" and environmentalist movements deployed and funded by the networks of the Western oligarchy running international terrorism, and the Soviet KGB—was launched Sept. 1 in the small Swabian village of Mutlagen, to tremendous fanfare from the West German media.

There, if all goes as the demonstrators plan, heart-rending events will occur. The original script, from the Hamburg weekly *Die Zeit*, states that: "On Sept. 1, 44 years after the start of World War II, dozens of world-renowned Germans will sit down in front of the gates of the American airfield, among them Heinrich Albertz and Helmut Gollwitzer, the angry old men of the Church; the ailing Nobel laureate Heinrich Böll and Günter Grass. . .; the 88-year-old William Born alongside Erhard Eppler and Oskar Lafontaine and Wanter Dirks. These venerables do not want to 'belong to the silent ones ever again' "

For three days, these "fragile old men," as *Die Zeit* calls them, plan to persist in their "blockade of the prominent ones," by completely surrounding the air base. As of Sept. 1, the U.S. army was airlifting supplies to the base, because the West German government had done nothing to remove the protestors.

The old men are there to protest against the stationing of Pershing II missiles, and serve as an example for what the peace movement calls non-violent resistance. The idea for this action originated with Klaus Vack, who has been building extra-parliamentary opposition movements since 1960 and is now spokesman for the "Committee for Basic Rights and Democracy." He views the Mutlagen sit-in as a grand chess move: "This is going to cause the government problems. I cannot imagine that the government could risk having pictures taken of such fragile old men, beyond suspicion, being dragged away by young policemen. Böll in prison? That would spread around the world. Such a thing cannot be decided by the Interior Minister of Baden-Württemberg alone. He will have to get back-up from Bonn. But if the authorities do not take them away, then all the talk about the anarchists who are trying to throw Germany into chaos will be ended once and for all."

Vack's scenario is over 50 years old. Lord Bertrand Russell, one of the most evil men in this century, laid the cornerstone for the 1960s anti-war movement in the 1930s. In 1937

Russell and Aldous Huxley founded the Peace Pledge Union. That did not stop Russell from demanding a U.S. preventive nuclear strike against the Soviet Union in 1946, before the Soviets had their own nuclear arsenal. Russell envisaged an Anglo-Saxon "world government," with the monopoly over nuclear weapons. When the Soviet Union obtained the H-bomb, Russell had to rethink his preventive strike. So, in 1957 he organized the foundation of the Pugwash Conference. He also spawned the "Ban the Bomb" movement of the 1950s, to undermine President Eisenhower's "Atoms for Peace" and the potential for fruitful cooperation with the Soviet Union.

In 1958, Hans Werner Richter became the leader of the West German Ban the Bomb Movement. He was elected world chairman of the movement in London one year later. Richter's "Group of 47," from which emerged the Grünwalder Circle, the initial spark for the "New Left" and the SDS, included as members the same "angry old men" we find again 36 years later in the "sit-in of the prominent ones" in Mutlagen.

Beloved as they are by the media, such tearjerking scenes cannot escape the fact that the coming "hot autumn" will be non-peaceful in the extreme, planned in every detail as if by a general staff, and still being planned. The expected actions range from terrorist assaults and sabotage operations, to civil-war style outbreaks which are to leave the state no choice but either to uphold the principle of law, and if necessary, not refrain from mass arrests and similar measures—or surrender. If the state surrenders, then, by the *Die Zeit* prophecy, Chancellor Helmut Kohl will have to confess his impotence, and utter the "liberating words: the cruise and Pershings missiles unfortunately cannot be stationed here; the NATO double-track resolution is politically unrealizable."

Wolfgang Sternstein, a "peace researcher" in Stuttgart, has been readying this hot autumn "for 20 years," in his own words. If it goes according to his plan, "the state will be pushed to the very limits of its capacity to rule." If this fall's actions are unsuccessful, and the Pershings are stationed, he has further action ready: the "non-violent riot," understood as an escalation of "non-violent resistance."

Personally, Sternstein intends "to attempt to storm a munitions depot with friends and destroy nuclear warheads." Being prepared for martyrdom is an overpopulated profession. Numerous papers are spreading the nightmare that a West German, or perhaps Dutch, demonstrator, will be shot on American military property.

Jo Leinen, the spokesman of the Association of Citizen Initiatives for the Environment, demanded last October that "the Federal Republic be made ungovernable." A general staff stands ready, and—thanks especially to media demagoguery—an army of up to 3 million demonstrators. As well, a roughly 10,000-strong elite troop operates with guerrilla-warfare methods parallel to the demonstrations, according to information gathered by West Germany's Office for the Protection of the Constitution.

Pugwash staggers at ABM defense policy

by Liliana Gorini-Celani

Venice, more decadent and oligarchist than ever, was the setting when the 33rd Pugwash conference opened on Aug. 26. It was characterized this year by heated polemics kindled among the organizers and participants by Lyndon LaRouche's document "Soviet Union Threatens Preventive Nuclear War" (see *EIR*, Sept. 5), and by a protest demonstration called by the European Labor Party against this latest secretive encounter of "KGB spies."

The European Labor Party's initiative, which won considerable support from citizens and tourists concerned about the anti-American and pro-Soviet direction in which the wind is blowing in Europe, made the self-styled Pugwashites lose their composure, so much so that they felt the need to cancel a perfectly normal press conference called by *EIR* at the same hotel where many organizers and participants in the conference were staying.

Some of the statements made at the opening—the only public session, preceding the actual, "secret" work of the conference—shed light on why the Pugwash gentlemen became so worked up. *EIR*'s request for a comment on the fact that only days earlier in Erice, Sicily, eminent scientists like Edward Teller had demonstrated the feasibility of beam weapons as a defense against nuclear missiles, drew a curt reply from Prof. Edoardo Amaldi of the CERN in Geneva, the high-energy research institute with, as *EIR* has previously reported, a strong KGB aroma to it. Snapped Amaldi: "We will discuss beam weapons only in the closed session, and we have no intention of talking about them in public."

Amaldi then hastily turned over the floor to a spokesman for the Veneto region, which financed the conference with 180 million liras after the Italian government turned it down. But one member of the committee which will "secretly" work on beam weapons made his speech available. It says that "the scientists meeting in Erice would have done better to discuss the American freeze movement of Kennedy and Hatfield instead of beam weapons, because beam weapons 1) relaunch the arms race, 2) would absorb enormous amounts of money, 3) are considered impossible by most of the experts, and 4) even the optimists (cf. Reagan's speech on March 23) state

that they will not be ready in the short term." Evidently the Pugwashites overlook the fact that at Erice, the time-frame mentioned was five years.

The same committee spokesman, who identified himself as a representative of the "dove technocrats" of the Pugwash movement, admitted that the Pugwash experts on beam weapons, among them the Americans Kosta Tsipis, Richard Garwin, and Italy's Carlo Shaerf and Francesco Calogero, are planning to cook up a document against the defense system stating that the path of total disarmament of the West is much safer.

Supporters of the Pugwash "pacifists," according to executive committee member Kaplan, include Robert McNamara—also noted as the butcher of Vietnam, and Henry Kissinger—whose pacifism was shown by the massacres in Chile and Central America. At the press conference where Kaplan announced the Pugwash work for this year, it was impossible to get a straight answer on obvious scientific topics like laser beams. When a journalist asked for a comment on Erice, the nervous reply came: "The Erice meeting does not count, it was only physicists; we are high-level, we have been meeting constantly and not once a year, and we draw up reports that influence governments."

To their consternation the Pugwash participants were forced to notice that this year their usual secrecy had eroded. Near the door leading out of the sumptuous Doges' Palace in St. Mark's Square, which hosted the conference, 10 or so European Labor Party members picketed with a huge banner reading "Welcome to Pigwash," posters which underlined the pro-Soviet KGB character of the meeting, and even a bearded Orthodox Russian monk who greeted the Pugwashites, to the great delight of the passersby, by chanting: "Peace, tovarisch, peace, let us destroy the West together, yes, yes, peace," and blessing them with his Greek cross. Some American wives of Pugwashites tried to tackle the "Orthodox monk" after their attempt to correct the "spelling error" on the banner went unheeded. One Danish group from the conference grabbed the LaRouche paper and blurted epithets against LaRouche. More self-controlled, a Venetian noblewoman asked for an extra copy for the wife of a Soviet delegate, who "is my houseguest."

The vendetta was not long in coming. Right after the working sessions began, *EIR* called a press conference at the luxury Hotel Bauer to explain the actual background of Pugwash. The numerous journalists who attended had to hear *EIR* correspondent Marco Fanini on their feet outside the hotel: The management had suddenly withdrawn the room.

The scandalized journalists took note of Fanini's denunciations of this incredible and anti-democratic act. He explained that there is an obvious clash between the Pugwash movement's demand for total disarmament by the West, and LaRouche's conception which asks for a defensive shield against nuclear missiles. "We think that the Pugwash movement is working exclusively in Russia's interests. While Kaplan states that beam weapons are not realizable, in the U.S.S.R. they have been under development since 1962."

Beam weapons defense or conventional buildup

by Leonardo Servadio

In his address to the Aug. 20-23 conference on the "Technological Bases for Peace" in Erice, Italy, while the American scientists' delegation laid the basis for a policy of Mutual Assured Survival based on active defense systems, Gen. Umberto Cappuzzo, the Chief of Staff of the Italian Army, restated his full commitment to the policy of Mutually Assured Destruction (MAD) and of conventional regional warfare. Cappuzzo, in a speech remarkably out-of-tune with the rest of the conference, praised the policy of NATO Supreme Commander Bernard Rogers advocating a conventional arms build-up to overtake the Soviet Union's strategic lead.

The policy Cappuzzo restated at Erice is the exact opposite of the strategic doctrine implied by the proposal for joint East-West development of anti-missile directed energy systems: it asserts that MAD must continue to be the basis of strategic thinking, because the nuclear bomb is the highest possible achievement of military technology. The conclusion is that the only way to confront the enemy is conventional warfare. This assumes that the Soviets will agree to fight a series of conventional and proxy wars throughout the world in the context of a new, broader Yalta-like accord. This "New Yalta" implies the destruction of all existing nation states: Ibero-America would become a colony of the United States; Europe a satrapy of the Soviet Union. This is exactly the policy Henry Kissinger has been working for, increasingly since his recent return to a leading role in U.S. foreign policy.

The content of this policy was made explicit in an editorial in the Turin daily *La Stampa* by Arrigo Levi, one of the few Italian members of Kissinger's Trilateral Commission. Levi called on President Reagan to use the proposed development of the active defense systems, officially issued by Reagan's scientific adviser Edward Teller at Erice, as nothing more than a bargaining chip at the Geneva negotiating table, since such defensive weapons would have a "destabilizing effect for nuclear equilibrium and nuclear peace"—a point usually uttered in exactly those terms by Soviet spokesmen.

That Levi and Cappuzzo pursue that line is no surprise. Cappuzzo is primarily a sociologist, who worked as military attaché at the Italian embassy in Moscow for four years and succeeded in appealing to the Soviets. Since he became Army Chief of Staff, his policy has been slowly but steadily demoralizing the Italian army leadership.

The reason for an army's existence is to defend national sovereignty, not to fight proxy wars. Countries like Italy

which do not have nuclear weapons, but on whose territory nuclear weapons are stationed, have already virtually abandoned their sovereignty. But a defense system like the one Teller proposes will give back sovereignty to those countries, since such systems, being purely defensive, do not upset the equilibrium of forces. Therefore they could and should be deployed by each single nation threatened by nuclear attack.

Cappuzzo's policy is entirely consistent with that of Premier Bettino Craxi, who, after meeting Kissinger's protégé and special envoy to the Middle East, Robert McFarlane, announced that Italy intends to play the role of the "mediator" in the Mediterranean—mediating the Libya-Chad conflict, the Somalia-Ethiopia conflict, and perhaps also the Middle East conflict.

Soviet chief Yuri Andropov was so impressed by Craxi's desire to mediate that he immediately sent Craxi a letter demanding that he mediate the Euromissile question by helping to indefinitely postpone NATO's deployment of the Pershings and cruises.

Translated from Trilateral double talk, such "mediation" means conflict-creation in the context of the New Yalta. Part and parcel of this policy is naturally that while the army is engaged in out-of-area deployments, internally the national economy will be increasingly taken over by the Soviet Union.

If Craxi and Cappuzzo's programs were to succeed, the Italian Army would be soon split in two: a broad-based popular army, devoid of any real defense capacity and deployed solely for dealing with "natural catastrophes," like earthquakes, within Italy; and a highly select elite army for out-of-area deployments, in the perspective of an expanded conflict in North Africa.

General Giulio Macri of the Italian Army (ret.), a former lecturer at the U.S. Command and Staff College, Fort Leavenworth, Kansas, holds a very different view of strategic military policy from that of Umberto Cappuzzo. What follows is the text in translation of an open letter General Macri wrote to U.S. military personnel on July 25 from Rome:

Dear American friends:

With much regret I have been informed that the Reagan administration is considering shifting the present "first in Europe" strategy to a "first in the Pacific" strategy. I speak to you as a general of the Italian army, who fought part of the Second World War on your side, albeit as a mere lieutenant. Then, for three years I served with you under NATO in Naples when the Chief Command of Allied Forces in Southern Europe was first created, and next, from 1963 to 1966 I served as a high officer in the Supreme Headquarters of the Allied Powers in Europe (SHAPE) in Paris.

Between those two posts, for 10 years I was in charge of Italian relations with the NATO allies, and in particular with you Americans. So I was able to appreciate the indispensable role of the American bulwark, of this ideal bridge which still unites Europe and the U.S.A., as well as the unique role of the American armed forces and American influence in pre-

servicing stability and peace in the Middle East and throughout the Mediterranean. I saw the role of the United States from both Naples and Paris.

I think it would be a serious mistake to alter the present strategy, following the advice of those who do not want to comprehend the grave implications and the absurdity involved in such a radical change at this crucial juncture for both Europe and the Middle East. Those who argue for this shift are probably the same people who, under another administration, initiated one-way détente in the Warsaw Pact's favor. It is not difficult to realize that it was precisely from this one-way détente that the present peace movements, neutralism, and unilateral disarmament emerged and developed. Needless to say, all these movements benefit the Soviet Union, which on the one hand supports the peace movement, and on the other continues its arms buildup and secretly betrays all the signed agreements.

A change in U.S. strategy away from Europe can only be to the advantage of the Soviet Union, not only from a political standpoint but, most important to us military men, from the strategic standpoint. It is clear that in the Pacific, the United States can count on a solid ring of states and bases such as Japan, South Korea, Taiwan, the Philippines, and Australia, whereas in Europe the Western line [of defense] extends for thousands of kilometers from the north point in Norway to the eastern border of Turkey, without the necessary depth to permit serious defense. Secondly, the Pacific theatre is predominantly an air and naval sphere, where the U.S. and allied forces in the region can still decisively counter the potential enemy, without taking into account the attitude of immense China; while the European theatre as a whole is prevalently of an air-land character. There the Soviets manifest a superiority of at least three to one, according to the latest statistics in specialist journals.

As some of you know, I committed all my modest abilities to push the project for the development of laser and particle-beam weapons during the just-concluded election campaign as a candidate for the Partito Operaio Europeo in Italy. I made this commitment in the conviction that at this time Europe must be defended as a first priority and maintain closely its links to its U.S. ally.

I believed, and still believe, that I made the best decision. Lyndon H. LaRouche, Jr., who created the National Democratic Policy Committee within the U.S. Democratic Party and who has always pressed in the United States the idea of a Europe linked to the U.S. and the development of beam weapons as a defensive shield against Soviet ballistic missiles, must, in my opinion, be supported in the same way by you. Given the international economic crisis and given the relations of strength between NATO and the Warsaw Pact, which with the installation of the Euromissiles may get us into a new Cuban missile crisis, and above all since so many politicians have meddled in military problems, I think it is crucial that American military officers also begin to concern themselves with politics.

NEW EIR REPORT NOW AVAILABLE:

The Economic Impact of the Relativistic Beam Technology

A unique study of the impact of the new defense-related technologies—high power lasers, particle beams, and fusion—which will become available to basic industrial production as the March 23 defensive strategic doctrine proposed by President Reagan is developed. The report is a computer analysis incorporating the LaRouche-Riemann model, which examines the little-discussed revolutionary civilian economic "spinoff" effects of the new beam weapon development program.

The study reveals that with rapid introduction of new laser and related technologies into the civilian economy, the growth of the economy would be so rapid that:

- an estimated 4 million highly skilled industrial jobs could be added to the economy per year;
- the U.S. trade deficit could be eliminated in two years; and
- the rate of growth of real GNP could approach 25 percent per annum.

Over a period of two years, 50 percent of the current stock of machine tools in industry could be replaced with laser machining stations, increasing productivity in this sector 300 to 500 percent. Plasma steelmaking, now in the commercial development stage, could become available for large-scale use over the period of the next decade. The study concludes that the major constraint on how quickly the economy can expand and create wholly new industries is the speed with which new baseload electric-generating capacity can come on line.

This EIR Special Report is available for \$250.00. Contact: William Engdahl, EIR Special Services, (212) 247-8820 or (800) 223-5594 x818

After Chad, is Cameroon next?

Strategically located Cameroon, one of the more developed African nations, is being threatened with civil war.

Cameroon is becoming the next target of destabilization by the forces behind Libyan dictator Muammar Qaddafi, as *EIR* predicted two weeks ago.

This comes on the heels of Qaddafi's move into Chad and his agreement with the French to divide that country into two zones of influence, with Qaddafi dominating northern Chad, and France the south.

Cameroon President Paul Biya announced Aug. 22 that two leading army officers had been purged for involvement in a coup plot against him. The two were close associates of former President Alhaji Ahmadou Ahidjo, who remained head of Cameroon's sole political party, Union Nationale Camerounaise (UNC), after he stepped down from office.

At the same time, Biya announced the fourth reshuffle of the government since he became president last November, with the intention of reducing Ahidjo's influence.

In response, five days after the coup plot was discovered, Ahidjo resigned as head of the UNC, and accused Biya of constructing a police state. This amused those familiar with Ahidjo's iron-fisted rule in collaboration with French colonial interests from independence in 1960 until his retirement last year.

Ahidjo's withdrawal from the Cameroonian political scene, and his hostility toward Biya, makes the country, which shares borders with both Chad and Nigeria, vulnerable to destabilization. Ahidjo is a Muslim from northern Cameroon, while Biya is a Christian from the central-south

section of the country.

When Ahidjo resigned last November, there were reports of arms caches in a section of Yaounde, the capital, occupied by northerners. Ahidjo still has connections to the military (many soldiers have been traditionally recruited from the north), and the bulk of the army's heavy arms and ammunition is stationed in Ngaoundere, in the northern part of the country.

Two days after the coup plot was neutralized, the French daily *Le Monde* in its lead editorial warned of the danger of a civil war between northern Muslims and southern Christians.

The Nazi International and Russian controllers behind Qaddafi are going after a country with one of the better economic records in Africa in recent years. Development officials and businessmen in the West often refer to Cameroon as the best example of African national development. The most important reason for the targeting of Cameroon, however, is its strategic location next to Nigeria. The largest country in Africa, Nigeria, along with Egypt, represent the greatest potential, as nation-states, to resist the plans harbored by Qaddafi's backers for the destruction of black Africa.

Ahidjo made the decision to resign as head of state, retaining the leadership of the UNC, while at his home in southern France last November. He had been told that he was extremely ill, and this was given as the reason for his withdrawal. However, there was reportedly growing dissatisfaction with aspects of his rule in

Cameroon.

The French were unhappy with certain Cameroon policies, and may have wanted a change in leadership to play on the weaknesses introduced by the present conflict between north and south as a way of forcing policy changes.

Although Cameroon is France's largest market among French-speaking African countries, France is unhappy with certain aspects of Cameroon's policy, including the fact that Cameroon keeps about half of its petroleum income in U.S. banks instead of French, and thus deprives the franc zone of hard currency. Ninety percent of Cameroon's oil is sold to the United States. France, however, is only the third largest importer of Cameroonian goods, leaving a trade deficit with France.

Soon after Ahidjo left office, his brother-in-law, Moussa Yaya, was organizing northern businessmen and political figures against Biya, and even discussing the possibility of seceding from Cameroon and joining northern Cameroon with Nigeria.

A fairly lively illicit trade takes place between the two countries, monopolized by northern Cameroonians. They import food and manufactured goods prohibited by Nigerian law, and trade them for Nigerian-made products, which undermines Cameroon's nascent manufacturing sector.

Yaya was thrown out of the UNC in January at a meeting of the party presided over by Ahidjo. But by April, Ahidjo was reportedly maneuvering to regain power, trying to put a politician loyal to him in the prime minister's spot. This plus his control over the UNC would have given him a lot of leverage over Biya. Hence Biya's periodic reshuffles.

The resulting, inherently unstable situation is ideal for Qaddafi's Muslim Brotherhood destabilization networks.

World Bank targets Egypt

Egypt's nuclear program is the bulls-eye for the Bank and the Eximbank's population-cutters under William Draper III.

Egypt has been put under the gun by the World Bank and the U.S. Export-Import Bank, which are attempting to force the country to halt construction of two planned nuclear power plants, and in their place, to adopt a program of increased conventional fuel energy prices.

The staffs of these agencies have been working together to design a coordinated approach to Egypt. They are now trying to cut off most sources of international credit available to the country, in order to force it to adopt top-down economic policy changes. In addition to raising energy prices, the World Bank and Eximbank want Egypt to 1) reduce annual growth rates in electricity consumption, and 2) eliminate government subsidies to state sector industries (see *EIR*, Sept. 6).

The fact that the Eximbank is working so closely with the World Bank on Egypt is the outcome of the policy revisions introduced at Eximbank by chairman William Draper III. A fanatic proponent of reducing world population, Draper believes Eximbank should only issue loan guarantees to American exporters "on condition" that the financing go to projects aimed at reducing energy consumption and increasing "efficiency." Under Draper, Eximbank has made Egypt into a test case for implementation of this policy.

In late August, Eximbank announced that it would deny guarantees to U.S. corporate bidders for construction of one of two \$2 billion nuclear plants.

Soon after, Westinghouse Corpo-

ration, the leading U.S. bidder, said that it would not give up on its effort to get the contract, and that it was seeking joint financing in Japan for the deal. The Westinghouse effort is particularly laudable, since it defies Draper's staff—which has been sending telegrams to export credit agencies around the world urging them to join the credit cutoff on the grounds that Egypt is "not creditworthy."

Egypt's confrontation with the World Bank and Eximbank has just begun, however, and whether the country can succeed in maintaining a nuclear power development program is unresolved.

"Things are happening quite rapidly on the front of Egypt's nuclear energy development," a World Bank official noted in late August. He reported that the World Bank is sending a delegation to Egypt at the end of October. As it stands now, this visit will occur just a few weeks before the postponed Nov. 26 closing date for international bids on the nuclear power project.

What the World Bank and Eximbank want Egypt to do in place of nuclear development would mean a halt in the country's ambitious city-building and agricultural improvement projects.

The gist of their proposals is that the government must restrict all of its involvement in the economy to revenue collection from the Suez Canal, oil exporting, and the receipt of wages from workers employed abroad.

"Our policy in dealing with Egypt," an Eximbank official ex-

plains, "is to deal only with those projects which 1) make foreign exchange, and 2) can pay their own debts. . . . There is an ongoing discussion between Egypt and its three lenders, the World Bank, the Agency for International Development, and Eximbank on the energy pricing question. The World Bank does not lend any money for power plants in Egypt's energy sector, because it is much too highly subsidized."

It is the World Bank's estimation that Egypt squanders resources because of its commitment to energy consumption growth. "Electricity demand is growing 12 percent per annum," a World Bank economist stated. "This requires enormous investments, but the self-financing capability of the power companies is nil. Raising the price of energy would first act to cut back demand for energy; at the same time, it would bring the level of demand back to the level of investment available."

The Structural Adjustment Division of the World Bank further insists that financing state-sector industry is a waste for Egypt: "Their energy prices are 15 percent of world market levels. . . . We'd like to see world market prices, or more," the Egyptian desk officer stated. "They have an inefficient industrial sector. . . . Seventy percent of investment in industry goes to the public sector, and a very small part to the private sector. The issue of public sector management is crucial."

Were Egypt to follow these agencies' recommendations, the effect would be to cast financial control of the country into the laps of certain *private* banking interests which currently have command over short-term external lending flows available to the country. Such private interests appear to be good friends of the World Bank and company in the region.

Taking AIM at Mexico

The PAN seems to be losing electoral ground; will U.S. journalists cover for a PAN turn toward violence?

The National Action Party (PAN), which a month ago had thought that it might be able to take the governorship of Baja California Norte from the ruling PRI party in elections Sept. 4, is now struggling to maintain its chances of winning the state capital of Mexicali.

The PAN had moved onto the offensive in other recent state-level elections with charges of government corruption and misdeeds. In Baja it was thrown on the defensive when statements of avowedly pro-Hitler PAN leader José Angel Conchello became a leading campaign issue.

The party which made Conchello's Nazi leanings household knowledge was the Mexican Labor Party (PLM), and PLM activity in the elections is termed by observers the decisive element undercutting the PAN.

"The PRI has had an unexpected ally in the PLM," wrote the political gossip column of the leading Mexico City daily, *Excelsior*, Aug. 31. "Throughout Baja California [the PLM] has stated by all means at its disposal, 'A vote for the PAN is a vote for fascism.'"

A cartoon appearing a week before in *El Sentinela* of Tijuana depicted a tattered hobo on the ground with the letters "PAN" across his chest. A big lump on his head bore the label "PLM." The bum, rubbing the lump, was muttering "And now they send me Conchello." A cartoon in the Tijuana paper *Baja California*, showed Conchello dressed as Hitler, right hand holding a whip, the left raised in a Heil Hitler salute. The caption: "If they call

me a Nazi again, I'll kill them." As is known to most readers of the paper, Conchello had thrown some punches at a PLM official when confronted on the Nazi issue earlier.

Issues of Mexican history are much more live to people in Mexico than parallel historical questions in the United States and many other countries. One example in Baja was the effort of the PAN to counteract the damaging call a year ago of PAN congressional candidate, Alfredo Arenas, for Mexico to sell Baja to the U.S. to pay Mexico's foreign debt. Not denying that Arenas had made such a call, the PAN issued leaflets with a fraudulent quote suggesting that mid-19th century hero and President Benito Juárez had similarly called for dismemberment of the Mexican republic. The PRI was able to polemicize that the PAN was desecrating the memory of one of Mexico's greatest heroes.

Across the border, Will Wertz, a spokesman for the National Democratic Policy Committee of *EIR* founder Lyndon LaRouche, held press conferences charging that the PAN in the north of Mexico was receiving covert aid from the State Department and the FBI. His call that the U.S. government cease any such intervention into Mexican internal affairs was rebroadcast and reprinted by several outlets in Baja and subsequently, in Mexico City.

The PAN, nervous that its momentum from earlier elections could be broken in Baja, is now preparing the ground for violence. The argu-

ment: "We attempted to bring about change through democratic means, but the PRI frustrated our efforts. Violence is our only recourse." PAN operatives have already begun to make threats against the physical safety of PLM organizers, according to PLM officials.

A U.S. group called Accuracy in Media (AIM) may be helping the PAN along in this transition. AIM's Daniel James, in the group's August newsletter, argues that "a communist infrastructure already exists in Mexico" through a PRI-communist alliance, and that "to preserve its power monopoly in the long term the PRI must cripple or destroy the right politically as it has economically."

James told an interviewer that he was watching the Baja elections very closely, and that indeed things were going badly for the PAN. He tried to put a better face on the situation by saying that "as long as the PAN gets over 20 percent, it will keep up the momentum" going into other regional elections in the fall; but he suggested that a defeat for the PAN would be proof that the "communist takeover" was not going to be shaken by democratic means, and warned, "Mexico may be close to a catastrophic civil conflict."

James has a 25-year career as one of Washington and Mexico City's least-camouflaged spooks, though whether he reports to the FBI, the CIA, or the State Department, has never been established. He was a featured speaker at the June 2-3 Houston conference on Mexico sponsored by Henry Kissinger and the Georgetown Center for Strategic and International Studies, and will be so again at an Oct. 13-14 AIM seminar in Houston. He is reportedly close to the "right-wing social democrat" circles of Jeane Kirkpatrick and Michael Novak.

International Intelligence

Beam defense opening is news in Europe

Unlike its American counterparts, the major West European press found the Soviets' new willingness to discuss ballistic missile defense extremely newsworthy. The usually pro-greenie newspaper the *Frankfurter Rundschau*, which attacked *EIR*'s beam weapon seminar last November, carried a fairly accurate article by its Rome correspondent on the Erice, Italy international conference of Western and East Bloc scientists. After initial confrontation between the Soviet and American scientists, the *Rundschau* reported, "at the end of the Erice meeting an agreement was reached along the line defined by Edward Teller. . . . The Soviet side said that research of methods for stabilizing peace is coherent with the policy of President Andropov. . . . The still pending decision of the Soviet government to either support or not support the plan of Erice depends on the answers to three questions: Is there a definite distinction between weapons for offense and weapons for defense? Can a modern defense system damage peace? Are there other possibilities to find a way out of the 'balance of terror'?"

The *New Zürcher Zeitung* account said that "for participants of the seminar, the agreement between the American and Soviet delegations in the final hours came as a surprise. In the foregoing days, vigorous confrontations between representatives of East and West had taken place, in which the standpoints of Washington and Moscow clashed fully without concession. From the American side, the Soviet scientists' readiness for further contacts was taken as a positive sign, especially to evaluate the thesis of old Teller, that it were possible to build a new system of defense against nuclear weapons."

Sddeutsche Zeitung's account also agreed with the universal judgment of the Italian press during the conference, that the Soviet scientists' agreement to study the feasibility of the core of Reagan's March 23 proposal was a sudden shift brought on by the debate at the conference, which of course

also included European scientists whose reactions impacted upon the Soviets.

Did Pinochet eliminate Santiago governor?

Carlos Urzua, a retired general and governor of Santiago, Chile, was assassinated Aug. 30, together with his bodyguard and chauffeur, by eight urban guerrillas. Although the assassination was claimed by a new "leftist" group, the Guerrilla Militias and Forces of Popular Revolution, it appears to have been carried out under orders of Gen. Augusto Pinochet or forces supporting him—to help Pinochet reject demands that he relax his military dictatorship.

Urzua was the most influential member of the military government supporting talks with the Democratic Alliance, a grouping of the five most important political parties of the country. His assassination occurred one day after Pinochet was forced to lift Chile's state of siege, and to make major concessions after nationwide protests against him in the last few months.

Pinochet has declared that to stay in power he is willing to carry out another military coup, such as the one against Salvador Allende in 1973, and intelligence officials are warning of a potential civil war.

Carrington: 'Let's make a deal with U.S.S.R.'

Britain's Lord Carrington has denounced what he calls the "megaphone diplomacy" of the Reagan administration, and called for a "deal" with the Soviet Union. Carrington, who has made no secret of his desire to become NATO's new Secretary General, writes in the current issue of *NATO Review*:

"The notion that we should face the Russians down in a silent war of nerves, broken only by bursts of megaphone diplomacy, is based on a misconception of our own values, of Soviet behavior and of the anxious aspirations of our own people. . . . Talking to an equally heavily armed but far less scru-

pulous adversary is not a concession: it is common prudence. Talking patiently, deliberately and firmly is part of the bureaucratization of peace."

The West cannot afford a crude, one-dimensional moralism, says Carrington, a business partner of Henry Kissinger. "The right deal with the right despots can often be in our own interests, as well as those under the yoke. . . . The Soviet leadership must be offered a clear choice between the political and economic confrontation which will inevitably result from continued expansionism, and the prospect of a more positive relationship. . . . Moscow is already a decaying Byzantium." The West, Carrington says, should not be afraid to "subvert by example." There must be a new approach to East-West relations now. "We need something less sentimental and less divisive than détente. We must deal with the Russians simply because they are there. . . ."

Famine threatens IMF-weakened Bolivia

Over a million Bolivians, out of a total population of 6 million, now face famine from a combination of the worst drought in the country's history in much of its territory, floods in the rest, and crippling International Monetary Fund-dictated cuts in imports. An officer on the Interamerican Development Bank delivered a late-August warning in the pages of the *Washington Post*, that unless some international emergency aid is provided, Bolivia may soon look like Biafra or Bangladesh.

Drought, believed to be caused by a change in the warm-water currents on the Pacific coast of South America, now extends across seven out of nine Bolivian states, as well as southern Peru and Brazil. Subsistence farmers have lost between 70 and 90 percent of their potato, barley, corn, and wheat crops; some 160,000 sheep, 4,000 head of cattle, and 70,000 llamas have died from hunger. In some areas, Indians have been eating potato seeds—leaving nothing for next year's planting. In addition to the

Briefly

cities, peasants are fleeing to the coca-producing areas of the country, where "good money" can still be made.

If Bolivia paid its foreign debt, it would require 83 percent of the country's export earnings.

President Hernán Siles Zuazo "may find it difficult to stay in power," observed the *Wall Street Journal*, "if he enforces IMF recommendations that could include eliminating subsidies on flour and gasoline, cutting the government budget deficit and raising prices of public utilities."

Argentine kidnapping aids State Dept. candidate

The Aug. 29 "kidnapping" by a paramilitary group of Guillermo Patricio Kelly was engineered by his own associates, sources in Argentina believe, in order to build up the presidential candidacy of Radical Party hopeful Raul Alfonsín in the Oct. 30 elections.

Kelly is an avowed Nazi and anti-Semite long connected to the Israeli drug- and gun-running mafia in Ibero-America. Alfonsín is the preferred candidate of the U.S. State Department, over the candidates of the Peronist party.

Kelly has gained notoriety in Argentina in recent months with vociferous attacks on figures in the armed forces and the Peronist movement, whom he charges with involvement in the Propaganda-2 Freemasonic lodge and the torture and murder of thousands of Argentine citizens in the late-1970s "dirty war" against the regime's opponents.

Kelly's purpose is not to weaken the P-2 in Argentina, but to discredit the entire Peronist movement—the likely winners in the October elections—while giving Alfonsín credibility as the man who would crack down on corruption and punish those who violated human rights in the past.

Kelly "escaped" only hours after he was allegedly kidnapped. The episode has become the center of national attention, as rumors fly that the days of illegal kidnappings and paramilitary operations have once again

returned to Argentina. Much of the international press, including the *Washington Post* and the *New York Post*, have prominently covered the incident, portraying Kelly as a defender of human rights who has courageously taken on the repressive military apparatus. The same press eagerly backs Alfonsín's candidacy.

Why the 'New Right' doesn't mind communism

In *EIR*'s ongoing investigation of the emerging strategic coordination between certain Soviet leaders and the Swiss-based Nazi International, we came across an enlightening document written earlier this year by French *Nouvelle Droite* (New Right) ideologue Alain de Benoist.

De Benoist, whom the Siemens Foundation's "universal fascist" theorist Armin Mohler has labeled "my top co-thinker in Europe," authored a piece in the *Nouvelle Droite* house organ *Elements*, entitled "The Main Enemy," in which he stated that "for us, the principal enemy would be bourgeois liberalism and the Atlantic-American 'West.'"

In contrast, Russian communism is susceptible of "evolution." This means, as many fascists believed in the 1920s, that the essence of policy should be an *Ostorientierung* (Eastward orientation), founded on the laws of "geopolitics": "The center of continental Europe drifts toward the East, i.e., Russia. As Europeans we are on the side of the masters of the land, against the masters of the sea. . . . America is not a new Rome, but a new Carthage. We always will be for Rome, against Carthage."

De Benoist elaborated the premise behind this judgment: "There are three main currents among those who denounce egalitarianism: those who oppose communism; those who oppose liberalism too, because it created the first one; and those who oppose Christianity as well, because it founded the common matrix from which both come, in a profane form. We are part of the third category."

● **BETTINO CRAXI** is still being discussed as "mediator" in the Chad crisis between France and Libya, and he may be dreaming of the kind of glory achieved by his fascist forebears. The Libya-annexed northern area of Chad known as the Aouzou Strip was handed over to Libya once before—under a deal between Craxi's ego-ideal, Benito Mussolini, and the Vichy French government.

● **WEST GERMANY** is the source of vital supplies for Qaddafi's nuclear reactor program, Chad President Habré has charged.

● **THE DUTCH** Defense Ministry reportedly serves as a coordinating center for Soviet and West European networks attempting to stop the deployment of American Pershing and cruise missiles in Europe.

● **LEAGUE OF ST. GEORGE** terrorists have been linked by British investigators to elements of that country's ecology movement.

● **MADRID** is the scene of a Sept. 7-13 meeting to turn the Trieste Center for Theoretical Physics into the leading East-West scientific center, with particular emphasis on genetic engineering. The Trieste Center is headed by Abdus Salam, who belongs to such anti-rationalist cults as the Ahmadiyya sect and the Club of Rome.

● **UTRABOC** (the Union of Workers of Bogota and Cundinamarca) in Colombia has initiated a Humanist Academy. One of its first activities was to present a performance of Cervantes' "The Divorce Court" to a conference of the Colombian Workers Confederation, the UTC.

● **CHINESE MEDIA** have raised a propaganda storm against British activities in Hong Kong, as secret British-Chinese negotiations over the future status of the Crown Colony continue.

After Korean tragedy: strategic defense is vital

by Nora Hamerman

The Moscow regime's deliberate destruction of the Korean Air Lines commercial jet carrying 269 civilians on Sept. 1—hours before the anniversary of the outbreak of World War II—has sparked in many Americans the “Pearl Harbor” spirit which only days earlier, in an “Open Letter to Yuri Andropov” (see p. 33), former presidential candidate Lyndon H. LaRouche, Jr. had warned would be kindled in the face of Soviet determination to provoke war.

President Reagan, in a brief speech given as he boarded the plane to fly back to Washington for emergency consultations Sept. 2, stressed that the act of terrorism against the KAL jet by the Soviet Union transgressed the irreducible laws of civilized behavior. The world must be struck by the stark contrast, the President said, between the Soviets' self-portrayal as lovers of peace, and their wanton disregard for human life and “flagrant lying” after Russian MIGs shot down the Korean plane.

If there were any doubt of the insanity prevailing in Moscow, it was dispelled by the U.S.S.R.'s belligerent attitude in official declarations and at the emergency session of the United Nations Security Council called on Sept. 2 to get to the bottom of the incident. Effectively admitting that the slaughter was ordered from the top levels of the Kremlin, the Soviets charged that the KAL flight was a “spy plane,” and had the gall to accuse President Reagan of slander.

For the Soviet-KGB-beloved Averell Harriman wing of the Democratic Party, the image of Andropov as a man of peace and of Reagan as the “warmonger” was shot down in the skies of Asia. That goes especially for the six announced Democratic presidential hopefuls, who had been falling over one another to prove their qualifications to defeat Ronald

Reagan in the 1984 election on the issue of “peace.” With the Soviets' massive funding and control of the nuclear “freeze” movement on the public record, the Soviets' behavior Sept. 1 should suffice to rid public life of the foolish and wicked policies of the so-called peace faction once and for all.

Bringing the phony “peace movement” to its overdue demise, and forcing Moscow to negotiate on President Reagan's *real peace initiative*, the beam-weapons development policy against which this current insanity is deployed, are the two goals to which the “Pearl Harbor spirit” must be directed. Knee-jerk “reprisals,” like those the Kissinger crowd reportedly advocates, will only play into Andropov's game of “thermonuclear chicken.”

LaRouche: Third Rome thesis demonstrated

LaRouche, the leader of the National Democratic Policy Committee, a political action committee within the Democratic Party which has vowed to “throw the KGB Democrats out of the party,” commented in a statement issued the day of the massacre: “To understand the Soviet intentions in this act of cold-blooded, calculated murder, one must understand the ‘Third Rome’ thesis—that the Russian Orthodox Church believes that Moscow will be the headquarters of the ‘Third and Final Roman Empire.’ ”

He noted that the Sept. 1 mid-afternoon release by the Soviet news agency TASS, the first official Soviet comment on the fate of the Korean jetliner, corroborated the two-and-a-half-hour interval of Soviet tracking of the plane that Secretary of State Shultz had previously announced. “Based on what the Soviets have already admitted and if the Soviets did shoot down the jetliner as Shultz has indicated, I assert that

the Soviets have committed cold-blooded calculated murder.”

LaRouche—a candidate for the 1980 Democratic Party presidential nomination who is the subject of a growing “draft” movement for the 1984 race—added that the Soviets had to have known that the prominent U.S. congressman Larry MacDonald, Democrat of Georgia, was on the plane. Thus, the Soviet action “will be directly understood as a personal threat to President Ronald Reagan.”

Congress must ram through real defense

The eruption into view of what LaRouche termed a government in Moscow “run by the brothers Karamazov” occurred right after the renewed assertion by the U.S. administration of its commitment to “Mutually Assured Survival,” the strategic doctrine that would end the age of nuclear terror by developing antiballistic-missile defensive weapons based on directed-energy beam capabilities.

At the international scientists’ meeting on the “Technological Bases for Peace” in Erice, Italy on Aug. 20-23, a team of U.S. scientists led by Reagan adviser Edward Teller vigorously campaigned for the new defense doctrine, and succeeded in wringing an accord from the reluctant Soviet delegation to set up a joint East-West study commission to probe the feasibility of such defense systems. (See *EIR*, Sept. 6.) The notion of a defense shield against nuclear missiles based on the most advanced physical principles was publicized by Dr. Teller and his colleagues through the Italian press, and won the explicit approval of scientists close to the Roman Catholic Church.

This strategic doctrine is identical in all essential aspects to the one publicly advocated by LaRouche since early 1982. In April 1983, shortly after the President’s proclamation of this new U.S. doctrine on March 23, LaRouche urged the Soviets to accept Reagan’s generous offer of peace in several speeches. Otherwise, he foresaw, they would attempt to force the United States to back down by provoking confrontations around the globe no later than late August to early September.

The strategic emergency LaRouche predicted is here. It is indispensable that President Reagan affirm, emphatically and repeatedly, the March 23 beam-defense policy, and ram the necessary support for it through Congress. Prominent European political figures, including a defense expert in the Christian Social Union party of West Germany’s ruling coalition (see Editorial, page 64) and parliamentarians of the Christian Democracy, Italy’s largest party, have asked Western Europe now to support the beam-weapons plan.

A new mood in Washington

Samuel Stratton (D-N.Y.), the third-ranking member of the House Armed Services Committee, responded to the slaughter of the Korean jetliner passengers with a blistering message to his party’s Moscow-duped presidential candidates and leadership. In a Sept. 1 statement Stratton said:

“I’m afraid this incident demonstrates the truth of what President Reagan is saying: that the Soviets are an evil soci-

ety. It seems to me that any nation which would direct its fighter pilots to shoot down a civilian commercial aircraft over the ocean has got to be outside the pale as far as civilization is concerned. . . .

“I think what we ought to do now is put away the rose-colored glasses that the Democratic leadership and the liberals in Congress have been viewing the Russians with.

“Every one of the six Democratic candidates for president has said the first thing he would do is run over to Moscow and embrace Yuri Andropov. The Democratic leadership has been poo-pooing the whole Russian thing. The Democratic candidates have been living in a dream world.”

In the hours after news of the tragedy was broadcast, the rosy-eyed candidates were hastening to repair their public image (former Vice-President Walter Mondale denounced the shooting of the aircraft as “barbarous and despicable” and demanded “a full explanation from the Soviet government”). However, at *EIR*’s deadline, none had made the obvious step of rallying to the Commander-in-Chief’s defense policy.

A former Democratic presidential candidate, Sen. Henry Jackson of Washington, called a press conference Sept. 1. Jackson said eloquently: “There was no clear and present danger to the Soviet Union. Surely they knew it was a non-combative plane. Surely they should have known other ways to get the plane out of Soviet airspace.” He went on to hint at the deeper roots of what he called “a dastardly, barbaric act against humanity . . . conduct that is inconsistent with all rules that apply to human beings on this earth.” He said, “It goes back centuries. The czars kept everyone out. . . . This mentality has nothing to do with communism alone. It is Russian history.”

Hours after he came close to naming the “Third Rome” thesis behind Moscow’s current actions, Senator Jackson died of a massive heart attack the night of Sept. 1.

The State Department problem

The leading problem with U.S. strategic policy has been the combination of the State Department crowd and the bankers’ pressures. When Moscow rejected the March 23, 1983 offer of peace, the effect was to increase the relative influence of Reagan’s foe Henry Kissinger and his cothinkers on all fronts—beginning with falling back to the alternative of Kissinger’s tame Scowcroft Commission and its report. The State Department, which, with certain other factions in Washington, had ferociously if quietly opposed the beam-weapons doctrine all along, has been attempting to maneuver the President into a posture of willingness to “trade off” the beam-weapons policy for a favorable START agreement.

The State Department has also taken persistent action to prevent interference with “Hot Autumn” terrorism in Germany. It has worked to persuade the White House of the false view that the Soviets were genuinely seeking to soften lines in Europe, while intensifying conflict in Central America.

Now, the State Department’s false propaganda could go up in smoke, together with the nuclear freeze movement.



'Kissinger is a private State Department peddling influence in Central America'

On Aug. 30, in an exclusive interview with EIR, Rep. Henry Gonzalez (D-Tex.) announced his plans to introduce a "Resolution of Inquiry" on Henry Kissinger's conflicts of interest as chairman of the President's Commission on Latin America.

Representative Gonzalez telegraphed President Reagan on Aug. 25: "I sincerely request you dissolve the so-called bipartisan Commission on Central America or at least remove Kissinger from Commission. The continued presence of Kissinger taints the Commission because of his conflict of interest as head of Kissinger Associates. . . ."

Representative Gonzalez, who has represented San Antonio for 22 years in Congress, now ranks third on the House Banking Committee. In 1981, he wrote a Resolution calling for Paul Volcker's impeachment as Chairman of the Federal Reserve. In 1976, Representative Gonzalez chaired the House Select Committee on Assassinations, which, after exhaustive investigation, concluded that the assassination of President John F. Kennedy was not the work of a lone assassin, as the Warren Commission reported, but was the work of a conspiracy. EIR's Anita Gallagher conducted the interview.

Gallagher: You have called on the President to disband his Commission on Central America or else remove its chairman, Henry Kissinger, for conflict of interest. Why?

Rep. Gonzalez: That's right, I have called upon the President to do that. Kissinger has profited, and continues to profit from such things as even the arms sales in Central America. . . . If Kissinger, in his role as chairman of this commission, holds himself out as a sort of a private State Department, which is what he's been doing since he formed Kissinger Associates, I don't see how the President can be anything but a party to it.

I intend to follow through anyway. At this point, I am

researching—and I always do that—and preparing a Resolution of Inquiry into all this. The moment we get back, God willing, on Sept. 12 or thereabouts, I intend to introduce that resolution. It is a privileged resolution, and if I introduce it, I don't think they can shove me aside. I think that somebody is going to have to listen up there.

As for Kissinger's appointment, I think it's terrible. . . . Kissinger has not one, but several conflicts of interest. He's also a paid consultant for the Chase Manhattan Bank, and also a paid consultant for another international firm. He is really a magnified personal private State Department peddling influence, that's all he's doing.

Gallagher: What is his relationship to these arms sales?

Rep. Gonzalez: Well, look at most of the business thus far carried out through, or aided and abetted by, Kissinger Associates, and at some of the activities of some of the associates, from Lord Carrington to William D. Rogers. For instance, William D. Rogers is an agent, and has been an agent, for the Sandinista government in the procurement of arms, and also for other governments. So that most of this consultation really is along those lines.

There is a daily trek on the part of most ambassadors and diplomats from European countries, from Third World countries, making a beeline for his consultation services because of, and especially now, since his recognition by President Reagan, but beginning with his influence over Secretary of State Shultz, who immediately after he took office, brought in Kissinger as a sort of an unofficial consultant. . . . Once these foreign entities find that out, you can't blame them for using those resources to try to gain influence. And that's all it is. It's an influence-peddling, private State Department that Mr. Kissinger has set up.

Gallagher: On your privileged Resolution of Inquiry, who would make such an inquiry?

Rep. Gonzalez: Well, it's a resolution that has to be referred to some committee. And that committee then is charged with the responsibility of conducting the inquiry along the specific lines set forth in the resolution. And it has to. It has to inquire along those specific lines of interrogation. And the question I want to ask is whether Mr. Kissinger is relinquishing his activities and his role as the head of Kissinger Associates while he serves as chairman of the so-called bipartisan Commission on Central America. If so, it hasn't been said. I don't think he has, nor do I think he will. . . .

Gallagher: How do you think nations in Central and South America regard Kissinger?

Rep. Gonzalez: Kissinger is regarded as the pernicious National Security Council head and then, Secretary of State, who is primarily responsible for what they consider to be the murder of [Chilean President Salvador] Allende. His further cold-blooded appointment of Harry Schlaudeman as the executive secretary of this Commission was astounding, to say the least, if not insulting, because he was the CIA station chief at the time Allende was murdered, and was involved in the plotting and the planning.

So that, with these two things, I think the opinion is solid in all of Latin America, in all spectra of thinking, from conservative to liberal to whatever, that President Reagan has shown an insensitivity, and is embarked on an inexorable course of war in Latin America. They suspect that he's trying to pull a Maggie Thatcher, for domestic political reasons. . . .

If the President indeed looks upon this as a political adventure that is going to reward him just like it did Maggie Thatcher in her last election, he is making an egregious error, because Maggie Thatcher didn't have 2,000 Marines in Lebanon, she didn't have two thousand 82nd Airborne 400 miles up above in the Sinai, she doesn't have 300,000 troops in Germany, she doesn't have 45,000 in Korea, and Ronald Reagan does. And since then, the maneuvers in Egypt, and the operation in Chad, all simultaneous. That's just not right. The military are very, very concerned. But what can they do? They're good soldiers.

Gallagher: At the time of the British invasion of the Malvinas, did you publicly criticize the President for supporting Britain against the Malvinas?

Rep. Gonzalez: The American press never has reported the intensity with which the Latin American countries reacted, and the degree of anger and hurt, when the United States sided—wasn't even neutral—but sided with England, and helped it physically. The extent of the help we gave England has yet to be reported, but it was substantial. And this aroused these nations. Such longtime friends of America as President Bellunde Terry of Peru, were so indignant that they wouldn't even talk to our diplomats. They refused to even sit down. . . .

Gallagher: On policy solutions for this area. There has been a great deal of talk about the debt burden of these countries. What do you think of the International Monetary Fund (IMF) policies?

Rep. Gonzalez: It's terrible. I fought the \$8.5 billion increase for the IMF. In the first place, the IMF, like the Bretton Woods agreement, is dead. I said, "giving money to the IMF is like giving a transfusion to a corpse." And this is what it amounts to. The only reason for it is to bail out some of these banks who shouldn't be bailed out to begin with. In Latin America there is quite a substantial segment of opinion . . . that a lot of this show of force is really to intimidate them and remind them that the banks must be paid. And this is tragic.

Gallagher: Is this related to the Kissinger appointment?

Rep. Gonzalez: Yes, this is what I said a while ago. I look upon his involvement with Chase Manhattan Bank as a conflict of interest, too, because Chase Manhattan is one of the banks that has one of the biggest stakes in the Latin American debt situation. I know it does in Mexico. I think it's just atrocious, but when people say "Our soldier boys are being used as collection agents for Chase Manhattan," they're telling the truth, they're not exaggerating.

Gallagher: Is support for the IMF in our nation's interest? Does the IMF produce jobs, as some argued on the floor of the House in July?

Rep. Gonzalez: No. In the debate over the IMF, I said that the thing that angered me the most was that even the AFL-CIO was using that sucker bait that this was going to bring jobs. On the contrary, it's losing jobs for America, because of the conditions imposed. In Mexico alone, for instance, because of the IMF conditions, in less than 11 months, we lost 83 percent of our export sales, creating a 23 percent unemployment up and down the Mexican border here in Texas and into the interior. . . . In Mexico, the IMF imposed restrictions were of such a nature that they had to curtail imports. Well, 80 percent of those were American. So that destroyed jobs—it didn't create jobs in the United States.

Gallagher: More and more Brazilians support a break with the IMF and a rescheduling of the debt. Do you think there will be a declaration of a debt moratorium by the Ibero-American countries?

Rep. Gonzales: Yes, there's no question about it. They're going to get together. I understood that there was going to be a debtor countries meeting, and that would be its purpose. And it stands to reason. Some of us have been predicting that sooner or later they were going to band together, and they'll do what Mexico did unilaterally last year, and just tell our officials, "Hey, look, we're not going to pay you, period."

I was in on a briefing given months later by one of the assistant secretaries of the Treasury, and he was still shaken as a result of the midnight meeting in which the Mexican

officials just told them to their face “We’re just not going to pay.” I don’t see how in the world anything else is going to happen. In other words, there’s a limit to how long they can keep on pyramiding.

Gallagher: When this happens, should the United States support a debt renegotiation?

Rep. Gonzalez: In December, when Volcker came in to demand money for the IMF on an emergency basis, I said, “Look, Mr. Volcker, you’re talking about sovereignties over which you don’t have any control, and we don’t have any control. Unless we go in and occupy them, how are you going to get an independent sovereign nation [to pay—AG]? Suppose we don’t bail out the IMF? Are you prepared to help these banks?” He said “Absolutely.” “Well,” I said, “do you have the resources?” He said “We’ll use every single resource available.”

Gallagher: What do you think about the Contadora Group’s initiatives on Central America?

Rep. Gonzalez: Contadora is there because we created the vacuum. We abdicated leadership. . . .

These countries have come in, under the leadership of Mexico and Venezuela, and have tried to do the right thing, the humanitarian thing, which is to try to attenuate the bloodshed. . . . At least that’s what they say their express purpose is. And what have we done? We ridicule them, we refuse to join them. Even after we abdicated our leadership, they’ve come and asked us, “come in with us, please give us your blessing.”

Gallagher: In terms of Democratic Party policy, is the presence of Bob Strauss and San Antonio Mayor Henry Cisneros on the Kissinger Commission productive?

Rep. Gonzalez: I pointed out here in San Antonio that Mayor Cisneros is one of 11 [on the commission]—you also have Jim Wright [D-Tex.]; you have Michael Barnes [D-Md.], and I think Michael Barnes compromised himself—he is the chairman of the subcommittee that has jurisdiction [on Latin American affairs], and I think he compromised the independence of the first branch of government. After all, the President isn’t paramount, he’s a co-equal.

So, I’ve been critical, because, especially with the appointment of Kissinger, every one of these members became patsies. The moment he appointed them he simultaneously announced this massive deployment of the military. Well, once that’s done, I mean, what advice is he seeking? It makes patsies of them, and that’s what I said Aug. 26, and I said that the bad part is, whether the members accept it in good faith or not, they’re nothing but patsies, stooges, and that goes for everyone of them, from Strauss to Jim Wright. I wasn’t just talking about the Mayor.

Gallagher: You’ve mentioned the inaccessibility of both Jimmy Carter and Ronald Reagan. Eighteen of Carter’s ad-

visors were members of the Trilateral Commission, as is Henry Kissinger. Do you think this Trilateral influence could be part of the problem you cite with Reagan?

Rep. Gonzalez: I don’t really know. I am really not very familiar with the workings or the membership of the Trilateral Commission. Generally, I am always loath to go on guilt by association. I like to go on the record, and on the individuals. And yes, when you put all of these things together, and two and two add up to four, I think that the President, in the men with which the President has chosen to surround himself, has made it clear that the line of reasoning is going to be one-way. . . .

Look at Kissinger. Here was a man who was a surrogate president. . . . He had one President who delegated the presidency to him. He made four secret deals that I don’t even know he ever bothered to report to the President. Half of them haven’t been reported anywhere that I know of. One of them, for instance, was the agreement he made with Israel that if Israel lost its source of oil from Iran, that we would make it up. Well, that was a secret agreement made by Kissinger, and it was never publicized until after the Iranian brouhaha, and that coincided with our oil shortage. Fortunately, Mexico came in and filled the gap. We haven’t been called upon to do it, but we did make that agreement, and it was made unilaterally and singly by Kissinger. . . .

This may sound partisan, but Ronald Reagan didn’t deceive the American people, all he held himself out to be was an actor, and he’s an actor acting out the role of President . . . who has to have scripts, and the scripts are prepared by these fellows. . . .

Gallagher: What do you see on the Democratic side?

Rep. Gonzalez: I don’t see much hope there either. . . . I hate to be in this position, but I am being honest when I tell you that in my thinking, from Mondale on down—I mean, here we have the country in the throes of some of the worst problems ever, there is no question in my mind that the foreign policy of this President is a disaster, the domestic program isn’t much better, but it’s being parlayed and “PRed” into a recovery. I go out here and talk to my constituents, and there isn’t one of them who thinks we’ve recovered from anything. . . .

We have to wake the sleeping voters. Well, you’re not going to wake a sleeping voter by singing lullabys, and that’s what these [Democratic] candidates are doing, and even the President. The President and these candidates go to every single meeting of ethnic groups and economic groups, and women’s groups, and try to tell them what they want to hear. Not one of them has come up with real hard answers to hard questions, that if they get into office, they’re going to have to face and won’t avoid.

Gallagher: In your opinion, then, is the election open for a “dark horse” candidate?

Rep. Gonzalez: Yes, it’s wide open.

Dartmouth Conference conspired with Moscow

by Scott Thompson

Recent investigation has uncovered how the MX Commission on Strategic Forces, chaired by Brent Scowcroft, has moved to sabotage the White House program for development of defensive ABM systems of the sort President Reagan called for in his March 23 address to the nation. Scowcroft had been Henry Kissinger's deputy at the National Security Council and is today a partner in the consulting firm, Kissinger Associates. Throughout the work of the Commission, which has been granted an indefinite extension, Brent Scowcroft was in secret contact with Soviet leaders.

Among those with whom Scowcroft met at the last Dartmouth Conference of Nov. 16-19, 1981 in Moscow was Yuri Andropov's close adviser, Fyodor Burlatskii. Writing in the Aug. 10 issue of the Soviet weekly *Literaturnaya Gazeta*, Burlatskii called President Reagan's proposal for a new doctrine of Mutually Assured Survival, to be based upon U.S. and Soviet development and parallel deployment of anti-missile beam weapons, a provocation for a Soviet first strike. "Space weapons are provocative weapons: they are absolutely a *casus belli* for nuclear war," he wrote.

At the 1981 Dartmouth Conference, Scowcroft accepted membership on an Arms Control Task Force, which met in Denver on April 27, 1983. Soviet participants in this conference included Georgii Arbatov, head of the U.S.A.-Canada Institute and Gen. Mikhail Milshstein, a member of Arbatov's Institute who is also a member of Soviet military intelligence (GRU). Well-informed sources believe that Scowcroft briefed the Soviets at this meeting on how his MX Commission would sabotage the President's 11th-hour effort to catch up with Soviet laser ABM systems.

Origins of the Dartmouth Conference

The Dartmouth Conference was founded in 1960 with the financial and political support of Chase Manhattan chairman David Rockefeller, who was also founder of the Trilateral Commission. Norman Cousins, who has often chaired Dartmouth Conferences, is a Scowcroft liaison to Moscow.

The Dartmouth Conference has also been implicated in known KGB espionage activities. In March 1982, the Reagan administration, acting through the National Security Council and presidential science adviser George Keyworth, cut U.S. aid through the National Science Foundation to the International Institute of Applied Systems Analysis (IIASA) on the grounds "that participation in the institute is contrary to na-

tional security interests." The public reason given was that the institute's secretary, Arkady Belozarov, was caught passing technical information to a KGB double agent in Norway.

Official Dartmouth Conference records report that IIASA, founded in 1972, was partly an outgrowth of the sixth Dartmouth Conference held in July 1971 in Kiev. David Rockefeller, former U.S. ambassador to the United Nations Charles Yost, and other U.S. participants met with Soviet Premier Alexei Kosygin, who named his son-in-law Dzhermen Gvishiani to chair IIASA. Gvishiani was then chief of the State Committee on Science and Technology, and he was the principal figure responsible for a "systems analysis" takeover of the military faction identified with Marshal Sokolovskii.

It was this influence that swung Soviet military leaders behind the scheme. led today by Gvishiani's factional ally Yuri Andropov, to transform Moscow into a "Third and Final Roman Empire." (See "The Surfacing of Mother Rus," *EIR*, July 26.) Gvishiani's own oligarchic outlook is indicated by the fact that he is one of the few Soviet members of the Club of Rome, whose founder, Aurelio Peccei (himself an IIASA board member with former Kennedy National Security Adviser McGeorge Bundy), is one of the world's most prominent spokesmen for eliminating billions of predominantly dark-skinned people.

Dzhermen Gvishiani also played a crucial role in the Cuban missile crisis. Through Oleg Penkovskii, his deputy at the Committee for Science and Technology, Gvishiani leaked information to President Kennedy that Khrushchev was bluffing about Soviet military strength when he launched the Berlin Wall and Cuban missile crisis to ensure his control over Soviet opponents. After President Kennedy embarrassed Khrushchev, thanks to Penkovskii's information, the Sokolovskii faction in the Soviet military moved in to smash Khrushchev, who stood in opposition to their own policy, announced by Sokolovskii in 1959, that "the Soviet armed forces must be organized in such a way as to be able to fight a prolonged war under nuclear conditions."

Khrushchev's own military policy, in fact, mirrored that of Kissinger's MAD doctrine, in calling for concentration of all resources upon a nuclear missile force and nothing else. Now that the Soviets are in a position of true strength, Yuri Andropov is using channels like the Dartmouth Conference to attempt to deceive President Reagan into cutting his own program for an in-depth military buildup centered around laser ABM systems. Henry Kissinger, Brent Scowcroft, and company have been willing pawns of this gambit.

Participants from West and East

A sample of recent Dartmouth Conference participants from the U.S. includes:

- **William Hyland**, Scowcroft's deputy at the National Security Council when Scowcroft succeeded Henry Kissinger as National Security Adviser. Hyland is now at the Carnegie Endowment for International Peace, which advises

various Democratic Party presidential hopefuls on arms control issues. He is known around the world as "Kissinger's Soviet expert."

- **William D. Rogers**, Kissinger's Assistant Secretary of State for Latin American Affairs, and later Undersecretary of State for Latin American Affairs. As Kissinger's personal attorney at Arnold & Porter, Rogers joined Kissinger, Scowcroft, and Britain's Lord Carrington in a new consulting firm, Kissinger Associates. Shortly thereafter, in 1982, Rogers traveled to Moscow with Lord Carver, Socialist International leader Anthony Wedgwood Benn, Michael Foot, then Labour Party candidate for prime minister, and others to negotiate a separate Anglo-Soviet deal on Euromissiles.

Rogers was already a member of a Dartmouth Joint Soviet-U.S. Task Force on International Conflict, whose goal was "encouraging elaboration of the stakes each nation sees in such areas as Afghanistan, Poland, the Persian Gulf, Southern Africa, and the Caribbean." Rogers has been named counselor to Kissinger's Bipartisan Commission on Central America, but he is still part of the Dartmouth Task Force.

- **Helmut Sonnenfeldt**, a senior adviser to Kissinger at the National Security Council, and later a counselor to Kissinger's State Department. Sonnenfeldt and Scowcroft are also members of a Security and Arms Control Panel of the United Nations Association, another U.S.-Soviet "back channel," on whose board sits Jimmy Carter's Secretary of State Cyrus Vance, one of the "gang of four" who relaunched the U.S. peace movement in a 1982 article in *Foreign Affairs*.

- **Paul Doty**, one of 22 co-founders of the Pugwash Conference, the principal back channel to Moscow that met in Venice in August to launch a new campaign against laser ABM systems. Now chairman of the Center for Science and International Relations at Harvard University, Doty also chairs an Arms Control Consortium for the Aspen Institute in which Scowcroft, Sonnenfeldt et al. participate. He spoke against laser ABM systems at Aspen's Berlin conference last June.

- **Landrum Bolling**, former president and a current trustee of the Lilly Endowment, which funds both the Dartmouth and Pugwash Conferences along with an array of other peace groups including Pacem in Terris. Bolling also chairs the International Quaker Working Committee on the Midwest, and has been associated with terrorist circles operating in that region, ranging from the Muslim Brotherhood to the terrorist-oriented wing of the Palestine Liberation Organization.

- **Zbigniew Brzezinski**, Carter's National Security Adviser and founding executive director of the Trilateral Commission. He is now a consultant to the Harriman Institute at Columbia University.

Recent Soviet participants in Dartmouth Conferences have included:

- **Georgii Arbatov**, director of the U.S.A.-Canada Institute. Arbatov's Institute cosponsored with the Institute for Policy Studies a May 24-28, 1983 conference in Minneapolis, where top Soviet intelligence agents met with leaders of

U.S. peace organizations including the Union of Concerned Scientists and the *Bulletin of Atomic Scientists* group. Directives were given on how to defeat laser ABM systems and to elect Senator Cranston or another "KGB Democrat" in 1984.

- **General Mikhail Milshtein**, a department head at Arbatov's institute, who was named by the CIA in a report to Congress as part of a Soviet military intelligence (GRU) "active measures" team to use the peace movement against the West. Though a Soviet participant on the Palme Commission on disarmament, he was named by the Swedish press as involved in recent Soviet submarine incursions into Swedish waters.

- **Evgeni Primakov**, director of the Institute for Oriental Studies, which in association with Soviet Politburo member Geidar Aliyev, runs Muslim Brotherhood forces supporting Iran's Ayatollah Khomeini and Libya's Qaddafi. Primakov is a member of the Task Force on International Conflict with William D. Rogers.

- **Fyodor Burlatskii** (see above). Burlatskii's *Literaturnaya Gazeta* has repeatedly slandered advocates of President Reagan's beam-weapons ABM program, including Lyndon H. LaRouche and Dr. Edward Teller.

In 1966 Burlatskii was one of the first Soviets to write in favor of negotiations on the limitation of ABM systems, negotiations which had been proposed by President Lyndon Johnson and his Secretary of Defense Robert McNamara. The latter was the principal U.S. spokesman for MAD.

- **Genrikh Trofimenko**, chief of the foreign policy department at Arbatov's institute and a specialist in nuclear strategy, who has carried out a disinformation campaign claiming that the Soviets' have adopted the MAD doctrine.

- **Nikolai Mostovets**, chief of U.S. Section, International Department, CPSU Central Committee, which is in overall charge of Boris Ponomarev, who was previously in the Communist International. Mostovets is in charge of the Communist Party U.S.A., which participated in an early-1970 assassination attempt against Lyndon LaRouche. That attempt brought the Ponomarev wing of the Soviet Union into collaboration with former Kennedy National Security Adviser McGeorge Bundy and the FBI.

Many of these Soviet operatives were present at the Minneapolis Institute for Policy Studies meeting, where Burlatskii told U.S. peace leaders that "exotic arms" like laser ABMs are "the most dangerous of all issues." Minneapolis was the first of a series of "peace meetings" held in the United States this summer with Soviet participation, capped by an Aug. 13 Des Moines, Iowa PEACE forum sponsored by Betty Bumpers, the wife of Democratic Party presidential hopeful Sen. Dale Bumpers (D-Ark.). At Des Moines, Senators Hart and Cranston stated that a limited Soviet nuclear attack upon U.S. cities would not be sufficient cause for general war, and Senator Glenn advocated the "non-militarization" of space.

The Dartmouth Conference works with the most important back channel of them all, the Pugwash Conference.

Created in 1957 as an outgrowth of Bertrand Russell's World Association of Parliamentarians for World Government (WAPWG), which also launched the international peace movement, Pugwash has been the arena for operatives like Henry Kissinger to make deals with the Soviets at the expense of U.S. national security.

WAPWG was also the kernel of the World Federalists, whose former chairman and current president is Norman Cousins of the Dartmouth Conference. (Cousins was succeeded in the 1950s as chairman by Alan Cranston.) The World Federalists adopted Russell's position: "Science has made unrestricted national sovereignty incompatible with human survival. The only possibilities are now world government or death."

Dartmouth is also linked through Norman Cousins to that current within the Roman Catholic Church which supports a U.S. nuclear freeze, as advocated by the U.S. Conference of Catholic Bishops. During the Cuban missile crisis, Cousins worked under Dartmouth conference auspices as a secret courier between Nikita Khrushchev, Pope John XXIII, and President John F. Kennedy. Cousins also met with Khrushchev to negotiate participation of the Russian Orthodox Church/Moscow Patriarchate in Vatican II proceedings. This gave world credibility to the Orthodox Church, the core institution of the Soviet drive to become "the Third and Final Rome," while opening the door for its current KGB-supervised campaign to present Yuri Andropov as a "man of peace."

Fifteen years of intrigue

It was at the 1962-64 Pugwash Conferences attended by Henry Kissinger that an international drive was launched to ban U.S. development of ABM systems. This campaign, which led to the 1972 signing of the ABM Treaty as a cornerstone of Kissinger's disastrous SALT I, was taken with full knowledge that at the time of the 1962 Cuban missile crisis, a grouping in the Soviet Union, of which Soviet Marshal V. D. Sokolovskii was a public spokesman, had committed the Soviet Union to a crash program for the development of laser ABM systems. This program, outlined in Sokolovskii's 1962 *Military Strategy*, sought to give the Soviets an in-depth war-winning capability.

Dartmouth Conference participants were also part of the debate that led the United States to drop a parallel ABM program. At the 1972 Dartmouth Conference, for example, George Rathjens, a former deputy assistant director of the Arms Control and Disarmament Agency in the Kennedy administration and key Pugwash Conference organizer, stated:

The most significant agreement emerging from SALT I is the limitation of ABM systems to militarily meaningless levels. . . .

It can be interpreted as indicating acceptance by each of the super powers of the fact that for the foreseeable future its population will be held hostage by the other. Thus, deterrence [Mutually Assured De-

struction or MAD] is enshrined, for better or worse, as the major rationale for strategic force policy. . . .

In the future, limitations on air defenses and anti-submarine warfare systems may be negotiated.

Scowcroft's Soviet pact

In order to ensure "another generation of MAD," the Scowcroft Commission took quick steps to sabotage President Reagan's new doctrine, at a time when estimates place the Soviets within two to three years of deploying a first-generation laser ABM system.

At the May 23 press conference where he announced that he would accept an extension of his commission's term of existence, Scowcroft stated that President Reagan "is prepared to make a deal" with the Soviet Union. Similarly Kissinger, in an April 24, 1983 interview in *Parade* magazine, stated that the United States must "turn to a new kind of private discussion altogether out of the public view in negotiations with the Soviet Union."

For Scowcroft, that channel to "make a deal" was the Dartmouth Conference, at whose last meeting in Moscow in November 1981 he agreed to join a special Task Force on Arms Control. He was joined on the task force by Kissinger crony William Hyland.

At meetings of this task force in April, believed to have been attended by Georgii Arbatov, Scowcroft briefed the Soviets on how his MX Commission, whose initial recommendations were officially accepted by President Reagan on April 8, would re-direct the administration away from its new Mutually Assured Survival doctrine, back toward arms control talks and Kissinger's MAD doctrine. A source close to Scowcroft reports that he also briefed the Soviets on how he had manipulated President Reagan around the MX missile issue. The price for approval of the MX from Harrimanite liberal Democrats, Scowcroft is reported to have told Reagan, would be a program to replace the United States' highly accurate MIRV missiles with a mobile "Midgetman" fleet, as well as major concessions in the arms control area. A crash laser ABM program would thus be tabled, while the systems themselves could be thrown into a negotiating hopper. The degree of coordination between Scowcroft and the Soviets was indicated when, in mid-August, the U.S.S.R. told the Reagan administration that it also plans to develop a mobile intercontinental missile, a trend which some Kissingerites in the State Department have stated they believe could help reduce the arms race.

In return for the Kissingerites' treachery, the Soviets have offered President Reagan a pre-election summit with Andropov, in the early spring of 1984, where major arms control "breakthroughs" paralleling Kissinger's SALT I, as well as a "New Yalta" deal re-dividing Soviet-U.S. "spheres of influence" could be negotiated. Kissinger, Scowcroft, et al. are now bent upon selling this idea to President Reagan as the best way to "pull the rug out from under" Reagan's Democratic Party opponents.

Soviet Subversion
Operations in the United States:

The Real 'ENEMY WITHIN'

This soon-to-be-released report, the follow-up to the recent **EIR Special Report**, "Will Moscow Become the Third Rome? How the KGB Controls the Peace Movement," documents the channels through which Soviet intelligence and its assets are attempting to carry out a plan to destroy the United States as an economic and military threat to Soviet world dominance.

The report will include:

- The role of Moscow and German-speaking central bankers in attempting to precipitate an international financial crisis.
- The background of Soviet orchestration of the "Briefinggate" scandal, including the June 5 closed-door session in Moscow, where Averell and Pamela Churchill Harriman conspired with Yuri Andropov days before Briefinggate broke.
- Soviet influence in the FBI and other government institutions ensuring disinformation on Soviet subversion of the United States.

The report will be available for \$250.00.

For further information, contact
William Engdahl, *EIR* Special Services
304 W. 58th Street, 5th floor
New York, New York 10019
(212) 247-8820 or (800) 223-5594 X818

KISSINGER'S PLOT TO TAKE OVER THE REAGAN ADMINISTRATION

The surprise naming of Henry Kissinger to head the President's Bipartisan Commission on Central America is part of a long-standing attempt to subvert the Reagan presidency. Henry Kissinger's return to official life is far more significant than the Central American appointment would suggest.

This two-part study by **EIR** Washington bureau chief Richard Cohen is essential reading for any citizen concerned with the future of the United States as a republic. Part One was written in late 1982, long before anyone else recognized the Kissinger operation. It documents the months-long process of inserting, with the friendly offices of Secretary of State George Shultz, "Kissinger's boys" throughout the administration. Part Two analyzes recent developments, including Kissinger's boast at a cocktail party in Israel, just before his nomination to the Commission, that "within two weeks I will be back in government; within a short period after that, I will be running the government."

The report is available for \$250.00.

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Harriman machine fissures;

Will DNC chairman Chuck Manatt maintain control until 1984? This is a question many people are asking.

At a Seattle, Washington press conference on Aug. 29, Manatt showed the strain as he was met by picket signs like "Kick the KGB Out of the Democratic Party," signs carried by Democratic candidates for local office who have been endorsed by the National Democratic Policy Committee.

The high-strung banker opened his press conference by announcing, "I know that LaRouche's people are here." True, he has done this a number of times before. But Manatt's follow-up was, "And I'm not going to answer any questions regarding my connections to the FBI."

EIR's Don Pilsen tried to clarify things for the rest of the press corps by asking, "Is your opposition to the development of defensive beam weapons a result of your business deals with top KGB officer Djermen Gvishiani?" Manatt began repeating, "I'm not going to answer that question. You're with LaRouche. I'm not going to answer any questions from LaRouche!"

Pilsen regained the floor to comment, "It's not the FBI connection that concerns me, but the KGB connection." Manatt retorted, "These are LaRouche's people. Let me tell you who they are." Pilsen replied, "Everybody knows who we are. It's you whom people have to know about, and your connections to the KGB."

With that, Manatt shut down his press conference. As *EIR* went to the front of the room, Averell Harriman's top Democrat sped off in the opposite direction—only to find there was no

door. "I'm not going to let you get me mad," said Manatt through gritted teeth, while the TV cameras filmed his non-exit.

Worried about keeping control in New York?

Simultaneously, in the heart of New York City, supposedly a stronghold of Harriman-Manatt control, 95 NDPC-backed candidates for party positions in the Sept. 13 primary have won ballot status, in a stunning victory against the Harriman machine in the jaws of the beast.

Over 100 citizens, half of whom were not involved in the NDPC until the committee launched a campaign in May 1983 expressly to throw out the Manatt-Harriman machine, came forward to run. (This enlisting of local candidates has been a typical response to NDPC campaigns across the country, the NDPC reports.) On July 28, more than 120 citizens filed petitions to become candidates for Democratic County Committee in Manhattan, and eight candidates filed for Democratic District Leader.

The New York Harriman machine, a collection of "Sodom and Gomorrah" liberals second to none, responded by challenging the ballot status of some 60 of the county committee slates, and three of the four district leader slates. Battle had been joined over thousands of petition signatures.

Nowhere else in the nation is one's right to run for office as difficult to exercise as in New York State, a difficulty stemming from "reforms" of the New York election laws by liberal Democrats in the 1970s. For example, when U.S. Sen. Daniel Patrick Moynihan challenged then NDPC-backed Democrat Mel Klenetsky's petitions in 1982, Moynihan spent \$50,000—and lost, flooring every Democrat politician in New York. The idea is to keep insurgents off the ballot with le-

gal challenges that eat up manhours and money.

The legal battle, however, showed the hidden strength of the NDPC candidates' movement, as well as the demoralization of the lower echelons of former New York Gov. Averell Harriman's Democratic underlings. Ninety-five out of 100 candidates backed by the NDPC defeated the challenges brought by the Harrimanite trio of New York Assemblyman Brian Murtaugh, State Sen. Franz Leichter, and New York County boss Denny Farrell. The sheer number of NDPC candidates proved to be more than the Harrimanite lapdogs could handle. For example, in 27 out of 60 general challenges brought, the machine lacked the manpower to produce specific challenges, thus forfeiting them.

Harriman's local boys were so unprepared for the NDPC's drive to run hundreds of candidates that they put up no candidates for many of the 1000-plus positions up in September. Thus, at least six of the 95 NDPC-backed candidates are running unopposed, and will take office on Sept. 14.

The political action committee is flexing its muscle all over the state. NDPC-backed candidate Elizabeth Carman in Buffalo beat a ballot challenge by DNC Executive Committee member Joe Crangle's supposedly unbeatable machine. While Mrs. Carman runs for City Council president, Dr. Charles Carman is running for Erie County Executive.

The Harriman crowd is worried about the Sept. 13 elections. Unlike last spring, when Leichter et al. led a slanderous campaign against a nine-person NDPC backed School Board slate, the American Federation of Teachers and AFSCME contributed \$3 million. Now, with little money, and few troops, Leichter is left standing on his record: he is the author of a Nazi euthanasia bill, he supports the sale of marijuana in liquor stores, and he advocated the KGB's nuclear freeze.

National News

Lowell Wood: 'Soviets shifted on beams at Erice'

In an interview with the Pleasanton, California *Valley Times*, Dr. Lowell Wood of Lawrence Livermore National Laboratory described the turnaround at the conference of Western and Soviet nuclear scientists on "Technological Bases for Peace" in Erice, Italy Aug. 20-23. At the outset, the Soviet delegation, he confirmed, had "strongly opposed" President Reagan's proposal for parallel superpower development of strategic ABM defense. "But," said Dr. Wood, "they thought of it very differently from what the President had in mind . . . [they assumed] that his strategic defense plan meant destroying Soviet missiles in their silos. When some of these misunderstandings became clarified, the Soviet position became one of interest."

The issue of testing "third-generation nuclear weapons [beam weapons] was debated vigorously" at the conference, reported Wood, who is a collaborator of Dr. Edward Teller. The Soviet delegation had been told before the conference by the head of the Soviet START talks delegation, Israelyan, that the deadlock of those negotiations made it likely they would not attend any future Erice conference. This Soviet official showed up in person at Erice for one day to make the same chilling point.

Dr. Wood's comments on this Soviet shift in stance on Reagan's beam weapons policy parallel the accounts of the Soviet delegation's shift in three leading West European newspapers during the last week in August.

Cal. senator calls for beam weapons research

Senator Pete Wilson (R-Calif.), during a tour

of the Lawrence Livermore Laboratory on Aug. 26, called a press conference to support an "aggressive nuclear weapons research program," including increasing support for research on beam weapons.

Wilson called for an full-scale research program "with an emphasis on third-generation nuclear weapons," to pursue the "potential to create a pathway to peace."

Wilson was briefed on the laboratory's research on lasers and other advanced high-energy weapons during his tour. He predicted that both Livermore's budget, and its focus on advanced, rather than conventional, weapons systems, would be sustained and expanded.

Wilson's tour came as a debate was surfacing between Livermore spokesmen and "nuclear freeze" advocates in the state, over the lab's underground nuclear weapons tests.

Another test of the "Excalibur" x-ray laser is believed scheduled for Sept. 7, and opponents have begun to float the claim that the x-ray laser will have to be tested for some components in space, thus violating the Partial Nuclear Test Ban Treaty of 1963.

It is expected that this formula will be put forward in September and October defense budget debates.

Indian satellite launch a major breakthrough

The eighth Shuttle mission deployed the Indian National Satellite, INSAT-1B, on Aug. 31. About 45 minutes after the satellite was released from the payload bay, a Payload Assist Module was fired to raise it to geosynchronous orbit.

INSAT-1B, the second in a series of multipurpose communications and weather satellites, was built by Ford Aerospace in Michigan. Twelve channels will provide telephone, television, and other forms of telecommunications throughout India.

Two extra-powerful channels will provide direct-broadcast capability for televi-

sion transmission straight from the satellite to small home antennas.

The larger the power capacity of the satellite, the smaller the ground equipment needed. For India, this means that inexpensive televisions and radios could be provided to rural areas for widespread educational programs.

INSAT-1B will also give India improved weather forecasting capabilities. Meteorological data will be supplied from points throughout the country that are gathering data, and the satellite will carry a Very High Resolution Radiometer for additional weather data.

An important objective of this Shuttle flight is to check out another satellite that is already in orbit—the Tracking and Data Relay Satellite, or TDRS. This communications satellite was launched on the sixth Shuttle flight in April but, due to problems in its upper stage, did not attain a proper orbit until a few weeks ago.

The TDRS can relay information from objects in space to the ground at a faster data rate than older generations of satellites. The TDRS must be ready for full operation by the ninth Shuttle mission at end-of-October, when Spacelab makes its maiden flight, because the many scientific experiments aboard Spacelab will generate large amounts of data simultaneously.

Report challenges Agent Orange scare

Dr. Alan R. Young of the Veterans Administration has reported that, after a study of 85,000 Vietnam veterans who fear they may have been exposed to Agent Orange, the defoliant used during the Vietnam War, "Nothing stands out as related to dioxin or Agent Orange exposure." Dr. Young spoke at the national meeting of the American Chemical Society on Aug. 29.

"There were a wide variety of health problems, but they were of a sort that one

Briefly

sees in a population of males growing older," he reported.

The study found a slight increase in the form of cancer called lymphoma, but smaller than expected numbers of soft tissue sarcomas, a rare form of cancer often attributed to exposure to dioxin.

Although media response to Dr. Young's statements, as exemplified by the Aug. 30 *New York Times*, stressed the slight increase in lymphomas and stated that 10 to 15 years was not enough time for cancer to develop, the evidence does not exist to support the allegations of increased incidence of cancer and other diseases after exposure.

Groups organizing scare campaigns against chemicals are associated with scientists such as Matthew Meselson of Harvard, a participant in a wartime meeting in Hanoi who issued grossly distorted statements about chemical damage in Vietnam. These groups, including the Council For a Liveable World, have been targeting U.S. electrical power and industrial capability. Agriculture-related areas such as herbicide and pesticide production have been a prime focus of attack.

Despite anecdotal horror stories by individuals connected with these networks, numerous studies, going back 30 years or more, have failed to document any major problem for human populations besides skin rashes.

Vail group challenges 'present world leaders'

The Gerald Ford Second World Forum, which drew Henry Kissinger, ex-President Gerald Ford, former West German Chancellor Helmut Schmidt, ex-president of France Valéry Giscard d'Estaing, and other former national leaders from the Kissinger-Nixon-Ford period, to Colorado on Aug. 27-28 for discussions on the state of the world, was summed up by Schmidt as "a beautiful experience: a conspiracy of former

world leaders against present world leaders."

Schmidt and other conference participants had repeatedly attacked President Reagan, among other things for failing to reach an arms agreement with the Soviet Union and refusing to impose strong enough measures of domestic austerity in the United States.

At the Aug. 27 round of meetings, Gerald Ford attacked Reagan on the same issues. Ford said that the budget deficit must be pared down by cutting U.S. military outlays, and increasing taxes in 1984-85. The *Washington Post* added that Ford favors a bigger U.S. push for an arms control agreement with the Soviet Union.

In an ABC-TV interview, Helmut Schmidt pointed to the "political menace" created by the high unemployment and economic stagnation throughout the world, which he accurately compared to the situation during the 1930s preceding Hitler's rise. Schmidt simply went on to complain of the "volatility" of the last four U.S. presidents—especially the last two—in this situation.

Former British Prime Minister James Callaghan called for the U.S. State Department to be built up into a more authoritative institution, with even more career professionals. "I don't think I'll become a State Department spokesman," he quipped, "but I'd like to."

Giscard d'Estaing stated, "Ten years ago, we were entering into a world crisis; now we are getting out of it, though there are more tensions." Callaghan added: "There is no more danger of war now than 10 years ago"—but then went on to list the increase of nuclear weapons and proliferation, and the debt crisis.

Gerald Ford broke the anti-Reagan profile of the Vail meeting for a moment when he commented, in response to a question by an *EIR* correspondent, that U.S.-Soviet cooperation in developing beam weapons technology could "possibly" be part of a solution to East-West tension, providing that the Soviets didn't use it as a cover for stealing U.S. secrets.

● **PAMELA HARRIMAN**, wife of Averell Harriman and former wife of Winston Churchill III, is reportedly considering running for Congress from New York. The British-born Mrs. Harriman has run "Democrats for the 80s," a PAC-cum-salon, in close association with Robert Strauss for several years.

● **HARLEY SCHLANGER**, Southwest region coordinator of the National Democratic Policy Committee, announced the last week of August that he would run for U.S. Senate from Texas.

● **AIDS** created a difficulty in attempts to merge the civil rights, gay, and freeze movements at the Aug. 28 march on Washington. Because of fear of infection by many sections of the civil rights movement, march coordinators devised a novel ID system to distinguish groups in the march. Each group carried assigned colored helium balloons: green for blacks and Hispanics, white for religious groups, orange for environmentalists. Gays and lesbians carried brown balloons.

● **BARBARA HONEGGER** who resigned from the U.S. Department of Justice in late August, charging that President Reagan did not care about women's rights, announced Aug. 22 that "voices had told her" to resign from her post. After receiving wide publicity on her claims of discrimination, Honegger revealed that she is clairvoyant, and the first person in the United States to get a masters' degree in parapsychology. Women's movement organizations which had given Honegger ardent support are reportedly dismayed by her revelations.

Editorial

What the world said

The first response around the world to the Sept. 1 Soviet attack on an unarmed Korean commercial aircraft was, as President Reagan put it, "anger, disbelief, and profound sadness." Among the most important statements in the immediate aftermath was Mr. Reagan's on Sept. 2: "... While events in Afghanistan and elsewhere have left few illusions about the willingness of the Soviet Union to advance its interests through violence and intimidation, all of us had hoped that certain irreducible standards of civilized behavior nonetheless obtained.

"But this event shocks the sensibilities of people everywhere. A tradition in the civilized world has always been to offer help to mariners and pilots who are lost or in distress on the sea or in the air.

"Where human life is valued, extraordinary efforts are extended to preserve and protect it. And it's essential that as civilized societies we ask searching questions about the nature of regimes where such standards do not apply.

"Beyond these emotions, the world notes the stark contrast that exists between Soviet words and deeds.

"What can we think of a regime that so broadly trumpets its vision of peace and global disarmament and yet so callously and quickly commits a terrorist act to sacrifice the lives of innocent human beings?

"What can be said about Soviet credibility, when they so flagrantly lie about such a heinous act? . . ."

Senator Henry Jackson, Democrat of Washington, held a press conference in Seattle on Sept. 1, just before he suffered a fatal heart attack. Senator Jackson, a leader of the Democratic Party grouping opposed to "arms control" at the expense of the United States, declared:

"The murder of 269 human beings is a barbaric act. There was no clear and present danger to the Soviet Union. Surely they knew it was a non-combat plane. Surely they should have known other ways to get the plane out of Soviet airspace.

"This brings home the difference between Eastern and Western values. In the Western world, we prize human life. . . . You have to read Russian history. They don't give a damn about public opinion. It goes back centuries. . . . They wouldn't send a submarine

into Stockholm or intervene in the German elections if they were concerned with public opinion. . . .

"They have insulted the international community by taking a barbaric course inconsistent with human life. I hope the international community will respond vigorously so that an act of this kind will never happen again. . . . We are not going to start a war. The strongest response is the moral one, a response of outrage, a response that contrasts the West's first priority on human life. . . . The United Nations doesn't have the credibility. The advanced sector, the underdeveloped sector must take the lead. The Third World should come out and make it clear that this conduct is inconsistent with their views of humanity."

In Western Europe, Italian Defense Minister Spadolini affirmed the need to respond with a defense capability sufficient to discourage aggression. Herr Ekhard Voigt, chairman of the Defense Policy Working Group of Franz-Josef Strauss's Christian Social Union political party, a deputy in the West German federal parliament, and a member of its defense policy committee, elaborated in a statement to *EIR* on what that might mean:

"I think that this act of the Soviet Union in shooting down the South Korean airliner was by no means accidental; rather it must be seen as part of total Soviet strategy, politically, militarily, as well as in respect to all aspects of disarmament discussions. As a deputy of a free parliament of the West, I say that this Soviet act was an act of planned, premeditated murder.

"This ought to open the eyes of many among us free citizens of the West to the fact that any policy of appeasement is doomed to failure. We in the West must at this time stand together and follow the leadership of the United States, politically, but also with respect to technologies, by which I mean in particular the U.S. policy of developing beam weapons for defense against nuclear missiles, which the President of the United States has urged us in Europe to consider in the interest of our own defense. At this time, we in Europe must support the beam weapons policy of the United States of America."

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