

EIR

Executive Intelligence Review

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will be destroyed**



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EIR

From the Managing Editor

This week's issue of *EIR* presents the new intensity of the battle that will determine whether the rapidly decomposing world monetary system is superseded by a top-down Dark Ages regime of which the Nazis dared only to vaguely dream, or by what we refer to as the New World Economic Order—whereby the requirements of expanding industrialization and scientific breakthroughs determine credit flows, rather than artificially scarce credit, as at present, determining economic depression.

Our Special Report by *EIR* founder Lyndon H. LaRouche, Jr. dissects the mentality of those who are expressly committed to the re-imposition of the Dark Ages. Our International section describes the stakes in Spain, where the national elections seem all too likely to subjugate that linchpin nation successively to the Socialist International and its "black" fascist counterparts.

You will also find an outline of intelligence leads on the assassination plans against Mr. LaRouche and Helga-Zepp LaRouche, as Mrs. LaRouche prepares to formally establish the Club of Life, the counterpole to the Club of Rome, on Oct. 21. Various intelligence sources specify that a team of Israeli mafia thugs and Baader-Meinhof-linked terrorists is being put in place under the code name "Dirty Thirteen Squad" for the assassination attempts. Roy M. Cohn, footpad of the New Inquisition, is said to be the on-the-scenes officer for the case. The U.S. Ambassador to Italy, Max Rabb, is reported to have intervened to wreck the LaRouches' security protection and put the U.S. government's imprimatur on slanders of the two world leaders. According to what intelligence veterans dub "the Grivas principle," these characters have committed such extensive resources and manpower to this particular project that they are vulnerably exposed . . . if action is taken by the appropriate governments and individuals.

Susan Johnson

EIR Contents

Interviews

- 36 Javier Arias Stella**
Foreign Minister of Peru.
- 39 Rodrigo Lloreda Caicedo**
Foreign Minister of Colombia.
- 46 Jesús de Polanco**
Owner of the Spanish publishing house Editorial Timón and publisher of *El País*, a leading Spanish daily.
- 47 Pedro Guardado**
Economic director of the Technical Office of the Spanish union federation UGT.
- 48 Santiago Foncillas**
President of the board of Westinghouse Spain.
- 50 Gen. Iníquez del Moral**
Division Chief for Coordination and Planning of Spain's joint chiefs of staff.
- 51 Dr. Octavio Aguar**
Scientific Collaborator at the United Nations.

Departments

- 64 Editorial**
'What are friends for?'

Note: *Trade Review* columnist Mark Sonnenblick is on vacation.

Economics

- 4 Bankers caught in their own flight-capital game**
How the "statistical gap" in the world's balance of payments came about, and at whose expense.
- 6 Beyond the AEG collapse: a new Morgenthau Plan for West Germany**
- 8 India's aggressive program for petroleum development**
The multilaterals said it couldn't be done.
- 12 Italy's state-sector industrial base is taken over by an Aquarian faction**
- 14 Africa Report**
IMF seeks Khomeinis in Africa.
- 15 Banking**
The facts about the Omnibus bill.
- 16 Domestic Credit**
Making money from the depression.
- 17 Real U.S. unemployment index**
- 18 Business Briefs**

Special Report



Henry Kissinger at a December 1981 conference of the American Enterprise Institute in Washington, D.C.; wife Nancy Kissinger is in foreground.

NSIPS

20 How Henry Kissinger will be destroyed

The answer has to do with the international "Olympian families" and their chronic mode of operation. A new document by Lyndon H. LaRouche, Jr. on this distinct species and its appendages.

Announcement: Thierry Lalevé has been appointed Middle East Editor of the *Executive Intelligence Review*, replacing Robert Dreyfuss. Mr. Dreyfuss has become disaffected with himself and his past endeavors, and has opted instead to work with individuals in the employ of Henry Kissinger and Clovis Maksoud, in coordination with Lord Carrington.

International

30 Maxwell Rabb implicated in assassination setup against the LaRouches

The operation extends from the Kissinger-Roy Cohn group in the United States to the Italian "black nobility," the Genscher mafia in West Germany, and British intelligence.

34 NATO plans disruption of the New World Economic Order effort

38 Colombia's new President and the battle for continental unity

Ibero-America Editor Robyn Quijano reports on her recent trip to Colombia.

Documentation: An interview with Colombia's foreign minister.

42 George Shultz pursues NATO's plan to militarize the Middle East

44 Will Spanish sovereignty survive the elections?

EIR's exclusive analysis of the stakes in this month's national vote.

Documentation: Interviews with leading proponents of Spanish growth and international leadership, as well as an adherent of the Club of Rome perspective.

52 Middle East Report

Why Khomeini eliminated Ghotbzadeh.

53 Dateline Mexico

Behind the McDonald caper.

54 International Intelligence

National

56 Democrats plan for a permanent depression

The worst of "New Deal" corporatism is on the drawing boards, as the party's national leadership defies the needs and wishes of the FDR constituencies.

58 Cowboys and samurais: how film is used to enforce national ideologies

Part III of Michael J. Minnicino's series on movies and psychological warfare: how different varieties of existentialism are insinuated.

62 National News

Bankers caught in their own flight-capital game

by David Goldman and Renée Sigerson, Economics Editor

Mexican President José López Portillo's warning in his historic Oct. 1 United Nations speech that "flight capital" had run the world monetary system out of control was substantiated in depth by a June report of the Organization for Economic Cooperation and Development. The OECD paper, which underestimates the importance of the \$150 billion volume of illicit money flows, is nonetheless the first official recognition by an international organization of the magnitude of the problem.

The OECD paper, noting that \$71 billion of world payments deficits *remain uncounted* by the world's governments and international agencies, indicates the existence of a "Fourth Sector of the World Economy," as the OECD calls it. Apart from the industrialized, oil-producing, and developing nations, there is an "offshore" sector with resources now in excess of OPEC's surplus earnings.

Mexico's debt crisis, which forced to world attention the fact that \$50 billion dollars of short-term debt accumulation among Ibero-American nations during the past two weeks had turned into American real estate or foreign bank accounts, which funds neither the countries nor their bankers would ever see again. Neither Mexico nor Venezuela nor Argentina, the principal victims of flight-capital operators, had "over-borrowed" in traditional economic terms, i.e. for purposes of covering imports, or even for paying debt services at trebled interest rates: the largest single component of their borrowing was to permit their own nationals to convert easily available local currency into dollars for investment abroad.

Mexico shut down this operation Sept. 1 with the nationalization of its banking system and the imposition of ex-

change controls; Venezuela must do the same or face a Mexican-style devaluation; and Argentina's former Economics Minister Martínez de Hoz is now on trial for encouraging this process for his and his associates' personal gain.

Yet it was the bankers who, above all, demanded of these countries that they allow removal of capital. The bankers, who must accept massive default, in some form, on Ibero-America's \$300 billion foreign debt, dug their own grave. In some cases they made gigantic amounts of short-term credit available to banks of Ibero-American countries, including a \$6 billion line to Venezuela's banks alone, to enable these banks to change their customers' local currency into dollar-denominated flight capital.

Neither the countries nor the banks benefit; indeed, the banks may have pushed the situation over the edge of manageability. Who, then, benefits? In a July 21, 1981 feature, *EIR* linked the then-fresh "Propaganda 2" scandal to an international network of flight-capital operators centering on old European, initially Venetian and Genoese, *fondi*, or family trust funds. Of the \$300 billion "base" of the \$1.9 trillion Eurodollar market (the gross sum represents multiple re-lending of the same funds), about \$120 billion represents such family funds. "The bulk of Eurodollar deposits is not from Arabs or multinational corporations," says former Citibank Vice-Chairman G. A. Costanzo. "It is personal wealth. If we want such money we ask them for it and, if we offer them the right interest rate, they will give it to us."

The emergence of the *fondi* in the form of wealth that might skip the border of the country that produced it and reappear as Houston real estate or Swiss bank accounts begins with the post-1971 "deregulation" of world banking into

offshore centers out of the supervision of any government. In parallel, what the June OECD study called "The Hidden Economy" within the domestic economies of all major nations grew, serviced by the offshore money outlets.

By September 1980, when the apostles of free trade convened for the annual *Walpurgnacht* of the Mont Pelerin Society at Stanford University, Count Max von Thurn und Taxis, the Society's permanent secretary, delivered the keynote address on this subject. What Thurn und Taxis, a member of Europe's biggest land-owning family (and the family that created the original Bavarian Nazi Party) told the Mont Pelerinites, whose leaders include Milton Friedman and Friedrich von Hayek, was that the hitherto "underground economy" must force its way to the sunlight. In its own fashion \$50 billion of it did in Ibero-America alone during the past two years.

In direct response to President López Portillo, Secretary of State George Shultz told the same United Nations session that the precondition for global prosperity lay in the code-words "open economy" and "free trade," i.e. tolerance by victim-nations of the flight capital phenomenon that the Mexican President had denounced. The Mont Pelerin Society program had, within two years, become the *sine qua non* of American foreign economic policy.

The Latin American case

Official accounts place flight capital outflow from Mexico in the 1981-82 period at \$20 billion; from Argentina, \$8.25 billion (only 1981) and from Venezuela, \$22 billion. In these cases, around 40 percent of this outflow was intentionally financed by short-term direct international bank loans, to force the rest of the 60 percent to piggyback its way out with the loaned-out funds.

Mexico: Until 1982, Mexico's economy was growing at an 8 percent annual rate; this year, it is expected to grind to a zero growth rate. Until 1979, Mexico's debt was growing at a fixed rate of \$3 billion annually and the ratio of private-sector debt to debt incurred by government agencies was firmly fixed. High interest rates alone were not sufficient to stall Mexico's economy. What drove Mexico into its payments bind was the "dollarization" of the Mexican economy, which undermined the value of the peso. Rising interest rates provoked an increased need for dollars by Mexican entities. In the same post-1979 period, however, the Mexican government was duped by a team of Wall Street banks, working in cahoots with the World Bank, into believing that U.S. investors had a great desire to invest in Mexican capital markets.

The ensuing upgrading of the Mexican capital markets paved the way for the 1981 outflow of flight capital.

In this game, every dollar of private investment capital admitted into the country provoked a \$100 outflow. In 1981, for the first time, the fixed ratio between private and public sector borrowing broke down. \$4 billion in funds were acquired by privately held Mexican institutions to facilitate capital outflow for foreign real-estate purchase and private banking accounts held in the United States. In such a climate,

financial institutions had little difficulty in circulating rumors that the peso would be devalued. In the first months of 1982, when the devaluation finally hit, there was an unprecedented, panicky rush for \$16 billion in new foreign loans.

Only the nationalization of the Mexican banks and imposition of exchange controls Sept. 1 put a halt to this chain-letter depletion of deposits.

Argentina: For decades, every time Argentina has aimed to "monetize" domestic money supply to coincide with its international reserves, it has provoked hyperinflation. The core problem is the result of an absence of tough foreign exchange controls.

Under the influence of monetarist ideology, Argentina has attempted to face this problem through exchange-rate manipulation instead. The actual result is that for every dollar in short-term borrowing incurred by the private sector, \$2 in flight capital is sent out for speculative investment abroad. Under conditions of chronic undervaluation of the national currency against the dollar, manufacturers and agricultural exporters can only make ends meet by subjugating themselves to speculators who run up the national debt to make gains on currency differentials.

The absence of exchange controls—reinforced by Argentina's bank creditors—is exclusively what has sucked Argentina's ability to finance its debt.

Venezuela: In recent years, international banks financed a \$14 billion outflow of banking deposits from Venezuelan private companies and citizens in a bid to gain control over Venezuela's approximately \$10 billion in accumulated cash reserves, earned from oil sales and a continuous 1970s trade surplus. Venezuela is refusing to hand over its oil wealth.

The fight in recent weeks between Venezuela and its creditors over \$8.5 billion in short-term debt due this year has been ludicrous. Venezuela has more deposits currently in the Western banking system than it owes—and again, a large portion of those deposits were financed by the creditors themselves. As in the case of Argentina, it has been possible to calculate through this chain-letter process that for every \$1 in short-term funds lent to Venezuela, \$2 has re-entered the Western banking system in interest-earning deposits. The whole free-exchange-rate game—enforced by the banks themselves—has made it impossible to develop Venezuelan industry.

Who, ultimately, has benefited? The Martínez de Hoz trial in Argentina, by pointing to the financial powers that underlie the Propaganda-2 lodge (such as the two largest Venetian insurance companies and the Inter-Alpha group of commercial banks) could shed considerable light on this. But it also raises questions concerning commercial bank management in the United States, which has insisted upon a doctrine that has ruined the portfolios of the banks themselves. Are the American oligarchical families who still dominate the nation's commercial banks—the Rockefellers, Stillmans, Pages, Houghtons, Goets, Harrimans, Cabots, Mellons, and so forth—"skimming" their own institutions at their depositors and stockholders' expense?

Beyond the AEG collapse: a new Morgenthau Plan for West Germany

by Laurent Murawiec, European Economics Editor

The interminable, but definite collapse of Germany's industrial giant AEG is sending a huge tremor throughout the country's industry, with badly battered subcontractors losing sales, orders, and loans from their bankers, and the banks licking their financial wounds after the 60 percent writeoff of claims against the ailing company, which went with the opening of composition proceedings (equivalent to a "chapter 11" reorganization).

Confidence in the German economy is badly shattered by this worst corporate collapse since the war, especially since it occurs during a year with an expected 17,000 bankruptcies. But the worst is still to come, in the form of the leveraging of the AEG crisis into the most devastating transformation of the German economic landscape since soon-to-be Hitler's Finance Minister, Hjalmar Schacht, conducted a forced cartelization in 1926, and Albert Speer's Nazi war-economy reorganization of 1942-43. A clique of banks, insurance, and industrial magnates located mainly in Germany's "southern tier" is seeking to use the AEG crisis to impose a new Morgenthau Plan, in the manner of the war-time Churchillian blueprint for the de-industrialization of the Ruhr region.

Conspiracy against AEG

Endless quarrelling within the consortium of AEG's bank creditors, who held seven billion Deutschemarks of mostly unrecoverable debts, has held the front-pages of the German press for months. This lack of unity among the banks, and the apparent inability of AEG's "house-bank," the Dresdner Bank, to arrive at a consensus on the type, scope, and conditions for a bailout, led the federal government in Bonn to refuse to commit itself, as long as the banks did not. The stalemate, in turn, aggravated AEG's condition of illiquidity, and the successive versions of plans to restructure the company became increasingly brutal.

Amongst AEG's domestic creditors, the *Landesbanken*,

the "second-tier" banks and the *Privatbanken* were most instrumental in pulling the plug on earlier rescue plans, and they ultimately forced the hand of Dresdner's Chairman, former Federal Economics Minister Hans Friderichs, to go to the courts and, in his capacity as chairman of the supervisory board of AEG, file for protection from creditors.

The *Landesbanken*—regional banks owned by the *länder*, which perform giro (check-clearing) functions, hold provincial government accounts and greatly contribute to the funding of local, small-to-medium-sized businesses—have historically suffered above-average loan-losses. Such losses at, for example, the Westdeutsche Landesbank, the Hessische Landesbank, or the Norddeutsche Landesbank, have more recently been extremely severe, due to the current wave of bankruptcies. In the AEG case alone, for instance, Westdeutsche Landesbank has already had to write off DM 340 million. The poor earning record of these banks has now been compounded with their rather unfortunate forays into the Euromarkets: iron-clad credit guarantees would have been required from Bonn for these banks to keep on funding AEG. They were, and still are in no position to throw good money after bad.

Smaller, "second-tier" banks shared the same predicament. The *Privatbanken*, finally, which perform functions not unlike those of U.S. investment banks, had only token presence in the consortium—but their political weight has traditionally been immense in Germany. As soon as the private bankers gave signs that they were opting out—led by Cologne's Delbrück Bank and Munich's Merck, Finck—the Dresdner-led consortium started to disintegrate—and its lobbying power in Bonn was reduced to nothing.

According to Frankfurt banking sources, the Deutsche Bank, the giant and dean of Germany's universal banks, known here as the *Grossbanken*, while "playing statesman" with respect to their badly struck Dresdner competitors, did

its best to torpedo the house-bank and its industrial protégé. While foreign bankers inquiring about Dresdner's credit-worthiness received soothing comments from the Deutsche headquarters, the latter were busy launching a snide campaign about "Dresdner's lack of political clout in Bonn," about its severe losses, its exposure in Poland, its lack of reserves, and hinting that "if [Deutsche Bank chairman] Wilfried Guth had been the head of the AEG supervisory board, things would not have turned that badly. . . ."

Deutsche Bank backhandedly encouraged the more fragile banks to either reduce their lines or their commitment to AEG, and their membership in the consortium.

The disunity within the consortium, and the subterranean, but not so invisible hostility displayed by a powerful group of German business leaders, found reflections within the cabinet in Bonn, notably through the liberal (FDP) opposition to any federal help. Under the circumstances, no help in required proportions could have been forthcoming, and the lack of guarantees in turn sealed the decision of the weakened members of the banking consortium.

It is difficult not to draw a term-by-term comparison with the manner in which Deutsche Bank, and other leading Berlin banks, deliberately torpedoed the granting of government help to the near-bankrupt Darmstädter und Nationalbank, (Danat), whose fall started the collapse of Germany into fascism.

Southern tier business

This "vendetta" against AEG does not originate in greed, or feeble-minded competitors' *Schadenfreude* (pleasure at someone else's demise). The management and supervisory board of Deutsche Bank pursued a deeper design. A cursory analysis of the composition of that organ will show why: contrary to the Ruhr-Rhein-Main, north-and-middle German-oriented Dresdner Bank and Commerzbank, the Deutsche Bank's supervisory board is very heavily loaded with south-German interests, i.e., representatives of banks, insurance, and industrial conglomerates headquartered in the former domains of the kings of Bavaria and Württemberg, and the grand-duke of Baden.

Siemens, Robert Bosch, the Flick/Daimler-Benz concern, Munich's Allianz Insurance and the Bavarian Union Bank, form with Deutsche Bank a super-conglomerate with totally interlocking directorates, and an impressive ability to politically and strategically influence board-room decision making in the rest of the country's businesses—and its political councils.

The former royal family of Bavaria, the Wittelsbach, and the Holy Empire princelings, the Thurn und Taxis, play a particularly prominent, if not public, role in the super-conglomerate.

The object of that group's crisis-management in the AEG case starts with their design of bankrupting Dresdner Bank, Commerzbank and some of the leading *Landesbanken*, whose losses in the AEG case amount to between DM 300 and DM

500 million, so far—while Deutsche Bank has already provisioned the losses, and the Bavarian Union Bank (formerly known as the Royal Bank of Bavaria) has none worth mentioning.

The aim is to remove the financial and power-political lynchpin of the traditional Ruhr- and Rhein-Main-centered German industry—with its tradition of primacy of productive enterprise over strictly financial considerations, its emphasis on capital goods and high-energy-density industry—and shift the center of gravity toward the southern tier stretching from Munich to Stuttgart, with emphasis on the defense-aerospace, electronics ("telematique"), low-energy-density activities, and services.

Just as programmed in the studies of the German Marshall Fund, the U.S.-based think tank created by the Socialist International, which literally planned the deindustrialization of the Ruhr city of Dortmund, it is a second Morgenthau plan which is intended. In historical perspective, this can be said to be, at business level, the revenge for the 1866 defeat suffered on the battlefield at Sadowa, by the Hapsburg would-be unifiers of Germany, at the hands of the scientifically, technologically, and industrially superior Ruhr-Prussian alliance.

It is also, as one leading Munich *Privatbankier* stated, "our revenge against the Grossbanken: their era is over, and we are now returning to the front of the scene."

Siemens relocated its corporate headquarters out of Berlin shortly *before* the battle of Stalingrad turned—and with keen information concerning the carving out of the post-war allied occupation zones. It settled, along with some of the key Nazi intelligence units, in Munich, Bavaria. The Siemens Corporation funds and promotes the secretive, but highly influential Siemens Foundation, the main center for dissemination of Nazi and neo-Nazi ideologies in today's Europe, under the brand-name of "conservative revolution." Not surprisingly, Foundation head Armin Mohler, a former Swiss Waffen SS volunteer, promotes soft-energy, soft-technology policies of "enlightened environmentalism."

The Flick family, heirs to the century's most famous asset-stripper, immensely benefitted by the "Aryanization" of Jewish banks and businesses during the Third Reich, and suffered little during the post-war period. Involvement of younger members of the family in large-scale cocaine smuggling is well-known to police services. The Flicks are among the wealthiest of German magnates, and control a very diversified conglomerate which prominently includes arms manufacturing.

Robert Bosch, the electrical and appliances manufacturer, is known for the pronounced Anthroposophic proclivities of its senior management (a characteristic it shares with Siemens, which trains its managers in this cult) and the extraordinarily generous funding it extends to extremist left-wing anarchist and right-wing cults.

Allianz Versicherung is essentially the German subsidiary of the Assicurazione Generali of Venice and Trieste.

India's aggressive program for petroleum development

by Ramtanu Maitra

The oil shocks of 1973-80, it is well known, had an especially devastating effect on the developing sector. During the first half of the 1970s, the price of oil jumped from \$1.30 per barrel to \$10.00 per barrel in 1974, and by 1979-80 had quadrupled to \$40.00 per barrel on the spot market. From 10 percent in 1970, oil and oil product imports took up fully 55 percent of India's total import bill by 1980.

But India, unlike almost every other less-developed oil-importing nation, had the capacity to respond. The nation's oil exploration and development capability—built up patiently, and with vision and determination, during the 1950s by Jawaharlal Nehru's friend and adviser, K. D. Malaviya—was ready to meet the challenge of freeing India from the stranglehold of imported oil.

While today just over 45 percent of India's needs are

being met with domestic oil production, the drain of foreign exchange on the oil account has at least been plugged, and by 1983 it is expected that domestic production will meet 60 percent of total demands. India's Oil and Natural Gas Commission (ONGC) presently estimates that India could be producing 60 million tons of oil per year by 1990—three times the present level!—two thirds of that from offshore fields.

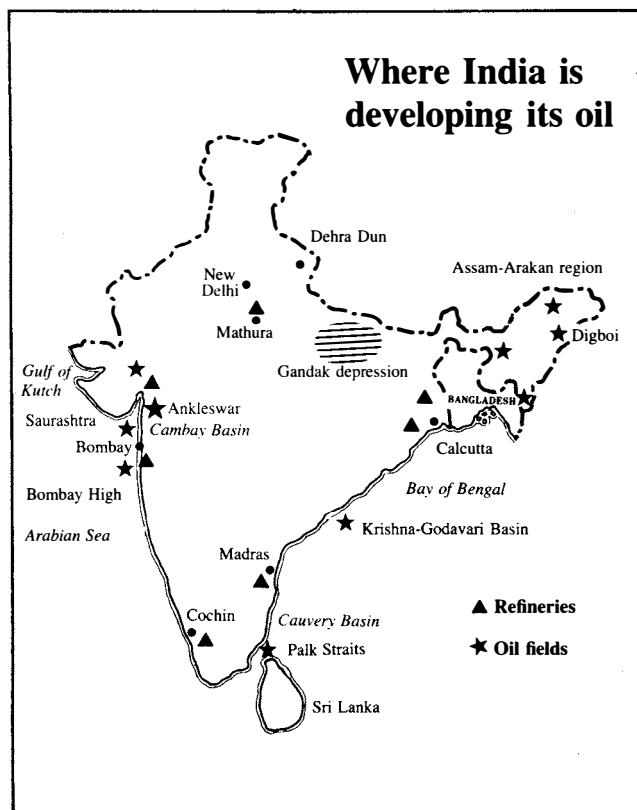
By all indications from ONGC and Oil India Ltd. (OIL), the two state-sector enterprises charged with the nation's oil production effort, are meeting the test. In the eight short years since 1973, India's production of crude oil overall has doubled. Onshore production, which at Independence in 1947 was .4 million tons per year, is now more than 8 million tons. But it is the vast offshore areas, where 77 percent of India's total geological oil reserves are estimated to be located, that will lead the production gains in the coming years.

Forty-two percent of the total land area of India, or 1.4 million square kilometers, consists of sedimentary basins—the type of geological formation that carries oil. It is estimated that another 380,000 square kilometers of sedimentary basins exist offshore along India's coast up to a water depth of 200 meters. Although it is not yet clear how much is commercially viable for development, current estimates place India's known reserves at around 2.5 billion tons of oil and 840 billion cubic meters of gas.

Only a fraction of the country has been explored, especially the promising offshore basins. For comparison, the United States, which is statistically the best-explored area in the world, has an exploration drilling capacity of one well in every 15 square kilometers of prospective area—while that of India is about 1 exploratory well in every 750-1,000 square kilometers. But India benefits from the fact that its oil-exploration program is among the most efficient in the world, with a "success ratio" of one in seven, or one strike for every seven wells drilled, compared to a ratio of one in 42 for the United States, for example.

Part of nation-building

The advances made and the horizons opened up in India's oil development program are part of a systematic effort to establish the modern industrial base for an independent nation. The oil program in particular was built in the face of



skepticism and outright opposition from British and other forces hostile to India's bid for self-reliant development.

It was not until 1956 that India's oil policy took shape, with the establishment of a Petroleum Division under the Geological Survey of India. Later in the year, the Petroleum Division was raised to the status of a commission: the Oil and Natural Gas Commission, with K. D. Malaviya at its head. In 1957 Malaviya assembled a handful of young geologists and geophysicists in Dehra Dun in the Sivalik range foothills of the Himalayas, the site of ONGC's headquarters today and the base of operations of the pivotal K. D. Malaviya Institute of Petroleum Exploration.

The first major success in exploration came in 1974, when, with India's first offshore drilling rig, the "Sagar Samrat" purchased from Japan, oil was struck in the Bombay High. Today the Bombay High field is producing at the rate of 8 million tons per year, a rate that is expected to rise as further field development proceeds.

But this was just the beginning.

The Sixth Five-Year Plan

In the late 1970s, pressure on India's balance of payments prompted planners to recommend a stepping-up of the oil program. On land, oil exploration in the Assam-Arakan region was considerably stepped up until widespread disturbances caused by Chinese and other external provocateurs in the Northeast region toward the end of 1979 put a halt to further work, and virtually shut down production in Assam.

It wasn't until Prime Minister Indira Gandhi's return to power in 1980 that the oil effort was put into high gear. The Sixth Five-Year Plan (1980-85) put a higher emphasis on increasing the production of petroleum products, and an ambitious plan for both on-shore and offshore exploration was drawn up. This program calls for increasing efforts in the Assam-Arakan region. Exploration in the Krishna-Godavari and Cauvery basins, where the presence of hydrocarbons in significant quantities has been established, is being reinvigorated.

The Plan also calls for stepping up activities in West Bengal, the Ganges valley, the Himalayan foothills, Rajasthan, the Orissa coast and in other areas. The total exploratory drilling the plan envisages would require 300 on-shore wells, and 882,700 meters of drilling.

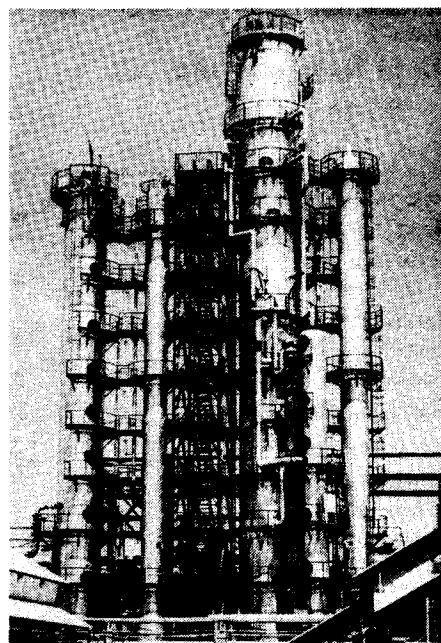
The Sixth Plan was equally ambitious in offshore activities. It projected a continuation of exploratory work in the Mahanadi Delta area, and in the Bombay offshore basin—extending the limit beyond 300 meters water depth. ONGC will also be responsible for exploring rock structures off the coast of Saurashtra, and in the Gulf of Kutch, the Andaman and Nicobar shelf, as well as in the east-coast basins like Palk Bay and the Krishna-Godavari basins. Within this program, the detailed work required in the continental shelf and beyond, up to 500 meters water depth, is to be completed.

The Plan also envisaged utilization of natural gas from the Bombay and South Bassein fields along the west coast. It is estimated that more than 90 percent of the total recoverable

Figure 1
India's dependence on imported oil
(million tons)

Year	Domestic Production Crude	Crude	Imports Petroleum Products	Total
1973-74.....	7.19	13.95	3.63	17.58
1974-75.....	7.68	14.49	1.72	16.21
1975-76.....	8.45	13.62	2.22	15.84
1976-77.....	8.90	13.90	2.69	16.58
1977-78.....	10.76	14.51	2.88	17.39
1978-79.....	11.63	14.66	3.88	18.54
1979-80.....	11.77	16.12	4.72	20.84
1980-81.....	10.51	16.25	7.25	23.50
1981-82.....	16.00	15.40	5.47	20.87
Sixth Plan Projections:				
1982-83.....	19.95			
1983-84.....	22.77			
1984-85.....	25.22			

Source: *New Wave Newsweekly*, Aug. 1, 1982.



Atmospheric units at Gujarat Refinery, India

GOI

reserves of gas lie offshore. By 1983 the South Bassein oil field will be producing gas. It is expected that the already discovered gas fields on the west coast would produce at least 24 million cubic meters of gas per day—for use in 10 major new fertilizer units and at least two new petrochemical complexes.

On-shore production, a weak link in India's petroleum development program, is expected to sustain a production rate of about 2.8 million tons per annum. This would require development of the Jorajan field in Assam. Meanwhile at the Ankleswar field the plan is to reduce production from 2 to 1

for Indian Petroleum and Chemicals Ltd.'s detergent alkylite plant. A plan was also sketched out to develop a number of fields in the Cambay basin during the Plan period.

A 10-year perspective

The Sixth Plan has already been modified to include an accelerated production rate, and the investment targets were upgraded from \$4.05 billion to \$4.55 billion. Meanwhile, ONGC officials propose that henceforth 10-year plans be prepared, into which two five-year plans can be telescoped. Because of the continuous upgrading of the projected reserves of oil and gas, the accelerated exploration scheme can be prepared with a goal for 1990.

In keeping with this view the ONGC has presented two investment variants in its 10-year proposed plan to realize the newly established potentials. There is little doubt that ONGC has a sound case, but so far, the proposed 10-year plan has

met with little response. If either of the variants is accepted and implemented with success, the government will realize substantial returns. One of the stumbling blocks in the ONGC scheme is the included proposal that the Commission be paid the international price for the crude it produces, an implied domestic hike in petroleum product prices of considerable magnitude.

New techniques and capabilities

Several new techniques and growing capabilities for domestic production of exploration and production equipment are continually broadening the scope for exploration and development. Extensive use of digital units for seismic data processing, continuous computerized pressure production during drilling of wildcat wells, and new indigenous sophisticated electrical rigs have been introduced in the on-shore drilling fields. Digital logging units were also introduced for effective formation, evaluation, and reservoir monitoring. Seismic coverage has been extended to the Gandak depression, Surma valley, and the Krishna-Godavari basins.

But the infrastructural inadequacies plaguing India's industry generally have also affected the oil effort. The country's offshore engineering industry has not matured fully, largely as a result of insufficient capital investment, and this has delayed mastery of offshore drilling technology.

One of the best prospects presently for new discoveries is in the eastern region—a 2,000-square-kilometer area recently dubbed the Calcutta High. According to one petroleum expert, "Calcutta is floating on a sea of oil." The ONGC has undertaken a survey, now being conducted in collaboration with an American concern and using the sophisticated vibrosis test technology developed in the United States, to explore the large "gravity maximum" that lies beneath the densely populated center city and suburbs of Calcutta. There are already unconfirmed reports that natural gas has been found, and a formal announcement by the government is expected at any time.

Also bustling with activity are the offshore and on-shore areas of the Krishna-Godavari basin. Recently the World Bank allotted \$165 million that will supplement ONGC investment in this area. The on-shore drilling is concentrated around the Rajole area where the drilling has been completed up to as much as 4,000 meters and productivity tests are in progress. Three more rigs are being added to the area.

The international dimension

While international collaboration in certain aspects of India's oil program is increasing, ONGC itself is emerging as a force on the international oil scene. Having built up in its national oil company the depth and range of competence in every basic aspect of oil exploration and development, India has been approached for assistance by several developing-sector countries.

It is obvious why the World Bank's interest in "energy development" is viewed with suspicion in the developing

Figure 2
Oil in India's import bill
(in crores rupees*)

	1970	1975	1980
Selected imports			
Food	242.4	1395.4	235.0
Petroleum oil & lubricants	136.0	1226.1	5586.9
Fertilizers & chemical products, of which:	216.5	824.2	1300.0
Fertilizers	99.9	533.8	728.1
Capital goods	404.0	967.7	1651.5
Total imports	<u>1634.2</u>	<u>5265.2</u>	<u>12434.6</u>
Petroleum & petroleum byproducts as a percent of total imports	22	39	55

*1 crore = 10 million
1 rupee = \$0.12 U.S.

Source: Economic Survey, 1981-82, Government of India, 1982.

sector. On performance, as ONGC's own experience proved, the Bank proves to be a front for the multitis, and a deliberate vehicle for breaking or preventing the development of government-run national oil companies in the developing sector. One example makes the point.

Tanzania had invited ONGC to drill two exploratory wells at a cost of \$5 million. For further exploration Tanzania needed foreign financing, which India was in no position to provide. The World Bank stepped in and offered the needed money on the condition that the Tanzanian National Oil Company be kept out of the picture entirely. A multinational was promptly brought in to drill three exploratory wells—at a cost of \$13 million!

India is interested in taking contracts for foreign exploratory and other work as much as possible, without cutting into domestic efforts. When ONGC Chairman Col. S.P. Wahi recently led a high-level delegation to Peking for a two-week visit, the purpose and objective of the Indian team was reportedly to explore possibilities for Indian help in developing China's oil exploration program.

One might expect demands for Indian assistance from developing nations to accelerate because the high degree of competence in India's oil sector is complemented by a positive appreciation for the requirements of nation-building, and a true sensitivity to the pressures that accompany foreign financing and the oil multitis.

Not hostile, but cautious toward the multitis, India's own experience with them has not been very successful. In 1980 the Petroleum Ministry threw open 32 blocs—17 offshore and 15 on-shore—for exploration by foreign companies. After short-listing 36 of the 60-odd companies that had shown interest, the Ministry found that only a handful offered to bid. In the meantime, more than a year had passed.

The Petroleum Ministry has, however, awarded the Saurashtra II bloc, off the Gujarat coast, to the Standard Oil of California subsidiary Chevron. Chevron will be the first multinational to be involved in India's oil development program since Asameria, Reading and Briter, and Nortromers Calsberg pulled out in 1974—after drilling two dry wells (recall that it took 51 dry wells to strike oil in the North Sea!).

Recently, the ministry has floated a fresh round of tenders, and the response remains to be seen. In the meantime, certain types of international collaboration are increasing. Besides the machinery now being used in the Calcutta High exploration work, the United States is visible in the Palk Strait (Cauvery basin) drilling. ONGC is also chartering two more drilling vessels, beside the "Gettysburg," from the United States for large depth drilling the Palk Strait structure. In the news as well is the recent acquisition of the Mexican jack-up rig "Chichen Itza," which has been taken on a two-year contract basis. South Korea has now entered India's oil exploration boom by bagging a \$250 million contract to build an offshore platform project, which will include a chemical water treatment plant to inject water into the drilling to increase pressure in the well.

K. D. Malaviya: 'Oilman of India'

The following are excerpts from an address by Dr. S. N. Talukdar, Director of the K. D. Malaviya Petroleum Exploration Institute of India's Oil and Natural Gas Commission (ONGC), in honor of K. D. Malaviya on the anniversary of his death. Dr. Talukdar spoke at the Nehru Center in New Delhi on May 27.

When India became free in 1947, the country had just one producing oilfield, Digboi in Assam, and the total Indian production of oil was one quarter of a million tons per annum. During all the years when we were "the brightest jewel in the British Crown," that is nearly for two centuries prior to 1947, in the whole of what is today India, Bangladesh, and Pakistan, only British, European and American Companies had a free run to exploit India's mineral wealth. Although oil was struck in Assam very soon after Drake's famous discovery in Pennsylvania in 1859, these companies could only find that one oilfield, Digboi, in what is now the Indian Republic. Could we do better than our former masters, whom we were conditioned by years of servitude to consider as our superiors in all respects? Even today that feeling has not been fully eradicated in our intelligentsia. In the first years after Independence, it required a man of great vision and courage to overcome this mental barrier. In meeting today in memory of Keshava Deva Malaviya, we remember this. . . .

It was his leadership that made it possible to create, out of a band of young geologists and geophysicists just out of college, what is undoubtedly today the most renowned national oil company anywhere. When I look back to the first days of the Oil and Natural Gas Commission, I cannot but marvel at the utterly unconcerned way in which we took on the task of providing ourselves by our own efforts with knowledge and equipment, and thereafter making use of such knowledge and operating the equipment for what is known as the greatest gamble on earth—oil exploration. Before this, to be sure, our government had taken the courageous decision to conduct oil exploration on its own. A steady stream of "advisers" had thereafter descended on the government, cautioning it. "Oil exploration is a big gamble costing millions," they cried, "it requires very high technology and experience; a government venture in oil exploration is sure to fail." "Yours is a poor country, short of cash for more urgent needs; leave oil exploration to the great multinational oil companies," they said. "India is not highly prospective for oil, give these multinationals enough incentives to do you the favor of looking for oil in your own sedimentary basins," they said.

Even as ONGC was being established, the chief geologist of Burmah Oil Company, an eminent Briton who had spent a major part of his working life in the pre-Independence years in India, published his opinion in a scientific journal that

there was no possibility of finding oil in Gujarat. Privately, he said that he would drink every drop of oil produced there. He would have had monumental indigestion in later years had he carried out his threat!

It was a team from the U.S.S.R. led by Prof. N. A. Kalinin, that provided the optimistic dissent from this cacophony, and it shows Malaviyaji's capacity to judge at its best that he immediately took action on the recommendations of this team. . . .

The Oil and Natural Gas Commission practiced self-reliance from the very beginning, as a result of the insistence of K. D. Malaviya. Our first oil strike occurred within two years of the inception of the organization, at Cambay. . . .

We became a growing concern when oil was struck in the large periclinal Ankleswar prospect in 1960, after earlier seismic surveys in Gujarat. ONGC's own geophysical personnel had mapped this structure. So you see that in a very short period of time ONGC became self-reliant. After Ankleswar, there was no looking back. The field was drilled up by ONGC personnel and put under full production in two years. Subsequently, for the first time in India, pressure maintenance by means of a large water injection scheme was also started in 1966, and that scheme has been operational since then. Ankleswar has now become the grand old lady of the ONGC, still producing nearly 2 million tons of oil per annum. All this has been largely due to ONGC's own efforts in reservoir engineering, etc. The source of inspiration for all this was K. D. Malaviya himself.

It was during Malaviyaji's earlier stint as Minister in charge of Petroleum that discussions were initiated on exploration of the large continental shelf off the western coast of India. In 1965, a seismic survey ship was hired from the U.S.S.R. for carrying out reflection seismic surveys on our continental shelves, principally concentrating on the Arabian Sea side, as this is a continuation of the Cambay Basin where ONGC had its principal discoveries at that time. It was on the basis of the seismic surveys then carried out, with equipment which would appear incredibly primitive by today's standards, that the major prospects to the west of Bombay were outlined. . . .

It was due to K. D. Malaviya's early appreciation of the primacy of exploration in the petroleum industry, and his staunch support during the periods, which, alas, occurred only too often, when repeated failures occurred, that today we have built up not only a very capable organization in the ONGC, but also a very sizeable inventory of petroleum resources. We are in the process of planning for a really big increase in production from the known reserves, as well as for a big increase in exploratory effort in order not only to replace the produced oil and gas, but to find enough for the country's growing future needs. Malaviyaji always used to say that we should take the risks, be bold, and drill, drill, drill. We are translating his inspiration and instructions into concrete plans, and we shall astonish the world by our progress. . . .

Italy's state-sector is taken over by an

by Bonnie Mesaros

A coup carried out in the last week of September transferred control of the Italian state sector economy to a group of Aquarian technocrats. The appointments of new directors to the state-run consortia IRI, ENI, and Consob brings to fruition a long-term project of European oligarchs, especially Italy's fascist "black nobility," to use the state sector as the vehicle to dismantle Italy's post-war industrial achievements as a whole.

The most important appointments are: Romano Prodi to head IRI, the giant industrial conglomerate controlling over 120 companies; Umberto Colombo as president of ENI, the giant state-sector energy consortium; and Luigi Spaventa to run Consob, the agency that oversees the Italian stock market.

Prime Minister Giovanni Spadolini's recently recycled government is responsible for these appointments. Spadolini's five-party coalition was collapsed last August by the Socialist Party of would-be "Duce" Bettino Craxi, because of its failure to adopt the extreme austerity measures demanded by the International Monetary Fund. Spadolini, a leader of the tiny Republican Party, was only allowed to form a new government on the basis of promises to break the power of the trade unions, termed "lowering the cost of labor," and put an end, once and for all, to the control of the political parties by the constituency machines or lobbies, through what has euphemistically been termed "reform of the institutions."

The 'new management'

Romano Prodi, who will head the largest single industrial entity in Italy, is a top-level technocrat associated with the Aquarian thinktank, Il Mulino, which in the 1960s used funds supplied by the Rockefeller family's Twentieth Century Fund, to profile the relationship between Italy's two big parties, the DC and PCI, basic industry, and the working-class. Il Mulino's report denounced the ideological bent for progress inherent in this relationship. Standing by at Il Mulino to help consummate the new post-industrial order, are its director Giorgio Galli, who writes anti-labor editorials for the weekly

industrial base Aquarian faction

magazine *Panorama*; Francesco Alberoni, the Trento University professor who created the first cell of the terrorist Red Brigades; Altiero Spinelli, a Socialist and founder of the European Federalist Movement; Nino Andreatta, currently the minister of finance in Spadolini's transitional government and a leading spokesman for IMF austerity policies in Italy.

Umberto Colombo, who will now preside over ENI, formerly headed the related energy firm ENEA, where he steered emphasis away from nuclear development into "soft" energy sources. Colombo is a member of the Club of Rome, founded by Aurelio Peccei, himself a former member of the Olivetti Corporation.

Luigi Spaventa, named to head Consob, was elected to the Parliament as an independent on the PCI list. He has a special use to the oligarchy: the PCI, tripping over its feet in a rush to get into the government, is willing to accept so obvious a "submarine" as Spaventa as a "plus" for them. If the Communists swallow Spaventa, potential trade-union resistance to the fascist takeover and resulting deindustrialization will be killed in the cradle.

The massive industrial conglomerate IRI, which runs the bulk of Italian banking, steel production, shipbuilding, telecommunications and transportation, has been especially targeted for retooling. Established during the last depression by Benito Mussolini to rationalize industry for the war effort, in the post-war period IRI has served as the engine of Italian industrialization by providing an infrastructure for the economy, pouring capital into basic industry and developing and improving transportation and communications. Perhaps most importantly, IRI has channeled huge amounts of funding into ailing industries like steel, keeping them alive when similar industries were going under in other industrialized countries.

Within one week of Prodi's takeover at IRI, Finsider, the huge steel concern, announced the possibility of up to 20,000 layoffs. Since then, the just-announced "temporary" nine-month shutdown of the Bagnoli (outside Naples) steel plant, with layoffs of over 5,000 workers, has provoked angry protest strikes and clashes between steelworkers and police

in Naples.

The oracle at Olivetti

The primary task of the "new managers" will be the dismantling of the system whereby the two mass-based political parties, the Christian Democrats (DC) and the Communists (PCI), are controlled by constituency machines. This system, similar in many ways to the old Democratic Party machine system in the United States, has been the political vehicle for the economic development of the nation. As in the United States, a certain amount of political corruption has provided the pretext for cleaning out the "porkbarrels"—and for their replacement with something far worse, the imposition of fascist autarky from the top down.

The foremost spokesman for this policy is the man Henry Kissinger has called the best business leader in Europe, Carlo De Benedetti, director of the Olivetti Corporation. De Benedetti, whom insiders refer to as the "Merchant of Venice" because of his ties to the oligarchical families of that city and because of his demands for a "pound of flesh," recently gave an interview to the newspaper *La Repubblica*, echoing Henry Kissinger's Georgetown speech of mid-September in which Kissinger called for a "new order" to "arise out of the chaos."

Asked, "Do you think that we are close to a collapse now?" De Benedetti impatiently responded, "Please, let us not start this kind of discussion. The crash is not ahead of us—we are in the middle of it. The only thing, though, is that they are all so frightened that nobody will speak about it, or assume the responsibility of managing the crash. . . ."

"Developing countries and the East bloc cannot pay [their debt]. Many [countries] have already announced that they do not intend to honor their commitments. . . . They have more serious things to deal with." When asked what the international banking system can do, he replied, "Nothing. . . . Nobody wants to send the gunboats, as in the 19th century. All the West can do is to realize that it lent a trillion dollars for nothing. On the Western [banks'] books, there are a thousand billion dollars missing—that is the crash."

"It was wrong to lend to the Third World," said De Benedetti. "Nobody wanted to realize that these countries are inefficient, that they have spent too much to keep up their populations." Now, he said, "we must eliminate from the books this trillion dollars that does not actually exist, by means of cancelling [the debt]."

But who will pay, he is asked, and answers coolly, "The western banking system made a mistake. The depositors and the community of states will have to pay. Every inhabitant of the industrialized West carries \$2,000 of [that debt] on his head. Then we can lower interest rates worldwide. We only need the courage to act." However, he added, "The ruling classes of the Western countries know that they cannot present the facts and figures of that crash. . . . Ruling classes never relinquish their power of their own accord. . . . *This time, we will have the crash, and only after that [will come] the new management.*"

IMF seeks Khomeinis in Africa

A conference in Sierra Leone attended by Iranian radicals called for a holy war to be waged by Africa's 100 million Muslims.

A drive to bring the so-called Islamic Holy War to Africa that was kicked off last month is another piece of weaponry being thrown into the campaign to eliminate development potential by weakening central governments in Africa.

First on the target list, as I reported last week, is Nigeria. Nigeria has wealth and a large population—around 100 million, or 20-25 percent of Africa's total—and, therefore, has the potential to industrialize rapidly. Unless, of course, it is derailed by some form of the Khomeini scourge. Roughly half the Nigerian population is Muslim.

The ayatollahs are now bringing their message to Africa. A recent conference in the small West African nation of Sierra Leone was attended by Iranian agitators who called on the more than 100 million Muslims in Africa to join the world-wide holy war against “un-Islamic and anti-Islamic” forces.

In response to this threat, Nigerian President Shehu Shagari called on Nigerians Sept. 27 to halt the dangerous trend whereby certain groups and individuals introduced divisive elements into political activities in the country. In a message released from Abuja, the new federal capital, he pointed out that the purpose of the 1983 election was to select people who were prepared to serve the nation regardless of their religious belief.

“Religion should not be mixed with politics and elections,” he said. “Under our constitution, religion is a per-

sonal and private affair.” When the constitution was drawn up before the return to civilian rule in 1979, a big push was made to have the Islamic law incorporated into the constitution; a secular constitution modeled on that of the United States was adopted instead.

Shagari especially urged the Muslim community in Nigeria, of which he is a member, to reflect on these principles.

The Sierra Leone conference reportedly set up something called The Supreme Islamic Council of Africa, and recommended the establishment of an Islamic radio station, television station, and newspaper to spread “Islamic” propaganda.

The consequences for industry can be seen already in Iran.

I don't know why Sierra Leone would host a conference which bodes so much evil for Africa. Perhaps the backers of the conference agreed to pay the tab.

Sierra Leone has itself been put through the IMF wringer and its severe economic crisis threatens to destabilize the country. The chaotic elections this May resulted in the death of 100 people.

Sierra Leone President Siaka Stevens had been promised money by Libyan strongman Muammar Qaddafi if he would attend the OAU summit in Tripoli last August, according to confidential sources cited by a recent issue of *Jeune Afrique*. That summit aborted when a quorum of heads of state did not show up.

Stevens had intended to go, but got a message before going from his neighbor, Sekou Toure, which hinted at destabilizations in Sierra Leone if its President showed up in Tripoli. The issue was that of recognizing the Polisario movement as an independent country separate from Morocco. Stevens was ready to join Qaddafi at the summit in supporting Polisario, while Toure opposed recognition, and was trying to keep African heads of state away.

Stevens did not go to Tripoli, and Qaddafi kept his money, according to *Jeune Afrique*. Maybe hosting the “Islamic” conference in September was another way to get some money for the impoverished Sierra Leone government.

Development of a country cannot occur without strong central governments to create the institutions needed to direct that development. The murderous conditionality policies so brutally imposed by the IMF forcing both the abandonment of development projects and the lowering of already very low standards of living, is the leading weapon weakening central governments and creating conditions of instability.

The World Bank's Berg Report last year attacked strong centralized institutions for directing development. The World Bank, the only source of funds for many of the poorest African countries, has refused to fund the large-scale infrastructural projects without which industrial development and modernization cannot take place.

The campaign to weaken central governments, if not checked by the implementation of a New World Economic Order, will return the continent to a colonial status, with states decentralized into tribal groupings, at best merely degraded suppliers of raw materials.

The facts about the Omnibus bill

The U.S. Depository Institutions Act will help the big banks pad their international losses at the expense of the economy.

The Omnibus Bank Bill passed by the House and Senate the second week in October is more than just a cartelization of the U.S. banking system on the British model.

True, the "Garn-St. Germain Depository Institutions Act of 1982" will put large chunks of America's \$600 billion savings and loan deposits, and of the \$400 billion smaller commercial-bank deposits, into the hands of Walter Wriston's Citibank and David Rockefeller's Chase Manhattan. True, more than half the nation's 5,000 S&Ls and 10,000 smaller banks could become mere memories, taken over by Citibank or merged into Chase by the end of 1984. And that is a fair copy of Britain's cartel system, controlled by the five major clearing banks.

But the real scandal is that this is exactly the appropriate banking system to put in place, if Wriston, Rockefeller, and their friends at the New York Council on Foreign Relations (see Domestic Credit) are planning a form of *corporatist autarky* for the U.S. economy. The same people—Wriston, Rockefeller, Fed Chairman Paul Volcker, and their shill, Treasury Secretary Donald Regan—are planning just such a Thatcherized economy here. They anticipate a dramatic cutback in U.S. bank lending to, and export trade with, the rest of the world, and writeoff of their bad foreign loans.

To cover those losses, they intend to plunge the U.S. economy into permanent zero or sub-zero economic growth, shrinking homebuilding, auto, steel, and other heavy industry to be-

low 50 percent of their 1978 levels. The U.S. domestic deposit base will then be lent out, in tightly controlled fashion by the big banks, to whatever economic activity is left. Without competition, the cartel will charge interest rate margins of 5-10 percent or more differentials between what the new bank cartel deigns to pay depositors, and the usurious rates they will charge domestic borrowers.

Bank analysts already estimate that, for example, Citibank's interest margins, which had sunk as low as 2.6 percent during 1980, when usury ceilings were still in place, will rise to 4 percent in 1983 under the bill, and then go much higher.

As an illustration, note the provisions of the bill, widely played as a "bailout" for America's bankrupt savings and loans:

"Capital assistance" to give capital to failing S&Ls would only be paid out by the Federal S&L Insurance Corporation if an S&L failed. No new cash will go into S&Ls, which will still be starved from making loans by Volcker's high interest rates.

Effect: No new money for homebuilding. S&Ls to suffer new losses under continued high interest rates.

The final version was inferior even to the original House plan, which would have given S&Ls \$8.5 billion in fresh cash loans. At no time was Paul Volcker's tight money policy criticized.

"Broader powers" for S&Ls will force them to compete against small commercial banks for dwindling non-

homebuilding loan business. S&Ls will no longer be "dedicated lenders" to homebuilding, but will make loans up to 10 percent of assets to commerce, agriculture, real estate, leasing, and factoring.

Effect: Cuts home construction and family formation in U.S. sharply. U.S. homebuilding industry, already operating at 1 million units, 50 percent of its 2 million capacity, to have no recovery. Crushing competition between S&Ls and smaller banks, to result in even higher failure rates.

"Volcker Bill" (Regulators' Bill), part of the law, grants Citibank and other large commercial banks sweeping powers to buy up S&Ls a nickel on the dollar, not only in New York but nationwide. The FSLIC will pay them to do so, as it paid Citibank to take the \$2.8 billion Fidelity S&L of California off the FSLIC's hands.

Effect: Cuts homebuilding even more, by absorbing \$10-\$20 billion in S&L deposits in 1983 and more each following year into Citibank and allied operations. Turns the deposit base of U.S. economy further to speculation, when Citibank et al. lend out deposits instead to the Eurodollar markets at 15 percent for high return.

"Bank Service Corporations" authorized for Citibank and other large commercials will vastly expand their non-banking activity. Banks can go into insurance (this is a loophole for a dummy clause prohibiting insurance activities elsewhere in the bill); buy and run stock brokerages; engage in mortgage banking; commercial data processing; and real-estate.

Effect: Bigger profits for the largest banks, at more usurious interest rate charge to rest of economy.

"New Money Market" account will allow commercial banks to take in \$200 billion now in non-bank money funds. Same effect as above.

Making money from the depression

Citibank counts on usurious interest rates and purchases of S&Ls to greatly increase profits from U.S. operations.

When *EIR* founder Lyndon H. LaRouche issued an "Open Letter to Citibank President Walter Wriston" late last month urging him to discuss the need for a Latin American debt moratorium, the response at Citibank was underwhelming.

"We don't need LaRouche, we can solve the debt problem ourselves," Citibank Senior Vice President Robert Rice told *EIR*. When told that unless the banks cooperated, Mexico and other Latin American nations would be forced to default unilaterally, bringing down Citibank's \$25 billion in Latin loans, he insisted Citibank could "paper it over."

Why isn't Wriston interested in a discussion on how to stretch out Third World debt payments, issue new trade credits, and start the world economy moving again?

For one thing, Citibank and Wriston are part of the Rockefeller crowd, the underlings of the oldest European families who deliberately created this depression in the first place, with the high interest-rate policies of Federal Reserve Chairman Paul Volcker. Since 1979, Wriston has been the most vocal Fed supporter, not least in his role as adviser to President Reagan.

Citibank is owned by the same Rockefeller group which funded the Council on Foreign Relations' *Project 1980s*, which called for deliberately putting the world economy into negative industrial growth and "controlled disintegration." During the 1890s, Citibank got its start when John D. Rockefeller I put his Standard Oil

money into James Stillman's National City Bank. Stillman married one daughter to JDR's brother William Rockefeller, and two others to Standard Oil partners, creating the Stillman-Rockefeller family who took over National City as controlling shareholders. In fact James Stillman Rockefeller chaired the bank until 1967, when Wriston became president.

Personally, Walter Wriston was brought up in the Council on Foreign Relations, which was headed by his father Henry Wriston, for 11 years, from 1953-1964. After World War II, the elder Wriston insisted that, instead of expanding export credits, the United States should adopt what later became known as Friedmanism, and undergo deliberate economic shrinkage.

Henry Wriston and his son are two of the closest U.S. collaborators of black European oligarch Otto von Hapsburg; Henry was a founder, with Walter Lippmann and the Hapsburg aristocrat Max von Thurn und Taxis, of the Mont Pelerin Society. Founded in 1947, Mont Pelerin coaches Milton Friedman and Paul Volcker.

Now, Citibank has decided that having looted the Third World with 20 percent interest rates for the past two years, "we will have to take some reasonable losses," as Robert Rice put it. To offset losses on international loans, therefore, Citibank intends to apply the same IMF-style looting policies in the United States, to try to make money off depression.

In a recent report, Citibank stated that the U.S. economy must be re-

duced to a "post-industrial" state. Starting in 1979, Volcker ensured that industry and consumers could not afford real goods.

Walter Wriston's strategy, as he said recently, is to take a good portion of the \$1.2 trillion in personal savings and time deposits in the United States which are not going into industrial loans, and use it to increase his own profits. "Willie Sutton said he robbed banks because that's where the money is," Wriston said. Under the new Omnibus Banking Bill (see Banking), Citibank will be free to "rob banks" by buying up savings and loans and smaller banks around the country.

Second, because of the end of usury ceilings under recent banking deregulation, Citibank has been able to charge 10-18 percent for consumer and business loans—while still paying the average domestic depositor 6-9 percent!

This will result this year in a fantastically higher proportional profit in Citibank's domestic operations. For example, although almost 70 percent of Citibank's loans are to foreign borrowers, fully half the bank's net revenue on interest is obtained in the United States. Out of a total \$1.2 billion Citibank is expected to gross in 1982, up dramatically from \$855 million in 1981, fully half the money will be made in the United States. During the 1978-1982 period, net interest revenue garnered in the United States rose from \$1 billion to \$1.64 billion, bank analysts estimate. Interest revenue from international operations actually fell, in fact, between 1978 and 1981 from \$1.33 billion to \$1.17 billion, and will only rise again to the \$1.66 billion level.

But this kind of usury can only continue, of course, as long as Citibank's borrowers can afford to, or consent to, keep paying.

Index of real U.S. unemployment

Gross unemployment in the United States, the number of workers who would work if there were jobs, climbed dramatically over the 20 percent mark in late 1981 to 21.5 percent in August 1982.

The *EIR* index is computed by adding the following categories:

- A) The officially counted unemployed;
- B) Fifty percent of the involuntary part-time employed and 15 percent of the voluntary part-times;
- C) Fifteen percent of full-time students and 5 percent of those enrolled in vocational education;
- D) Fifty percent of the employables among the estimated 6.9 million people not counted by the 1980 Census;
- E) Fifty percent of the two-thirds of the employables associated with welfare families;
- F) All those who leave the workforce early, but are not disabled.

By far the largest increase came among the officially counted unemployed, which percentage increased from 7.4 percent of the labor force in

1981 to 9.8 percent in August this year. This accounts for nearly 2.7 million workers—mostly in the industrial sector, laid off during this year.

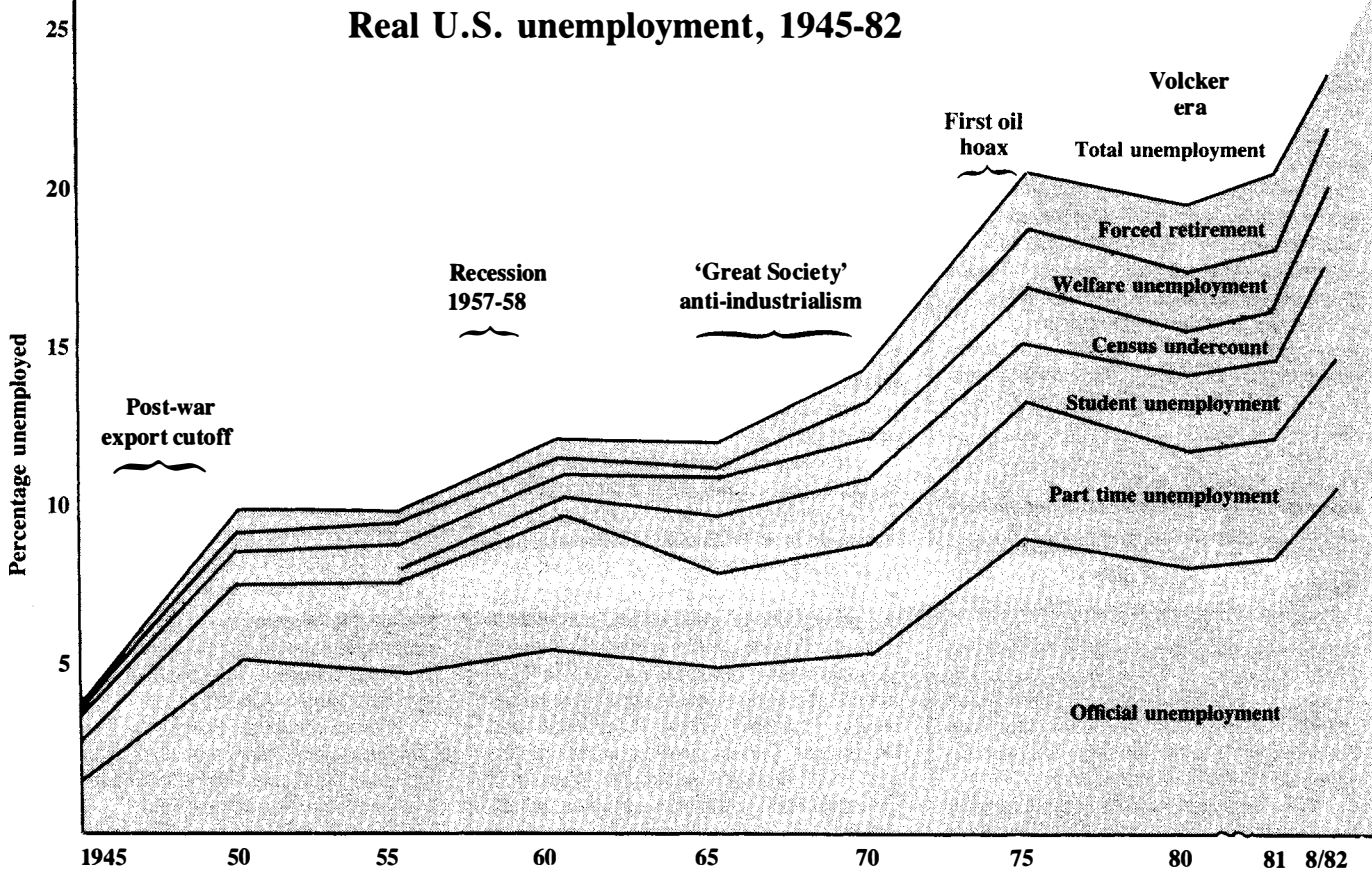
Gross domestic unemployment, in actual numbers of workers without jobs, now stands at just over 24.2 million. This is a third larger than the total number of unemployed during the depth of the First Great Depression, although percentage-wise it is considerably lower, since the labor force is approximately twice as large as it was in the early 1930s.

Most of the newly unemployed are former industrial workers, reflecting the fact that production in the United States has dropped precipitously and will continue to do so. And the new heavy increase in unemployment has hit an economy already burdened with near-20 percent unemployment since the recession of 1975.

This means that nearly 3 million more people are straining the resources devoted to maintaining unemployed members of the domestic workforce. In some regions, such as the industrial centers of the Midwest, this is causing extreme misery among the population.

The second major category to show a marked increase is among students enrolled in full-time and vocational education in lieu of working. This category rose from 2.6 percent to 2.9 percent of the jobless, an increase of about a third of a million.

An important component of U.S. unemployment is those individuals forcibly retired from the workforce before the age of 65. In 1945, 90 percent of all males between the age of 55 and 64 were in the workforce. Today only 70 percent remain in the workforce, adding about 2 million workers to the total unemployed, or about 1.8 percent additional unemployment.



Sources: Official unemployment is that reported by the Bureau of Labor Statistics, U.S. Department of Labor. Part-time unemployment, both voluntary and involuntary, is reported by the BLS back to 1960 with BLS estimates for 1950 and 1955. Student enrollments in higher education and federally assisted vocational training are compiled

by the U.S. National Center for Education Statistics. The census undercount estimate is based on a 1972 federal review of the 1970 Census count that found an undercount of 2.7 percent. The number of welfare recipients is compiled by the U.S. Department of Health and Human Services.

Business Briefs

Debt Strategy

Argentine emissary gives warning in Europe

Addressing a select group of German oligarchs and government officials, Dr. Oscar Camilión, former Foreign Minister of Argentina and one of the most nationalist pro-industrialization Argentine civilian leaders, warned Oct. 7 that the rollover of Ibero-American debts cannot go on forever. European countries must realize that the only way the Ibero-American foreign debt can be paid is if there is economic growth and industrialization, Camilión explained. He then criticized the "mechanistic and simplistic" attitude so shamefully taken by the European nations during the Malvinas War. He said that improvement of European-Argentine relations can start with German investments in Argentina.

Tearing apart the "deindustrialization" policies of former Argentine Finance Minister José Martínez de Hoz, Camilión stated that Argentina can no longer be an agro-exporter country. We want to be able to export industrial goods, he said, but Europe still believes in the old division of labor.

Camilión was invited to Germany by the Bonn government; his speech was sponsored by the *Zeitschrift für Internationale Politik*, the German equivalent of *Foreign Affairs*.

International Credit

'We shall crush them,' Tory aide declares

Simon May, the aide to former British Prime Minister and Brandt Commission leader Ted Heath, announced bluntly in an Oct. 5 discussion with *EIR* that if the Latin American countries go "too far, then we will join together and we will crush them."

This statement, which identifies what Heath and the supposedly Third Worldist Brandt Commission are really about, came during a discussion of Mexican President López Portillo's speech to the U.N. General Assembly. "We will not lose our control over the world financial system," May as-

serted. "We cannot prevent [the Third World countries] from wrecking it, but they will be unable to build anything else; we will prevent them." May added that "The Latin American countries have no power; they cannot blackmail us."

But, as May indicated, these issues are the key topics of discussion at the ongoing NATO summit in Canada. One of the key topics discussed there is notably NATO out-of-area deployments in such regions as in the Persian Gulf or against Third World countries which may refuse to pay their debts. In sum, the NATO meeting is a military gathering to oppose the New World Economic Order.

Domestic Credit

Real interest rates still crush business

According to the most recent *EIR* La-Rouche-Riemann analysis of the U.S. economy, a major easing of credit at this point would do no more than keep the U.S. economy to its present rate of decline, i.e. 7 percent p.a. from December to August. Without a major easing of liquidity, that is, given the prevailing credit conditions during the third quarter, which include major reductions in availability of short-term credit, the rate of decline will accelerate to 10.8 percent per year.

The rate of interest net of inflation—depending on whether the borrower is a Third World country or a U.S. corporation—is anywhere from 30 percent to 7 percent, i.e., still at the all-time high level. Interest rates actually paid are substantially higher than the prime rate in most cases, particularly since the depression has eroded the number of corporations that qualify as "prime" borrowers. In addition, many large commercial banks, including Chase Manhattan and Continental Illinois, have no access to normal credit-market sources for funds, and have depended in the past period on the relatively higher-cost Eurodollar interbank market, paying 13 to 14 percent for deposits—not an attractive situation where the prime rate is 13 percent. At 13 percent, of course, the major banks could not make money; they are maintaining their profita-

bility by charging consumers 18 to 20 percent and charging most corporate borrowers 15 to 18 percent.

International Trade

Britain slithers into place as Europe's spokesman

Britain's Foreign Secretary Francis Pym insinuated himself further into his self-appointed role of Europe's spokesman on East-West relations on Sept. 29 by proclaiming the need for a new framework for East-West trade, which, of course, Britain would shape.

Speaking at a press conference after his meeting with U.S. Secretary of State George Shultz, Pym stated: "we have to renew a debate on the ground rules over East-West trade." Pym said that "we are trying to reconcile a difference that has been blown out of proportion by the press. What we need to do is establish a framework for East-West trade."

Pym also said that there had to be a debate not only on future credits and technological sales to the Soviets but on sales of food, making a reference to the fact that the United States is a major seller of grain to the U.S.S.R.

Agriculture

Block calls for trade war with EC

U.S. Agriculture Secretary John Block has formally announced that he is prepared to use subsidized credit not to aid falling U.S. agriculture exports, but "to send a message" to "those countries who continue to subsidize their farm exports."

If those countries, namely the European Community (EC) and Japan do not stop their supports, Block said, then a "mini-trade war" with Europe would be possible.

The EC and Japan are accused by the U.S. free-marketeers of supporting their agricultural sectors by subsidizing prices to farmers when market prices for crops are low, and are also falsely blamed by those same people for the decline in U.S. agricul-

tural exports. The cheaper products of Europe are undercutting the U.S. markets, says Washington, D.C. and therefore, Europe must cease support measures.

Block admitted that direct export subsidies aren't likely to be used by the United States for any other purpose, though it is the only way that the U.S. can begin to expand exports again. Ten years ago, such a program offered reduced interest rates to buyer countries, making U.S. exports very attractive. Today the United States is at the bottom of the list of exporting countries who subsidize agricultural exports; Japan heads the list.

Meanwhile, Block is planning to dump the 2 billion pounds of government-owned dairy stocks. Such a move would depress world prices, causing Europe and other countries to increase their support of agriculture. Block thinks this tactic will cut into the European markets. The growing dairy hoard "is a big hammer we have in our hand," Block asserted. "This certainly would get Europe's attention."

The United States has protested to the 87-nation General Agreement on Tariffs and Trade that Europeans are improperly subsidizing exports of several agricultural products. Block claims that this case restrains the U.S. from implementing a direct subsidies program. "We don't want to damage our case," with GATT, he says. Block promised that if the United States loses its case, "we are going to have to sit down and plan a very tough strategy."

U.S. Government

McNamar: zero growth is U.S. policy

In testimony offered to the Subcommittee on International Economic Policy of the Senate Foreign Relations Committee Sept. 27, R. T. McNamar, Deputy Secretary of the Treasury, declared that policies in developing-sector countries were the prime cause of the world's economic strains and that the solution was zero or negative growth in these economies.

"The evidence continues to indicate that debt problems are principally *symptoms* of

inappropriate domestic policies: overly ambitious development plans with large import requirements, faulty assumptions about inflation and commodity prices, and poorly structured debt maturities. Debt reschedulings, therefore, treat symptoms, allowing more time (and, we hope, helping to establish the framework) for dealing with the *causes* of debt problems through needed policy reform. . . ."

McNamar went on to praise the current state of the U.S. economy and "the strong record of some developing countries which have recently accepted low and even negative growth rates in order to get their economies and financial situations under control and to lay the foundation for a sustained recovery."

Public Policy

EIR editor interviewed in Brazilian journal

In a lengthy interview with *EIR* Ibero-American editor Dennis Small at the end of September, the Rio de Janeiro business daily *Jornal do Commercio* illustrates the extensive influence in Ibero-America of the ideas of *EIR* founder Lyndon H. LaRouche. *Jornal do Commercio* reports: "The NASA program, which took the man to the moon in June of 1969, was the last positive moment of this impulse [of economic growth], Small affirms, defending the thesis that economic growth lies always at the frontier of development. The increase in the price of petroleum was not decisive for unleashing the problem in Small's opinion, but instead the 'disastrous and criminal policy' developed by Paul Volcker, head of the Federal Reserve. . . . The solution pointed out by the economist for the developing countries threatened with going 'broke' is the formation of an alliance between Mexico, Brazil, Argentina, and Venezuela for the renegotiation of their debts backed up by new long-term loans, to be applied to the industrial development of their economies.

"By utilizing their debts as a form of pressure . . . the Latin American countries would be able to eliminate the risk of being pushed to the International Monetary Fund."

Briefly

● **THE BANCA Catalana** group has suffered losses on the order of half a billion dollars, according to rumors in Spanish financial circles. The bank plays an important role in the financing of Catalan industry—which produces a significant portion of Spain's exports. It is doubtful any bank in Spain could survive such losses.

● **THE WASHINGTON POST** got cold feet Oct. 5 about its complete blackout of the speeches of Third World leaders at the United Nations. After days in which it had not run a single word on Brazilian President Figueiredo's opening presentation to the General Assembly Sept. 27, it editorialized that it was "an extraordinary speech." The *Post* warns that some bankers are tempted to cut off loans to such nations as Brazil, but this would be dangerous and could precipitate a panic. The *Post* makes no mention of López Portillo's speech later the same week. The play-up of the Figueiredo speech, belated though it was, conforms to the Shultz-Kissinger strategy of pretending to give "special attention" to Brazil to keep it from following Mexico's lead.

● **HELMUT KOHL**, West Germany's new Chancellor, announced that one of the first measures of his new government will be to oust Turkish "guestworkers" from the Federal Republic. Attempting to justify this racist policy, Kohl denied that this policy expresses hostility to foreigners, but said it is simply a fact that there are too many Turks in the country.

● **LEAKS** early this month that the Federal Reserve Open Market Committee has made a basic policy shift toward easing credit seem to be largely political theater aimed at enabling politicians who have backed Paul Volcker to escape their electoral vulnerability on that issue.

How Henry Kissinger will be destroyed

by Lyndon H. LaRouche, Jr.

*"Hey, lemming, please don't go over that cliff!"
"Leave me alone, you meddler! I wish to stick to the opinions shared among my friends!"*

Among the lesser of Henry A. Kissinger's lewd offenses against public morality and the human species generally, he is an avowed admirer of the British philosopher, Thomas Hobbes. So, Kissinger insisted in a public address given to a London Chatham House audience this past May 10. More recently, in a public address to a large audience in San Antonio, Texas, Kissinger echoed the arch-Nazi Friedrich Nietzsche; he advised his mostly foolish Texas audience to welcome the eruption of chaos in the Middle East and elsewhere, as the pathway leading into a new world order.

In the days following Kissinger's San Antonio address, the Bashir Gemayel government of Lebanon was murdered in an explosion, and soon after that, Haddads' butchers committed a monumental atrocity of mass-murder against thousands of defenseless old men, women, and children of Palestinian refugee-camps in Lebanon. Those now known to have been responsible for both atrocities are political allies of Kissinger's, elements of the Club of Rome and overlapping Middle East elements of the Nazi Abwehr's Abteilung II organization.

Soon, most probably, Henry Kissinger will be destroyed, at the zenith of his apparent political power. Probably, his tragic downfall will be awe-inspiring to many, and may be regarded as terrible, apocalyptic justice by many religious folk.

One might wish that this scoundrel would survive the Fate of Oedipus about to strike him. Let him be a politically powerless, friendless piece of wretched political carrion, walking from place to place, to be the object of scorn for those widows and orphans who know him to have been the instrument of their own deprivation. So, let that course of history be God's justice on this unspeakable *Golem*.

Admittedly, we cannot forecast the details of the matter. Kissinger is reportedly a poor cardio-vascular risk, and, because of his psycho-sexual similarities to the Emperor Nero, might choose that coward's way out of his troubles. Let us speculate no more on the details. For this report, Kissinger serves as the concrete



NSIPS/Philip Ulanowsky

Demonstrators greet Mexican President José López Portillo's speech at the United Nations General Assembly Oct. 1, in which he identified the danger of a New Dark Ages.

point of focus which aids the reader to comprehend what might otherwise appear relatively abstract.

The general point of strategic analysis to be made here, is to show the connection between Kissinger's impending doom and the related risk that the United States itself might be similarly destroyed by those cumulative, habituated follies our government and leading political parties have practiced, especially over the period from about 1966 to the present date. This is a scientific forecast, supplied in place of a non-available prophecy. There being no Elijah or Daniel present to prophecy, we must rely upon forecast, to hope to persuade our government to quickly change its ways, before imminent doom strikes it and our nation, as well as the tragic Kissinger.

To this purpose, we demonstrate, as a matter of scientific lawfulness, how and why God is about to strike down Henry A. Kissinger. We present here not an all-exhaustive argument, but merely a scientifically adequate argument. This adequate demonstration is accomplished by focusing chiefly on the tragic implications embedded in one leading facet of Kissinger's adopted philosophical world-outlook: British philosophy.

The Satanic element in British philosophy

It is a simple matter to prove conclusively that British philosophy is intrinsically Satanic. By proving this, we show the root of Kissinger's imminent downfall, and, as we shall demonstrate, we show this connection with scientific precision.

As the British academics themselves define what they call British philosophy, all British philosophy is premised upon two, approximately axiomatic, interdependent, implic-

it assumptions. The first such assumption of all British philosophy, is that God exists only as a wishful figment of fearful imaginations. The second assumption, is that there exists no higher body of knowable lawfulness in the universe. There exists, according to Bacon, Hobbes, Locke, Hume, and so on, only the convenience of plausible, empiricist explanations of phenomena. Such explanations are plausible—"credible"—to the degree they coincide with what prevailing opinion considers "authoritative opinion."

To this philosophy, the raving anglophile, Teddy Roosevelt, cried: "Bully!" The famous atheist lecturer, Colonel Ingersoll, pulled out his pocket-watch, and before a stunned audience, gave God a minute to strike Ingersoll dead, if, indeed, an Almighty existed.

God does not accept the insolent ultimate of an Ingersoll or a Teddy Roosevelt. Built into this universe is a very specific kind of lawful ordering, to the effect that, as Friedrich Schiller observed, world history becomes the world's court. These laws are so constituted, that, in general, God does not trouble himself to strike down individually an Ingersoll or Kissinger, but rather destroys those nations which persist in tolerating a Kissinger.

That is generally the case. Yet, this does not mean that a Kissinger or Nero are exempted from direct, personal judgment under the elaboration of those higher laws. The manner in which such a personal judgment upon an individual is delivered is a process wonderful to behold. It is awe-inspiring to observe how those lawfully ordered processes occasionally choose to make a horribly tragic example, a necessary object-lesson of individual persons such as a Henry Kissinger.

These questions have been treated with scientific excel-

lence by such great tragedians as Aeschylus, Shakespeare, and Schiller. The British case is a perfect replica of the tragic situation treated by Aeschylus.

Aeschylus deals with a doomed world, in which a gang of evil usurpers, the Olympians led by Zeus, have asserted themselves to have overthrown God, and to have become immortal beings, pagan gods, by their own decree. These Olympians, between raping virgins, sodomizing young boys, and performing other such god-like acts, impose upon the world their own capricious decrees, in defiance of the laws of the universe.

The problem is that the peoples and rulers of nations are so frightened and corrupted by the apparent power of the Olympian gods, that they degrade themselves into worship of and obedience to these gods. They propitiate the evil gods, seeking the immediate, personal favor of those immortals. If anyone among them speaks of higher laws, the people either kill such speakers, on behalf of the gods, as they did condemn Socrates, or ridicule the speakers with such words as "Who can believe anyone who says such foolish, unpopular things as you utter?"

It is a simple matter to prove conclusively that British philosophy is intrinsically Satanic. By proving this, we show the root of Kissinger's imminent downfall, and, as we shall demonstrate, we show this connection with scientific precision.

Then, those nations are struck down, by the workings of those very higher laws they have deceived themselves not to exist. As for the revelers at Belshazzar's Feast, this accounting is usually delivered suddenly, as the Anglo-American power of the post-war period is now at the verge of a sudden collapse.

The essential feature of Aeschylean tragedy is to demonstrate how a combination of submission to Olympian, astrological superstition and stubbornly conceited blindness to higher laws, causes nations and their peoples to bring about their own destruction in a manner consistent with those very higher laws British philosophy denies to exist. So the United States stands at the verge of its possible destruction at this moment.

Our political condition, our tragic condition is summarily this.

It is the typical posture of our nation's capital, for example, that any leading figure there would argue against what

we are reporting: "That's only your theory. What counts is public opinion." By this, they mean the prevailing opinion among their peers, as shaped by the lies offered daily by such sources as the *Washington Post* and electronic news-media. This, plus the wealth and savage exercise of resources by certain wealthy rentier-financier families, these official circles define as "power." The practical questions associated with propitiating such "power" are for them the only reality.

That is our Aeschylean tragedy.

This degraded moral condition is reflected in the general population by a characteristic of popular behavior which David Riesman et al. have sometimes described as "other-directedness." Over the past hundred years, especially the past three decades, there has been effected a fundamental shift in morality and philosophical world-outlook of the majority of our people: "other-directedness."

Generally speaking, we no longer hold ourselves accountable for the practical consequences of those policies we support. We seek always to put ourselves in a posture of agreement with what we believe to be prevailing, peer-group opinion, prevailing prejudices. "Rightness" of individual judgment has ceased to signify rational judgment of the connection between policies and consequences. "Rightness" is now associated with holding what our peer-group and selected, admired authorities endorse as "right opinions."

We make policy *ad hominem*. We no longer ask policy-proposals to be proven rationally, with respect to consequences. We measure the quality of opinion by the number of respectable authorities and peer-groups which share that opinion. If one of our citizens says to other, lemming-like citizens, "If we keep moving in this direction, we shall go to our deaths over the cliff," the other lemmings variously laugh and curse against such a "silly" critic of popular opinion. "Don't you see that no one agrees with you?" is the favored sort of rebuke directed to the protestor.

So, until recently, our silly citizens appeared to be marching foolishly, stubbornly conceited in their commitment to the self-destruction of this nation and themselves.

Yet, at this moment, there is a simmering among our citizens, especially those ordinary farmers, working-people and less privileged social strata, who have a foretaste of the doom of the United States in the accelerating collapse of the proverbial "everything" immediately around them. They are "little people," whose obvious flaw has been that they are so obsessed with pursuit of local "earthly paradise" for themselves and their immediate families, that the determining national policies affecting the domestic economy as a whole, and world affairs, were kept out of their thoughts. At least, our "little people" refused to study and think through such national policies in the same rational manner they often applied to local and personal affairs.

Now, it is becoming clear to increasing numbers of those citizens that our direction in national policies, especially national monetary and economic policies, is destroying their

dreams of "earthly paradise." Unemployment rises, and worse, the prospect of future reemployment is wiped out by bankruptcies of farms and firms. Governmental and private pensions are crushed by the onrush of financial collapse. The society is clearly falling apart, and the shards of a broken society are collapsing upon them and their families personally. Increasing numbers of those citizens are proving themselves something better than lemmings, and would turn our nation's policies around, 180 degrees, very soon.

The question is: can those citizens mobilize themselves to accomplish this reversal in direction of our nation's economic policies (in particular) in time, before the nation goes over the cliff? Can these "little people" be transformed into big people in time.

The worst situation exists not among the ordinary citizens, but among officials of government, leaders of the parties, and such folk. To save the nation, it is not sufficient that the "little people" of yesterday decide to cause a reversal of the direction of our monetary, economic and other policies—reversing the policies of the past decade-and-a-half, most emphatically. These ordinary citizens must move that mass of conceited, misguided slobs constituting the majority of the Congress and Executive branch, to say nothing of our judiciary. If the people are awakening, as they now appear to be doing at an accelerating rate, judging developments causing the explosive growth of support for the National Democratic Policy Committee, have they awakened soon enough?

It is upon the spike of economic policy that the political fate of Henry Kissinger is about to be skewered. The moral law of economics is given to Judeo-Christian culture in the form of the cited injunction of the Book of Genesis: mankind must "be fruitful and multiply, and subdue the earth and fill it."

The answer does not lie entirely within the United States itself. There are global developments, including a recent, qualitative shift emerging in Ibero-America, which will deliver against the ruling, Olympian-like institutions of the world such blows as the Olympians themselves may have feared, but never believed to be actually possible. It is the intersection of eruptions outside the U.S.A., with a popular revolt approaching threshold inside the United States, which is the most important new development affecting the fate of the United States—and the world—during the weeks immediately before us.

This recent development is itself Aeschylean. The laws of the universe are acting through the wills of peoples and nations, in a growing upsurge committed implicitly to the destruction of everything British philosophy represents in all parts of this planet. Either this succeeds, or mankind is judged by the laws of the universe as, like Sodom and Gomorrah

The essential feature of Aeschylean tragedy is to demonstrate how a combination of submission to Olympian, astrological superstition and stubbornly conceited blindness to higher laws, causes nations and their peoples to bring about their own destruction in a manner consistent with those very higher laws British philosophy denies to exist. So the United States stands at the verge of its possible destruction at this moment.

earlier, become morally unfit to survive. Either way, for Henry Kissinger and British philosophy, the weeks and months now ahead are the Apocalypse. One way or another, the modern "gods of Olympus," those wealthy rentier-financier families which imagined themselves the immortal rulers of this planet, are about to be destroyed by one kind of Apocalypse or another.

In either turn of world-events, Henry Kissinger will be among the first next to go, at the moment of his life he deludes himself to be reaching the zenith of his political power. It will be said by many, that God destroyed Henry Kissinger, as this new Aeschylean tragedy now unfolds.

The corruption of U.S. law

Over the period from the 1865 assassination of President Abraham Lincoln, through the 1879 implementation of the treasonous U.S. Specie Resumption Act, the United States began a generally accelerating change in its political and moral character. The tempo of this change is reflected in the war-plans documents of our military forces into the late 1930s. Throughout the 19th century, U.S. military policy was focused upon preparations for war against our principal adversary, Britain, including the 1920s formulation of "War Plan Red" for war against Britain and Britain's ally Japan. The military commanders of the past must have vomited in their graves to witness the recent degradation of our nation in the matter of the Malvinas crisis.

This shift in our national character is most efficiently

reflected in the rising influence of British philosophy in our educational institutions and pragmatism, or “other-directedness,” in our population generally. Formally, this same degradation is provided concentrated reflection in our shifting philosophy of law.

Although most leading law schools would falsely deny this, and most vigorously, today, our republic was founded upon hatred against both the “free-trade” dogma of the British East India Company’s Adam Smith, *The Wealth of Nations*, and against the philosophy of law prevailing in Britain.

Our law, most emphatically throughout the term of Chief Justice John Marshall, was based, although indirectly, on the elaboration of the “law of nations” by Cardinal Nicholas of Cusa during the 15th century. This Cusan conception of natural law was transmitted to us through the work of Grotius, Puffendorf, Leibniz, and their students.

This body of law had three complementary features.

As to pagan law, this body of law was rooted in the precedents of Solon of Athens, of the dramas of Aeschylus, the constitutions of the Ionian city-state republics, and the dialogues of Plato. The distinction made by the historian and dramatist, Friedrich Schiller, between the laws of Solon and the laws of Lycurgus, reflects the same outlook hegemonic among the framers of our constitution.

A population “infected” with reason, with the individual’s tendency to think policies through to their consequences, is a population which will resist and overthrow oligarchical families’ rule. Therefore, the families insist that scientific and technological progress must be suppressed, at least to the extent that populations generally might be affected by the moral influence of resumed technological progress.

However, our law was not directly and simply that pagan law. The writings of St. Augustine on this matter are most efficient in summarizing the distinction to be made. Our use of classical Greek republican precedents subordinated Plato to Judeo-Christian imperatives. Hence, the Judeo-Christian version of classical Greek republican philosophy and law is called *Neoplatonic*, to distinguish it from paganist form of Platonism.

The trial of Socrates demonstrates, among other classical sources, that classical Greek republicans were enemies of the astrological cults associated then with the Phoenician (Chal-

dean) rulers of Tyre, and the Phoenician-Chaldean form of the Hesiodic pantheon of Thebes (Cadmus) and the cult of Apollo at Delphi. However, the classical Greeks erred in assuming that this pagan religion need not be taken on explicitly, directly, publicly, but that reason could be so widely distributed throughout society that a popular rejection of the Olympian pantheon and Phoenician cults would ensue.

Judaism and Christianity insist that the issue of God be posed directly, explicitly, and that the task of destroying the pagan gods is the central, most essential point of policy of practice. Although Plato, as, notably, in the *Timaeus* dialogue, defines God and consubstantiality in exactly the terms of Apostolic Christian theology (e.g., St. John), and as Philo of Alexandria states the case for Judaism, the differences between Platonism’s and Judeo-Christian practice on this issue is so clear it need not be argued further here.

Judeo-Christian imperatives, distinguishing Platonism from Neoplatonism, are reducible on principle to two interdependent forms. The first is the injunction of the Book of Genesis, that mankind must “Be fruitful and multiply, and fill the earth and subdue it.” No one can be a supporter of Malthusianism, of the Club of Rome, of *Global 2000*, or W. Averell Harriman’s policy-proposal to the recent, Philadelphia mini-convention of the Democratic Party, and also be a Jew or a Christian. The second, is the potential divinity within each human individual, the sacredness of individual human life.

The third feature of modern “law of nations” is the elaboration of a system of law appropriate to the existence of sovereign nation-state republics. This was set into motion by the work of Dante Alighieri, and brought into a coherent form by Cusa, beginning Cusa’s influential *Concordancia Catholica*.

There are no differences of opposition in objectives between the Augustinian form of the Grand Design of Charlemagne and Alcuin.

The problem was that a supranational form of republic failed because it depended upon the use of Latin as a common language of administration, law, and science. This left the popular languages in a state of decay into brutish forms of local dialects, fostering the brutalization of the mental life of the general population aiding the destruction of civilization from within.

The problem of law posed by the establishment of sovereign nation-state republics based on unifying literate languages, required an elaboration of law of nations, to the effect that the sovereignty of republics could be maintained without fostering lawlessness among nations.

By developing literate, cultured forms of language, based on Greek classical models of language and culture, and fostering technological progress by governments, a leap upward in the condition of mankind was effected. This leap upward continued into the last quarter of the last century, despite the Hapsburg hegemony of the 1525-1527 to 1653 period.

The principal colonies upon which the United States was based were formed by an anti-British faction within Britain, John Milton's Commonwealth Party. This party was allied in policy to the commonwealth (politiques) forces of France, around Tremblay, Richelieu, Mazarin, and Colbert, and to the broader, continental European networks centered around the Neapolitan school of Campanella and the networks assembled under the leadership of Leibniz. All of these networks, the forces rallied behind Benjamin Franklin to effect the American victory against Britain, were steeped in the general outlook toward law associated with Cusa, Grotius, Leibniz, et al., in opposition to British philosophy of law.

In Judeo-Christian law of nations, Neoplatonic republican law, the law for us is given by God, in the form of the manifest law ruling the ordering of creation. Any law of governments which opposes that manifest law is an immoral abomination, to be opposed and nullified.

Any monarch, any constitution, any legislature, whose law opposes the higher, natural law, renders that nation thereby morally unfit to survive. That nation will either mend its error on that point, or the cumulative effect of its opposition to natural law means the destruction of that nation. God's law asserts itself by destroying those nations and ruling circles which oppose natural law, just as Henry Kissinger faces the prospect of his Oedipal doom now.

A society which fails to produce men and women increasing in reason is destroyed by the lawful composition of the universe, made economically incapable of surviving. Unless we do that which imposes the "tyranny of reason" upon the development of the individual within society, the nation so erring becomes judged morally unfit to survive.

The British, modeling themselves on the evil of Roman imperial law, upon British agents Montesquieu, Maine, et al., define their law according to the atheistic insolence of British philosophy.

British legal philosophy is fairly described as a doctrine of the "purely positive law." Law is made by the force of government, according to the will of government. The practical significance of that is illuminated easily by contrasting a British government which has no constitution, with our federal republic's constitutional ordering. It is also demonstrated by the study of the deliberations of the U.S. Supreme Court under Marshall, in which a higher body of law strikes

down those manifestations of positive law which violate Judeo-Christian republican principles of natural law. It has been said otherwise, with varying degrees of comprehension as to the practical significance of those words, that ours is a government under law, not by men. That law which governs us is not laws enacted by our legislatures or executive decrees. It is natural law, as the procedures for submission to natural law are defined by our constitution.

British law is all of the same philosophical species, but occurs in two distinguishable varieties. The distinction is typified by the differences between David Hume and Jeremy Bentham, between conventional law and radically positivist law. Hume denies the existence of natural law, but offers a substitute for natural law in the form of traditional values. The radicals—"British 19th-century philosophical radicalism"—assert, as does Professor Milton Friedman, that the only basis for law in society is the elaboration of what Bentham called the "hedonistic principle," Hobbes's notion of hedonistic individuals each in war against all within society.

It is the mutual accommodation of these hedonisms which Bentham, James Mill, and such 19th-century radicals as John S. Mill, William Jevons, Alfred Marshall, and their Fabian and other utilitarian followers, such as von Hayek and Friedman, assert to be the only substitute for a rational determination of value in society. In brief, the radicals, like terrorist-sympathizer Ramsey Clark, insist that law is properly determined by shifts in prevailing opinions within society, affording equal legality to all of the significant forces of contending pluralisms.

"If a lot of people believe it is legal to do, it must be made legal," the radical immoralist Milton Friedman insists.

Any nation which accepts British law is intrinsically worthy of destruction. Any nation which accepts the radical notions of law encouraged by Professor Milton Friedman will be more quickly destroyed, more "radically" destroyed.

We are being now "radically" destroyed as a nation, because we have tolerated too long the evil influence of Milton Friedman, Ramsey Clark, and other heirs of the Fabian-influenced "force doctrine" of Justice Oliver Wendell Holmes.

The economics of natural law

Economics is not everything. Producing and consuming wealth is not the moral purpose of human existence, or the sole business of nations. However, economics is indispensable. Economics, properly understood, is that production of material alternations in nature by which the possibility of human existence is accomplished.

It is principally as the immorality of nations affects their economic practice that God's law effects the destruction of nations whose governments and people have become morally unfit to survive. It is upon the spike of economic policy that the political fate of Henry Kissinger is about to be skewed.

The moral law of economics is given to Judeo-Christian

culture in the form of the cited injunction of the Book of Genesis: mankind must “Be fruitful and multiply, and fill the earth and subdue it.” This law’s fulfillment is measured in population-density—better, more precisely defined as “potential relative population-density.” It is not sufficient that we labor in production of goods necessary for human existence; even to maintain existing economic levels, it is essential that we increase the productive powers of labor.

Without technological progress, man’s immorality of practice becomes a nation’s moral unfitness to survive. A nation which tolerates a Malthusian, anti-technology policy, such as that of the Club of Rome, the Aspen Institute, the World Wildlife Fund, or the “environmentalists” generally, is a nation which has already lost the moral fitness to survive, and is engaged at that point in destroying itself.

Technological progress is the fruit of an increase in the creative mental powers of a population, an increase in the potential to discover and to assimilate into productive practice of labor an increased power to subdue nature.

In terms of physics-reference, this increased “potential relative population-density” correlates with a required increase in the modal longevity and average life-expectancies of populations, and with an increase in the consumption of usable energy both per square-mile and per-capita of the population as a whole. This advancement in energy-consumption takes the form of an increase of what is called the “energy flux density” of the production and consumption of energy, per square-mile, per person, and in terms of the equivalent of temperature of the heat-sources used to supply this energy.

This process of increase of population-density is a succession of inventions whose continuation depends upon successive, fundamental advances in scientific knowledge of the lawful ordering of the universe. This means general, profound scientific “breakthroughs” respecting knowledge of the manner in which creation is lawfully composed.

This touches upon the crucial distinction between mankind and the beasts, a distinction apparently refused by Prince Philip of Britain and that former Nazi SS officer, Prince Bernhard of The Netherlands, the principal backers of the pro-bestial World Wildlife Fund. A beast may modify its hunting-and-gathering behavior, but only within a “genetically delimited” range of such behavioral modification. Only mankind can revolutionize its behavior by means of fundamental scientific discoveries.

This creative power of mankind is that quality of the individual which touches upon the divine, upon the power to discover ever-more-perfectly, to master, and to be self-governed by the lawful ordering of creation.

The newborn individual human personality is born an irrationalistic, hedonistic beast, distinguished from the apes and monkeys only by a divine spark of the potential for reason. In the case that the infant successfully matures to become truly a human adult, the hedonistic, infantile char-

acter of the person is suppressed through the development of the power of reason within the child and adolescent, a process requiring between fourteen and eighteen years of maturation to effect—in those increasingly rarer cases such maturation above the moral-emotional level of infantilism is actually accomplished these days.

This divine potentiality, reason, is the essence of human existence. Although the development of this power of reason is indispensable to perpetuate the material existence of nations, it is the development of that reason which is the purpose of the existence of nations.

The laws of creation are so ordered, that, as the Book of Genesis sets forth our economic policy, we are obliged to labor, and to increase technologically our productive powers of labor, in such a fashion that we oblige ourselves to develop reason within society and its individual members. A society which fails to produce men and women increasing in reason is destroyed by the lawful composition of our universe, made economically incapable of surviving. Unless we do that which imposes the “tyranny of reason” upon the development of the individual within society, the nation so erring becomes judged morally unfit to survive. So, the laws of the universe are ordered, to pre-determine this result. So, Henry Kissinger’s doom is foreordained.

The “Olympians”

The modern-day Olympians are the so-called “families.” Some are the silly, monarchical families such as the Hapsburgs, Welfen, Hohenzollerns, and Savoy, now conspiring energetically—negotiating in part with Moscow—to bring the monarchies back to rule continental Europe and other regions of the world. Others are not formally aristocrats, but like our Harrimans, Moores, Morgans, and Rockefellers, are obsessed by the silly, fatuous conceit that they are U.S. colonial branches of the European aristocracy, chiefly the British aristocracy.

Many of these families, although nominally Christian, are in fact members of strange, pagan cults, many organized under the auspices of such branches of freemasonry as the Grand Orient and Scottish Rite orders of Europe, within whose rituals they may groan lewd worship of the woman St. John terms “The Whore of Babylon,” otherwise known to ancient pagan cults as “Great Mother,” Mithra, Cybele-Sybil, Isis, or the Harrapan Sakti, the mother of the phallus-god Siva. Isis, the patron-goddess of lesbianism, has an incestuous, homosexual son, named in Indo-European languages “Day-Night,” or Dionysus. He is also known by such names as Osiris and Siva. Since “Day-Night,” the Manichean god, has a double, Jekyll-Hyde nature, his is often split into two personalities, such as Osiris-Horus, Dionysus-Apollo, and Satan-Lucifer.

In many instances, influential members of these oligarchical “families” operate through such cult-organizations, in which such forms of Satan-worship are practiced. In all cases,

the philosophical world-outlook, the philosophy of practice of these Satanic "families," is modeled upon the pagan philosophy of these same cults.

The general form of all such Satanic paganism is astrology.

It is the essence of Christianity, that the human species could not be saved from self-destruction unless it were saved from these Satanic cults (Isis, Great Mother, etc.), through the incarnation of God into the personality of Christ. The pagan past is underscored for us today by noting the names we employ to designate the days of the week, the months of the year, and so forth. It is astrological superstition which is the characteristic expression of Satanic evil in the beliefs and world-outlook for practice of unfortunate people. Gambling is a related form of such Satanism, the worship of the goddess Fortuna or Fate. This should aid us in developing a more profound appreciation of how close to self-destruction civilization is today.

True, the individual members of the families do not generally advertise the presumption that they believe themselves to be immortal, except in terms of the reincarnation preached by Luciferian theosophical and anthroposophical cults. Rather, they insist that it is the "system of families" which is immortal, the proper, immortal rulers of this planet. This is the dominant belief among all the collection of such families, whether of aristocratic titles or mere patricians, such as our Morgans, Moores, Harrimans, and so forth.

These families define the families themselves as the personalities of Olympian gods.

According to the Atlanteans of the region now known as Morocco, during the first century B.C., and according to corroborating information from other ancient sources, the Olympians were not imaginary, mythological beings; they were the names of the children of concubines of an ancient maritime colony in Morocco, near the straits of Gibraltar. The children of these concubines, called "Olympians" after the name of the concubine mother of Zeus, revolted against the state, conquered it, and used the technology they conquered to subjugate colonies of peoples throughout the Mediterranean and elsewhere.

According to archaeologically-verified datings, this revolt occurred during the early phases of the appearance of agriculture in Europe and Africa, before 8,000 B.C. That date coincides with the dynasty-catalogues of the Egyptian Manetho's record. The Cyrenaic temple of Amon, cited by Plato, dates this event to approximately 10,000 B.C.

The culture conquered by the Olympian insurgents was a maritime culture with a relatively very advanced astronomy. During that period, knowledge of astronomy by the Indo-Europeans, for example, included accurate cycles for the progression of the geographic and magnetic poles of the earth, as well as cycles based on the solar system's orbit within the galaxy. This has been verified by modern science through study of internal contents of the ancient Vedic materials, and correlations of constellations reported in those

texts with known constellations in ancient time-frames and geographic locations.

The Olympians forced their superstitious subjects to worship the Olympian families as immortals, as pagan gods, and imposed upon the conquered a system of astrological rituals, in which the names of the Olympian gods were associated with, chiefly, the constellations and planets to which the names of the pagan gods were attached. Thus, the naming of days and of months for pagan gods became the widespread practice of many language-cultures. The Vedic-Avestic documents are the best, most anciently-validated variety of such evidence.

The particularities of Olympian and similar pantheons are superimposed upon the more primitive superstitions of the Great Mother-cult variety, the Cybele-Dionysus variety. The Anglo-Nazi cults of the Thule Society, Odin Society, and Nazi cult-keeper Alfred Rosenberg merely exemplify the efforts of the oligarchical families behind Hitler to bring the ancient pagan cult-forms worshipped in certain freemasonic lodges into the open as the official cults of society.

Throughout known history, oligarchical family-systems, like that intersecting the Harrimans today, have had certain consistent features expressed by the families behind Henry Kissinger today.

Many of the modern-day Olympian families are in fact members of strange, pagan cults, many organized under the auspices of such branches of freemasonry as the Grand Orient. They insist that it is the 'system of families' which is immortal, the proper, immortal rulers of this planet. These families define the families themselves as the personalities of Olympian gods.

They have always been "Malthusians," as the case of Hesiod and the doctrine of the Phrygian cult of Dionysus illustrates the point. They have always opposed institutions of urban-centered, technologically progressive society, and have demanded that the lootable wealth of society flow to the parasitical advantage of the families through both simple ground-rent and the ground-rent of money, usury, as ancient Middle Eastern tax-farming illustrates this practice to be much more than 4,000 years old today.

The case of two attempts to assassinate Pope John Paul II, and the progressive degeneration of the Church of England

illustrate the connections.

The projected murder of the Pope, and deployment of both assassins, was undertaken by a group of old, nominally Catholic oligarchical families based in the Alpine region and in Portugal in Europe. The assassin Agca was safehoused by these families, and was controlled by a network of old Nazis linked to Beirut and the Turkes faction of Turkey, aided by another asset of the Nazi international, the Libyan dictator Qaddafi. The assassin Krohn was trained as a "Lefebvrist," also under the direct sponsorship of the same "families," and run through a pseudo-Catholic cult. The reason the assassins were each attempted on the day of the Lady of Fatima, one year apart, is that the killing of the Pope coincides with features of what is called the unconsecrated third prophecy of Our Lady of Fatima, whose contents are widely circulated among cultists, despite the papacy's insistence that this prophecy be sealed.

The purpose of releasing this third, unconsecrated prophecy after the murder of a Pope was to unleash followers of Fatima, and others, to aid in establishing the kind of world-federalist order in Europe designed by Otto von Hapsburg's Pan-Europa Union, and hopefully to unleash general insurrections to aid this within Eastern Europe.

Leading British circles, associated with the hierarchy of the Church of England, were in support of this attempted murder of a Pope.

Two facts point to the galloping degeneracy of the Church of England, including the circles around Bishop Paul Moore of New York City.

The first is the attempt of the Queen and Archbishop of Canterbury, to suppress the English Book of Common Prayer, Cranmer's Book of Common Prayer. The issue is the Church of England's effort to eradicate Christian doctrine from that Book of Prayer, an effort which has met resistance from some traditionalist Episcopalians in the U.S.A.

The second is the simple fact that the New York Anglican diocese is a pagan cult of the most monstrous characteristics, centered in the cults maintained in the crypt of the Cathedral of St. John the Divine, and in the cult-creating headquarters of the diocese, at Lindisfarne, Long Island.

These instances of Catholics and Protestants who are not Christians illustrate the character of the oligarchical families controlling those affected portions of the respective churches. In addition to creating resurrections of outrightly paganist cults, such as theosophical cults, these oligarchical families establish factional organizations inside churches devoted to promoting pseudo-Christian movements, such as the "charismatic" movements, "liberation theology," and the revival of the old Arian heresy of Christology, as well as attempts to have psychedelic cults and similar abominations incorporated into Christian bodies.

It is exemplary that the notorious Jim Jones of Jonestown, Guyana notoriety, was launched by the joint sponsorship of Rabbi Maurice Davis and Bishop Paul Moore. His original,

Indiannapolis-based cult, was moved to Ukiah Valley, California, to become one of the experimental psychedelic cult-projects spawned by the MK-Ultra project of Aldous Huxley, Gregory Bateson, and the Palo Alto "think-tank" complex. At the time of his death, Bateson, the former husband of Margaret Mead, was official of the cult-building Lindisfarne center of the New York Anglican diocese, and was promoting the spread of witchcraft-cults around the United States.

The proliferation of what most citizens view as "fake religions," from Timothy Leary's and the Disciples of Christ's Jim Jones, on up and down, are part of the same process, and are chiefly run out of British intelligence conduits, including the hierarchy of the Church of England and the London Tavistock Institute.

The British and other Malthusians have been repeatedly explicit on the point: the Pope must be destroyed, they insist, to eliminate Christianity, and to clear the way for a general schism among churches, to spread Gnostic cults in place of Christianity, and to proliferate overtly pagan-cult revivals.

Admittedly, the British generally, do not believe in God, nor do most of the church-going rentier-financier "families." They are as cynical about religion as their Olympian forebears. Religion for them is merely a device for mass-manipulation of populations through manufactured superstitions. They do not believe that God actually exists, and is about to bestow an Apocalypse upon them. Their religion is that of Harvard Professor William James's pragmatist *Varieties of Religious Experience*. Their purpose in playing with religious issues is all quite earthly: the consolidation of the families' power as the "immortal rulers of the world," according to the Persian model of a world-empire based on local, regional "empires," or satrapies.

Olympian economic policy

What the present-day Olympians have been determined to accomplish is the simultaneous destruction of the institutions of the sovereign nation-state and policies of investment of savings in technologically progressive forms of agriculture, industry, and basic economic infrastructure.

The motive for this is best understood by the coordinating center for all cults, the Cini Foundation of Venice, the foundation which coordinates those other foundations, nominally dedicated to matters of "culture," through which the long-term operations of the oligarchical families are coordinated.

Technological progress promotes reason in populations. A population "infected" with reason, with the individual's tendency to think policies through to their consequences, is a population which will resist and overthrow oligarchical families' rule. Therefore, the families insist that scientific and technological progress must be suppressed, at least to the extent populations generally might be affected by the moral influence of resumed technological progress.

Since the suppression of technological progress means a sharp contraction in the potential relative population-density

of the world, these families demand Malthusian policies of "population policy," using economic mass-murder, through such means as "IMF conditionalities," to force a reduction in the world's population by several billion persons over the coming two to three decades.

They propose to limit profit-income from society to the extraction of parasitical forms of ground-rent and usury, and to suppress, generally, large-scale technologically progressive investment in agriculture, industry, and basic economic infrastructure. These families, who created Hitler, now propose to unleash upon the world a genocide more than a hundred times the mass-death caused by Hitler. Kissinger is one of the witting instruments of this mass-murderous policy.

Kissinger is about to be destroyed.

The oligarchists, including the evil Harrimans and so forth of the United States, have brought almost to the level of collapse the once awesome economic power of the United States, and are collapsing the economies of Western Europe in the same fashion. We have reached the state of general economic depression, caused by the policies of von Hayek, Friedman, Volcker, et al., that the entire financial structure of the United States and Western Europe could collapse totally.

This situation affords the nations of the developing sector, the immediate targets of mass-murder, several practical means for resisting the insolence of the IMF and allied gov-

ernmental and other institutions. Ibero-America alone, can ruin an enterprise against it, by instantly collapsing the entire financial structures of the United States and Western Europe.

These developing nations have no malicious intent to bring about such a collapse, unless they are forced to do so in their own fundamental self-interests. Yet, lunatics such as Kissinger, or the more stupid-than-Kissinger Butcher of Chase Manhattan, propose to push the developing nations to the wall, to force those nations to take actions saving themselves from physical destruction by collapsing the internal financial structures of the nations threatening such destruction.

Suddenly, Kissinger's sponsors have two choices, and no other. Dump Kissinger, because he and what he represents have become worse than useless, or continue to deploy Kissinger, and go down into apocalyptic ruins with him.

The not improbable thing is that they will dump Kissinger and perhaps stop his mouth, as many other oligarchs' accomplices' mouths are being stopped nowadays, to prevent a Kissinger, angry at being dumped, from unleashing such information as the files of Pocantico Hills. It is their oligarchical nature, to deal so with too-well-informed tools who have become more a source of potential embarrassment than anything useful.

So, God's laws destroy the Olympian usurpers. So, Kissinger is about to be destroyed.

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Maxwell Rabb implicated in assassination setup against the LaRouches

by Linda de Hoyos

Henry Kissinger, Ambassador Max Rabb, and organized-crime attorney Roy M. Cohn have stepped up operations to carry out the assassination of Democratic Party leader Lyndon H. LaRouche, Jr., and his wife, Helga Zepp-LaRouche, after the unsuccessful Sept. 23 attempt on the life of Mrs. LaRouche in West Germany, reliable sources on both sides of the Atlantic report. According to one of these sources, plans are now in motion for a hit against the LaRouches in Rome Oct. 20-21, upon the occasion of the founding of the Club of Life, an organization inspired by Mrs. LaRouche to counter the genocidal ideology and policies of Aurelio Peccei's Club of Rome.

On Sunday, Oct. 3, the *London Observer*, speaking for the British and European oligarchy that sponsors Kissinger and his associates, corroborated the speeding up of the assassination plans against the LaRouches, by publishing a five-column hysterically toned attack on the two international leaders. Following a now-standard slander format to the effect that LaRouche is a "Nazi-Communist anti-Semite," the *Observer* article cited as the chief victims of LaRouche's publications and organizations the British royal household, Kissinger and Roy Cohn (see LaRouche's reply, p. 32).

The article, which also cited an "alleged" assassination attempt against Mrs. LaRouche Sept. 23, was written within 48 hours of its publication by a former employee for the *Wall Street Journal*, Lorana Sullivan. It was immediately picked up in Italy by the Rome daily *Corriere Della Sera* and the ANIPE wire service.

Why LaRouche is a threat

The article's ostensible motive was the charge issued by LaRouche, and documented by this magazine, that the Brit-

ish Freemasonic lodge of the Duke of Kent, cousin to the Queen, and the Blackfriars lodge were responsible for the July murder of Banco Ambrosiano Chairman Robert Calvi. The precise timing of the article, however, indicates that LaRouche now poses a formidable threat to the British and their oligarchical friends because of the motion on the part of the nations of Ibero-America for a new world economic order, a revision in world affairs that could destroy the power of the oligarchy once and for all.

As formulated by LaRouche in his book *Operation Juarez*, now circulating among government officials throughout Ibero-America and the rest of the developing sector, the moratorium on Third World debts would be the first step in the creation of a new gold-backed monetary system generating low-interest credit to industrialize the Third World.

On Oct. 1, two days before the *Observer* article appeared, Mexico's President José López Portillo told the United Nations General Assembly that the choice for the world is either the new world economic order or a new dark ages, and stated that Mexico would be unable to pay its debt unless a new world economic order is brought into being. Since 1975, LaRouche has played the unique role of placing the proposals for a new world economic order on a scientific economic basis, and has proved that it is the only solution to the deliberate depression now being imposed by the British oligarchy and its puppets like Federal Reserve Chairman Paul Volcker. In 1976, Henry Kissinger, then Secretary of State, deployed himself to halt the impact of LaRouche's proposals upon leaders of the underdeveloped sector and in Western Europe, and worked to bring down any government committed to industrial development, including that of India's Indira Gandhi and Pakistan's Ali Bhutto.

In 1977, LaRouche's name appeared on a hit list of the Baader Meinhof terrorist gang, shortly after the terrorist murder of German banker Jürgen Ponto, who was seeking a program of high-technology transfer for southern Africa. Later that year, a hit attempt was made on LaRouche in Detroit, which was traced to the British Most Venerable Order of St. John of Jerusalem, headed by Queen Elizabeth II. Since then, LaRouche has consistently been the target of assassination plots. His wife, Helga Zepp-LaRouche, was the target of murder attempts on Sept. 21, 1981, and then again this year, both attempts taking place in the Federal Republic of Germany.

Now, as the bankrupt Bretton Woods system hurls the world toward financial collapse, reliable sources report that Kissinger and his point-man Roy Cohn are under orders to eliminate LaRouche at all costs. It is now the belief of the oligarchy that they can coopt the drive for a new world economic order and force nations' acceptance of the International Monetary Fund's genocidal conditionalities, only through the removal of the movement's intellectual leader, Lyndon LaRouche.

Reports now point in the direction of the activation of assassination networks for an attempt against the LaRouches in Rome, Italy, Oct. 20-21. Security specialists point to the fact that Roy Cohn has been in Rome throughout the course of the week, where he met with organized crime figures, with whom he discussed the assassination plans. Cohn also met with U.S. Ambassador to Italy **Max Rabb**, a figure in Meyer Lansky's Dope, Inc. crime circuit. There is now evidence that Rabb is using his office as U.S. Ambassador to force the Italian government to deny justifiable requests that the LaRouches be given full security when they come to Italy for the founding of the Club of Life.

The National Democratic Policy Committee, for which LaRouche serves as national advisory board chairman, has called upon President Reagan to immediately recall Rabb from his post in Rome, citing Rabb's complicity in the assassination setup, and the ambassador's long-time organized crime connections, including:

- the sponsorship of Boston-born Rabb's political and financial career by Senator Henry Cabot Lodge, of the Genoese-centered Caboti family, the turn-of-the-century sponsors of the United Fruit Company apparatus that brought together the Freemasonic "Propaganda Uno" Mazzini mafia with Jewish mobster Samuel Zemurray.

- Rabb's first public mingling with organized crime in 1962, when he joined the board of Ancorp, a newspaper distribution company in New York City with strong mob ties. Ancorp is now controlled by Roy Cohn through Dano National Services.

- Rabb's service on the board of Warner Brothers/Seven Arts, which served as the money-pass from Rabb's old Boston patrons to Lou Chessler, a Canadian associate of mobster Meyer Lansky, for eventual investment in the purchasing of the Paradise Island spot where Resorts International would

later be built.

- Rabb's service on the board of Sterling National Bank, the banking arm of the Anti-Defamation League of B'nai B'rith, the organized crime-connected "civil liberties" group that has been repeatedly linked to criminal "dirty tricks" operations against opponents of the Lansky syndicate.

Cohn's or Kissinger's direct hand in the placement of the article in the *London Observer* is, at present, unknown. It is known that author Lorana Sullivan consulted with two colleagues of Cohn in operations against LaRouche: **Irwin Suall**, head of the Fact-Finding Division of the Anti-Defamation League, an agent of British intelligence who directs the slander campaign against LaRouche; and Bronfman attorney **Louis Mortimer Bloomfield**, the Canadian sub-agent of British spymaster William Stephenson.

Bloomfield was a member of the board of directors of Permindex, the agency named by New Orleans District Attorney Jim Garrison as carrying out the murder of John F. Kennedy, of which Cohn was also a founding stockholder. Bloomfield, a member of the Order of the Knights of St. John, was involved in the Kennedy assassination directly through his post as contracting agent for Division Five of the FBI, the on-the-spot coordinator for the Kennedy murder.

Why the Observer?

Since it was sold in 1976 by the pro-Nazi Astor family to Atlantic Richfield's **Robert O. Anderson**, the *Observer* has featured on its board of directors the kind of British upper that often acts as a liaison from the British oligarchy to its stooges like Cohn and Kissinger.

Robert Anderson, for example, is himself a member of Kissinger Associates, known to be a directing center for the operations against LaRouche. Anderson also heads Aspen Institute, the Colorado-based outpost of British intelligence that godfathered the international environmentalist movement.

He also included on the board of directors one **Lord Arnold Goodman**, whose connections to the shady and wealthy make him "the Roy Cohn" of England. Goodman is a member of an intimate set that includes both Henry Kissinger and Lord Weidenfeld. He, along with Louis Bloomfield, also sits on the board of the Jewish Institute of Jewish Affairs, Britain's equivalent to the Anti-Defamation League.

Six months ago, the *Observer* changed ownership again, this time coming under the Lonrho mining company, Britain's top mining company in eastern Africa, through which Kissinger Associate Lord Carrington conducted his negotiations for the creation of Zimbabwe.

Among the directors of Lonrho are: **Angus Ogilvy**, brother-in-law to the Duke of Kent, and one of the leading executives of Britain's Dope, Inc., with seats on the board of the Bank of England, the Rank Organization, which controls the Xerox Corporation, and the Canadian Imperial Bank; and **Edward Du Cann**, chairman of Kaiser Uhlman, a dope-linked investment bank in London with close ties to the Meyer Lansky syndicate and Max Rabb.

LaRouche replies to the London Observer slander

We publish here in full the text of EIR founder Lyndon H. LaRouche's reply to the editor of the London Observer, in response to the Observer's Oct. 5 slander.

Editor, *London Observer*

Re: ANSA/Lorana Sullivan, Oct. 3, 1982

Dear Sir:

I suggest the publication of this letter, to the purpose of communicating important information to a large number among your nation's policy-influentials.

Briefly, as to the article itself. Our Composer in His prudence, distinguished us from our dogs, to the effect that there are certain orifices of our bodies into which we are prohibited from inserting our noses. Marvelously, Lorana Sullivan defied the Creator on that point, in the subject, published item.

All among the leading philosophical differences between me and the certified British view are efficiently concentrated as to consequences in the matter of monetary-economic policy. That issue of policy has been the dominant issue for then-Secretary of State Henry A. Kissinger, and certain others, including the City of London, since this international brawl began, during 1975.

Over the years, it has been the repeatedly stated opinion of numerous among leading trans-Atlantic financial circles, that I embody a "serious potential danger" to the ruling monetary interest. Earlier, odd bits of covert operations spiced a prevailing tactic of containment against me and my collaborators. It is the more recent view, as stated by the same variety of my adversaries, that I have successively broken through walls of containment, and more energetic, more drastic means must be introduced.

Presently, my adversaries have worked themselves into a most uncomfortable fix. The supporters of prevailing OECD nations' monetary policies are presently occupied with what must be fairly described as an "hysterical bluff." To the extent I have the means to do so, I am causing the bluff to be challenged. My adversaries are most annoyed by my actions on that account.

Torollover the debts threatened with default, a minimum of between 500 and 700 billion U.S. dollars' value of new credit-issuing power would be required by some combination of the Bank for International Settlements and shards of the bankrupted Bretton Woods system. Lacking such new credit-

resources, which only concerted political decisions of leading governments could create, the attempt to continue present monetary policy means an early financial collapse of Western civilization, rather analogous to the 14th-century disaster of the Lombards.

The alternative to the collapse of that sort is a comprehensive reorganization of imperiled debt, at politically reduced interest-rates. Technically, such a debt-reorganization could be successfully accomplished, in the proverbial secret emergency conference of several hours' duration, if the political will to do so were predominant.

My game, if you choose to regard it as such, is to force nations to come to their senses on this matter, by confronting circles such as your patrons with a clear, unavoidable choice between immediate chain-reaction collapse of the entire financial system, or a sensible monetary reorganization. That is not a recent tactic of mine; it has been my consistent, continuing policy since that April 1975 Bonn press conference which triggered this international brawl.

Naturally, I have never presumed that I had the material resources to order such a confrontation on policy-choices. Rather, I have relied on the unfolding logic of events to produce a circumstance of the sort which several Ibero-American spokesmen described at the recent Toronto International Monetary Fund conference, and restated more amply, during last week's United Nations festivities. Sooner or later, if the 1975 Rambouillet monetary-conference policy-directions were continued, the pyramiding of refinanced indebtedness would lead to the point at which major debtors would suddenly, concurrently fail to pay debt-service, and that for the simple reason that they lack the means to make such payment.

My function, my tactic, has been to state the alternative to such a state of affairs. If certain governments and related influentials are persuaded that a sensible alternative exists, they will adopt that alternative under conditions no other choice actually exists for them. It is not necessary for me to be part of any conspiracy. As Presidents J. B. Figueiredo and José López Portillo have stated, and most accurately, it is similarity of circumstances which, chiefly, produces similarity and simultaneity of response.

In the end, which will prevail? Your materially advantaged circulation of false opinion, or the slower, almost ephemeral past circulation of my policy conceptions? If a mass of lemmings were to jump together from the edge of a

precipice, perhaps 999 out of 1,000 might continue to be persuaded that this policy of practice had succeeded up to the very moment they impacted upon the rocks below. Which would ultimately prevail? That prevailing opinion, or the view of one lemming who warned: "This policy is going to destroy our civilization"? The comparison is simplistic, but the essential point contained is both valid and most relevant to the policy issue at hand now.

Your patrons' circles were prudent to study the surviving fragment of Aeschylus's "Prometheus" as a metaphor for the present, Aeschylean tragedy, into which the leading rentier-financier families have inserted themselves. The Aeschylean aspect of the tragedies of Shakespeare and the more rigorous elaboration of the tragic principle by Schiller, were wisely studied in conjunction with reflections on "Prometheus."

Empires destroy themselves by persisting in policies of practice which they esteem on grounds of a statistical record of success. So, the policy which impelled prevailing opinion among lemmings toward the leap from the precipice, might prevail as the lemming-consensus even after the leap had actually occurred. "It has worked so far. It will work now," is the gist of the "hysterical bluffing" now deployed in support of the institutional authorities of the IMF, World Bank, GATT, and the BIS.

Over the recent hundred years, since the Treaty of Berlin and the U.S. Specie Resumption Act, the kind of monetary order illustrated by the subsumed case of Bretton Woods has been the prevailing political, as well as monetary-economic order in the affairs of the world. Those rentier-financier "families" which associated themselves more or less profitably with that policy, have acted as if they imagined themselves usurping Olympian immortals. They have assumed that their policies, their setting of Venetian fads in cultural opinion and practice, could defy the laws of the universe indefinitely. The acquired power to direct the evolution of popular culture, and so direct the judgments of populations, could so efficiently command the wills of peoples, that the laws of the universe could not intervene to counter that influence.

So, have all the fallen empires of the past been destroyed. So, the fall of empires has the flavor of Apocalypse, and the ruin of imperial power resembles the *Götterdämmerung* of Olympus.

If your patrons and others persist successfully in the present hysterical bluff over the coming weeks or even a few more months, the entire financial order will collapse. Nietzsche preached chaos and irrationalism, like Richard Wagner. Hitler brought chaos. Goebbels said to a people which had submitted to rule by the forces of chaos, "Total War!" With that chaos came the near-destruction of those who connived to unleash chaos. The present chaos, which Henry Kissinger professes to admire so devoutly, will not let civilization off as lightly as did the most recent enterprises of that general sort.

Your patrons imagine themselves to precalculate so very cleverly, almost as foolishly as those smug Swiss now aiding

in sending the forces of chaos marching northward from alpine redoubts and dark forests of Central Europe, north to Bonn and outward beyond.

Embedded in careful calculation is miscalculation. They were not clever enough to understand the wisdom reflected in Aeschylus's "Prometheus" fragment.

You wish to save Britain from this threatened apocalypse of folly? I wish to accomplish such a result. As for my British adversaries, I do not hate people as persons; even those I might be obliged to kill in warfare, I do not hate as persons. I do not admire you, but I care for the fate of your grandchildren and their grandchildren after them.

Are you so devoutly attached to the "Great Mother" cults of Phoenicia-Venice and Thebes, so attached to the "Persian Model" of families-ruled, Malthusian world-federalism, that you would prefer to destroy yourselves and perhaps most of humanity as well, rather than to survive successfully in a world whose monetary-economic affairs were ordered according to the design of a Leibniz, of Hamilton's "American System"?

If you are sensible, you will accept my proposed alternative. Then, get you to the rebuilding of your factories, your laboratories, and build yourselves a modern fleet. There are masses of capital goods to be produced and exported, and beyond that, the great exploration of nearby space.

The most truthful of the statements buried in the Sullivan libel is the fact that I did recently celebrate my 60th birthday, and did so according to the instructions given me by my Brahmin friends. Such old men put behind us the infantile dreams of earthly paradise, and the kinds of ambitions an infantile mind cherishes into old age. We devote the few remaining years of life to consequences measured in future centuries, and we so define our special notion of personal self-interest. We thus appear to live beyond pleasure and pain, and to some, we therefore appear to be dangerous.

The sole virtue I know among the ranks of leading British, Venetians, and some other oligarchs, is that some, as do I, approach the present with an historical sense. Even those among our politicians, in the United States and other nations, who are well-meaning, and sometimes able in the short-term, narrow occupations, are frighteningly childlike in their little-ness of comprehension. These poor pragmatists do not know that history is a process, and is the greatest fact which any true statesman must take into account in assessing any particular policy-matter of the present. Our little politicians imagine "history" to be what is said of them in future school-books. Although you employ your historical perspective often to malignant purposes, at least you have some sense of the fact that history exists as an efficient fact. Therefore, I would be most pleased if you would come to your senses; if you changed your policy for the better, as the present crisis dictates, you could be most useful.

Sincerely yours,
Lyndon H. LaRouche, Jr.

NATO plans disruption of the New World Economic Order effort

by Elsa Ennis

The foreign ministers of 16 nations forming the North Atlantic Treaty Organization (NATO) flew to a secluded resort in Quebec's Laurentian Mountains Oct. 2 for a highly unusual meeting.

For the first time in 34 years of NATO history, officials allowed only their interpreters to attend, and barred the press completely from all information. To attend it, U.S. Secretary of State George Shultz, Great Britain's and West Germany's Foreign Ministers Francis Pym and Hans-Dietrich Genscher hastily interrupted a series of back-room meetings in the United Nations headquarters in New York.

Despite all this mystery, the Quebec meeting showed all the footprints of a planning session to disrupt the motion for the creation of a New World Economic Order which, headed up by several Ibero-American leaders, had surfaced in the United Nations the week before.

López Portillo's blast

This motion had reached a peak Oct. 1 when Mexico's President José López Portillo, in a speech before the U.N. General Assembly, called for the advanced sector and the Third World countries to jointly create a New World Economic Order based on the encouragement of production and punishment of monetarist speculation. Blasting the U.S. Federal Reserve policies of high interest rates and London's plots to lower the prices of Third World raw materials, López Portillo said that unless these policies were reversed, Third World countries may be forced to jointly cease payments on their foreign debts.

NATO's response to such a proposal was quick: according to press accounts, the Quebec meeting discussed the deployment of NATO forces out of its proper area in the North Atlantic, as well as economic relations between the developed and the developing countries.

The threat that NATO's "out-of-area" moves pose to the Third World was not missed by Third World leaders still gathered in the United Nations. Speaking in a meeting of foreign ministers of the Non-Aligned countries Oct. 4, Argentine Foreign Minister Juan Aguirre Lanari attacked

NATO's plans to "go south" as a policy modeled on the British Empire's 19th-century colonial wars of looting. There are, Lanari stated, "countries from other geographical areas which, stepping on law and justice, continue seeing our continent as an ideal area for their colonialist and expansionist adventures."

NATO's strategic orientation to "gunboat" adventures was, of course, tested earlier this year when Great Britain attacked Argentina to maintain its colonial grip over Argentina's Malvinas Islands in the South Atlantic.

Further proof of a conspiracy among monetarist circles against the motion for a new economic order was the warlike media censorship imposed on López Portillo's speech at the United Nations by Eastern Establishment papers in the United States. The *Baltimore Sun* mentioned the Mexican President's and other Ibero-American leaders' speeches in that forum only to characterize them as "posturing in the current climate" of economic crisis. State Department officials quoted in the *Sun* spread the lie that the Third World countries were again asking the American people to "share the poverty."

Some of the foreign ministers attending the NATO meeting had earlier publicly rejected Ibero-American demands for joint solutions to the world economic depression. George Shultz had led the way by telling the U.N. General Assembly Sept. 30, in effect, that the United States is committed to sink itself further into depression and to force Third World countries to accept austerity conditionalities demanded by the International Monetary Fund.

U.S. officials are now officially admitting that their foreign policy is subordinated to the monetarist dictates of the British-controlled IMF. In a discussion with the foreign press Oct. 5 in Washington, D.C., Treasury Secretary Donald Regan explained that the Reagan administration is only "waiting to hear the results of the negotiations underway between the government of Mexico and the IMF, in order to then determine the U.S.'s position." As for Brazil, a country which has also been leading the motion for new economic structures, Regan said that it has to "make some conces-

sions" to the IMF in order to qualify for some desperately needed financial flows.

Mexican solutions

Despite the censorship imposed on López Portillo's call for a New World Economic Order, Ibero-American leaders have not missed the power of the "debt bomb" proposed by the Mexican leader. Speaking from the United Nations Oct. 5, the head of the Latin American Economic System (SELA), Carlos Alzamora, called on Ibero-America to follow the path to continental integration and joint debt renegotiation marked the week before by López Portillo and Brazil's President João Baptista Figueiredo in their speeches before the General Assembly—speeches which have been largely blacked out as well in the advanced-sector press.

Peru's Foreign Minister Javier Arias Stella has also told *EIR*, "As we have heard in the speech of President López Portillo, he practically said, 'We have arrived at a point where we cannot pay.'"

A top Brazilian government official has told this news service that since all Ibero-American countries face similar debt problems, the "mere threat of common action is always present and we believe adequate to force a change." And a high-level official in the Argentine Foreign Ministry has also told *EIR* that if the IMF continues pushing for austerity conditionalities, Argentina "will simply not pay its debts, as Mexico threatened."

Phase II of the Malvinas war

As a way of blocking the Third World, and especially Ibero-America, from following López Portillo's lead, the "NATO faction" in the U.S. government has employed a "divide-and-conquer" strategy to heighten tensions among Ibero-American countries and justify deployment of NATO forces to this area.

One example was a meeting Oct. 4 in San José, Costa Rica, led by Shultz's Assistant Secretary for Inter-American Affairs, Thomas Enders, where the foreign ministers of Guyana, Jamaica, Colombia, Honduras, El Salvador and Costa Rica agreed to create a "mutual defense pact" which would rely on U.S. military assistance "in case of" war in the Central American-Caribbean region. The attendants proceeded to engage in provocative attacks against Nicaragua, an ally of Cuba (see article, page 39).

The U.S. Congress last week also announced it has allocated \$13 million to finance improvements in a military airbase in Honduras, a country now on a war footing against Nicaragua. The Honduran airbase would service aircraft from U.S. carriers assigned to the Caribbean area.

U.S. officials are also known to be engaged in deals with such former British colonies as Guyana to offset moves by Venezuela to join the Non-Aligned movement. Arguing territorial disputes with Venezuela, Guyana is now engaged in diplomatic plots to block Venezuela's participation in that group.

SELA chief points to debt-bomb potential

The head of the Latin American Economic System (SELA), Carlos Alzamora, has called on Ibero-America to follow the path to continental integration and joint debt renegotiation marked in the United Nations by Presidents López Portillo of Mexico and Figueiredo of Brazil.

Speaking Oct. 6 from the United Nations, where he has been organizing for this Ibero-American integration program, Alzamora stated that "the authorized voices of the Presidents of Brazil and Mexico, as well as the Latin American foreign ministers, have been clear and firm in pointing to the few options which the gravity of the [economic] crisis has left the Latin American countries in the event that corrections are not made immediately.

"Most of the Latin American debt is concentrated in four countries, Argentina, Brazil, Mexico, and Venezuela," Alzamora stated. "If the four countries get together with the support of other Latin American nations, they

will represent a formidable power. Otherwise, if they negotiate one by one, they will be like sheep walking to the slaughterhouse, at the mercy of the international bankers. An imperative of our negotiating strategy is to turn our vulnerability into a collective potential."

Alzamora was emphatic in warning against any country trying to defend its economy in an isolated way and on the basis of "traditional criteria which have been superceded by the magnitude of the debt, when the fact is that the best weapon is precisely that magnitude."

For those governments who think they could make a "bilateral" deal with the creditors, Alzamora implicitly reminded readers of the economic sanctions imposed by the European Community and the United States against Argentina during the Malvinas war. "Our pretension of bilateralism is naive," he said, "because the speakers on the other side are tightly coordinated in every sector as we have proved."

Warning in conclusion of the "crucial crossroads" at which Ibero-America finds itself, Alzamora called for the formation of a continental mechanism of political consultation to coordinate the proposed Ibero-American integration.

Peru supports the call by Mexico and Brazil for a New World Economic Order

Peru's Foreign Minister, Dr. Javier Arias Stella, granted an exclusive interview to *EIR*'s Ibero-American Editor Dennis Small Oct. 4 at the United Nations. In that interview, excerpts of which we print below, Dr. Arias Stella expressed Peru's full support for the speeches delivered by the Mexican and Brazilian heads of state at the U.N. earlier in the week, in which both leaders had warned of the likelihood of debt defaults by Third World nations if a New World Economic Order is not brought into being. Arias Stella added that the entirety of Ibero-America is rapidly being driven in the direction of default and debt moratoria.

In his own speech to the United Nations Oct. 1, the Peruvian Foreign Minister had proposed an "International Economic Emergency Plan," which was subsequently viewed with great suspicion by various Ibero-American delegations as a possible distracting counter-move to the debt item so forcefully placed on the agenda by the Mexicans and Brazilians. In his interview with *EIR*, Arias Stella took great pains to argue that this was not the case, and to defend Peru's plan.

What worries a number of Ibero-American representatives consulted by *EIR*, is Peru's support for the International Monetary Fund. In fact, Arias Stella in his talk with *EIR* was almost apologetic about his country's good relationship with that body. But as the Foreign Minister himself noted, Peru's economic policy is determined by Economics and Prime Minister Manuel Ulloa, whose years-long close relationship with Rockefeller and other banking interests is a matter of public record. Even as Arias Stella was at the United Nations last week proposing a new "International Economic Emergency Plan," Ulloa was visiting Japan and praising the IMF. According to Kyodo news service, Ulloa stated that "he had told Japanese bankers that Peru supports strengthening ties with the International Monetary Fund and the World Bank in overcoming the economic and financial difficulties of developing countries like Peru."

Small: Almost all of the speeches of the Latin American representatives here at the United Nations have identified the foreign debt problem as one of the most serious aspects of the current crisis. How do you analyze this problem?

Arias Stella: The foreign debt in the past few years has

increased in many countries, above all those in the developing sector, perhaps because there was a greater ease in contracting it. Then came the change in interest rates. This has notably affected the debt levels of different countries and has created, for many of them, a nearly insurmountable obstacle. We have already seen cases of those who have unilaterally declared themselves incapable of meeting the payment plans and have announced a moratorium. There is the case of Cuba which, four or five weeks ago, made public its unilateral decision to restructure its accounts with Western nations.

And as we have heard in the speech of President López Portillo, he practically stated: well, if we don't do something, don't blame us. Because those who have lent to us are responsible as we have been as borrowers. We have already arrived at a point where we cannot pay. And it is known that Mexico truly has touched bottom. Brazil is in a difficult situation; Argentina; Chile; not to mention Bolivia; Venezuela, with all its resources, has reached huge levels of indebtedness.

So, there is a problem of indebtedness—not only in Latin America, but also in other countries.

Small: There have been several proposals made on how to resolve this problem of indebtedness. What do you think of Lyndon H. LaRouche's proposal that the Latin American countries jointly renegotiate their foreign debt?

Arias Stella: This is a very delicate issue to comment on, above all because in my simple position as Chancellor I am not directly responsible for the economic management of my country.

But the theme has been addressed around the Malvinas situation, when economic measures were taken against Argentina. In the midst of the desperation of the moment, there were those who suggested measures to counter those taken by the European Economic Community. That is: Sirs, you have tightened the screws on us, so how would it strike you if we all agreed to stop payment on the debt and declare a moratorium?

With this, we were theoretically going to make the financial system tremble, because the Latin American foreign debt is calculated at some \$300 billion.

This theory, as you have just proposed, appears to be a powerful weapon. But bringing this thought forward quickly demonstrated the lack of homogeneity, even in those countries which suffered fiscal and financial anguish and which months later have demonstrated their incapacity or near incapacity to meet their payments. There is another series of local and national factors which prevent easy agreement on this matter. Therefore I would not want to, nor could I act without having previously consulted with other countries, without knowing what those who manage the economies of each country think about this question.

Theoretically, it would undoubtedly be a powerful weapon, a logical one. But the realities of each country are so dissimilar and the factors each country must take into account for unraveling their economies are so linked to different factors that such coordination is not easy.

Small: Peru has a specific proposal, which is the International Economic Emergency Plan.

Arias Stella: I would like, in the first place, to say something, because there may have been some confusion created. When this Emergency Plan was proposed, it was not intended to compete with nor postpone global negotiations. This is key, because there are some countries which have thought that one would try to do something which, one way or another, was going to diminish the importance of the global negotiations. This is not so.

What we have been thinking is that the global negotiations, because of their nature, are negotiations which necessarily require a length of time to produce results. But something also must be done to diminish the rapidity and gravity of the crisis, not at the pace of the global talks, but something more urgent. That is, we must rescue from the global negotiations the most urgent measures for dealing with the economic conjunction of the present crisis.

This must be emphasized, because some countries apparently have not understood this, and believe that something is being proposed to postpone the negotiations or make them unnecessary, and this is not our position.

Now, what needs to be done? The fundamental objective is to reactivate the economy and put an end to the world inflationary process through a series of measures in the commercial, financial and monetary areas. For example, in the case of those countries which already cannot pay their foreign debts, it is necessary to seek other means, guarantee them the financial resources that would reasonably permit them to face up to their obligations without having to go to the extreme of bankruptcy. We are seeking this coordination, first talking to the countries. We have seen the case of Brazil and that of Mexico: their own presidents have made similar proposals, and it is easy to coordinate with them. But we must also advance in the Group of 77.

Small: What is the idea of the Plan regarding economic development?

Arias Stella: I believe that the idea of helping this development is fundamental, because anything else would be simply alleviation without going to the root, only touching the surface. I believe that it is necessary to attack both sides, because the urgency is to seek out a financial mechanism. But if this does not go parallel with greater resources for development, that country will never get out of the hole. Thus I believe that what the Presidents of Brazil and Mexico have proposed is perfectly viable, proper, and in accordance with our proposal.

Small: I want to ask you a question about the International Monetary Fund. What has been Peru's experience with the fund, for example, in 1976?

Arias Stella: Peru has a good relationship with the International Monetary Fund, but not one of submission. We have taken up its recommendations in a certain measure, but we have not necessarily taken them word for word; we have fashioned them to our reality. So, although the Fund might believe, and they have stated as much, that subsidies should be totally eliminated, we have not totally eliminated subsidies, because this would mean a social burden greater than what we are willing to impose. That is to say, to summarize, Peru has taken up, and continues to do so, the recommendations of the IMF in general terms, but not word for word.

Small: There has been talk in Ibero-America about a possible Common Market to confront common problems. What might Ibero-America gain from such an association?

Arias Stella: It is imperative for us to develop a true common market in Latin America, or South America. Undoubtedly it would increase our ability to dialogue, raise our potential. But the experience of the Malvinas has shown us something which we had already thought, which is that all of the efforts toward integration have proceeded very slowly. And they are moving slowly because there is great heterogeneity politically, socially, and economically in each of the countries. It is not easy to do, because in each place the economic circumstances, the costs of production, are different, and this heterogeneity has made it very difficult to walk together.

Another reason for the slowness of the integration process has been the lack of physical integration. In Europe, the EEC has had greater success, because Europe was physically integrated: communications, highways, railroads, rivers, airlines. South America is not integrated. It has a Pan American highway on the coast, a highway along the Pacific, and one along the Atlantic, but there is no fluid integration in the very heart of the continent, where the greatest unexploited potential wealth is found. We must emphasize the physical integration. And herein lies the importance of the primary project of President Belaunde, which is the Marginal Jungle Highway, which is designed to unite various countries along the Eastern side of the Andes mountain range in the high jungle. There is also a new project to link the basins of the Orinoco, Amazon, and Plata rivers.

Colombia's new President and the battle for continental unity

by Robyn Quijano, Ibero-America Editor

After two months in office, Colombian President Belisario Betancur has defined a totally new role for his nation among the republics of Ibero-America. During the Malvinas war, then-President Julio César Turbay Ayala backed the British colonialist war against Argentina, with the result of Colombia being ostracized on the continent as a U.S. puppet. Betancur, in contrast, backed Argentina from the first moments of the crisis, and put the United States on notice from the first days of his administration that there would be no "special relationship" between the two nations.

Not only did Betancur make a bid for leadership in the continent by proposing a heads-of-state meeting to be held in the Colombian coastal city of Cartagena before year's end, but he also declared that Colombia's interests lie more with the Non-Aligned nations than with Washington, D.C., and defined continental reality as having been transformed by the Malvinas conflict.

The unification approach

Latin American integration is key to Betancur's strategy. "We need to form a so-called bloc, to have continental-wide coordination, because we see that none of our countries alone can defend themselves from the aggression of the superpowers," Avila Bottía, special cabinet-level advisor to the President, told me last month in Bogotá. Such a strategy of integration for defense is based on the understanding that the Malvinas war was only one facet of a colonialist design; economic warfare and pressures against Mexico demand the same emergency coordination. Hence the importance of the Cartagena summit.

While the President's ideas on the new role of Colombia in assuring Ibero-American unity are well defined, traitors within the government are determined to maintain Colombia's traditional relationship as a pawn of the drug-money financier interests running U.S. foreign policy.

President Betancur, far and away the most popular Colombian President in nearly half a century, made an unnecessary, potentially fatal error when he appointed important cabinet ministers, governors, and state and federal officials from the opposition Liberal Party and opposing factions of his own Conservative Party. This coalition was put together to create a broad "national consensus," but holds the potential that individuals loyal to policy-making circles in opposition

to Betancur could sabotage the President's policies.

The President's foreign policy can be sabotaged in two ways that have been amply analyzed by the U.S. State Department. The Cartagena summit can be endlessly postponed until the government and nations of the continent are economically blackmailed, strangled and destabilized one by one; the potential for integration can be dashed by the outbreak of border conflicts well-studied by the Rand corporation and the U.S. State Department as short-fused detonators for continental chaos.

Colombian Foreign Minister Lloreda Caicedo announced in San José, Costa Rica on Oct. 4 that the Cartagena meeting would be postponed until February since a preparatory foreign ministers' meeting set to take place in Panama has not yet been scheduled. The Panama meeting, called by former Panamanian President Aristides Royo two days before a State Department-run coup against him, was widely analyzed as one of the key reasons for his ouster. The new Panamanian President thus has the capability of sabotaging the Cartagena summit, simply by refusing to call the preparatory meeting.

Border tensions were also inflamed during the first week of October with Guyanese President Forbes Burnham heating up the territorial conflict with Venezuela by buying arms from Brazil, claiming he would invite the Cubans in in case of a conflict, and threatening to use a bloc of African nations to keep Venezuela out of the Non-Aligned movement.

A San José summit of Foreign Ministers of Salvador, Costa Rica, Belize, Honduras, Jamaica, and Colombia on Oct. 4 was run by Latin America Undersecretary of State Thomas Enders for the explicit purpose of creating the kinds of tensions that will assure continental disintegration (see article, page 30).

The absence of Venezuela and Mexico, two democracies fighting for their lives against blackmail and destabilizations by the oligarchic families that run international banking, defined the tenor of the meeting. Both these countries are depending on unified backup by the nations of the continent. Colombia's presence was seen by many as throwing that nation back into the role of State Department pawn that President Betancur has so defiantly rejected.

Betancur and the Foreign Ministry

Colombia has its own border conflicts, which will be used

by the enemies of the President. Betancur is well aware of the necessity to cool out such tensions, as he demonstrated during his first weeks in office. He contradicted his foreign minister, who had stated that the Venezuela/Colombia disputed right to the sea and sea bed in the Gulf of Venezuela might have to go to an international court because of lack of cooperation on Venezuela's part. Betancur responded with an order to "leave the issue alone." Colombians have more important things to negotiate with Venezuela, he stated, emphasizing his program for integration.

In the talk I had with Foreign Minister Lloreda on Sept. 20, he assured me that there would be little problem with the Venezuela conflict. In San José on Oct. 4, however, he repeated provocative remarks on the subject. Colombia has made a great effort to negotiate, he said, but Venezuelan President Herrera Campins is not prepared to negotiate because "of deep-rooted prejudices in that country's public opinion."

Although enemy operations against continental unity around a common market and debt cartel have greatly expanded since I interviewed Lloreda, the process he defined so carefully even at the time seemed to me to lack the spirit of the President's convictions. There are two opposing views of the potentials of the continent. One defines the fight for a New World Economic Order in which the resolution of the debt crisis will bring new capabilities for trade and development which could pull the advanced sector out of the depression; a sane policy for world monetary reorganization which echos the technological transfer and infrastructural development policy put forward by *EIR* founder Lyndon LaRouche in *Operation Juárez*. The opposite view, as espoused by Foreign Minister Lloreda, demands "equal sacrifice" from the advanced sector, the rewarding of countries who have "administered their debts reasonably," and an acceptance of the depression.

This latter is not the view of President Betancur, I would say, on the basis of dozens of discussions I had in Colombia with the President's collaborators and foes alike.

Betancur is known as one who organized throughout Colombia over a decade ago in support of Pope Paul VI's encyclical, *Populorum Progressio*. That document, a blueprint for a New World Economic Order of the sort that Lyndon LaRouche and López Portillo have proposed, defines, in a sense, what President Betancur would like to accomplish.

If the spirit of San José—a blueprint for continental disintegration—is not rudely disrupted, Colombia could slide back the role it was to have if López Michelsen, former President and losing candidate in the July elections, had won.

López Michelsen lost big. His cronies within the Conservative Party who preferred him to the wild card Betancur—a poor boy from a family of 22 children of which 17 died of starvation—are quietly but actively trying to ensure that the President gets tied down with terrorism, economic disintegration, and military maneuvering internally, and with a squabbling, chaotic continent.

Ibero-America's economic choices

From an interview with Colombian Foreign Minister Rodrigo Lloreda Caicedo, on Sept. 20 in Bogotá by EIR Ibero-America Editor Robyn Quijano:

Quijano: The international economic crisis has created a serious North-South confrontation, as was clearly seen in the International Monetary Fund meeting in Toronto. There, the Group of 24 developing nations called for a program for world recovery and a new international monetary system while the Group of 10 advanced-sector nations called for policies of austerity and a Malthusian program. How do you see this North-South question?

Lloreda Caicedo: The position of the developing countries is the result of deep-felt anguish. The reality is that the difference between the industrialized world, which has achieved an acceptable standard of living for its population, and the developing world, which is fighting to acquire capital and technology, to incorporate great masses of its population into the benefits of modern civilization, is rapidly increasing.

As always in such cases, there are reasons on both sides; I have no doubt that there is justified concern on the part of the developing nations for the high interest rates, for the prices of its basic products, for the slowness with which North-South negotiations have advanced, for the reluctance of the most advanced countries to sacrifice a part of their wealth to the benefit of the rest of humanity, for the political difficulties of those same countries so long accustomed to a certain living standard which has been affected in recent years by growing rates of unemployment. All these factors have contributed to postpone and, naturally, aggravate the economic situation of the countries fighting to overcome underdevelopment.

The answer of imposing greater austerity could have validity, not only for the countries which utilize international credit and for those countries affected by the world economic crisis, but also for those developed countries who spend more than is required and who preach but don't always apply the austerity which you mention is the proposal of the Group of 10. Colombia has the authority to speak on this theme because it has always practiced austerity regarding its international loans, and today enjoys a relatively balanced situation between its reserves and its foreign debt. But this fact does

not prevent us from placing ourselves alongside those countries who are demanding more just economic conditions: the New International Economic Order which has been spoken of for nearly two decades. It has definitely not yet arrived.

Quijano: President Belisario Betancur has called for a summit meeting in Cartagena of Latin American presidents. What do you think will emerge from this meeting?

Lloreda Caicedo: I believe that that meeting will respond to both a necessity and a desire—to the necessity that Latin America as well as the English-speaking nations of the Caribbean develop a consciousness of their own unity, of their common difficulties, and of the urgency in overcoming those obstacles which today appear to obstruct the process of economic and social development. This necessity is seen in a clearer light as a result of the problems that presented themselves in the South Atlantic; also as a result of the economic crisis that affects countries like Mexico, and of the growing debt that faces other nations of the hemisphere; as a result of the meeting just held in Caracas by the countries which make up SELA [the Latin American Economic System], where the need to resituate Latin America's relations with the United States, with the countries of the European Community, and with the nations of the Third World was made evident.

It is also a desire of identification, of solidarity, to join forces, to overcome barriers, to present a common front before a world which is moving dangerously along the steep paths of the arms race, of sporadic outbreaks of colonialism, of unjust trade situations, of amazing slowness in constructing an economic order which can give some hope to the developing-sector nations. That is why I have said that these meetings are a result of this uneasiness, of this urgency. The Latin American foreign ministers plan to meet shortly to examine all these points and to prepare a concrete basis for the meeting of heads of state to follow, which will naturally not meet to *initiate* discussion, but to *end* it, to arrive at some agreements.

Quijano: The Venezuelan Planning Minister, in conversations with this magazine, has said that Venezuela intends to act in solidarity with the rest of the continent to defend Mexico from the kinds of pressures and sanctions that were launched against Argentina. What is Colombia's position on this?

Lloreda Caicedo: I think that the situations of Mexico and of Argentina are different, for many reasons. Nevertheless, I cannot clearly see how international measures or sanctions can be imposed for an action which entirely corresponds to the internal policy of that country. The decision to nationalize the Mexican banks is a decision which may be debated in the terrain of ideas, or which from an economic viewpoint can be discussed pro or con, but that decision is within the framework of the autonomous capabilities and decisions of a sovereign state, such as Mexico. It would be, in my way of thinking, absurd, because by such an action, any kind of

reprisals could result. Certainly [such sanctions] would be unacceptable because they violate a basic principle, which is the free self-determination of every country and its right to establish its own laws and manage its own economy within the parameters it so chooses.

The external obligations of Mexico are a different question, because it has to arrive at negotiations with the credit institutions of those countries which support these obligations. But one situation cannot be confused with the other: the first is an act of the internal will of a country, the other is a problem of a financial nature, for which Mexico, I am certain, will have much support in seeking satisfactory solutions to overcome the indebtedness which presently affects its economy.

Quijano: Venezuelan President Herrera Campins, in a message sent to the IMF meeting in Toronto, said that drastic credit cuts to the developing sector can't be tolerated. Argentina's ambassador to Mexico recently said that developing sector indebtedness "is not a disadvantage, but an opportunity against the powerful," if the debtors act together. Such a cartel could impose sanity in the world economy, creating a new economic order which could benefit both advanced and developing sector nations. What is Colombia's position on this question?

Lloreda Caicedo: I think that the problem of the indebtedness of various Latin American countries as well as countries in other parts of the world must be faced realistically, and this realistic criteria must lead to a refinancing of the debt so that the international economic system can be maintained, so that there is not a financial collapse which could affect the world economy in unforeseen ways.

The countries themselves must find the capacity to resolve their situation, and must realize that the loans to which they subscribe must sooner or later be covered, because otherwise it will be an invitation to all countries which have reasonably managed their foreign debt problems to take the path of indebting themselves beyond their means and later seeking an easy way out of their commitments.

We will make common cause with any effort to resolve these financial problems which affect above all the Latin American nations who have made such a great effort to develop themselves and who, for various conjunctural factors, find themselves in difficulty today. I am certain that it would be of mutual interest to both creditors and debtors to reach an agreement on this, and this must be understood by both the countries and the lender institutions.

I do not think this can be arrived at through blackmail, as you suggest, because we cannot reach the point of saying that if there is no solution, there will be a collapse. The solution must be arrived at without force, without these type of threats. I think that the countries which seek a satisfactory solution to their problems know very well that the means of achieving it is not exactly that of the threat, but better that of constructive dialogue. All manner of negotiations and peaceable means

must be exhausted before resorting to a confrontation which could produce such negative effects on the world economy.

Quijano: The upcoming United Nations General Assembly, which will be addressed by many Third World leaders, including Brazilian President Figueiredo and Mexican President López Portillo, will likely prove to be a forum for these North-South issues, out of which could come negotiations or confrontation. How do you see this developing?

Lloreda Caicedo: I think a confrontation is inevitable, at least on a political level, because the climate has been created for this to occur. The countries fighting for development, which today present such a dramatic picture from the point of view of indebtedness, have to fight for their own survival through international pressure to convince the more developed nations that only through a satisfactory, civilized solution can there be a constructive climate created for the future. The collapse affects not only the debtor countries but those which are owed as well; in general, the entire economy.

Thus, the problem is not just that of Mexico, or of Brazil, or of Argentina, or of Poland, or of other countries which have an important foreign debt; it is a problem of the entire world, because, in the end, to borrow more than is advisable at this moment is not only a sin of those who borrow, but also of those who lend. It takes two in a credit operation, and if the banks and international institutions and the countries which support these credit operations don't learn how to evaluate the consequences of these acts, well, then they also bear a responsibility, because the risk is mutual. . . . We are approaching a very fragile period in which all countries will have to make sacrifices; what is important is that the sacrifices do not only fall on the heads of those countries less capable of making them. If the more developed countries can understand that—although they may have difficulties with their own populations—they must maintain a line of collaboration and economic cooperation with the rest of the world. Then any kind of call or invitation to austerity, to sacrifice, to a generalized policy of control of expenses and of careful management of available resources is more acceptable. But if, on the contrary, they are only going to demand of the countries which already have immense social and economic difficulties that they make still more sacrifices, I very much fear that this is politically impossible, and could lead to a confrontation much more severe than that which we are currently experiencing.

Quijano: It has been said that the only thing which could destroy continental unity would be wars, border conflicts. Do you see this danger in the territorial conflict between Colombia and Venezuela, the "*diferendo*," and with the conflict with Nicaragua?

Lloreda Caicedo: There are border problems in various strategic areas of Latin America, as in other countries. These difficulties existed from the moment countries were constituted, and there are regions over which there are discrepan-

cies or for which clear juridical definitions do not exist. In the case of Colombia, we have two completely different situations: one relates to Venezuela, in which an effort has been made to delimit marine, or submarine, areas on commonly shared coasts . . . a situation which has unfortunately taken a long time because there are not unanimous criteria. Negotiating efforts have been made, sometimes with more success than others, but we have definitely not yet defined the area, as we have not with many other countries. Nonetheless, this has not led to serious conflicts, or to a dramatic outlook; it is simply a delayed process, as the process of delimiting, or defining the rights of one country regarding others where areas of a sea are contiguous, can also be delayed. International rights in this matter are advancing. I believe that to the extent this happens, it opens the way for new possibilities for resolving the *diferendo*, as it has been called.

The case with Nicaragua is completely different. The situation regarding the archipelago of San Andres and Providencia is a situation juridically and historically defined. It is a sector of the Caribbean which has formed an integral part of Colombian territory for many many years, since the period of independence. . . . We have no doubt on this case, either juridically or historically. We are therefore tranquilly awaiting developments that may occur in this situation. I am certain that Nicaragua will have sufficient calmness of spirit and serenity to examine things from a just standpoint, and to avoid turning this into conflicts or differences which are not really worth it, and which don't really exist, either from the point of view of law or of history, or of practicality.

Quijano: Defense Minister Landazabal has called for a huge increase in arms financing, on the order of \$2.5 billion. Does this represent preparation for confronting an external danger?

Lloreda Caicedo: Landazabal's request is a lawful consequence of what is going on in the world. Countries like ours that should not be spending on armaments are being obliged to do so for various reasons. First, there is the interest of those countries which produce arms to sell them, and second, there is the stupidity of the countries which buy the arms for local reasons, for border-type conflicts, for eventualities which naturally no one understands but which nonetheless exist. I think it is truly a sad thing that countries which have not resolved their problems of health, of education, or social security, of communications and transportation infrastructure, have to deploy substantial resources for arms.

It is a pity, but I understand the position of the Colombian armed forces. They have a constitutional obligation to protect the national sovereignty, and naturally have to make a frank assessment of how it should be protected; and, as I said in the beginning, in a world driven senselessly to arm itself, anything can happen! We have seen the pitiful situation of developing countries which, with all the problems they have, have to divert resources that they need for other things to buy arms. I wish it weren't true, but it is.

George Shultz pursues NATO's plan to militarize the Middle East

by Judith Wyer

The escalation this month of the Iran-Iraq war, combined with Washington's so-called new Mideast peace initiative, is the basis upon which NATO expects to extend its forces into the developing sector, beginning with the Persian Gulf.

As the NATO foreign ministers convened at a secluded retreat in Quebec on Oct. 3, Iran began its boldest offensive to date against Iraq, opening up a new front in order to attack Baghdad, heavily bombarding the port town of Basra, and massing forces at the mouth of the Persian Gulf in order to be in a position to blockade oil flows.

Over the past six weeks, there was been an unpublicized U.S. naval deployment into the Indian Ocean area for a demonstration of U.S. "resolve" to aid Arab Gulf states against Khomeini in the Gulf, and the U.S. Rapid Deployment Force is currently near the mouth of the Gulf on the Oman-controlled Masira Island in preparation for upgraded "Bright Star" maneuvers. The Gulf crisis provides the pretext for the next stage of preparing NATO out-of-area deployments, reportedly a priority item at the Quebec meeting. The out-of-area doctrine, which was first officially adopted by NATO member states in April during the Malvinas crisis, is not a military policy per se, but a financial policy of using NATO to enforce debt repayment by the developing sector if necessary, and of looting raw materials.

The recent Mideast initiative delivered by President Reagan was cooked up by self-professed British agent Henry A. Kissinger, Secretary of State George Shultz, and Defense Secretary Caspar Weinberger in order to entice the Saudis and other Arabs to make the following kind of deal: a diplomatic drive to solve the Palestinian problem, in exchange for Saudi and Egyptian acquiescence to a military buildup in the Mideast. Among the secret clauses in the Camp David accords to which the White House Mideast policy conforms is the establishment of a military bloc in the region, as an extension of NATO.

The Gulf crisis puts pressure on the anti-Khomeini Arabs to accept the NATO scheme, while the Reagan peace plan is dangled as a token of resolving the crucial Palestinian question. The Egyptians, Jordanians, and others are naturally fearful of the expansion of Khomeini's barbaric Islamic Rev-

olution, and along with Sudan, are trying to bolster Iraq; the State Department and National Security Council are not hiding the fact that they approve of this effort.

This U.S. support against Iran does not mean the U.S. foreign-policy establishment is anti-Khomeini—on the contrary, they continue to seek to impose enforced backwardness and Dark Age rulers on the region. The goal is to leverage the Gulf war into "crisis management" control of Arab governments' policies and to militarize the region. The decline of Soviet clout in the Mideast, and the aura of recovered prestige following the Reagan initiative, have made this effort more plausible.

As for the Palestinian element of the incipient deal, the Reagan proposal to federate the West Bank with Jordan is not in principle an unviable one, but Shultz and Kissinger have no intention of allowing negotiations to proceed to that point. For Shultz, what is important is not meeting Arab hopes or the objective requirements of the problem, but simply adopting the appearance of rapprochement with the Arabs.

The overriding question is in what global economic situation such a Palestinian entity would be created. Shultz and his associates in London are intent on salvaging the bankrupt IMF monetary system by imposing unprecedented levels of austerity on both the advanced and underdeveloped sectors. In such a climate, no "Palestinian entity" could succeed. But Shultz, "the friend of the Saudis," has dangled his package to draw the Saudis into using their wealth and influence to bail out the IMF's global order. Saudi Arabia is rumored to have already offered a multibillion-dollar loan to Mexico in early October, a move thought to have been inspired by Washington to pre-empt growing fears that Mexico will enact a debt moratorium and bring down the monetary system rather than accept the IMF's brutal conditionalities for debt rescheduling.

Blackmailing Riyadh

The doctrine of the Rapid Deployment Force was drafted in London in the late 1940s as the global enforcer of a post-war neo-colonial order. According to this doctrine, the U.S. force is the transition to a broader multinational strike force

to include other NATO members, notably Britain and France, in what the Aspen Institute calls a "consortia of the concerned."

The same anglophile traitors in the U.S. that ran the genocidal Vietnam war, including Henry Kissinger, Gen. Maxwell Taylor, Robert MacNamara, and Bob Komer, are the architects of the RDF.

While they upgrade relations with Iraq (the Thatcher government has even offered to provide troops against Iran), the British view with complacency the prospect that Khomeini could make good on his pledge to block the Straits of Hormuz, although the Third Oil Hoax which would ensue would ravage continental Europe and Japan, over 50 percent dependent on Persian Gulf oil. Britain is self-sufficient in energy, and the United States' dependency on Gulf oil has greatly declined. The esteemed allies of the Anglo-Americans, after this blow, would presumably have no other recourse than to join the NATO buildup against the developing sector, and play a greater military role, freeing the RDF and the British to expand out-of-area initiatives.

As *EIR* has reported, Britain is providing logistical support for Khomeini's stated objective of halting Gulf oil flows. The recently negotiated contracts between Iran and British Petroleum and Royal Dutch Shell are only one facet of Anglo-Iranian ties. Those companies are reported to be secretly stockpiling recently purchased Iranian crude in anticipation of a new oil cutoff. Reports have begun to surface of a large upturn in Iranian spot sales of crude, indicating that the Islamic regime may be attempting to earn quick cash before a shutdown of oil from the Gulf.

U.S. buildup signaled

Step by step, the U.S. Congress has rubberstamped Britain's out-of-area NATO scheme. On Sept. 30, a conference committee of both houses of Congress declared that "NATO and Japanese allies will be taking an active role in the Persian Gulf program." According to a congressional source, initially this means that U.S. allies will help fund the exorbitant costs of building military infrastructure in the Indian Ocean-Mideast region.

On Sept. 28, the Senate had passed a resolution calling upon Japan to increase its military spending to engage in a military build-up capable of "filling the gap" left as a result of American forces redeploying to the Gulf region.

A week earlier, the Senate Defense Committee approved a bill sponsored by Sen. Ted Stevens (D-Alaska) 12 to 1 that U.S. troop levels in Europe be frozen at 1980 levels. Freezing troops at the 1980 level will require that 23,000 troops be pulled out of Europe. U.S. forces in Weisbaden have been targeted for withdrawal. The Senate Appropriations Committee has released the Stevens bill, and it is now a high-priority item to go to the floor of the Senate in November.

A Defense Committee aide told *EIR*, "Never before has there been such a strong sentiment in the Congress that Europe and Japan must take greater responsibility for strengthening their domestic defense so that the United States can

take a leading role in protecting the sea lanes in the Indian Ocean and the Persian Gulf." According to a congressional aide, the White House found a loophole in the War Powers Act which requires congressional approval before the executive branch can send U.S. troops to a war zone when it sent the Marines to Lebanon. As a result there is no time limit on the duration of the stay of the Marines in Lebanon. The White House has announced that the Marines would likely have a minimum tour in Lebanon of four to six months.

A former U.S. ambassador to the Mideast commented that with the increasing military role of the United States in the Mideast, "The American people are going to have to get used to seeing our boys be killed abroad." The death of a U.S. marine less than a week after the U.S. contingent arrived in Lebanon is "only the beginning" of a new U.S. military presence in the area. Leslie Gelb, a former Carter State Department official, wrote in a *New York Times* op-ed Oct. 3 that not only is the United States a peacemaker in the Mideast but also a "policeman." Shultz and Weinberger are working on a plan to insert the same kind of RDF-led multinational force that polices the Sinai into southern Lebanon.

According to the *Washington Post* of Oct. 5, the Saudis

Kissinger and Shultz are offering the Arabs a Palestinian solution, which they do not intend to deliver, in exchange for Saudi funding of the bankrupt monetary system, and acceptance of the militarization of the region. At the same time, Britain is manipulating both the Iraqis and the Iranians, whose Gulf war is NATO's delight.

may soon finance a new arms industry for Egypt to the tune of \$2 billion. U.S. fighter jets would be assembled in Egypt, since the cost of Egyptian labor is significantly cheaper than in the United States, with Raytheon and General Dynamics as the leading bidders in providing the components for the assembly. Meanwhile, in the past six weeks, British Foreign Office official Douglas Hurd and British Defense Minister Nott have toured the Mideast firming up contracts with the Saudi Air Force and National Guard.

Will Spanish sovereignty survive the elections?

by Katharine Kanter, Paris Bureau Chief, and Elisabeth Hellenbroich

EIR correspondents Elisabeth Hellenbroich and Katharine Kanter returned recently from a two-week trip to Madrid where they interviewed a broad spectrum of political and business leaders. Their comments follow.

As we detailed in the economic section of the *EIR*'s Aug. 10 Special Report, Spain, with unemployment running at over 16 percent and a disastrous internal economic situation, stands, three weeks before the general elections Oct. 28, at a crossroads. Since Mexico's historic moves on Sept. 1, Spain is confronted more acutely than ever in modern times with a decision, whose consequences will determine whether or not this downtrodden country emerges from underdevelopment: Will Spain too demand renegotiation of its huge \$33 billion debt, in concert with Ibero-America, or will the Gaullist forces within Spain bend to the vicious financial oligarchy trying to turn the country into another Portugal?

At this point, sickly indecision seems to be the dominant mood. The banking nationalizations by Mexico's López Portillo caused a wave of panic and misunderstanding in Spain, fed by the fact that there is not a single national newspaper which covers the Ibero-American debt revolt sympathetically. Press magnates like the owner of the Socialist newspaper *El País*, Jesús de Polanco, ensure that dangerous information from the outside world is strictly controlled. It is highly significant that not one word appeared in the Spanish press on López Portillo's debt bomb speech to the United Nations Oct. 1, and that even EFE, one of the largest news agencies in the world, had by Oct. 4 still not received the full text of this speech from New York. Someone is very concerned indeed to prevent the Spanish from realizing that Ibero-America is exercising collectively a far greater sense of national responsibility than the mother country.

Few flowers can be thrown to the Spanish political leadership itself, however. Early elections were decided on in August, at a secret meeting on a farm in Catalonia between José María de Areilza, Count of Motrico and president of the

parliamentary assembly of the European Council, and Luxembourg Prime Minister Gaston Thorn. Both these gentlemen are intimates of the circles of Henry A. Kissinger and Hans-Dietrich Genscher, the present German FDP Foreign Minister implicated both in the fall of former Chancellor Helmut Schmidt and the Sept. 22 assassination attempt against European Labor Party Chairman Helga Zepp-LaRouche.

José María de Areilza and Gaston Thorn, being international gamemasters, knew what the narrow, localist Spanish political class never suspected, that Ibero-American leaders, strongly influenced by the economic proposals of *EIR* founder Lyndon LaRouche, were about to move the world crisis in a manner that might sweep up Spanish patriots in the impetus. It became of crucial importance to the Kissinger circles to render impotent the Spanish political and industrial leadership by keeping them occupied in an absurd, hopeless electoral campaign. Petty-minded individuals in the Unión de Centro Democrático (UCD, the ruling government party) were then sold the line that the elections must be held in October rather than in February 1983 in order to save the party from ex-President Adolfo Suárez. Suárez had in fact just created a new party, called the Centro Democrático y Social (CDS), to which many UCD members had defected over the summer, causing an outbreak of rabid personal jealousy among the UCD leadership. Holding the elections on Oct. 28 virtually guaranteed a landslide victory to the Socialist Party, the PSOE.

As the shock waves caused by López Portillo's moves rose, however, heightened by debate over the creation of a Ibero-American common market, British-allied factions decided to pull the plug on the Spanish economy from within, to shortcircuit any chance of a breakway move by Spanish Gaullists. The chosen instruments for this chaos and confusion operation were Explosivos Rio Tinto and Aluminio Español. Rio Tinto, linked to Rio Tinto Zinc via Rio Tinto Minerías, owes \$1 billion, half of which falls due this year. The company has paid no dividends in four years and its

situation has been so desperate for months that the only viable solution would be to impound it and seize the books. Aluminio Español, half of which belongs to the state's Instituto Nacional de Industria (INI) and about a quarter to Pechiney Ugine Kuhlman, the recently nationalized French multinational, just defaulted on \$8 million interest on a \$350 million debt, and was declared in suspension of payments. This was a direct result of non-support from the French government. Both these firms have been in such severe difficulty in the recent period, that the only reasonable interpretation for such a spectacular declaration of bankruptcy is to cast a deep shadow of panic over the entire Spanish banking and industrial community. This is precisely the line of *El País*, that the bankruptcy of Aluminio Español throws into doubt the creditworthiness of the Spanish state. The notorious Wall Street firm Lehman Brothers Kuhn Loeb has been called in in the Rio Tinto case, and great pressure is being put on the private banking sector to throw good money after bad and bail the thing out, thereby risking the collapse of the internal banking system.

To add to the confusion, it was announced on Oct. 2 that two colonels and a lieutenant colonel were arrested for conspiring to overthrow the state, though the sloppiness and scatterbrained quality of the preparations makes the seriousness of the affair somewhat doubtful.

One need not be a crystal-ball gazer to divine the British game, which, as always, is mainly psychological warfare. They count on keeping the Spanish political and business elite fully intent on their navels throughout October and November, while the whole of Ibero-America is in an uproar. Meanwhile, as discussed at the Oct. 2 NATO foreign ministers meeting, interventions can be organized to crush that continent, with general indifference in Spain. Let us hope the British are, once again, miscalculating.

Who are the Spanish Gaullists?

There are essentially three power groups in Spain which must forget petty rivalries and partisan tomfoolery to weld a "winning combination" against the enemies of development.

The first, most advanced group, centers around the leaders of the nuclear and electrical industries, plus that banking sector directly tied to these industries and to the abortive though well-intentioned efforts to industrialize Ibero-America. Due to the self-destruction of the UCD, most of this group is unfortunately backing Alianza Popular in the upcoming elections, a party closely linked to the CDU of German Chancellor Kohl and the CSU of Franz-Josef Strauss. Alianza Popular's economic program was ghostwritten by Milton Friedman for Jorge Verstrynge, nominal economic chief of the AP. Fraga Iribarne, president of AP, has been linked since the 1950s to the Centro de Documentación Internacional de Madrid, still functioning underground today as a coordinating point for international black terrorism under the control of Otto von Hapsburg; the center was formerly the resort of Otto Skorzeny, head of the Nazi special com-

mandos. The vice-president of Alianza Popular, Abel Matute, is known as "El Capo" for his activities as drug and Mafia boss run out of the island paradise of Ibiza, and sits upon tens of millions of dollars of drug money laundered through the Ibiza casino network. Alianza Popular with such a leadership is unsalvageable, and the pro-growth industrialists backing it because they think it more "dirigist" than the UCD had better wake up fast.

The second group of Gaullists still remains within the wreckage of the UCD after this summer's mass defections, namely those individuals associated with the internal security and anti-terrorism forces around Interior Minister Rosón, who unfortunately failed in his bid to take over the UCD in July after electoral "experts" advised the party that the minister was "plain and unphotogenic"! Derived from the Francoist student trade union, the USE, this group, known as the Azules, is committed to the fight against terrorism and deeply patriotic, but crippled by extremely poor intelligence on the "outside world." Their party is about to be smashed in the elections because any notion of a global development policy for Spain oriented toward Ibero-American industrialization has until now been beyond their grasp.

The third group is that of former President Adolfo Suárez, now president of his own party, called the CDS. A great deal of fun has been made of the former President because of his supposedly limited mental faculties, but one fact remains: Adolfo Suárez is the only non-Socialist, non-anglophile politician who maintains the closest ties to precisely those countries in Ibero-America who could drop the debt bomb. Such is the shortsightedness of Spain's electoral "experts" however, that Suárez's electoral campaign has not once raised this issue publicly. This is a grave error, as the Spanish electorate has a passionate interest in the success of Ibero-America, and would naturally tend to swing in the direction of the brother continent's struggle, as shown by the white-hot street reaction during the Malvinas crisis.

The enemies of Spain

In the Basque country, the Azules are waging a desperate, rear-guard battle against the separatist-terrorist group ETA. ETA, like the Sicilian, Corsican, Galician, and other separatist-terrorist groups, comes from the Pan-Europa movement founded by Otto von Hapsburg, with grassroots backup provided by the local Jesuits. The fact that since the 19th century the Basque country has sustained the most direct business, political, and financial ties to Britain, and not to the rest of Spain, has made the task easy for the Malthusian British and their allies. At this late stage, the only way to stop Basque terrorism overnight is to break relations with Britain and arrest the likes of pretender to the Spanish throne Carlos Hugo de Borbón Parma for conspiring with Britain against the integrity of the state. If necessary, relations with France, now functioning as a rest and resort center for ETA killers on leave, as well as the main entry point for the drug traffic which sustains ETA, and the place where over \$20 million a

year in protection money is paid by Basque industrialists to ETA under the blind eye of the French police, can be broken as well, until Mitterrand comes to his senses.

The Spanish government would thereby gain the double satisfaction of cutting off a tidy source of income to her Britannic majesty, since her minions in ETA, working with the Sicilian Mafia, have succeeded in creating top-down control of heroin traffic to the point the heroin addiction rate in the Basque country now exceeds that of New York City.

What happens if the PSOE wins?

The Spanish Socialist Party will undoubtedly garner a huge vote in the Oct. 28 elections, though it now seems likely they will choose not to govern alone but in coalition with the UCD, and possibly also with the CDS of Adolfo Suárez. The reason is simply that the PSOE leadership is acutely aware that their own wild incompetence will shortly provoke a new coup attempt, the more so as they will be quite unable to ensure internal security.

Socialist ministers will however undoubtedly grab the portfolios of foreign affairs, economics, and industry. In foreign affairs, this means Third Worldism of the variety of French foreign policy adviser Régis Debray, i.e., funding for Ibero-American guerrilla groups to feed the U.S. State Department's depopulation wars. In economics and industry, the Socialists (see interview with Pedro Guardeno of the Socialist trade-union, Unión General de Trabajo below) have vowed to stop the nuclear program, slash wages by 8 percent, and create new jobs by forced early retirements. The economic consequences of this are well described in our interview below with the Westinghouse President in Spain, Santiago Foncillas, and the social unrest caused by the planned wage-gouging will precipitate coup attempts within four to six months at best.

As for support for an Ibero-American common market and the debt bomb, suffice it to say that Felipe González, who is literally owned by self-proclaimed Kissinger acolyte and suspected Propaganda-2 lodge intimate Jesús de Polanco, has not breathed one word of all this during the campaign, save to say that "20 years from now, Latin America will be the key to the future of Spain"—if the world survives that long.

In such a situation of incipient chaos and the dissolution of existing institutions, new and healthy institutions can be created to impose a dirigist crash industrial program and an aggressively pro-Ibero-American foreign policy, so long as the three *desarrollista* (pro-development) groups discussed above pull together and commit themselves to the ruthless implementation of such a policy. Otherwise, the present crisis may decide whether Spain survives as a nation, or becomes yet another depopulated satrapy of the International Monetary Fund. Should the *desarrollistas* take the necessary Ibero-American step, the world gains a powerful lever to turn around the present catastrophic European situation from the inside.

Interview: Jesús de Polanco

Spanish publisher attacks Mexico

EIR interviewed Jesús de Polanco, owner of the second-largest Spanish publishing house, Editorial Timón, in Madrid in late September. De Polanco is also the owner of El País, one of Spain's largest-circulation dailies.

EIR: What do you think about Mexican President López Portillo's Sept. 1 measures?

De Polanco: I am against nationalization in all cases. López Portillo made a totally inexplicable political decision, which will not help to solve anything at all. I am totally surprised, and I can tell you this will damage Mexico. It is pure demagoguery. The huge demonstration at the Zócalo [Mexico City's central square] of humble people was put up for demagogic reasons. In any case, Mexico reached the limits of growth in 1982.

The International Monetary Fund in my opinion can play a major role in putting the world monetary situation back together, which is the worst in 50 years. If something is not done fast, war may be the only solution. As for Mexico, the only way out for them is belt-tightening.

I laugh when I see the theocratization of López Portillo. . . . Today, after six years, there is no petrol, and no hope. Private firms are against López Portillo, who acted not out of reasons of state, but as a kind of ritual incantation.

I do not think other Ibero-American countries will follow the Mexican example. Argentina, for example, will not, and I doubt other Latin American regimes have the strength to follow without retaliation from the international banks—even Pinochet.

No political regimes have any strength in Latin America.

Mexico refused a compromise with the IMF because they refuse to have outside forces laying down internal conditions, and their very political system prevents this. But I think that the IMF and the World Bank are the perfect institutions to solve the crisis fully; if they did not exist they would have to be invented due to the need for global solutions.

Fifty percent of Mexico's problems are domestic and must be solved from within. Credit for developing countries in any case must be granted in a framework of internal discipline. Spanish banks will brake investment in Latin America due to the crisis. Mexico affects them much more than Cuba, as does Argentina. The Spanish agriculture and construction industries have large clandestine investments in Mexico, and Spanish underground money has been used to buy a lot of land in Paraguay, Argentina, and Brazil.

Mexico is one big theatrical farce which has lost its feath-

ers all of a sudden. The real roles are coming out. The PAN [the neo-fascist party run from Central Europe—ed.] will play a big role. The upper bourgeoisie has broken with the [ruling] PRI because López Portillo has dashed their hopes.

A way out for Mexico will be very difficult. [Incoming President] de la Madrid will not have the same authority as López Portillo. The army has far more strength than you imagine, and its role will depend on the degree of social deterioration. The corruption in that country is unbelievable. Twenty-five cents on every dollar earned by [the state oil company] Pemex goes to the house trade union. The economy is totally overheated; every person who has any education at all, finds a job at U.S. wages. This is ridiculous.

Mexico has nothing to do with other Ibero-American countries, and any idea of an Ibero-American common market is a utopia. The LALC [Latin American Free Trade Association] and Grupo Andino [Andean Pact] never functioned.

Interview: Pedro Guardeno

Socialist rejects the Latin trade potential

Pedro Guardeno is a member of the technical office of the Spanish Socialist Party-linked trade-union federation UGT. Guardeno, who is responsible for the federation's economic affairs, spoke to EIR late in September in Madrid.

EIR: Do you agree with what Felipe González said to his Socialist Party Executive Committee recently about reduction of working hours and forced retirement as the only way to reduce unemployment?

Guardeno: Totally. Unfortunately, I am not too optimistic about the effect of reducing working hours, as I don't think employers will hire more people. One of the big hopes is in reducing salaries, say by about 7 to 8 percent. We have the advantage that Spanish workers are very cooperative indeed; at RENFE [the state rail system] the workers have just accepted a 2 percent pay cut in exchange for the creation of new jobs.

EIR: Which do you think are the sectors of the future for the Spanish economy?

Guardeno: Let me go through the list. Forget capital goods and equipment, forget steel—there's no need to increase capacity; forget chemical products. We will just never be competitive in any of these heavy fields. We can be modestly competitive in the field of textiles, and construction. As for shipbuilding, there is no market at all, except for highly specialized ships.

Look at Argentina, for example. Nobody likes them in Ibero-America. Since the Malvinas, tension has in any case dropped, especially as the truth has come out how Argentina falsified military information. The war did not affect integration of Ibero-America positively. . . .

EIR: What do you think about the Spanish situation?

De Polanco: Things are so very different from 1936, with an imminent Socialist victory. There is no sense of fear or anguish in the population. The PSOE doesn't have to do a single thing to win. Unfortunately, though we now have a moderate left party, the PSOE, we do not have a moderate right party, nor the leaders which electoral experts tell us we need. Only Adolfo Suárez [the former President who created the new CDS splinter from the centrist UCD—ed.] could stop the right from losing, but the right is divided against him.

EIR: You must be tremendously excited and happy about the recent Mexican moves. . . .

Guardeno: No. I have been to Mexico many times and my family lives there. It is unutterably corrupt. It will take light years to do anything in Latin America; there are too many political problems. You can hardly expect a Spanish Socialist government to do business with Argentina, Chile, Bolivia in friendly fashion. As for the Mexicans, all they care about is theatrical effects. López Portillo has only short-term plans. As for an Ibero-American common market, this is very problematic. Brazil, Bolivia, and Peru are all very unstable.

EIR: What do you think about the [anti-nuclear] Almaraz and Ascó riots?

Guardeno: We support the ecology movement, indeed we do. We want to limit to a minimum nuclear energy and will not build more reactors. All the existing ones will be carefully checked before permission to operate is granted.

EIR: What do you think about the education system?

Guardeno: We will not outlaw private schools because the state is in any case too poor to reach every village. We will simply punish the schools that refuse to allow government oversight of their programs by cutting their subsidies, like the University of Navarra, for example.

There are too many people in the universities; they are becoming schools for unemployment. We must encourage people to go back to manual-labor training after leaving high school.

At this point José Fernández Noriega, the UGT head of collective bargaining, walked in with the facts and figures on the supposed wage cuts at Iberia Airlines, RENFE, and the Madrid metro. In fact there had not been a single wage cut accepted, just some foolish compromise, which left Guardeno considerably embarrassed.

The right wing will take their money out of Spain, and put it less into Ibero-America, more into Europe and the U.S.A. The PSOE will have the government but not the power. There will be a powerful opposition. The PSOE's historical tasks are to modernize the public administration and justice.

EIR: Will terrorism stop with a PSOE victory?

De Polanco: [laughing slightly] Why should it? Terrorists are far right and far left, so they are opposed to moderates like the PSOE. I am sure it will not let up.

EIR: Whom do you like in politics today?

De Polanco: I am friends with everybody. I like [Socialist leader] Felipe [González], [UCD president] Landelino [Lavilla] and Adolfo [Suárez], but Adolfo will not win anything. Internationally, I liked Giscard d'Estaing, Aldo Moro, and Ugo La Malfa, but I don't like Strauss. What I really find amusing are small, elitist radical parties, but unfortunately there are none in my country. I describe myself as a "libre pensador" [freethinker]; probably you noticed that religious practice has dropped greatly here, and dogmatism like that of the Christian Democracy is out of style.

EIR: What do you think about the Pope?

De Polanco: This Pope is very curious. So conservative on ecclesiastical questions, but disproportionately advanced in social matters. He is much more interested in the Third World and the East bloc than in countries he doesn't understand, like France.

EIR: What do you think about King Juan Carlos?

De Polanco: The King would not mind a Socialist victory at all. If it were not for the King, the Socialist victory would not occur. His role is to do nothing at all.

EIR: Could there be a coup d'état attempt if the PSOE wins?

De Polanco: [looking worried for the first time] I may be wrong, but I really do not think there will be another 23-F [the attempted coup on Feb. 23, 1981].

EIR: Who is close to Henry Kissinger in Spain?

De Polanco: When he was here last year I had dinner with him. I was supposed to dine with him again this year, but unfortunately I was out of town. My friend Ricardo Diez Hochleiner of the Club of Rome. . . . Marcelino Oreja [Basque government delegate] and José María de Areilza [President of the European Parliament and UCD member] who knows him well.

EIR: Is it true Kissinger had [nationalist former Spanish President] Carrero Blanco killed?

De Polanco: [laughing] Don't jump to conclusions! All I can say is that they talked the day before the Prime Minister's death [at the hands of ETA terrorists].

Interview: Santiago Foncillas

Spain could export nuclear technology

Santiago Foncillas, president of the board of Westinghouse-Spain, granted the following interview to EIR in late September.

EIR: Do you agree with the concept advanced by the Club of Rome that economic growth can be decoupled from energy growth?

Foncillas: These two things are totally interrelated. Economic growth is based, among other factors, on energy growth; to the degree energy is more abundant and cheaper, economic growth is more intense and more stable. Consequently, the possibility of improving general well-being rises.

EIR: What would a truly ambitious nuclear program be for Spain?

Foncillas: In the crisis we now live through, energy demand and consumption, especially for electrical energy, are not growing according to forecasts made in the first Spanish national energy plan, around 1970. All production forecasts are being revised downward; while energy production itself is being revised downward due to extremely high crude oil prices over the whole period, the orientation toward economic growth is also being reconsidered.

The original, in my view very correct, proposal, was to develop nuclear plants intensively. Later, that was partly stopped, because fewer political problems were created by coal-burning plants. But our coal is too low in quality, and therefore must be combined with higher-quality imported coal.

This is where things stand now; coal-burning plants are also tapering off, because with Spain's production capacity and economic growth at minimum, not to say zero, growth—which is being forecast for the next years, this is thought to be sufficient. Whatever the case, I consider it vital to stress nuclear energy and alternative energy sources.

In nuclear energy, Spain already possesses technology advanced enough to be exported to Ibero-America. Our initial hopes were dashed by Mexico's present situation: we made, for the first time in Spanish history, an offer for a turnkey nuclear plant, which was cancelled. We can make the same offer to Pakistan, or to any other country for that matter.

But in my opinion, the future obviously lies in thermonuclear fusion. It is not yet very advanced, but I think investments now to develop fusion will be absolutely decisive to the future of humanity where energy is concerned.

EIR: What is the effect of the present high interest rates on investment in nuclear fission and fusion research?

Foncillas: In the case of private business, their investment plans have to be partly financed with foreign money. Public sector investment plans obviously benefit from privileged conditions which the government affords them. But with private firms, the fall in profits suffered by the world economy, not just Spain, since 1975, has led to a steep fall in self-financing.

To the extent interest rates have been very high, in many cases exceeding the very profitability of the attempted enterprise, it is obvious that these rates have cut investment in deals which were otherwise reasonably profitable. Only speculative undertakings can carry such financial burdens. In order to survive, most firms have gone into debt far beyond what is advisable from an orthodox standpoint, leading to financial charges which have practically eliminated profit from the operating account. Since much of that debt is owed in foreign currencies, this situation has become an unbearable situation relative to both interest and principal repayments.

EIR: The PSOE has stated clearly in its program that it plans to cut or stop the nuclear program. Your opinion?

Foncillas: I think cutting the nuclear program is contrary to the national interest. This has been carefully studied: the nuclear program is the only means of guaranteeing a basic level of energy independence so Spain can face the instabilities created by rising oil prices.

In addition to ensuring energy independence, we gained a key technology which was even cheaper than now, since such programs call for tremendous investments made far more costly by today's high interest rates. Despite that, a nuclear calorie is still cheaper than a fuel-produced calorie. As I said earlier, economic growth, and thereby the real solution to unemployment, is in part determined by the availability of abundant, cheap energy. I therefore conclude that a negative approach to the plan for expanding nuclear energy production greatly reduces the possibility of fighting unemployment in Spain. To fight unemployment by reducing the work week, increasing vacations, and promoting early retirement, as the PSOE proposes, is an error based on the notion that there is an eternally fixed number of jobs available. The real question is to increase the number of total jobs, which will happen only through investments by the private sector,

and the private sector will invest only when cheaper financing and cheaper energy are at its disposal.

EIR: In the midst of a gigantic world financial and economic crisis, we are still facing the most revolutionary scientific tasks: eliminating hunger, solving the energy problem through fusion, conquering space. I assume Spain wishes to play an important role in these future tasks.

Foncillas: The notion of future industrial development cannot be solely centered on the so-called "service society" or "post-industrial society." Conventional industry the world over continues to be absolutely indispensable. An immense number of human beings are still in so backward a stage of development, that it is utterly unrealistic to attempt to solve their problems in the manner proposed by those advocates of the "service-industry post-industrial society." We must still develop the economies of many countries that lack infrastructure the most, which must be built with precisely those industries already developed.

EIR: The Lemoniz Basque reactor has been the target of ETA, and two of its directors have been murdered by terrorists. We consider this a war, both anti-industrial and anti-national, highly organized and linked to international warfare against industry. Your opinion?

Foncillas: I am not particularly well informed about matters more directly of concern to nations' intelligence services, but it does seem to me that this is the case. Lemoniz is a symptom of such a war, and it is not insignificant that the struggle against nuclear plants occurs only in the West.

The U.S.S.R. is involved in an intense program of inaugurating nuclear reactors, and resistance to this is totally unknown in any East bloc country—even though some of these countries have available coal and crude oil reserves. This is a much more effective weapon than most of the conventional ones available to armies, to weaken the economic situation of the West.

EIR: Is Westinghouse-Spain involved in any large-scale basic research projects in nuclear energy or thermonuclear fusion with other countries?

Foncillas: Nuclear fusion in Spain is dealt with almost exclusively from a scientific standpoint. Spain has not yet developed significant means to collaborate in that process in the way France, for example, is doing so actively, or even Britain, though the latter seems to be changing its mind. But I find this an extremely interesting subject. Westinghouse-Spain is working closely with Westinghouse in the U.S.A., and all Westinghouse's American technologies are put at the disposal of Westinghouse-Spain.

At this point, we lack only one small step for Spain to gain independence in the field of nuclear energy, but unfortunately the Spanish government has not yet wanted to go that small additional step, that further 10 percent, which would allow us to build a nuclear plant using Spanish means alone.

Interview: Gen. Iníguez de Moral

Integration into NATO will be slow

General Iníguez del Moral is the Division Chief for Coordination and Planning for the Spanish military's chiefs of staff. He spoke to EIR in Madrid in late September.

EIR: What do you think about the question of a Fourth NATO Command for Spain?

Gen. Iníguez del Moral: Given the complexity of our peninsula, one should think in terms of a single command for the entire Iberian peninsula.

EIR: The press reported that the NATO delegation in Madrid this summer refused even to discuss the question of the Fourth Command.

Gen. Iníguez del Moral: I was not part of the delegation, so I cannot tell you why. Personally, I think that Spain's integration to NATO, should this take place, will take a long time. Furthermore, NATO commands are organized in a very old structure indeed. As soon as Spain is in NATO, a change is called for, which I think will not be immediate.

EIR: So you mean the Fourth Mandate will be part of the discussion again?

Gen. Iníguez del Moral: I do think so; I would not rule it out.

EIR: That seems positive. Turning to the Gibraltar issue, Spain did not bring this up in the last U.N. session. Do you think the negotiations to take place with NATO will be the occasion for this question to be raised?

Gen. Iníguez del Moral: Gibraltar is an idea shared by every Spaniard, namely that it must be given back [by Great Britain—ed.], and the procedures to recover it occupy the thoughts of every Spaniard. If, through NATO, this can be done in a reasonable, civilized fashion, it will be brought up. That is my own personal opinion. We will do the maximum.

EIR: England seems intransigent at the moment.

Gen. Iníguez del Moral: That is true, notably due to their success in the Malvinas. But I do think that we are civilized peoples, and it should be possible to arrive at a solution. The U.N. has recognized that the Rock should be given back to Spain. I stress that this preoccupation is common to everyone in this country. Everyone shares this opinion. Through dialogue, through reason, there may be paths to understanding and a solution.

EIR: This year's Bonn defense ministers' meeting raised in the final communiqué the eventuality of NATO out-of-area deployments. What do you think about this?

Gen. Iníguez del Moral: First, for the moment we are not yet fully integrated into NATO. The whole idea calls for better knowledge of what NATO acting outside the NATO area would mean. Spain is a country which has broken with a policy of aggression, and now maintains a purely defensive posture. Within the area of responsibility of NATO, we should have to intervene, whatever the case. Outside the NATO area of responsibility, to what extent we, or NATO, could move—well, I consider that a complex and difficult question since it would entail acting in the position of an aggressor.

EIR: Anglo-Saxon military circles have spilt a good deal of ink over the Malvinas, calling it the first step in gaining free rein to intervene in the Third World.

Gen. Iníguez del Moral: Yes, that is obviously the case. There is no doubt that the meaning of the thing was and is, from a strategic military standpoint, a trial run for interventions into other countries. A masterly, professional trial run.

EIR: Violent criticism was voiced during the Malvinas crisis against British economic planning. Milton Friedman's policies have been blamed for the sinking of some ships in the Malvinas, due to cheap materials. Milton Friedman is today in Madrid. What consequences do you draw for the economic planning of the Spanish armed forces?

Gen. Iníguez del Moral: There is no doubt that everything that touches economics and finance greatly affects the army, since it can act only so long as there is both financial and economic strength. In every country, requirements normally outstrip availabilities.

EIR: The technological level of the Atlantic Alliance has greatly fallen behind, especially from the standpoint of space warfare, advanced technology, and so on. Could this not create a deep crisis within the Alliance?

Gen. Iníguez del Moral: It is quite clear that if the U.S. government today does not remain on the path of high technology and research, on a better level than in the U.S.S.R., this will lead to defeat, as will an incapacity to modify America's own criteria, which is extremely dangerous. I say this to you as my own opinion, and I do not disagree with you. What surprises me, is that this is not taken into account, and that is a mistake.

EIR: The PSOE plans heavy cutbacks in the nuclear program, and investments more oriented toward light than heavy industry. Will this affect the armed forces negatively?

Gen. Iníguez del Moral: Anything which leads to a loss of industrial capacity has a negative effect on the armed forces. In the U.S.S.R., they devote themselves to high technology, advanced research and so on, to ensure more powerful armed

forces. On the other hand, with what now appears to be zero growth in the United Kingdom and U.S.A, their power is slipping away. Similarly, a bottleneck in energy growth will necessarily affect the armed forces negatively.

EIR: Well-known figures in the Atlantic Alliance like General Maxwell Taylor and François de Rose of the European Security Community have for the last few years talked of the risks of “overpopulation.” Maxwell Taylor has even said “NATO thinks demographically.” The U.S. State Department *Global 2000 Report* speaks of the need to cut population by 20 percent before the year 2000. Could the Spanish armed forces accept such an idea from a moral standpoint?

Gen. Iníguez del Moral: Personally, I think this would be immorality. To correct demography by force is to me immoral. I am sure that my companions in arms would agree with me on that. To do away with populations by warlike means strikes me as totally immoral.

EIR: Henry A. Kissinger has repeatedly stressed the need for a limited nuclear war to get around the problem of Soviet superiority. Can one take such an idea seriously?

Gen. Iníguez del Moral: The idea that one might be able to limit a nuclear war seems to me precisely one of the biggest problems facing humanity. Who is going to limit the use of nuclear arms? Who will then say, here I stop? . . . May such a problem never arise! But should it arise, it will be terrifying.

EIR: Ideologues at think tanks such as the Georgetown University Center for Strategic and International Studies have spoken of the need for coercive governments to solve the impending economic crisis, one worse than the 1930s.

Gen. Iníguez del Moral: I believe in a system of liberty.

Interview: Octavio Aguar

The drug financiers must be unmasked

Dr. Octavio Aguar, who holds the United Nations position of Scientific Collaborator, spoke to EIR on the drug problem in late September.

EIR: Dr. Xavier Aizpiri, head of the Viscaya province’s anti-addiction unit in the Basque country, recently told the press that drugs in the Basque are controlled by a well-structured international network.

Dr. Aguar: In point of fact, drug traffic in the Basque is very likely more tightly organized than in the rest of the country. It is hard to know through exactly which channels; the frontier with France is where most of the heroin comes

over. We thereby assume that the thing is carefully channeled, using advanced methods. There are virtually no small dealers, as opposed to the situation in southern Spain.

EIR: What is the stand of the PSOE and the PCE on the legalization of drug consumption?

Dr. Aguar: There is no doubt that both these parties’ youth movements embrace legalization of marijuana, especially the PCE, which actually held a public meeting on the subject demanding total legalization, i.e., making cannabis freely available. The PSOE shifted recently to a more diplomatic attitude due to public opinion. . . . In the Madrid municipal council, a big fight broke out concerning cannabis legalization. Some Socialist Party members wanted legalization, and their declarations were published in the Spanish press.

EIR: Since 1979, heroin traffic has shifted to Sicily as a base, via Lebanon. Courageous men like General Dalla Chiesa of Italy investigated drug-money laundering into real estate and other boondoggles. What role does this Sicilian connection play in Spain?

Dr. Aguar: Before 1979, most heroin came from the Far East, but from late 1978 on, the raw material started coming in from not only Lebanon, but the Mideast generally. The refined heroin now reaches such a high degree of purity at times, that we assume that individuals linked previously to the Marseilles operations are refining it. These individuals are very obviously on a European level of technical competence. We suspect that they are working out of certain Mediterranean islands, including some within Spanish waters. All indications point to General Dalla Chiesa having been murdered for his investigations into this field.

It follows logically that the huge sums of money earned in this fashion are not buried underground, but through various financial channels create a whole new series of outlets. For example, it may well be that the opening of certain new ports, the creation of new sites for yachts and launches, and new buildings along the seaside could be part of the whole operation.

EIR: In the Caribbean, the tourist industry, casinos and so on function to launder drug and other dirty money. What about Ibiza and Marbella in Spain?

Dr. Aguar: Ibiza and Marbella have two casinos. These two sites also have points of entry for certain drugs, so that logically the money which flourishes in such an environment tends to be related to drugs. Individuals functioning as connection points there easily acquire drug monies, and can be also involved in gambling as well. Via the tremendous money throughput of casinos, money can easily be transferred to other sites. I would like to see the money gained by such means attacked at its very root; I would like to see the individuals who benefit from this money—no matter how high their social standing, no matter how utterly respectable or enviable their lifestyle—unmasked once and for all.

Why Khomeini eliminated Ghotbzadeh

Lord Carrington's extremist mullahs disapproved of his inclination to deal with the United States.

The late-September execution of Sadegh Ghotbzadeh, former Foreign Minister of Iran's Islamic regime and one-time close confidante of the Ayatollah Khomeini, marks a turning point in the three-year-old Islamic dictatorship.

Ghotbzadeh had been charged with plotting a military coup against the ruling Islamic Republican Party. But the actual reason for his elimination, as with the previous assassinations of such luminaries within the Khomeini regime as Ayatollah Beheshti, is the bloody ongoing power struggle over the succession to the octogenarian Khomeini.

Ghotbzadeh's unusually close personal ties to Khomeini are thought to be the reason for the lengthy delay in reaching a verdict in his trial. The fact that Khomeini finally gave the go-ahead to Ghotbzadeh's execution proves that the Khomeini inner circle has become dominated by a group of extremist fundamentalists who are bent on destabilizing the Persian Gulf and challenging the United States and its allies in the region.

Ghotbzadeh was a symbol in Iran of a grouping within the factionalized Khomeini inner circle that favored building ties to the United States. The extremist mullahs responsible for his demise are vocal advocates of a radical non-alignment for Iran and the entire Muslim world under the banner of "neither East or West." This is the sloganized expression of nothing other than the so-called "third way" doctrine of Britain's former Foreign Min-

ister and Henry Kissinger associate Lord Carrington. Carrington's "third way" seeks to remove both superpowers' influence and power within the Muslim world, and to fill the vacuum by means of a reasserted British colonialism.

Iran's escalated drive in recent months to spread fundamentalist revolution to the Arab side of the Persian Gulf has played neatly into the implementation of Carrington's scheme, particularly by targeting the pro-U.S. Saudi regime.

In late August, Khomeini appointed Ayatollah Koini, the ringleader of the gang that captured the American hostages, to lead the Iranian pilgrims on their annual pilgrimage (the Haj) to Mecca. Koini organized a number of demonstrations in Medina, in direct defiance of Saudi security dictates, rousing Muslim pilgrims against the influence of the United States in Saudi Arabia.

Two weeks before Koini began the Iranian pilgrimage, the Iranian circular *Ash-Shahid* ran a lengthy manifesto from the Organization of Islamic Revolution in the Arabian Peninsula, denouncing the Saudi monarchy and calling for an Iran-style Islamic revolution in Saudi Arabia.

It should be noted that the crowd behind *Ash-Shahid* and the Organization of Islamic Revolution also helped to foment the October 1979 uprising at the Grand Mosque of Mecca during the Haj, and supported the uprising of Shi'ite rebels in the eastern Saudi oilfields late that same year.

Saudi Arabia is not the only target of the Khomeini regime. Since the execution of Ghotbzadeh, Iran has escalated its war effort against Iraq, opening a new front toward the Iraqi capital Baghdad. On Oct. 5 in a speech to the Iranian Military Academy Khomeini pledged never to negotiate a peace with Iraq.

Khomeini's hard line no doubt reflects the position of Iran's most fanatical mullah grouping, the Hojitali.

The wealthiest landed priesthood in Iran, the Hojitali are the most feudalistic and brutal grouping within Khomeini's inner circle.

Led by Ayatollahs Gulpayagani, Shirazi, and Qomi, the Hojitali have come under increasing attack from the Soviet Union in recent weeks, which has accused these mullahs of being the ringleaders within the Khomeini regime of a drive to destroy the Iranian Communist Party (Tudeh) and break nascent Iranian-Soviet ties. The Soviets have often taken note of the growing pro-Chinese sentiment brewing within Iran as its relations with the Soviets sour. While Iran is being played as the key pawn in Lord Carrington's "third way" plan for the Middle East, Khomeini's regime is also mending its relations with Peking.

The recent resumption of Teheran's historic ties to British Petroleum and Royal Dutch Shell, has been accompanied by moves to open up economic relations with the People's Republic of China. The ruling mullahs of Iran's Muslim Brotherhood cult should naturally find this arrangement comfortable, since both the Brotherhood and the Chinese are advocating a bucolic "back to the land" policy for the Muslim world like that which dominates China today. Britain and its oligarchical friends, of course, consider this policy totally compatible with the reimposition of colonialism.

Behind the McDonald caper

An open assassination threat endorsed by certain U.S. congressmen is only the beginning of the tale.

On Oct. 1, 1982 as President López Portillo addressed the United Nations, the *New York Times* hit the world's newsstands with a two-page paid political broadside against the Mexican government, taken out by Rep. Larry McDonald, Democrat of Georgia.

It was not the first time McDonald warned that Mexico is going communist and that the United States must take energetic measures to prevent this. The John Bircher congressman first issued the call to battle in 1976 and has taken out at least three similar ads over the past two years.

President López Portillo, asked to comment on the McDonald outburst at a press conference Oct. 6, stated that "for reasons of mental hygiene . . . I did not read it. I did not think that U.S. officials were capable of slandering us publicly. All I can say is that these are cyclical statements of certain sectors of opinion which are capable of intervening [in other countries]. . . . This bothers me, I am deeply indignant."

The President continued: "I believe we have the legitimate right to defend ourselves and to investigate what are their links to equivalent forces inside [Mexico]. Approximately six years ago we made a few inquiries and established a connection between the U.S. legislators and certain national pressure groups."

One of the things that may have gotten 34 other Congressmen to sign McDonald's letter to President Reagan was an accompanying statement by Rep. Ron Paul (R-Tex.) attacking

the U.S. Federal Reserve for bailing out banks with heavy loans to the Third World, an action which boosts inflation inside the United States.

Ironically, López Portillo has repeatedly emphasized how a return of Mexico's flight capital, combined with debt rescheduling and new credits for trade, puts Mexico *and* Mexico's overextended creditors back on their feet—without a penny coming out of the pockets of the American taxpayer.

Most important, the ad includes a direct assassination threat against some of the highest officials of Mexico. Initially overlooked here, this aspect is now under intense investigation.

McDonald reproduces a 2,500-word indictment of the López Portillo administration written by unnamed elements in Mexico, who charge that both López Portillo and former President Luís Echeverría are part of a "Communist Mafia" which has almost consolidated control of the country.

PRI party President Pedro Ojeda Paullada, Bank of Mexico Director Carlos Tello Macías, Industry Minister José Andrés de Oteyza, and Mexican Ambassador to the U.N., Porfirio Muñoz Ledo, are part of the same "socialist sect."

This communist Mafia, the statement concludes, "should be eliminated at the earliest opportunity."

There are indications the ad is part of a much broader propaganda effort to portray Mexico as a "Cuban satellite" which poses a grave threat to the United States. The ad was reprinted in the *Diario de las Americas* of Miami,

the most important press of the Cuban exile community and a defender of anti-Castro Cuban terror.

Reports surfaced here Oct. 6 that the Cuban exile terrorist group, Alpha 66, has set up camps in California to train Mexicans who are then to return to Mexico to rid the country of "Communist subversion."

Perhaps most worthy of investigation is the "dirty tricks" intelligence outfit set up thirteen years ago by McDonald in Washington and Munich, called the Western Goals Foundation. McDonald is president and chairman. The advisory board includes Roy Cohn, the mob-linked New York City lawyer, who is tied to the Permindex assassination bureau, and currently case officer for Henry Kissinger in Kissinger's assassination efforts against Lyndon and Helga LaRouche; and Gen. Jack Singlaub, U.S. director of the World Anti-Communist League (WACL), the coordinating group for death-squad activity throughout the Ibero-American continent. Singlaub maintains liaison with Guatemalan forces involved in heating up Mexico's border from the south.

McDonald and Singlaub share membership in a cult known as the "Fourth" or "Russian" Order of St. John of Jerusalem. Also a member: Houston-based John Wilkenson de Battenberg, veteran of 30 years of dirty operations against governments throughout Ibero-America, including Mexico.

Singlaub, along with journalists and celebrities from around the world, is currently in Korea, attending a cult session of WACL's great patron, Rev. Sun Myung Moon. The new Moonie paper, the *Washington Times*, editorialized Sept. 25 that the United States must sponsor a military coup against the Mexican republican institutions at the earliest possible moment.

International Intelligence

Israeli officers demand Sharon's ouster

Two hundred and sixty Israeli army officers have called upon Defense Minister Ariel Sharon to resign, in a petition which declares a "crisis of confidence" between the army and Sharon—the architect of the Lebanon invasion and the Beirut massacre. Delivered to Sharon on Oct. 5, the petition followed by one week a meeting between Sharon and 100 Israeli generals, who also demanded Sharon's ouster.

Ezer Weizman, Sharon's predecessor, is said to be the favorite candidate of Washington to pull together a new Israeli government if Sharon and Begin fall. Despite his cultured, urbane image, Weizman's hands are as blood-stained as Sharon's; four years ago he drafted the blueprints for Israel's original invasion into Lebanon. Weizman is also one of the godfathers of the fascist Gush Emunim movement in Israel, which has set up scores of settlements throughout the West Bank, under the sponsorship of Sharon and the Begin government.

Weizman is favored by Washington because it expects him to cooperate with the Kissinger-authored Reagan Middle East plan, particularly those aspects that promote NATO-style militarization of the region.

The strange movements of Mr. Armand Hammer

Armand Hammer, the Libyan-tied chairman of Occidental Petroleum Corporation, is currently acting as the non-official Secretary of State of Anglo-America. Hammer announced Oct. 7 that he is seeking permission from the U.S. government for a large-scale export of energy-related technology to the Soviet Union, where he would like to construct a coal-slurry pipeline linking Siberia with Moscow.

What is so extraordinary about the timing of Hammer's proposal is that it is being floated just as the U.S. government is activating trade-war sanctions against Western European firms meeting contracted deliver-

ies for the East-West Yakutsk natural gas pipeline from Siberia to Western Europe. Just before Hammer made his proposal, West Germany's AEG electronics firm delivered two turbines for the project. The U.S. government responded by immediately banning U.S. licensed technology to the firm. Some officials at AEG, according to the U.S. financial press, are now considering putting a halt on delivery of the 45 outstanding turbines contracted for delivery.

Why Hammer is so self-confident is not entirely clear; however, he has already announced that he has invited Bechtel Corporation, until recently chaired by Secretary of State George Shultz, to be his partner in the venture. Hammer's Anglo-American role as a private engineer of foreign policy is also shown by his privileged link to Britain's Prince Charles.

On Oct. 28 Hammer and the Prince will help inaugurate the first U.S. branch of the United World Universities network, in Albuquerque, New Mexico.

Is Lebanon becoming another Cambodia?

The massacre of Palestinians by Israeli-backed Falangists last month in Beirut appears to be the beginning of a concerted effort to depopulate Lebanon of the 500,000 Palestinian refugees living there.

The operation against the Palestinians is reminiscent of the "depopulation" measures imposed by Pol Pot in Cambodia, which resulted in the systematic murder of half of that country's people.

At the start of October, the Lebanese Army, aided by the French multinational force, began house-to-house searches both in Muslim West Beirut and in the Palestinian camps just south of the city, ostensibly in search of "illegal aliens," "criminals," and weapons. Among the targeted camps is Shatila, which was ravaged by marauding Falangist hordes during September's Beirut massacre.

The search-and-seal operations entail cordoning off whole sections of the city and detaining hundreds of Lebanese Muslim and Palestinian civilians, who are then subjected

to physical violence and psychological intimidation. Many of those detained are being summarily deported. Lebanese sources report that up to 2,000 people from West Beirut have disappeared since the round-up began.

An unnamed Lebanese government official leaked to the Lebanese press a plan reportedly being considered by the Lebanese government to reduce the number of Palestinians in Lebanon from 500,000 to 50,000. Precisely how this is to be accomplished has not been revealed.

In addition, according to the influential Lebanese daily *An Nahar*, the government is considering a scheme to push the hundreds of thousands of Palestinian refugees living in the camps south of Beirut into the Syrian-controlled Bekaa Valley and northern Lebanon.

The idea of driving Palestinian civilians out of southern and central Lebanon conforms with Henry Kissinger's plan to partition Lebanon among the Falange, Israel, and Syria, with the Palestinians coming under Syrian control. But Moshe Arens, Israel's ambassador to Washington, declared in early October that Israeli troops would not withdraw from Lebanon until all Palestinians had departed that country.

London worried about Peking-Moscow overtures

A spectre is haunting London and Tokyo—the spectre of a Chinese deal with the Soviet Union. The just renewed Chinese-Soviet border talks are only the latest in a series of events causing the tremors. When Japanese Prime Minister Zenko Suzuki visited Peking in September, reports the Japanese daily *Yomiuri*, Suzuki tried to pin down the Chinese leaders as to how far Chinese détente with Moscow would go, but went home with his question unanswered.

Soviet Foreign Minister Gromyko told Japanese Foreign Minister Sakaruchi during a meeting at the U.N. to expect an improvement in Soviet-Chinese relations. Gromyko added that Japan had no reason to fear this.

Britain's Prime Minister Margaret

Briefly

● **BRUNO BERTHEZ**, editor-in-chief of a 2-million-circulation French monthly, calls the solution of Frances's left and right to the economic crisis "economic euthanasia." "As soon as they are in power, all tendencies join in the same Malthusianism," Berthetz wrote in the October *La Vie Française*. He advocates debt moratoria for the hardest-pressed debtor nations, and reorganization.

● **THE DOMINICAN** Order, the author of the Inquisition, held a conference entitled "The Christian Conception of International Economic Policy as Alternative to Marxism," in Rome the first week of October. The conference was co-sponsored by a number of German organizations and its organizers freely admitted that it should be seen as an extension of the new Christian Democratic government of Chancellor Helmut Kohl. Among the topics discussed were "solidarism" as an ideal; the problem of Turkish immigration into Europe as undermining racial "purity"; violent attacks on the Mexican financial nationalization; and finally the assertion of the uniqueness of the Brazilian "race"

● **MENINGITIS** breaking out amidst widespread undernourishment and malnutrition in Poland, is one result of the trade sanctions the U.S. administration is employing against Poland. The sanctions have been backed strongly by the AFL-CIO as a show of "solidarity" with the Poles—who are now facing winter with 63,000 tons less meat products and 20,000 tons less butter than a year ago.

● **FLOODS** took a heavy toll in El Salvador in September, with the Interior Minister commenting that "God in 24 hours did more to us than the guerrillas did in two years. . . . Maybe all of this will bring us together a little more." El Salvador lacks the infrastructure of a modern nation to warn, evacuate, and rescue disaster victims, and limit flood damages.

Thatcher had a similar experience. One of the purposes of her visit to Peking was to settle the issue of Hong Kong's status. Nineteenth-century Chinese emperors had ceded Britain the island of Hong Kong in perpetuity, and other parts of Hong Kong until 1997. When the Maoists took China in 1949, they made a deal with London. They let Britain keep not only Hong Kong but certain concessions in Shanghai. In turn, Britain was first to recognize the Mao government, and kept Peking well supplied during the Korean War. Now Peking is insisting that all of Hong Kong be returned to Peking in 1997.

Thatcher sought to work out steps toward some accommodation. But she returned to Hong Kong from Peking accusing China of trying to break treaties. "And if they break this treaty, they will break other ones," Thatcher shrieked.

The secret to these strange doings in China is that the army is gaining increasing power. It jumped from five seats to nine in the Politburo at the recent party congress. Three days before the Congress the army paper printed a front-page article highly critical of Deng Xiaoping, which it was later forced to retract. The army has been insisting on restoration of heavy industry and on easing tensions with the U.S.S.R. in order to give China time to build up its strength.

Although a replay of the 1950s alliance is not in the immediate offing, the West cannot make geopolitical calculations of China as an anti-Soviet ally.

New Bonn government: a motley crew

Under its new Chancellor, Christian Democrat Helmut Kohl, West Germany is being run almost exclusively by politicians representing "southern tier" interest groups—that is, circles directly linked or speaking for the Bavarian-based black oligarchy and the southern churches.

The Chancellery office is dominated by what is known as the "Mainz clique," an insiders group from Kohl's old days as governor of the province Rheinland-Pfalz. The Foreign Ministry headed by gangster Hans-

Dietrich Genscher now includes as Undersecretary one Moellemann (Free Democratic Party), who is linked to the Munich mafia. As president of the German-Arab Society, Moellemann has been pushing for Libya's President Qaddafi to visit Europe.

The Ministry of the Interior under CDUer Friedrich Zimmerman features such unsavory characters as Count Huyn, who is to advise the minister on "Eastern affairs." The Count is a member of the Pan-European Union and of the Hapsburg-run Madrid Documentation Center.

The Minister of Research and Development, CDU Deputy Riesenhuber, is a "house-owned deputy" of the Frankfurt-based Metallgesellschaft, run by Count Casimir of Wittgenstein whose family has run dirty operations for the Hapsburgs through several centuries.

The new Labor and Social Welfare Minister, Norbert Blüm, is a specialist in Solidarist blueprints for labor-management corporatism. A leader of the Christian Social Movement, Blüm has called for a six-month wage freeze and for a "labor board" to enforce the austerity which is the only plank of the new cabinet's economic program.

De Marchi: 'Eliminate 52 million Italians'

Those unacquainted with the connection between the liberal advocates of "planned parenthood" eugenics in the United States and the fascist "black oligarchy" in Europe, ought to consider the opinions of Luigi De Marchi, an Italian collaborator of the Draper Fund.

De Marchi, who among other things runs an abortion clinic in Rome, told an *EIR* interviewer that the current Italian population of 60 million is approximately 52 million too many. Europe as a whole, he said, should have its population reduced to about one quarter of its present level. Said De Marchi: "Even if a world dictatorship were founded, it would still depend on how you keep population down." The Draper Fund/Population Crisis Committee is an American think tank that defines itself as a "game warden" ready to curb the reproduction of the human species.

Democrats plan for a permanent depression

by Graham Lowry, U.S. Editor

In the final days before Congress recessed Oct. 1 for the November election campaigns, the Democratic leadership publicly gloated over the success of the Socialist International's December 1980 strategy to "Hooverize" President Reagan. Yet at the same time these Democrats were pretending to absolve themselves of responsibility for the worst economic crisis since the 14th century, they were churning out legislative proposals for a reorganization of the U.S. economy—schemes which they openly premise on its collapse and tacitly premise on a permanent depression.

On Sept. 28, two days before House Speaker Tip O'Neill accused Reagan of having brought America "to the brink of disaster" and described the President as "Hoover with a smile," O'Neill made a rare appearance to testify before a House banking subcommittee in support of establishing an economic austerity dictatorship through a new Reconstruction Finance Corporation.

O'Neill's endorsement of the RFC proposal, designed by former New York City triage director Felix Rohatyn of Lazard Frères investment bank, has been taken on Capitol Hill as a signal that House Democrats will put the plan high on their legislative agenda when the new Congress convenes in January. The prospects for getting the RFC proposal signed into law, its supporters estimate, simply depend on "how soon we get a few major bankruptcies," as one staffer put it.

Testifying before the same House banking subcommittee Sept. 15, Rohatyn himself was relatively candid in describing the RFC as a domestic application of the "conditionalities"

policy of the International Monetary Fund. The former chairman of New York City's Municipal Assistance Corporation ("Big Mac"), which imposed a bankers' dictatorship to gut the city's vital services, infrastructure, and work force during the 1970s, compared "Big MAC's" role "to the one the RFC could play." Rohatyn added the observation that "the IMF is a worldwide version of the Municipal Assistance Corporation."

Rohatyn outlined to the subcommittee how the RFC would use more than \$30 billion in potential loan offerings to discipline industry as well as "the various states, business, and the local labor unions and banks. As with industry, reform and restructuring would, in many cases, have to be the quid pro quo for receiving capital on favorable terms." As for the "reforms" required, Rohatyn added that the RFC "might have to insist, as a condition for capital, that the weaker parts of some industries be phased out, that new management be found, that labor contracts be modified, that ways be found to increase productivity."

The legislative agenda

Legislation to implement Rohatyn's scheme has already been introduced to the Senate by Daniel Moynihan (D-N.Y.), the longtime stringer for Nazi eugenics advocate Averell Harriman. Testifying along with Rohatyn, Moynihan told the committee, "Economic growth is a process of 'creative destruction,' Josef Schumpeter said. . . . Unless a country is willing to let its less efficient companies disappear, it can

never free up its capital for more productive employment.” Moynihan’s proposal for burying what remains of America’s basic industries includes RFC loans to companies that produce “a plan to shut down gradually without the economic disruption of a sudden closure.” Democrats have filed a number of similar bills in the House to establish an RFC, including H.R. 6000 and H.R. 3218.

During the week of Rohatyn’s testimony, the House Democratic Caucus released its “long-term economic policy,” similarly premised on the elimination of America’s heavy industrial base.

The proposal, replete with rhetoric about relocating and retraining workers as their jobs in industry disappear, was presented by Rep. Timothy Wirth of Colorado, an endorser of the Carter administration’s *Global 2000 Report*, which prescribes reducing the world population by 2 billion before the turn of the century, citing “scarce resources.”

Legislation is also being prepared in Congress by other proponents of Global 2000 which would force workers whose jobs are to be eliminated to finance their own “retraining” and relocation.

The Northeast-Midwest Coalition, dominated by liberal Democrats from the House and Senate, made that recommendation last month in releasing a report on “Retooling the American Work Force,” written by Pat Choate, a former fellow of a leading “post-industrial society” think tank, the Academy for Contemporary Problems.

Choate’s study, premised on the objective of eliminating up to 15 million industrial jobs by the end of the century, proposes that an “Individual Training Account” of \$6,000 be required for each worker, paid in equally by the worker and employer over a six-year period. Once a worker’s industrial job is eliminated, he would receive only 12 to 14 weeks of unemployment compensation, after which he would be required to draw on his “retraining-relocation account” or have his unemployment benefits cut off.

Choate’s proposal calls for looting the work force on a scale that Nazi Finance Minister Hjalmar Schacht would envy.

In the course of financing their own removal from industrial employment, workers forced to contribute would build up a fund that Choate and other Capitol Hill sources estimate would quickly reach \$400-\$450 billion. The fund would be “administered by an agency of the federal government such as the Treasury or the Federal Reserve System” and “will serve as a source of borrowing by the government.” Congressional sources report that Sen. Gary Hart (D-Colo.) and Sen. Bill Bradley (D-N.J.) are considering legislation to establish the “Individual Training Account.”

The worst of the New Deal

The Democrats’ package for the U.S. economy also includes proposals indicating where many of the industrial workers to be displaced will end up—working on low-wage

public works projects comparable to the declining Roman Empire’s repaving the Appian Way. Senator Moynihan, two days after his testimony lauding the “creative destruction” of his RFC bill, introduced legislation Sept. 17 aimed at scraping the American System powers of Congress to foster internal improvements, in favor of bare-bones projects for selective maintenance and repair of America’s collapsing infrastructure. Edward Kennedy (D-Mass.) and Alan Cranston (D-Calif.), along with Hart and Bradley, are among the sponsors of the bill, filed as S. 2926, “The Rebuilding of America Act of 1982.”

The bill would place all policy-initiating authority “over the next 10 to 20 years” in the hands of an independent commission to be chaired by a non-elected budget “expert” from the private sector. The commission would determine over two years the priorities and funding mechanisms for public works for the coming decades, and its recommendations “shall be deemed to be approved by Congress and shall be the policy of the federal government” unless Congress enacts “a joint resolution of disapproval” within 120 days.

Cosponsor Gary Hart, also a public endorser of the *Global 2000 Report*, emphasized on the Senate floor that the intent of the bill is to scrap projects like the Tennessee-Tombigbee Waterway and other wealth-generating infrastructural projects which the Global 2000 group demagogically terms “porkbarrels.”

Hart declared, “We cannot continue the failed ‘porkbarrel’ politics of the past. Rather, we must spend our limited resources on those projects that will provide the greatest benefit to the public.” Senator Moynihan invoked the thinking behind the proposal in citing as “the most persuasive case” for his proposed commission another study co-authored by Pat Choate, “America in Ruins: Beyond the Public Works Pork Barrel.”

... and Albert Speer

Like the worker relocation fund, Moynihan’s scheme also has a “self-financing” feature, proposing user fees and excise taxes to finance repairs of roads, bridges, and water and sewer systems to be selected on a basis of “regional equity.”

The bill directs the commission to take “into account the least-cost life-cycle costs” of any projects undertaken, and to explore scheduling the projects during downturns in the economy, “in order to reduce the cost of such work.”

Put all of these programs under the dictatorship of the “domestic IMF” envisioned in Felix Rohatyn’s Reconstruction Finance Corporation, and you have a fairly detailed picture of what Ted Kennedy and the Harrimanite wing of the Democratic Party are preparing as the “alternative” to the depression their friend Paul Volcker has ensured. In the words of one longtime Washington *EIR* associate, “Why don’t they just call it the Albert Speer Memorial?”

Cowboys and samurais: how film is used to enforce national ideologies

by Michael J. Minnicino

Parts I and II discussed the earliest work on the use of film as a medium of mass social control, which was carried out in the second decade of this century by Harvard professor Hugo Münsterberg and sometime-poet Vachel Lindsay. Münsterberg and Lindsay's work, which has yet to be superseded by film theorists or critics, specified three leading elements that render the motion picture an effective mass brainwashing tool: 1) an emphasis on the technically hypnotic components of the medium, such as supernatural effects, portrayal of physically impossible experiences, and gigantic enlargement of discrete objects; 2) an emphasis in plot-line and photography on objects; and 3) the total banning of dialogue.

The movies: psychological warfare as a fine art *Third of a six-part series*

Nearly seven decades after this prescription was set forth, author Michael Minnicino documented, it is still being adhered to by modern filmmakers. Here Minnicino discusses its application in national schools of filmmaking.

The Fabian purpose to which the ideological warfare of the early masters of social control through films was bent was

perhaps best outlined by J. R. Rees, the leader of the Harvard team's British compatriots at London's Tavistock Institute. Rees, more the technician, felt no need for the literary varnish that H. G. Wells or Bertrand Russell were often forced to use. The "World Society," for which Lindsay pined, Rees described as one divided into elites and what he called "dullards." In fact, Rees complained later in his life that

Aldous Huxley in his book *Brave New World* was planning to produce a section of subnormal men who would do the dull jobs of the community; we really don't need to produce them for there are too many already.

The task of the psychological profession, according to Rees, was to keep the dullards docile (much of today's field of "labor relations," for instance, comes out of pre-World War II Tavistock and Harvard studies in how to subdue workers' "neurotic" need to strike occasionally), but at the same time easily transformable into cannon fodder, ready to kill and be killed for the elite. This careful balance was to be accomplished through the development of synthetic ideologies—each geared to the psychological differences of each national sector—by which most people would be kept permanently in a childlike fantasy of "insiders" and "outsiders." The "insider" side is emphasized when periods of social cohesion are necessary; the homicidal tantrum inherent in all people is unleashed against outsiders when that is necessary . . . or so Rees's maniacal theory goes. This in itself is not new; one of Rees's most venerable forebears in the ideological warfare wing of the British intelligence service, Thomas Hobbes, had developed precisely the same thesis 300 years previous with his discussion of humanity's "war of each against all."

Not so strangely, film—sector by national sector—followed this profile completely. Lindsay picked up on it im-

mediately, demanding that the new art, "in asserting its genius," had to feel "its way toward *the most primitive forms of life it could find*. In his book, Lindsay made a case history of the development of the Japanese film (which had just barely got off the ground in 1916), criticizing the fact that Japanese films had modern and often Westernized themes. Rather

we should have the story of the Ronin, not a Japanese stage version, but a work from the source-material. We should have legends of the various clans, picturizations of the code of the Samurai.

It is interesting to note that the Japanese did not take Lindsay's advice immediately and continued films more in line with the massive efforts to Westernize and industrialize their country. It was only after they had lost World War II and came heavily under Anglo-American influence that Japanese filmmaking became dominated by Samurai and Ronin, the masterless cowboy/warriors of Japan's period of social collapse.

Elsewhere, Lindsay's dictum was followed. The biggest hits in Italy in the earliest period of filmmaking were the "Roman toga epics," the most important being *Cabiria* by Gabriele D'Annunzio, the poet-adventurer who was crucial in assisting Benito Mussolini in his fascist coup d'état. After Mussolini's coup in 1919, fascist propaganda rested very heavily on the "new Roman Empire" theme inculcated by these films (a theme, incidentally, which had been thought absurd for the decades previous).

French screens were filled with the Revolution and Napoleon. Notwithstanding a natural tendency toward nationalism, these films emphasized the primitive Jacobin mobs of the Revolution as true heroes of French history. To be fair, it should be noted that the indigenous French film industry was quite weak; most of the most monstrous of these films came from Germany.

Eisenstein and the assassination of language

Germany and the Soviet Union are by far the most strident examples of the Fabian plot for film. In both cases, the film industry started in earnest only after World War I and after Lindsay, Münsterberg, et al. had done their original spadework.

Much has been written about the central figure of Sergei Eisenstein, whose films—shot by shot—are still the basic textbook for film students around the world. Eisenstein was a fraud, a cultist, and a philosophical fascist who took Rees and Lindsey's foul intent perhaps farther than any other major director.

Trained as an engineer, Eisenstein quickly turned to stage direction after the first year of the Russian Revolution of 1917. From the beginning, Eisenstein identified himself as a Cubist and part of the Futurist art movement's "cult of the new." The Futurists were the closest thing that the early 20th

century could come to today's "Yippie" super-anarchists (albeit a bit more literate than the latter), and played a very important role in especially Italy where they praised Mussolini as their avatar and joined his movement early and in droves. Mussolini, and less directly, Adolf Hitler, flirted with their Europe-wide movement.

To be a "Cubist/Futurist stage director" meant to operate on the then-famous theory of "neutralization," by which was meant the attempt to "decompose" reality into its neutral component parts. On stage, all this mumbo-jumbo covered for an attempt to assassinate literate language by instructing one's actors to scream nonsense syllables instead of words and to use outlandish lighting and set design specifically so that the dialogue would become deemphasized and coequal in importance with the scenery.

By his own admission, when Eisenstein moved from the stage into film he intended to bring these theories to a fine science. He solicited and got the advice of I. P. Pavlov, the dear of Russian psychology and, if not a direct collaborator of Rees, then a strikingly similar cothinker. Pavlov, most well-remembered today for his brainwashing of collies via pain conditioning, felt that all cognitive processes could be broken down into "images." It was particularly when he was under the influence of the Pavlovians, that Eisenstein conceived (with the aid of the American Fabian and novelist Upton Sinclair) of his project for the film version of Karl Marx's multivolume economic treatise *Das Kapital*. Marx's fairly complex conceptions, Eisenstein insisted, could easily be conveyed by the appropriate juxtaposition of Pavlovian-determined key images.

Later, as he was building his reputation as a film theorist, Eisenstein even more closely approached Rees's viewpoint, falling under the influence of the Swiss child psychologist Jean Piaget, and the latter's Soviet disciple, Lev Vygotsky. Piaget claimed that the mental processes of infants are characterized by an "inner speech" based on perceptual images (i.e., comparable to Münsterberg's thesis that "the outer world [was] woven into our mind . . . by the acts of our attention," quoted above). This inner speech is "tamed" and over the years replaced by "public syntax," Piaget's phrase for literate speech.

Vygotsky went a step further, adding that the obverse of this process was true for schizophrenics: the psychotic, claimed Vygotsky, regresses to an infantile world where perceptual images are immediately and uncritically adopted as "truth." Thus, psychosis is a "communications" or "perceptual" disorder; via speech the schizophrenic is merely trying to communicate perceptions unanalyzed by his or her defective reason. (After World War II, Vygotsky's work was apotheosized by R. D. Laing, the Tavistock Clinic's fair-haired boy, who popularized the hideous notion that psychotics were really sane, but with different modes of communication.)

With this nonsense in mind, Eisenstein embarked on a

major study of “primitive peoples” in search of the archetypal images which represented the keys to inner speech. By his own admission, Eisenstein wanted to treat his film audience as the infant described by Piaget; it is also clear, though unstated, that his goal was to reduce audiences to the permanently childlike state described by Vygotsky. Those readers familiar with Eisenstein’s films will immediately recognize in this context the lavish attention paid to such alleged archetypes, such as the peasants coming out from under rocks like lizards in *Alexander Nevsky*, or the crosses and skulls which dominate the never-commercially-released *Que Viva Mexico*.

Otherwise, Eisenstein’s much-vaunted contributions to film were robberies from the more quirkish Fabian theory, and from outright fascists such as Ezra Pound. The theory of the montage for which he is most well known is directly lifted without attribution from Lindsay. In fact, to buttress the theory Eisenstein used the example of the hieroglyphic, as did Lindsay. He also brought his uncompromising hatred of the rational use of music and language from the Cubist stage to film. Music and speech could exist in film, he taught, but only if they acted as isolated stimuli “dialectically” placed in montage against the Lindsayan “toys” which his actors and sets had become. If films had to be musical, then it must be the scores of the noted anti-musicians Scriabin and Debussy.

Eisenstein’s net “contribution” was to popularize Lindsay and Münsterberg’s theory among the subsequent three generations of filmmakers—aided by American Fabians like Sinclair who had him tour North and South America, and by the British Fabians who lionized him in Western Europe. In the Soviet Union, Eisenstein’s legacy are grey, totalitarian films hardly distinguishable from the pedantic Nazi epics of the same period.

Psychosis film in Weimar Germany

But Germany was to be the special pilot project of these movie-making manipulators of the modern Isis cult. Long before the Fabian movement came into being, the British intelligence services at the command of the oligarchy were fixated on the problem of how to ideologically control Germany via its art and literature. Even at the turn of the 19th century, Madame De Staël, a rather notorious British operative from the days of the French Revolution, had worked up a psychological profile of the Germans, *De l’Allemagne*.

The same forces who later end up as the ultimate sponsors of the Harvard/Tavistock researches previously had worked to develop Wagnerism in Germany. The work of Richard Wagner had appealed especially to the kooky “spiritualist” wing of the oligarchs’ psychological warfare division because Wagner’s music, pretty much by his own admission, was merely a vehicle for racialist tales of gods in unending battles against dwarfs and other weird creatures allegedly from Germany’s mythic past—all very much in line with Madame de Staël’s analysis that the key to Germany psy-

chology was “terror . . . ghosts and wizards please the people as much as men of culture.”

For this reason, these forces directly aided Wagner in setting up his cult headquarters in Bayreuth, and in sponsoring Wagner’s philosophical public-relations men, Schopenhauer and Nietzsche, and later “cultural pessimists” like Oswald Spengler and Adolf Hitler.

By the time film took hold in Germany, Wagnerism still held sway but had split into various wings. The most radical of this cultural pessimist movement’s factions was the so-called Expressionists, whose philosophy became popular slightly after the turn of the century. The Expressionists managed to fuse a militant Futurist hatred of rationality (a leading Expressionist described his movement as a “total revolt against the existing order”) with the racialism of Wagner.

The Expressionists felt that their revolution in art and culture meant renewing the philosophy of people like Julius Langbehn—whose 1900 *Rembrandt als Erzieher (Rembrandt As Educator)* claimed that the master painter was a “true Aryan” because his use of “gloomy” blacks and browns corresponded to the Aryan “soul”—or like Wilhelm Worringer, who in his 1921 *Abstraktion und Einfühlung (Abstraction and Feeling)* attempted to demonstrate that abstraction in art was natural only to “Nordic man” who, as a perpetual “hunter” (Spengler’s phrase exactly), is in a constant battle with nature and therefore must always tear the object out of nature and make it an absolute.

Before World War I the Expressionists became hegemonic in German and Austrian theater, particularly when the directorship of Germany’s premiere stage, the Grosses Schauspielhaus in Berlin, was taken over by Münsterberg’s favorite, Max Reinhardt. Under Reinhardt’s leadership, Germany’s stages were handed over almost completely to Expressionist experiments and even the classic dramas of Shakespeare and Schiller were reduced to shambles by actors screaming their parts and direction which openly inserted racial overtones.

After World War I, the Expressionists, especially those trained directly by Reinhardt, moved whole-hog into film. Among them Fritz Lang (the most well known to Americans); Paul Wegener, the first Expressionist filmmaker; Conrad Veidt, who started his career playing the zombie in the famous Expressionist film *The Cabinet of Dr. Caligari* and ended it playing Nazi villains in innumerable Humphrey Bogart films for Warner Brothers; Werner Krauss, the leading German actor under the Nazis; and Ernst Lubitsch, who achieved international fame as the director of Hollywood “madcap” comedies in the 1930s.

While it can hardly be said that these lunatics added anything to film technique with their starkly lit and exaggerated films, the Expressionists conducted the most concentrated experiment in psychological warfare in film’s history. They tested everything that could “primitivize” the German population. The first major Expressionist film was *The Stu-*

dent of Prague (1913) which hinged upon the famous theme of the *Doppelgänger*, the schizophrenic double-self. *Student* kicked off a whole wave of excitement about the use of the *Doppelgänger* as a brainwashing tool with one contemporary study (Dr. Leon Kaplan's 1927 *Das Problem der Magie und der Psychoanalyse*) noting that as races become more primitive they find nature increasingly hostile and are prone to narcissistic fantasy images like the *Doppelgänger*. *Student* was re-made two more times, the last under the Nazi regime, and the original scenarist, Hans Heinz Ewers, later became one of Dr. Goebbels most prolific writers of *Blut und Boden* (racialist "Blood and Soil") propaganda.

Schizophrenia and the endless battle between Wagnerian gods and dwarfs (in many variants) dominated subsequent Expressionist film. Everywhere lurked zombies, often in collusion with "mad" scientists (an Expressionist invention that would serve well in the United States): *Homunculus* (1916) *The Cabinet of Dr. Caligari* (1919); *Der Golem* (several versions starting in 1914); etc. Much of the rest of the Expressionist output was re-makes of Wagner's mythos and racially tinged costume dramas.

Finally, there is Fritz Lang, who deserves a special mention because of his influence and the fact that his anti-Nazi profile is largely undeserved. Lang started with a film version of Wagner's *Nibelungen* and then went on to his famous *Dr. Mabuse* series in which, as in his later *M*, the world was divided into rival conspiracies of dark and light forces. He capped his career in Germany with *Metropolis* (1926). Film writers, influenced by Lang's emigration to the United States in 1933, universally refuse to admit that this science fiction film uncannily presages the filmic images that the Nazis would use extensively in their own propaganda films. Lang himself attempted later in his life to disassociate himself from the film, claiming that the most blatant Nazi propaganda was inserted by this longtime scenarist Frau Thea von Harbou—later a favorite hack for the Nazis. But Lang's hindsight is, of course, self-serving.

The success of these experiments on a German population already half-crazed by a grinding economic depression can be gauged by the fact that when the Nazis took fingertip control of cultural activity in Germany, they did little to change the content and style of film.

Josef Goebbels himself, an avid film fan, at the height of his power and reaping the rewards of a population prepared for the Nazis by the Weimar film industry, claimed in 1942 that the real "masters" of taking racist themes and turning them into psychologically useful films were not the Germans . . . but the Americans. For it was the method of Harvard's Lindsay and Münsterberg that had been used to remodel the German national soul.

The 'Western' conspiracy

It was not until the 1960s that American film audiences were prepared to accept the hysteria-inducing experiments

performed on Europeans in the 1920s and 1930s. Some crudely racist domestic films like D. W. Griffith's *Birth of a Nation* were popular, but were heavily attacked from many quarters. However, America did have its own Expressionism—the Western—and the success of the genre in manipulating the U.S. population is surely to be numbered among the sources of Goebbels's praise of Hollywood and the school of Münsterberg and Lindsay.

The Western, the "whirlwind of cowboys and Indians," as Lindsay put it in 1916, is the closest thing to a portrayal of the Hobbesian world outlook that was acceptable to American film-goers. In the world of the Western, each man goes around armed to the teeth; if he goes into a bar, someone invariably tries to shoot him, and, relying on some primitive code of honor, he shoots first. If the hero travels, he is constantly threatened by savage creatures (Indians) who want to kill him and his family in various horrific ways, and they too must be shot first. *Every Western*—from *The Great Train Robbery* (1903) to today's sadistic "spaghetti Westerns"—recapitulates some form of this scenario: the perfect "war of each against all."

The Western genre was developed solely for the purpose of psychological war. For well over the first century of American history, the West and the men and women who settled it were always a symbol of the nation's commitment to progress. The most noted example of this was the nationalist circle around James Fenimore Cooper. Around the turn of the century, Mark Twain and other "Gilded Age" authors began the subversion of the symbol, culminating in a direct attack by Professor Frederick Jackson Turner, who held the history chair at Harvard at the same time that Münsterberg and the James brothers controlled the university's other departments.

Turner's famous "Frontier Thesis" completely reversed the commonplace concerning the West, claiming that the frontier was not civilized under the banner of growth and progress but was raped by greedy internal imperialists. Turner's thesis became the corollary of Fabian professor Charles Beard's contemporary analysis that the American Constitution itself was merely a license to steal concocted by the rapacious capitalists that made up the Founding Fathers. Turner and Beard's ideas were both heavily publicized by Henry Adams, a close colleague of the Jameses at Harvard, an adviser to President Wilson, the president of the American Historical Association, and the best-known "intellectual" in America.

Barely had the debate over Turner's thesis begun than film in America became dominated by its false image—an image that has been hammered into the American population unceasingly for the last 80 years. The macho lone individual was turned loose against the prevailing conception of a republican citizenry committed to scientific and technological progress.

(to be continued)

National News

Mini space-platform to be studied

NASA and Fairchild Space and Electronics Company signed a Memorandum of Understanding in late September initiating discussions for a new in-orbit mini space platform to be serviced by the Space Shuttle.

Under the memorandum, NASA and Fairchild will study the potential for joint development of a small space platform to be in orbit and available to commercial customers by 1986. Fairchild would be responsible for leasing room on the platform commercially, as well as providing technical and administrative support for the venture.

The platform, called Leasecraft, would be orbited by the Shuttle and left in space indefinitely. The shuttle would then return periodically to install and remove payloads. The platform itself would provide the payloads with power, stabilization, communications and the ability to change orbit.

The lower cost and flexibility of Leasecraft as compared with satellites that incorporate all of the hardware for the services to be provided by the platform, is expected to attract widespread commercial and government interest.

McNamara: Don't launch on warning

At the Oct. 6 ceremony in Washington awarding the Albert Einstein Peace Award to Vietnam War masterminds Robert S. McNamara, McGeorge Bundy, and Gerard Smith for their spring 1982 *Foreign Affairs* article boosting the "no-first-strike" movement, McNamara called on the superpowers to adopt as well a bizarre doctrine of "no launch on warning."

On this basis, he criticized Soviet objections to the planned deployment of Pershing II missiles in Western Europe. The Soviets say the Pershings would be able to strike so quickly that the U.S.S.R. would be unable to launch its own missiles within the short warning time. "This argument is disturb-

ing," McNamara said, "because I don't believe there should be any launch on warning."

Bundy, in his acceptance speech, said that the inspiration for the *Foreign Affairs* article had come from Kennedy in-law and Democratic string-puller Sargent Shriver. *EIR* correspondent Ronald Kokinda asked Bundy what he thought the effect of his "peace movement" would be on the 1984 elections in this light. "Given the tendentious nature of the question," Bundy replied, "I would just like to say that Sargent did it as a Christian, and not as a Democrat." The audience tittered with disbelief.

The "peace movement" initiated by Bundy, McNamara, et al. is designed to promote an arrangement whereby the Soviet Union condones conventional NATO military aggression in the underdeveloped sector, having been assured that the conflicts will be kept below the thermonuclear confrontation threshold. The Einstein award was set up by Lord Bertrand Russell and the Pugwash Movement in 1955.

Rockefeller group to police Latin America

An extremely high-level "private commission" to deal with problems within the Western Hemisphere—most particularly, the debt "problem" and the "chill" in North-South relations sparked by the U.S. role in the Malvinas war—has been organized over the last few months by David Rockefeller and his (and Henry Kissinger's) crony and long-time Latin America handler Sol M. Linowitz. Funded by the Ford and Rockefeller Foundations and the Rockefeller Brothers Fund, the "Inter-American Dialogue" has been coordinating closely with the administration, according to *EIR* sources; David Rockefeller has met several times with the National Security Council for this purpose. The "Dialogue" commences its official activity on Oct. 15 with a two-day meeting in Washington, and is expected to remain active for at least six months.

Although Linowitz chairs the Dialogue (together with the elderly Ecuadoran statesman Galo Plaza, who travels in the same circles), the operational director of the or-

ganization is Abe Lowenthal, Director of the Latin American Studies Program at Washington's Woodrow Wilson Center. While perhaps less famous than Linowitz, Lowenthal is no less qualified to direct a Rockefeller/Ford-funded, international bank-oriented grouping: after studying political science at Harvard during Kissinger's tenure there, he worked for the Ford Foundation in Latin America before assuming the post of Director of Studies for the New York Council on Foreign Relations, during the period when this group produced its infamous *Project 1980s* series calling for "controlled disintegration of the world economy."

The Inter-American Dialogue is made up of 48 members, half from North and half from South America, including two former presidents (Galo Plaza of Ecuador and Daniel Oduber of Costa Rica), and 13 former cabinet ministers. Some of the more telling names on the membership list include former World Bank President and population war advocate Robert McNamara, former Carter Secretaries of State Cyrus Vance and Edmund Muskie, anti-growth environmentalist (and Republican cabinet member) Elliot Richardson, Notre Dame President Father Theodore Hesburgh, Brazilian Cardinal Arns, the Aspen Institute's Rodrigo Botero, former Argentine Finance Minister Dagnino Pastore, former Mexican Interior Minister (and present traitor) Reyes Heróles, Miami Mayor Maurice Ferrer, Chemical Bank Chairman Donald Platten, World Bank Vice-President Nicholas Barlito Baretta, Father Xavier Gorstiaga of Nicaragua (the continent's most active left-wing Jesuit), and RKO General President Frank Shakespeare of Buckley-East Side Conservative Club circles.

Lew Lehrman's career run by Dope, Inc.

Within a week of his victory in the Sept. 23 New York State Republican gubernatorial primary, Lewis Lehrman announced his policies to break the state's labor unions and condemn thousands of "useless eaters" to the fate they met in Nazi Germany. Lehrman announced he wanted to close half of the

state's mental hospitals, and threatened to "send the National Guard to Harlem" and "clean the barbarians out of the subways."

Lehrman's political career began when Max Rabb joined the board of Lehrman's Rite-Aid drug firm in 1968. Rite-Aid was originally built into a multi-billion dollar business by Lehrman's brother-in-law Alex Grass, a close associate of organized-crime figure Max Fisher.

Republicans sinking with the economy

Republican leaders began, during the week of Oct. 1, to put out surprisingly upbeat forecasts for how the party will fare in this November's elections, reversing past strategy of predicting grave losses so that the actually expected losses could then be played as a victory and a mandate for the Republican administration. Republican National Committee (RNC) Chairman Dick Richards, Senate Majority Leader Howard Baker (R-Tenn.) and House Minority Leader Robert Michel (R-Ill.), as well as Rep. Guy Vander Jagt (R-Mich.), chairman of the Republican Congressional Campaign Committee, went public with predictions of actual gains in the Senate and a minuscule loss (10-12 seats) for the party in the House.

Why this publicly rosy face on prospects? Our sources indicate that privately, there is panic in White House and GOP circles as pollsters brief them to prepare for the worst this November. Thus, an attempt to prevent this demoralizing news from affecting Republican candidates and supporters.

At the same Oct. 4 press conference where Richards presented his optimistic outlook, he announced that he is leaving his RNC post following the November elections—after a weekend of leaks from GOP sources that he was being forced out as a partial scapegoat-in-advance for the now-expected November Republican decimation. (Washington sources report that both Transportation Secretary Drew Lewis and RNC Finance Chairman Mike Curb have turned down offers to replace Richards. Currently in the running are California Republican Committeeman Jack Courte-

manche and RNC Campaign Director Richard Shelby, the conservatives' choice.)

Roy Cohn facing financial scandals

Mob lawyer Roy Cohn, the Henry A. Kissinger intimate implicated in the recent assassination attempt against Club of Life founder Helga Zepp-LaRouche, is faced with some serious scandals back home.

The New York State Tax Commission filed a tax judgment against Cohn's firm, Saxe, Bacon and Bolan, for unpaid taxes. The law firm owes over \$79,000.

Cohn is also being sued for \$1 million by Iva Schlesinger, ex-wife of Permindex, Inc.-linked South African millionaire John Schlesinger. According to New York sources, Cohn's practice of exploiting rich women getting divorces is backfiring in the Schlesinger case. Cohn was Mrs. Schlesinger's lawyer for her 1966 divorce, got her a \$2 million settlement, and then borrowed \$100,000 of it in a 90-day renewable note. To date, Cohn has repaid only \$40,000.

The case broke into the press only recently, when Syracuse, New York judge, John Conway, on special assignment in New York City, accused Cohn of attempting a judge-shopping operation to have him replaced on the case. Cohn had attempted to arrange a court order in Texas for the Di Portanova case he is handling there, stating he had to be in Rome Oct. 6. Judge Conway ordered Cohn to appear in court that date, or pay expenses for all concerned to hold the trial in Syracuse Oct. 12.

Then there is the recent financial collapse of Cohn's favorite charity, Prisoners' Accelerated Creative Exposure, Inc. (PACE) under suspicious circumstances. The PACE board includes terrorist-supporter attorney William Kunstler and H. Bruce Franklin, intelligence agent and Maoist terrorist.

Sources are reporting two possible reasons for the collapse: one, that of the \$200,000 raised at a March 3 PACE affair, only \$10,000 ever reached the organization. The second is that Karamoko Baye, head of PACE, received the funds and promptly de-capitalized with them.

Briefly

● **RON PAUL**, Republican incumbent in Texas's 22nd CD, was running unopposed in this year's election, due to the decision of the Hariman wing of the Democratic Party in Texas not to support the candidacy of National Democratic Policy Committee spokesman Nick Benton. Benton determined to run a write-in campaign Oct. 5, when he learned that Paul had signed Rep. Larry McDonald's (D-Ga.) *New York Times* advertisement attacking Mexican President López Portillo. Paul is also opposed to the space program, federal drug law enforcement, and supports Federal Reserve Chairman Paul Volcker.

● **DEBRA FREEMAN**, who polled an official 19.27 percent of the vote against incumbent Democratic Rep. Barbara Mikulski in the Sept. 14 Maryland primary, has confirmed the probability of fraud in the election results. Freeman's totals in areas in which she campaigned intensively differed by less than 2 percent from results in areas in which she was relatively unknown. A local Democratic official told Freeman that her vote was reduced in areas of strong support, and "padded" in others to give an impression of a "uniform" 20 percent vote, with no areas of strong support. He estimated that Debra Freeman's vote was actually as high as 35 percent.

● **RICHARD BURT**, former Assistant Director of the London International Institute for Strategic Studies and correspondent for the *New York Times*, is having confirmation of his promotion from State Department Director of the Office of Politico-Military Affairs to Assistant Secretary of European Affairs held up by Sen. Jesse Helms (R-N.C.), who says Burt did "grave security damage to his country" by a *Times* article in 1979. The article allegedly revealed highly classified information on a new U.S. satellite verification system for the SALT treaties.

Editorial

'What are friends for?'

The gang of oligarchical thugs which has put the once-vibrant U.S. economy to rest, is having a big problem with the governments and nations of Ibero-America. Namely, those nations are refusing to roll over and die. The matter revolves around the debt question, of course. The affair is proceeding with a touch of high drama.

First, there was the \$250 billion Ibero-American debt owed to the loan sharks "uptown." The loan sharks had lent to the storekeepers "downtown" at 20 percent interest. They also had not a few of the storekeepers' helpers, from the soda jerk to the cashier, working for the mob, stealing the money from the cash register and sending it back "uptown." They called it "capital flight." Between "capital flight" and interest rates typical of loan sharks, the storekeepers had no money to meet the next payment to the loan sharks when it came due. So, the mob bosses "uptown" decided to make an offer: "We'll loan you more money if you reorganize all your stores, fire half your employees, cut the salaries of the rest in half, let us repossess your house, and forget that next baby you were planning, okay? . . . and one more thing—I want that soda jerk to be appointed to top management."

So, one of the storekeepers, José López Portillo of Mexico, got all his people together and said: "No go!" He kicked out the soda jerks, he nationalized Mexico's banks, and told the mob "uptown" that he will only consider paying them back if all the stolen money, the "flight capital," were returned to him. His actions stirred the entire continent. "Uptown," awash with rumors of an impending "debtors' cartel," was thrown into hysterics. The kapos assembled their enforcer teams ready to send them "downtown." Meanwhile, "downtown," millions of people were out in the streets, in support for López Portillo and in rage at the mob.

A *consiglio* of the families was held that night. The heads of all the families were there. The Cabots, and the Lodges, and the Lowells, and the Rockefellers, the Mellons, the Moores, the Biddle Dukes, the Harrimans, the Hannas, the Morgans, the Peabodies. And others. Also, the really classy families: the Windsors, the Spencers, the Barings, the Cecils, the Marlboroughs. From Europe, you had the Wittelsbachs, Witt-

gensteins, Orleans, Saxe-Coburgs, Hapsburgs, Hohenzollern, Thurn und Taxis, de Benedettis, Savoys, Pallavicinis, Colonnas, and many others. Reversing mob etiquette, they all wore black suits and white shirts. The *consiglieri* were there: Kissinger, Lord Carrington, George Shultz, Sol Linowitz, and others. In an atmosphere of doom, the most senior of them, the Godfather, said quietly: "This is serious. Call off those crazy hot-heads of yours and make sure they're not seen by the crowds. We are going to pick them off one by one. Don't let the Latin Americans gang up. We got to pick them off one by one." The next morning, the *New York Times* announced: "The Latin American problem will be studied on a case-by-case basis."

Then, the elderly Godfather continued: "And by the way, David, it will be a good idea to start up some, you know, dialogue, consultation, until the crowd breaks up and the people go home. We got to pick them off one by one. This guy Linowitz, the Windsors' *consiglieri*. He can set up that sort of thing. You put up the money." "Yes, boss," said David Rockefeller.

On Oct. 7, 1982, Sol Linowitz held a press conference in Washington and announced the formation of the Inter-American Dialogue. The purpose of the project is to reaffirm the traditional friendship between "uptown" and "downtown." Linowitz praised the United States' great friends in Latin America. From "uptown" the list included Robert McNamara, who in past public statements said he wanted half of Mexico's population dead. This qualified him as a friend of the remaining 30 million Mexicans. There was also Edmund Muskie, the Secretary of State who issued the *Global 2000 Report* calling for the killing of 2 billion human beings in the world. Chalk up Muskie as a friend of those who are not immediately killed.

So, Ibero-America is now given a remarkable choice: the murder of its leaders, or "friendship" for those who might survive the mob's slaughter. calling for the elimination of the top two dozen leaders of Mexico.

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