

EIR

Executive Intelligence Review

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Democrats select Mondale as 1984 'fall guy'
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Robert Jastrow blasts the opponents of beam weapons

**The United States on the edge
of a general breakdown crisis**



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banks, and place top-down control over U.S. credit under a handful of financial conglomerates which are modeled on the turn-of-the-century Morgan syndicate and created by "deregulation." This cartel will impose economic austerity on the United States, slashing the defense budget, and giving the Federal Reserve Board the power to dictate reduced levels of industrial production, wages, prices, and employment.

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EIR

From the Managing Editor

TIn June, *EIR* issued its Quarterly Economic Report (\$1,000; \$500 to subscribers). This week's cover story is a highly condensed sampling of its featured, groundbreaking section, "The Declining Productivity of the U.S. Household" by Contributing Editor Christopher White. White's shocking discovery: The U.S. population has lost capacities for family formation at such a rate that demographic disaster looms over the United States.

This is one result of the "post-industrial" policy behind Federal Reserve chairman Paul Volcker's five-year regime of usury. Our *Economics* lead reports the *EIR* quarterly's findings on the resulting condition of the physical economy: "The U.S. economy is a parasite . . . about to lose its host." Destroying U.S. industrial capacities, policies associated with the Fed have produced interest-rate and dollar appreciation levels which have stripped America's trading partners of their exportable output at prices tantamount to theft. No longer producing for itself, the economy could not function without this subsidy—whose end is a foregone conclusion of the ongoing financial crisis.

Another groundbreaking *EIR* study, this one charting Peru's economic development (see *EIR* July 24, 1984), was unveiled at a Lima press conference convened by *EIR* and the head of the Peruvian industrialists' association which commissioned it. The program has grabbed headlines in that country. The story is in our *Economics* section.

The *National* section focuses, naturally, on the nomination of Walter Mondale. As Lyndon LaRouche told press in San Francisco, Mario Cuomo and Charles Manatt's mob, who used gangster tactics to keep LaRouche's name out of nomination, assume the Democrats will lose and chose Mondale to take the loss. They overlook the real danger: A financial crash and/or Soviet military-strategic action could intervene to make him the winner.

As we go to press, the *Washington Post* has written that the party platform is nothing but Henry Kissinger's policies, and that Mondale's campaign strategy will be to promise to restore Kissinger's policies—but we're not ones to say I told you so.

Next week: The looming world food shortage—including the threat of severe food shortages in the United States itself—and the program to reverse it.

Vin Berg

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How Volcker has looted America's trading partners

by Vin Berg

"The U.S. economy has been living as a parasite, on the rest of the world, and on the economic infrastructure produced in the United States itself in past periods. It currently functions through both cannibalization and self-cannibalization. When one deducts the subsidy to the United States stemming from extremely distorted, favorable terms of trade and the unpaid costs of amortization of basic domestic infrastructure, the U.S. economy . . . is seen to be on the verge of a *physical* breakdown crisis."

That is the prognosis of the latest *Quarterly Economic Report* prepared by EIR, at the direction of world renowned economist Lyndon H. LaRouche. The 265-page report is available at \$1,000; \$500 to EIR subscribers.

The report concludes: "The parasite is about to lose its host."

The U.S. economy no longer produces anywhere near enough to enable the economy to continue to produce. Over the last three years, in particular, the margin for continued economic activity in the United States has been provided by tribute stripped out of especially the underdeveloped sector and, increasingly, from Western Europe, under the supervision of the usurious policies of Federal Reserve chairman Paul Volcker.

The EIR study made conservative calculations of the cash amounts of the subsidy over the 1982-84 period, adding the amount the U.S. government considers the dollar to be overvalued internationally—the amount by which imports into the United States are undervalued—to the growing official U.S. trade deficit (approximately \$40 billion for 1982, \$75 billion for 1983). The conclusion: The amount of the raw

subsidy from debt-burdened developing-sector nations has risen from \$90 billion in 1982, to \$120 billion in 1983, to an estimated \$230 billion in 1984.

Recently, Volcker has gone on an alcoholic-like binge of dollar appreciation and interest-rate hikes, to thereby accelerate the tribute exacted for otherwise bankrupt American private banking institutions from U.S. trading partners and other victims. The suicidal lunacy this represents is clear: Volcker is adding to a subsidized economy's accumulated vulnerabilities to a terrible crash, a crash which can be prompted by any agency desirous of a U.S. economic catastrophe at this time—British, Swiss, Soviet—or by the sheer physical impossibility of America's neighbors continuing to subsidize the United States to the degree now required.

While the United States has remained a net exporter of agricultural products, it is now a net importer of semi-manufactured and manufactured goods overall. For example, in 1982, exports and imports of capital goods were in balance, but by 1984, capital goods of all sorts were being imported by the United States at a net rate of \$30 billion—a capital goods trade deficit amounting to a gift to those portions of U.S. industry (purchasers of capital goods) which Volcker's policies have not yet destroyed. Given the extreme overvaluation of the U.S. dollar, and the bargain-basement prices at which those and other goods can therefore be purchased, this amounts to stealing from your neighbor to acquire what you no longer have at home.

The U.S. trade profile might best be described as that of a colonial country, exporting raw materials and importing consumer goods, semi-manufactured goods for assembly here,

and high-technology capital goods. For example, the United States imported machine tools worth \$2 billion while exporting only \$1 billion worth; cotton grown in the United States is exported to Japan for expert milling and weaving, and then reimported for labor-intensive garment manufacture. The effects of this shift are in fact catastrophic, but have been masked by the advantages in currency and terms of trade which have resulted in the increase in the net inflow of goods.

Employing the LaRouche-Riemann model, which, unlike any other “econometric” model, subjects the *physical* economy to *causal* analysis, *EIR* graphically represented the growth of the foreign subsidy to the United States by taking the change in the balance of trade (the growth in the deficit) and adding that change to calculations of “overhead” expense in the economy as a whole. In this way, comparisons were made between the *observed* course of the economy, and the actual output capabilities of the economy. In other words, total tangible output of the economy is portrayed with and without the subsidy.

The conclusion: Without the subsidy from America’s neighbors through terms of trade essentially representing theft, recorded tangible output of the U.S. economy would have been 7% lower. The trade deficit is thus seen to function as a source of unpaid *production inputs*—imports substituted for essential manufacturing and semi-manufacturing output the U.S. economy no longer invests in producing—permitting a level of final output not merited by the underlying physical conditions of the U.S. economy itself.

Accordingly, *apparent* net reinvestment in 1983 and the first part of 1984 was purely a result of the trade imbalance. In 1982, the U.S. economy itself produced barely enough tangible profit to meet overhead requirements. In 1983, it produced significantly too little. The difference, experienced as net investments in the following period, the first half of 1984, was made up through the trade deficit.

But worse, to the 7% of total output accounted for by looting through terms of trade, must be added another 9% to reflect the unpaid costs of maintaining America’s decaying infrastructure; that is, the cost of maintaining our land, transportation infrastructure, energy production capabilities, water supplies, and urban infrastructure. This hoarding of monies that should have been spent also results in a healthier accounting appearance for a physical economy afflicted by dilapidation. Infrastructure is the essential investment a society must make, on penalty of watching its economy as a whole grind to a halt despite even the most judicious economic policies otherwise. It constitutes the “potential function” for economic and population growth—or collapse. If America’s infrastructure is not even being repaired and replaced, as it is not, this unpaid cost of amortization is also properly treated as an overhead deduction from the putative industrial output of the U.S. economy during 1983 and 1984.

“Indeed,” reports *EIR*’s quarterly study, “it can be categorically stated that only the steep decline of industrial and agricultural activity imposed by the post-1979 double-digit

interest rate policy of the Federal Reserve has prevented infrastructure’s deterioration from resulting in huge congestion, even catastrophe. The collapse in physical-goods output since 1979 ‘saved’ America from experiencing the effects of infrastructure’s demise.”

Measured in lives

The world debt crisis about to come down most severely on the American banking system, Ibero-American nations’ inability to pay their U.S. creditors, in particular, is nothing but the manifest exhaustion of sources for further subsidy of the United States by its neighbors. The leading factors in the accumulation of unpayable debt by the developing nations of Ibero-America, for example, have been precisely declining terms of trade and worsening terms of financing that trade. Both resulted from manipulation of commodity-pricing and credit structures by the U.S. Federal Reserve, the International Monetary Fund, and the OECD nations’ private banking institutions.

Volcker is adding to a subsidized economy’s accumulated vulnerabilities to a terrible crash, a crash which can be prompted by any agency desirous of a U.S. economic catastrophe at this time—British, Swiss, Soviet . . .

This has constituted one of the most outrageous injustices committed in the course of human history. Compare the peggings of selected Ibero-American currencies—such as the Mexican peso, the Peruvian sol, and the Brazilian cruzeiro—to the U.S. dollar since 1982. The Mexican peso was at 25 to the dollar in early 1982; it is now at about 190. The Peruvian sol was at 2,000 to the dollar one year ago, it is now at 3,500. These countries have been stripped out to supply a U.S. economy which Volcker’s policy otherwise no longer permits to produce for itself. In Ibero-America, the appreciation in the value of the U.S. dollar is measured in human lives.

That the developing sector has been “supporting” the traditionally industrialized sector with cheap export products has been obvious for a long time. It began to become severe in 1971, when Paul Volcker as Assistant Treasury Secretary convinced John Connally, then Treasury Secretary, to convince President Nixon to float the dollar, and thus created the unregulated Eurodollar market; it accelerated in 1979 with the new Fed chairman Volcker’s formal introduction of usury as U.S. government policy; it became a stampede for loot after the mid-1982 Mexican payments crisis. The looting mechanisms came to include:

- accelerated inflation in prices of developing-sector imports compared to accelerated deflation in the price of their exports;
- the artificially high value of the dollar due to interest-rate policies, drawing investment funds into the money-markets of the North;
- usurious methods of pyramiding previous debt obligations;
- organized flight-capital expeditions against nations of the developing sector.

When the world debt crisis is examined from this standpoint, the real bankruptcy at issue in today's debt crisis is clearly not the bankruptcy of the nations of the South, who can no longer pay the pyramided tribute lunatic New York bankers call "debt service," but the bankruptcy of the financial institutions headed by those lunatic bankers. The problem is not that debtor-nations of the developing sector have proven to be "non-performing" clients, but that the banking systems of the industrial nations, the United States in particular, are wholly lacking in financial integrity. Over the past decade, they have masked their own insolvency by manipulation of world commodity prices and the world credit system to impose concealed taxation on the developing sector. By the indicated usurious measures, they have piled debt onto the developing nations, which have thus been paying a subsidy to the depression-ridden industrial nations, a subsidy which, having now reached its limits, reveals the true financial condition of those honored institutions of New York, London, and Zürich, and is about to reveal the true, catastrophic condition of the U.S. physical economy.

The subsidy alone maintained the slim appearance of "recovery" in 1983-84, while the productive capability of the United States slipped further into decay. It will be the removal of this subsidy, a foregone conclusion of the ongoing financial crisis, which will reveal the underlying physical-breakdown condition of the U.S. economy.

The distortion in world trading relationships which has permitted the United States to impose concealed taxation on the developing sector applies in only less exaggerated form to trade *within* the industrial sector. For example, during the 1970s, both Western Europe and Japan expanded exports to maintain employment levels, but on terms of trade that did not permit them to maintain necessary levels of capital formation in high-technology industries. The 1970s collapse of West Germany's capital investment to below-replacement levels was hidden only because the export-dependency of its manufacturing sector rose to over 50%. The first indication that West Germany's export markets were shrinking—as IMF conditionalities and the harsh reality of exchange rates forced cutbacks on imports by developing-sector nations—triggered bankruptcies, including that of AEG-Telefunken, West Germany's seventh largest firm. The rapidity with which German employment levels collapsed thereafter resulted from the fact that, unlike Japan, Germany has been locked into an arrange-

ment whereby its cheap exports have undermined its capacity for regenerating investment in its capital goods industries, eroding its industrial potential.

It was into this situation that Paul Volcker introduced record-high interest rates and dollar valuations after 1979; introduced, in short, a massive new erosion of Europe's industrial potential and payments base. After 1982, the same process was accelerated, bringing Western Europe to a far-advanced stage of the same general-breakdown condition described for the United States. And, over the past month, yet another round of this insanity has pushed not only developing nations, but America's European allies to the wall.

Financial chicken game

At the point that Volcker's sources of loot are dried up and the subsidy removed, the combined deficit will be asserted as the reality principle fueling the breakdown collapse. Conventional wisdom in Washington trusts that the illusion of "recovery" can be kept going until after the November elections. Reality dictates otherwise. As long as present policies, particularly Volcker's insane defense of the bankrupt monetary and banking system, are continued, the United States is playing a chicken game with the very existence of the United States itself.

The subsidy will be ended when the dollar is devalued to reflect the actual potentials of the internal U.S. economy. The dollar will be devalued at the point that Ibero-America and Europe, in particular, decide to get out from under Volcker's collapse, whatever the cost to themselves in doing so. Volcker's behavior over the last month, lunacy by any standard, is bringing that moment of truth closer. He is yet again increasing interest rates, and permitting the dollar to appreciate to 10-year highs against the deutschemark and other currencies, to keep up the rate of increase in the subsidy.

There is no telling when, or under what conditions, such a collapse would occur. But every ¼- or ½-point rise in interest rates, or increase in the exchange rate of the dollar, brings that moment closer.

Those who argue that Volcker can control this are fools. For nearly a year now, the United States has been a net debtor, depending on foreign sources of credit, not only the subsidy identified here, but also net inflows of funds to keep up the appearance of bankrupt banking institutions' solvency. As the first two quarterly reports of the Basel, Switzerland, Bank for International Settlements affirm, it was Volcker who handed the United States over to central-bank creditors in Switzerland, London, and Germany, but it is not Volcker who can now call the tune. The Swiss, British, and German creditors can. If present policies are left unchanged, it is those foreign creditors of the United States—and the Soviet Union, with reported enormous concealed leverage on world financial markets—who will arrogate to themselves the decisions which mean life or death for the U.S. economy, and the world's.

Soviet economic bid to dominate Europe

by Rachel Douglas

While hordes of Soviet troops moved on land, sea and across rivers in the U.S.S.R.'s June-July practice of a lightning strike against West Germany, banking and government economic delegations from Western Europe streamed in the other direction, portfolios laden with plans for deals with Moscow. The Soviet Union is aggressively courting, arm-twisting, and bludgeoning the West Europeans to "decouple" themselves from the United States not only militarily, but also in the economic sphere.

In the Soviet economic warfare arsenal, now trained on Europe, are the enticements of export markets, the crude lever of price-cutting, and demands for a guaranteed share of the European market for Soviet natural gas exports, and less-than-stealthy connivance with Swiss and other interests to boost the value of the U.S. dollar—increasing the attractiveness for the Europeans of a break with the dollar. At a seminar in Tashkent, Soviet Uzbekistan in April, Soviet representatives eagerly discussed with West German bankers the advantages of denominating East-West transactions in the European Community's unit of account, the European Currency Unit.

In late May and again in early July, large Soviet purchases of dollars in the Far East contributed to running up the dollar at moments when the U.S. Federal Reserve's hiking of interest rates was having the same effect. Federal Chairman Paul Volcker happened to tour Eastern Europe in late June, visiting Warsaw Pact member Hungary as well as Yugoslavia.

Every Soviet economic move in Europe is politically and militarily motivated, as is also the case worldwide—as revealed by Moscow's moves respecting oil and grain. In the first quarter of this year, official trade statistics show that the Soviets shifted their purchases of oil from their usual radical friends like Libya and Iran, to Iraq and to Saudi Arabia, just as they launched a diplomatic offensive to pick up assets among the conservative Persian Gulf states after American foreign policy in the region foundered. As for grain, the sudden upswing in Soviet purchases of wheat as the international grain marketing year began on July 1 appears planned to build up a reserve stock in the U.S.S.R., a military-strategic advantage for a superpower that is risking world war. A huge new port facility for the grain intake is under construction on the Baltic Sea.

Natural gas from the West Siberia export pipeline is set to move this fall, but the depression has slashed demand in Western Europe. In May, the national company Gaz de France sought a reduction in the price of Siberian natural gas to France and a cut-back in deliveries as well. Ruhrgas, of West Germany, has been holding similar talks with the Soviets on the danger that the price contracted for the Soviet gas will not be competitive.

Unfazed by these requests, Moscow has moved aggressively to undercut other suppliers and seize a bigger share of the market throughout the continent. In July, the Soviets made their first-ever offer of natural gas to Belgium, which forced the Dutch national gas company, Gasunie, to slash its prices by approximately 15% in order to keep its Belgian customers.

On May 23, the long-delayed contract for Italy to buy Siberian natural gas was signed with fanfares in Moscow. The next month, Banco di Roma's president Romano della Chiesa, whose bank finances 10% of Soviet-Italian trade, met with Soviet bankers in Moscow and announced his intention to assist the gas deal and other new trade.

Other visitors to Moscow this spring and early summer—alongside the foreign ministers of Italy, West Germany, and Great Britain and French President François Mitterrand—included R. Thomas, President of Banque Nationale de Paris for talks with Soviet State Bank (Gosbank) chief Alkhimov in May; Italian Transport and Civil Aviation Minister Claudio Signorile to sign a Soviet-Italian protocol in June; Holland's Agriculture Minister Gerrit Braks and Transport and Water Minister Smit-Crus on separate visits in June; a British trade delegation in May and another of businessmen and industrial representatives under British-Soviet Chamber of Commerce head Kevin Thompson in June. The Soviet agriculture minister, V.K. Mesyats, visited Sweden in May.

The ferocious displays of Soviet armed might on the borders of Western Europe serve to impress upon those countries the advantages of doing business in the East. According to reports from Japan, the Soviets have further positioned themselves to capitalize on political and military explosions in the Third World, which they in turn are fanning; the Japanese trading house Toyo Menka Kaisha, according to press reports, has made plans to import oil from the Soviet Union's Ural fields in case the Persian Gulf war shuts down oil supplies from there.

The Soviets may well be making themselves room to make such offers of security, by building up its available oil. According to a spokesman of the Diamond High Council, Moscow has "switched to diamonds," away from oil, for earning foreign exchange in 1984, shaking the diamond-sellers with an influx of Soviet gems. The Soviet oil not being sold for currency is certainly not being shifted to the countries Eastern Europe; the East bloc summit resolved that those Soviet satellites will get less Soviet oil, not more, and they have already started buying oil in the Middle East.

Peruvian industrialists choose LaRouche over IMF austerity policy

by Valerie Rush

On July 12, Ernesto Lanata, president of the Institute of Economic and Social Research of Peru's prestigious National Industrial Society (SNI), jointly sponsored a press conference in Lima with *Executive Intelligence Review*. *EIR* Ibero-American Editor Dennis Small and Contributing Editor Dr. Uwe Parpart-Henke presented the results of a four-month-long SNI-commissioned study, entitled "Analysis and Projections of the Peruvian Economy 1960-2000," to a majority of the nation's leading media.

Using a touch of irony, Dr. Parpart introduced his presentation with the startling estimate that "Peru has achieved the miracle of going from a pre-industrial to a post-industrial society, without ever passing through the complications of industrialization." For the industrialists present, it was an unavoidable truth.

The presentation of the *EIR* study occurs at a moment of intense debate within leading economic sectors of the country over how—and if—Peru will manage to survive the upcoming years of crushing austerity under the thumb of the International Monetary Fund (IMF). Even while the Belaunde government blithely claims that the accord signed with the IMF earlier this year solves all of Peru's problems, those industrial and business leaders who won't be stepping out of office along with President Belaunde next summer simply can't afford to ignore the reality of a near-bankrupt economy and the escalating social and political chaos attending it.

It is therefore of special significance that Peru's leading industrialists, who just a few years ago were confirmed supporters of Milton Friedman's monetarist policies, are now turning to the LaRouche-Riemann development model as the only alternative to what otherwise means committing suicide with the IMF. (For a summary of the *EIR* model's analysis of the Peruvian economy, see *EIR*, July 24, 1984.)

In the days immediately following the press conference, the *EIR* economic forecast provoked an explosion of press coverage. Every leading newspaper devoted space to the *EIR*-SNI revelations, with headlines warning that "IMF Demands Will Sink Peru!" and quotes from the *EIR* study blaming the IMF for the country's plight. Similar coverage was given by TV channels 5 and 9 and the widely-heard Radio Miraflores, which presented nearly three hours of interviews with *EIR* spokesmen.

As a result of the widespread media coverage, nearly

everyone in the upper levels of political, military, and economic circles of the country could be heard debating the conclusions of the LaRouche-Riemann forecast which openly challenged the International Monetary Fund myth that "more austerity is better."

The banks vs. LaRouche

Some interests were not altogether happy with the growth alternative posed by the *EIR* forecast. Several businessmen told *EIR*'s representatives that a number of bankers were denouncing LaRouche as a "crackpot" whose ideas were "too provocative" to be trustworthy. The editor of *La Prensa*, Arturo Salazar, published a small article which defended Raul Prebisch, the founder of the U.N. Economic Commission on Latin America (ECLA) and a leading agent of the international banks in Ibero-America, from the attacks of the *EIR* spokesmen.

However, Lima's leading daily, *El Comercio*, had already seeded the environment for the presentation of LaRouche's ideas by beginning a five-part series of feature articles on "Who is Lyndon LaRouche?" In the very first article, which appeared July 1 in the widely-read Sunday edition, *El Comercio* explains that:

It is impossible for a daily like ours which always presents its readers with important developments, not to speak of LaRouche. Because very soon LaRouche will be talked about throughout Latin America and the Third World, since, until now, there has never come forth from the United States a champion of the liberty and dignity of our nations as aggressive and vigorous as Lyndon H. LaRouche, Jr.

The role of science

The *EIR* study's recommendations included setting up scientific and technological institutions throughout Peru as the basis for developing a qualified labor force capable of absorbing modern technologies. This was especially well-received within military layers. Dr. Parpart addressed various groups on the subject of beam-weapon defense systems currently under investigation in the United States and elsewhere, and similar contact was made with the Peruvian nuclear institute IPEN.

SNI's Sr. Lanata has announced that the *EIR* study will be reviewed in detail at next October's national industrial congress, "where it will be presented as the viewpoint of Peru's business sector on how to resolve the economic crisis." This initiative on the part of Peru's powerful industrial sector to address the country's pressing economic problems is expected to provide a programmatic focus for next year's presidential elections. Even further, it will serve as a model for industrialists throughout the continent who are well aware that the economic crisis in Peru is their own.

La Prensa, July 13, 1984: "Lanata of Industrial Society Analyzes Economic Crisis."

"The totality of the Peruvian economy is on the verge of bankruptcy," yesterday declared Dr. Uwe Parpart, mathematician member of the economic team of *Executive Intelligence Review* which has carried out an econometric forecast together with the Institute of Economic and Social Research of the National Industries Society, whose president is engineer Ernesto Lanata Piaggio. . . .

The *EIR* economists attribute our crisis to long-term structural problems. They feel that there can be a recovery in the short term. To achieve this, they recommend, basically, the reactivation of agriculture returning to productivity levels at least equal to those of 1969. . . . The second aspect is the reactivation of the capital goods industry. . . . The demand for capital goods should come from reactivated agriculture (machinery, tractors) and from the construction and transport sector.

. . . According to Dennis Small, also from *EIR*, the creditor banks are on the edge of bankruptcy and under these conditions the recommendations for debt renegotiation should

come from the Latin American countries. . . . According to Small, the prescriptions of the IMF are intended to perpetuate our condition as [cheap] providers of raw materials. . . .

Expreso, July 13, 1984: "International Expert Says: Distortions in the Country's Industrialization."

"Peru has achieved the miracle of going from a pre-industrial to a post-industrial economy, but without going through the phase of industrialization. What this means is that instead of growing, it has gone backwards," said Uwe Parpart-Henke during a presentation in the auditorium of the National Industrial Society (SNI). . . .

Parpart Henke was emphatic: "It has cost Peru much to follow the dictates of the IMF. If it continues with this program, I calculate that the level of production in 1986 will be equal to that reached in 1960."

La Republica, July 13, 1984: "Demands of the IMF Will Sink Peru."

Peru should reject the demands of the International Monetary Fund or will otherwise face the destruction of all its efforts to achieve a process of industrialization that will allow it to develop. This was proposed by U.S. economists Uwe Parpart and Dennis Small who presented the results of a study they carried out on the Peruvian economy at the request of the National Industrial Society. . . .

Parpart and Small reiterated that "There is no way of improving the situation of Peru without profound structural changes. This is, however, completely the opposite of what the IMF proposes, which is that we use savings to export capital [to pay the debt], which means the direct reduction of our potential," they added.



Lyndon LaRouche (center left) and Dennis Small (center right) at a luncheon with trade unionists in Argentina in July. EIR representatives have now presented to Peruvian leaders' recommendations for economic growth based on the LaRouche-Riemann economic model.

NSIPS

Terrorist offensive slams Peru's economy

by Carlos Potes

As they had promised, the terrorist band Sendero Luminoso on the night of July 16 launched their "final offensive" against the Republic of Peru, with the sabotage of the electrical power lines of Lima and a broad surrounding area, plus a series of bombings which ripped through the Peruvian capital. Although Sendero had announced their terror campaign for the 15th, perhaps because they abhor every last trace of Western civilization and therefore use the lunar calendar of the Wari culture, they started one day late.

The terrorist offensive is not merely psychological warfare, nor merely political destabilization. It is no accident that Sendero's insane rampage destroyed chunks of the country's vital economic infrastructure, exactly as the International Monetary Fund's program for Peru prescribes wrecking it over a slightly longer term.

The "final offensive" of Sendero Luminoso occurred shortly after Luigi Einaudi of the U.S. State Department, an associate of Henry Kissinger, had been in Lima on a tour of several Ibero-American nations designed to pressure them into accepting the conditions imposed by the IMF—or else. A total war, including flooding South America with social chaos, and then fomenting border conflicts between nations, has been unleashed since the debtor nations' economic ministers met in Cartagena, Colombia, on June 22 and mapped out strategies for joint actions in defense of their economies against IMF debt repayment demands.

Pol Pot-style terror

By noon July 17, the power was still not restored in some sectors of Lima, nor was it possible to say with certainty how many and which transmission towers had been attacked by the terrorists. In the night's dark hours, the Sendero terrorists created an environment of panic, setting off 28 bombs in various neighborhoods, taking innocent hostages to let them go a few hours later, throwing bombs from cars at passersby, and climbing on buses to terrorize the passengers.

Aside from the announcement that it would sell bonds to finance the anti-terrorist campaign, as of this writing there has been no concrete response from the Peruvian government to this blind terrorism, which went on with impunity throughout almost the entire night. Although in recent weeks there

was talk of an increasing coup tendency among the armed forces, President Belaunde obtained the army's guarantee of support, in exchange for leaving in their hands the campaign to eradicate Sendero Luminoso and authorizing them to use whatever measures they deem necessary to keep public order in the capital.

On July 12, the head of the armed forces, General Julián Juliá, stated clearly that "we are in a war, a non-conventional, a non-classical war," in a speech he gave upon being decorated with the Order of Merit of the Great Cross. The high official of the army alluded to the intervention of the Peruvian armed forces against the "insane union of narco-terrorism."

Similarly, President Fernando Belaunde Terry, in a speech on July 3, charged that the terrorist action is the product of a "harmful and clandestine intervention of secretive foreign forces." The same day similar statements were made by the Interior Minister Luís Percovich, who said that "we know perfectly well that the ideology arising from terrorism is of foreign-origin," and its leaders "are trained abroad."

Einaudi in Peru

The Sendero Luminoso terror wave was kicked off right after Luigi Einaudi of the U.S. State Department, known as "Kissinger's Kissinger for Latin America," visited Peru. Einaudi also went to Argentina, where he failed in his frantic attempt to block U.S. presidential candidate Lyndon LaRouche's meetings with the President of Argentina and other high-level figures. Einaudi's mission in Ibero-America was to wreck the moves toward formation of an Ibero-American "common market" out of the debtors' cartél, as LaRouche had charted in his *Operation Juárez* book two years ago.

Einaudi met with the anthropologists of the Institute of Peruvian Studies (IEP), intimately interlaced with the Nazi-Communist networks of the French anthropologist Jacques Soustelle, who has been accused of training Sendero terrorists in the Sorbonne in Paris and the University of Huamanga in Ayacucho, Peru.

There is, of course, nothing academic about Einaudi's interest in these networks. Einaudi's family have been retainers of the Swiss financial oligarchy since early in this century. His grandfather, Luigi Einaudi, Sr., backed Mussolini's March on Rome in 1922. The Einaudi family's publishing house prints the books of the main mentors of the Italian "terrorist philosophers" who hatched the murderous Red Brigades.

The Kissinger-Einaudi strategy for border wars and internal chaos among the Ibero-American nations was put out in a 1975 RAND corporation document titled "Future U.S. Security Relations in the Latin American Context," written by Einaudi's RAND colleague David Ronfeldt. More than a military coup perpetrated by forces in Peru which they may think favorable to the financial interests they represent, these point men of the international oligarchy seek to set into motion a process of fratricidal bloodletting which will not leave a single sovereign institution standing in Ibero-America.

A 'new' and very old therapy for cancer

by James W. Frazer, Ph.D.

The following article by Dr. James Frazer of the M.D. Anderson Tumor Institute in Houston, Texas, describes how an old therapy for cancer has become much more effective as a result of information generated in research on the effects of microwaves and radiofrequency waves on humans and animals. This knowledge, combined with the precise imaging possible with Nuclear Magnetic Resonance Scanning, is leading to more effective therapy of cancer with fewer side effects. At the same time, our understanding of the biology of cancer as a disorder of tissue growth is increasing.

Nuclear Magnetic Resonance (NMR) scanning has led to a revolution in our understanding of the structure of the living cell in health and disease, overturning many concepts based on examination of artifacts in dead cells. It enables us to evaluate the state of living tissues without resort to surgery.

The combination of the localization possible with NMR with the ability to focus microwaves on the target area enables a highly selective destruction of tumor cells, while sparing normal tissue, including the immune system which is frequently affected by chemotherapy. In this light, the observation of regression of distant metastases following destruction of the primary tumor implies that cancer may actively inhibit the immune system.

Hyperthermia—therapeutic treatment by means of artificially induced fever—has long been one of the means of treating human ills. It was used in pre-Columbian Peru in the form of cautery, in Chinese medicine in the form of hot paper treatments, in 19th-century medicine and European folk medicine in the form of “packs,” “steepes,” or other hot applications. D'Arsonval is said to have built one of the earliest radio transmitters to use inductive heating on a number of communicable diseases.

Development of the concepts of Ehrlich's “magic bullets,” culminating in rationally developed antibiotics, shifted emphasis from such physical methods because the antibiotics were much more effective, less labor intensive, and much more comfortable for the patient.

But some diseases do not yet have the chemical armamentarium that can be applied to communicable diseases,

and cancer (the collection of diseases resulting from inappropriate growth of particular types of the victim's own cells), is one of these kinds of diseases.

Early attempts to use hyperthermia on different tumors were sometimes successful, sometimes not, and a wide variety of methods for inducing hyperthermia have been used. In the late 1930s, methods such as hot-tub baths or intentional infection with pyretic diseases such as malaria were sometimes utilized, often in conjunction with radiation therapy. One of the lacking findings has been that hyperthermia seems to make radiation therapy of tumors more effective.

Whole body hyperthermia, using circulating hot fluids, electric blankets, and baths, has been found to increase the effectiveness of certain forms of chemotherapy as well as having some anti-tumor action of its own. Unfortunately, tumor recurrences often may occur, and ways of best utilizing this potentiality are still being investigated. The cardiovascular stress and endocrine response to whole-body hyperthermia impose a requirement for patient selection automatically excluding a large part of the population requiring treatment.

For some time, it was thought that tumors in general might be more sensitive to heat than surrounding tissues, and this led to the idea that local or focal hyperthermia might be of use. It is indeed true that many localized tumors are more sensitive to heat, but it now appears that this is not a property of the tumor cell but rather a property of the decreased circulation and the accumulation of acidic metabolic products in many tumors that have grown faster than their own vascular bed. This may also be part of the story in radiation sensitivity. The implications in drug therapy are somewhat unclear.

Because tumor cells are generally no more sensitive to heat than normal tissues, the idea that focal heat might be effective becomes even more attractive as a means of decreasing tissue damage due to hyperthermia, increasing responsiveness to radiotherapy, and potentiating the effects of anti-tumor drugs locally.

A variety of thermal probes, microwave applicators, and temperature-measuring probes that can be used in strong radiowave or microwave fields have been developed at several institutions in the United States, Italy, the U.S.S.R., Japan, Sweden, Denmark, and France. Other groups are constantly starting work.

Experiments with micro-wave heating

Perhaps the greatest early impetus to studying the localization of microwave and radio-frequency fields in the bodies of experimental animals and humans came from the work on radio-frequency bio-effects as part of a U.S. national and international program aimed at determining hazard levels associated with electronic products, radio or T.V. transmitters, and radar transmitters. This program has been active through several federal agencies for some 30 years, though much of the modeling work of present use was done in the

1960s and 1970s. In the late 1960s, serious work with microwave heating in the treatment of human melanoma (black-pigmented tumors) began, and soon other groups were making use of a wide variety of radio-frequency and microwave applicators, at first in treatment of surface tumors, including those in cattle as well as humans. Later attempts have been focusing on deeper tumors.

The ability to focus radio and microwave fields repeatedly in internal structures while determining the distribution of local temperatures simultaneously has proved quite a technological challenge. Most radio or microwave applicators generate considerable heat at the skin or other dielectric interfaces which can be diminished by interposing bags of water between the source and the skin, but poses problems in deeper structures. Simultaneous temperature measurement requires indwelling probes (either fiberoptic or high impedance probes), so that knowledge of internal temperature excursions is spotty at best.

Applicators in experimental use for deep tumors include annular phased-array antennae, magnetic induction rings, a variety of capacitors, and indwelling probes acting as the tip of antennae. Ultrasound generators are used for superficial tumors and breast carcinoma. Work is just beginning using nuclear-magnetic-imaging apparatus to drive internal probes and detect alterations in local temperature, but it will be some time before this can be used in experimental animals or humans.

To date, with most cases restricted to surface tumors of the breast, skin, or other superficial structures, human tumors whose temperatures are increased to about 40° centigrade regress quite nicely, which is encouraging since many of those tumors have already failed to respond to the full spectrum of chemotherapy and radiotherapy. In many cases, radiation necrosis of the skin was significantly improved. These tumors do, however, tend to recur when heat alone is the treatment modality. When given in combination with anti-tumor drugs, a much greater response is elicited, though time only will tell how many of these are complete remissions. Therapy is limited by pain which can occur when bony structures are heated, by uncertainty of temperature in deeper structures, and by relationship of thermal distribution to major blood vessels and nerves. In experimental animals, it is not uncommon to have permanent regression of local tumors with heat alone. At the same time, there are occasional regressions of distant metastasis. The latter is still an interesting observation deserving further attention.

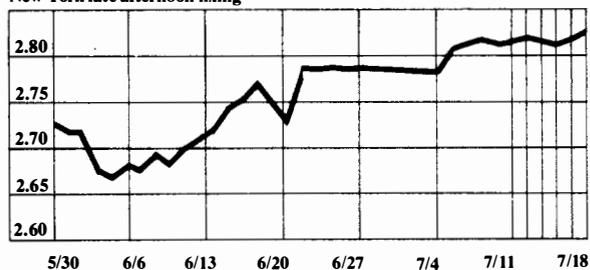
On an experimental level, uses of changes in tissue refractive index or dielectric for temperature measurement are being studied quite intensively. Perhaps the most hopeful studies are those using the radio-frequency of nuclear-magnetic-resonance-imaging equipment in conjunction with indwelling probes while performing imaging analysis for temperature changes.

Hyperthermia, adequately used and controlled, is a valuable therapeutic adjunct to other forms of cancer therapy.

Currency Rates

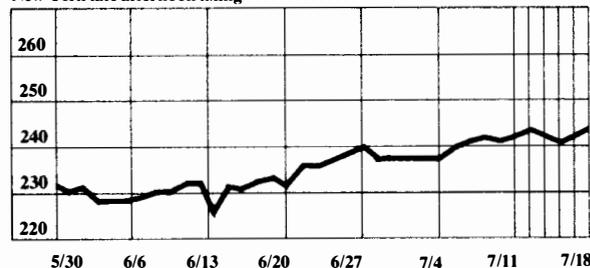
The dollar in deutschemarks

New York late afternoon fixing



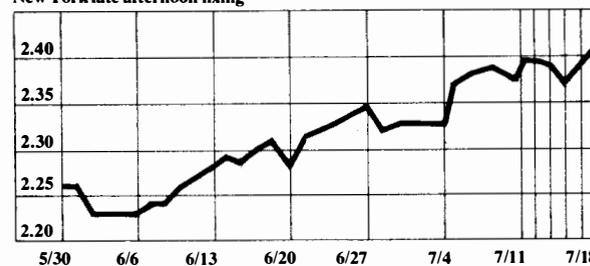
The dollar in yen

New York late afternoon fixing



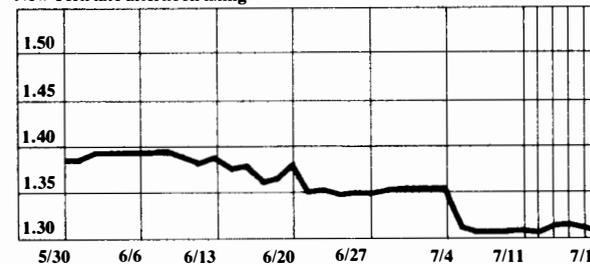
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Fed's currency pump bloats the dollar

"Nobody has found a constructive way of solving the American banks' tremendous liquidity squeeze," stated a London broker.

Raise money at any cost, in terms of interest, and whatever the price for other countries, that's the Fed's motto, and the Treasury's," an astute City of London analyst described Washington's monetary policy shortly before the regular meeting of the Fed's policy-making arm, the Federal Open Market Committee. "Whether they decide to tighten credit directly by increasing the discount rate, or decide to do officially nothing and let the markets take care of tightening rates themselves, the result will be essentially the same: a higher dollar," the analyst added.

Political considerations—the need to avoid a frontal clash with the election-oriented administration—and banking reasons—the terrible liquidity squeeze suffered by American banks whose asset side is non-performing wholesale, from domestic agricultural, housing, energy, and other loans, to loans to Ibero-America, while liabilities are harder and costlier to fund—both militate against any rash action by the Fed. Some weeks ago, the accelerating debt crisis and the worsening plight of Continental Illinois, whose net market value is estimated at minus \$1 billion by a leading London broker, pointed toward a general, 1982-style Fed bailout of the banks. The result would have been to suddenly release billions of dollars of liquidity in the banking system, and thus lower interest rates. The dollar was expected to tumble as a result.

But apparently, Messrs. Volcker and Donald Regan have found novel

techniques to bail out the banks at the same time as the ballooning, \$170 billion Federal budget deficit. Their predicament—how to pump money into banks and Treasury bills without shooting interest into the stratosphere, i.e., 1981-82 levels—was analyzed by a Central European central banker: "They got all the international money that agreed to invest in the dollar sector at yields which implied an interest differential of 3-4% with the German Mark or the Swiss Franc. Now, they are reaping the money that demands a 6-7% differential. It's money that dismisses the exchange risk. If the differential decreased, the United States would fail to attract the additional margins of liquidity required. At present, they are enough to convince the Austrian dentist or the Swiss doctor to put his money in dollars."

But since going higher is difficult, the monetary circle has to be squared otherwise: The decision to abolish the 30% withholding tax on U.S. bonds purchased by foreigners, and the decision to make U.S. Treasury bills "bearer" (i.e., anonymous) rather than nominative securities, are designed to incite foreigners to shift funds to the newly "liberated" American market, and U.S. investors who used to make use of the tax-free Euromarkets to repatriate their money. The net effect would be the inflow of several dozen billion dollars a year, as was announced in June at the Nice conference of the International Bond Dealers' Association (IBDA) by Morgan's chairman, Stanley. At the time, and

since, the decision raised angry eyebrows in Europe, a Deutsche Bank spokesman even mentioning the possibility of splitting the IBDA!

With the new liquidity, the plugging of the gaping fiscal holes should be easier, as well as the funding of the banks as well. This squeezing of international money should avert the danger of immediately rising interest rates.

Still, as Wall Street oracle Henry Kaufman noted, if this is the intent of the Fed and Treasury, it might not be the result: Given the opportunity, non-American investors may choose to switch their U.S. investments from bank deposits to Treasury bills, and thus aggravate the yield gap between Uncle Sam's paper and the banks', whose paper has been bearing heavy discounts ever since the Continental Illinois crisis started. In fact, a City merchant banker said, "the switch from bank deposits to Government paper has already started." Volcker and Regan might just be igniting the fast fuse of the banking crisis to avert an interest squeeze!

Where is the hapless victim of all these grotesque manipulations, the dollar? In spite of Bundesbank interventions of up to \$600 million in one day the week of June 9, the dollar has been smashing through decade-old ceilings, and trades above 2.40 Swiss Francs. A given level of "dollar devaluation" has already been effected, since higher and higher rates, plus all too clever technical manipulations are required to keep it up there. Our diagnosis of a coming tumble—fully anticipated on future markets where the U.S. currency trades at 6-7% discounts against the Swiss and German currencies—based on the acceleration of the debt crisis and its devaluing the currency in which debt is primarily denominated, is still perfectly valid.

Merger boom: an echo of 1929?

The takeover binge is changing character as illiquidity reigns.

Three times the number of tender offers, mergers, or sales of existing subsidiaries of U.S. companies were announced during June 1984 compared with the previous month, a survey by *Executive Intelligence Review* shows.

Unlike the early spring wave of multi-billion dollar tender offers, concentrated in the oil industry, the present boom has failed to support the stock market. It appears that a qualitative change has occurred: whereas corporate managements outstrove each other in bidding up the value of stock under acquisition earlier this year, a great deal of corporate equity is now changing hands at more modest prices.

There is an unsettling similarity between the wave of bank-financed takeovers during 1984 and the bank-financed stock speculation of spring and summer 1929, although the former case involves trading of assets among corporations rather than trading of stock among individuals.

Bank credit demand resulting from lending to stock-market margin accounts drove overnight money rates to 12% by mid-1929, setting up the October crash. Foreign investors could then buy American stocks at a fraction of their past value, buying dollars at 30% under their 1929 parity.

The United States is a net debtor nation as of mid-1984. To what extent will these debts be paid in the form of a great selloff of American equities to foreigners, and at what prices?

The answer is complex. Foreign banks financed the oil company mergers, which required \$35 billion in off-

shore credits during the single month of February. The presently rising dollar has brought no perceptible foreign interest to the U.S. stock market.

But the takeover wave appears to be entering an intermediate phase showing unmistakable signs of worsening corporate liquidity, pointing to such a selloff in the not-distant future.

The change in character of mergers and acquisitions between February and June may reflect a long-awaited deterioration in the liquidity position of U.S. corporations. Led by the oil companies, U.S. corporate management took on a record amount of bank debt during the first half of this year in order to finance takeovers of existing corporate assets.

Management of Fortune 500 companies paid premium dollars for acquisitions that made no special economic sense, merely in order to avoid being acquired themselves. For the chief executives of acquiring or acquired companies, the acquisition process turned into a game of high-stakes poker, leading either to huge compensation agreements—i.e., to the management of Norton Simon when Esmark bought it out—or to the cold, where Esmark's management went after Beatrice Foods bought it out.

The celebrated case of Saul Steinberg, whose Reliance Insurance Corporation threatened to acquire Disney Corporation and was driven back (\$190 million ahead) only after Disney threatened to borrow itself into the ground and take Reliance with it, drove the whole process to a new extreme of absurdity.

The evident lack of economic sense behind most of the big mergers turned out to be a major depressant for the stock market, particularly after the large bond rating services looked askance at the huge debt-financing requirements of the mergers. Lower bond ratings reflected the higher debt-servicing burdens of acquiring companies.

Corporations, who had acquired bank debt at a staggering 22% annual rate of increase during the second quarter, paid doubly, as the demand for business loans helped to push up interest rates.

It is evident that second-quarter profit figures will have fallen, partly as a result of the acquisitions orgy. Managements are now under pressure to raise cash, and are putting up for sale subsidiaries at prices below book value—often after paying double book value for the same subsidiaries. Because the terms of the sale of subsidiaries are generally not disclosed (with good reason), it is difficult to tell how rough things are for corporations trying to pay down a substantial load of acquisition debt. However, there are several cases in which profitable subsidiaries of top Fortune 500 companies have been put on the block at roughly half of book value.

Distress sales in disguise are a pattern marbled through the merger announcements, while other firms are still making top-dollar offers.

Another ominous sign is the current bidding for International Telephone and Telegraph, whose disastrous second-quarter dividend wiped about one third off the huge firm's stock price. This is a harbinger of the next phase of the takeover pattern: Rather than selling off subsidiaries to raise cash, Fortune 500 companies will themselves be acquired at much-reduced stock prices.

LaRouche on the food crisis

The candidate warns Democrats that unless the food crisis is solved, none of the other urgent problems facing the nation can be solved.

In a statement to delegates at the July 16-19 Democratic Party Convention in San Francisco, presidential candidate Lyndon H. LaRouche, Jr., warned of the impending danger of a food shortage in the United States itself within two years, and declared the agriculture crisis the "litmus test" of economic policy-making this year: "Anyone who thinks sensibly about the present crisis in agriculture will probably think sensibly about every other aspect of our nation's economic policy-making."

The June report of the U.S. Department of Agriculture shows why LaRouche put this issue forward as the keystone of his demand for action on economic policy from the Democratic Party.

As of June 1, U.S. stocks of both corn and soybeans, the primary feedgrains for meat production, for domestic use stood at less than 23 weeks each. Wheat stocks were at an "acceptable level" of 65 weeks, but even that is threatened. The 1983-84 winter was nearly twice as long as usual, and the demand for feedgrains far exceeded the supply this spring. As a result, farmers began to substitute wheat for corn to feed their herds.

Natural disaster, in the form of the worst drought in 50 years in the summer of 1983, and the cold wet spring following, has taken a severe toll. But the hand of man, in the form of the USDA's Payment-In-Kind (PIK) and other acreage-diversion programs, is the real perpetrator of the crisis. Under PIK, some 100 million acres—the largest acreage-diversion operation in

U.S. history—have so far been taken out of production. Worse, even after the 1983 drought, some 30 million additional acres have been idled, making it impossible for the nation to replenish stocks.

EIR estimates that production of wheat, corn, and soybeans will only increase slightly over the lows of 1983. Soybean production will rise only to 1.82 billion bushels over the 1983 crop of 1.60 billion bushels—34 million bushels below 1982 levels. Wheat production will expand only 7 million bushels above the 1983 level of 2.43 billion bushels, which was a 40 million bushel drop from the previous year. And although corn production may rise some 2.1 billion bushels from 1983 levels, it will still be 2.1 billion bushels lower than the 8.4 billion bushel 1982 crop.

The danger is clear. The USDA's "zero food production growth" policy means that the United States, the most advanced and greatest food producer in world history, will not have the available stocks to keep feeding its own population, much less the rest of the world, if there is just one more bad harvest.

"The simple and clear fact is, the world is presently producing only about two thirds of the amount of food needed to keep individuals alive in reasonable health," LaRouche asserted in his statement for the Democratic Convention. "As long as there's enough food for our families, and those families have enough money to buy that food, we have a fighting chance to overcome most of the problems of

our nation. Without food on the table, none of the other problems are going to be solved, because we won't be in shape to tackle them."

This crisis is not a question for party politics, LaRouche declared, because Reagan administration policies—including maintaining Paul A. Volcker's regime of murderous interest rates—have simply continued Carter-Mondale policies to slash food production.

Carter-Mondale, the "Global 2000" administration, was not acting on its own initiative, however, but in the interests of the international grain cartels—families whose control of the world grain trade goes back for generations. "There is only one institution powerful enough to protect our farmers and other citizens from international syndicates as powerful as the grain speculators," LaRouche asserted. "That institution is the Federal Government of the United States."

Now, it should be the goal of the Democratic Party to ensure that the federal government meets the crisis. "President Franklin Delano Roosevelt's administration lifted American agriculture out of dust-bowl conditions," LaRouche reminded the delegates. "A combination of water-management projects, rural electrification, and a policy of maintaining parity prices for farm produce produced one of the greatest economic miracles in modern history, the miracle of the 1940s and 1950s revolution in American agriculture. . . .

"Farmers have been warning the government and the parties for years that what is happening now could happen. . . . Very few people listened to those warnings. Now, the hands of the clock are at about five or ten minutes before midnight.

"Isn't it about time that the Democratic Party faced reality?"

Business Briefs

Economic Theory

World Bank chief: 'Malthus was right'

Speaking in Kenya on July 11, World Bank President A.W. Clausen called for a rapid reduction in the rate of growth of black and brown people as the only way to solve the development problems facing the Third World. He raved that "world population has grown faster, and to higher numbers than Thomas Malthus could ever have imagined."

The statements were made as part of Clausen's annual World Bank Report.

Clausen waited until the last paragraph of his speech to cite his mentor: "If we can correct the current mismatch between population and income-producing ability, . . . we may yet evade the doom which Malthus saw as inevitable. It is *not* inevitable that history will vindicate his dire prediction of human numbers outrunning global resources. We have a choice. But that choice must be made now. Opportunity is on our side. But time is not."

The World Bank Report is no doubt intended to lay the basis for discussions at the World Population Conference, to be held in Mexico City in August.

Operation Juárez

Colombian labor leader asks debt moratorium

Jorge Carrillo, UTC leader and president of the regional federation Utraboc, delivered a speech to the federation's Third Congress July 18 calling for a debt moratorium and debunking the theory that workers are responsible for economic crises because of their demand for higher wages and benefits. Carrillo warned that the government would never be in a position to reduce unemployment as long as it accepted the International Monetary Fund's austerity policies.

It is the debt that is causing mass firings in Colombia, Carrillo said; currently companies are paying more in interest on debt than they are in wages and benefits. The

only solution, he said, is for Colombia to join other debtor nations to declare a debt moratorium.

Carrillo also pointed the finger at recent proposals by Colombia's Labor Minister, Oscar Salazar Gómez, for small, cottage industries that the labor minister had claimed created employment. Carrillo counterposed to this large energy and capital-intensive infrastructure projects—canals and other water projects, energy projects, highways, and railroads. Oscar Salazar Gómez, who was present at the Congress, made no attempt to defend his proposals.

European Agriculture

Swedish farmers forced to destroy food

Angry vegetable farmers in Sweden are plowing their summer harvests into the ground, since this is cheaper than having their crop picked, packaged, and delivered to market. Sources report that many of these farmers had only recently switched to producing vegetables, having been ordered to make the switch by Palme government advisers because the grain market was "oversaturated." The result? Both agricultural categories are now rapidly going downhill, while Olof Palme's government sits on its hands.

A federation of 800 farmers from southern Sweden recently attempted to contact the country's agriculture minister, Svante Lundqvist, to stress that the government must intervene in the situation immediately. The delegation was told that the minister was on vacation until August, and that no action could be taken in the interim.

The country's farm sector has been demanding price subsidies, but to no avail. Instead, the government is encouraging cheap exports of food and heavily taxing domestic production. Nor have the farmers' attempts to find export markets for their produce been successful. On the occasions export markets were found, many of the farmers reported that they were forced to cut their prices so far below the cost of production that they still found it cheaper to burn their produce.

In recent years, the government has sought to discourage the consumption of meat utilizing the propaganda that 80% of the population's dietary needs could be met by bread and milk alone. From 1982 to 1983, Sweden fell from the 13th to the 20th position as a meat-consuming country. In 1983, the average Swede ate 49.1 kilograms of meat per year, compared with 91.5 kilograms in New Zealand; 82.3 kilograms in the U.S.A.; and ironically, 90.2 kilograms in the Third World country of Uruguay.

U.S. 'Recovery'

Westinghouse to close Pennsylvania plants

Westinghouse Electric Corporation July 19 announced plans to close one plant for six months and to permanently shut down another in Pennsylvania.

About 600 workers will be "furloughed" during the suspension of operations at Westinghouse's medium power transformer plant in Sharon, Pennsylvania, announced D. L. Donatucci, general manager of the power equipment division. Donatucci said that business conditions over the next six months will determine whether the plant is reopened.

About 100 hourly workers and 50 white-collar employees will be affected by the closing of the Westinghouse dry-type distribution transformer plant in Gereeville.

Technology

Beam program to improve food processing

Just as the U.S. Food and Drug Administration is about to change its regulations to permit food irradiation up to 100 kilorads, the U.S. beam defense research program has come up with a spin-off technology to improve the whole process. Dr. Stephen M. Matthews, from the Lawrence Livermore National Laboratory, has presented a detailed analysis of how electron accelerators developed for the U.S. beam-weapon pro-

Briefly

gram could provide economical sources of radiation for the processing and disinfection of food and agricultural products. Matthews first presented the plan at the International Conference on Radiation Disinfection of Food and Agricultural Products, held last fall.

The projected cost given by Dr. Matthews is \$5.98 per ton of food—approximately the same cost of utilizing chemical disinfection currently. The use of electromagnetic radiation for purification of food, however, is far safer, cleaner, and more effective than chemical methods, Dr. Matthews points out.

He explains that radioactive isotopes are now utilized for radiation purification of food, but that electron-beam generation of radiation has significant advantages over this. Most important is that the new technology has "characteristics which allow the production of a more penetrating, uniform, and efficient radiation than is available from nuclear isotopes."

Matthews noted that at present there is no accelerator commercially available which can meet the requirements for food irradiation processing, but that the Defense Department's beam-defense program has provided a very promising technology. He calculates the cost of such accelerators at \$1.5 million each.

Ibero-America

Peronists reject austerity policies

The high command of Argentina's Peronist Party warned President Raul Alfonsín on July 14 that recently announced economic austerity measures endanger the accord on national unity reached by the government and most opposition parties last month.

The warning was issued at a meeting between the ministers of labor, defense, interior, and economics, and a delegation of the Peronist high command headed by Juan Labake. The Peronists also criticized the recent firing of the head of the army and other military officers, and the government's attempts to reduce the power of the labor unions.

The day before the meeting, the Alfonsín government had announced a 4% increase in real wages in an attempt to stem the rash of strikes and job actions that have been buffeting the country. But it was a compromise that pleased neither the unions, nor the International Monetary Fund, which is demanding more severe austerity.

The Peronist-controlled General Federation of Labor rejected the increase as inadequate, noting that it barely keeps up with inflation. The Peronist reaction was best summed up by a headline: "IMF Wins; Meager Increase."

But Argentina's creditors say that the increase is excessive and that it represents resistance to the International Monetary Fund demands for more austerity.

International Famine

African ministers sought debt relief

An urgent memorandum issued by African ministers in late May, which became public the third week of June, cited an impending "economic and social disaster" in parts of Africa and called on the World Bank and the IMF to grant a moratorium on loan servicing and repayments.

The "appeal to the international community," not generally reported at the time, was drafted at the 10th Ministerial Meeting of the United Nations Economic Commission for Africa. The memo cited the severe drought facing the continent, crippling debt burdens, and low commodity prices. Among other proposals, the ministers called for direct credits to "help reactivate industries."

The Economic Commission's executive secretary noted that there were 34 African countries severely affected by the drought.

Another report released by the United Nations, written in early July, notes that the situation has "deteriorated rapidly" since May, citing the failure of the April-June harvest period in southern Africa. The report cites countries in eastern Africa that are faced with "widespread starvation," and noted that more than 5 million people across the continent have left their homes in search of food and water.

● **KAREN MERRICK**, the mayor of a small Iowa town on the Mississippi River, told delegates at the Democratic National Convention in San Francisco, "My town is dying. It's dying because agriculture is dying. . . . We have only one bank and it's about to go belly-up because of what's happening in agriculture." The mayor said she becomes infuriated when she reads in the *Wall Street Journal* that "everything is hunkydory."

● **KROGER** Food Store clerks and cashiers in Detroit voted on July 18 by nearly 5-1 to reject a concessions contract that would have cost each worker \$2.70 an hour in wages and benefits. As a result, the nation's largest food chain has announced it will close the 70 stores it operates in the Detroit area on the evening of July 21. Many stores are virtually stripped of inventory, offering food at reductions of up to 50% in preparation for such an outcome.

● **AGRICULTURE** Department officials say their latest calculations show that a record 75.6 million acres were idled last year under the largest acreage reduction in history. This compares with 30.4 million acres idled already this year.

● **BRAZIL'S** ambassador to Washington, Sr. Correa da Costa, told a seminar in New York sponsored by Chase Manhattan Bank on July 14 that people should stop kidding themselves: The IMF "prescriptions" result only in "instability." "No one can deny that prolonged austerity leads to instability," he said, "and that it destroys democratic institutions, leads to political radicalization, and authoritarian regimes."

The United States on the edge of a general breakdown crisis

by Christopher White

Presented here are the conclusions, and summary argumentation, of a report commissioned in the fall of 1983 by presidential candidate Lyndon H. LaRouche. The report, "The Declining Productivity of the U.S. Household 1960-80," published in full in the June 1984 *EIR Quarterly Report*, analyzes the U.S. economy from the standpoint of LaRouche's criteria of *potential relative population-density*.

The summary conclusions are:

1) The United States is on the verge of a breakdown crisis unparalleled since the 14th century Black Death, or the combined plagues and famines of the first and third centuries of the Christian Era.

Over the last 15 years, the U.S. economy has been functioning at a deficit of at least 50% of the level required to sustain healthy growth over the next generation.

This deficit represents the accumulated potential for the U.S. economy and population to collapse to 50% of current levels or lower. Concretely the report shows that the potential relative population density of the United States, under the policies which have been hegemonic since the mid-1950s turn toward the "utopia" of a post-industrial society, is 50%. The country is on the eve of a collapse from present levels of 230 million people to approximately 110 million people. Such a collapse can be delayed, but to the extent present policies are permitted to continue, cannot be averted.

2) The level of household consumption necessary to assure the existence of another expanded generation of Americans has not been achieved over any period covered by the survey. There has instead been a steady decline from those levels, reflected both in the collapse of female fertility, from 118.3 births per thousand fertile women in 1960 to 68.4 in 1980, and in the declining number of children per married couple, from 1.67 in 1960 to 1.29 in 1980.

Over the course of the 1970s, household consumption has been declining toward 40% of the level required to sustain families of a size necessary to secure population growth, and declining toward 60% of the consumption level required to sustain a merely stagnating population.



NSIPS/Philip Ulanowsky

The collapse of urban living standards and the demise of the nuclear family have deprived today's children of the basis for hope in the future. Lacking the required productive workforce, the United States now functions at a production deficit of 50% of the level required to foster healthy growth. Here, New York's Harlem ghetto.

Continuance of such looting against the necessary consumption levels of the population ensures that either there will not be another generation, or that our successors will not resemble anything considered to be "American" during the 200-year history of the Republic to date.

3) The production capabilities of the national economy have been concomitantly stripped out. During the 1960s we created 7.8 jobs in overhead employment categories for every job that was created in the production of tangible product. In the 1970s we created nine new unproductive jobs for each new productive job. By the end of the 1970s each of the nation's productive workers was "carrying" nearly 2.25 non-productive workers, as well as 7.6 members of the consuming population, compared to fewer than 1.5 non-productive workers and 6.8 members of the consuming population in 1960.

But the "power" of each of our productive workers was reduced, too.

The energy produced to power the functioning of the economy, and provide for the consumption of the population, declined between 1960 and 1980 to less than 75% of the level required to merely stagnate, and about 25% of the level required to expand productive capabilities in line with the requirements of an expanded next generation.

Since society's power to reproduce itself depends on the productive work force's power to produce the necessary means of consumption, the decline in energy production from necessary levels is also a leading indicator of the declining consumption power of the society at large.

The fraud of conventional economics

The *EIR* report was initially commissioned by LaRouche to refute the thesis, more prevalent among official circles during the summer and fall of 1983 than now, that an "economic recovery" was in progress. But more importantly, the study aimed to contribute to shifting the thinking of policy-makers away from the conventional categories of what is misnamed economic science in universities, governments, and among business circles, for the simple reason that the conventional brand of so-called economic science is as much a consumer fraud as was the mythological "recovery" of 1983 and early 1984. If what passes as economics, in its monetarist, supply-side, or other forms, is any use, why—it should be asked—is the world in such a mess?

Commissioned by LaRouche, the report was also assembled according to specifications developed by him to assert those fundamentals of economics for policy-making which are overlooked and ignored by the opposing school of incompetents—with the proviso that the materials presented are based on government statistics, which had already been proven to be fraudulent, and that the delineation of energy consumption is not yet as precise as LaRouche had mandated. Since LaRouche's methodological approach is developed in full in the textbook, *So, You Wish to Learn All About Economics*, and in a companion videotape class series entitled "The Power of Labor," it is only necessary to summarize leading features of the argument here, before we proceed to review the arguments on which the report's conclusions are based.

Contrary to the monetarists of the Milton Friedman school, who assert, insanely, the political primacy of mere paper—

“buy cheap, sell dear”—against the physical economy as such, or the various bestial brands of utilitarianism, which argue that the hedonistic interaction of competing drives to find pleasure and avoid pain leads to a balanced equilibrium, LaRouche argues that the individual’s necessary contribution to human historical progress is the primary datum of economic science.

Unlike any other species that we know of in the universe, man alone, since the Pleistocene period, has increased his population potential 450-fold, and thereby distinguishes himself absolutely from the lower beasts. Man’s species progress is measured in increasing per capita and per acre flux densities of energy consumption, which reflect the increasing power to master and transform nature to sustain human existence for an increased population at expanded levels of material and cultural progress. The measure of economic value is thus *the rate of increase of potential relative population-density*, relative to the existing level of potential relative population-density.

In this view, for example, there are no limits to human progress imposed by fixed resources; wealth does not lie in the bounteous lap of Mother Nature. Man creates resources using the technologies provided him by his science to continually transform nature. Thus, the irreducible datum of economic science is the culturally and technologically determinate individual, whose activity, as producer and consumer, is the expression of the universalizing power of the species to continue, and improve, progress made by those who came before us for our posterity. Our species’ history is the court of judgment which assesses how well we have, or have not, satisfied such requirements in our individual practice. It is a court from which there is no appeal.

Will there be another generation?

By 1980 there were fewer children in the United States, in absolute terms, than there were in 1960. In the period since the 1980 census, the continued growth of the population as a whole is accounted for by immigration into the country from primarily Ibero-America and Asia. **Figure 1** shows the proportional growth of the population by age group. Each of the bars represents 100% of the population, and is sub-divided into the categories of over 65, 18-64 (the adult section of the population from which the work-force is derived), and under 17. We see that over the entire period the population over 65 grew more than twice as fast as the total population, that the population of adults grew almost twice as fast as the total population, and we see the absolute declines in the number of children, divided into pre-school, elementary and junior high, and high school categories.

The total population is divided thus because the productive section of the labor force, drawn from the ranks of adults, must support, from its activity, both those who are not of age to work, and those who are considered, often unjustly, to be

Figure 1

Population Growth

	1960-70	1970-80	1960-80
Total population	13.4%	11.0%	26.0%
Over 65	21.0	31.0	54.0
Adult	16.9	22.4	43.0
Total youth	8.1	-8.8	-1.4
14-17	41.9	1.3	43.8
5-13	11.2	-15.3	-5.8
Under 5	-15.7	-4.2	-19.2

too old for further productive work. A healthy such population profile would show the youth population increasing faster than the overall population, the adult population increasing less fast, and the population over 65 still more slowly.

Table 1 shows the energy consumption, that is, the means by which the household consumes (excluding transportation).

TABLE 1
Household energy consumption
(in trillions of kilowatt hour equivalents per annum)

1960	1970	1975	1978	1979	1980
.497	1.103	1.225	1.480	1.465	1.454

This figure, over the period considered, represented between 14% and 15% of the total consumption of the energy produced in the economy. But here we are concerned with the cost of raising our children to the point at which they enter the labor force. For if we do not meet that cost of consumption, then we either have no next-generation labor force, or a generation which is less qualified than its parents. If either of those conditions is permitted to prevail, the society’s capacity to reproduce itself is endangered.

It is assumed that over the course of their upbringing children consume as much as their parents do; therefore, once allowance is made within the total of energy consumed for the growing number of adults who remain single, the estimated energy consumption of the child population is shown in **Table 2**.

TABLE 2
Energy consumed by child population
(in trillions of kilowatt hour equivalents)

1960	1970	1975	1978	1979	1980
.175	.370	.370	.418	406	.397

This level of child consumption in turn reflects a percentile of the total work accomplished by the productive labor force over the course of a year. That percentile, representing the amount of work by the total productive labor force we put into the development of each of our children, is as follows:

TABLE 3
Child energy consumption as percentile of total annual productive labor force activity

1960	1970	1975	1978	1979	1980
.000066%	.000073%	.000066%	.000068%	.000068%	.000068%

This figure translates into just over half an hour's work per child during the annual work of the total labor force. Thus during the 20 years considered here, we invested the equivalent of an eight-hour working day by the totality of the work force to produce one child who would enter the work force at the age of 17. If we desired to raise work-force entry to the age of 21, it would cost the country another 2.5 hours of total labor force effort.

If this seems cheap, it should be compared with **Figure 2**, which shows the declining rate of fertility per 1,000 females of fertile age-range, and the declining number of children per married couple. These curves declined the way they did because we did not provide the consumption levels which were necessary to produce enough children to ensure the reproduction of the society as a whole.

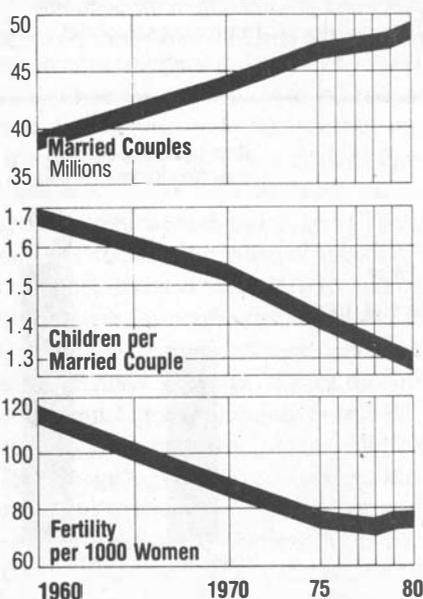
In conventional wisdom of statisticians there is a replacement level for fertility which is calculated on the basis of birth and mortality rates. During the period considered here, that rate has been considered to be at 2.11 children per 1,000 women in the fertile age-range. For actual population growth to occur, the level would have to be well above that, for the elementary reason that not all women of fertile-age range marry. Fertility after all is not a simple biological index, but an index of social productivity. We may then assume that to restore population growth would require a level of between 2.8 and 3 children per married couple, and set a level of child and overall population energy consumption that would reflect that level.

TABLE 4
Household energy consumption as percent of necessary level

	1960	1970	1975	1978	1979	1980
1) for 2.8 children	61.1%	60.0%	56.6%	52.6%	51.6%	51.4%
2) for 3 children	57.2%	56.0%	52.8%	49.0%	48.2%	47.9%

Here, the consumption figures of **Table 1** are expressed as a percentile of the total magnitude obtained by increasing the number of children, while maintaining the energy available to each child as it was for each of the years considered in **Table 2**. The decline is obviously not causal. People de-

Figure 2



The U.S. economy no longer provides the consumption levels necessary for the future generation's productive workers. The children shown here are learning perspective drawing.

cide whether to have children or not depending on what kind of outlook they have on themselves and on their future. Optimists will have children. Those who are pessimistic will not. Optimists fight to change conditions that present obstacles to an envisioned course of action. Pessimists do not. But without making the means available to support an expanded number of children, there is no way that an expanded number can be supported. Nor is there any other way to convert our population of cultural pessimists back to optimism. To provide for an expanded next generation of Americans we have to more than double the energy consumed in the process of household consumption.

But let us see more generally what this means.

Flux density of energy consumption

We have thus far treated household energy consumption, both as it is, and as we have argued it has to be, as an absolute quantity. But it is actually no such thing. Household consumption is relative to the determinate development of the productive powers of labor, and thus to the per-capita and per-acre flux density of energy consumption that defines the productive power of the labor force.

But before we consider those quantities as such, we must review separately the elements that are therein comprised.

Figure 3 shows the proportional division of land use within the United States. It has often been argued, increasingly over the last 20 years, that industrial urban society is destroying the primitive glories of nature. Anyone who flies over the countryside, or drives outside the immediate vicinity of an urban concentration, knows that this assertion is totally untrue.

The United States is undeveloped, underpopulated, and empty. As the figures show, rather more than half of the total land area of 2.268 billion acres is neither cultivated by our

vanishing farmers, nor inhabited by any human being, except perhaps for the occasional anti-social recluse. Of the remaining rather less than 50%, all but 1.5% is taken up by farm land, in the proportion of approximately 300 million acres of arable land and 600 million acres of pasture. The remaining 1.5% is the land counted as urban—the part that the environmentalists argue is destroying the integrity of the whole!

Of this area, totaling approximately 30 million acres, 12 million acres or so are employed in residential use, and as much again in urban transportation of all forms. 4.0 million acres were employed for industry in 1970, rising from about 3.1 million acres in 1960. This amount, which the environmentalist lobby considers to be such a threat, is 0.17% of the total land area of the United States, just under 2/1,000ths of the total.

Thus, leaving aside for the moment the area that is uninhabited and uncultivated, and the area that is farmed, we are basically concerned with the approximately 30 million acres on which the bulk of the nation's inhabitants live and work.

Endangered species: the productive worker

Those who work in this urban area are divided into two principal parts: those who are employed in productive activity, and those who are employed in work that represents either necessary overhead cost associated with maintaining the potential of the productive work force (for example, scientists, teachers, and doctors, or law enforcement and government employees) or waste (for example, the millions of our population who have been condemned to useless lives as sales clerks—for we now maintain one sales clerk for every productive worker—who function on the border lines of legality in the administrative categories of employment that police the expansion of usury and ground rent in the economy).

Figure 4 shows both the absolute number of productive

Figure 3
Land Use, United States

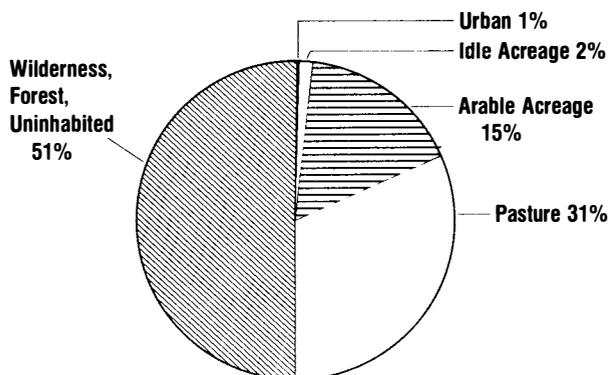
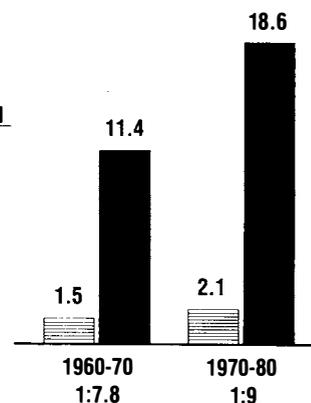


Figure 4

Operatives Millions

	Labor Force	
	Total	As % of Total
1960	26.5	40.3%
1970	27.9	35.5%
1975	27.3	31.7%
1978	29.8	31.0%
1979	30.7	31.0%
1980	30.0	30.3%

New Operative Jobs vs. New Nonproductive Jobs



workers, in millions, and their percentage vis à vis the employed population as a whole. We thus see the decline in the productive work force, relative to both the total employed population and the total population. Relative to the overall, if limited, growth of the population as a whole, which we saw in **Table 1**, the productive work force has dramatically declined.

The figure also compares new productive jobs created between 1960 and 1970, and between 1970 and 1980, with new jobs in the non-productive sector. If we looked at this in terms of investment dollars, then for every dollar invested productively in the 1960s, \$7.60 was invested in overhead, and in the 1970s, for every productive dollar, we invested \$8.85 in overhead. This is one of the basic reasons why we are not producing enough to sustain an expanded population in the way we saw was necessary.

Since it is only the productive sector that produces wealth, an increase in the overhead costs of employment beyond the levels that, employing LaRouche's criteria, we will shortly stipulate to be necessary, represents a subtraction from the society's capacity to reproduce itself. But where **Figure 1** shows us who must be supported on this identified area, **Figure 4** shows who it is that provides such support, and who, in general, is otherwise employed unproductively.

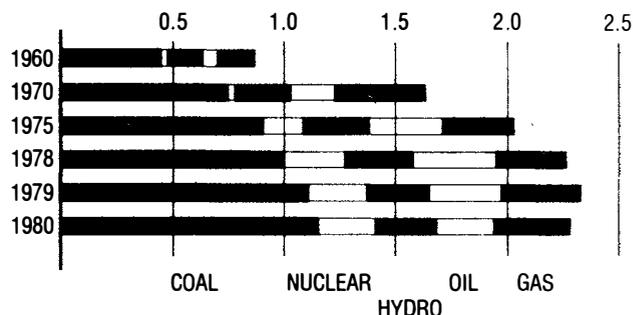
Figures 5 and 6 respectively show how, and how much, electrical energy is produced, and how the energy we produce is consumed. In **Figure 5** we note the collapse in the rate of growth in total electrical energy production in the decade of the 1970s. Where the total production nearly doubled in the 1960s, the growth rate declined to about 25% over the decade of the 1970s, and went into decline after Jimmy Carter appointed Paul Volker to the Federal Reserve Board. If the rate of growth of the 1960s had been merely continued in the 1970s, the economy would have disposed of 3.120 trillion kilowatt hours of electrical energy by 1980. Instead we were at 73% of that level, which in other respects would have meant maintaining rather than destroying capabilities built up in the 1960s, even if not improving them further.

Secondarily, we note the composition of the fuels employed to produce the electrical energy we generate. Coal has maintained itself at about half of the total. In this case, since we have not invested in modern technologies such as MHD extraction, we extract the raw material in the most inefficient form, and consume it inefficiently, too. It will be seen that fossil fuels make up about 75% of the total fuels consumed over the entire period. Equally notable is the growth of nuclear energy, by three orders of magnitude between 1960 and 1978. Though, again, the proportion of electrical power generated from that source went into decline under Jimmy Carter.

Figure 6 shows the proportional division of consumption of energy produced. Here again, we see that the growth rate of total consumption in the '60s matched that of electricity generation, and again declined sharply in the 1970s, abso-

Figure 5

Electric Energy Production Trillion kwh



% Electricity Generated

	1960	1970	1975	1978	1979	1980
Nuclear	0.09%	1.4%	9%	13%	11%	11%
Coal	53.4%	47%	44%	44%	48%	51%

lutely after 1978. We note also the declining share of energy production consumed in industry, reflective of the implementation of the "post-industrial society" policy. The overall numbers are larger in **Figure 6** because fossil fuels are transformed into energy to power work in the process of production. The growth rate in the 1960s, in this case, was over 75%. In the '70s it fell to 26.8%. Again, if the growth rate of the 1960s had been continued, the total consumption of energy produced by 1980 would have been 12.6 trillion kilowatt hour equivalents. After four years of Jimmy Carter, we were at about 75% of that level.

Thus in a relatively tiny corner of the continental United States, a dwindling number of productive workers including farmers, increasingly an endangered species, is struggling to

Figure 6

Consumption of Energy Produced

Percent

	1960	1970	1975	1978	1979	1980
Energy Prod.	19%	22%	25%	24%	24%	26%
Agriculture	24	21	22	21	19	19
Industry	37	34	30	30	32	32
Overhead	6	8	8	9	9	9
Residential	14	15	15	16	16	16
Total kwh	4.1	7.2	8.9	9.4	9.3	9.1

support an increasingly aged but unproductive population, with less and less powerful means at its disposal to do so. **Figures 7 and 8**, which show, respectively, energy flux density of consumption per acre and energy flux density of consumption per capita, provide a measure of this decline, whose content we otherwise saw in our accumulated failure to provide the means for the existence of the next generation.

In **Figure 7** we note the decline of the per-acre flux density of energy consumed industrially, relative to the other branches of economic activity shown. Where in 1960 the flux density of energy consumption per industrial acre was four times as great as the flux density of commercial acreage consumption, by 1980 it had fallen to only 2.5 times as much. We also note, once again, the collapse in the growth rates during the 1970s from the levels achieved in the 1960s. Though as we saw, in comparing the numbers of new productive jobs with new unproductive jobs created in both the '60s and the '70s, industrial investment was disfavored in both the '60s and the '70s. We furthermore see that for the case of industry, agriculture, and residential consumption, an absolute decline sets in by the end of the 1970s from the stagnation of the mid-1970s.

In **Figure 8**, "Flux Density of Energy Consumption Per Capita," we see that in regard to percent change, industry comes last, with the lowest overall growth during the 20-year

period of any of the four sectors considered. The power of the farmer increased massively in the 1960s. Where the per-acre consumption of agriculture reflects only a small decline in the arable acreage farmed, the per-capita figures reflect a decline in the number of our farmers from over 5 million in 1960, to under 3 million, officially, in 1980. The rise thus reflects the tremendous advance in power of the individual farmer over the period. The energy input figures employed here are based on studies done by the Pimentel group at Cornell University to convert all agricultural inputs, including fertilizer, water, etc., into energy equivalents. The per-capita figures, even if thus approximate, massively document the case that it is not some presumed natural fertility of the number of acres farmed that accounts for agricultural productivity, but rather the power of a modern scientific industrial culture embodied in the mind and right arm of the farmer as the concretization of the productivity of the labor force as a whole. Until Paul Volcker got onto the Federal Reserve Board, American farming was perhaps the biggest achievement of the country in its history.

The specific case of agriculture typifies the general ar-

The productivity of American farming

gument on productivity and the power of labor, for reasons argued emphatically by Alexander Hamilton in his *Report on*

Figure 7

Flux Density of Energy Production per Acre

(Thousands kwh per acre)

	1960	1970	1975	1978	1979	1980
1) Industry	743.0	1,011.0	1,130.7	1,250.9	1,279.0	1,259.0
2) Overhead	186.9	372.3	421.3	510.6	513.1	516.9
3) Residential	55.5	91.5	88.9	102.9	102.5	101.1
4) Agricultural (Arable land)	2.729	4.504	4.986	5.540	5.263	4.986

Percent Change

	1960-70	1970-80	1960-80
1) Industry	36.1%	24.5%	69.5%
2) Overhead	99.2	38.8	176.5
3) Residential	64.9	10.5	82.2
4) Agricultural	65.0	10.7	82.7

Figure 8

Flux Density of Energy Consumption per Capita

(Thousands)

	1960	1970	1975	1978	1979	1980
Agricultural	181,649	479,846	528,169	694,203	680,272	643,546
Industrial	109,069	162,742	193,977	190,386	188,233	189,439
Overhead	6,343	11,064	11,451	12,651	12,168	11,970
Residential	3,254	5,398	5,681	6,658	6,536	6,395

Percent Change

	1960-70	1970-80	1960-80
Agricultural	164.2%	34.1%	254.0%
Industrial	49.0	16.4	73.6
Overhead	74.0	8.1	88.7
Residential	64.9	18.4	96.5

the Manufactures against the “bounty of nature” and “buy cheap and sell dear” arguments of the free-trader Adam Smith. The just over 1% of the total population officially classed as farmers in 1980, is infinitely more powerful than the over 90% of the population so employed in the 1790s when Hamilton wrote his report, and constitute a living refutation of all those who argue for the primacy of financial instruments, or of naturally imposed limits to economic progress. For without food, not even bankers can live. All such progress has occurred, despite the “economists,” as the power of the human mind to innovate has armed itself with the technological capabilities which enable man’s dominion over nature to be extended.

Today the argument has to be made that those outside the United States who want to build up their agricultural capabilities to the level epitomized by the United States in the 1960s and early 1970s (and these were not the best periods of American agriculture by any means) have to build up their energy and industrial sectors to support levels of per-capita consumption equivalent to those achieved in the United States. By the same token, as the farmer’s capacity to improve land through technology made available by science and industry has been destroyed in the United States, particularly under Volcker’s credit policies, and the “free trade policies” pursued by successive Departments of Agriculture, it is similarly

industry that has to be revived if farming is to have any hope of recovering.

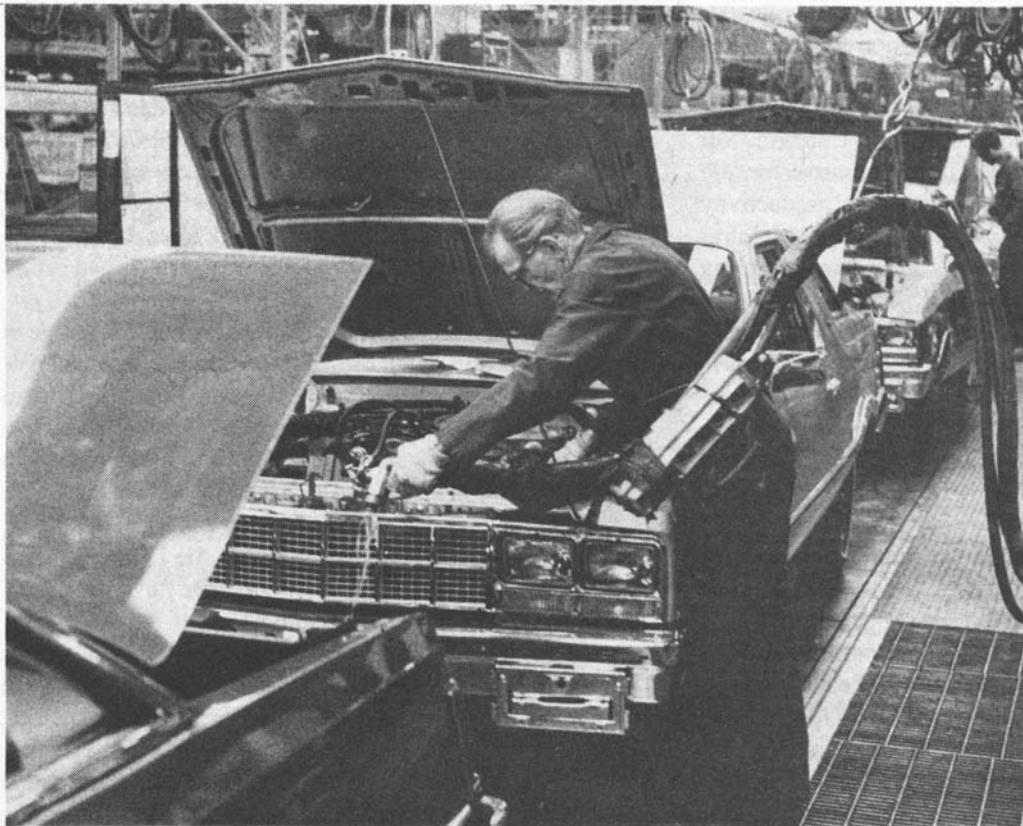
The stagnation and decline in each of the areas covered by **Figures 7 and 8** show the underlying reason why we are not providing for another generation of American youth, for we have turned our back on the injunction to exert our species dominion over nature.

Shift in the work force

We now turn our attention to the work force that is employed under the conditions identified above. We will look at the work force both in terms of how it developed in the period between 1960 and 1980, and how LaRouche specified that the declining numbers and power of the productive work force are to be corrected.

Figure 9 shows the functional divisions between different categories of the productive work force, and the numbers, in millions, of workers employed in each such category. Here we see the shift that resulted in the country being given the name “the society of conspicuous consumption.” We see an increase in employment associated with the capital-goods sector and consumer goods of all types, and declines in employment associated with infrastructure and raw materials and agriculture.

The categories are broadly defined to represent the flow

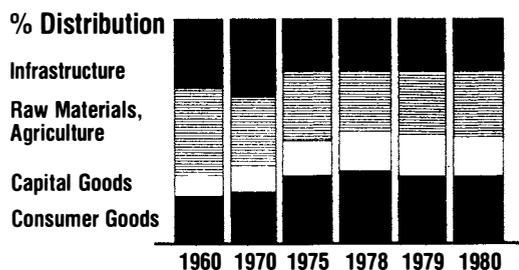


The production of consumer goods has increased at the expense of heavy industry, destroying the productivity of the economy as a whole. Here, a Ford auto plant in Mahway, New Jersey, in 1980. The day after the picture was taken, the factory closed.

NSIPS/Carlos Wesley

Figure 9

Employed Productive Workers	Millions					
	1960	1970	1975	1978	1979	1980
Infrastructure	8.3	9.8	6.3	7.0	7.4	7.4
Raw Materials, Agriculture	10.1	8.4	8.1	8.1	8.2	8.1
Capital Goods	2.7	3.3	4.6	5.2	5.7	5.7
Consumer Goods	5.3	6.5	8.1	9.4	9.4	8.9



of the production process. Infrastructure, for example, includes water and land management, transportation in all modes, including employment in the construction and maintenance of transportation equipment, energy production, and the maintenance of urban infrastructure. Over two-thirds of the employment in this category is made up of transportation workers of all types; energy production and urban infrastructure account for approximately half a million jobs between them out of the total. As overall employment in this category has declined, employment in transportation has increased relative to the other components of the sub-division.

LaRouche-Riemann Model computer studies have demonstrated the folly of this kind of investment pattern. For increases in the productivity of the nation's infrastructure are followed almost immediately by increases in the productivity of the economy as a whole. But we have had no major infrastructural project since Eisenhower's Inter-State Highway construction program! The next such project considered was the North American Water and Power Alliance of the early 1960s. Had this been implemented back then, our farmers would by now have no water problems, our electrical generating capacity would have been vastly enhanced by the expansion of cheap and efficient hydro-power, and our internal lines of communication, east-west as well as north-south, would have been vastly enhanced.

Raw materials and agriculture denote the processing of raw materials for the economic process; here the decline represents both the shrinking of the farm population referred to above, and the decline in raw materials processing that has accompanied the destruction of the country's heavy industry, at accelerating rates during the decade of the 1970s.

Employment in capital goods has increased as the production of consumer goods has increased. But such employment does not contribute to the productivity of the economy

as a whole. For despite the touted expansion in consumer-oriented production, there remains the short-fall we saw above in the consuming population's ability to even produce another generation. The expansion of what is called the consumption side of the economy, at the expense of the productivity of the economy as a whole, is a cruel trick.

LaRouche's recommendations

As we have seen, the productive core of the work force made up approximately 30% of the employed labor force by the end of the 1970s. The corrective policy LaRouche specified for this state of affairs makes even clearer what the decline of the U.S. economy represents. For a functioning economy, LaRouche requires that 60% of the population of labor-force age be employed—levels reached by the end of the 1970s were just under that—and that half of that percentile be employed *productively*. That is, through the late 1970s, had the LaRouche criteria been met, the national economy would have comprised minimally nearly 50 million *productive* jobs, almost 20 million or 40% more than were actually in existence.

However, LaRouche would also change the composition of the productively employed work force. The United States has never, certainly not in the postwar period, been permitted to develop the export potentials of its capital-goods industries, nor has it been permitted to satisfy its internal requirements for capital goods. LaRouche would therefore require that 55% of the productive work force be employed in the highly skilled capital-goods sector. On the basis of the employment profile of the late 1970s, this would provide 27.5 million such jobs. This is almost five times the number officially counted as employed in the consumer goods oriented capital goods sector at that point. The flux-density-of-consumption figures we saw above will be reviewed from the standpoint of providing work places and power for this necessary straightening out of the labor force. Meanwhile, it is sufficient to recall that a productive work force that was 50% or more of the employed labor force was what we had before the 1955-57 period, when the rot set in.

It might be argued that we do not have enough people to effect such a shift to the capital-goods sector. Such an argument would be nonsense for two reasons. First, there are in any case about 10 million once-skilled, former productive workers who were thrown out of their jobs as the percentile of productive workers declined toward the 30% level. These workers are primarily over 35 years old and male. Secondly, we were mis-employing, by the end of the 1970s, approximately 30 million individuals in unnecessary overhead functions, as shown in **Figures 10 and 11**.

These figures represent 100% of the number of people employed in overhead functions. The top portion of **Figure 10** and the top portion of **Figure 11** represent the proportion of overhead cost employment that does not fulfill an economic function. **Figure 10** distinguishes between necessary and unnecessary employment in overhead categories according

to criteria developed below. **Figure 11** compares the existing productive work force, as a percentile, with the corresponding percentiles of necessary and wasteful overhead employment. The bulk of the wasteful category is made up of sales people and people who are employed in administrative functions, primarily associated with the spread of usury and ground-rent, who are actually usurping employment functions constitutionally allocated to the federal government. There were, for example, by the end of the 1970s, almost 30 million people employed in sales functions alone, and almost 30% of this number was employed in areas connected to the fast-food business, which had become the nation's largest employer.

LaRouche proposed, beyond raising employment in productive activity to 50% of total employment, that 5% of those employed be employed in scientific and R&D functions. We now have about 500,000 scientists in the whole country. LaRouche additionally stipulated that sales employment be restricted to 7% of the total employed labor force, whereas it now comprises nearly 30%, and further, that employment in government and administration be restricted to 14% of the total, whereas that number verged on 25% by the end of the 1970s. Levels of necessary employment in teaching and health, without which no work force can function, remain to be determined. Such a reorganization, maintaining employment in health and education as it is, would still leave another 10 million jobs to be created, for example, in upgrading the employment quotient in scientific research and R&D through upgrading skill levels.

Electricity generation: the social cost

Let us now review the decline of the labor force from the standpoint of the social cost of producing the means which

enables the labor force to function, namely, electrical energy, which, as the most efficient form of energy, is the organizer of energy processes in the economy as a whole. Over the period considered here, the number of workers employed in the generation of electrical energy rose from 0.95% of the productive work force in 1960 to 1.3% in 1980. The absolute numbers employed in this category increased from 253,000 in 1960 to 391,000 in 1980. This handful of workers consumed energy at a per-capita flux density rising from 3 million kilowatt hours each in 1960, to 5.4 million in 1970, to 6.0 million in 1980. The highest level reached was 6.384 million in 1978. With this per-capita power, this handful of workers produced the totality of electrical output seen in **Figure 5**. The per-capita flux density of consumption should be compared with the average for the industrial worker in **Figure 8**.

However the rest of the productive labor force works to support these workers at this level of flux density, and their productive work is made possible by those employed in overhead cost functions who contribute to their functioning. Thus, the work accomplished by operatives, and those employed in overhead functions, to permit individual generators of electrical energy to function at the indicated level, can be expressed as a percentile of the work of the productive labor force and of the employed population as a whole.

TABLE 5
Social cost of electrical generation

1) as percent of operative activity

2) as percent of employed labor force activity

	1960	1970	1975	1978	1979	1980
1)	.19%	.22%	.24%	.22%	.21%	.21%
2)	.083%	.089%	.079%	.08%	.078%	.078%

Figure 10

Necessary Overhead Requirements vs. Misemployment in Unnecessary Functions

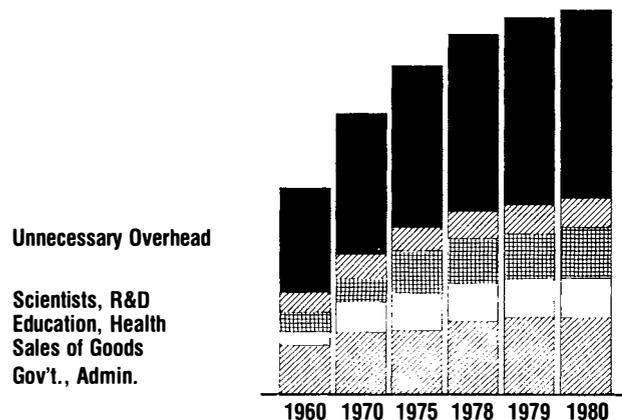
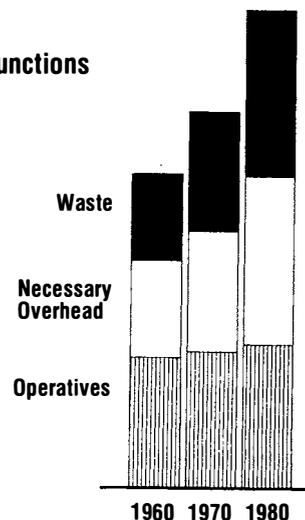


Figure 11

Productive vs. Non-Productive Functions



This percentile of total work can also be expressed in the amount of time the productive workers and employed work force have to spend to enable one such electrical energy worker to function at the level he does:

TABLE 6
Work time required to support one electricity generator

	1960	1970	1975	1978	1979	1980
1) time of operatives, hours	16.6	19.3	21.0	19.3	18.4	18.4
2) time of employed labor force, hours	7.3	7.8	6.9	7.0	6.8	6.8

By comparison, the cost in terms of total labor time of maintaining one farmer at the level of per-capita flux density of energy consumption of 1980 is 9% of the above. That is just over 1.5 hours work by the total productive work force, or just over half an hour's work by the employed labor force. In the case of the electricity generator, however, we see that the cost increased 16% between 1960 and 1970 in terms of work required, but in **Figure 5** we saw that the electricity generated during the same period nearly doubled. The difference between the two reflects an increase in the power of the labor force to that extent. Similarly, the cheapening of the cost of electricity generation after 1975 correlates with the collapse of the growth rate, and then with the beginning of absolute decline. Thus, the cost of electricity generation is actually increasing because we began to produce less for the work we were putting into it. The productive power of the labor force thus went into decline.

But let us consider the requirements to straighten out the labor force in the manner indicated by LaRouche. During the period considered, the ratios of electrical energy generators to capital-goods workers and productive workers in general were as follows:

TABLE 7
Proportion of electrical power workers in the economy

	1960	1970	1975	1978	1979	1980
1) electricity generators to capital goods workers	1:10.7	1:11.3	1:14.3	1:14.7	1:15.2	1:14.5
2) electricity generators to productive workers	1:105	1:97	1:85	1:84	1:82	1:76

Thus we see that the productive work force as a whole declined relative to producers of electrical power by almost as much as capital-goods workers increased, about 35%. But we also saw that in 1980 the productive work force should have offered employment to 50 million operatives, of whom 27.5 million should have been employed in capital goods. If the above ratios were kept constant, in the first case we would require a minimum of 650,000 electricity generators, and in the second a maximum of 1.8 million. The latter case, given the expanded requirements of a necessary five-fold increase

in capital goods employment, is nearer the mark. But assuming the per-capita density of the electricity generator remains at the level of 1980, then the actual cost to the labor force of sustaining the increased consumption required to generate electricity would in fact be halved. The expanded productive work force would only have to spend three quarters of an hour in working to support each of the increased number of electricity generators. However, the present consumption of energy to produce electricity is only at 60% of the level required to support such an expansion, such that under such conditions of expansion, the energy consumed in the production of electricity alone would be slightly more than the total energy consumption in 1980.

Cultural pessimism and the declining birth rate

We have reviewed the collapse of family formation, seen in declining fertility rates, and declining numbers of children per family. We have also seen that at present levels of production, family consumption is less than half of what it has to be to restore a trend line to population growth.

These indicators of collapse reflect a demographic shift among our adult population which is the correlate of the decline of the productive work force, and the decline in its productive powers which we saw above. Our population has complied, in its outlook and thus in its practice, with a policy which contains no perspective for the future, and thus provides no basis for hope. We thus find, particularly among those of us who were under 35 years old in 1980, that the nuclear family, whose existence for most of us is based on the effort to realize the hope that the adult life of our children will be better than ours has been, is fast going out of business. The pessimism of this generation, the political base of Walter Mondale, is based on a shift away from the outlook associated with the development of the nuclear family—which can be a 20-year undertaking, from birth through school and college to graduation and employment, and thus requires an optimistically powered sense of purpose, durable over time—into the gratification of immediate felt needs as the locus of existentialist purposeless existence.

Figure 12 shows this tendency, in comparing the growth of the adult population with the growth of the total population, and the growth of unmarried adults with total adults. It will be seen that while the number of adults grew over the period as a whole twice as fast as the total population, the number of unmarried adults grew twice as fast again, to the point that by 1980 unmarried adults comprised nearly half the total adult population.

The swinish immorality thus most concentrated in the cited age group is reflective of the yet more swinish immorality that has been permitted to govern policy as a whole. The results reported are not accidental, nor did they have to happen, through the activity of some unchained, uncontrollable vengeful destiny. About 30 years ago a group of people, typified today by the circles associated with the Club of Rome

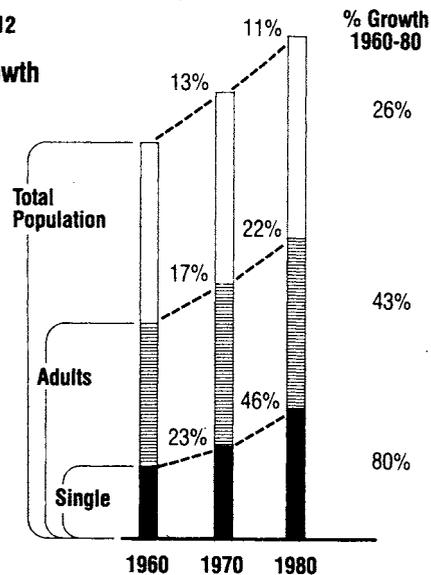
and the World Wildlife Fund, the controllers of the Carter administration, embarked on a project to reduce the world's population by half. They did not exclude the United States and its population from this effort, but rather considered that by destroying the capabilities of the most productive sector of the world economy, the whole would be brought under their dominion at a more rapid rate. Despite ups and downs, such circles have worked steadily toward that objective, while most of us were too busy with the immediately felt concerns of the moment to notice what was happening. Now the country has been brought to a turning point.

The underlying process of decline reported here is complicated by the utter bankruptcy of world and national financial institutions. For the last three years, the U.S. internal economy has appeared to continue to maintain the semblance of functioning because of tribute gouged out of especially the undeveloped nations. Meanwhile, the effects of usurious credit have concentrated within the nation to the point where we are threatened with a food catastrophe in the near future. The declining potentials reported here will be brought to the surface under the combined impact of the reality of financial and food collapse, to the point that we are threatened with a massive demographic disaster in the country itself, namely, the threat of genocide against approximately one half of our own population.

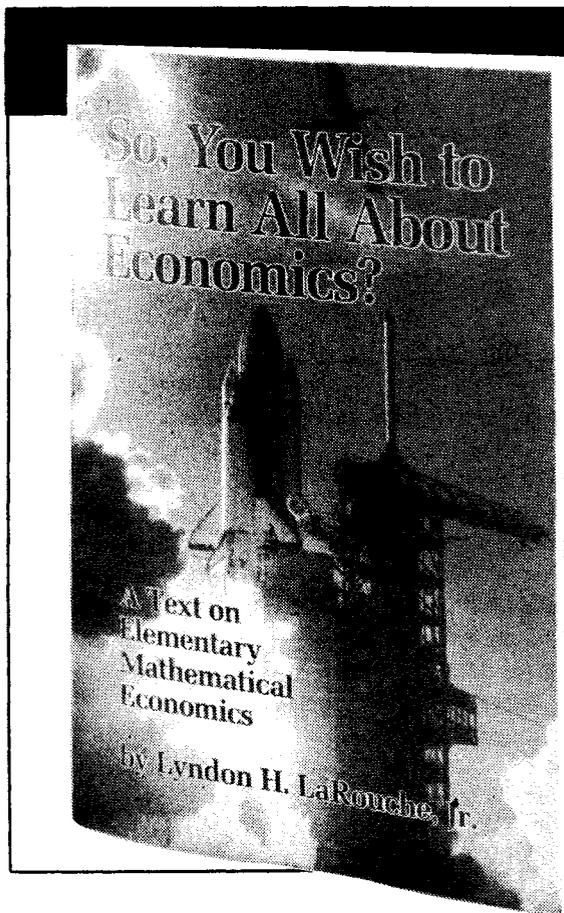
The indicated shift in employment and investment policy,

Figure 12

% Growth



if implemented now, together with a general financial and credit reform, would help avert looming catastrophe. But we do not have too much time to delay. We have been living on borrowed time for too long already.



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NATO 'decoupling' means genocide for Third World

by Gretchen Small and Susan Welsh

Some of *EIR*'s readers may have been startled to read in these pages that Henry Kissinger and other advocates of a U.S. troop withdrawal from Western Europe intend to deploy those soldiers for neocolonial wars against the developing sector. But precisely this policy has now been published in black and white, in a massive seven-volume study by Georgetown University's Center for Strategic and International Studies (CSIS), commissioned by the U.S. Department of the Army. Under the guise of combatting Soviet subversion, the report in fact recommends that the United States be the instrument for a policy of genocide, that it uphold the austerity conditionalities of the International Monetary Fund, and that it force the Third World to accept Malthusian population reduction.

Strategic Requirements for the Army to the Year 2000 was released to the public in June, and constitutes just a portion of the original background papers prepared during 1981-1982, recommending how the Army must be restructured to confront the world the project's authors envision for the coming decade and a half.

The *Strategic Requirements* project was carried out under the direction of those "brains" of the Carter-Mondale administration, James Schlesinger and Zbigniew Brzezinski. But no Reagan loyalists should dismiss this study as just another scenario by Mondale supporters; it is CSIS fellow Henry Kissinger, after all, who in a March 5 *Time* magazine essay called for the withdrawal of "perhaps up to half" of the U.S. ground forces in Europe, insisting that American troops should be deployed, not to prevent "a hypothetical esoteric war in an area where we have major allies" (Europe), but rather in the Middle East, Asia, and the Western Hemisphere.

And so *Strategic Requirements* argues: "The NATO commitment has diverted the U.S. Army's energy from less se-

rious but more likely conflicts outside Europe."

The recommended military strategy for a United States "decoupled" from Western Europe is not new. It is simply the extension to the end of the century of the doctrine of Mutually Assured Destruction (MAD), developed by the evil Lord Bertrand Russell in the 1950s: a Malthusian post-industrial world order policed by two imperial powers, fighting over control of what the CSIS authors call "choice pieces of real estate" in the developing sector, but never coming to full-scale war themselves.

The report, the authors emphasize, has launched a series of initiatives to radically change U.S. strategic thinking, among them the Nunn-Cheney Congressional Study Group on Grand Strategy (Sen. Sam Nunn of Georgia is the Senate's leading advocate of decoupling from Western Europe and bringing U.S. troops home).

The pullout from Europe

The call for a U.S. withdrawal from Europe is developed throughout the study, beginning with the foreword:

The purpose of this book is to reexamine our assumptions on the nature of war. . . . The authors conclude that it is highly unlikely that the U.S. will wage another massive European land war in the coming decades. Rather, the United States will face low-intensity, unconventional and proxy conflict in non-European areas. . . . Will the U.S. Army adapt its doctrine, force structure, and manpower policies to the new realities? Or will the army continue to devote its resources and energies to preparing for the kind of war that is least likely to be fought?

Strategic Requirements was based on the following general assumptions, the authors explain:

- General nuclear war will not occur;
- a catastrophic breakdown of the world economic order will not occur;
- the Soviet Union will continue to pursue its goal of world domination and will remain the major adversary;
- no unilateral technological breakthrough will occur that would provide any single nation total military dominance.

Each of these assumptions except the third is highly questionable and indeed *improbable*. A competent U.S. military/political strategy, rather than proceeding from these foolish premises, would seek to *prevent* such catastrophes from occurring. But such is not the concern of the Kissinger crowd at CSIS.

Instead, in a passage which reads like an invitation for the Warsaw Pact to move across the Elbe into West Germany, authors John Blodgett and David B. Rivkin write in their chapter on "World Environment":

The main thrust of this book is that the existing military balance between NATO and the Warsaw Pact and the U.S. will obviate a Soviet attack in central Europe—that is, World War III—during this century. Thus, any conflict that erupts will emerge in the Third World. The NATO alliance is largely irrelevant in that world.

These dangerous fools could not be further removed from strategic reality. The real contest between the superpowers today is to develop antiballistic-missile defense, and the Soviets have deployed the "peace movement" in Europe and the United States chiefly to prevent the United States from realizing President Reagan's Strategic Defense Initiative. The month that the CSIS book was published, the Soviet Union conducted the largest land maneuvers in East Germany ever, maneuvers aimed to cow Western Europe into breaking with the United States, maneuvers which West German military intelligence officials feared could become the cover for a "live" military incursion into the Federal Republic.

Colonialism on the British model

Under the regime of the MAD doctrine, *Strategic Requirements* foresees a Hobbesian world order of peoples battling over scarce resources, and the transformation of the U.S. Army into an expeditionary colonial instrument on the British model, for the conduct of what Britain's psychological warfare experts—and CSIS—call "low-intensity operations." The core of this new Army will be the Rapid Deployment Force (RDF), a brainchild of the Carter administration.

"Perhaps the citizens of the U.S. will have to accept a new definition of 'winning' in military events which would countenance vague and ambiguous results short of a clear-cut victory," warns CSIS. ". . . In order to deal effectively with the low-intensity conflicts that will characterize Soviet

proxy operations, the U.S. must increase the proportion of its armed forces available for low-intensity conflict."

Make no mistake, these overt and covert "low-intensity" operations are not aimed against the Soviet Union, but *against the governments and peoples of "friendly" countries of the Third World themselves*:

In a friendly country that the U.S. wishes to protect, preemption [of Soviet designs] can be carried out at several levels with the use of: psychological operations to induce direct action by the government or the population; military or paramilitary assistance, special-operations forces for training or operations in unconventional warfare; deployment of U.S. surrogate forces, allies or proxies; deployment of U.S. military forces; or any combination of these.

The new Malthusian order

The superpower rivalry, then, is subsumed by the requirement to perpetrate a Malthusian genocide program against the Third World. As the volume's "Conclusion" reports:

The pressure of skyrocketing population growth, especially in urban areas, ethnic and religious tensions, food and water scarcities, and competition by the industrialized nations for increasingly scarce energy and mineral resources, all will create conditions of intra- and interstate violence which the Soviet Union will seek to exploit.

Blodgett and Rivkin elaborate:

The objects of all this geostrategic attention, the Third World countries themselves, will resist clienthood. Most will seek rather to flirt episodically with both suitors, gaining needed economic aid in the process. . . . Nevertheless, it seems likely that with superpower attention focused so squarely on the Third World, there will be an erosion of neutrality before the year 2000. . . . Thus, the superpowers will seek to nail down their more important clients with whatever combination of economic and military support appears necessary to that end. . . . both will seek to assure themselves access to *those choice pieces of real estate* vital to their global strategic designs [emphasis added].

Whole sections of the developing sector are slated to disappear altogether:

There are substantial areas of the world that would cause little concern for the central powers if they simply disappeared—for example, Bangladesh, Mali and Yemen. Others have a single commodity that can be ignored or acquired elsewhere—for example, tea from Ceylon, or coffee from Uganda. Elsewhere it is convenient to maintain a certain level of local order—for

example, to get Jamaican bauxite, or Angolan oil, or Bolivian tin.

No nation will thrive under this new order, not even the United States, for all will disintegrate under the pressures of resource scarcity. Protracted wars will result, and terrorism will dominate the globe:

The mid-1950s image of bipolar confrontation has been transformed into an ambiguous multiactor game in which the U.S. plays a decreasingly important role. We can no longer dictate the apparent course of political and military events.

"There are many reasons why a high level of violence will exist," writes editor William J. Taylor in a section on "Future Trends and Phenomena." "At the interstate level, violence probably will be generated by demands for resources. Some of these will be demands for access to or possession of resources essential for economic development, including food. The latter will be *exacerbated by the general (though possibly erroneous) view that the world has sufficient natural resources to go around* [emphasis added]."

This is a "post-industrial world," explains J. Bowyer Bell, writing on "Unconventional War":

First, there will surely be a continuing series of postcolonial wars, insurrections, rebellions, coups, and assassinations creating opportunities and dilemmas for the centers of power. Second, simply because the post-industrial world is so stable, those denied by the present will seek recourse in violence.

Sounds horrible? Not for Bell! He concludes:

In a sense, *the good news about terrorism, the weapon of the weak, is that this politics of atrocities is a sign of general stability.*

The case of Ibero-America shows what the CSIS planners have in store for the entire Third World: population reduction, economic collapse, and terrorism. "Taking the Caribbean Basin as a whole, urban riots, terrorism, and coups will occur along with various levels of insurgency, particularly in Central America," write Georges Fauriol and William Perry. "Rapid population growth throughout the region" and the failures of modernization "will complicate the problems of political rule."

The most likely conflict scenarios that will impel a U.S. force deployment are described as:

- 1) an outward spread of communist subversion and main-force military violence from Nicaragua threatening Honduras, El Salvador, Guatemala, Belize, and southern Mexico (and the oil fields of the latter three);
- 2) civil war in Colombia threatening the Venezuelan oil fields, and possibly also the Panama Canal; and

- 3) an insurgency in Puerto Rico. . . .

The possibility of stability in major sectors of the area is summarily dismissed. "The internal situation in a number of Andean states will resemble the current turmoil in Central American countries." Escalating terrorism and "incipient guerrilla insurgencies" will affect all of them, and "modernization and population growth will bring sharp social polarization in the short run. . . . Rising expectations and premature urbanization will aggravate the impact of these developments." In Colombia, "the volatile situation will erupt into a medium-intensity civil war toward the end of this decade." The Southern Cone countries—Brazil, Argentina, Uruguay, and Chile—with Venezuela, are expected to serve as policemen of the other nations in the region.

As for Mexico, the authors predict:

Mexico's major problems of today will endure: its population, its poverty, and its economic growth. . . . Coupled with a strengthening of left-wing forces in El Salvador and increasing domestic friction in Mexico, a period of extensive violence will engulf Guatemala, along with Belize, and the southern border regions of Mexico. The major strategic significance of this upheaval will be the damage done to those three countries' oil fields, the ensuing danger to the security of the U.S. energy supplies, and the implied threat to U.S. territorial security.

"Domestic political fissures" are projected for the late 1980s in Mexico, with the "conservative pragmatic tendency" (associated with the administration of President Miguel de la Madrid) confronting the "more populist-nationalist perspective" that could win the 1988-1994 presidency, which will be worsened by Central American violence.

From the standpoint of this study, the current wars in Central America—which were triggered under Brzezinski and Schlesinger during the Carter administration—can be understood as the cutting edge of the campaign to force a shift in U.S. military strategy in the direction specified here. Every aspect of the CSIS's "new military" is already being employed: special forces, acceptance of a "no-win" perspective of protracted fighting, the use of "proxies" (as in the case of the Nicaraguan contras).

The collapse scenarios for the region are certainly possible, but so are alternatives that could spare the continent the horror of such a Hundred Years' War. Ibero-American nations could unify their capabilities, form a Common Market, and become one of the world's economic superpowers by the year 2000. If a U.S. administration would cooperate with its southern neighbors in relieving their debt burden, and set about exporting capital goods for their industrialization, the rapid development of Ibero-America could preclude any room for the proxy warfare launched by the Soviet Union. Stability and cooperation could then be taken as "the given"—and U.S. military doctrine shaped accordingly.

Rehabilitation of Stalin's 'Hammer' augurs Russian imperial expansionism

by Konstantin George and Luba George

On July 3, Stalin's foreign minister and right-hand hatchetman from 1939 to 1949, Vyacheslav Molotov, "The Hammer" (the Russian word "Molotov" means "hammer"), re-emerged from obscurity at the age of 94, with full honor and pomp, exactly 27 years after his July 3, 1957 expulsion from the Communist Party leadership as the leader of the "Anti-Party Group," which included other members of Stalin's inner circle, Georgi Malenkov and Lazar Kaganovich.

Following his fall from power, Molotov remained in the public view for five years, first as Soviet ambassador to Outer Mongolia—not exactly center-stage—and then as Soviet representative to the International Atomic Energy Commission in Vienna. Since 1962, almost nothing was heard or seen of "The Hammer." And 1962 was the year of the Cuban Missile Crisis.

July 3, 1984, inside the Kremlin. The Italian communist paper *L'Unità* reports that Soviet leader Konstantin Chernenko has received Molotov. "Out of the blue," or so it seems to those who don't follow the Kremlin goings-on closely, Molotov is rehabilitated and reinstated in the party. The strategic context of the Molotov-Chernenko meeting is the climactic phase of the largest Soviet military maneuvers conducted since the end of the Second World War, a just-completed massive increase in Soviet air strength in Eastern Europe, a very recent increase in Soviet troop strength in Afghanistan from 135,000 to 200,000 troops, and a build-up of military strength near the border with Iran both in occupied Afghanistan and in the Soviet Union.

The rehabilitation of Molotov symbolizes in a truly Russian manner that the Russian Empire is preparing the next wave of expansionism, both outright territorial acquisitions, and the "negotiation" at gunpoint of new Yalta and Potsdam-like "sphere of influence" and satrapial arrangements with the nations of Western Europe, the Persian Gulf, and other regions of Asia.

Molotov's name is synonymous with the "agreements" which "legalized" the Russian Empire's past conquests: He negotiated the 1939 Hitler-Stalin Pact (indeed it was Stalin's replacement of Foreign Minister Litvinov with Molotov in the spring of 1939 that paved the way for the Nazi-Communist Axis) and the 1945 Yalta and Potsdam accords.

On July 10, seven days after Molotov again set foot in

the Kremlin, the Soviet Foreign Ministry delivered a menacing demarche to the West German government, charging alleged "violations of the 1945 Potsdam Agreements," and threatening a Russian invasion and occupation of West Germany. The demarche was drafted in a brutal "bully boy" style which must have made old wicked, evil Molotov smile approvingly, remembering the "old days" of the 1930s and the 1940s when he, and his Hitler-Stalin Pact ally, Nazi Foreign Minister Joachim von Ribbentrop, were the "masters" in drafting and sending such Notes to the intended victim nations.

If 1962, the year of Molotov's disappearance, was also the year of the Cuban Missile Crisis, then 1984, the year of Molotov's rehabilitation, may see a Cuban Missile Crisis in reverse. On July 11, *Izvestia* chief political commentator Alexander Bovin, a Politburo mouthpiece, publicly stated in East Berlin that such a "Cuban missile crisis in reverse" was possible for 1984. Bovin was quoted in the Italian Communist Party newspaper *L'Unità*, the first journal to break the news of the Molotov rehabilitation.

Praise for Stalin

The re-emergence of Molotov was preceded by unprecedented steps to rehabilitate Stalin himself. The June 20 issue of the weekly *Literaturnaya Gazeta* carried an article by one Fyodor Burlatskii hailing Stalin's "great successes" and "wise leadership" during the Yalta and Potsdam Conferences in 1945, which delivered half of Europe into the hands of the Russian Empire. KGB official Burlatskii is notorious for his role in directing the U.S. nuclear freeze movement against President Reagan's anti-missile defense program, through a spring 1983 meeting in Minneapolis with Walter Mondale and other leaders of the Democratic Party. It was Burlatskii who, in an August 1983 article in *Literaturnaya Gazeta*, said that the U.S. deployment of a laser-weapon anti-missile defense system would be a "casus belli" for the Soviet Union. Burlatskii was also the author of an October 1983 attack against *EIR* founder and U.S. presidential candidate Lyndon H. LaRouche, Jr., as the intellectual author of the beam-weapons defense policy.

It was *Literaturnaya Gazeta's* chief editor, Alexander Chakovsky, who in 1968 took the first step in the rehabilitation of Molotov, through his novel *Blokada*, which favorably

mentioned the ousted foreign minister. One week before the Burlatskii article, an article appeared in *Sovietskii Patriot* portraying Stalin as "kindly, wise, and perceptive" during a wartime meeting with partisan leaders in the autumn of 1942. Then on June 23, the army paper *Red Star* published a historical photo from the June 1945 victory parade with Stalin's face in the background!

Sovietskii Patriot's description of the meeting between Stalin and the partisan leaders was no mere "historical" article. Stalin is assured by his interlocutors that the "entire population in the western regions" (the Baltic, Polish, and Romanian territories awarded to Russia by the Hitler-Stalin Pact) supports the partisans and Stalin. Stalin answers "gently": "That is not quite correct comrade. There are some people who do not support us, who do not love Soviet power." The article is a defense and justification of Russian imperial territorial expansion.

Under the stewardship of Stalin and his executioner Molotov, the Soviet Union acquired, during the period of the Hitler-Stalin Pact, 40% of pre-war Poland, the Baltic Republics of Estonia, Latvia, and Lithuania, the Romanian provinces of Bessarabia and Bukovina, Finnish Karelia and the Finnish Arctic Coast. In 1945 these gains were kept, and northern East Prussia was added from Germany, the Carpatho-Ukraine region from Czechoslovakia, and Southern Sakhalin and the Kurile Islands from Japan.

The Stalin-Molotov territorial demands on the Turkish Dardanelles and Bosphorus, Iranian Azerbaijan (occupied by Soviet troops from 1945 until October 1947), and the north-eastern Turkish provinces of Kars and Ardahan (part of the Russian Empire by conquest, from 1878 to 1917), were not fulfilled and remain "on the shelf." One should not forget the November 1940 Molotov-Ribbentrop supplement to the Hitler-Stalin Pact, which duly recognized Russia's "legitimate territorial aspirations in the direction of the Persian Gulf."

Molotov was even more insistent on territorial acquisition than Stalin. He had a well-documented (cf. Alexander Werth, *Russia: The War Years*) pathological hatred of Poland, wanting it removed forever from the face of the earth, always referring to Poland as "that miscarriage of the Versailles Treaty." For Molotov, even a puppet-Poland was not good enough. Similarly, as Nikita Khrushchev noted in his memoirs, Molotov in 1955 bitterly opposed the withdrawal of Soviet troops from Vienna and the occupation zone of Austria.

It is a bitter irony that the government of Poland has now (July 16) sent its "own" demarche, echoing that of the Soviets, to the West German government, protesting alleged West German violations of Yalta and Potsdam. The charges are figments of wicked imaginations spinning out pretexts for military aggression; they are doubly hypocritical given the Molotov re-emergence. There are no ceremonies in Bonn honoring von Ribbentrop, but things are very ugly in Moscow, where Molotov, The Hammer, is alive and feted in the Kremlin.

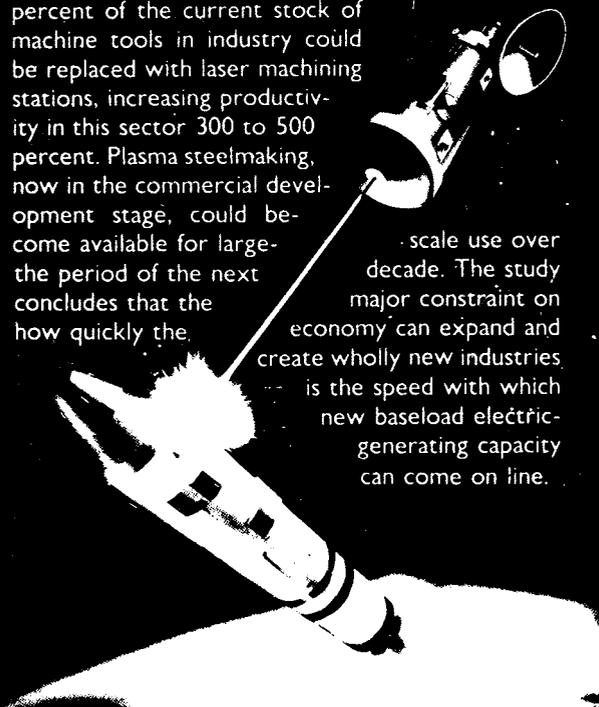
The Economic Impact of the Relativistic Beam Technology

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.

Soviets move into Middle East vacuum left by American withdrawal

by Allen Douglas

Since the February pull-out of U.S. Marines from Lebanon, the United States has been steadily abandoning its former friends and allies in the Middle East, allowing the Soviets to move in to forge new diplomatic and trade relations in the area. In the last month, the Kuwaitis have joined Jordan in looking to Moscow for arms, signing an unprecedented \$324 million arms deal with the Soviets; the Egyptians and Soviets have announced full resumption of diplomatic relations; the United Arab Emirates has announced the initiation of tourism to the Soviet Union; the Soviets have dramatically expanded purchases of Iraqi and Saudi Arabian oil; and over 40 Soviet divisions stand poised across the northern and eastern borders of Iran amid widespread talk of invasion. Even in the United States' presumed major strategic ally in the area, Israel, the press has periodically erupted with talk about reopening Soviet-Israeli diplomatic relations.

The New Yalta deal

As Kissinger and his allies in the State Department and the Jesuit-run Georgetown Center for Strategic and International Studies have increased their control over American policy in this vital area of the world, the United States' Arab allies are shaking their heads in rage and disgust at the results.

But the constant series of American foreign policy disasters are calculated. They follow a script outlined in the Bertrand Russell-directed Pugwash Conferences beginning in the late 1950s. Central to the "back-channel" discussions between Russell and his U.S. networks and the Soviet leadership was redrawing the world map as it was outlined at the Yalta Conference of 1945. In the drive for a one-world empire, Russell proposed to cede significant areas of the world, including Western Europe and the Middle East, to a Soviet sphere of influence. Under the direction of Pugwash participant Henry Kissinger from his various foreign policy positions in the 1970s and 1980s, American interests have been systematically sold out.

The only countervailing force to the Kissinger policy in the Reagan administration has been through the influence of the policy recommendations of Lyndon LaRouche. LaRouche demanded that the United States take action to force both Syria and Israel out of Lebanon. He has demanded that

the Reagan administration enforce an international embargo on Iran and act decisively to destroy the Khomeini regime, which has declared war on the United States. The United States, LaRouche has urged, must take a role in recognizing the PLO of Yasser Arafat and forcing a settlement to the Arab-Israeli question based on the full industrialization of the region. At every point that the United States has held back on these recommendations and followed Kissinger's advice instead, the door has been left wide open for the Soviets to intervene.

The turning point: Lebanon

The crucial turning point for U.S. withdrawal from the region was the Kissinger-directed U.S. abandonment of Lebanon in February of this year. Amid a series of treasonous acts by Kissinger's State Department buddies, such as ordering Marine sentries to carry unloaded weapons in front of the Beirut Marine Compound, the United States abandoned an ally it had solemnly sworn to defend. This was the handwriting on the wall for American allies in the area.

The pullout signaled the final triumph of Kissinger's plan to partition Lebanon, which had begun with his orchestration of the 1975 Lebanese Civil War with his allies, former Lebanese President Camille Chamoun and former Israeli Defense Minister Ariel Sharon. As the U.S. administration waffled and equivocated, another Kissinger friend, George Shultz, negotiated the disastrous May 17, 1983, treaty giving Soviet-puppet Syria a de facto veto over any Israeli troop pullout. The dénouement is being played out now, as Lebanese cabinet ministers troop to Moscow and the Soviets offer to train and equip the Lebanese Army.

The partition of Lebanon is the prelude to the same process for all nation-states in the area. True, the Mideast is to be ceded to Moscow, but as a wreckage of fundamentalist and ethnic rivalries, with Kissinger's oligarchical masters in the West calculating that Khomeini-style fundamentalism will spread into the Muslim areas of the Soviet Union itself.

The Gulf war

One of the most crucial arenas for effecting the Kissinger policy has been the five-year-old Iran-Iraq war and perhaps

nowhere has the Kissinger crowd been so open about their agreements with Moscow. The war has benefited no one but the Soviets and Kissinger's oligarchical deployers. It has allowed the mullahs to tighten their grip over the Iranian people, has spread Khomeinism throughout the area, has drained perhaps \$100 billion from the development of the region, and has pushed America's Gulf allies increasingly into the arms of the Soviets for protection. Secretary of State Shultz recently announced the United States and Soviets to be fundamentally "in agreement" in their handling of the Persian Gulf crisis. In reality, this means that the State Department continues to run a protection racket for Khomeini, while the Soviets build massive assets on both sides of the war.

Moscow has supplied Iraq with millions of dollars of armaments, including long-range surface-to-surface missiles, and two new types of Soviet-made air-to-surface missiles for its bomber fleet. Along with the sophisticated weaponry come thousands of Soviet "advisers and technicians," infiltrating themselves into all aspects of the country. This political inundation was reflected in a conference in Baghdad on July 10 of 500 terrorists and terrorist supporters from 107 different countries, including representatives from the radical PLO factions, the Spanish Communist Party, the French Socialist Party, Bulgaria, Vietnam, and India, and the Eritrean Liberation Front.

On the other side of the coin, though its relations with Iran have been publicly cool, Moscow is gaining a strong hold over the collapsing Khomeini regime. The June 6 visit to Moscow of the director-general of the Iranian foreign ministry, Sayyed Mohammed Sadr, was the first high-level contact between the two countries in 18 months. Sadr met with Soviet Foreign Minister Gromyko to arrange a visit of Iranian Foreign Minister Ali Akhbar Velayati to Moscow. Shortly thereafter, Gromyko sent a letter to Velayati on "matters of mutual interest." In late June, a Soviet delegation led by Deputy Power Minister Alexei Makukhin visited Iran for talks on energy and power projects. One of the rumored topics of discussion was reopening the natural gas pipeline from Iran into the U.S.S.R., which has been closed since Khomeini took power. Through these technical and economic relations, the Soviets have built up in-depth capabilities in Iran. The Soviets still help train Iran's intelligence service, and command extensive capabilities among its ethnic groups, including the Baluchs in the southeast, the Kurds in the northwest, and numerous KGB agents among the large Afghan refugee population in Iran.

Abandoning the Gulf

Since the Gulf war heated up in May, the countries of the Gulf Cooperation Council have sought to avoid superpower military intervention while requesting the means from the United States to defend their territories and oil facilities against Iranian attack. Saudi Arabia was permitted to receive its long-requested shipment of Stinger missiles under the emergency

powers granted to the President. But when Kuwait asked for the same, the State Department denied the request, knowing this denial would propel Kuwait toward Moscow.

Following a Kuwaiti military delegation to Moscow on July 9, led by Kuwaiti Defense Minister Sheikh Salem al-Sabah, the Kuwaiti government issued an invitation for an official state visit by Soviet Foreign Minister Gromyko, the first time in history a Gulf state has invited a top Soviet official into the area. The Soviets will be sending troops and advisers to Kuwait to train Kuwaiti armed forces. As this unprecedented activity was taking place, Kissinger crony and National Security Council head Robert McFarlane dismissed the news as "not significant." McFarlane defended the U.S. decision not to sell Stingers to Kuwait with the sophistry that he "had to consider whether U.S. weapons could fall into the hands of violent terrorist groups." McFarlane continued: "The situation in Kuwait, a country whose security we are very concerned with, is such that the availability of a certain kind of arms is a risky business." Of course, there is no "risky business" in introducing extensive Soviet advisers and technicians to the country.

The introduction of Soviet "trainers" into Kuwait follows a report in the Israeli paper *Al-Hamishmar*, that Soviet experts have been in Jordan for some time, training Jordanian officers in the use of SAM-8 Soviet anti-aircraft missiles. Foreshadowing things to come if Kissinger continues to dictate American foreign policy, a Kuwaiti paper *Al-Anba* called for the Gulf Cooperation Council to formally open diplomatic relations with Moscow.

The cynical statements heard at Georgetown's Center for International and Strategic Studies about "how many more years the Saudi Royal Family has left" reflect the degree to which the United States is preparing to dump a long-time ally. Since Franklin Delano Roosevelt met with King Saud in 1944, the relationship has been highly valued on both sides, at least until Kissinger's ascendancy in the past 15 years. Reflecting long-term strategic decisions, set in motion by Kissinger's oligarchical masters, the American share of business with Saudi Arabia has dropped from 60% 10 years ago to 16% last year, to a projected 2% this year, according to sources in the U.S. Businessmen's Association in Saudi Arabia. Even the new U.S. embassy to be constructed in Saudi Arabia was awarded by the State Department to a South Korean firm though American companies' bids were more than competitive.

This spring, the new Saudi Ambassador to the United States, Prince Bandar Bin Sultan, son of the Saudi defense minister, sponsored a dinner in Washington, D.C., for the Soviet ambassador—an unthinkable event a few years ago. The Saudis are also reportedly encouraging both Kuwait and Egypt to strengthen relations with the Soviets. While U.S. oil purchases from the Saudis have plummeted over the years, Saudi oil trade with the Soviets, nonexistent in the first quarter of 1983, has grown to \$105 million this quarter, and is expanding.

Who banned *EIR* from Stockholm airport?

by Claes Wahl

During the course of a legal fight to sell EIR at the public area of Scandinavia's largest international airport, Arlanda, EIR Stockholm Bureau counterintelligence specialist Claes Wahl uncovered a trail of scandal which points to a Soviet intelligence security operation of major military significance. What follows is a part of the dossier on the Arlanda Security Police and its police chief, Sven Hugo Smedjegaarden.

The facts in the following report permit only two conclusions: The Soviet military KGB "Spetsnaz" sabotage and infiltration capability has effectively taken control over Stockholm's international Arlanda Airport; and second, the Swedish government of socialist leader Olof Palme is wittingly covering up this fact.

Sven Hugo Smedjegaarden

Police Superintendent Sven Hugo Smedjegaarden is chief of police at Arlanda, the principal airport of Sweden, outside Stockholm. It was Smedjegaarden personally, with full backing of Stockholm's Police Director Hans Holmer and the Swedish Rikspolistryelsen ("FBI") Chief Holger Romander, who recently acted to illegally ban *EIR* from the Arlanda international terminal.

As chief of police, Smedjegaarden keeps in his safe the military contingency plans in case of war. Therefore, everything concerning the military defense of Arlanda depends on Smedjegaarden's reliability as a Swedish patriot.

According to several sources, Smedjegaarden is living with Anita Berg, station hostess at Arlanda for the Soviet Aeroflot airlines. Berg has been positively identified by several sources as a KGB-GRU operative.

Six months after Smedjegaarden took over in November 1976 as Chief of Police at the newly separated Arlanda Airport Police District, he appointed one Stig Berling as Officer-in-Charge of the Arlanda Police Force. Berling worked closely under Smedjegaarden until 1979, when Berling was arrested and sentenced to life in prison for espionage on behalf of the Soviet KGB.

Anita Berg, a Swedish national, is the daughter of long-standing active members of the Swedish Communist Party. She spent summers in youth camps in the Soviet Union, married a Soviet citizen Alexander A. Kotjerkin in 1966, and

moved to Moscow. On return to Sweden in 1975, Berg was made Station Hostess in charge of the Soviet State Airline, Aeroflot, at Arlanda in Stockholm. According to a well-informed Swedish Sovietologist, the post of Aeroflot Station Hostess is a traditional KGB function.

According to a top secret Swedish government investigation, the Arlanda airport is a weak point in the Swedish military defense regardless of KGB infiltration. Previously, Stockholm's international airport was located at Bromma in Stockholm, a smaller airfield close to Stockholm's II Infantry battalion at Kungsaengen. Bromma was easy to defend by the air-base at Tullinge and the Kungsaengen Infantry.

During the 1960s, under direction of then Communications Minister Olof Palme, Stockholm's international airfield was relocated to Arlanda, some 70 kilometers north of Stockholm. It takes at least one hour for the Kungsaengen Infantry to reach Arlanda. According to the government investigation, this makes it possible for an invader to land one airborne brigade at Arlanda before Swedish troops reach the airfield. Arlanda airport is the third largest airfield in Europe, and has two runways longer than 2 kilometers. Unlimited heavy military equipment can be landed at Arlanda without creating a queue, since aircraft can land at one runway and take off at another.

Whether or not Smedjegaarden is fully witting as an operative of Soviet intelligence or whether he has allowed himself to be placed in a highly compromised position which would make him susceptible to blackmail, the net effect is a "red flag" security breach of the entire northern flank of Western Europe.

Corruption at Arlanda

In the 1976-77 period when Smedjegaarden and Berling were establishing control of the Arlanda airport police, Swedish Customs Police and Criminal Police uncovered a major organized-crime heroin ring operating out of Arlanda, linked to SAS Airline Catering Company and corrupt customs officials. The investigation was aborted by what has been called an "official" coverup by top officials of Prime Minister Olof Palme's National Police Board.

Most recently, Arlanda, under Smedjegaarden, was the transshipment point for smuggling of sensitive computer and electronics equipment from the United States to the Soviet Union. The most scandalous case involved the Swedish Stansab computer company delivering to the Soviets a complete advanced radar-air-navigation base to the Moscow Aeroflot airfield.

There is further evidence that Soviet intelligence is using Arlanda as a model for other airports in the West. According to a source at Arlanda, the Iceland Reykjavik Airport recently changed security routines, implementing a tough new security system to prevent an "Arlanda" situation. The Soviet response came through the Aeroflot representatives at Reykjavik who complained, "Why don't we have our own door, as we have at Arlanda?"

We must have an alternative to MAD

Major General William Walthuis (ret.) is editor of Militaire Spectator, an official publication of the Royal Dutch Army, and director of Mars in Cathedra, the publication of the Royal Society for the Advancement of Military Science. The general has been knighted, and served in the Dutch Resistance during World War II. Although he retired as a brigadier general, he was recently advanced to the rank of major general, in recognition of his services to the defense of the Netherlands. He is an adviser to the OSL Foundation (Foundation for Political Consciousness) and its Political and Military Opinion Periodical Sta-Vast. (This is a conservative organization similar to the American Legion.) General Walthuis has been very active in the cruise-missile fight, and supports the U.S. beam defense initiative. He was interviewed by Dean Andromidas of EIR's Wiesbaden bureau.

EIR: The Soviet Union has been conducting an unprecedented military buildup in Central Europe with their massive deployment of SS-20s, SS-21s, SS-22s, and SS-23s. NATO, on the other hand, has deployed no more than 18 Pershing IIs while the MX program has been all but emasculated by Congress. Could you please comment on this disparity and its implications for Western Europe in general and the Netherlands in particular?

Walthuis: From a military point of view, the present disparity between the military capabilities of the Soviet Union and the NATO countries of Western Europe is undoubtedly a matter of grave concern. Generally speaking, a limited imbalance could be acceptable, considering the fact that the Soviet military doctrine—similar to our own views—stipulates a 3:1 or, even better, 4:1 superiority of the attacking over the defensive forces as a prerequisite for success. However, recent force comparisons show that the strength of Soviet conventional forces has gone far beyond these recommendations. Especially the ratio of the in-place forces has given rise to anxiety, because the manifest superiority in that field enables the leadership of the Soviet Union to seize the initiative at any given moment in order to subjugate the peoples of Western Europe. By now the only means to restore the balance would be the wielding of the nuclear sword, but the Soviet Union has no hesitation in demonstrating its disregard for such an eventuality since it decided to rely on systematically evading MAD. Thence Western European

military experts are convinced that the Soviet threat has grown considerably with the massive deployment of intermediate range missiles, in particular since NATO is lagging behind in that field.

The implications of this development for Western Europe are quite serious: By hesitating too long, instead of taking the necessary measures to counter the unprovoked multiplication of Soviet missiles aimed at targets in Western Europe, this part of the Alliance did increase its vulnerability to nuclear blackmail. Moreover, the risk of the Soviets playing their conventional trump cards has not in the least diminished, principally in consequence of the obvious lack of unanimity as to the NATO policy to be pursued. Needless to say that this applies chiefly to the Netherlands' position, so much more in view of the fact that within the framework of the common defense the Netherlands Army Corps will have to try and stem the advance of Warsaw Pact forces in the North German Plain which is considered as the main avenue of approach toward Western Europe.

EIR: In many circles, the March 5 *Time* magazine article of Henry Kissinger was seen as a clear signal that if he were once more in the government he would promote a policy of decoupling Western Europe from the United States. Do you see a real danger of decoupling?

Walthuis: Decoupling Western Europe from the United States would mean that the European NATO partners would have to provide for their own security without the usual certainty of immediate physical assistance being given by U.S. forces. Whereas Western Europe until now has grown accustomed to the idea of comfortably sheltering itself under the American umbrella, it would soon find out that the decoupling operation resulted in the removal of the umbrella's stick and ribs, leaving only a mere piece of cloth of doubtful repellent quality. In that situation, it stands to reason that the Kremlin's interpretation of any decoupling will be that it has been granted a free hand in Europe "by courtesy of the United States." And that interpretation would be the real danger indeed.

EIR: The United States has embarked on an unprecedented effort to shift the strategic doctrine of the Alliance from that of Mutually Assured Destruction to that of Mutually Assured

Survival through the implementation of the Strategic Defense Initiative [SDI] and the concept of a beam weapon based anti-ballistic missile [ABM] defense system. Secretary of Defense Weinberger has also introduced the idea into NATO circles. Do you see an SDI-type program for Western Europe as a viable solution for nullifying the Soviet missile threat?

Walthuis: The strategic doctrine of Mutually Assured Destruction [MAD] has always been something like a gamble. Should any one of the parties concerned succeed in protecting its population with an adequate shield, then the threat of annihilation on which the strategy is based would be ineffectual. Reliable information from behind the Iron Curtain has revealed that the Soviet Union has exerted itself over a considerable period to try to evade the consequences of MAD. It installed a special staff to head its civil defense organization, and transferred a number of its highest ranking generals to act as civil-defense managers, and in addition to that enhancement of the organization's leadership, it started an elaborate program aimed at the dispersion of its industries and the evacuation of population centers that could be selected as potential targets for counter-city retaliation.

That situation calls for a better solution than MAD, the strategy in which Western Europe in reality did not participate because it never planned for waging war but, on the contrary, for preventing war. Consequently, the idea of a comparable shield is contrary to the deterrence philosophy. Therefore, two options should be considered: First, to persuade the Soviet Union on no account to materialize its missile threat to Western Europe. That option should be regarded as an illusion. That leaves only the second option, namely, in one way or another to remove the lethal sting from the missiles after they have been launched. The only feasible method to do so would be by means of an efficient and possibly infallible ABM defense system that could deal with scores of missiles being launched concurrently. Such a system could very well be a beam-weapons system.

EIR: Given the fact that if a real war broke out in Western Europe, West Germany would be reduced to nuclear rubble, why do you think there is such opposition to the beam defense concept, particularly in official government circles in West Germany and the Netherlands?

Walthuis: The strong opposition in government circles in the Netherlands stems chiefly from two factors. In the first place, the Netherlands' foreign policy always has shown distinctive neutralistic tendencies. That traditional attitude proved to be rather profitable during World War I, but turned out to be disastrous in World War II, mainly because the Netherlands' Armed Forces were totally unable to provide the essential backbone for the country's neutral position. In the second place, most political parties do not have military experts at their disposal and consequently the political debate generally lacks a sound basis when strategic problems are discussed. The prime minister reportedly stated during the period in which his cabinet formation took place: "I do not

want any general to hold an office in my cabinet!" Given that aversion to military leadership, it is an open question whether or not the expert advice of the Chiefs of Staff is really given the attention it deserves. Recent handling of the cruise missile problem gives reason for strong doubts. As far as beam weapons are concerned the Netherlands' government does not oppose the idea of a beam defense concept. It only is ignorant of its strategic value.

EIR: All observers agree that there is a profound pro-neutralist shift in particularly the West German Social Democracy to the Egon Bahr line of a security partnership with the Soviet Union. Similar tendencies I am sure exist in the Netherlands.

Walthuis: Politicians in the Netherlands who believe in a security partnership with the Soviet Union represent only a minor percentage of the population. Social Democrats, of the Labor Party headed by former Premier Den Uyl, tend to stand up for a friendly attitude toward the U.S.S.R. because of its "socialist" basis. Yet advocates for a possible partnership can

The strategic doctrine of Mutually Assured Destruction [MAD] has always been something like a gamble. The only feasible method . . . would be by means of an efficient and possibly infallible ABM defense system. . . . Such a system could very well be a beam-weapons system.

be found only in the extreme left circles such as the Communist Party of the Netherlands (CPN) and the Pacifist Socialist Party (PSP). Any other adherents indulge in wishful thinking.

EIR: We have expressed concern over the refusal of the Netherlands government to participate in the NATO Patriot program which can also function as anti-missile systems. Do you share this concern?

Walthuis: I do share the concern. The refusal has been based upon economic considerations: The Minister of Economic Affairs, together with his colleagues of Social Affairs and of Finance, try to persuade the Minister of Defense to negotiate for as much compensation orders as possible. In the beginning of this year, the Netherlands' Parliament approved the purchase of 20 Patriot launchers for air defense against aircraft flying at or above medium heights. The Labor Party—the biggest opposition party—objected: Its spokesman Mr. Van den Bergh, who happens to be the chairman of the

Second Chamber's standing Committee on Defense, alleged that the Netherlands' contribution to NATO would not comply with the real growth of 3% in the coming fiscal years and that, therefore, it would be unwise to bind oneself to expenditures amounting to over 840 million guilders [approximately \$262 million]. The Liberal spokesman thereafter blamed the responsible Undersecretary of State for what he called a "vanishing trick," hinting at \$33 million R&D costs which will be left unpaid for. When put to the vote, the plan nevertheless gained an indisputable majority.

EIR: The leadership of the Soviet Union has stated openly that U.S.-Soviet relations are worse than they have been since World War II, which is to say worse than the Cuban Missile Crisis and the Berlin Crisis.

Walthuis: For the deterioration of international relations the responsibility lies with the Soviet Union which is striving—at Lenin's command—for world domination and, as a means to achieve that goal, for overall military superiority. It therefore is, and will be, invariably open to discussion whether the Soviet Union will be ready once more to "retreat" as it did in the Cuban crisis (which was, *nota bene*, for the very first time in its struggle against our system which resulted from Lenin's declaration of war in 1917!). In order to understand the fundamental elements of the overall war situation one should take a good look at the world globe instead of—as most Europeans tend to do—looking at the geographic map in Mercator projection; People should realize that the geostrategic position of Cuba as the Soviet Union's counterpart behind Uncle Sam's back, is identical to that of Turkey as the United States' ally in Iran's rear. That is why Khrushchev tried to trade his Cuban missile bases for the removal of NATO missile-launching sites in Turkey. At present, Western Europe is in no position whatsoever to speculate on a similar swapping offer at any time in the future.

EIR: The Netherlands is in the midst of a security crisis over the deployment of the cruise missiles. If the outcome goes against the deployment this could cause a chain reaction throughout the Alliance particularly in Belgium and West Germany.

Walthuis: The Netherlands' government succeeded once more in actually delaying its inevitable decision to deploy the cruise missiles. The present state of affairs is that deployment will be effective as from mid-1986, if the Soviet Union will have added one single SS-20 to its June 1, 1984 total by Nov. 1, 1985. Introducing this new criterion postpones the decision to Nov. 1 of next year. Military experts in the Netherlands deplore that procedure very much. Principally because it depicts the total lack of unity of doctrine within the Alliance. Moreover, these political maneuvers threaten the cohesion of NATO. There is no reason to fear a possible chain reaction in Belgium or the Federal Republic of Germany: In these countries politicians and military leaders seem to present a common front.

EIR: The Dutch peace movement is one of the most active in Western Europe. Do you see it driving the Netherlands toward a neutralist course?

Walthuis: As I indicated already, quite a few people in the Netherlands are traditional neutralists. The Inter Kerkelijk Vredesberaad (Inter-Church Peace Deliberation, IKV) is no exception to that rule, nor is it a specific neutralist lobby. Its attractiveness derives mainly from the emotional approach its leaders present to the general public. The masses are not at all interested in a rational decision-making process: slogans, phrases, and intuition-based subjective ideas suit them better than analytical judgments. Thence the IKV-leaders know how to handle their followers. Yet their influence is decreasing, mainly because the public feels fed up with too much of the irrational stuff.

EIR: Mrs. Helga Zepp-LaRouche, who chairs the European Labor Party, has established the Schiller Institute as a means to stop the decoupling of the United States and West Germany, and hence the entire Alliance. The Institute aims at re-establishing the Alliance based on the republican ideas of the Weimar Classic tradition in Germany and the American Revolutionary period, when Benjamin Franklin mobilized support for the American republican effort as expressed in such projects as the League of Armed Neutrality. In the Netherlands, this tradition was best expressed in the struggle of William the Silent and the Dutch republicans to overthrow the tyranny of Hapsburg rule. Do you believe that these same sentiments could be mobilized in the Dutch population in support of a revitalized Western alliance?

Walthuis: I doubt very much if it will be possible to achieve a mental and moral mobilization. The Netherlands' tradition, as mentioned earlier, is primarily a matter of national history. Present-day Dutchmen are partly proud of that history, but, on the other hand, they are afraid to live through a repetition of the historical mistakes and failures again. Nonetheless, the people of the older generation remember very vividly the role Allied Forces have played in the 1944-45 liberation process. They do deplore, at the same time, that they have been unable to convey their feelings of gratitude to the next generation. Apparently that generation gap cannot be bridged. Younger people do not realize that war between communism and our system is not something imaginary, but a reality since 1917, albeit this war until now has been fought in sectors other than the military one. So, it will appear a very difficult task indeed to convince the population as a whole that the danger is imminent, and if the Soviets were to start smiling instead of rattling their swords, the greater part of the people would be inclined to regard those experts who earnestly warn of the impending disasters as hawks, whereas the peace-loving Soviets will be adored as genuine doves. That may be a pessimistic view. I see hardly any reason for optimism as far as the opinion of the masses is concerned; moreover, we should not forget that it is the general public who installs the politicians in office!

Ibero-American leaders challenge IMF

Robyn Quijano reports on Colombian President Betancur's bid to bolster regional cooperation and destroy the drug mafia.

"If the powerful nations can congregate in a summit and the bankers of all latitudes can associate in a creditors' club, why have we insisted on each one of us pursuing our fate individually, when unified we would constitute one of the greatest forces of modern times?" Colombian President Belisario Betancur asked this question of the health ministers of Ibero-America, gathered in Medellín, Colombia, on July 12 to discuss solutions to the health holocaust attacking the continent's growing mass of poor and unemployed.

In the strongest challenge to the immoral policies of the International Monetary Fund and the advanced-sector nations since the continent formed its own debtors' club in Cartagena on June 22, Betancur declared that the debt "is a sort of noose that threatens to strangle the economies of a large number of nations." He deplored the poverty and social deterioration "which are caused by the increasingly aggressive demands of certain international banks."

With optimism that the present crisis will trigger encouraging responses for the survival of the human race as at other crucial moments of history, he declared: "This is the beginning of the reunification of Latin America: We are living the first chapter of that great adventure."

With this challenge, Betancur called the continent to war against the aggression of the international banks that are recolonizing the developing sector through usury, to war against the drug mafias allied with international financiers that profit from the hundreds of billions of dollars in this new opium war. And he called the leaders of Ibero-America to peace and solidarity, to a battle to end forever the century of border disputes among the brother republics that have been manipulated by the continent's enemies to assure that the power of a united "nation of republics" never again be unleashed.

The issues of debt, drugs, and border disputes are precisely those areas in which the international financial oligarchy and its agents such as Henry Kissinger have stepped up their own warfare since the Cartagena Accords for a "permanent mechanism" for consultation on the debt, a debtors' club. Since then, the key movers of continental unity have been threatened with coups and destabilizations. Betancur and his family have received threats on their lives, and the

Colombian drug mafia has threatened to launch economic warfare and terrorism unless drug traffickers are given an amnesty to take over the nation with their illicit billions.

Borders and development

Betancur has proposed great infrastructural projects and the populating and development of border territories in order to unify the continent. During the recent visit of Panama's President-elect, Ardito Barletta, to Bogotá, Betancur proposed four major projects to benefit the two countries: 1) the development of the two countries' border infrastructure, 2) a highway system that would bridge the Darien Gap on the eastern coast of Panama and close the separation between South and Central America, 3) an electricity grid "which would be the means to achieve our ambitious goal of forming one single system from Mexico to Colombia, thereby making adequate use of our potential to generate hydroelectric and thermal energy," and 4) a binational, inter-oceanic canal, a project "that is more feasible—technically and financially—with each passing day." The Japanese government has just assured Barletta of their interest in such a project.

Colombia and Venezuela also have a long-term border dispute, and Betancur has proposed a plan for the development of that border region. "I propose that we create a binational company to protect the basins of our rivers and to exploit the petroleum sources all along our immense border," Betancur said in an interview with Venezuelan journalist Alfredo Pena.

Former Venezuelan President Carlos Andrés Pérez, still a powerful figure in the ruling Acción Democrática Party, backed President Betancur's proposal, calling it "a highly interesting idea." He backed Betancur's comments on the creditors' club, saying that the bankers "are mounting a scandal against our countries, accusing us of wanting to create a debtors' club, as if to say, a club of rascals and rogues . . . [while] there does exist a creditors' club." Pérez blasted the "economic totalitarianism of the International Monetary Fund," and warned that the problem of the foreign debt "could become the factor that unleashes an international financial catastrophe."

The Venezuelan government showed a lukewarm re-

sponse to the initial call for the Cartagena debt summit which reflected a faction fight within the cabinet that is still raging. One faction sees Venezuela as superior to the rest of the continent because of its oil reserves, and is seeking a "special relationship" with the United States and a special deal with the banks. Venezuela's firm commitment to continental unity and a joint stand on the debt would be crucial support for Betancur's "great adventure."

On July 5, Venezuelan Independence Day, President Jaime Lusinchi cited the consensus of Cartagena, warning that no one will escape the "strangulation of our economies," for a general collapse will hit "the developed as well as the underdeveloped countries." In this context, "a reform of the international monetary system is essential . . . the high interest rates, which have reached unprecedented levels . . . are an arbitrary and fictitious way of financing a few powerful economies, to the detriment of the stability of the rest of our nations," the Venezuelan President warned.

The advanced-sector response has been such that the nations of Ibero-America have finally understood that, rather than mere indifference, there is a determined effort to benefit from the destabilization to recolonize and loot the economies of the region.

Such evil intentions and the planning of destabilizations have been documented in a recently released book *Strategic Requirements for the Army to the Year 2000*, a study by the Jesuit-controlled Georgetown University Center for Strategic and International Studies. (See p. 30.) The study is premised on the necessity for superpower "access to those choice pieces of real estate vital to their global strategic designs."

The study predicts "medium-intensity civil war" for Colombia, and suggests a scenario in which Colombian guerrilla forces, joined by rebelling army units, launch an attack on the Colombian coastal city of Barranquilla, "thereby threatening the Venezuelan petroleum complex at Maracaibo." "A serious threat to Venezuelan oil production would effect vital U.S. interests. Insertion of a U.S. forces along the Venezuelan-Colombian border would thus be likely," reads a U.S. Army planning document.

Such scenarios are not to be taken lightly, as a similar scenario for the "Second War of the Pacific" by the Rand Corporation in the mid-'70s determined the outline of actions that would rekindle old border disputes among Peru, Chile, and Bolivia, and bring Ecuador, Argentina, and Brazil into a continent-wide conflagration. One of the key operatives in attempting to start the Second war of the Pacific, Luigi Einaudi, toured Peru, Argentina, and Venezuela over the last three weeks.

Hypocrisy on drugs attacked

In his address to the health ministers of Ibero-America, Betancur, who is in total war with the drug mafia of Colombia, blasted the hypocrisy of the advanced sector which has

not only refused to conduct an all-out war on drugs, but has fostered the economic strangulation of the continent to force dope production.

The advanced-sector countries "demand of us colossal efforts, sometimes beyond our human and financial possibilities, and, nonetheless, there have been in certain societies, which have become natural markets for drugs and which foster their production, no more than secondary police efforts and even an undisguised political reticence toward eradicating the evil.

"But even worse: When countries like ours, making enormous sacrifice, turn to where we are supposedly offered collaboration, equipment to reinforce our prosecution of these criminals, and so forth, we are given miserable trade conditions and they even try to impose unacceptable financial conditions. . . . In Colombia, despite such obstacles, we will continue the war without truce, not only in defense of our own dignity and our own people, of our youth, but for all of humanity, because we are facing a world threat.

"I hope that from this forum comes forth an expression of our political will to preserve the public health and human dignity against the threat of the drug trade," Betancur said.

Mafia blackmail

During the last weeks, not only have the lives of President Betancur and his family been threatened, but the drug mobs have sparked a "great national debate" on an "amnesty" for the drug mafia with the explicit purpose of undermining national institutions and creating a national movement in favor of the wealthy mafia. Not only has Nobel Prize winner and folk-hero Gabriel García Márquez backed the drug mobs, but Liberal Party boss and Betancur's opponent in the last election, Alfonso López Michelsen, whose family runs the financial laundering of drug money, met with the mafia chiefs in Panama and delivered a proposal demanding a drug amnesty in return for the investment of billions of dollars of dirty money in the crisis-ridden Colombian economy.

On July 17, an editorial appeared in the Medellín newspaper *Orientación Liberal*, run by López Michelsen networks, which called for a "tax amnesty," which would allow mafia fortunes into the country so long as they are used "productively. . . . We must ask ourselves if the country can afford the luxury of burying immense sums of money when production is stagnant and unemployment corroding our cities and countryside," the editor wrote.

Betancur categorically rejected the dope mobs' offer of a deal in a declaration on July 19: "For its part, the government has been explicit that under no circumstances would there ever be dialogue concerning situations that are clearly defined by the law. . . . As a consequence, there has not been, nor are, nor will be negotiations, nor any form of understanding between the government and the authors of the [mafia] proposal."

Will Great Britain's oligarchy give Prime Minister Thatcher the sack?

by Laurent Murawiec

A cartoon of a lady's shoe about to slide on a banana skin, the title "Thatcher steps out," and a lead editorial on the same theme by *The Economist*, the weekly voice of the appeasement-minded British oligarchy, signaled to all but the blindest that something serious was afoot in British politics. Lord Peter Carrington, now the Secretary-General of NATO, and the boys at the Foreign Office have decided to dump their tool, Prime Minister Margaret Thatcher, in order to push through with their "New Yalta" accord with the Soviet government.

Although she has turned from an "Iron Lady," strident in her anti-Soviet rhetoric, to something approximating a wet noodle in dealings with the East under Foreign Office control, Thatcher is still too much associated with her former posture and with U.S. President Ronald Reagan. She is a liability in the "New Yalta" context, not the politician who can carry through the military and economic "decoupling" of Europe from the United States that Carrington's deal with Moscow calls for.

In consequence, the British press has been ferociously attacking her almost daily. *The Economist*, otherwise identified with such policy-making institutions as the "liberal-conservative" Royal Institute for International Affairs (Chatham House), began it all with a vicious lampoon of the Prime Minister on July 7. "Mrs. Thatcher has lost the ability to move . . . without slipping on a banana skin and falling on her face. She looks alarmingly like Mr. Harold Wilson in the closing years of his 1966 administration," a compliment as devastating as they come.

The Economist tore into her handling of European Community negotiations on the British budget contribution, reporting that she "put Europe into repeated crisis over relatively small amounts of money," mainly because of "her notoriously short attention span. She became bored with the Europe affair."

In all ways she has abused "the dictatorial powers granted by the British Constitution. . . . She is the boss. . . . She does not find it easy to think long-term . . . nor does she value help in adversity. Her cabinet is more dominated by its Prime Minister than any since the war. . . . She suffers from the occupational hazard of all egocentric leaders: having rid

herself of dissident ministers, she is increasingly inclined to confuse independence of judgment with disloyalty.

"Number 10 Downing Street, the epicentre of British political life, is a curiously empty place. The prime minister flaps round its corridors like a solitary hawk looking for prey. . . . Nowhere in [her] entourage is the wisdom of experience or the leavening of an independent view. . . . Since much of what is wrong with the government is rooted in *the Prime Minister's own personality it is hard to say what can be done about it. . . . If Mrs. Thatcher is not prepared to open up government to advice . . . the revolt will spread from the Lords to the Commons. . . . It will do no good Mrs. Thatcher blaming the country. Ultimately, the country will blame her* [emphasis added]."

After years of virtual personality cult around the Iron Lady, the shock was rude; the next day, *The Times* gave unusual front-page coverage to *The Economist's* outburst. Floodgates were being opened. "The country is watching," the *Financial Times* chimed in with a July 12 editorial on her failure to end an 18-week-old miners' strike. "If [the government] were to falter now, its entire reputation would collapse. We should be back in the 1970s, with a vengeance, and Mrs. Thatcher's administration would be seen as no different from what has gone before."

Labor and economic trouble

Of late, barely one initiative taken by her government has met with anything but embarrassing to abject defeat on the domestic front. On the parliamentary scene, the presumably Conservative-oriented House of Lords inflicted a devastating late-June defeat of a government proposal to cancel Metropolitan Council elections.

On the economic side, the pound sterling sank to an historically-unprecedented \$1.30 and below—in spite of two successive rises in the base lending rate taking it up 3% in a few days. "The government's financial strategy is in ruins," the *Daily Telegraph* commented. It started with ridicule: Chancellor of the Exchequer Nigel Lawson stood up in the House of Commons to say that the base lending rate would not move; one day after, the pound sinking under foreign-exchange pressure, the rate was increased by 1%. The week

after, the same scenario occurred, except that it was Thatcher herself who spoke out, and the rate then went up by 2%. Nevertheless, sterling is now trading at lows around \$1.32.

The much heralded policy of privatization of public enterprises suffered an embarrassing set-back with the failure of the Enterprise Oil stock sale. A *Financial Times* opinion poll taken among senior directors of British companies—a key component of Mrs. Thatcher's middle-class electorate—revealed July 16 that “confidence in the government is waning.”

Labor strife is reaching 1970s-like intensity: The miners' strike now in its 18th week, featuring mass violence at the pits and having serious side-effects for the already faltering steel sector, has been joined by a dock workers' strike, which stops 80% of the country's foreign trade. Criticism of the government's inability to settle the miners' strike, which has officially been left for the Coal Board and the National Union of Miners under Communist agent Arthur Scargill to resolve, has been rife. Laws are being violated by the pickets, by solidarity strikers, but the government does nothing, critics rail, for fear of confrontation with the Trade Union Confederation.

“The side effects are beginning to mount,” the *Financial Times* comments. “Mrs. Thatcher could find something like a general strike on her hands,” *The Economist* complains, “just after she has expended much political capital on less essential things. . . .”

Trouble with the services

Another blow came on July 16, when High Court Judge Justice Glidewell threw out the government's ban on unions at the top-secret Government Communication Headquarters at Cheltenham. The decision had been taken in January by Foreign Secretary Geoffrey Howe, and its nullification is a slap in the government's face.

An even more serious event occurred on July 2, when the chief of the defense staff and the chiefs of staff of the Royal Navy, the Army, and the Royal Air Force exercised their right to go over the head of defense minister Michael Heseltine, and make representations directly to the prime minister, to protest a planned radical reorganization of the defense staff and ministry. Heseltine's cost-cutting and cost-benefit purge was even made the subject of a biting published satire by Admiral of the Fleet Sir Henry Leach, First Sea Lord in 1979-82. But Thatcher backed her technocratic minister to the hilt, and the entrenched powers representing various currents of the British military imperial bureaucracy have now publicly broken with her.

She has staked British military strategy on the effort to reestablish the credibility of the independent British nuclear deterrent in the form of the new, MIRVed Trident II missile, which is to equip British submarines at a cost of \$12-15 billion, a sum which will prohibit, if spent, the maintenance of either a seaworthy fleet or the British Army on the Rhine

(BAOR)—something which Carrington's “decouplers” intend to withdraw anyway. The minority in favor of scrapping the Trident overlaps broadly with the minority advocating British support for the American Strategic Defense Initiative.

But here also, Thatcher has demonstrated how much the Iron Lady has turned into a wet noodle. On July 11, in a speech in front of the Euro-Atlantic Group, the prime minister stated the necessity to turn “to the new and urgent challenge of arms control in outer space.” That outright opposition to President Reagan's Strategic Defense Initiative was called “a damn fool thing” for her to do by a right-wing think-tanker—but it proved how far her subservience to the “Foreign Office boys” of Lord Carrington has gone.

A conservative strategist explained that “Thatcher is entirely in the hands of the boys at the Foreign Office. The Foreign Office, this gang of appeasers, should be disbanded. They have misled the British people for 30 years. Thatcher is a shop-keeper who is no Iron Lady at all.” A City source commented that her attack on U.S. beam-weapon development was “a pathetic attempt to fend off her critics by adopting their line.” In spite of her innumerable concessions to the Foreign Office, which still considers Peter Carrington the legitimate boss, she is now considered a liability.

In the theater which reflects such strategic choices at the higher level, the House of Commons, transitions have to be made possible. Succession is already on the drawing boards. Former Foreign Secretary and “wet Tory” (liberal) imperialist Francis Pym recently issued a book devoted to lambasting Thatcher. Heseltine advertises himself freely, and Northern Ireland Secretary Jim Pryor and Energy Secretary Peter Walter—all three former associates or lieutenants of Edward Heath—are mentioned as potential successors, as well as Industry Secretary Norman Tebbit.

“It is very difficult to unseat a ruling British Prime Minister,” another observer noted. Chamberlain was ousted during a national and world crisis clearly of his making; MacMillan was made to resign by the devastating Profumo scandal in 1962. How could Thatcher be made to resign without general elections? The key could well be her personal psychology, so sharply assailed by *The Economist*. Said the observer: “The weakness of her ego, which is a shopkeeper girl's, controlled by her ego-ideal—the aristocracy—could easily be shattered if her models rebuke her strongly. She has amassed so much rancor against her, the bloodhounds are out for her now.”

The scheme of things in Britain requires that the Lords effectively rule without governing; governance of day-to-day affairs is left to the powerful civil service which the Lords influence, and in turn, the civil service runs the clown-show known as parliamentary government and the political parties. As *The Economist* said, “The revolt will spread from the Lords to the Commons,” from the aristocracy to the plebes, through the bureaucracy. When will Thatcher be given the sack?

Investigative Leads

Iran and Libya join forces for terrorism

by Thierry Lalevée

New information received by *Executive Intelligence Review* confirms our warnings of recent months that Iran and Libya are preparing a new terror wave which is to hit Europe and also the United States, especially around the time of the Los Angeles Olympic Games and the Republican Party convention. The recent activation of West Germany's Revolutionary Cells and Red Army Fraction (Baader-Meinhof Gang), as well as France's Action Directe, underlines the "live" nature of the current threat.

News has reached Europe of the recent gathering in Tehran of several hundred "Imams," under the leadership of Khomeini's official heir Ayatollah Montazeri and key Soviet agent Hojatessalam Khomeini. Confirming earlier reports published by *EIR*, on July 6 the French weekly *L'Express* published a 10-page feature on "How Khomeini Wants to Conquer the World." The feature described the May 6-17 conference held by Montazeri, as well as the ongoing training, particularly in Qom, Iran, of dozens of European and American converts to Islam.

At least 620 foreign students are reportedly attending classes in Qom on theology and "methods of armed insurrection," and about 70 are from Europe and the United States.

'I am a kamikaze'

The magazine quoted Bernadette Dulan of England, newly named "Sister Fatima": "I know how to use weapons. I am ready to give up my life. Before that, I will destroy dozens of atheists and then I will become a martyr. I am a kamikaze." Fatima is not alone, as we independently learned; in similar courses could be found an Argentine woman named Mariano Santiago. Regarding the men trained directly by Montazeri, a few names have also emerged, such as Robert Bouscenos, originally from Martinique, who first joined Morocco's Polisario Liberation Front and was later recruited by the Iranians and sent to Qom for training. Also trained there were a former member of the Irish Republican Army, Patrick David, and the American Black Muslim P. Davidson—among hundreds of others.

The center of the discussions at the Imams' conference was the deployment of potential martyrs. No fewer than 450

Imams from 60 different nations gathered, with heavy representation from Western Europe, the United States, and French-speaking Africa—countries targeted by Iran's Khomeini today.

How concrete such planning is, was seen in recent weeks as French police arrested three pro-Khomeini activists in northern France who had been expelled from London one month earlier for terrorist activities. However, the Moroccan Chraïbi and the Algerians Gouasmi and Redgradj were suddenly set free by French police on June 30 without any explanation. As investigations showed, the three were important elements in an Iranian-led terrorist network directed by one Abofazal Beheshti (nephew of the late Ayatollah) who was also involved in arms smuggling between Belgium and France. Yahya Gouasmi, in particular, served as a liaison between the Iranians and the newly created "Algerian Democratic Movement" of Ahmed Ben Bella.

Their sudden release coincided with the visit to Paris of Sadegh Tabatabai, Khomeini's special envoy and arms dealer, also a friend of West German Foreign Minister Hans-Dietrich Genscher, who is seeking to "normalize" relations between France and Iran—a normalization which obviously means, for certain people, closing their eyes to Iranian terrorist activities.

Qaddafi's role

Such a normalization, according to *Le Monde's* Eric Rouleau, was an attempt by Paris to emulate West Germany in its relations with both Iraq and Iran. Rouleau might also have mentioned Libya, as became clear in recent days with the July 10 visit to Bonn of Libya's Minister of External Security Col. Belkacem Younis, Libya's foremost controller of terrorist activities abroad. Younis discussed with his German colleagues the case of the Libyan intelligence officers being trained by the West German "FBI," the BKA in Wiesbaden. Younes was also carrying a message from Colonel Qaddafi requesting the immediate extradition of several Libyans accused of plotting his overthrow.

In an interview with *Stern* magazine, Qaddafi made his message explicit by stating that he had proof that the May 8 attempted coup against him had been perpetrated by individuals trained in West Germany. Should they not be extradited, Libya would resume its support of the Red Army Fraction, Qaddafi concluded.

West Germany is not expected to fight Qaddafi since the Libyans are already holding several West German workers hostage. Bonn will once again back down and is likely to follow the example of Qaddafi's best friend in Europe, Greece's Prime Minister Andreas Papandreou, who is to visit Tripoli soon and has permitted Greece to become the operational center for Libyan hit-squads. More than five anti-Qaddafi Libyans have been assassinated in Athens in the last month. Now, all of Western Europe is slated to become a free-fire zone for both Iran and Libya.

Khomeini regime collapsing

The Iranian dictator threatens to take as many of his enemies as he can with him—and the Soviets are ready to pick up the pieces.

The Khomeini regime is beginning to bear the burden of a military policy based on the destruction of its own population, and this fact alone is one of the major reasons why the prepared Iranian land invasion of Iraq, expected by observers to begin on June 1 with the holy month of Ramadan, has failed to occur.

The Iranian military, like the Iranian population, is in horrible condition, reports of exile leaders indicate. "The order of battle is arranged with the first line being the children—they are suffering from a multitude of horrible diseases and fevers as a result of the starvation and unsanitary conditions (not to mention the effects of sexual abuse practiced by the Pasdaran). Next comes the regular army, whose ranks are weak, virtually unarmed, and also nearly starving. Finally are the Pasdaran, they have the best arms, a necessity to prevent the soldiers from deserting. Food supplies pass through the Pasdaran lines, which are the best fed, then move to the soldiers, who are fed on what is left, and finally to the children, who naturally are starving. If the Pasdaran turn their backs on the troops for one second, they will be massacred."

The desertion rate is increasing daily, and, according to sources, desertions are occurring over all borders, with every possible means of escape being utilized.

In June, one defector, who found asylum in Iraq, issued a call for an international protest against Khomei-

ni's murder of children by hurling them into the front line of battle. As Iranian children in Iraqi POW camps report, they are first fed lies that the Iraqis are not Muslim and fed a three-day diet of "sugar water," which has an amphetamine-like effect, before they are sent to the front lines. Iranian parents are now reportedly hiding their children from the authorities.

The Iranian economy is also in deep distress. Aside from the dismantling of the economic programs that were underway during the Shah years, Teheran has been forced to severely cut its oil prices to offset the dangers involved in porting at Kharg Island. Overall, the state of the Iranian economy stands in stark contrast to that of Iraq, where millions of dollars have been invested in new infrastructural and industrial projects, even with the war.

This collapse of the Khomeini regime internally is perhaps the primary factor affecting the ability of the Iranian army to wage an offensive. In addition, in recent months, there has been considerable effort from the West to put the squeeze on Khomeini's military capabilities. The United States has forced the slowdown or cancellation of deliveries of spare parts vital to the operation of tanks and aircraft from various countries which have been supplying Khomeini, and even Israel has been forced to engage in "third party" sales through Turkey.

There has also been a large-scale crackdown on Khomeini's foreign in-

telligence capabilities. In at least nine European nations beginning in late May, safehouses of Khomeini's terrorists have been raided. The *London Times* of May 30 reported on some of these; others have proceeded with less press coverage.

Khomeini's threat to take as many of his enemies as he can with him when he goes is no idle boast, and certain irregularities in the handling of his networks by intelligence and law enforcement agencies leave him the opportunity to make good his threats. A video film of 300 European and Latin American women being trained as terrorists in Teheran was smuggled out of Iran on a plane hijacked last month—it should serve as a grim warning to those who accept FBI Director William Webster's bland assertions that terrorism is under control in the United States.

The effect of these combined military and intelligence pressures on the Khomeini regime has been to produce a pressure cooker in Teheran, and one hopes, to crack the regime's support and open the possibility that the military will mobilize to seize the country from the mad mullahs.

According to informed sources, there is a core of military men prepared to undertake such a venture, if conditions are right, and many U.S. intelligence hopes for the region ride on this possibility. The gamble is a desperate one, for once the regime falls, the question will be whether any force can assemble a government faster than the Soviets and their separatist allies can move to close out that option once and for all in the region.

If the latter outcome prevails, those who have dismissed *EIR's* longstanding warning about the Soviet control of the fundamentalist movement will have a heavy burden of responsibility for the chilling events which will follow.

Ibero-America's 'agricultural vocation'

With the failure of the consumer-goods model, the IMF is promoting a labor-intensive 'return to the land'.

Among certain political and economic sectors of Colombia—and throughout Ibero-America as well—the idea is being promoted that the solution to the debt crisis lies in these countries returning to their original “agricultural vocations.” After all, certain leaders argue, Colombia’s main export products are coffee, bananas, and flowers.

The oligarchical Colombian Growers Society (SAC) has just written a study on the future of the agricultural sector which notes that “with an increased devaluation rate, we will see slight increases in agricultural exports this year, especially coffee, banana, cotton, cocoa, and meat.” The SAC report asserts implicitly that it is in a return to agriculture coupled with accelerated devaluation of the peso that the problem of flagging foreign exchange reserves can be dealt with—not accidentally, the thinking of the International Monetary Fund.

Even some honest leaders on the continent are beginning to think that a return to agriculture is the only option in the face of the failure of the consumer-goods industrialization model of the U.N. Economic Commission on Latin America (ECLA). However, a return to the “agricultural vocation” defined by the IMF and World Bank can only guarantee more hunger.

The SAC document admits that this year Colombia will continue to import substantial quantities of wheat, sorghum, groats, and other agricultural requirements the country could surely produce. Why doesn't it? The explanation lies with the decades'-long ap-

plication of colonial policies: high technology for export and archaic technology for internal consumption.

Why doesn't national industry produce agricultural technology and other capital-goods requirements for mechanization of the countryside? Because the very forms of land ownership that exist preclude the use of modern technology: either the *minifundio* where mechanization is simply uneconomical, or the massive, inefficient *latifundio* used for extensive cattle raising.

According to the Association of Agricultural Machine Importers (Adimagro), Colombia has some 28,000 tractors. The life of each tractor is 10 years, which means that to replace the tractors which with time become obsolete, it is necessary to annually import 2,800 new tractors.

This practice was in fact maintained until the 1974-78 presidency of López Michelsen, under whose administration tractor imports fell to an average of 1,000 per year. This year imports have virtually come to a standstill, thanks to the import reduction policy imposed by former Finance Minister Gutierrez Castro's secret agreement with the IMF.

According to Adimagro, Colombia has at least four million hectares which should be utilizing 20,000-25,000 new tractors a year in order to match the mechanization levels of France or Spain which, to be sure, are themselves not optimal.

On the other hand, the “agrarian reform” applied by former President Carlos Lleras Restrepo (1966-70)

never had the perspective of “producing more and better” but rather of “giving land to those who work it”—the Maoist slogan under which Lleras created the national peasants association, ANUC. Lleras' reform simply created unmechanizable mini-plots often incapable even of sustaining the family working it.

In the aftermath of President Betancur's recent peace accord with the FARC (Colombian Revolutionary Armed Forces) guerrillas, which included a commitment to a new agrarian reform, Lleras has begun to pontificate anew, demanding that the reform be carried out along the policy guidelines of the Malthusian Club of Rome. These guidelines insist that since resources are limited but the population is still growing, the criterion for agrarian reform must not be to produce more, but “to generate more jobs,” the more labor intensive the better.

It is no coincidence that the planning office of the Agricultural Ministry, OPISA, is reformulating its production goals on the Club of Rome supposition that population growth can be made to fall to zero. The reality is that by shrinking food production, OPISA will in fact foster the outright starvation required to realize the Club of Rome's genocidal “predictions.”

Recent Central Bank statistics indicating that the population of Bogotá ate 30% less meat in the first three months of 1984 suggest that the recommendations of the IMF and the Club of Rome are indeed working.

Betancur's pledge of a new agrarian reform nonetheless opens the way for establishing new criteria consistent with the continent's economic integration efforts. The state-owned mechanized collective farms in Mexico's northwest and the huge private capital-intensive ranches of California's Imperial Valley point the way.

Green light for the Ariane 5

Despite austerity, the government has decided to go ahead with projects complementing the U.S. space program.

The French government recently confirmed its commitment to develop and build the heavy space launcher Ariane 5, a much enhanced version of the Ariane series, capable of launching the Hermes "mini-shuttle," a recoverable and reusable spaceship able to carry up to five astronauts.

The decision is quite surprising, insofar as it comes in the midst of dramatic state budget cuts and general austerity. In fact, only one year ago, nobody would have bet much on the odds of seeing the great projects then described by the leaders of the French space industry, Hubert Curien, chairman of the Centre National d'Etudes Spatiales (CNES), and Frederic d'Allest, chairman of the Arianespace industrial consortium.

It was then calculated that the development of Ariane 5 and the Hermes, to be operational in 1995, would require an annual space budget increase of about 1 billion francs (\$120 million) during the first five years, followed by an equivalent increase in the six years to follow. Such financial commitments were not expected at the present economic conjuncture, *unless*, as was noted by the Paris daily *Le Figaro*, "the military got its say in the matter."

The first surprise came at the end of 1983: The budget of the CNES for the year 1984 was increased by \$95 million, to which another \$25 million was to be jointly contributed by the Communication and Defense ministries. In other words, the CNES was getting the funds it required for this ambitious program. In February of this

year, President François Mitterrand proposed a European grand design aimed at constructing a European space station and at preparing military applications.

Then, in mid-June, Industry and Research Minister Laurent Fabius confirmed France's commitment to develop and build the new HM-60 rocket engine, designed to power the second stage of the Ariane 5 rocket, replacing the Viking-4 engine used in the present versions of Ariane. With a thrust of 200,000 lbs., this cryogenic engine using liquid oxygen and hydrogen will enable the rocket to put a 15 metric ton payload—the weight of the Hermes—into low Earth orbit, and satellites reaching up to 7 or 8 tons into geosynchronous orbit.

Such performance capability, while still far below that of the U.S. space shuttle, would make the French program complementary to the U.S. Space Shuttle and Space Station project. The Hermes hypersonic glider and spaceship is even considered a possible "rescue-vessel" for the large orbital space station recently announced by President Ronald Reagan.

Dr. James Beggs, the head of NASA who was recently in Europe to study space cooperation with the Europeans and Japanese, seems to agree with the project. Since France is only prepared to fund about half of the cost of the Ariane 5 and Hermes, Fabius could not have announced the project without the agreement of European partners, especially the Federal Republic of Germany, which would probably assume one-quarter of the

cost. Bonn in turn could not have agreed to the project without an agreement from the U.S. administration.

Also at issue are two other important decisions which will determine the fate of the European Space Agency's programs for 10-20 years to come:

- the construction of the Columbus, an enhanced version of the Spacelab considered a first approximation of a small European space station, presently under study in Italy and in Germany;

- the exact extent and nature of Europe's participation in the American large space station project, for which the Reagan administration has requested of Europe \$2 billion in financing.

While no official decision has been made public, it is probable that an agreement on the Columbus has been reached between the European partners: The decision on Ariane 5 and the HP-60 engine could be taken only under conditions of a reciprocal agreement on Columbus, the idea being that France's participation in Columbus should basically equal Italy's and Germany's participation in Ariane and Hermes.

As for the European participation in the American space station project, the situation is similar, although more complex. The European countries are willing to cooperate on this project, but only provided Europe is given more than a minor subcontractor role. In fact, the European countries want to use the opportunity of this project to acquire the expertise needed to build their own space station later. The agreement in principle should be reached rather quickly—before the end of the year—but the detailed agreement might take longer, perhaps as much as 18 months. It depends on the extent to which NASA is ready to share newly developed technologies with its junior partners in Europe.

Report from Italy by Umberto Pascali

Venice tries to strike back

The "baptism" of a new oligarchical institution takes place in the ancient oligarchical center.

The ancient Benedictine monastery on the Island of St. George in Venice was the scene on July 12-15 of the "baptizing," as participants put it, of a new institution, Aspen Italy. The choice of verb was presumably intentionally provocative, since Aspen Italy will be devoted to spreading an ancient *pagan* conspiracy against the Judeo-Christian tradition—the Venetian oligarchical model.

The Aspen Institute, which has been leading the drive to decouple Western Europe from the United States, will be right at home in Venice, the city that harbored the enemies of the Italian Renaissance in the 15th and 16th centuries. The Venetian oligarchist prejudice against Western industrial progress and nation-states is the root of Aspen's "post-industrial society."

Although the sessions were secret, with doors "rigidly" closed, nobody tried to hide the fact that not simply a new branch of Aspen had been launched, but an ambitious attempt to restore the rule of Venice and the Central European oligarchy was being made, played as "new relations with the East without the obligation to respect the expected, official positions." Concretely, that meant a series of proposals to facilitate Russian economic hegemony over Western Europe in the name of new "trade links" with the East bloc.

The Cini Foundation which hosted the meeting was set up by Count Cini, who became rich in the Fascist war buildup of Benito Mussolini. The Cini Foundation is the center of the most important cultural warfare activities of

the Venetian oligarchy. The monastery was surrounded by police and secret service agents, and the few trusted journalists allowed in for less than an hour were forbidden to even use pens.

"Aspen Italy seeks to overcome the outworn models of the Trilateral Commission and of the Italo-American Council, and Venice can become its propelling center, with important extensions toward the Mediterranean, the Third World, the Far East!" The Italian Labor Minister, Gianni De Michelis, just elected vice-chairman of Aspen Italy, was enthusiastic.

De Michelis, a Socialist leader, is proud to be one of the few "real Venetians," married into the nobility of the Most Serene Republic. He used to hobnob with many of the brilliant young professors who were the stars of the Venice salons and then turned out to be controllers of terrorism—like Toni Negri, arrested as a mastermind of the 1978 terrorist murder of former Prime Minister Aldo Moro and now a fugitive in France.

De Michelis is not the only "baptizer" with Moro's skeleton in his closet. The president of Aspen Italy is Italian Senate president Francesco Cossiga, who aspires to be elected President of Italy next year. He is finally readying his comeback after the long silence that followed the Moro murder, when the statesman's widow accused then-Interior Minister Cossiga of failing to save Moro's life.

One invited guest who failed to show was Henry Kissinger—some say because he is still scared about the Moro case, after having made a last-minute escape last year from the ques-

tioning ordered by Judge Ferdinando Imposimato. But "the best of the international political world" and "the protagonists of the world political scene," as the major Italian papers put it, were there: German ex-Chancellor Helmut Schmidt, former French Premier Edgar Faure, former U.S. Secretary of State Cyrus Vance, former British Prime Minister James Callaghan. And, of course, the president of Aspen, U.S. oil magnate Robert O. Anderson.

The most surprising announcement was that among the founding members of Aspen Italy is the vice-president of the Hungarian National Bank, Janos Fekete, one of the top monetary experts of the Communist countries, and author of the proposal for the "transferable ruble" aimed at monetary integration of the East bloc and the West, especially Western Europe. Fekete couldn't make the Venetian meeting, but sent an enthusiastic message.

Other baptizers included: Italian Republican Party head Giorgio La Malfa; the former head of the Carabinieri, Gen. Pietro Corsini; Banca Nazionale del Lavoro president Nerio Nesi; president of ENEA (the electric company) Umberto Colombo; Sergio Berlinguer, a high ranking foreign ministry official from the family of the just-deceased Communist Party secretary; the president of ENI, Franco Reviglio; the head of the foreign division of the Christian Democracy; and FIAT general manager Cesare Romiti.

The institute "will keep an eye on the evolution of the whole Mediterranean area, Africa, and Latin America." Among the foreign members of Aspen Italy's board, besides Fekete, is Uganda's ambassador to the United Nations, Olara Otunnu, who, according to corridor gossip at the Venice meeting, will be the next U.N. secretary general.

International Intelligence

Ben Bella denounces discovery of America

At the June founding conference of the "Algerian Democratic Movement" in France, Ahmed Ben Bella, the former Algerian president who is an asset of the Swiss-based Nazi International, announced that the new organization is committed to destroying the "present world order established by the discovery of America in 1492. This order is controlled by a perverted god: profit and exploitation. This world order was established in 1492, it led to the looting of America and its gold and silver brought to Europe, it led to the triangular trade among America, Europe, and Africa based on slave trade. . . . pollution of the spirit . . . but also of nature . . . including space."

Ben Bella's speech, reprinted in the magazine *Al Badil*, called the Algerian Democratic Movement the first "organization of a new Arab-Islamic International," with the aims of overthrowing present North African governments and most of the governments of the Middle East. This movement, he said, is fully committed to the Iranian revolution, the "true heir of the 1954 Algerian revolution," and the Libyan revolution, "whose achievements meet the demands of the Algerian people."

Calling Israel "a venomous plant" and denouncing Arafat, Ben Bella attacked the current Algerian government for attempting to irrigate the desert as part of a joint project with U.S. firms.

Pacific decoupling result of New Zealand elections?

Nuclear-freeze and disarmament forces won elections in New Zealand July 14, as the Labour Party swept into power for the first time in nine years, defeating Prime Minister Sir Robert Muldoon. The Labour victory could threaten the United States' defense alliance in the South Pacific with Australia and New Zealand.

Labour Party leader David Lange led his party to victory on a platform to ban nuclear-armed or nuclear-powered vessels from New Zealand's ports. The primary target of this policy is the United States, which participates in the ANZUS defense treaty alliance with Australia and New Zealand. Lange is now calling for wholesale renegotiation of the ANZUS treaty, thereby opening a gaping hole in the Pacific defense perimeter of the West.

U.S. Secretary of State George Shultz arrived in Wellington, New Zealand July 15 for the annual ANZUS pact meeting. Before his arrival, Shultz met with Australian Prime Minister Hawke to discuss the fate of the alliance. Hawke barely succeeded in defeating an attempt by the left wing of his own Labor Party to pull Australia out of the ANZUS pact, ban port calls by nuclear vessels and planes, and shut down three U.S. military installations.

Shultz finds no takers for China card

Secretary of State George Shultz traveled to Hong Kong, Singapore, Malaysia, and Indonesia the week of July 8, in an attempt to reassure ASEAN member nations on U.S. intentions in regard to China.

In Malaysia, Prime Minister Mahathir told Shultz that his government had hoped "the U.S. would take into account the concerns of small countries on the periphery of China." Malaysia is concerned that a more economically advanced China also would be a militarily stronger China, which would attempt to achieve imperial hegemony in Asia. Shultz asserted that China would concentrate all its efforts on seeking collaboration with the United States and other industrial countries to ensure the success of its modernization drive, and would not embark on imperialism.

In a speech to the ASEAN foreign ministers in Jakarta, Indonesia on July 13, Shultz reassured them: "Our relations with the ASEAN countries are the cornerstone of our policy in Southeast Asia."

During a previous meeting ASEAN members complained about the strong dollar and high interest rates. The secretary replied: ". . . The U.S. economy, in non-inflationary expansion, has probably done more good for world trade, including the exports of the ASEAN countries, than any other single thing." He reportedly failed to convince his listeners.

Henry's in Europe: Craxi sues POE

The Ninth Section of the Milan Penal Court convicted Fiorella Operto, secretary-general of the Partito Operaio Europeo (POE), of "aggravated defamation" against Italian Prime Minister and Socialist Party (PSI) head Bettino Craxi in a July 16 trial marked by irregularities. The suit centered around a June 1983 POE electoral poster with pictures of Craxi and Henry Kissinger under the title "Wanted." It accused them of conspiracy to subvert the Italian republic and of involvement of former Prime Minister Aldo Moro's murder.

Operto was fined 3 million liras. No jail sentence or payment of damages to the plaintiff were conceded by the Court, but it ordered Operto to pay trial expenses and publish the results in three Italian newspapers.

The POE distributed the poster in Italy's largest cities during the June elections. Craxi had met with Kissinger in spring 1983 in Milan; just after the meeting, Craxi provoked the fall of the government and early elections.

Craxi sued Operto after meeting again with Kissinger the first week of July in Rome.

The trial was extremely irregular, with the court refusing to even read the extensive evidence of PSI candidates' connections to drug-running and terrorist operations in Italy presented by Operto's lawyer. It based the decision solely on the "self-evidence" of the poster.

Operto has announced she will appeal, and called the judgment "null and void." The only thing proved in court, Mrs. Operto

stated, was that "Craxi and his local and international controllers, led by Henry Kissinger, are afraid of the truth."

Zepp-LaRouche: 'Goebbels propaganda from Moscow'

Helga Zepp-LaRouche, chairman of the European Labor Party, responded to the Soviet Union's July 10 *demarche* to the West German government with the following statement:

"The absurd allegation in the Soviet Union's *demarche* of July 10, that a dangerous resurgence of revanchism and aggressive militarism can be observed within the Federal Republic of Germany, and Polish Foreign Minister Stefan Olszowski's completely groundless assertion that a new world war could begin on the banks of the Rhine, are both fatal reminders of the absurd declarations of Hitler and his Minister of Propaganda Goebbels. The great ballyhoo accompanying these accusations, and the Soviets' repeated references to the long-outdated Potsdam Agreement, are a clear indication that Moscow is thereby attempting to create a legal pretext for military operations against the Federal Republic, as well as psychologically preparing its own population for an offensive war.

"And once again, this tactic brings back old memories. I herewith unequivocally reject all such allegations.

"Why all the ruckus? The Federal Republic has for many years been producing classes of weapons or parts for the U.S.A. or other NATO partners, with no intention of using such products for itself. . . . The Warsaw Pact, on the other hand, has been engaged in a massive arms buildup ever since the early 1970s—ever since the so-called disarmament talks—and by now has achieved in some cases a manifold superiority over the West. . . .

"The only thing that counts is the total strategic offensive potential of the Warsaw Pact directed against Western Europe, and the fact that, step by step, the Soviet Union is preparing for war in accordance with its

doctrine of a war-winning strategy and the final victory of socialism on a world scale. The danger of a new world war does not come from Germany—neither from the Rhine (a ridiculous idea considering the current situation in Bonn) nor from the German Democratic Republic. . . .

"The extent of Moscow's hypocrisy was fully revealed by the Soviets' full rehabilitation of former Foreign Minister Molotov, with highest honors, only a few days after the Soviet *demarche*. . . . Whoever attacks Hitler and Ribbentrop must necessarily attack Molotov as well; without the Hitler-Stalin Pact, negotiated by Molotov and Ribbentrop, the outbreak of World War II could probably have been prevented. . . ."

Technocrat heads new French government

A new French government was formed and announced on July 19 by its prime minister, Laurent Fabius. Pierre Mauroy had handed in his resignation the previous day.

As industry minister, Fabius, a protégé of Socialist President François Mitterrand, implemented the plan which dismantled the French steel industry and eliminated 25,000 jobs in the area of Lorraine during the first part of 1984. Fabius has announced he will continue this policy of austerity and "modernization of French industry."

In the government overhaul, Education Minister Savary, Interior Minister Gaston Defferre, and Prime Minister Mauroy, all Socialist Party insiders, were sacked or demoted. Their replacements were Fabius and the technocratic "whiz-kids," Interior Minister Pierre Joxe, who is suspected of ties to the Soviets, and Education Minister Jean-Pierre Chevènement, an anti-American "neutralist."

Most indicative of the fate of the new government is who is not in it: The French Communist Party has declared that it will not participate in the cabinet—four Communist officials belonged to Mauroy's cabinet—and will mobilize in the streets against its austerity policy.

Briefly

● **AFGHAN** Refugees recently arrived in Quetta, Pakistan, report that last October the Soviets massacred the inhabitants—including the children—of three villages in revenge for a guerrilla attack in which the Soviets had sustained losses of tanks and men. Some 360 people were killed in the villages of Bala Karz, Mushkizi, and Kulchabad.

● **WEST GERMAN** police and military intelligence authorities are keeping U.S. authorities in the dark on the mounting terrorist threat to U.S. military installations and personnel, *EIR* has learned. After a raid the week of July 9 on a Frankfurt apartment belonging to six Revolutionary Cells terrorists, German authorities failed to turn over any information to the Americans. The raid yielded maps of several U.S. military installations, and detailed information on the offices of the American commander of the Fifth Corps and on the living quarters of American soldiers, officers and their dependents.

● **HENRY KISSINGER** has been invited to Israel by the head of Koor Industries, Naftali Blumenthal, Israeli sources report. They met at a financial-industrial conference in Nice, in southern France, in late June. Expected time of arrival is in August, after Israel's elections.

● **EDWARD TELLER** has told *Stern* magazine in an interview circulated throughout West Germany that beam-weapon defenses are vital for the entire Western alliance. The appearance of Teller's interview counteracts an intensive Soviet-led campaign throughout the Federal Republic against the beam-weapon policy.

● **THE SOVIET UNION** has invited Walter Mondale to visit the U.S.S.R., Yugoslav newspapers are reporting. They claim that the invitation was issued immediately after Mondale's nomination as Democrat-ic Party candidate.

LaRouche: Democrats chose Mondale to be 1984 loser

by Mel Klenetsky

Walter F. Mondale, former vice-president of the United States under the hated Jimmy Carter, won a first-ballot nomination as the Democratic Party's 1984 candidate for President after the party chairman had declared the Democratic Party a "private association" above the law in order to illegally bar the nomination of Lyndon H. LaRouche, Jr. from being placed before the convention.

As LaRouche stated June 19, if the Democratic Party is a private club it owes the Federal Election Commission some \$40 million in funds received as a public political party! This "Catch-22" in Manatt's wild tactics to block the LaRouche nomination is just one indication that the much ballyhooed party "unity" achieved at the San Francisco convention is a complete chimera.

The national media played the final days of the July 16-19 extravaganza in San Francisco as a montage of 1) unity speeches by Mondale's rivals Jesse Jackson, Gary Hart, and "non-candidate" Sen. Ted Kennedy; 2) careful orchestration by the Mondale team to give him his victory on the first ballot; and 3) the whole Democratic Party joining hands to heal the wounds of a hard-fought primary campaign, to begin the long uphill battle to secure a Democratic victory against Ronald Reagan. It all culminated with indoor fireworks and the Russian (czarist) national anthem in Tchaikowsky's 1812 Overture. Jesse Jackson rallied the troops to unity behind Mondale, likening the convention to the playoffs and the November election to the Superbowl.

More sophisticated political viewers were treated to a chain of political blunders by Mondale, from the convention-eve attempt to replace Charles Manatt with Bert Lance as party chairman, to his clumsy backdown and reinstatement of Manatt two days later—all revealing the disunity in the party and a lack of finesse by Mondale that even his "Norwegian charisma" could not obscure.

In fact, as Lyndon LaRouche pointed out in his June 19 press conference, Mondale was given the nomination by other Democratic leaders who assumed that he would be the one to bring the party down to defeat in November. It is rumored that Kennedy has planned an election-day party in New York to celebrate Mondale's defeat and map out a 1988 Democratic Party strategy. Why else would New York Gov. Mario Cuomo, a close associate of Kennedy, twice turn down Mondale's offer to pick him for vice-president?

This also explains Cuomo's statements on July 18 that he didn't think Mondale and his running mate Ferraro will have what it takes to defeat Reagan in New York in November and that there was a limit on what he (Cuomo) could do for the Democratic presidential ticket in New York.

"If the Democratic Party were prepared to beat Reagan," said LaRouche, "it would have dumped Mondale."

The danger of Mondale's candidacy

But, LaRouche warned, it is not possible to predict that Mondale will lose, despite his personal unpopularity, because of the danger that a monetary collapse will trigger a backlash against President Reagan. We have two problems now because Mondale has the nomination, LaRouche stressed: "Mondale is morally unfit for the White House because he is an agent of Soviet influence, and he supports the depression policies of Federal Reserve Chairman Paul Volcker."

LaRouche expanded on this theme saying Mondale was a known agent of the international grain cartels. His candidacy is an added threat to America's food supplies at a time when the nation faces food shortages as early as 1986. Mondale's campaign receives funds from the Cargill grain company, one of the biggest grain monopolies.

LaRouche also stressed that Mondale is a "Kissinger man," and Henry A. Kissinger—whom LaRouche documented as a

Soviet agent-of-influence in a series of nationwide half-hour television broadcasts in the primary season—also controls significant portions of the Reagan administration.

LaRouche noted that Bill Hyland and Winston Lord, key Mondale advisers, were both Kissinger protégés.

A recent *Newsday* convention report identified Kissinger protégé and *Foreign Affairs* editor Bill Hyland, Carter Energy Secretary James R. Schlesinger, and Felix Rohatyn, the “financial wizard” known for shutting down industry, as leading contenders for a Mondale cabinet. Senator Sam Nunn (D-Ga.) and Rep. Les Aspin (D-Wis.) were contestants for secretary of defense, according to *Newsday*. Nunn recently sponsored a bill to cut U.S. troops to one third their current level in Western Europe, inspired by Kissinger’s notorious March 5 *Time* magazine article on “Reshaping NATO.” The co-sponsor of the Nunn bill actually had the entire text of Kissinger’s *Time* piece put into the *Congressional Record*.

Winston Lord, the other Mondale adviser, Kissinger protégé, and Council on Foreign Relations head, told a source that he thought Kissinger would be useful in a Mondale administration, though a lobbying effort in that regard would tend to backfire. Lord said that former Democratic National Committee (DNC) chair Bob Strauss and AFL-CIO president Lane Kirkland, having worked with Kissinger on the Central America Commission, would be a useful bridge to Mondale on the Kissinger question.

LaRouche to run as independent

While LaRouche expressed concern that Mondale was morally unfit for office, he noted that a Reagan landslide, without addressing the issues, might result in Kissinger coming into the White House and running it as he did under Nixon. LaRouche said he had hoped that America would have a Democratic Party candidate who could correct Reagan’s problems on the economy. This is not possible now, given Mondale’s support of Volcker’s depression.

“In order to save the Democratic Party, and exert as much influence as possible, I shall be running as an independent Democrat,” LaRouche told the press. Should Reagan be re-elected, said LaRouche, his machine will rally voters to persuade Reagan to change his economic and agricultural policies. Meanwhile Mondale’s and Kissinger’s status as Soviet agents of influence need to be presented to the American population to keep Reagan honest, to save the country, and to rebuild the Democratic Party.

“We are going to increase the humiliation of those who put this national joke ticket together, in order to save the Democratic Party,” LaRouche told the San Francisco press. In LaRouche’s own estimation, the Democratic Party is facing a disaster far worse than the 1972 fiasco of McGovern-Eagleton-Shriver.

LaRouche’s efforts to reconstitute the labor-farmer-entrepreneur-minorities alliance of Franklin D. Roosevelt, around the key policy issues of beam-weapons defense and reorganizing the monetary system to stop a world financial

collapse, have terrified DNC head Manatt and the Bob Strauss-Pamela Churchill Harriman wing of the party backing Mondale. Throwing caution to the winds, Charles “Bankster” Manatt, chairman of the Democratic National Committee, decided to rip up the U.S. Constitution and the Democratic Party by-laws, and make a mockery of the Democratic Party to prevent Lyndon H. LaRouche from placing his name in nomination for President at the Democratic Convention.

What caused Manatt to expose himself was the fact that LaRouche, who had received of 15%-35% of the Democratic primary vote in elections beginning with the April 10 Pennsylvania primary, succeeded in getting 370 signatures from convention delegates to put his name in nomination. Like the AFL-CIO and Mondale machine-run vote fraud operations that kept LaRouche’s primary vote from being counted (even while other members of the LaRouche slate were awarded anywhere from 10% to 60% of the official tallies in the same primaries), Manatt’s strongarm tactics against LaRouche are the deperation moves of a petty tyrant losing his grip on a fiefdom that is rapidly falling apart.

The Manatt effort to illegally block LaRouche began long before the convention. On July 1, the *Indianapolis Star* reported that at a meeting of the ad hoc commission formed to hear Jesse Jackson’s complaints about the national convention’s delegate selection rules, Rep. Andy Jacobs (D-Ind.) asked the commission to respond to Jackson’s objection that the delegation selection process is unfair. A commissioner replied that they “didn’t mean to be unfair to anybody, but did Jacobs want, say, Lyndon LaRouche coming in and grabbing a handful of delegates just to make trouble?”

To which Rep. Jacobs replied, “How could they say the rules didn’t mean to be unfair? The commission had just said it wanted to be unfair to LaRouche.” The *Star* reported that then “there was a little recess during which Jackson told Jacobs he had put his finger right on the trouble.” The meeting ended with the commission telling Jacobs the rules absolutely could not be changed.

Manatt: ‘I am the law’

Democratic presidential candidate LaRouche compared Manatt’s antics to the fabled King Canute, who ordered the tides to reverse themselves, and shortly thereafter found his throne immersed in water.

From day one of the convention, the LaRouche campaign found itself in a pitched battle with DNC head Manatt, whose irrational, dictatorial interpretations of the Democratic Convention procedural rules and strongarm tactics recalled those of Josef Stalin and Chairman Mao.

On Monday morning July 16, the first day of the convention, one of Manatt’s first acts as party chairman was to arbitrarily deny the LaRouche campaign the ten floor passes that had previously been promised to the campaign—on the absurd grounds that LaRouche was not a presidential candidate!

Joe Reiser, the convention’s legal counsel, informed the

LaRouche campaign that Manatt had personally intervened to invoke Rule 6 and Section 5e of the Final Call for the 1984 Democratic National Convention to deny LaRouche access to the convention.

Rule 6 defines a presidential candidate as a registered Democrat, a bona fide member of the party, and having substantial support. Rule 5e of the procedural rules states that the chairman has the authority to decide who is necessary to the proper functioning of the convention.

Using Rule 6, Manatt dictatorially decided that LaRouche did not have substantial support; therefore, he was not a presidential candidate. Since LaRouche had qualified for federal matching funds, run in 13 state Democratic primaries, and headed up a slate of more than 2,500 candidates running on the LaRouche program, Manatt's interpretation of substantial support not only spits in the face of federal and state authorities but disenfranchised the more than 2 million voters who cast their votes for the LaRouche slate.

After Manatt ruled that LaRouche was not a presidential candidate, he went on to exclude him as not necessary to the proper functioning of the convention, according to Manatt's interpretation of Section 5e.

Democratic party a private club?

The LaRouche Campaign immediately filed a lawsuit in California Superior Court which argued that LaRouche's First Amendment rights and freedom of speech rights under the California state constitution had been violated. Manatt came into court with a battery of 10 lawyers, including the attorney general of San Francisco, and argued that the Democratic Party was a private club that could do what it pleased. Judge Frank Shaw agreed with Manatt's argument! The appeal to the First Circuit Court of Appeals upheld Shaw's ruling.

During the late 1950s-early 1960s, private country clubs excluded blacks and Jews by arguing that this was their right as a private club. The civil rights wing of the Democratic Party vigorously fought that kind of thinking. Jesse Jackson

got his start in politics working with Dr. Martin Luther King around this kind of Civil Rights struggle. Now Manatt, like the Bull Connors of the past, has invoked this legal decision to deny LaRouche his basic civil rights and simple access to the ballot.

On Tuesday, July 17, at 5:30 p.m., The LaRouche Campaign filed 370 signatures of delegates to place LaRouche's name in nomination for President at the Democratic Convention. R. Calvin Lockridge and Virginia H. Tournelle, delegates from Washington, D.C. and Sioux City, Iowa, respectively, presented themselves as the nominator and seconder of the LaRouche nomination. The Manatt camp went wild.

Within 24 hours LaRouche campaign volunteers had received reports that Jesse Bankston and Patrick Lehman, state heads of the Louisiana and Kansas delegations, had personally intervened to get delegates to withdraw their signatures. A Michigan delegate who had signed the LaRouche petition was called up in front of the whole caucus and forced to sign a withdrawal statement. Virginia Tournelle, the seconder, was approached on the convention floor by what she termed party heavyweights, who made her withdraw her name. She was also removed from the floor as a delegate and replaced by an alternate.

These strongarm tactics were only the beginning. When the LaRouche campaign contacted the office of the secretary of the convention on Wednesday, they were informed that the 370 nominating signatures for LaRouche were not valid because Manatt had ruled that LaRouche was not a presidential candidate, the ruling that Judge Shaw had allowed to stand by adjudicating that the Democratic Party was a private club that could do what it pleased.

Rick Boylan, the secretary of the convention, further stated that out of the 370 signatures submitted, only 129 (of the required 200) were valid delegates. Using true bureaucratic doublespeak, Boylan said The LaRouche Campaign could not contest this count, since LaRouche was not a presidential candidate! All LaRouche could do, Boylan claimed, was somehow persuade the convention to suspend the rules by a two-thirds majority vote of the delegates. What he did not mention is that Manatt's thugs illegally used the petitions submitted Tuesday as evidence of substantial support for LaRouche in the court case, to identify and harass delegates into withdrawing their support. However, most delegates refused to be intimidated. Why else would Manatt refuse a recount?

In a San Francisco press conference on Thursday, July 19, LaRouche said he will mount a federal challenge to Manatt's use of Rule 6, which was upheld by the state courts on the basis that the Democratic Party is a private association. "This is a Catch-22 for Manatt and Mondale," LaRouche noted. "If the Democratic Party is a private club, how can the Democrats get \$40 million from the FEC as a public party?" In addition to the federal court challenge there is also a complaint filed with the Justice Department for harassment and intimidation of delegates who signed the LaRouche petitions.

What Rule 6 says

Democratic National Committee Chairman Charles Manatt arbitrarily invoked Rule 6 of the Final Call for the 1984 Democratic Convention to bar Lyndon LaRouche's nomination from the convention. Rule 6 states: "The term 'presidential candidate' herein shall mean any person who, as determined by the Chair of the Democratic National Committee, has established substantial support for his or her nomination as the Democratic candidate for the Office of President of the United States, is a *bona fide* Democrat who has the interests, welfare and success of the Democratic Party at heart, and will participate in the Convention in good faith."

How special interest politics have failed

by Mel Klenetsky

The image of the Democratic Party "defending the little guy" was carried to new depths of bathos in Mario Cuomo and Jesse Jackson's convention speeches. In fact, the Democratic Party is no longer a constituency-oriented grassroots party. Its candidates are media creatures bankrolled by the Wall Street moneybags and tycoons.

Political analysts across the country have been writing post-mortems about the sorry state of Fritz Mondale's efforts and the wretched state of the Democratic Party. From Joe Kraft to Max Lerner to Patrick Buchanan these pundits pin the lack of enthusiasm and hope for a Mondale victory on factors from the Democratic Party platform to the confusion of leaders and the use of fake symbols and categories.

The reality is that Democratic Party clubs don't function anymore. While party leaders like Cuomo and Mondale rhapsodize about the rich and the poor, the lucky and the left out, Chuck Manatt has Ann Getty, wife of Gordon Getty, who is worth \$4 billion plus, host dinners for the most powerful publishers and TV media people. Mondale enjoys close ties to Herbert Allen, the mob-linked Wall Street investment banker and entertainment industry mogul.

Since the "McGovern Reforms" of 1972, the grassroots constituency politics practiced by such Democratic big-city mayors as Coleman Young, Richard Daley and Kevin White (let alone the FDR coalition!) has been replaced by special interest groups, who are satisfied by symbolic and rhetorical gestures of support rather than substantive policies. So Mondale tries to win the women's vote by selecting Geraldine Ferraro as his running mate; win the South by choosing Bert Lance as his campaign chairman; placate the blacks by offering Jackson a job handling voter registration for the Democratic National Committee, with a large staff and control of millions of dollars; and win over the Yuppies (Young Upwardly Mobile Professionals) by saying that he will help Hart pay off the remaining debt of his \$13 million campaign.

Each of these decisions has already backfired—or soon will. Ferraro, so-called champion of women and the poor, is the wife of one of New York's most distinguished slumlords. Mondale's tactical blunder in trying to replace Manatt with Bert Lance as DNC head, with the convention in Manatt's home state, only pointed up the disastrous effect of running a party by pandering to special interest.

Mondale backed off from replacing Manatt with Lance and instead made Lance his campaign chairman. Lance, of course, presents major problems for Mondale. Lance has brought about discontent from Jewish delegates, Southerners, and labor leaders. Lance has the taint of the Carter mafia about him and the scent of scandal remaining from his forced resignation in 1977. Lance's history of ties to Arab financial interests has raised a whole array of objections from Jewish leaders.

One of the biggest affronts to any semblance of constituency politics came from the handling of Jesse Jackson, who received 22% of the popular vote and wound up with only 9% of the delegates. The fix was apparent in the roll call where one state after another came in with the most delegates for Mondale despite Jackson and Hart popular-vote victories in the primaries and caucuses. Jackson called for proportional representation for delegates and was heard by an ad hoc commission set up by Rep. Tip O'Neill, but was not given any satisfaction.

The bitterness of the black delegates came out sharply when Mondale put up Coretta Scott King and Andrew Young to defeat the Jackson minority plank. Martin Luther King's widow and Young were booed by the Jackson delegates. For the black community Jesse Jackson represented a symbol for their aspirations to end the disenfranchisement they have felt in the Democratic Party, especially since the Carter administration. Mondale's offer to Jesse on the voter registration drive meant nothing.

Not only did the Mondale camp fail to meet any of the demands of the Jackson forces, the most important of course being proportional representation for delegates, but the Mondale camp used harassment tactics against Jackson supporters as they did against those delegates who signed the petition to place LaRouche's name in nomination. One of Jesse Jackson's top advisers, Lamond Godwin, charged that Jackson supporters were subjected to "intimidation" during the nominating process at the Democratic convention Wednesday. Godwin said one Mondale supporter who switched to Jackson was taken off the floor and replaced with a white alternate and that "credentials were physically removed" from some other black delegates who wanted to change to Jackson.

The Hispanic delegates abstained from voting to protest their opposition to the Simpson-Mazzoli Bill. The Texans were annoyed because Ferraro and not Texas Congressman Lloyd Bentsen was chosen for the vice-presidential spot. Mondale's solution was to have black Los Angeles Mayor Tom Bradley give his main nominating speech, with seconding speeches by Rep. Robert Garcia, a Hispanic, and Texas Treasurer Ann Richards.

The Democratic Party with a Mondale and a Manatt at the helm will be destroyed. The sleaze factor behind the money and media, together with the thug tactics, is what this gang is really about, and what they use to cover up the failures of their "special interest" politics.



'No excuse for the incompetence of anti-beam-weapon scientists'

Dr. Robert Jastrow founded the theoretical division of NASA at NASA's Goddard Space Flight Center in 1958. He has been director of the Goddard Institute of Space Studies since 1961. He is now Adjunct Professor of Earth Sciences at Dartmouth College in New Hampshire. Trained as a nuclear physicist, Dr. Jastrow is more known for his work on astronomy. He is the author of Red Giants, White Dwarfs and several other works. He was interviewed for EIR by Robert Gallagher.

Gallagher: Dr. Jastrow, on March 23, 1983, President Reagan announced a new strategic doctrine based on the development of new technology to render nuclear missiles "impotent and obsolete." This proposal has taken shape in the Strategic Defense Initiative [SDI] program. What are your views on the feasibility of a defense based on lasers and other directed energy technology, and how early could we deploy such a defense?

Jastrow: The estimate is that it would take some years of research to decide which is the best way to go, but no fundamental scientific or technical obstacles stand in the way of a defense against a Soviet nuclear attack on the United States, according to the qualified people who worked with Dr. Fletcher on a study of that question.

You asked about how long it would take: Five years is the time allotted by the administration to research on this matter. Around 1989, the experts feel that it should be possible to choose the best technologies and build a system

around them that could be deployed for the defense of Americans in the 1990s.

Gallagher: Last year, Dr. Teller made a statement that a partial ABM defense based on the x-ray laser could be constructed and deployed within five years.

Jastrow: I think that that's generally considered to be about the right estimate. And it would of course require renegotiation of the ABM treaty, but that's a bridge we don't have to cross for a number of years.

Gallagher: Why do you think so many well-known members of the scientific community are opposed to this program? I'm thinking of people like Hans Bethe and Richard Garwin.

Jastrow: That's a question for a psychologist rather than a scientist. I don't understand why nominally competent physicists like Bethe, should lend their names to statements by this group of scientists [the Union of Concerned Scientists] about the technical feasibility of a defense against Soviet missiles—statements which turn out on close examination to be full of errors and seriously misleading.

Gallagher: I remember that in April of 1983, Garwin circulated a petition for a ban on weapons in space that was signed by 30 or 40 scientists, some of whom are serious people as far as I can tell. Many astronomers were involved, for example. I have frequently been asked why scientists get trapped into this kind of thing.

Jastrow: There is a striking similarity in the language of the Soviet draft treaty submitted to the U.N. on the ban of so-

called weapons in space, and the draft treaty or petition that was drawn up by this group of scientists. I think that the reason for all this well-intentioned activity is an implicit assumption that the United States is the greater menace to world peace, and that it's our efforts that spur the arms race. It's a feeling that I think is completely at variance with the facts.

Gallagher: What do you think the major problem is in U.S.-Soviet relations today?

Jastrow: I think that the Soviet Union depends on its nuclear missile arsenal in a fundamental way as a main prop for its superpower status, and so it is most unlikely to give up any element of that arsenal except under heavy pressure. It's a country with an economy that is strikingly unproductive, a people with a lower life expectancy than any country in the Western world including Japan, to my knowledge—I believe it's 63 years for Russian males—and a country with a high infant mortality rate. And there is a lot of alcoholism. It all suggests that it is a miserable place to live, and it's been commented that the Soviet Union would not even be respected as a superpower if it weren't for this fearsome arsenal of weapons. So, that's obviously a plus for the Soviet leaders, the only thing they've got behind them, and a stimulus to the further expansion of their nuclear destructiveness.

Gallagher: Among the litany that has come out against beam weapons is the argument that as soon as they are deployed, or about to be deployed, that this in itself will provoke the Soviet Union to start a war. Now of course this is coming directly out of Moscow, so it's not very credible.

Jastrow: Well, it also comes from Carl Sagan, you know, because he said that to me on the Brinkley hour; we discussed this matter in public. And I think the answer to it is that the technical problems involved in building an operating system for missile defense are substantial, and the pace of movement towards deployment is almost glacially slow, because it involves almost five years of research before we decide which way to go.

Because of this, there's no reason for the Soviet Union to feel threatened suddenly. And as we move in that direction, thanks to the President's initiative, the Soviet Union is and will be moving as fast as it can in the limits of its own technology, so that as we are ready to deploy they will be also, which will result in the joint uselessness of these weapons as the endpoint the President desired and hoped for.

Gallagher: I've spoken to a lot of scientists and engineers, who actually believe that there's a big question as to whether or not this is possible. What do you think about that?

Jastrow: I think that the people involved are mostly nuclear or ex-nuclear physicists whose world experience has been shaped by the nuclear bomb that their profession helped to create, and it has dominated their thinking, and a certain amount of lack of imagination or inflexibility has prevented

them from embracing the full implications in the event newer technologies of the computer that led to the smart warhead and the even more accurate antiballistic missile that can shoot down an enemy missile without using nuclear weapons itself. That development makes President Reagan's proposal feasible, and its import is not fully grasped by the technicians themselves who are offering this criticism.

Gallagher: Well, to give an example of the kind of sophism that is used, when I debated Richard Garwin on Cable Network News, he objected that it was impossible to pop an x-ray laser up into space upon warning of an attack in time to intercept ballistic missiles in their boost phase because the curvature of the earth makes the pop-up distance too great for a rocket to carry the x-ray laser there before the boost phase ends.

Jastrow: I think that's a fatuous remark on Garwin's part, because at this juncture in 1984, no one has any idea whether the pop-up x-ray laser is the best way to go or lasers deployed in space are better, or whether chemical lasers are better than x-ray lasers in the 1990s, and so on. None of those matters are worked out. That's what five years and \$26 billion have been allotted for, to settle those questions.

Gallagher: What's your evaluation of the UCS report?

Jastrow: It makes the most serious errors on the fundamental issues—in alleging, for example, that calculations show a fleet of thousands of laser-equipped satellites is necessary to provide a defensive screen against Soviet missiles. Whereas defense scientists who have been studying this question, this very question, for more than 10 years, have found, always, at the end of their calculations, that the correct number is less than 100: No more than 100 are needed. And just the significance of that difference, between thousands of satellites and less than 100, is the difference between a practical program and an impractical one: since each satellite will cost about as much as a Trident submarine, and if thousands were needed, the total cost would be many trillions of dollars, but if only 100 are needed, then one can develop and deploy the system at a cost averaged out, spread out, which is well within the present level of expenditure today for strategic defense.

Gallagher: You're talking about the chemical laser system that Max Hunter of Lockheed has worked on?

Jastrow: Yes, the basic technology that is the closest to realization, the least exotic of the exotic technologies. The chemical laser fueled and fired in orbit, and directed from orbit at a hypothetical simultaneous launch of the whole Soviet arsenal, 1,400 Soviet missile silos. I myself looked into that matter [of how many satellites are required] with a globe and some pieces of string and then some more elaborate calculations later, to convince myself by rough estimates that the result of less than 100 is correct, and I arrived at a number between 50 and 100, and there's no question but that that's

the right answer. And there's no excuse whatsoever for a group of nominally competent scientists [the UCS] to make such large errors, an error in this case by a factor of 20.

Gallagher: At the meeting of the American Association for the Advancement of Science earlier in June, you and Garwin had an argument about the weight of shielding required to protect a missile from lasers. In other words, what impact would the shielding required have on the ability of the missile to get off the ground or get off the ground with the desired payload.

Jastrow: Garwin stated at that meeting that 660 pounds of material would be adequate to protect a Soviet missile against our lasers, and the correct number is 4.8 tons. When I announced this figure, he said that I had made an error in forgetting that when the first stage of the rocket burns out you throw it away together with everything on it. But that's not true, because when the first stage burns out, the velocity that the missile has achieved at that point is determined by the mass of the empty shell and everything that sits on top of it; that controls what is called the mass ratio and the burnout velocity. And to maintain that burnout velocity and maintain the range of the missile, which are an absolute essential, you must keep the mass ratio and the final mass of the empty shell constant. So if you smear some weight on the outside of the casing of the skin of the first stage, then you must subtract that weight from what sits on top of the first stage, which includes the payload of warheads. I was so shocked at Garwin's error that I burst out in public and said, "Dick, you've made a terrible error," and that is in fact the case that he did.

Gallagher: So he said that it would only result in a 660-pound decrease in the payload, and you—

Jastrow: Yes, and the right answer was 4.8 tons for the layer of material about half an inch in thickness, which is what is needed. And that's interesting because 4.8 tons is 60% of the 8-ton payload of the SS-18, which means that if the Russians actually implemented Dr. Garwin's suggestion, they would be losing 60% of the destructiveness of the most fearful weapon in their whole arsenal, the monster SS-18. And I would say that's a pretty good return from American science for the President's appeal to make these dreadful missiles impotent and obsolete.

Gallagher: Do you have any other comments on specific points of the UCS report?

Jastrow: Yes, one other, that's a criticism of that report that also applies to the Office of Technology Assessment report authored by Ashton Carter. Both reports stress the fact that the x-ray laser, which is one of the most promising technologies at this stage, can be defeated by a rocket which burns out very quickly in the lower atmosphere where the density of the air is thick enough to block the laser x-rays from penetrating. And it works out that the rocket must burn out below about 40 or 45 miles, which means it must burn out

within 50 seconds to do that. But at the present, the time that the Soviet arsenal takes before burnout at the present time—that means all the SS-17s, -18s and -19s, all 820 of them, with their terrifying complement of 5,000 destructive, accurate warheads—their burnout time is no less than 300 seconds. So every one of the missiles that's now out in their silos, in the Russian missile fields, is entirely vulnerable to an x-ray laser. And if you ask whether the Russians might develop a newer and faster-burning missile in time to counter our defense, I will remind you that the next generation of missiles, which the Soviets don't even possess yet, is represented by the MX, and *its* burn time is 180 seconds. So the MX generation of missiles is still terribly vulnerable to an x-ray laser defense. And a kind of missile that would burn out in 50 seconds will not be available in *this* country, according to informed estimates, until the end of the century, and the Soviet Union is thought to be a generation behind us in this kind of development, and it will not have such a missile until the first years of the 21st century at the earliest. So the whole present generation of Soviet missiles, and the generation after that, are vulnerable to an x-ray laser defense. And I will say again, that's a pretty good response by American scientists to the President's call for making these missiles impotent and obsolete.

Gallagher: Let me mention to you that their calculation on the pop-up distance is wrong.

Jastrow: I wouldn't be surprised. You know, Bob, I picked three examples from my analysis that were especially easy to understand and to check, reliably, but that paper is just rife with technical errors.

Gallagher: Do you have any specific comments on the questions that were raised in the Office of Technology Assessment (OTA) report?

Jastrow: The OTA report, or the report *to* the OTA by Dr. Carter, does not have as misleading or exaggerated a set of claims as the UCS report but the exaggerations are still quite substantial, because for example, that report says that as many as 500 satellites would be needed in a defensive screen to counter the Soviets; and the right answer, again, is less than 100. And on the x-ray laser, it doesn't make the mistake that these fellows make in regard to the ablative covering and such matters—it's less fatuous in these respects—but it makes the same mistake in its unwarranted optimism about the ability of the Soviet Union to deploy a fast-burn booster and defeat our x-ray laser defense.

Gallagher: Ashton Carter asserts in the report to the OTA that one gram of ablative material per centimeter squared of missile surface is all that is required to shield a booster from a laser. You calculated 4.8 tons total ablative material required. How much is that per centimeter squared?

Jastrow: The ablative covering has to be at least 2 grams per square centimeter thick, to protect against the presently planned U.S. [chemical] lasers.

Gallagher: One countermeasure against lasers that's been proposed is to spin the missile during the boost phase so that the beam must dwell on the target longer to kill it.

Jastrow: That's another fatuous suggestion. At most it gains a factor of π , which is roughly three; and at this stage the definition of the brightness of our lasers is up in the air and factors of three are a very modest increase; that would not be an effective defense at all. But even if the Russians were foolish enough to go to the trouble of trying to spin their missiles, which would require a complete retro-fit, by the way—it would be a rather elaborate job for them to rebuild their silos to do that—if they did, we would simply concentrate our laser energy in a pulse that caught the spinning rocket at one point of its spin, so to speak.

I'll tell you what another one of these fellows mentioned in their report: to shine up the rocket so that it would reflect the laser beam. But you know the reflection would have to be really perfect; if even a fraction of 1% of the laser energy got in, it would destroy the perfection of the shine, degrade the surface, and even if it did so just a little bit it would let more of the energy get in and that would degrade the surface even more and you would end up with a positive feedback that would quickly eliminate the shine and the rocket altogether.

Gallagher: E. Velikhov at the Kurchatov Institute in Moscow has been directing work there that has been oriented toward nuclear pumping various types of systems for appli-

cations from energy production to lasers and particle beam devices. *Aviation Week and Space Technology* magazine has independently reported recently that there is a full-blown Soviet program to develop a nuclear pumped x-ray laser. The program is run by Velikhov's people at Kurchatov and at the Lebedev Physics Institute, also in Moscow, and that they are testing a device at Semipalatinsk—with Lebedev providing the guidance on lasing and Kurchatov on nuclear pumping. Yet this is just part of the story. I know from Rand reports issued over the past 10 years that there has been an intense effort in the Soviet Union for at least that long to develop an x-ray laser pumped by electron beams. At the same time as he is doing this, Velikhov is running around the U.S. lying to Americans about what he's doing and about what other Soviet scientists are doing and saying that a beam defense is not feasible and would be dangerous if ever achieved.

Jastrow: In the Soviet defense structure, there's something, a branch with a name like Ministry of Strategic Deception, headed at one time by the famous Ogarkov, that has mounted this procedure for firing missiles at night in missile tests so that our satellites cannot photograph the tests. And it's interesting that Ogarkov was also the Soviet military representative at the SALT talks. And so I'm not surprised to hear you say that what they tell us is completely contrary to what they're doing. One of the major weapons in their arsenal is deception, according to their own command structure.

The only surprise is that anybody in this country believes these fellows.



NSIPS/Stuart Lewis

At a meeting of the American Association for the Advancement of Science in May, Dr. Robert Jastrow (right) demolished the arguments of the opponents of beam-weapon defense. Also shown here are (left to right) Mathew Meselsen, McGeorge Bundy, and Richard Garwin.

Kissinger Watch by M. T. Upharsin

'Bring back Henry. . . .

"An intense lobbying effort would be negative!"

"It's a good idea—as long as it doesn't come from me!"

"I like the conception, but if I recommend it, it will backfire."

According to reports received by Kissinger Watch in the United States and Western Europe, these are among the characteristic responses of individuals approached to associate themselves with an informal committee of influentials now taking shape to re-install Henry Kissinger in a prominent policy position in the next U.S. administration.

For the scribes and oracles of the oligarchy, Henry Kissinger appears to be some kind of combination of folk hero and Typhoid Mary. They need him as the unique individual capable of arranging the transfer of world power to the Soviet Empire, but they don't want to catch the disease of too-intimate association with him.

Fat Henry, after all, is not the most popular man in the U.S.A.

The idea for the committee, from information received by Kissinger Watch, began with leading officers of the Pugwash Conference, the entity established by Lord Russell and Leo Szilard to decapitate the military-industrial power of the United States, which had its annual conference in Sweden July 9-15.

Speaking in Göttingen, West Germany, after a KGB-endorsed conference against President Reagan's beam weapons policy, Pugwashite Victor Weisskopf of the Massachusetts Institute of Technology told reporters that Kissinger "is the only man the Soviets would trust" under conditions of a sec-

ond Reagan administration. "But Kissinger is very unpopular in the U.S.," Weisskopf warned, advising the journalists to begin a behind-the-scenes campaign on Henry's behalf.

One of Washington's leading liberal commentators was approached on Weisskopf's suggestion. "I've been discussing this 'bring back Henry' idea with various people over the past days," he stated. "I like the idea, but a press campaign, I fear, would backfire, especially if I were involved in it." He identified one Washington columnist who was prepared to launch the campaign, but then backed off, "fearing that he would be *terrifically* exposed."

He was nonetheless filled with advice: "For this to work, we have to make sure Shultz stays in as Secretary of State, and to bring Henry in to handle arms-control negotiations, talks on space weapons. He's best for the job, but Shultz has to stay in there, or else [Defense Secretary] Weinberger will take over at State, and there will be an even stronger tilt against arms control than there is now."

He advised that "it might require a Republican Senator, perhaps Howard Baker of Tennessee, to get this going, but it's going to be very, very tough."

. . .but don't let anybody know!

A Washington influential close to the Willy Brandt-Olof Palme wing of the Socialist International also demurred. "Look, the idea is sensible, we need an authoritative figure from the traditional foreign policy elite in there, if not Kissinger, then Brent Scowcroft or Donald Rumsfeld. But coming from Weisskopf's mouth, this will only backfire, given how Weisskopf is viewed in this town. If Henry were here, I'm sure he would recommend that Victor *denounce* him, since that

would help Henry rather than hurt him.

"Somebody like Tom Watson of IBM would have to push the idea for it to work, that would get Reagan's ear. That's the kind of quarter to look for to get a consensual current going. Some of the columnists, like Joe Kraft of the [*Washington*] *Post* and James Reston of the [*New York*] *Times*, should be brought in. They could start a 'bring back Henry' drumbeat in the press, as long as they got a good dinner invitation in return."

Policy influentials in a range of quarters, from Vienna, Austria, to Venice, Italy, to London and New York, are musing over how the best means can be found to get their would-be Count Metternich back into the policy driver's seat, whichever administration emerges.

One of Kissinger's New York intimates, now advising the Mondale campaign, suggested, "Kissinger might be useful even in a Mondale administration, to deal with some combination of arms control and the Middle East, the two places he's best. . . . To get this going, [former Democratic National Committee head] Bob Strauss and [AFL-CIO chief] Lane Kirkland would have to be approached. Publicly, of course, neither would touch the idea of a pro-Kissinger committee with a ten-foot pole. But, privately, both could serve as the bridges between Mondale and Kissinger. Bob Strauss is close to both Mondale and Kissinger, and Kirkland worked with Kissinger on the Central America commission."

On July 18, in the midst of the Democratic Party convention, Strauss demonstrated that he is operating on exactly such a wavelength. He praised the (Democratic) Roosevelt and the (Republican) Nixon administrations as models to be looked at for a future administration. The latter, he said, mastered the art of foreign policy.

Under whom?

Elephants and Donkeys by Kathleen Klenetsky

'Wife of a slumlord'

Fritz Mondale's naming of Geraldine Ferraro to be his vice-presidential running mate may have brought no end of joy to the radical feminists, but otherwise it's shaping up as a liability to a ticket already headed for defeat.

Along with Bert Lance, who was forced to leave the Carter administration when he was charged with bank fraud, Ferraro personifies the sleaze factor in the Democratic Party. According to various sources, Mondale aides are "nervous" about some of the revelations about Ferraro. They should be.

"Ferraro is the wife of a distinguished New York slumlord," was how presidential contender Lyndon H. LaRouche, Jr. characterized the congresswoman.

That's no exaggeration. Ferraro's husband, John Zaccaro, has made a financial killing as a "real-estate developer" specializing in loft conversions in Manhattan's Soho district. He also owns properties in Chinatown and Little Italy in downtown Manhattan.

According to news reports, Zaccaro's buildings have been repeatedly cited for violating the city's building code. The *Los Angeles Times* reported that Zaccaro "has been criticized by some of his tenants as a landlord who skimps on heat and building repairs," and that the buildings he owns are "inadequately heated during the winter and are often in poor repair."

Madame Ferraro, who last week said President Reagan "is not a Christian" because he isn't compassionate toward the poor, served as the secretary and treasurer of Zaccaro's firm.

Ferraro used the proceeds from her husband's slumlord business to buy a congressional seat. Subsequently, Zaccaro was fined by the Federal Election Commission for having made illegal loans to his wife's 1978 congressional campaign.

Organized crime?

However, the Zaccaro-Ferraro problem goes beyond simple avarice. There is ample evidence to suggest that behind her carefully cultivated "I'm just a middle-class housewife from Queens" facade, Ferraro ties into some pretty suspect operations.

EIR is investigating several leads indicating that Zaccaro may be linked to organized crime, specifically the Joey Gallo mob. Moreover, New York's speculative real-estate market functions as a major money-laundering center for the international drug trade. As anyone familiar with it knows, it is nearly impossible to make the kind of money Zaccaro has by honest means.

And make money he has—although exactly how much is not yet known, since Congresswoman Ferraro somehow managed to forget to disclose his income as is required by financial disclosure regulations governing members of Congress.

Judging by their circumstances, it must be quite a pile. The Zaccaro-Ferraros not only live in an exclusive section of Forest Hills, but they also maintain residences in St. Croix and Fire Island, as well as a pied-à-terre in Washington, and have educated their children at such Eastern Establishment preserves as Spence and Choate. So much for Ms. Ferraro's "Archie Bunker" profile.

A female Tip O'Neill

It's not just the sleazy aspect in Ferraro's background which has caused many Democrats to view her as an albatross around the party's neck. The fact that she comes from the ultra-liberal, pro-Soviet wing of the party isn't helping.

Ferraro is the creature of House Speaker Tip O'Neill, who picked her

up when she arrived on Capitol Hill as a freshman in 1979 and proceeded to get her such plum positions as a seat on the House Budget Committee, chairman of the 1984 party platform committee, and then plugged her for the vice-presidency for months.

Ferraro has repaid O'Neill in spades. She has consistently lined up with the Kennedy wing of the party, voting against the MX missile, beam weapons, ASAT testing, and the deployment of Pershing and cruise missiles to Western Europe, and for the nuclear freeze.

She also co-sponsored House Joint Resolution 120—the anti-space defense resolution which the Soviet embassy in Washington helped draft.

Like Gary Hart, Ferraro is an "Atari Democrat" who wants to dismantle the American economy under the rubric of a "post-industrial transformation." She's an ardent advocate of legalized casino gambling, "pro-choice" on the abortion issue, and for the ERA.

With Hart, Ferraro was one of 35 international up-and-comers invited to participate in a January 1983 conference called "1983/2003: Transitions in Industrial Democracies in the Next 20 Years." Sponsored by the Aspen Institute, the meeting discussed how to replace nation-states with a "new age" world-federalist structure.

Then there's the question of the vice-presidential hopeful's personal truthfulness. Ferraro has repeatedly claimed that she kept her maiden name in gratitude to her mother. But it now turns out that Ferraro used her married name until the eve of her first congressional campaign. She obtained a court order in May 1978 changing it back to Ferraro, because her political advisers told her she could capitalize on the record of her cousin, Nicholas Ferraro, a well-known former state senator and Queens district attorney from the same area as Mrs. Zaccaro.

National News

O'Reilly challenges Mondale machine

Patrick O'Reilly is leading a slate of over 25 LaRouche Democrats filing for major offices in Minnesota in the Democratic Farmer-Labor Party (DFL) primary to be held on Sept. 1. A family farmer in the state's 2nd Congressional District, O'Reilly is one of eight candidates backed by the National Democratic Policy Committee (NDPC) who are running for office throughout the state's eight congressional districts.

O'Reilly, who won 38% of the vote in a previous congressional bid in 1982, is challenging incumbent Republican Congressman Vin E. Weber who, when called upon at a recent town meeting to adopt the six-point LaRouche program to stop farm foreclosures and save the nation's food supply through a new low-interest monetary system backed by gold, replied: "I support a gold standard, but I have no idea how to implement it."

Baltimore Sun editor harbors LSD lab

A high-level protector of the dope lobby in the press has been caught red-handed in Baltimore.

Capping a six-month investigation into LSD distribution in the state of Maryland, Montgomery county and state police have broken what is believed to be the largest LSD manufacturing and distribution ring in the state. Arrested in the case was Jeffrey Patrick Lemmon who lives at the home of his father, John M. Lemmon, the managing editor of *The Evening Sun*.

The local chapter of the National Anti-Drug Coalition (NADC) had fingered John Lemmon as running a protection racket for Dope, Inc. as early as 1982, when Lemmon directed a harassment and slander campaign against NADC leader and former Democratic congressional candidate Debra Freeman. Freeman was leading a citizens' effort

to implement Democratic presidential candidate Lyndon LaRouche's "Operation Street Sweep" to wipe out drugs.

Lemmon employed the services of FBI stringer and *Evening Sun* reporter Mark Arax to terrorize contributors to Freeman's congressional bid. Later, Lemmon ran a lead editorial in *The Evening Sun* pledging to prevent Freeman from ever seeking public office again. He proceeded to heavily promote the political aspirations of U.S. Rep. Barbara A. Mikulski, who is today a national official of the Mondale presidential campaign.

According to Sgt. Ronald Ricucci of the Montgomery county narcotics squad, not only were large quantities of LSD, heroin, liquid LSD, marijuana, and drug paraphernalia seized at the Towson home of *The Evening Sun's* managing editor, but also housed there was a large-scale LSD laboratory. Although no charges were brought against the elder Lemmon, it is hard to believe that he was unaware that a major drug ring was being run out of his home.

Carter-Mondale revisited: Lance banking scams

Just as Mondale is stirring up the bad taste of the Carter administration with his appointment of Bert Lance as his presidential campaign chief, new allegations have surfaced regarding Lance's involvement in loans from Tennessee banks currently under federal grand jury investigation.

The investigation is aimed at the fallen \$3 billion banking empire of bankrupt financiers Jake and C. H. Butcher, Jr., whose banks loaned about \$3.2 million to Lance and two of his companies from December 1980 to July 1982.

Government documents last year called the Butcher loans to Lance "friendly" and questioned "the sufficiency of the collateral and Lance's intention or ability to repay" the loans. According to a report in the *Knoxville Journal* on July 19, the grand jury probe has subpoenaed records of the "friendly" loans to Bert Lance and his two companies.

Lance resigned as President Jimmy

Carter's budget director in 1977 after questions were raised about his banking practices. He was indicted in 1979 on 22 counts of bank fraud, but a jury acquitted him on nine counts and the others were either dismissed or dropped.

Lance, who became a close friend of Jake Butcher after both lost Democratic primary bids to become governors of their home states in 1974, helped Butcher gain political and business connections to bring the 1982 World's Fair to Knoxville, the paper said.

U.S. retakes lead in world laser development

Fusion scientists at the California Lawrence Livermore National Laboratory test fired 8 of the 10 beams of the \$176 million Nova laser facility in the third week of June. Nova is designed to demonstrate that laser fusion energy generation can work. The successful test firing delivered a total light pulse of 57 trillion watts within a billionth of a second.

Nova will replace the Japanese Gekko XII laser fusion system at Osaka University as the world's most powerful laser when it becomes fully operational at the end of this year.

Nova is designed to demonstrate that the fuel-pellet compressions needed to generate far more fusion energy than input laser energy can be achieved. Once the path to high-gain inertial confinement fusion (ICF) has been demonstrated, larger laser and more efficient particle accelerator systems can be built.

Dr. John Nuckolls, Livermore associate director for physics, reported in the fall of 1983 that the latest engineering studies indicate that ICF could generate electricity for as little as half the cost of existing fossil and nuclear-fission power plants.

Livermore scientists plan to test polarized fusion fuel with Nova. (Lining up the atomic spins—polarization—of fusion fuel can greatly improve the efficiency of ICF and thereby reduce even further the production costs of fusion energy.) A brute-force program to develop techniques for polariz-

ing fusion fuels in small spherical pellets is now being carried out under the direction of Livermore scientists.

While laser fusion is the primary objective of Nova, the very first Nova experiments will be directed toward demonstrating a laboratory scale x-ray laser. Plans are also in the works, once the laboratory x-ray laser is demonstrated, to utilize it for making three-dimensional, subatomic-scale pictures of living cells and other materials.

Amstutz 'like a fox guarding the henhouse'

U.S. farmers describe Undersecretary of Agriculture Daniel Amstutz, the man who really runs the USDA, "like a fox guarding the henhouse."

Amstutz was appointed in May 1983, a month before Henry Kissinger returned to government office. Amstutz and Kissinger belong to the same political network of companies and policies. From 1978 to 1983, Amstutz was a general partner of Goldman, Sachs, for whom he developed and directed commodity speculation activities. Henry Kissinger serves as a consultant for Goldman, Sachs.

Before working for Goldman, Sachs, Amstutz spent almost 25 years with Cargill, Inc., the Minneapolis-based international grain trading company, one of the top ten world food companies.

Amstutz is in charge of three critical agencies of the U.S. Department of Agriculture, which allows him almost fingertip control over U.S. food supplies and exports. He is responsible for the Foreign Agriculture Service (export policy), the Agriculture Stabilization and Conservation Service (domestic acreage and production policy), and the Office of International Cooperation and Development.

In the last 15 months, while Amstutz has served at the USDA, the State and Agriculture departments cut \$59 million in loans to Guyana previously targeted to increase rice production, and cancelled a promised 62,000 tons of wheat to Bolivia. In June 1984, at

the World Food Council meeting in Ethiopia, Amstutz downplayed the need to ship vast quantities of emergency foods to Africa, and complained that "rapid population growth" contributed to the food crisis.

The unborn Senator and the undead Peccei

Senator "Stillborne" Pell (D-R.I.) exhumed Aurelio Peccei in a Senate floor speech on June 28 and placed into the *Congressional Record* Peccei's "Agenda for 6,000 Days." According to Pell, the Club of Rome founder completed the document just 12 hours before Peccei realized his own personal limits to growth. The deathbed legacy which Peccei left strikes new ground in the Club of Rome assault on Western civilization and speaks for itself:

"The greatest obstacle to embarking on the weighty missions humankind is called upon to perform in this period is the absolute ungovernability of society, as presently organized. . . . Human development has indeed been bewildering in its accumulation of scientific knowledge, technological proficiency, and industrial efficacy, even though these are matters that often proceed more or less anarchically, deepening the divisions among the different societies. . . . The system is anyhow almost ungovernable because of the fragmentation of the human community into some 160 states—big and small, old and new, powerful and weak, but all 'sovereign,' namely, self-righteous and self-concerned. . . .

"Thus, the sphere of active solidarity must be expanded from the national to the regional and the global realm. . . . The first move will probably have to be made by East and West. When they finally come to perceive that their armaments and scheming are cancelling each other out, they will be automatically induced to try to find ways of combining their power and capacity to steer the world in directions agreeable to them. . . . For all this to happen . . . the triggering device cannot but be a profound cultural evolution that the Club of Rome should show the way in promoting."

Briefly

● **RADIO MOSCOW** acclaimed the nomination of Fritz Mondale for President by the Democratic Party convention on July 19, and praised the Democratic Party program which "denounces President Reagan's attempt to achieve military superiority through the militarization of outer space."

● **THE KIDNAPPING** of world-class biatholon athlete Carrie Swenson may be the first terrorist incident to hit the Los Angeles Olympics, which *EIR* has warned may be the target of terrorism. Swenson was abducted while on a training run in Montana on July 15 by two men who were described as looking like "survivalists." A search party organized to find the athlete was fired upon by the kidnapers, who then fled.

● **SCHILLER** Institute representatives from West Germany, Elisabeth Bücken and Christoph Wolf, were guests on the most popular radio talk show in the region of southern Illinois and northern Indiana on July 16. On the live, two-hour call-in show, they denounced the Soviet Union's war drive threatening West Germany and the "decouplers" in the United States and Europe. Bücken also described the resistance movement in Europe against Hitler, noting that this is "what the significance of July 20, 1944 centers upon. If the attempt against Hitler had not been exposed by the Anglo-Americans around Dulles and McCloy, then the war would have ended sooner and millions of lives would have been saved."

● **BERKELEY**, California has given first-step approval to a measure which would give fringe benefits to live-in homosexual lovers of city employees. The law was drafted to benefit "gays" by extending health care coverage and other benefits now enjoyed by married spouses, and fits into a national pattern of measures to discourage nuclear family formation and population growth.

Editorial

Meeting the Soviet threat

There has been no let-up in the Soviet threat to West Germany, of which *EIR* has been warning over recent weeks. We write on the 20th of July, the 40th anniversary of the attempt by desperate German patriots to overthrow Adolf Hitler and bring the war to an end in 1944. As we write, the Soviets have stepped up their campaign to create a pretext for a potential invasion of West Germany, including a vicious propaganda barrage against the German resisters to Hitler of the July 20th conspiracy.

The Soviet army paper wrote that the conservative generals who tried to assassinate Hitler and carry out a coup wanted "an alliance with the American imperialists . . . an imperialist united front against the Soviet Union."

This, while Molotov, the man who negotiated the Hitler-Stalin Pact in 1939, is suddenly rehabilitated in Moscow, and while Otto-Ernst Remer, the very same officer who crushed the anti-Hitler rebellion in Berlin on July 20, 1944, boasts that he and the Nazi International, today based in Switzerland, intend to ally with the Soviets to destroy the United States!

On July 10, the Soviet Union delivered a note to the Bonn government with the absurd allegation that a dangerous resurgence of revanchism and aggressive militarism can be observed within the Federal Republic of Germany. The Soviets threatened to enforce—"unilaterally if necessary"—the defunct Potsdam treaty, which they claimed West Germany has violated by sharing in a Western European Union decision to produce long-range bombers and other weapons. Then on July 13, Polish Foreign Minister Olszowski made the totally groundless assertion that a new world war could begin on the banks of the Rhine.

A few days later, the Soviet government newspaper *Izvestia* added its reading on West German Defense Minister Manfred Wörner's July 10-12 trip to Washington, D.C., to the list of accusations, claiming that the Bonn government was "putting vital German security interests in jeopardy" by considering allowing the construction of "Star Wars bases on German territory for those space weapons which are just now being developed by the United States."

The shock created in the West by the Soviet threat is reflected in the relative lack of response from NATO governments. The Soviet demarche of July 10 was understood at once as a challenge to the alliance as a whole, provoking urgent allied consultations between July 10 and 12. Yet, the only visible result was a defensive statement by the Bonn government that it is totally committed to non-use of force.

Encouraged by this apparent paralysis, the Soviets have not only stepped up propaganda against West Germany, but continued the large-scale military maneuvers which were supposed to end officially on July 7. As the German daily, *Die Welt*, reports, the land maneuvers of the U.S.S.R. forces, the largest in postwar history, were immediately followed by exercises of the Soviet strategic nuclear forces stationed in East Germany, Czechoslovakia, and western Poland. Moreover, the commanding general of the Soviet forces in East Germany, General Zaitsev, has rigorously implemented his orders from May that the off-limits zones for Western military observers be extended from 30% to 40% of East German territory.

The Kissinger-influenced Reagan administration's position, that the Soviets cannot be taken seriously on their threat to invade Germany, leaves the United States and Western Europe blind and disarmed for the strategic battles ahead. From the Democratic side, Kissinger's candidate Walter Mondale has made it abundantly clear that his policy is to appease the Soviets on all their demands—with the dismantling of the Strategic Defense Initiative, Europe's only hope for secure defense, at the top of the list.

The July 20 anniversary should make us remember that the German resistance to Hitler had little chance, after British Prime Minister Neville Chamberlain appeased Hitler and claimed he had achieved "peace in our time" in Munich in 1938.

We need not rattle missiles in response, every time the Soviets do the same. Rather, we must make the strongest possible reassertion of the defense of Western Europe, especially through the Strategic Defense Initiative. Such a response, in 1938, could have called Hitler's bluff and stopped World War II.

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