

EIR

Executive Intelligence Review

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EIR

From the Managing Editor

From several directions, this issue of *EIR* presents the policy options confronting the West in a world that has already been vastly changed for the better by Ronald Reagan's March 23 announcement of a new U.S. strategic doctrine.

The first option is the one the President has begun to pursue: using advanced technologies to ensure that the world is no longer held hostage to "the balance of terror." The second option is "arms control" in the old framework of Mutually Assured Destruction. It amounts to a campaign to "save the missiles" from beam-weapons defense, "save the Kremlin" from the prospect that the United States will regain its technological and scientific leadership, and "save the snaildarters" from the great industrial revolution that an all-out beam weaponry program would entail.

Economic policy is at the heart of these options. The second option is the option of the self-described Malthusians, instigators of "the decline of the West" over the past two decades. In this week's Special Report, we continue our documentation of how the Green Party in West Germany was created by those Club of Rome networks, who advocate eliminating billions of people in the developed and underdeveloped sectors, and we show how the Greens were coached by unreconstructed Nazis who maintain their hatred of industrial capitalism and economic progress.

This is an appropriate moment to point to *EIR's* record. We were the first to identify the Greens as Nazis in mufti; Green parliamentary spokesman Werner Vogel has now been exposed as a veteran of Hitler's "final solution" apparatus. *EIR's* LaRouche-Riemann economic model has projected that the U.S. economy will not recover until its industrial base is revived and transformed; in this issue, we present the evidence that this year, not even a superficial "consumer-led" recovery occurred.

Above all, along with *Fusion* magazine, we have been the only journal aggressively urging a beam-weapons ABM strategy. We expect that many of our readers will share our sense of accomplishment, and, as well, our sense of urgency about a full "crash program" for nuclear defense to carry out President Reagan's commitment.

Susan Johnson

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Steven Bardwell/NSIPS

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The debt crisis spreads to Western Europe

by David Goldman

As Mr. Carlo De Benedetti of the Olivetti Corporation argues elsewhere in this issue, not merely France but also Italy is in line for the "Mexico treatment" now being accorded the Mitterrand government in Paris. With the descent of one of the big industrial nations to the status of financial victim, the world financial system resembles the chaos of the Roman arena, with the Bank for International Settlements in the role of the Emperor Nero, directing the slaughter.

A phase-change in the world monetary system is now taking place, as this publication projected for the March-April 1983 period in analysis published last summer and fall. The rise in American interest rates by about 1 percent over the past month marks the end of a desperate holding operation conducted by the Federal Reserve and the Bank of England, which re-liquefied the world monetary system at the cost of the fastest rate of reserve creation on the recent record (see Domestic Credit). This occurred against the background of a 2 percent decline in international reserves during 1982 reported in late March by the International Monetary Fund—the first such decline since 1959, and a crude but useful measure of the extent of the world liquidity crisis.

The Federal Reserve's bluff was called early in the month by the Dutch-German-Swiss central bankers' group which the London Financial Times March 22 dubbed "the disciplinarians," linking it to the monetarist faction in the United States which now demands Federal Reserve stringency. Treasury Secretary Donald Regan's warning March 21 that the rise in interest rates is the result of excessive money supply growth indicates the present dominance of the "disciplinary" group.

The rise in interest rates intersects the end of the "recovery" euphoria, and the potential for a drastic decline in U.S. output levels documented in this issue (see article, page 11).

Since the Feb. 10-11 Interim Committee meeting of the International Monetary Fund, which failed to call for easier monetary conditions and nearly failed to reach any agreement at all to increase member contributions to the IMF, a political shift has occurred. The Wagnerian outlook expressed by Bank for International Settlements President Fritz Leutwiler in an interview *EIR* was first to release by in our March 1 issue, has now spread to Bonn with the new Kohl government. The Swiss and allied monetarists in the United States have seized upon the Federal Reserve's frantic effort to postpone the crisis via the printing press to argue, convincingly in some circles, that Volcker's quack remedy is the cause of the disease—that explosive monetary growth is the cause of higher interest rates.

That is bunk: interest rates are rising despite the Fed's extraordinary actions because the U.S. Federal government is attempting to borrow about \$100 billion this year in excess of normal income or credit-creation sources, and because the developing sector is attempting to roll over about \$90 billion in short-term credit during the present quarterly closing date. Not only are Argentina, Venezuela, Peru, and Uruguay, which declared moratoria on short-term principal payments early in March, in trouble; Brazil is falling into arrears, and has no prospect for finding the resources to cover them.

However, seen in the ideological distorting mirror of the U.S. Treasury, Leutwiler's cynical argument appears credible: money supply growth must be contained. At the same

time, the Swiss-German-Dutch bloc enthusiastically opposes additional resources for the International Monetary Fund (beyond the 47.5 percent quota increase agreed to on Feb. 11), siding with the Beryl Sprinkel monetarists at Treasury.

Crisis at Williamsburg

These ingredients may brew up "the last big blowup between the United States and Europe before there is real monetary trouble," according to the author of one of the widely circulated plans to refinance the banking system. Belated preparations in the U.S. administration to offer some combination of debt relief and officially supported rescheduling along the lines proposed variously by Felix Rohatyn, Peter Kenen, or the National Security Council's Norman Bailey are in progress, although it seems unlikely that an adequate plan might be formulated in time. This is an active fear among senior administration officials.

At present, the White House has ruled out any compromise of American sovereignty, i. e., additional powers for the International Monetary Fund or Bank for International Settlements; a major factor is the continuing emphasis of these institutions' bureaucracy upon reductions in the American defense budget, which President Reagan will never agree to. Nonetheless, a faction of the administration centered around Secretary of State George Shultz and Commerce Secretary Lionel Olmer argues that the administration will have no choice but to agree to supranational controls over economic policy as the crisis worsens.

This perspective is circulating outside the administration in the form of an Atlantic Council policy paper entitled "The International Monetary System: Exchange Rates and International Indebtedness," which proposes "coordination of fiscal and monetary policies," (a euphemism for International Monetary Fund surveillance with teeth); an increase of resources of the IMF; and coordination of intervention in the foreign exchange markets, with target rates for currencies. All this amounts to turning management of the world economy over to the IMF, the public mask of the "Neronic" Bank for International Settlements.

Writing in the March 21 *New York Times*, commentator Flora Lewis portrayed the trade and currency crisis as the opening of a major strategic break between Europe and the United States. In an op-ed entitled "Money and Allies" she wrote, "Europeans agree that . . . it is Washington's 'benign neglect' from Carter to Reagan that has caused the European currency crisis. . . . Without some U.S. cooperation, [the EMS] isn't strong enough to work effectively. The rejection of European pleas for the U.S. to join in some international monetary rules to replace Bretton Woods was a key reason for the fiasco of the Versailles summit." Williamsburg, she said, will collapse into haggling unless the United States listens to European requests "for the United States to accept responsibility of the dollar's role in the world. . . . U.S. industry will also be affected. . . .

"It should be a warning to the United States that allied

cohesion is not only a matter of confronting the Russians, . . . but coordination on money and trade, as well as defense."

The Olmer argument

Inside the administration, Undersecretary of Commerce Lionel Olmer is arguing that the United States must reverse its policy of non-intervention in currency markets, and plunge into a supranational deal to manage currency rates. According to an Olmer aide, the argument is that "if the dollar does go up any further, there are going to be people in the administration who are going to push the idea that the United States must get involved in managing the currency system. Olmer would have argued this openly in his testimony recently, but we had to adhere to the administration's public position. Not having the dollar connected to the other currencies is bad for U.S. trade. A strong dollar is bad for U.S. exports. George Shultz is also getting more outspoken about this issue. He's saying we need coordination of exchange rates. Special Trade Representative Bill Brock, too. All the trade people are concerned about it. Olmer thinks something must be done."

This group in the administration is telling Reagan that floating rates are wrecking free trade, and threatening him with world protectionism just like in 1929. "The problem is that we can no longer have both free floating rates, and free trade," he said. "Rates are no longer determined by trade flows, but by huge flows of speculative capital. If we just let the market move the rates, they just move speculatively, and the rates are wrong with respect to real trade in goods. Then, countries react with protectionist measures to protect their trade. Speculative capital flows are swamping the boat of world trade. Can we sacrifice our trade?"

Bank of England analysts, who originated the currency-coordination plans, now despair that any such measures will be able to broach the crisis that the world is entering.

"We would like to be able to do something, but it seems to be going in the other direction," said one economist close to Bank of England management. "All the studies done post-Versailles on currency intervention show that intervention is not effective. What is being said now is that the Europeans have had their own experience of fixed rates and it's fallen apart from under them. That's not an encouraging background. I can't see what they can do, unfortunately. There will be a lot of noise about it, perhaps even talk about bands [of fluctuation] and so forth, but they cannot come up with anything workable. There just isn't any way to do it."

Nothing short of an agreement to back an ambitious "Great Projects" approach to the developing sector, such as Japan may propose at Williamsburg, will revive world trade (see article, page 10), and this cannot be financed short of a commitment of gold reserves to cover major nations' current-account deficits. Otherwise the United States must either turn its sovereignty over to a supranational body such as the IMF, or accept the diminished status of a continental power, a "Fortress America," in a worsening world depression in either case.

Olivetti chief says disaster is inevitable

Carlo De Benedetti, managing director of Olivetti Corporation and a member of the international board of directors of Morgan Guaranty, was interviewed by Executive Intelligence Review correspondents David Goldman and Bonnie Mesaros after his speech "Toward a new model of world economic development" at Columbia University in New York City on March 22.

EIR: In [the Italian daily] *La Repubblica* of Sept. 17, you said, "The ruling classes of the Western countries know that they cannot present the facts and figures of the 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." Could you tell us more about the crash we have to have before all the nice things you are talking about happen?

De Benedetti: I want to take this opportunity to confirm substantively what I told *Repubblica*. Everybody sees that the LDC's can never repay their debts. Mexico has a debt service ratio of 160 percent, and that is with an oil price of \$32 per barrel; now it is much worse. It is clear that Mexico cannot pay. Neither can Brazil, Argentina, or Poland. And it is not just them; in Italy, 20 percent of our exports are dedicated to paying debt service; that is a very dangerous situation.

So what will happen? The banks don't want it, the governments don't want it, and the populations don't want it. That doesn't mean there won't be a crash. It could happen by accident, or by political action. Let us look at the case of Mexico: Mexico has to be saved by the United States, or the U. S. banks will go bankrupt. But there are big social and political problems in Mexico. So the danger can come from social and political events in Mexico, or other places. In any case, the system could fail to react fast enough to a financial problem, and there would be a crash.

The other alternative is to accept that they won't pay, and reschedule the debt, which is simply to accept that they won't pay. That is the homeopathic solution, and it is not clear that this will be accepted.

EIR: You have opposed bailouts of failing industrial companies; are you also against bailing out banks to avoid a crash?

De Benedetti: What does bailing out banks have to do with preventing a crash? This is an entirely different issue. Bailing

out banks doesn't avoid a crash. The internal debts of most countries are more serious than the external debts. I will not say anything about the United States, since I am an Italian citizen, but in Italy our debts are equal to 75 percent of Gross Domestic Product. Who will pay for this? The taxpayer will. I don't think nationalization of the banks will make it better. The governments are doing worse than the private sector anyway.

EIR: Mr. De Benedetti, what deal did you strike with [Italian Communist Party leader Enrico] Berlinguer? He can't open his mouth any more without talking about the proposal of your colleague at Olivetti, Sen. Bruno Visentini, for a government of technocrats, and he made a big point of it at the last party congress.

De Benedetti: I am not a spokesman for Mr. Visentini, but I support his plan, so I will talk about it. Of course, this is not a government of technocrats; that is just how the plan is sold by the politicians. The problem starts with parties in Italy. For the past 35 years of our first democracy, we have had not an administration but a regime. In a democratic society there is no alternative to what we have, because the only alternative is the Communists, and no one wants them; if it came down to a choice, they would have much less than 33 percent of the vote. . . .

So when you have the same regime, the parties defend themselves, they do not fear an alternative; they develop worse and worse habits, they become more corrupt. I don't blame them, no one wants to resign, but the Italian problem is the consequence of our own stability. I spoke with my friend Helmut Schmidt in New York this week and he said, "You know, Carlo, Italy is the most stable country in Europe; and that is because things cannot change!" I am not joking; it is tragic, it is a very negative thing.

The idea of Visentini is good theoretically, but its problem is that it is impractical; no class ever eliminated itself, they are only eliminated by war, revolutions, or crisis. It is a good idea, and I am totally in favor of it. We must have it on hand in case of a big crisis, such as a financial collapse of the internal debt, or social events out of the normal; this would make it possible to change the social class.

Now, as for Berlinguer; after my friend Mondadori, the publisher, asked me to have the television interview with Berlinguer, just because I was on television with Berlinguer, people think I am a Communist! I am not; I think our system is the least bad system, and I go to the East bloc all the time, and it cannot compete with ours. Berlinguer needs it for marketing. A politician is a salesman. Salesmen sell soap, they sell a product. Politicians also sell a product; they sell liberty, freedom, growth—I am not joking! The Communists are in big trouble to find a product to sell which is credible and which people want to hear. They can't sell the East bloc model anymore. Now they are trying to find a way to say they are "*reformisti*," not Communists. They've got 33 percent of the vote, so they have to do something with it.

The options for France: Third World alliance or an IMF receivership

by Laurent Murawiec

France is poised to be placed under the receivership of the International Monetary Fund (IMF) and the Bank for International Settlements (BIS), the first OECD nation to be dealt the treatment hitherto reserved for bankrupted developing nations.

Through the drama of a parity readjustment within the European Monetary System, France is to be the first, but will by no means be the last industrial nation to be wrecked in this fashion. Allies of the IMF inside France are already predicting "riots and social chaos by next June."

The austerity drive

Speculation against the French franc had been causing continuous, massive outflows of foreign reserves, as the Banque de France intervened to support the currency against short selling based on the idea that devaluation could not be avoided. During the week of March 3-10 alone, the central bank lost close to \$3 billion dollars—compared to the \$4 billion receipts of the "jumbo" loan borrowed by the Republic last fall on the Euromarkets.

Despite the Banque's brutal handling of speculators, as overnight Euro-francs, cornered by the central bank, hit unheard-of levels of 6,000 percent—15 percent a day—the short selling turned into a hurricane.

The European Community negotiations on European Monetary System (EMS) parities held in Brussels revolved around this: West Germany was going to "help" France with a face-saving device—an upvaluation of the deutschemark simultaneous with a devaluation of the French franc, in order to spare Mitterrand and Prime Minister Pierre Mauroy from their third unilateral devaluation in a year and a half—at a price. While the German press dropped all diplomatic pretense—"the problem is that the French refuse to acknowledge the failure of their policies"—West German Finance Minister Gerhard Stoltenberg's demands singularly enhanced the position of France's Finance Minister Jacques Delors, who has for months tirelessly advocated the same austerity policy his German colleague was demanding.

The monetary crisis, of course, intervened in the thick of the jockeying associated with the government reshuffle in Paris after local election losses by the Socialist-led majority, which was widely interpreted as a manifestation of general

discontent in the population.

At the high cost of a budget deficit that quadrupled within two years, a trade deficit that trebled, a rate of inflation that even price controls and closely supervised wages could not keep from remaining in the vicinity of 10 percent per annum, and a stagnation and decline of industrial investment, the Socialist government only managed to halt the increase in unemployment. The industrial policy has been a mixture of hollow promises, outlays in moonbeam "telematique" gadgets, and deficit financing for public corporations.

If President Mitterrand's foreign policy has had some very definite thrusts in the direction of economic development of the Third World, that is by no means the case for his domestic policy. The Socialists have presided over an accelerated de-industrialization. Mitterrand's Jesuit-run and Swiss-controlled Finance Minister Delors, after presiding over the vain short-term largesse of the first few months of the presidency, is now tightening the noose around the productive economy.

In short, the manifest failure of the Socialists' economic policy—a failure of which this journal has been forewarning since Mitterrand came to power—has been turned into the instrument of various domestic and international political factions for wrecking the Fifth Republic as a whole.

The reshuffle and the bankers

The British press—traditional friends of a vanquished France—leaked in mid-March that the IMF staff had already completed a study of a loan package for France. The IMF's European desk, led by deputy director Alan Whittome, arrived in Paris on March 21 for the propitiously timed annual "surveillance" review. The contents of their talks with French Treasury officials were detailed by bankers, one of whom explained that "France's creditors want the French to be more serious about an austerity program. For that, the act of going to the IMF is what is needed. It will show people that France is serious about implementing austerity."

A leading Paris commentator summed it up most aptly as "handing over the government of France to the dictatorship of [IMF managing director] Jacques de Larosière, now about to be entrusted with the job of inflicting the same ugly conditionalities which are usually reserved for application to the

Third World on his native country.

Since France will ask the European Community to extend a \$4 billion loan, it is the EMS and its extremely conditional medium-term financing facility that will do the IMF's dirty work immediately. The extent of the fundamental French bankruptcy is such, however, that far less than a year will elapse before international banks demand that whoever is then France's Prime Minister go and beg at the doors of the Washington headquarters of the IMF. "There is no way France could get a new Euromarket 'jumbo' unless they acquire the IMF's seal of good [that is austere, deflationary] conduct first," another banker stated.

The components of the austerity demanded have already been made known: "balance" the budget of the huge, state-run social security, public health, family benefit and unemployment benefit agencies, i.e., very severe cuts in benefits and sizeable increases in fees paid by beneficiaries; reduce price subsidies and rip up the systems of subsidizing credit and investment for industry; cut the large State investment programs; pump large amounts from the population's purchasing power with increased taxes, direct and probably indirect (value added) tax and, in short, "reduce the trade deficit by reducing imports." A government official explained: "If 40 billion francs are pumped out of purchasing power, imports will drop by 25 billion and return to more manageable levels. For this, we must engineer a recession, a contraction of at least one year."

Far from being a return to policies favoring industrial investment and the growth of productivity, the accentuation of austerity—christened "rigor" as in "rigor mortis" by a finance minister imbued by his Jesuit mentors with notions of redemption-through-sacrifice—and the return to IMF-cherished "orthodoxy" will mean further destruction of the productive powers of the nation. Nothing could have been more revealing than the sudden statement issued by Marcel Boiteux, the head of Electricité de France (EDF), the giant utility which is the Western world's biggest single operator of nuclear power plants, that "our nuclear program is going to have to be shortened at the top."

The results of the government reshuffle further confirm this orientation. Jacques Delors is made into something of a "super-minister," with the Ministries of Economics, Finance, and the Budget regrouped directly under him—a dictatorial power both in political terms and with respect to the economy. De Larosière's local agent thus comes out the winner of the crisis. His former budget colleague Laurent Fabius, a monetarist whiz-kid who joined the Socialist Party out of unmitigated careerism, takes the all-important Ministry of Research and Industry, traditionally the bastion of the "productivist, industrialist, Colbertist" faction of the civil service, which seals the fate of the country's positive industrial policies. The departure of blustering Jean-Pierre Chevènement, a left-wing Socialist faction leader, simply con-

firms what the angry chief executives of national and nationalized industrial corporations were repeating over the last months: his absolute failure to put any of his attractive words into deeds.

Delors and Fabius are thus the appointees of the IMF's de Larosière and BIS head Fritz Leutwiler. Their job was described by an American Banker: "No, not like Brazil. The banks are treating France *exactly like Mexico*." Prime Minister Mauroy has been maintained primarily for political reasons—it is thought that his popular brand of "socialism" will for the moment be best suited to inducing the population to swallow the bitter pills of austerity.

Mitterrand's posture: head of a banana republic?

The artful way in which the new government has been composed betrays the inner workings of François Mitterrand's mind: rather than facing the real issues of the crisis, the president has responded with petty politicking. He has shrewdly placed his arch-rival Michel Rocard in the perilous job of agricultural minister—a move intended to ruin his young rival's career. Mitterrand's loyal ally Pierre Beregovoi, a tough party-machine operator close to the Grand Orient (the French-dominated international Masonic lodge opposed to the British Scottish Rite) has been also given a job as a "super-minister" in charge of all social and related affairs, which gives him control over a gigantic, if shrinking, financial and social empire. Beregovoi is clearly intended to "balance" Delors.

Paris sources report that Mitterrand intends to "wear and tear" Mauroy, squeeze Mauroy and his allies, and drop the lemons towards year-end, when both Mauroy and his Communist team-mates have made themselves utterly unpopular. Meanwhile, he is pushing forward some of the Socialist Party's leading leftists loyal to him, such as party number-two leader Jean Poperen and parliamentary chief Louis Mermaz, in order to control the rank and file's inevitable radicalization and discontent.

The byzantine, futile nature of such all-too-skilled maneuvers will shortly be exposed, as soon as speculation against the franc resumes—within weeks at most—and the pressure for another reshuffling combined with a larger devaluation and tougher austerity increases. A "controlled disintegration" of the Socialist regime, and the institutions of the republic, would then unfold.

Remarkably, while the monetary-political drama was shown at the center of the stage, Foreign Minister Claude Cheysson exhibited a momentous change in the tone of his diplomacy, freely admitting "the failure of the French experiment in trying limited growth on its own," and calling for "a deal at world level" for "a new monetary order," phrases which could as well have been written by U.S. Secretary of State George Shultz—and probably were.

Also, it was learned simultaneously in Paris that the 1983 campaign of French experimental nuclear tests in the Pacific—crucial to develop France's nuclear arsenal—were once more cancelled for the year and postponed to 1984 for budgetary reasons.

It is no accident that following Fritz Mondale's mid-March visit a cartload of Anglo-American and related controllers of international affairs landed in Paris to present Mitterrand with "an offer he cannot refuse." Henry Kissinger, Lord Carrington, Arco-Aspen magnate and Malthusian fanatic Robert D. Anderson, Pehr Gyllenhammar of Volvo, and Dope Inc.'s Sir Y. K. Pao showed up in Paris before the dust of the government reshuffle had had time to settle. Kissinger had the gall to tell Mitterrand to his face that he "had not been my first choice for President of France"!

But Kissinger's remarkable arrogance, with all the memories of the Fourth Republic it conjures up—when France's rulers had to give foreign creditors a tour before being appointed—aptly represents the state of affairs. Whereas in his late 1982 New Delhi speech, Mitterrand had raised high hopes in the developing sector that France, in the tradition of General de Gaulle, would be the Third World's prime ally among nations of the North in the fight for a New World economic order, Mitterrand was now being told by the Kissinger group that if he joined in their plans to force the Third World under total austerity, some relief might be arranged.

Whither France?

France's fate is not merely France's affair: France's international role, or the lack thereof, is too important for the rest of the world. The imposition of dictatorship by supranational institutions there would be a grave blow to the potential for a New World economic order.

Within the country, three political forces are poised to fight savagely for control of the wreckage: the Gaullist-led opposition, the so-called "center-left option" groups, and the forces of radicalized chaos.

Waiting for their turn to come, the innumerable groupings of the center-left, under the banner of a complete return to the Fourth Republic, have already voiced their ambitions to provide an alternative as soon as the left-leaning Mauroy and the Communist Party are out of the way. Whatever the particulars in that kaleidoscope, where corruption is the alpha and omega of life, Jean Riboud, a friend of the President as well as chairman of the Schlumberger, Ltd. interests—a representative of the Geneva-linked Protestant financier interests that have exerted a controlling influence over French affairs for over four centuries—is one of their main controllers. His own control over a president who might well retreat into his "inner literary life" in reaction to shocks inflicted by a reality which he does not fully grasp, is redoubled through special presidential adviser Jacques Attali, an unstable and dangerously inept ideologue.

A second group is the present opposition, whose recent, substantial local election gains have encouraged it to set its aims on petty political advantage, has seen its hopes of returning to power reinvigorated by the currency crisis and its outcome. While former Prime Minister Raymond Barre, who has assiduously cultivated Swiss and Anglo-American financier interests since his fall from power in 1981, is posturing as the future savior, riding the crest of a wave of even-tougher austerity, the more palatable, anti-Malthusian neo-Gaullist leader Jacques Chirac seems to be profiling himself as yet another proponent of one or the other brand of austerity, rather than pulling around him the "productivist" forces, which remain socially and politically powerful.

Reports have it that Chirac's party, the RPR, intends to launch a strategy of disintegration of the National Assembly by the fall: RPR members of parliament would resign one by one, provoke by-elections, and be triumphantly returned, with the demonstration that the government is totally rejected by the population. It is hoped that early general elections would then be called, which would sweep Chirac into power.

Such a strategy would be playing with fire in the present climate of radicalization—the "third option."

Some leading French and Swiss-related oligarchical circles are already announcing their intent to replay to the full the scenario for the Jacques Necker-led upheavals of 1789 in France. One of these explained, as noted above, that "by May or June, there will be riots in the streets; social chaos will sweep the country." Many of the ingredients of such an explosion are already present, and the economic and social decay fostered by austerity will both increase them and provide the sparks to ignite the whole. François Mitterrand must already be remembering the tired facial expressions of Salvador Allende towards the end of his rule.

Is that to say that France is necessarily headed for civil war? Not quite—not yet. The powerful military, which has more of a say in public affairs than at any other time in the 20th century, save for the last years of the Fourth Republic in 1954-58, provides a stabilizer to a society that is otherwise starting to dangerously wobble. Some already plan for a greater degree of intervention by the military leadership. As a guarantor of France's sovereignty, the military might indeed have to step in at some point.

Yet options exist that the French president might still seize to save both his country and his career. France—now being treated "at the level of Mexico"—can and should join the organizing for a debtors' cartel, organizing which is the thrust of policy among key leaders in Ibero-American nations in particular. France can appeal to like-minded forces in West Germany who reject the de-industrialization and the strategic neutralization of which both nations are threatened. In combination with West Germany, France has a powerful potential to develop new military technologies, ensuring both nations' sovereignty—and economic welfare.

Japan to propose global 'great plans'?

by Daniel Sneider

The Japanese government is working on a proposal for revitalizing the world economy through "a gigantic multinational public works program," according to government sources in Tokyo March 17. According to Kyodo news service, Prime Minister Yasuhiro Nakasone is planning to present this proposal at the May summit meeting of advanced industrial nations in Williamsburg, Virginia.

The proposal—already known as the international "New Deal," according to Kyodo news service—calls for international collaboration in a series of massive infrastructural projects in various parts of the world. The concept of a fund for infrastructure development was first proposed by the former chairman of the Mitsubishi Research Institute, Masaki Nakajima, who called it a "Global Infrastructure Fund" (GIF).

"The projects that have been considered include the construction of a second Panama Canal, the building of a huge hydroelectric power station in the Himalayas, greenification of the world's major deserts, and the trapping of sea currents for power generation," Kyodo reported. "Other projects raised as 'possible targets' for the international New Deal include the digging of a 170 kilometer canal through Thailand that would shorten maritime transport between the Indian Ocean and the South China Sea, the building of an artificial lake in central Africa by trapping waters of the Congo River in order to improve the natural environment of the region, and installation of solar fields in remote communities to generate electricity." These are the core projects proposed in Nakajima's GIF plan. (see *EIR* Feb. 23, 1982 cover story for a full analysis of the GIF plan.)

Government sources in Tokyo argued that the current world recession rivals the Great Depression of the 1930s, and that therefore the kind of major investments undertaken by Franklin Roosevelt's New Deal are required, this time on a global scale, to get the economy moving again. The Nakasone government, sources said, is working on how to raise the funds necessary to get the projects off the ground, from which point private capital could play the major role.

Trial balloon

The Japanese proposal is viewed by analysts here as a "trial balloon" being floated by the Nakasone government. They want to see if there is a favorable reaction in Washington; if there is, they are more likely to make an official

proposal at the Williamsburg summit. The government sources in Tokyo said that if the ODECD leaders at Williamsburg agreed to it, Japan would propose an international forum of experts later this year to hammer out the details of the New Deal concept.

According to sources at the Mitsubishi Research Institute, there is widespread discussion of the GIF proposal within the Japanese government, and the teams have been set up in various ministries, including the Ministry of International Trade and Industry, to prepare the GIF proposal for presentation at Williamsburg. However, those sources say, a final decision has not yet been made by Nakasone. Nakasone will meet with advocates of the GIF the week of March 21, including Nakajima and E. Saito, the chairman of the Nippon Steel Corporation, to discuss the plan.

In February, a Japanese team of business leaders, led by former Nippon Steel chairman and current Chamber of Commerce and Industry head Shigeo Nagano, visited Washington and Panama to discuss carrying out the first stages of the project to build a second Panama Canal which would be able to handle large ships. The delegation met with, among others, Secretary of State George Shultz, Commerce Undersecretary Lionel Olmer, and William Middendorf, U.S. ambassador to the Organization of American States. Sources in Tokyo report that there was a favorable reception to the second Panama Canal project in the White House.

Fear of financial collapse

The impetus for the Japanese government to adopt the GIF as its proposal at Williamsburg comes from deep concern in Tokyo over the state of the world economic collapse. Japanese business circles do not believe in the promised U.S. "recovery" and are apprehensively watching the deepening debt crisis in Ibero-America. The government has ordered the business sector to gather all information possible on the debt crisis; it has even gone so far as to set up a command center in Tokyo consisting of more than 200 Japanese banks and trading companies for this purpose. One Japanese government official told *EIR*, "This is a counter to the Ditchley Group" (the Chase Manhattan/London banks-led group of bankers that is "gathering information" for the purpose of hitching private banks to the International Monetary Fund's austerity conditions.) Both this official and numbers of private Japanese bankers have told *EIR* they consider the IMF's policies "unsuitable" for achieving economic recovery in the debtor nations.

The finance ministry has already declared 20 developing countries as "high-risk" areas, and ordered the private banks to set aside reserves in anticipation of possible default. But there is wide concern that the depression will only deepen if the banks simply pull back and do not help stimulate new investment to increase the export capacity of these countries. The GIF plan is one leading idea for pumping new credits for development into the developing sector which is being studied in Japanese government and business circles.

Housing, auto, consumer sales: statistics reveal no U.S. recovery

by Leif Johnson

As the depressing economic news for March begins to filter out, Americans will learn that there was no recovery even during January, February, and March, when the financial and daily press were so loudly proclaiming it.

They will learn that there was no recovery in consumer sales, no recovery in auto sales, no recovery in housing sales, or in housing starts. They will find persistently high, if not rising, unemployment, continued chronically depressed steel production, and a near disaster in the machine tool industry.

Americans will start to realize that the heralded "recovery" was nothing but a short-term inventory buildup that leaves the economy in a worse state than when the buildup began in January.

This report analyzes the real consumer purchasing figures for the first two months in 1983, showing what made the bubbling headlines that were designed to prove the "recovery." Then, examining the real unemployment and personal income figures, we demonstrate why a "consumer-led recovery" could not have, and will not, occur.

We also recall who fostered the "recovery" during September and October of last year, and look at the state of the basic industrial sectors of the domestic economy to assess their potential course over the remainder of 1983.

The seasonally adjusted housing boom

On March 16, the Associated Press wires hummed with a story that began, "Surprising even their own trade group, American builders began work on new houses and apartments in February at an annual rate of 1.76 million units, the highest level since 1979, the Commerce Department reported today."

The story continued, "The February figure, which was 2.9 percent above January's rate of housing starts, was the latest indication of the growing strength in the housing sector that is a major reason for the economic recovery now getting under way." Michael Sumicrast, chief economist of the National Association of Home Builders (NAHB) is quoted exulting, "I didn't think we could continue to produce at these levels but it seems I was wrong."

A week later, Lyn Michaelis, manager of economic analysis for Weyerhaeuser Company, the lumber products giant, told the *New York Times* that Sumicrast was being much too

cautious. Instead of Sumicrast's 1.44 million new housing starts forecast for 1983 (just upped from 1.36 million) Michaelis forecast 1.6 to 1.7 million new units. Not to be left out, Wharton Econometrics added their 1.7 million forecast to the chorus of bulls.

Both the quoted statistics and the enthusiastic industry spokesmen's statements could not have been more misleading. The actual total of building permits for new housing in February was 95,300, which would, if maintained for the rest of the year, produce 1.14 million units, only the slimmest fraction above the 1.06 million units built in 1982, which was the worst year since 1946, and less than half the number of units produced in 1972.

February's building permits for new housing were 3,000 higher than January's 92,300 permits and 12,400 over December's 82,900. But February was considerably lower than November, which registered 108,500 permits and October, which posted 110,500 permits (see **Figure 1**). The tendency shown in these figures—the time span is *too short to define a trend*—is a temporary stabilization of the homebuilding industry, albeit at a very low level.

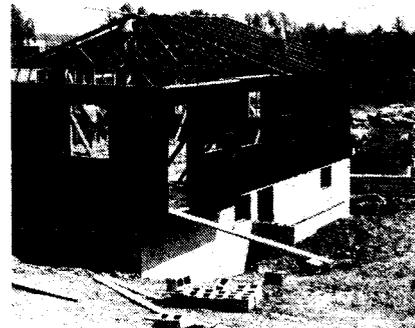
These figures measure, not housing production as such, but the intent to build housing, as collected from the county or city officials who issued building permits. They are called housing starts; it is assumed that the structure will be completed. In normal economic conditions, this is generally the case.

What has produced the euphoric outbursts in the press is the statistical manipulation known as "seasonal adjustment," a device used to even out seasonal fluctuations in monthly figures caused by weather, Christmas season buying, and so forth. Asked his opinion of the seasonal adjustment process, one Washington statistician with a decade of experience in housing statistics exclaimed: "I don't trust season adjustment as far as I can throw it . . . and I wish I could throw it."

The statistician pointed to the case of the 63 percent increase in housing starts in the New England region reported for February over January, which resulted from the "seasonal adjustment." The raw figures showed an increase of from 5,400 units started in January to 7,200 units started in February, a 33 percent increase, which multiplied by the seasonal adjustment, became 63 percent.

Figure 1
Housing building permits (actual, non-adjusted numbers)
 (in thousands)

	October 1982	November 1982	December 1982	January 1983	February 1983
U.S. total	110.5	108.5	82.9	92.3	95.3
Regional totals					
Northeast	11.0	14.0	7.7	5.4	7.2
North Central	19.4	15.7	7.3	6.1	7.4
South	57.4	62.1	47.0	62.5	57.7
West	22.9	17.2	20.9	18.3	23.0



Source: Bureau of the Census, U.S. Department of Commerce.

“The problem is that you are dealing with very small numbers and you cannot separate out single-family from multi-family starts,” he explained. “Only three large projects of 500-600 units [many of which are being started to obtain the disappearing funding in several federal programs] could produce the rise in starts, which then gets multiplied by seasonal adjustment.”

Statisticians who watch housing claim that it is multi-family starts that particularly make any claims about monthly figures meaningless since they skew figures if reported in one month or the next. “It takes six months and a change in the magnitude of, let’s say, from 300,000 to 500,000 multi-family starts to say you’ve got a statistically meaningful trend,” the Washington statistician claimed. He said that four months of single-family housing figures would give a reliable indication of a trend.

The rationale for seasonal adjustment in housing is based on a past pattern of slack starts in the winter, but this has been largely obviated by the shift of housing to the “Sunbelt.” For example, of February’s 95,300 starts, 80,700 were in the South and West, *which have no winter problems*, and this

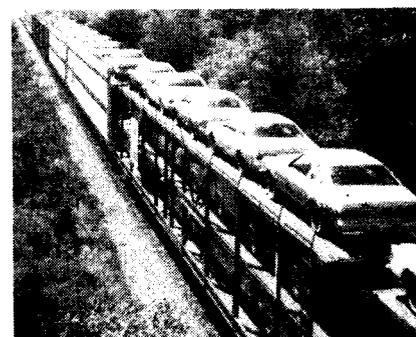
winter, according to the head of a New England state home-builders association, the mild winter did not prevent any builder there from laying his foundation or putting in the structure.

By current housing-industry standards, a “boom” is considered to exist when there is a sustained upturn lasting over a year, and it is usually only in the second year that supplies get short and materials prices significantly rise. Building materials prices are currently far from indicating a housing “boom.” While the price of lumber rose from \$152 per thousand board feet in October, to \$247 in late January, the price slacked to \$218 on March 1 and rose again to \$227 on March 11.

The indexed price (1967 = 100) of cement fell from 341.4 in February 1982 to 327.6 this February; brick was virtually unchanged at 276.5 this February compared to 275.4 last February; ready-mix concrete went from 303.5 last February to 306.4 this February, and gypsum wallboard rose slightly from 255.0 to 263.4 over the year. But for lumber, which is recovering from liquidation price-levels, the materials prices show no indications of a demand that would be created by a

Figure 2
Domestic auto production, sales, and inventories
 (units)

	November 1982	December 1982	January 1983	February 1983
Production	404,294	384,605	433,945	489,136
Sales	558,146	448,048	412,893	442,479
Inventory				
(end of month)	1,164,000	1,126,000	1,180,000	1,227,000



Source: Ward's Automotive News, Motor Vehicles Manufacturers Association.

housing "boom."

The housing market is noticeably thin. The unemployed and the former higher-paid industrial worker now employed at temporary or low-level jobs cannot buy. Nor can the worker in jeopardy of lay-off. Since 70 percent of the nation's families now own a home and most of these are loathe to trade in an 8 percent mortgage for a 13 or 14 percent new home loan, demand can only come from young families and those with some savings. But young families are those hardest hit by the depression.

The prevalent belief among builders over the past 8 to 10 weeks has been that interest rates have bottomed out. Therefore it is likely that many builders began houses in February and March that they would normally have started later in the spring. This would produce flat housing start figures for March and April which, seasonally adjusted, would prove very low since in these months the adjustments become a divisor instead of a multiplier as in January and February.

Auto: 'A deliberate overbuild'

Not even the media "recovery" cheerleaders make claims for any recovery in domestic auto sales. The headlines are made with higher auto production and a corresponding drop in auto unemployment. As *Business Week* reported cheerily on March 28, "Current layoffs in the U.S. auto industry are the lowest in 18 weeks—246,000 workers on indefinite lay-off and 69,000 temporarily out."

A top manager of a foreign auto company characterized the industry's activity as a "deliberate overbuild." He explained that the domestic producers set first-quarter production levels at 1.5 million units and then shoved as many cars as they could onto the lots of the dealers. In both January and February, officially reported inventories built up at a rate of 50,000 a month, a figure that masks the dealer inventory buildup, since a "sale" in the industry is the sale by the manufacturer to the dealer, not the dealer's sale to the public. Registration of new vehicles, however, is averaging 10 percent below reported sales, which may be the measure of the inventory buildup occurring at the dealer level.

Increasing numbers of dealers are reaching the limit of credit that their local bankers will extend for new car acquisition. In some areas, dealers are reported to have 120 days' inventory of cars, a level considered an absolute—and dangerous—maximum. One manufacturer reports a record number of dealer bankruptcies.

Auto sales display a pattern remarkably similar to that of housing starts. From a moderate sales level in November, sales have crunched downward through January with a minor pickup in February. Early March sales, which usually reflect the onset of the spring buying season, were discouraging. The 17,846 cars sold daily in the first 10 days of March ranked fourth worst for that period, according to the manufacturers (see **Figure 2**).

V. J. Adduci, president of the Motor Vehicle Manufac-

turers Association (MVMA), reported a fact in a March 3 press release that makes the first quarter auto sales tally doubly disappointing. According to Adduci, auto loan interest rates for the fourth quarter of 1982 averaged 17.7 percent. Rates fell to an average 12.8 percent after the first of the year when all domestic manufacturers offered buyers loans at 11.9 percent. Yet even with a one-third reduction of the interest charge, auto sales drooped below the October-November levels.

One New York dealer is making urgent pleas for buyers to take 280 of his total inventory of 1,250 Cadillacs at the same cost he paid to General Motors. Ironically, this "no profit sale" was the result of the good news reported in early March by the *Wall Street Journal*: "Auto Output Rose 52 Percent in February, 53 Percent in Two Months." At the bottom of the dealer's ads is the reminder that there are only eight days left to take advantage of the 11.9 percent subsidized interest rates.

The consumer didn't buy it

The final claim for a "recovery" was made on the basis of consumer sales. For several months, total retail sales (seasonally adjusted, which in this case is a reasonable revision) had inched upwards. In February, the hitch came: the Commerce Department reported a 0.4 percent decline from January levels.

The sector considered the best barometer of whether the "consumer" is seriously re-entering the markets is "furniture, home furnishings, appliances, radio, and TV." Here the pattern, adjusted for inflation, shows the same flatness exhibited by auto and housing. Sales slipped from December to January and then against from January to February (see **Figure 3**).

Despite poor sales, there is an extraordinary increase in production of consumer durables, which resulted, as in auto, in a stabilization of employment in those manufacturing industries. The Federal Reserve Board index (1967 = 100) of household appliance production jumped in January to 134.2, from the 1982 average of 119.3. Production of cooking stoves leaped to 139.4 from 1982's 102.2; refrigeration appliances registered 105.5 from 97.3 in 1982; and miscellaneous appliances showed a jump to 150.8 from 1982's 142.7.

Comparison between sales and production figures of con-

Figure 3

Consumer sales

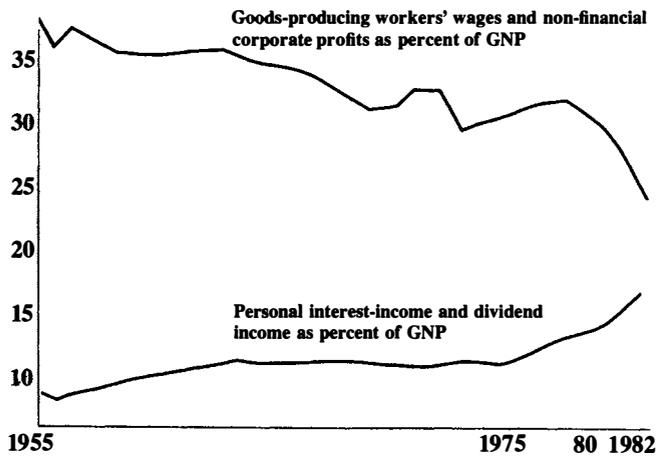
Furniture, home furnishings, appliances, radios, televisions

(billions of constant dollars, seasonally adjusted)

October 1982	November 1982	December 1982	January 1983	February 1983
3.63	3.64	3.89	3.82	3.76

Source: Bureau of the Census, U.S. Department of Commerce.

Figure 4
Changing composition of GNP



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

sumer durables yield only one conclusion: a massive inventory buildup.

Record real interest rates

The documented inventory buildup in virtually every sector of consumer goods is occurring while the economy is burdened with the highest real interest rates recorded. In the first two months of 1983, the consumer price index was unchanged, with January's 0.2 percent rise negated by Feb-

ruary's 0.2 percent decline.

Therefore the average 11 percent prime rate for those two months is the real interest rate for that period. Similarly the 13.3 percent effective mortgage interest rate for purchase of newly built homes, averaged for January and February, is the real rate. The 17.0 percent current rate for general consumer loans reported by New York banks is thus also the real interest rate being charged.

Even with the moderate January and February extension of new consumer credit, no "consumer-led recovery" could have occurred. In the aggregate, the "consumer" did not have the money and those who did would not make the mass purchases needed to produce a consumer-led recovery.

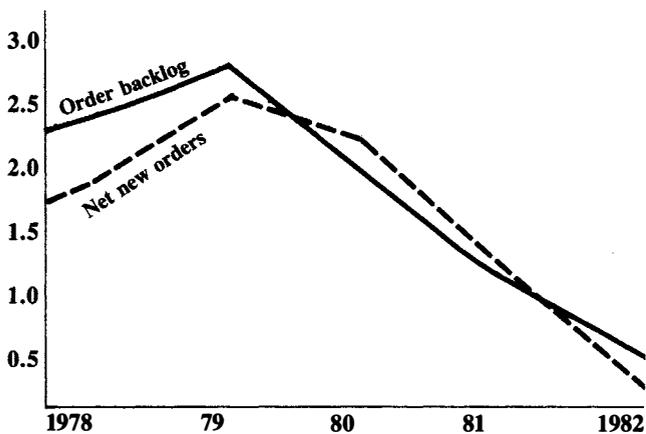
As Richard Freeman demonstrated in the March 22 issue of *EIR*, there has been a radical shift of personal income toward interest and dividend income and away from wages and salaries. Since 1979 there has been a sharp decline in goods-producing wages (taken here together with non-financial corporate profits) as a percentage of Gross National Product (GNP). Simultaneously, there has been marked increase of personal interest and dividend income as a percentage of GNP (see Figure 4).

As the distribution of personal income shifts towards those in higher income brackets and away from the much larger group of wage earners, mass-market consumer sales will necessarily be pinched. A Morgan banker will not buy the "bread and butter" refrigerators, dishwashers, autos, and homes that a dozen unemployed steel workers might have bought.

Unemployment effects

The correlate to the shift in income distribution is the

Figure 6
Machine tool orders and backlog
 (billions of 1972 dollars)



Source: National Machine Tool Builders.

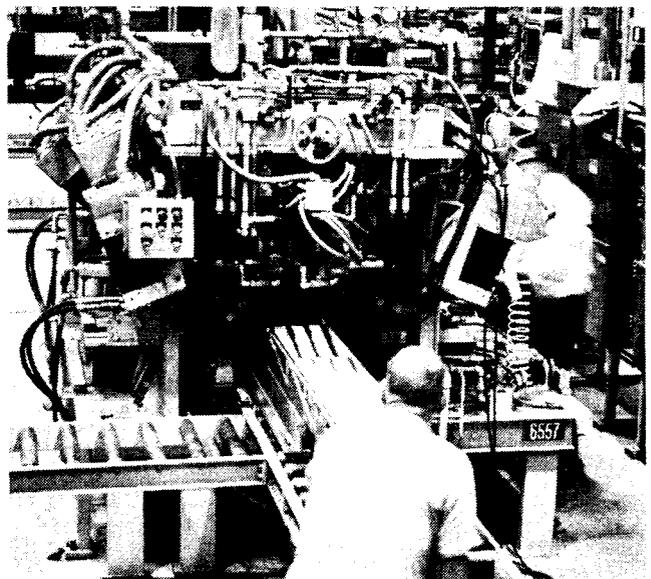
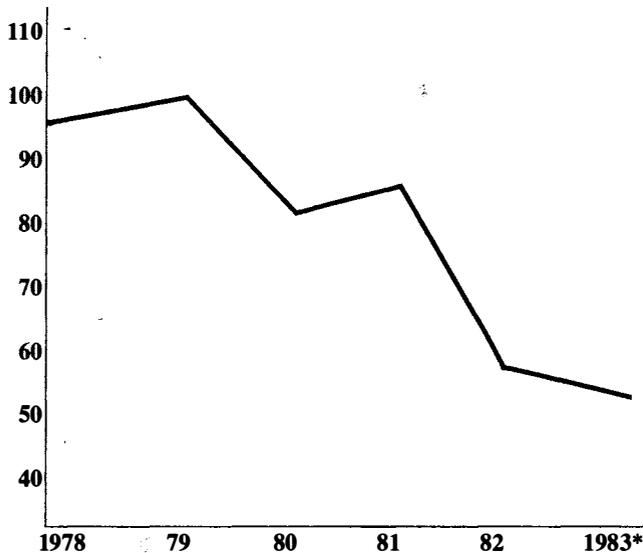
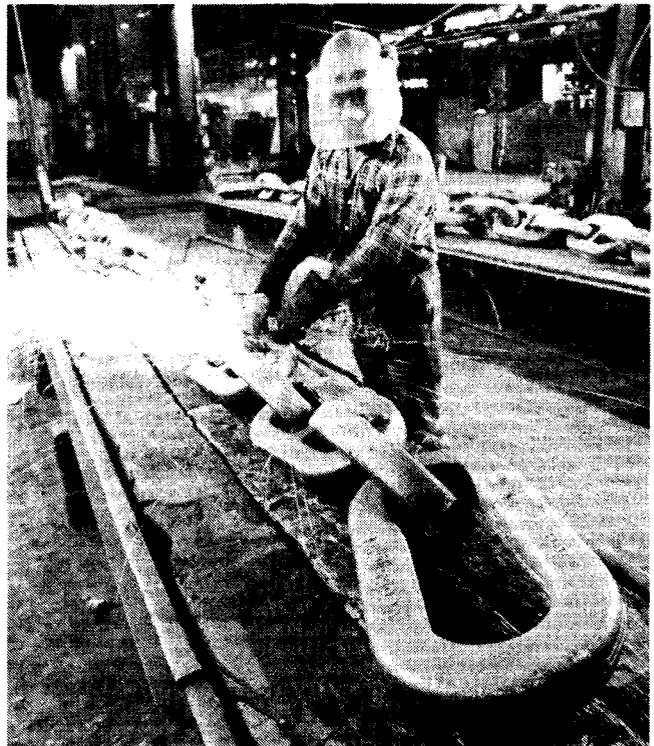


Figure 5
Steel shipments
 (millions of tons)



*Annualized January rate.

Source: American Iron & Steel Institute.



rising rate of unemployment, particularly among industrial workers. Contrary to Labor Department claims, there was no abatement in the crushing rates of unemployment, and thus the decline in spending power, in either January or February. If the 736,000 individuals that the Department of Labor “dropped” from the workforce in January and the 146,000 dropped in February were added to the unemployment figures, as they should be, the rate of officially calculated unemployment would have risen. If the members of the Armed Forces stationed in the United States who were added to labor force figures in January are subtracted, as they should be, the jobless rise would be even greater.

Department of Labor unemployment statistics are grossly understated. While the AFL-CIO calculates unemployment to be between 17 and 18 million, calculations made by *EIR* in October found that the August 1982 rate of unemployment was 21.5 percent, or a total of 24.2 million who were capable of working full-time jobs but had none.

EIR found that the Department of Labor systematically undercounted unemployment in the 1970s by a factor of over two. The undercount resulted from failing to count part-time workers who wished to find a job but could not, and by ignoring the portion of disguised unemployment among students, welfare recipients, and those who take early retirement. We assume that total unemployment in the United States has now risen to over 25 million, producing a mini-

um unemployment rate of 23 percent.

Compared to the First Great Depression in the 1930s, the rate of unemployment is approximately 10 percent below that Depression peak, although today there are 10 million more in the jobless camp than in the Great Depression. As has been demonstrated in January and February of 1983, at such rates of unemployment it is impossible to create a “consumer-led recovery.”

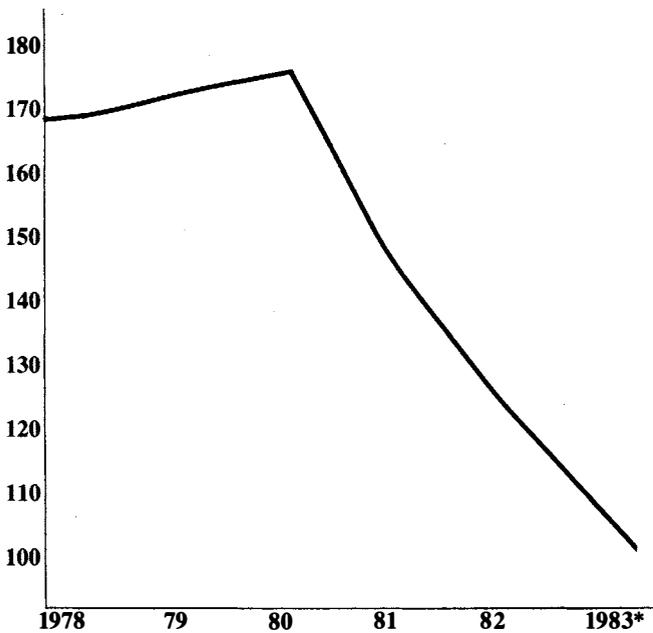
Steady erosion of the real economy

The three graphs of capital goods (see **Figures 5, 6 and 7**) indicate to what extent the physical economy is contracting. Capital spending and production in the critical steel, machine tool, and producer durables sectors demonstrate a slide beginning at the onset of the usurious interest rates brought by Federal Reserve Board Chairman Paul A. Volcker’s Oct. 6, 1979 policy. The critical period begins in 1982 and shows steady deterioration through the year.

Major portions of these industries—and *the entire industry in the case of machine tools*—are threatened with being shut down in the course of 1983. As early as September 1982, it was clear that if the then-existing order decline continued through the spring of 1983, the core of U.S. industrial capacity would be threatened with widespread stoppage. That order decline continued.

According to the National Machine Tool Builders Asso-

Figure 7
Capital investment: producers' durable equipment
 (billions of constant 1978 dollars)



*Estimate based on Commerce Department spending forecast.

Source: Bureau of Economic Analysis, U.S. Department of Commerce; Bureau of Labor Statistics, U.S. Department of Labor.

ciation, January 1983 orders for all machine tools were 55.4 percent below those of the same month one year earlier and 32.9 percent below December 1982 orders. Domestic orders were down 51.8 percent January to January, while foreign orders, reflecting the effects of depression on major trading partners, was down 70.7 percent on the year-to-year basis. Adjusted for inflation, the magnitude of the order collapse would be even greater.

The domestic steel industry is also in serious trouble. With last year's average 60 percent capacity utilization (which plunged to 30 percent by December), 1982 corporate losses of the top six producers over \$3 billion, and a relatively inefficient capital plant, the industry may permanently shut as much as one-third of its present capacity over 1983.

Steel makers now claim that they are losing between \$38 and \$108 for each ton of steel shipped. While this develops very handsome short-term tax losses for the steel corporations, whose majority revenue and earnings is non-steel related, they cannot continue to produce at such high loss levels.

The problem is not solved by the small revival of capacity utilization to 54 percent in January. That uptick came almost

entirely from the auto and consumer appliance industries, which cannot long continue the current rates of inventory buildup. When capacity utilization declines once again, some steel companies, most notably U.S. Steel, National Steel, Jones & Laughlin, and possibly Armco, could find the most profitable corporate direction to be the abandonment of some or most of their steel-making operations.

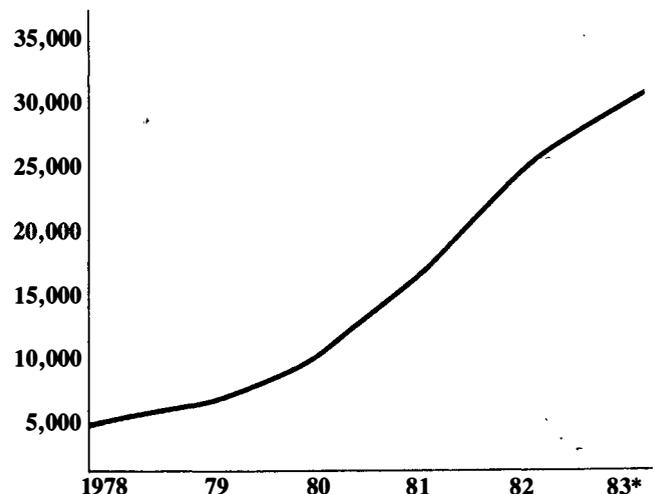
U.S. Steel reported that its loss from basic steel making in 1982 was \$852 million, but its net corporate loss was only \$361 million. Similarly, Jones & Laughlin lost \$298 million in basic steel but reported a corporate tax loss of only \$154 million. Republic's steel-making loss totalled \$474 million (an average of \$108 per ton) but a net corporate loss of \$239 million.

Recovery manufactured at Morgan

Apart from the manipulation of data based on the January-March inventory build-up, the one highly visible recovery has been that of the stock market. Readers will recall that it was Morgan Guaranty that boasted last October that, using its influence in the banking sector, it had moved masses of "institutional funds" to buoy up the stock exchange. The "little man" came into the market behind the "institutions."

The stock price spurt that began last mid-August was primarily the work of Morgan Guaranty Trust. As reported in the Oct. 26, 1982 issue of *EIR*, a senior investment officer of Morgan explained, "We are looking for a new type of recovery, a 'deflationary recovery.'" He continued, "We are advising people to get into stocks because interest-rate returns on Treasury bills, land, commodities, and so forth will

Figure 8
U.S. business failures



*January-February rate annualized.

Source: Dun & Bradstreet, Business Economics Division.

all be down in the deflation. For the same reason, heavy industry will be down, too.”

On the basis of the stock market posting steady gains, the fabric of the “recovery” was built. First came predictions of a first and second quarter 1983 recovery by econometric forecasters like Wharton, Chase, and Data Resources, followed by the trade associations, business economists, and business think tanks, all duly puffed by the press.

In order to produce the series of positive numbers in January and February, however, it was necessary to generate the inventory buildup we have analyzed above. It was then the work of the media to produce the euphoria—even if it could not produce a consumer buying spree.

What next for the economy?

Last December, *EIR* founder Lyndon H. LaRouche, Jr. warned that by April, when the inventory buildup ground to a halt, the economy would be in worse condition than if no inventory buildup had occurred. This is most certainly the case, for two reasons: the economy must now carry an inventory load at record real interest rates (which will continue the deflationary collapse producing those record rates), and the buildup postponed the necessary corrective measures, allowing devastation to continue (see **Figure 8**). Thus, the following economic curtailments could occur:

Consumer goods sector:

1) *A slump in housing sales*—no matter what the mortgage interest rate—that could reduce housing starts to 800,000 in 1983, or 200,000 below 1982’s record post World War II low.

2) *A sales collapse in consumer durables* of a corresponding magnitude with heavy retailer bankruptcies.

3) A 4.5 million sales year for the auto industry, effectively reducing the industry to *one half its 1979 size* and permanently unemploying 420,000 workers, regardless of interest rates or gasoline prices. This would have widespread repercussions in auto supply industries.

Capital goods and heavy industry sectors:

1) *Steel production reduced to 50 percent of capacity* with one-third of present plant permanently shut and two-thirds of the workforce dismissed.

2) *Major machine-tool company bankruptcies* or mergers with large sections of the tool industry eliminated, or converted to military production. Many civilian domestic industries may find foreign producers their only source of numerous types of machines tools; and *elimination of other capital goods manufacturers*, again leaving industries with only foreign suppliers.

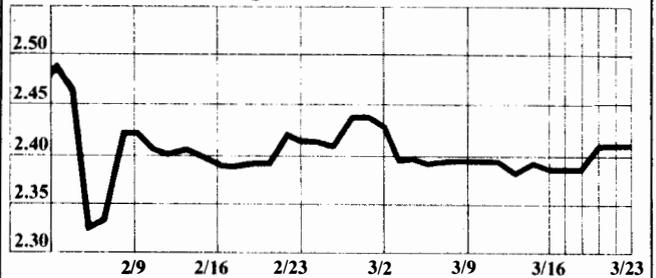
3) *Drastic cancellations in civilian commercial aircraft orders* as the airlines suffer ridership losses. The aircraft industry employs 800,000 workers.

One must contemplate the result of such economic events on employment, tax revenues at all levels of government, international trade, and ultimately the stability of the nation.

Currency Rates

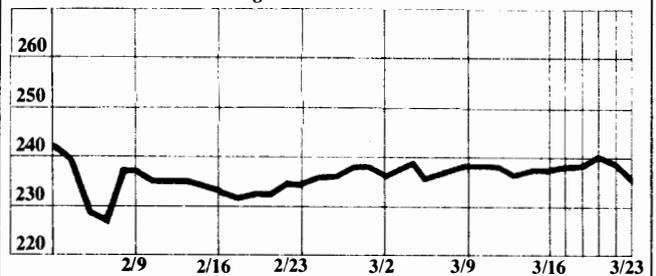
The dollar in deutschemarks

New York late afternoon fixing



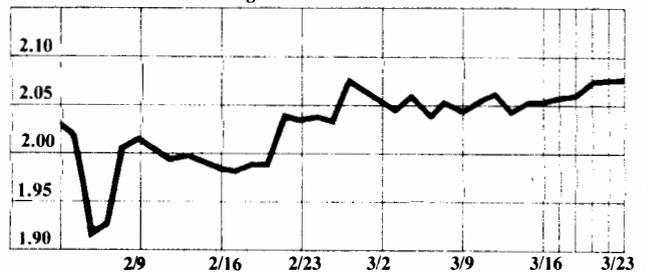
The dollar in yen

New York late afternoon fixing



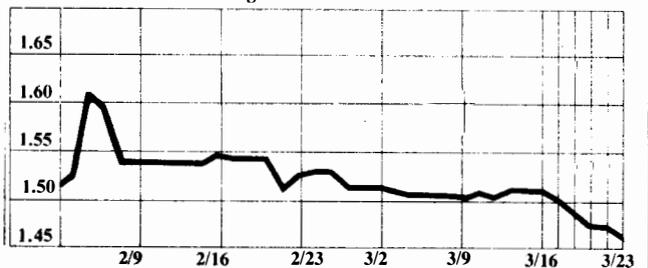
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Interest rates: up, up and away

The Fed has been shoveling funds into the economy as if there were no tomorrow, but Volcker can't keep monetizing the debt.

With the U.S. economy hanging by a thread, the increase in short-term U.S. Treasury bill rates will surely be the sharp instrument that cuts that thread, producing a severe economic drop that will distress the Reagan White House no end.

The U.S. Treasury announced March 22 that three-month Treasury bill rates had risen to 8.58 percent, up from 7.66 percent on Jan. 14. Most of that increase has been registered within the past three weeks. The short-term Treasury bill rate will move up the rate that banks pay on short-term Certificates of Deposit, as well as the rates that banks pay on savings accounts, which are pegged to a floating average of the Treasury bill rate. As the cost of money for the banks goes up, so will they charge borrowers.

The Treasury bill rate must continue to go up because of the tremendous Treasury deficit, and the competition for borrowed funds between the private sector and the Treasury. In fact, all interest rates would be much higher, were it not for the Federal Reserve's behavior over the last six months in attempting to finance the federal budget deficit and provide some funds for the real physical economy at the same time. Once this ceases, the U.S. economy will collapse.

The Federal Reserve has been shoveling funds into the economy as if there were no tomorrow. Adjusted reserves, the raw stuff out of which monetary base is produced, which in turn is the substratum from which money supply is generated, have

grown from \$50.3 billion on Jan. 12 to \$53.4 billion for the week ending March 9, a stunning 30 percent rate. The short-term effect: M-1 money supply has grown by 20.6 percent during the period under consideration. Suddenly worried, Treasury Secretary Donald Regan called together a group of reporters on March 21 to tell them that he is "concerned" that the rapid growth of money supply might rekindle inflation. "Looking at the percentage increase [in money supply]," Regan said, "you do get concerned that there is more there than meets the eye."

Of course there is. Fed Chairman Paul Volcker has been bailing out the U.S. economy, with the blessing of both Treasury and the White House; because if he hadn't, the White House would not have been able to brag foolishly that "the recovery is here." Don Regan must have known that M-1 money supply has grown at a 16 percent rate between November 1982 and February 1983, and that M-2 money supply grew at a 21 percent rate in the same period. The recent pumping of credit into the U.S. economy has been going on since at least last July, and therefore is not the sort of development that would have taken Don Regan unaware.

What is going on is simple: had Volcker not pumped money in at the frantic rate he has, the federal funds rate would have shot up from its current level of 8.75 percent to the 10 or 11 percent level, because of the heavy demand for funds. Since the prime rate is usually pegged at 1½ to 2 points

above the prime rate, this would already have moved the prime rate to 12 or 13 percent, instead of its present 10.5 percent. Had Volcker allowed that to happen, even the rigged, short-lived improvement in the government's statistical indices during January and February would not have occurred.

The Fed is up against a formidable problem. The Treasury borrowed \$217 billion in the fourth quarter of 1982, while state and local governments borrowed \$70 billion in the same period, making a grand total of \$287 billion. The \$287 billion for the fourth quarter of last year represents 60 percent of all funds issued in that quarter. Six cents out of every 10 cents borrowed went to either the federal, state, or local governments.

Volcker got around this problem by "monetizing" Treasury debt, and by buying existing Treasury debt from banks on the federal funds market. This had two effects: first, it pumped a large amount of liquidity into the banking system. This was lent out and kept corporations, farms, and consumers liquid enough that they could spend at the rates that they did to allow the "upswing". Second, it allowed this huge amount of Treasury debt to pass through the system, without crowding out private borrowers.

But Volcker's efforts must come to a halt. He indicated as much in March 6 congressional testimony. Don Regan's criticism was the sign that the White House may no longer be able to continue to pressure the Fed into money printing. Since the second week in March, the Fed has been passively "leaning against the wind," refusing to accommodate all Treasury borrowing needs, but refusing to tighten as yet. In the next few weeks, Volcker will have to start tightening up in earnest.

The new U.S. economic diplomacy

The International Monetary Fund issue and the oil-price conjuncture are at the top of the agenda.

The first high-level contacts between U.S. and Mexican officials since the inauguration of the de la Madrid administration last December are now getting under way.

On March 18, the Mexican Commerce Minister Hector Hernández flew quietly into Washington to resume talks on a bilateral trade treaty. A week later, Treasury's Tim McNamar shepherded half a dozen senators and half a dozen congressmen to Mexico, as the first stop in an Easter-week tour that will proceed to Peru and Brazil. The purpose: to convince the travelers to support administration's request for an \$8.5 billion increase in the U.S. quota to the International Monetary Fund. This should be quite a show; although it is Donald Regan's claim that an IMF bailout will "help American jobs by preserving exports," the IMF is actually the agency which has most insistently demanded—and obtained—the collapse of Mexican imports from the \$24 billion of 1981 to the \$12-\$13 billion that will at best be imported this year.

On April 18-19, the first full bilateral talks in a year and a half begin here in Mexico City. My sources indicate that both Secretary of State Shultz and Treasury Secretary Regan are preparing to come, though no official commitment for their attendance has been made.

One of the reasons such a high-level delegation is being considered can be deduced from the timing of another visit to Mexico. Brazilian President João Guefiredo arrives for talks

with President de la Madrid on April 26-27. Washington is deeply concerned that "debtors' cartel" steps could be taken by these two giants, who collectively owe some \$165 billion, or over half Ibero-America's \$300 billion in debt.

IMF defenders in the U.S. administration and Congress are caught between two policy objectives. One is to use Mexico to shock Congress and speed through an IMF bailout. Some analysts see Mexico's failure to obtain the expected \$20 billion rollover package in mid-March as in part a decision by some creditor factions to keep the "crisis level" high. It has been demonstrated that there are few things which move Congress to action faster than the specter of explosion, financial or political, on the southern border.

However, because of what is termed the "danger" of debtor's cartel action, many in Washington are pushing for some immediate contingency plans to keep the lid on an early explosion. It is estimated that Mexico needs at least another \$2-\$3 billion above previous estimates, if only to compensate for cuts in its oil revenue. Some sources speculate that another "package of odds and ends" is now under preparation, to be discussed with Mexico in April. It would include expansion of items like Commodity Credit Corporation financing for Mexican grain imports, sales to the U.S. Strategic Reserve, Exim lending, and so forth. Treasury and some officials in the NSC seem to be among a faction who believe another blowout is close,

and that emergency planning must move ahead rapidly.

The State Department is taking a much more relaxed view. On the eve of the most important talks in several years, the Mexico desk at the State Department has been virtually disbanded. The chief of the bureau, Frank Crigler, was summarily transferred back to his old haunts at the Andean Desk at the beginning of March, when a personal clash with Ambassador Gavin in Mexico City had reached fever level. Sources in the embassy here refuse to disclose whether a political, as well as personal, falling-out was involved. Now there is virtually no one on the Mexico desk at State who has more than a few months' experience with the country.

What seems to unite almost all policy thinking in Washington is the idea that now is the time to force Mexico to grant long-term oil supply contracts pegged to debt repayment. "If I were a U.S. government official, I'd be looking for some way to get a long-term contract," stated one senior policy analyst just back from a European conference on the issue. Other Washington sources indicate that a higher-than-OPEC price might be held out to Mexico to draw it into a signing a long-term contract—a trap that could then be snapped shut in a few years when world oil prices, as is generally expected, begin a new rise.

Central America, of course, will be on the agenda as well, but there is little chance that U.S.-Mexico differences on the issue will be substantially resolved. One thing to watch: U.S. pressure on both Mexico and Venezuela to back out of the San José accord, which supplies oil to Central America at preferential rates. This would reduce the moderating role of those two countries in the region, and increase Washington's relative clout.

Business Briefs

European Industry

France and Germany set pace for collapse

The European currency crisis could lead to intra-European trade collapse in the coming months.

The German machinery sector, with nearly 70 billion deutschmarks in export sales per year, sells 30 percent of its exports to the world's most indebted countries, another 20 percent to the OPEC countries, now threatened by the effects of an oil price collapse, and the rest within the industrial countries. Eleven and a half percent of all German machinery production goes to France, 8.5 billion deutschmarks in 1982. Of German electro-technical goods, 13 percent go to France; 15 percent of German auto exports, and 15 percent of German steel exports also go to France.

In mid-March, even excluding the effects of a devaluation of the currencies seen as possible at that time, the German Machine Manufacturers Association claimed they would be lucky to get out of 1983 with a production drop of 5 percent in nominal terms—i.e., a real 8 to 10 percent collapse.

Due to its loss of Third World and other markets, German industry is extremely vulnerable if its trade with France collapses. A full third of the German export surplus of 52 billion deutschmarks worldwide last year was earned by auto exports to France. German exports of machinery to France increased last year 23 percent, of vehicles by 32 percent, of chemicals 20 percent, and of iron and steel 10 percent.

World Trade

Soviets and Chinese reach new agreements

China and the Soviet Union have reached a trade agreement which could increase bilateral trade by as much as 150 percent during next year. The agreement was disclosed at the end of two weeks of negotiations in Moscow between Chinese Vice Minister of Foreign Trade and Economic Relations Jia Shi and his Soviet counterparts. Jia's visit co-

incided with the second round of high-level political "consultations" at the vice-ministerial level.

Though Sino-Soviet trade was only \$320 million last year compared with \$5.2 billion in U.S.-China two-way trade, it was a 46 percent increase over 1981. The new agreement could take the figure to almost \$1 billion next year.

The agreement includes a contract for Chinese purchases of Soviet timber which could reach over \$100 million this year, the first large-scale trade deal between Moscow and Peking in two decades.

Border trade is also expected to increase markedly this year. China's Heilongjiang province in the northeast just signed a separate protocol for broader trade with the Soviet Union, a move that is likely to be followed by other border areas, especially if a breakthrough is made on the political issue of troop concentrations along the Sino-Soviet border.

International Finance

Fritz Leutwiler gives away the game

French-speaking Switzerland is gossiping about Fritz Leutwiler's hysterical reaction to an interview recently published by both the *EIR* and the Paris weekly *La Vie Française*.

The Lausanne weekly *L'Hebdo*, a journal friendly to the noted Lausanne resident Nazi International leader François Genoud, aired objections.

In an article by Max Mabillard, *L'Hebdo* writes: "The international press is so eager to know what Fritz Leutwiler thinks that when he refuses to give an interview, the press sometimes makes one up. That is exactly what has just been done by the leading economic and stock exchange weekly *La Vie Française*. It ran a full-page interview with Fritz Leutwiler. One full, invented page, signed with an equally invented name."

L'Hebdo then directly quotes the Swiss National Bank: "Some passages [of the interview] do report things that could have been said during a lunch. But most [of the statements] are completely idiotic. Yet this interview is going around, with a few vari-

ations. The American magazine *EIR* published this text, with the same byline, that of Christian Dahlberg."

It is not known how Mr. Leutwiler responded to the central bank's description of his remarks as "idiotic." Mr. Leutwiler was so disturbed by the publication of his loose words that he waited for three weeks before issuing a signal; he changed the story three or four times, making contradictory assertions to his own associates in the process.

Agriculture

U.N. obscures gap in grain production

The world's farmers produced a record 1,544 tons of cereal grains in 1982, 2 percent more than in 1981. But cereal grain production in the underdeveloped sector "rose hardly at all," according to *Food Outlook*, the journal of the United Nations Food and Agricultural Organization (FAO).

The cause for this disparity between production increases in the Third World and the rest of the globe *Food Outlook* attributed only to declines in rice crop production in Asia and overall cereal output in drought-stricken Africa. The journal failed to identify International Monetary Fund conditionalities or the development-suppressing policies of "balance of payment" criteria which have stifled production growth rates in the Third World. Badly needed infrastructure—such as dams, reservoirs, transport systems, and nuclear energy facilities—could have prevented much of the starvation now rampant in the Third World, especially Africa.

Nor does the FAO attribute the slower Third World rise in cereal production levels to its own food-reduction program, which it launched last year under the slogan of energy development. In 21 Third World countries, the FAO began efforts to expand low-efficiency "renewable" energy resource imports, thereby helping to "solve" the countries' balance-of-payment problems.

But the report does note for the first time, albeit with bureaucratic detachment, that Africa experienced a "serious deterioration in the food situation in 1982." More than 70 percent of the continent's 450 million peo-

Briefly

ple are on the verge of starving.

"In the low-income, food-deficit countries south of the Sahara," *Food Outlook* noted, "cereal production declined by 7 percent in total and by 10 percent on a per capita basis" mainly due to losses in coarse grain crops, the staple diet on the continent.

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Banking

Volcker says he never liked dereg

U.S. Federal Reserve chief Paul A. Volcker, after three and a half years of driving the United States into depression, is now currying favor with the White House because he would like to be reappointed when his term as Fed chief expires in August.

On March 22, one of Volcker's closest associates, Minneapolis Federal Reserve head Gerald Corrigan, held a press conference and issued an article attacking the "diversification" of U.S. banking institutions which has occurred since passage of the 1980 Omnibus Banking Bill. Since Corrigan's personal association with Volcker is widely known, the Corrigan statements are being talked up in banking and government circles as speaking in behalf of Volcker.

In 1980, when the Omnibus bill was passed, Volcker was one of its most aggressive supporters. The bill has enabled diversified financial institutions, typified by such merged giants as Shearson/Amex and Prudential/Bache, to gain enormous control over the flow of credit. In 1980, it was obvious Volcker supported the emergence and extension of power of these financial giants, which have been undermining the deposit base and lending activities of traditional commercial banking institutions.

Among the criticisms Volcker is now wielding against these diversified holding companies is the fact that their status allows them to bypass regulation by the Federal

Reserve system. Volcker would like to broaden the regulatory powers of the Fed at the expense of other agencies now also authorized to monitor banking, such as the Treasury Department. Revision of banking regulatory procedures is expected to become a prominent topic of debate in the U.S. Congress by September, when a special task force working on this subject, under the chairmanship of Vice-President Bush, is scheduled to release legislative recommendations for streamlining bank regulatory procedures.

Summit Policy

St. Germain supports Rohatyn policy

A House Banking Committee staffer said March 16 that House Banking Committee chairman Fernand St. Germain (D-R.I.) will introduce a resolution the week of March 21 proposing Felix Rohatyn's agenda for the Williamsburg heads of state summit with the backing of congressional leadership.

The resolution, which is still being worked on, will call for pro-growth monetary and exchange rate policies in general terms. The key points, the staffer said, are a call for the adoption of the Rohatyn proposal for the restructuring of Third World debt through multilateral institutions [i.e., a global Big MAC, operating in parallel with the IMF], and a call for discussion of the need to create "new systems" to deal with credit allocation and supervision and currency exchange rates. St. Germain has written a letter to the President, because he "prefers to work with the administration," and is looking for Republican support to get it passed. The Eurocurrency crisis over the March 19-20 weekend should aid getting the resolution passed, the staffer said.

The Democratic Party leadership is now operating from the perspective that a serious international financial crisis will erupt sometime between October and January of this year, the staffer said. At that point, the Rohatyn plan will be the only real item on the agenda, and the Democratic Party will make it part of their platform.

● **TATI SANTIESTEBAN**, Texas state senator from El Paso, called a press conference attended by news media from both sides of the U.S.-Mexican border March 17 to say that gambling casinos are the "solution for unemployment in Mexico and for the devaluation tendency in its currency." According to Santiesteban, the proposal comes from a group of interested Texas merchants and businessmen.

● **JAMES JONES** (D-Okla.), House Budget Committee chairman, is preparing re-write of the monetary policy component of the old Humphrey-Hawkins labor legislation. It will stress the need for the Federal Reserve "to stimulate GNP growth." Hearings will take place in July, and the proposal is planned as a major Democratic Party 1984 campaign issue.

● **REP. JACK KEMP** (R-N.Y.) and Columbia University are sponsoring a conference entitled "Agenda for Williamsburg" in Washington, D.C. on May 17. Speakers will include Henry Kissinger, who is reported to support the Felix Rohatyn "global Big Mac" policy, although he will not yet say so publicly, and former West German Chancellor Helmut Schmidt. Rohatyn may also be on the speakers' list.

● **SAUDI ARABIA** has announced on March 17 that it was cancelling a number of water desalination and power plant deals, according to Kyodo press. The Saudi Saline Water Conversion Corporation told the Japanese-South Korean consortium that they would not build a 120,000-ton-a-day desalination plant planned for Asir province, and a 360-megawatt thermal power plant, which was to have been built by Mitsubishi Heavy Industries, Ltd. was also cancelled. The notice gave no reasons for the decisions.

West Germany's Green Party: brownshirts seated in parliament

by Mark Burdman and Paolo Vitali in Wiesbaden

It was with understandable outrage that the civilized world reacted to the news that West Germany had come within a hair's breadth of having a Nazi criminal become the "elder president" of its parliament. The 75-year-old Werner Vogel, elder statesman of the Green Party, was one of those who managed to escape from the docks at Nuremberg through the curious exit route of a Soviet prisoner of war camp. His ultimate boss during the Nazi period, Interior Minister Wilhelm Frick, was hanged for crimes against humanity; his immediate boss, Interior State Secretary Stuckart, with whom Vogel was wont to dine in intimacy, was involved in drafting the Nuremberg racial laws that became the basis for the policy decided at Wahnsee in 1942 for exterminating the Jews. Were it not for the enterprising journalists who exposed the story, at this moment Vogel would be ceremonially presiding over the Bundestag.

Vogel has been forced to resign, but from their Freemasonic redoubts in Switzerland, Sweden, and Scotland, the same families who installed Adolf Hitler are still feeling their triumph. Fifty years after Hitler's *Machtergreifung* (seizure of power), Nazis have again entered the parliament, minus their uniforms, but carrying the same core belief-structures as the SS and SA commandos. "The leaves are green, but the trunks are brown," one newspaper in Israel recently commented. "You want to understand the greenies! Read *Mein Kampf*, it's all there," stated another.

It is not only a matter of ideological likeness, but a question of unbroken continuity: the same institutions that created the Nazi phenomenon run the "greens" today, top-down. Similarly, whatever mattered in the SS (the "state within a state" of Heinrich Himmler), the SD (Sicherheitsdienst—the security apparatus of the Nazi Party), the Abwehr (army intelligence), and so on, including those organizations' financial assets, were taken over lock, stock and barrel after the war variously by the Swiss, by Anglo-American intelligence, and by the Soviet Cominternists. As typified by Lausanne banker François Genoud, whose case we document below, those agencies, separately or in combination, created what is now popularly known as the "ecology" movement and in Germany as "the greenies."

SERIE



The Nazis burn down the Reichstag on Feb. 27, 1933: the price of accepting them as respectable participants in republican governments.

Helga Zepp-LaRouche, whose European Labor Party (Europäische Arbeiter Partei—EAP) is the only institution of importance inside West Germany combating the Green Nazi threat, issued on March 22 an “Appeal to World Public Opinion” for a Resistance movement to rally to defeat the onslaught of the “new Nazism” in Germany.

Mrs. Zepp-LaRouche stated: “In a totally justified way, the civilized world was deeply shocked by the crimes of the Nazis, not only against the six million Jews but against the tens of millions who died during the Second World War. Up to the present day, these crimes have understandably colored attitudes toward Germany, in the United States and elsewhere. While the crimes were real, it is imperative to recall certain historical facts, which are also real, but which go against prevailing popular opinion.

“Not only Germans were involved in bringing the Nazis to power. The cults and mystical superstitions that became the Nazi ideology were those developed by the Thule Society, the Order of the Golden Dawn, the Theosophists, and other groups congregated under the umbrella of Scottish Rite Freemasonry. Hitler himself was brought into power on the insistence of Finance Minister Hjalmar Schacht, an asset of the Bank of England, the Morgan interests, Schroeder’s Bank, and other banking concerns congregated under the policy hegemony of the Bank for International Settlements in Basel, Switzerland, whose policies are devised by the Alpine Lodge of Freemasonry in Lausanne.

“These were the people who developed ‘eugenics,’ or ‘race science.’ Research into this field, which provided the basis for the Nuremberg racial laws and the ensuing exter-

mination policies against the Jews and other groups, was enthusiastically supported by the Churchill-linked Harriman family in the United States and by Col. William Draper, architect of the postwar ‘population control’ policies of the Club of Rome. Draper and his friends in British intelligence and in Switzerland ran the postwar occupation of Germany, and ran the brainwashing projects at Wilton Park and elsewhere that produced the foundations for the “green” ideology. It is a continuity; the same people have entered the parliament; the new Nazis are in the parliament. Honest anti-fascist fighters will see in this the same danger as the 1930s.

“History is not so simple as the clichés make us think. Similar projects are being planned now as were planned in the 1930s, but with far greater potential consequences. History will not only repeat itself if this is not stopped, but what remains of civilization in the world is threatened. We must look beyond the clichés, to defeat the threat at its source.”

Mrs. Zepp-LaRouche has organized demonstrations outside West German embassies and consulates around the world on March 24 to rally resistance against the Green-Nazi threat.

The Swiss Nazi Genoud

Who are the Masonic creators of the Nazi movement? The threads of the Green-Nazi fabric always lead to back to Lausanne, Switzerland, to the headquarters of Swiss financier François Genoud. Who is Genoud?

This is how Genoud explains his world view: “I reject the categories of right and left, they were crude inventions made during the French Revolution. Unlike most, I am honest. I proclaim myself to be a National Socialist.” Genoud is the

unofficial coordinator of the Nazi International.

Genoud was only 18 when he was brought into the Swiss Nazi party (the Swiss National Union) in 1935. The party's head was Georges Oltramare, a scion of the ancient Swiss Calvinist Oltramare family which has substantial control over the policy of Geneva's Lombard, Odier private bank. Lombard, Odier was used by the Swiss-linked Allen Dulles of the Office of Strategic Services (OSS) for arranging the transfer of assets from the Nazis into Allied accounts in Switzerland, as part of negotiations with SS generals Wolff and Ramke. Genoud, according to reliable French accounts, was "the accountant" for such financial transfers.

The assets, which included the gold teeth and precious jewels torn from death-camp victims, ended up, one way or another, in the ambit of the Bank for International Settlements. Today's BIS head, Fritz Leutwiler, is of the same Leutwiler clan of mystics who run the Alpine Lodge of Freemasonry in Lausanne. Genoud, by all indications, is integral to the Alpine Lodge's cult activities.

Genoud's role in the Dulles-Wolff nexus in the 1940s was part of the British intelligence "separate peace" game-plan for prolonging World War II into a mutually bleeding war between Germany and Russia. The intelligence side of the "assets transfer" process included bringing into Anglo-American intelligence and the Swiss orbit the special "Division II" (Foreign, or Minorities, Division) of the Abwehr, which had been taken over by SD head Walter Schellenberg following the murder of Rudolf Heydrich in 1943.

Schellenberg and his collaborators handed over what in the postwar period became movements for "separatism," "autonomy," "local control," and "environmentalism," under variously "left" and "right" banners. By 1954, the old Abwehr and SD assets were placed under the policy coordination of the Amsterdam-based European Cultural Foundation of Swiss oligarch Denis de Rougemont and former Allgemeine SS officer Prince Bernhard of The Netherlands, today director of the World Wildlife Fund. Out of the ECF evolved the Club of Rome, as well as the Ecoropa group, the umbrella organization bringing together separatist and "greenie" movements. Ecoropa overlaps Nazi-front "anthropological" organizations in defense of "minority rights," such as the Göttingen, West Germany-based "Society for Threatened Peoples," whose directors include "leftist futurologist" Robert Jungk, a guru of the environmentalist movement, and Birgitte von Rosens, the Swedish-born niece of Hermann Goering and scion of the Swedish von Rosens family which popularized the use of the swastika symbol in this century.

The most important trends in this configuration lead back to François Genoud, who made the odd confession to the Lausanne journal *L'Hebdo* in 1982 that his penchant was for arranging financing for "soft energy technologies for the Third World." Genoud is the effective controller of former Algerian President Ahmed Ben Bella, since the early 1950s period when Genoud, in league with Hitler's former economics chief, Hjalmar Schacht and SS Commander Otto Skorzeny,

established funding conduits for the Algerian National Liberation Front (FLN) from Cairo.

Ben Bella, having established himself as the would-be "Khomeini of North Africa" in league with Libya's Colonel Qaddafi, serves as a conduit for placing Qaddafi's money in the Greens' treasury. Ben Bella was recruited into Abwehr circles during World War II by his cousin, and is integral to a Genoud-sponsored program for translating Hitler's works into Arabic for fiftieth-anniversary celebrations, in locations throughout the Arab world, of Hitler's rise to power. In interviews with the French press, Qaddafi has publicly lauded Hitler's extermination policy against the Jews.

Genoud has exclusive publishing rights to the works of Hitler, Goebbels, and Martin Bormann in Switzerland. Today, he wants to put his National Socialism into a religious-fundamentalist guise, and thus views the Muslim Brotherhood of Ben Bella, Qaddafi, and Khomeini as an essential instrument. Genoud's friend Ahmed Huber, a Swiss convert to Islamic extremism, recently returned from Iran and told a journalist that Germany must "restore its greatness" of the Hitler period by allying globally with the Muslim Brotherhood; Huber foresaw a key role for the Greens in this, since "in the next two to three years, you will see them turn more and more toward religion."

Genoud's publisher is Lausanne's Gaston Amaudruz of the Center for the Study of Fascism. Amaudruz has recently advised intimates that "environmentalism" is the one issue that could group together "left" and "right" into one coherent front for the Nazi International. Amaudruz's beliefs encompass enormous sympathy for the American Indian: he believes devoutly that the major problems of civilization today are traceable to the fact that "the white race decided to inhabit North America and not to stay in Europe."

Amaudruz's bible is the work of one Gunther Schwab, whose book *Dance with the Devil* is revered by scores of unreconstructed Nazi SS officers posing under a "green" cover in the so-called "Weltbund zum Schutz des Lebens" (World Federation for the Protection of Life) group. Rainer Apel's accompanying article takes us directly from Schwab into both Club of Rome founder Aurelio Peccei and into the hard core of the international networks of anti-Semites centered around Hamburg's Society for Biological Anthropology.

As Mrs. Zepp-LaRouche has warned, history indeed comes full circle. Today, a newly congregated "Thule Society" has been formed, operating out of the North Hesse city of Kassel. Its head, Pierre Kreps, indicates that the society is preparing many adventurous projects. He boasts that the Thule Society will be sponsoring in the next months seminars and writings on the importance of "nature" and the "environment."

One might only wait for Frau von Rosens, a Green Party voter of the Swedish clan that first made the swastika popular in this century, to announce in coming days the formation of a Werner Vogel Defense Committee. Then world public opinion may no longer have trouble seeing "brown" when Petra Kelly says "green."

The Nazi roots of the Green Party

by Rainer Apel

Long before the Greens existed, or the Club of Rome was founded, a number of international organizations were formed to elaborate ecological arguments against industry and technology: the World Wildlife Fund (WWF), the Weltbund zum Schutz des Lebens (WSL—World Federation for Protection of Life), the International Union for the Conservation of Nature (IUCN), the Young European Federalists (YEF), and the Anthroposophical movement.

The founder of the IUCN and the WWF, Sir Julian Huxley, was as thoroughgoing a racist as any of the Nazis:

“In the long run the population problem is more important than war and peace . . . for man is beginning to overrun the whole planet like a cancerous tumor. . . . In all developed countries the level of inborn intelligence is falling . . . Quantity is placing quality in jeopardy . . . Through our medical knowledge and social solicitude the process of natural selection has been diminished, which has had the consequence of a degeneration . . . a positive population policy makes birth control for men of poor quality and the purposeful breeding of people of good quality essential.”

Huxley's racist world view did not prevent the later cofounders of the German Green movement, Bernhard Grzimek and Herbert Gruhl, as well as the cofounder of the WSL, gynecologist Bodo Manstein, from working with the IUCN and WWF. Gruhl, formerly a theoretician of the neo-Nazi National Democratic Party (NPD), wrote a book called *A Planet is Looted*, which asserts that only a “spaceship economy” can save the earth from depletion of resources. “This dictatorship eventually has to be tougher than Stalin's. . . . In the future, only those people will gain an advantage who succeed in maximizing their armaments while at the same time keeping the standard of living at the absolute minimum.”

As for Frankfurt Zoo Director Bernhard Grzimek, he had been a high official in the Reich Food Ministry and a member of the NSDAP [Nazi Party], and his Grüne Aktion Zukunft (GAZ—Green Action for the Future), founded in distinction to the “leftwing” Grünen [the Greens], exerted a magnetic attraction on old and new Nazis. Among his collaborators was former Goebbels adjutant Wilfried von Oven, who declared himself in the *Deutscher Nationalzeitung* of old fascist Dr. Gerhard Frey to be delighted that “despite the continuing general condemnation and vilification of Hitler and his worldview, the notion is beginning to assert itself that it was he who, according to Gruhl and many others, recognized and

sought to grapple with burning problems of an economic and social order that would deal justly with nature.”

Another collaborator of Grzimek and the GAZ was psychologist Crista Meves, a liaison to the French “New Right” and author of articles in the rightwing radical magazines *Information* and *MUT*, as well as a speaker at the congress of the racist Gesellschaft für biologische Anthropologie, Eugenik, und Verhaltensforschung (Society for Biological Anthropology, Eugenics, and Behavioral Research). Mrs. Meves had the following to say in a textbook for children: “For Hitler replaced the experience of the economic incompetence of a liberal democracy with order and a thrifty budget management.”

And so we see the National Socialist program of “blood and soil,” forced upon millions of victims after the destruction and leveling of the democratic organizations, which ushered in Hitler's “New Order” and his austerity policy!

Is it then any wonder that the rightwing extremist Volkssozialistische Deutsche Partei (VSDP) during the Hesse state parliamentary election of 1978 advertised in leaflets for the Grüne Liste Umweltschutz Hessen (Green Environmental Slate of Hesse), and that the NPD promoted the Green cause from the standpoint of the same worldview? Through the VSDP one can establish lateral connections to the Volkssozialistische Bewegung Deutschlands/Partei der Arbeit (VSDB/PdA—People's Socialist Movement of Germany/Workers' Party), which has meanwhile been banned, and whose chief, Friedhelm Busse, was arrested after a shootout between members of his group and the Munich police. Kurt-Eduard Wolfram, who was killed in this exchange, had connections to the former NPD-member and “National Revolutionary” Udo Reinhardt, who in turn became a prominent member of the Hannover Grüne Alternative Bürgerliste (GABL).

Another neo-Nazi with ties to the Greens is Michael Kuehnen, one of the heads of the Aktion Neue Rechte (New Right Action), who was released from prison with the approval of extreme environmentalist and former federal Interior Minister Gerhard Baum. Kuehnen, in an interview to the pro-environmentalist evangelical weekly *Deutsches Sonntagsblatt*, formulated a kind of political program:

“I see the leftists—or now we say the ‘alternatives,’ the peace movement, the anti-nuclear movement—as people who are against certain aspects of this system for quite honorable motives. And I believe that joint actions are possible. I believe that Roeder [head of the rightwing radical Deutsche Bürgerinitiativen—German Citizens' Initiatives] has called for joint [anti-nuclear] demonstrations in Brokdorf. I fully agree with this.

“When I think for example about the peace movement, the question arises once again of national neutralism. Proceeding from a basic enmity to the system there are also political issues raised by the destruction of the environment; sooner or later one must come to the issue of race. And I can certainly imagine that young National Socialists could demonstrate against the west runway at the Frankfurt Airport, as

well as against housing speculation. We have always said, after all, that we too are socialists.”

From the “left” side, Jo Leinen, spokesman for the BBU ecology umbrella group and the man who last year during demonstrations against President Reagan in Bonn threatened that the “movement” will “make this country ungovernable,” has for some years been a regular contributor to the right-wing radical journal *Wir Selbst (We Ourselves)*. The journal stands in the political tradition of the “National Bolshevik” and founding member of the old Nazi party, Otto Strasser, and maintains political contacts to Libya’s Muammar Qaddafi.

Another example of this political osmosis between right and left groups is provided by the Kommunistische Bund Nord (KB-Nord) group within the German ecology movement. Its newspaper, *Arbeiterkampf*, published in Hamburg, described the first violent actions of swastika-wearing punks as an indication of “revolutionary potential.”

The right-wing extremist connections of the above-named neo-Nazi organizations reach into the terrorist Wehrsportgruppe Hoffmann and thereby into the myriad French fascist and neo-Nazi groups and the “Fascist International” of former SS Commander Otto Skorzeny (also known as *Die Spinne*, the spider). This organization is now led by Skorzeny’s widow Elsa Skorzeny in Madrid, and by Klaus Barbie’s associate, the Italian right-wing terrorist Stefano Delle Chiaie, wanted for his role in the bombing of the Bologna train station in 1980, and particularly by the Swiss banker and old Nazi François Genoud, who advises governments on the introduction of “clean technologies.”

Armand Amaudruz and the Nazi International

Another controller of the ecologists is Genoud’s old fascist cohort Gaston Armand Amaudruz, whose Swiss publishing company issued a Nazi pamphlet by Thies Christopherson, “The Lie of Auschwitz,” which is banned in West Germany. Amaudruz reportedly pulls the strings of “environmentalism” from behind the scenes, drawing together extreme leftists, anarchists and extreme rightists throughout Europe. In a discussion last year, he was asked about the common ground between his movement and the left-wing environmentalists. He replied: “That is nothing new. Environmentalism is something that has belonged to the right. The left, since 1968, has become interested in it.”

In a recent discussion, Amaudruz reportedly said that the political fight of both the extreme left and right has to be directed against the “system”—the system of capitalism and of socialism as well. Amaudruz termed the West German republic “the most repressive system in Europe,” followed by Italy, France and Spain (these being the countries where right-wing and left-wing networks were cracked down on by police in the past few months). Concerning France, Amaudruz said that the 1980 case of neo-Nazi Professor Faurisson was an example of political repression there. Faurisson had been put on trial in Paris because of a book he had written disputing the historical facts about Auschwitz. His cause was

supported by Noam Chomsky, by the French anarchist Gabriel Cohn-Bendit, and by other prominent French left-wing figures.

Amaudruz said that the fact that the anarchists of Paris had supported Faurisson was “very important . . . because the anarchists are still outside the system, not integrated by the system like the socialists.”

The West German economy was described by Amaudruz as very unstable and therefore very “favorable to our cause.” The collapse of the economy, the wave of bankruptcies, and the certain rise of mass unemployment in West Germany were described by Amaudruz as providing a unique opportunity for his movement—the “New European Order.” “People try to make believe that the 1930s won’t come back, but they will, and it will be even worse this time.”

The only remedy available to the West German government, he said, would be “to close the borders” in order to reach “autarky,” and “to implement a Labor Service” (a term from the Nazi period). This could reduce the drastic rise of mass unemployment, according to Amaudruz. But free-market liberalism as practiced in Germany made such “remedies” unlikely, and the collapse would be even worse. A major international political problem is the United States, he said, since “all of the present world decadence, most of the present threats to the world originate there.”

Amaudruz also maintains connections to the above-named Hamburg Gesellschaft für biologische Anthropologie, which earlier had the more unambiguous name “Gesellschaft für Erbgesundheitspflege” (Society for Good Breeding Stock), which is led by the right-wing radical lawyer Jürgen von Rieger. Among the members of the so-called “scientific advisory board” of this society are two names of leading functionaries of the WSL, Dr. Max O. Bruker and the Austrian Günther Schwab. Schwab, whose 1957 book *Der Tanz mit dem Teufel* (The Dance with the Devil) was termed by Amaudruz as well as by von Rieger a kind of “founding document” of the ecology movement, is the founder of the WSL and a friend of the Club of Rome’s Aurelio Peccei—who will be awarded a medal of recognition by the WSL in the summer of 1983 for his pioneering work in the field of “protection of life.” Peccei’s own views can be assessed from the following instructive episode: in 1974 he saw the fact that some of the survivors of a plane crash in the Andes kept alive by the consumption of their companions as an illustration of “man’s inborn motivation.”

The overlap between the Society for Biological Anthropology and the WSL is extensive; particularly striking is the fact that the right-wing radical Rieger merged his society in 1971 with the WSL and there led the “Working Group on Human Genetics” until 1974. Von Rieger’s Hamburg Society has direct connections to the racist journal *The Mankind Quarterly* (Oxford) and to the *Nouvelle Ecole*; the latter is run by the top ideologist of the French “New Right” (Nouveau Droite), Alain de Benoist. Relations also exist to the allegedly anti-nationalist but self-proclaimed “fascist” so-

called Malmö International, founded in 1951 by Per Engdahl in Sweden. Engdahl also belongs to the "Nation Europa" group in Coburg, West Germany, which was created in 1952 by former SS officers and other Nazis. A self-proclaimed fascist, he says of his relations with the ecologist "left": "We have to rejuvenate our movement. We tried to recruit young people from the extreme right, but we saw that they were too primitive. In the past few years we have, with some success, worked with young people from the extreme left who realized their old ideas of 1968 went in the wrong direction." Genoud and Amaudruz are part of this "Nation Europa" organization, whose aim is the overthrow of "the system," and which has on the one hand devoted so much attention to the Green movement, and on the other has for some years received an influx of people from extreme leftist circles.

Robert Jungk and the Greens

It is also worth placing under the magnifying glass one of the principal ideologues of the whole ecological, anti-technology movement: Robert Jungk, who calls the president of the Club of Rome a "great humanist."

He has been crucial at every historical juncture in the post-war development of anti-technology movements, since his books have always been widely read. He was among the first journalists to get permits to visit the classified Los Alamos nuclear complex immediately after the war. His first book, *The Future Has Already Begun*, published in 1952, slandered the scientists working at and for Los Alamos as a caste working toward totalitarian power—the target of the anti-nuclear and anti-industrial movements, the so-called "military-industrial power complex," a phrase Jungk claims was invented by him.

Jungk's 1956 book, *Brighter Than 1000 Suns*, and his 1958 book about Hiroshima helped whip up the international "ban the bomb" movement led by Lord Bertrand Russell. Jungk's basic idea is that "all big technologies are a vital threat to human freedom," and many of the German mass demonstrations against nuclear power and the nuclear industry in the 1970s were organized under the deceptive slogan that "nuclear power will lead to fascism and a police state."

Apart from his role in the building of the ecology movement, Jungk is promoting an international campaign against the Third World under the guise of "protecting the indigenous populations" against "extinction" by the industrial nations. One of these "indigenous tribes" favored most by Robert Jungk is the American Hopi Indians, whose central cult symbol is a magic ring with an inscribed swastika. The second central cult symbol of the Hopi looks very similar to the cult symbol of the German Thule Society, which groomed Adolf Hitler. Jungk is also a close friend of Aurelio Peccei.

Jungk is presently working on a book to be published soon, *The Mankindquake*, which will describe "how a general upswing of man against the institutions will, like an earthquake, shake up these institutions, and lead to new institutions," as Jungk remarked recently.

The Greens' program: back to the Stone Age

by Charlotte Vollrads

"It is not our goal to put everybody back on the payroll. . . . This industrial economy can never be rebuilt. . . . There are not too few people working, but far too many."

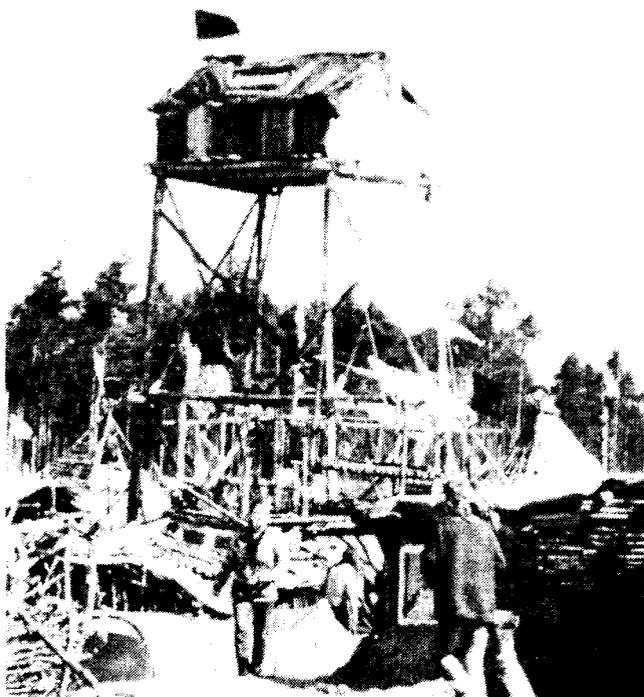
This is a policy statement from Green Party leader Rudolf Bahro. His program, which he formulated at the end of 1982, is readily available to the public. The Nazis, too, clearly stated their program before they ruled Germany: they wanted a return to a "pre-capitalistic form of society."

On Jan. 30, 1983, the fiftieth anniversary of Hitler's takeover, there was much discussion in West Germany of the Nazis' "legal seizure of power," and whether it might have been prevented. But public figures said nothing about the new green-fascist danger; on the contrary, hardly had the first Greens been elected to the Bundestag on March 6 when respectful words were heard from their fellow parliamentarians. Prominent politicians such as Social Democrat Georg Leber demanded that the Greens no longer be regarded as troublemakers, but be given respect as duly elected members of the Bundestag.

Rudolf Bahro was prepared for his role as Green strategist in East Germany, where he was sentenced to eight years in prison, of which he served 10 months; he was then "deported" to the Federal Republic with a ready-made martyr image, and was well received by the left as well as the right. Bahro participated in intimate political discussions with Social Democratic party chief Willy Brandt and radical novelist Heinrich Böll. In the following months, he was built up as one of the leading spokesmen for the Greens. Debates with "establishment" politicians such as Peter Glotz promoted his reputation as an "independent" critic of civilization, neither "left" nor "right," but a unifier of opposition to industrial society.

Bahro was appointed as a lecturer at the University of Hannover, a post which allowed him to work in close proximity to Club of Rome executive member Eduard Pestel, who shares most of his ideas. Bahro's inaugural address at Hannover was a plea for the dismantling of industry and a return to the conditions prevailing—in his own words—ten thousand years ago.

Bahro is the Green leader who keeps his troops focused on their collective goal, a return to blood-and-soil primitiv-



A "back to the land" encampment revives the blood and soil Nazi mythos.

ism, disciplining them away from their petty political infights, with the assistance of his friend Böll.

Shortly before the March 6 election, Bahro wrote: "The secret of the rejection, of 'fundamentalism' by many Greens is simply to me shortsighted and small-minded fear that we will be isolated as a sect if we really let the cat out of the bag." He assured the Greens that the decisive fight of the "rising new social movement" is against the "whole institutional system," and not the mythical fight between "right and left." He formulated the program for this fight, which is the perfect carrying out of a fascist program. Fundamentally, the "transformation of our civilization [must be] decided upon, planned, and then carried out step by step."

Apropos of the 2.5 million unemployed in the Federal Republic alone, Bahro stated, "To create new jobs is not our essential goal, even in those instances where transformation of society will actually lead to such jobs. What is foremost to us is to divert the investment and application of human energy away from those great projects. If we decentralize the process of work and create smaller units, then there will arise primarily not new jobs but rather new living relations."

Under Bahro's program, the global complexities of economic relations and division of labor would be dismantled, and a new "post-modern, post-industrial life style" instituted. Tiny communities would be created—in fact on the level of the Stone Age. "Permanent new solutions presuppose that there are already a multitude of communities—basic communities—networked together, and that the social importance and the political influence of these new social forma-

tions suffice to subordinate the still-remaining industrial sector, as well as the other necessary arrangements and organizations of collective social functions, more and more to that networked basis." The already existing economic structures of today are much too much based on division of labor, and are not autarkical enough. "In contrast to those, the only real alternative can be the construction of basic communities, consisting of a proposed maximum of 3,000 human beings, which will incidentally reconcile us simultaneously with the peoples of the Third World. These communities will unify themselves around a simple, 'steady state' mode of reproduction of their material foundations. They will produce their basic needs in nutrition, clothing, housing, education, and health care largely through their own work, deciding on specialized production for barter primarily to surrounding areas, and will contribute, either by means of part of their produce or through the subordination of labor, to the maintenance of the necessary conditions of general communication (transport and exchange of information) and production. . . ."

Bahro does not state what position he will assume in such a "post-industrial" society. Will he take his place in a basic community of 3,000 people who are themselves supposed to produce their necessities for medicine, education, and nutrition? Or will he belong to the superordinate body of "general communication" which exercises the guiding influence over the basic communities? Will he become a new Führer, hypnotizing the population?

Bahro writes in his plan that in these new societies, of course, the material needs of men are not the essential ones, but rather the "immaterial": "The new culture will again possess a spiritual dimension. . . ." Bahro must also be asked about the distinction between the "subordination of labor" and the "forced labor" of ancient times.

The Greens' program also lays out how to use the parliament to sabotage Germany's industry and national security: "Our parliamentary practice must model itself after extraparliamentary practices [the peace movement, citizens' initiatives, the counterculture, the women's movement] to hinder every step which leads in the previous dangerous directions. That concerns especially the construction of large machinery, and thus any military construction, any constructions in the atomic industry, any project for construction of heavy transportation infrastructure, all large industrial projects, also all large projects in primary education or the universities as well as in health care, and the same for the government, the police, computer control over society, and so forth."

In light of global underproduction and underdevelopment, it is clear that the consequences of this "economic program" would be genocide on a massive scale, especially against non-whites. Bahro says succinctly: "The Third World needs no development. Technology and science are too dangerous for the Third World. . . . Our question, which we are further investigating, is this: how can our population . . . reproduce its life on its given land with the existing resources?"

The 'ecologist' outlook in Adolf Hitler's words

by Susan Welsh

Adolf Hitler, particularly in the early phases of the Nazi party's movement, promoted a program with which today's Greens would feel quite at home. The basic concept was laid out in his notorious *Mein Kampf*, published in 1924, nine years before the Nazi seizure of power. In it Hitler rejects the fundamental principle of both Judaism and Christianity, the call of Genesis for man to "Be fruitful and multiply and fill the earth and subdue it." (This postulate was the subject of the encyclical *Laborem Exercens* by Pope John Paul II in Sept. 1981. The encyclical was immediately denounced by ecologists and advocates of "population control.") In Hitler's book, "nature" is synonymous with the supremacy of the "Aryan race." He writes:

When man attempts to rebel against the iron law of Nature, he comes into struggle with the principles to which he himself owes his existence as a man. And so his action against Nature must lead to his own doom.

Here, of course, we encounter the objection of the modern pacifist, as truly Jewish in its effrontery as it is stupid! "Man's role is to subdue nature."

Millions thoughtlessly parrot this Jewish nonsense and end up by really imagining that they themselves represent a kind of conqueror of Nature; though in this they dispose of no other weapon than an idea, and at that such a miserable one, that if it were true no world at all would be conceivable.

But quite aside from the fact that man has never yet conquered Nature in anything; but at most has caught hold of and tried to lift one or another corner of her immense gigantic veil of eternal riddles and secrets, that in reality he invents nothing but only discovers everything, that he does not have dominion over Nature, but has only risen on the basis of his knowledge of various laws and secrets of Nature to be lord over those other living creatures who lack this knowledge. . . .

Those who want to live, let them fight, and those who do not want to fight in this world of eternal struggle do not deserve to live.

Even if this were hard—that is how it is! Assuredly, however, by far the harder fate is that which strikes the man who thinks he can overcome Nature, but in the last analysis only mocks her. Distress, misfor-

tune, and diseases are her answer.

The man who misjudges and disregards the racial laws actually forfeits the happiness that seems destined to be his. He thwarts the triumphal march of the best race and hence also the precondition for all human progress, and remains, in consequence, burdened with all the sensibility of man, in the animal realm of helpless misery.

While the racial aspect of Hitler's notion would remain central to the ideology of his movement, the "Green" ideal of a pastoral, feudalist "back to the land" lifestyle was only "for the mickies," and was eventually sacrificed to Hitler's demand for a war machine to subjugate Europe and the world. The extent of Hitler's "pacifism" was already indicated in *Mein Kampf*, where he wrote that "anyone who really desired the victory of the pacifistic idea in the world would have to fight with all the means at his disposal for the conquest of the world by the Germans; for, if the opposite should occur, the last pacifist would die out with the last German. . . . In actual fact the pacifistic-humane idea is perfectly all right perhaps when the highest type of man has conquered and subjected the world to an extent that makes him sole ruler of this earth."

Such forthright statements apart, the "left" wing of the Nazi party did push a "green" program, until it was liquidated in the 1934 "Night of the Long Knives" in which left leaders Ernst Röhm and Gregor Strasser were murdered. The Strasser wing of the party had worked out a radical anti-industrial capitalist program for the Brown Shirts, the *Sturmabteilungen* (SA), in 1926. Its goal was a return to an artisan, pre-capitalist economic form, to primitive exchange of agricultural goods and handicrafts. The SA was not opposed to cooperation with the Communists, even though the two sometimes fought it out in the streets. According to an SA document: "The SA-man can, if necessary, understand the militant Red; he recognizes in him the readiness to give his life for an idea; he stands by him since he too comes from the *Volk*; he has sympathy for him because many comrades originally came from the Commune and had first to be won over to the Führer. Never does the SA-man have the slightest sympathy for anything reactionary."

Viewed from this historical vantage point, it is less surprising to find old Nazi Werner Vogel exposed as a leading parliamentarian for the Greens, and to find self-professed neo-Nazis lauding the efforts of their "left-ecologist" cohorts.

Henning Eichberg: 'I am a universal fascist'

by Herbert Quinde

During the Easter weekend, people from across the globe will arrive in Tripoli, Libya to participate in a "Green Book" conference. Far from being an academic exercise, the participants will assess the accomplishments and project new strategies derived from Muammar Qaddafi's Malthusian terrorist manifesto, which security specialists have analyzed as the first step toward a "hot" spring in Western Europe.

The entrance of the Qaddafi-funded "Green Party" into the West German Bundestag will be a much celebrated success by Qaddafi's stable of pro-terrorist "intellectuals." The "ungovernability" of Western Europe advocated by Qaddafi's Black International controllers is to be achieved by the Green Party's parliamentarians' commitment to continue "extra-parliamentary" actions in the streets.

One attendee with much to celebrate is Prof. Henning Eichberg, an obscure sociologist who has spent the last decade bridging the ideological and organizational gap between left and right. "The most positive aspect of the Green Party is its heteronomy," states Professor Eichberg.

"There is representation of many unorthodox views . . . from the Kommunistischen Bund to the right-wing green tendency represented by Werner Vogel. . . . Although I know the great difficulty in trying to work within institutional structures, the best opportunity for the Greens to act will be in their access to information from the security and defense committees of the Bundestag."

Eichberg, now at Odense University outside Copenhagen, began his political career as an activist in the neo-Nazi "National Revolutionary" sects of the West German "New Right" movement of the late 1960s. Eichberg describes himself as a "universal fascist" who leans to the left, and explains that one of his primary tasks is to forge a unity of left and right around a program of environmentalism and separatism. With funding from Qaddafi, Eichberg helps publish a magazine called *Wir Selbst (We Ourselves: A Magazine for National Identity)*, which promotes terrorist groups such as the Basque ETA, Corsican FNLC, Irish Provisionals (IRA), Islamic fundamentalism, and the American Indian Movement.

Although discreet in his public appearances, Eichberg has maintained direct association with the extensive "alternative" political apparatus which backs the new green Bundestag members. He has been published in *Pflasterstrand*, the anarchist journal of Daniel Cohn-Bendit, of which Joscha Fisher, a Green Party parliamentarian, is an editor. There

was a recent article in the anarchist review *Schwarzer Faden (Black Tread)*, which gives a good historical example of bridging left and right. In 1931, Otto Strasser [of Hitler's SA] and M. Röcker, the Bakuninite anarchist leader of the early 1900s Bavarian Revolution, initiated discussions which led to joint collaboration," notes Eichberg.

Using this historical model, in the mid-1970s Eichberg engaged Cohn-Bendit's German counterpart Rudi Dutschke in a public "dialogue," which resulted in the publication of a book entitled *The Left and the National Question*. Written by Peter Brandt, Willy Brandt's son, the book articulates the greens' "blood and soil" concern for the land. Besides Brandt, Eichberg points to Egon Bahr and Erhard Eppler as persons who appreciate his fascist theories.

"Balkanization for everyone" is how Eichberg encapsulates his thought. Having been greatly influenced by the Club of Rome and its book *Limits to Growth*, Eichberg says that the modern nation-state with all its technology is an artificial structure that oppresses the natural "cultures" of people. This logic leads Eichberg to collaborate with Tillman Zuelch, head of the German-based Society for Endangered Peoples, which has been identified as a command center for separatist terrorism (see *EIR*, July 20, 1982).

In his quest for intellectual hegemony among the greens, Eichberg has studied and associated himself with every color and shade of fascist thought. "The historical tradition I follow is a mix of Ferdinand Lasalle [corporatist cofounder of the German Social Democratic Party, SPD]; Moses Hess, 'the leftwing Zionist'; James Connally, leader of the Irish Easter Rebellion; and Ernst Niekish, leader of the Bavarian Revolution." Eichberg also praises the book *Universal Fascism*, written by Michael Ledeen, former special assistant to Secretary of State Alexander Haig. "Ledeen's piece is excellent. . . . In fact the first edition of the book was played up by the fascist journal *Roma Universali* and the theoretical review of the MSI [the current day fascist party in Italy] printed extensive portions of his book."

In the early 1970s, Eichberg co-published the *European Solidarist Bulletin* with Fr. N. Artemov, who is the head of the Russian Orthodox Church for Bavaria and theoretician for Narodnyi Trudovoi Soyuz (NTS) (People's Labor Alliance). The NTS, which calls itself the Russian solidarist organization, dates from the 1920s and was the political arm of the White Russian networks who fought on the side of Hitler, and was implicated in the assassination of President John F. Kennedy.

The *European Solidarist Bulletin* regularly pushed the ideas of Rudolf Steiner, the Freemasonic Anthroposoph theorist, and the writings of Willis Harmon, the ghost-writer of Marilyn Ferguson's book *The Aquarian Conspiracy*. Reverend William Sloane Coffin, the New York-based leader of the nuclear freeze movement, was the case officer in Frankfurt from 1951 to 1953 for the NTS when he worked for the Central Intelligence Agency, training NTS operatives in covert operations for deployments into the East bloc.

Violence and support for terror: the record

The Times of London, in an editorial statement two days before the March 6 West German elections which brought the Greens into the parliament for the first time, expressed the view that the radical party "could be a valuable new element in West Germany's parliamentary life. They represent a genuine force in German society, and would probably benefit from parliamentary experience."

While *The Times*, which supported Hitler editorially before his seizure of power, has its own reasons for promoting the Greens, the illusion which the paper seeks to promote has become a common one now in the Federal Republic and abroad: that the Greens can be drawn into the parliamentary system and distanced from the "radical fringe groups" with which they have previously charged the barricades of the legal state.

After the first press conference of the newly elected Green members of parliament, there can be no doubt that these individuals see themselves as the "legal arm" of a movement which includes also an illegal, underground component.

The Bundesverband Bürgerinitiativen Umweltschutz (BBU, the Federal Union for Citizens' Initiatives for Environmental Protection, an organization which overlaps with the Greens) expressed it this way: "One constantly meets up with the seemingly ineradicable prejudice that non-violent action is limited to protests, demonstrations, and legal proceedings, that it always moves within the framework of legality. Whoever reads the Action Catalogue of the BBU will immediately realize how absurd this objection actually is."

Petra Kelly, former national head of the party, declared that "nonviolent resistance itself cannot risk less than we require of people in the street." Kelly had just been charged with violating the security zone around the Bundestag (parliament) building on election night, when the Greens held an anti-NATO demonstration there.

Just who are these "people in the street" whom Kelly does not want to let down? They are the numerous ecologist, Maoist, Communist, and "peace movement" groups with which the Greens march in their—frequently violent—demonstrations against nuclear power and all forms of industrial development.

At one meeting of "peace groups" on April 2, 1982, attended by Petra Kelly and Roland Vogt of the Greens, the groups demanded the recognition of the Red Army Fraction (RAF, or Baader-Meinhof gang) as "an integral component" of the peace movement, and supported the attacks of the Revolutionary Cells terrorists against U.S. General Kroesen

and the Ramstein U.S. Army base. None of the Greens present expressed disapproval.

In the final analysis, for them there is one common enemy, the "nuclear society." The Revolutionary Cells issued a statement explaining their actions against the construction of the fast-breeder reactor in the town of Kalkar: "Our conception is to attack the nuclear mafia wherever the nuclear program is conceived or prepared for scientifically, prepared for with propaganda and carried out materially."

When the declaration was published in the *Göttinger Atomexpress*, the editorial office was raided by police and the edition confiscated; the editors were brought to trial for propagandizing for a terrorist group. Martin Mombaur, a leading member of the Greens in Lower Saxony, called the police action "a colossal bit of swinishness" and a typical attack by the state on freedom of opinion.

In sum, the Greens do not merely tolerate the use of violence; they consider it necessary to break criminal law. For the past six years, they have been involved in large-scale demonstrations which have often degenerated into violence. The events were planned in advance at meetings in which the Greens participated. Commented Petra Kelly to *Der Spiegel* magazine: "I cannot constrain in advance certain groups which will eventually become violent; I cannot box them into a corner."

In the conflict over the Frankfurt airport expansion, Greens took part in numerous illegal actions, and since the middle of 1981 violence has been the frequent outcome. Millions of deutschmarks of damage has been caused, and for a time there were almost daily riots in the center of Frankfurt. After the illegal squatters' village on the site of the proposed runway expansion was cleared out by police, the most severe riots occurred in the center of Frankfurt. A bomb was exploded in the railway station underpass, arson and bomb attacks followed against the Austrian consulate, various banks, and construction firms. Alexander Schubart, a leader of the anti-runway group and collaborator of the Greens, announced that the legal decision by a Hesse state court to proceed with construction of the third runway would not be accepted, but that the struggle would escalate.

Schubart, who had called for the blockade of the runway during a demonstration during which 101 police were injured, was sentenced to two years in jail for violation of the court order. The Greens declared themselves to be in full "solidarity" with him. The use of violence is avoided by the Green movement only when it is not sensible tactically.

Ibero-America left with no choice but debt bomb

by Robyn Quijano

Ibero-America's foreign ministers and heads of state headed home from the Non-Aligned summit in New Delhi in mid-March to face a new level of disintegration of the continent's financial and political life. The imposition of conditions dictated by the International Monetary Fund—sharp devaluations and the doubling in prices of essential items—triggered general-strike activity throughout the continent. Military coup rumors were denied by the governments of Colombia, Venezuela, and Ecuador. All of Ibero-America began to look to the March 28-April 8 Buenos Aires meeting of the Group of 77 as an emergency strategy session to relieve the debt burden that is causing the triage of the continent's most advanced economies.

This reality has displaced the promises that an economic recovery is just around the corner which will somehow allow the continent to export its way out of the crisis. The choice is clear, and decisions will have to be made in coming weeks. Either the governments of the continent carry out the death sentence the IMF has passed on their populations, inviting the kind of social explosions that will end in military dictatorships, or they will wield the "debt weapon" in joint action to force the North to negotiate a new world economic order. This will be the only agenda item at Buenos Aires.

Results of IMF policies

Ecuador is a case in point. The government devalued its currency, the sucre, by 27 percent on March 17, and announced a 100 percent hike in fuel oil prices and other drastic increases in essential consumer goods, including a 40 percent hike in milk prices. The Ecuadorean United Workers Front

trade union confederation called a general strike for March 24 and 25 against the measures which shut the country down.

Ecuadorean labor thus joined the continent-wide labor campaign against the IMF. The Group of 77 will be greeted by the reality of what is at stake in the current negotiations as the Argentine trade union confederation hits the streets in an anti-IMF strike on March 28, the opening day of the Buenos Aires meeting.

Ecuador's union leaders have put out statements that they are in no way attempting to provoke a military coup with their militant actions. But national governments have very little time to turn the current situation around before the continent's military forces start taking over.

On March 12, Colombian President Belisario Betancur made a special televised address to the nation to deny rumors of a coup and a major devaluation. During the next week Colombia was hit with \$80 million capital flight, which forced the imposition of limited exchange control mechanisms, and the government announced that it is under "credit blockade" from the international banks.

In Venezuela, President Luis Herrera Campins was forced into emergency session with his defense minister on March 17 to quash rumors of a military uprising. Venezuela is the turmoil due to its recent devaluation and the credit cutoff that started several months ago to force that oil producer to bow to the IMF.

Venezuelan Finance Minister Arturo Sosa sent a telex on March 23 to the nation's creditors informing them of a three-month moratorium on principal payments on public debts falling due between now and July 1. The postponement,

which affects an estimated \$4 billion in short- and long-term government obligations, comes after Venezuela declared a moratorium on \$7.5 billion in private debt at the beginning of March.

The announcement brings the total debt officially declared in moratoria by Ibero-American nations to over \$15 billion within the past 10 days. Seven South American nations are now not making principal payments; the only major debtor yet to be heard from on the looming end-of-March deadline is Brazil, which has already begun to miss payments on import bills.

Actual non-payments are much larger than those recognized officially. Bankers in New York say they know of no one who has received any principal payments from Venezuela since late February, and the *Wall Street Journal* of March 24 cites London bankers reporting that Venezuela is one or two installments behind on interest as well. One bank is still waiting for an interest payment due Jan. 5.

The IMF team visiting Caracas has taken advantage of the financial crisis to leak its "recommendations" to the press: budget cuts, tight liquidity, higher interest rates, layoffs, selling off the state sector, and a devaluation.

Both labor and industrialists, however, say they will oppose the IMF policies. José Vargas, president of the largest labor federation, denounced the proposals as "contrary to our national sovereignty." Carlos Ramirez Machado, president of the Consejo de la Industria, an industrialists' lobby, said that "some of the IMF's recommendations are disturbing, especially since they expressly suggest that the government should prolong the recession."

Battle preview

The annual meeting of the Inter-American Development Bank (IADB) opened on March 20 in Panama with a preview of the battle that will take shape in Buenos Aires.

At the meeting of 2,500 government, IMF, World Bank officials, and private bankers, the Ecuadorean delegation floated a proposal for a debtors' cartel. The proposal was initiated by Ecuadorean president Osvaldo Hurtado in a letter to every other president of the continent; Hurtado describes the current crisis as similar to the Great Depression of the 1930s, and calls for a "Latin American action plan" to resolve the debt crisis.

Alfredo Vergara, an Ecuadorean delegate at the Panama meeting, said, "We believe the external debt of some Latin American states have common factors that join us together. We feel that financial conditions must be somehow more flexible." He said that there has been "more than a little support" for President Hurtado's proposal among the debtor nations. Reportedly it is the smaller nations that have responded most readily to the initiative, which includes a debt moratorium for the rest of this year, a stretching out of the debt over six years, a reduction in the spread (the cost to borrowers above the banks' cost of obtaining funds) and

provision of new loans to the cash-strapped economies.

The proposal contemplates a limited bargaining bloc of smaller debtor nations to form a group that could have some power at the negotiating table. Although the *New York Journal of Commerce* reported on March 20 that "rumors of a debtor-nation cartel that would include Brazil and Mexico have been coming out of Brasilia," the Ecuadoreans do not believe that the \$200 billion debt of these two countries will be part of their bargaining chips.

IADB head Antonio Ortiz Mena, an arch-monetarist, nevertheless demonstrated the panic of the banking community that the Ibero-Americans as a whole may "stop talking and do something." When asked in Panama about his opinion of the debt cartel idea, he called it "suicidal." Things are not as bad as they seem, was the line, asking the developing sector to hold its breath, wait for the recovery, and cooperate with the IMF.

"The apocalyptic predictions of the recent months are not acceptable because they are based on erroneous conceptions," Ortiz Mena told the IADB board of governors. He qualified as erroneous any "suggestion that some countries are in danger of bankruptcy, and exaggerating the magnitude of the crisis through the manipulation of gross figures, and through stressing the magnitude of the foreign debt of a country or groups of countries. Reality says otherwise, and we have reason for discrediting the alarmist tone that the debate respecting the foreign debt of Latin America has taken on."

The reality of coup plots, destabilizations, devaluations, and destitution has made it impossible for most of the governments of the continent to accept Ortiz Mena's forecast.

Venezuelan President Herrera Campins underlined the gravity of the economic crisis in a meeting of the Andean Parliament on March 18, stating that foreign indebtedness is the major problem of the developing sector. He attacked the "real offensive of the nations of the North against institutions of multilateral cooperation to force us to go to a forced bilateralism out of necessity. . . . But we developing nations . . . must stick to multilateralism as the best stage for the hard and deep struggle in which we are involved." He continued: "Current events push us toward an authentic pact of thought, will, and aspirations. Together we can do great things, venture great enterprises."

Herrera has had important experience in this fight, since a broad-ranging operation was run to keep his government out of the Non-Aligned movement after he had announced his intention to join.

Ibero-American leaders stressed in late March that they see the only possible defense of the continent in joint action, and understand they will have to fight to defend that right. Colombian President Betancur responded to a U.S. journalist who asked why he did not make his nation's recent entrance into the Non-Aligned movement part of his electoral campaign last summer, "If I had said that I never would have

been President of Colombia, because your country would have mobilized your power to prevent me from winning the presidency.”

Mexican Foreign Minister Bernardo Sepulveda made the following statement on the anniversary of the birth Benito Juárez: “Though some obstacles [to solving the crisis] are internal, others are international. To remove them requires the organization of the international world, and as a starting point, a militant and pronounced effort of the progressive forces among the community of nations. We can’t even attempt effective solutions to the crisis if we don’t think beyond our borders.”

Continental solidarity in the form of an Ibero-American common market and a common strategy for defending the resources, infrastructure, and industry from IMF looting is already under serious negotiation.

The oil and energy ministers of Brazil, Venezuela, and Mexico met on March 23 in Mexico to discuss a joint defense strategy against the Anglo-American efforts to force Ibero-America to become a “Western Hemispheric Reserve.” In particular, Mexico and Venezuela have come under heavy pressure to end all “South-South” collaboration on energy strategy—whether with OPEC or the Mexican-Venezuelan aid program for Central America—and agree to sell all their oil cheaply to the United States as the price of any financial aid package.

Brazilian Energy Minister Ceasar Cals reported to the press in Mexico that under discussion at the energy ministers’ meeting is the creation of a “Latin American market for Energy and Hydrocarbons” to “confront the manipulations of the industrialized countries against Third World nations. This will contribute,” Cals explained, “to the development of Latin America, enabling the political stabilization of the region.” Cals added that Brazil is interested in barter arrangements of Mexican oil for Brazilian manufactured goods, but discussion on this latter point would wait for Brazilian President João Batista Figueredo’s visit to Mexico in the middle of April.

Venezuelan Oil Minister Calderón Berti stated that Venezuela will maintain its commitment to the San José accord, the agreement between Mexico and Venezuela to subsidize the sale of oil to the Caribbean and Central America for political reasons, even though this means a “sacrifice” for the country economically. Calderón Berti added in his press statement that Mexico, Brazil, and Venezuela plan to accelerate the creation of the tri-national oil company, Petrolatin, in order to aid other Third World countries.

Bankers in New York stated March 23 that one of the conditions for any refinancing package for Venezuela was that Caracas pull out of the San José accord, and the government is now split over what to do. When Venezuelan financial officials announced that the government would abandon the accord, an immediate statement contradicting the report was issued by the foreign minister and then the oil minister.

Interview: Ecuador’s Foreign Minister

‘Political will could solve economic crisis’

Over the past month, EIR has had the opportunity to speak twice with the foreign minister of Ecuador, Luis Valencia Rodríguez, about the economic and political issues facing Ecuador and the Ibero-American continent. The first interview was conducted in Cartagena, Colombia on Feb. 19, by EIR’s bureau chief in Colombia, Carlos Cota Meza.

Cota Meza: What is the basic purpose of the letter sent by your President to the heads of state of the region?

Valencia: On Jan. 16 the president sent a letter to the executive directors of SELA [Latin American Economic System] and CEPAL [Economic Commission for Latin America] in which he emphasized the crisis every country of the region suffers today. This is the most serious crisis of the postwar period, similar only to the Great Depression of the 1930s. It is possible that we are on the brink of a great collapse; that is what we have to assume. By asking these two entities—SELA and CEPAL—to prepare a Latin American response, a Latin American plan of action to this crisis, President Hurtado is opening the door to a broad debate on the subject.

As for the magazine that you represent, let me tell you that Ecuador has received an enthusiastic response from your director, Mr. LaRouche, indicating that [the President’s] proposal is a project worthy of the support of all the region’s heads of state.

Cota Meza: Mr. LaRouche has emphasized that the only alternative for restructuring the international financial order, or creating a new world economic order, is to declare a joint moratorium on the debts of the Third World.

Valencia: I would have to say that there have been a number of proposals, including Mr. LaRouche’s, indicating that after the Bretton Woods agreements were established in 1944 and even with the restructuring of the entire economic and financial system in effect to date, this system no longer responds to the world’s needs. Today the world is different, and it is therefore necessary to totally restructure the existing financial and economic system, including substantial changes in the Bretton Woods agreements. This would mean altering the structure and mechanisms established within the International Monetary Fund, the World Bank, and the GATT [General Agreement on Trade and Tariffs]. All of these are fundamental changes that should and must be studied in great depth.

As for a moratorium on the Third World’s debts, this

could provoke chaos among the international banks. I recall that during the depression of the 1930s, when there was also a moratorium by the countries that couldn't pay, this wasn't such a problem, because the debts were very small. But today the developing sector's debt—\$524 billion—of which \$300 billion is Latin America's, would have a strong impact on the world economy. If it comes to that, it would have to be done through careful study, so as to avoid a situation of conflict and confrontation.

The following interview with Ecuador's foreign minister was conducted in New York on March 21 by EIR Ibero-America Editor Dennis Small.

Small: How do you view the meeting of Non-Aligned nations in New Delhi and what are the next steps to be taken by the movement?

Valencia: I believe that the seventh heads of state summit of the Non-Aligned nations in New Delhi is one more affirmation of the Third World's position in line with the movement's original objectives. . . . The great powers are committed to an unbridled nuclear arms race, which uses enormous economic resources that could otherwise be directed toward the developing nations to improve their living standards. . . .

On the other hand, I believe that the call by the nations of the Third World made through the Non-Aligned movement to promote North-South dialogue to guarantee that necessary contacts are established for global negotiations, is a fundamental one. The end result of those negotiations must be the creation of a New World Economic Order. So many efforts have been made in this regard, but they have met such stiff resistance from the advanced sector that they have become paralyzed. Hopefully, with the initiatives made in New Delhi, we can take what has been accomplished thus far and through the structure of the United Nations give a positive impulse to the North-South dialogue. To achieve this we need, above all, political will. If a strong dose of political will does not exist in the advanced sector, all efforts will fail. Thus the call made by the Third World in New Delhi for the advanced countries to find that political will was essential.

Small: Several options were posed in New Delhi, including the idea of seeking an alliance of debtor nations to give them greater bargaining power. There has been talk of a joint renegotiation, or a joint moratorium on the debt.

Valencia: As for the debt, we all know that during the decade of the 1970s the international banking community was very open to giving sizable, often short-term credits, with high interest rates to all the developing-sector nations; as a result, our countries accumulated enormous debts. Finally, at the end of 1980 and in 1981 these credit channels were abruptly cut off and produced the crisis in Latin America.

The possibility of a joint renegotiation of the public debt

and even of a moratorium has been widely discussed. All of these ideas are currently in play.

On the one hand, the idea of achieving a joint renegotiation seems difficult in view of the fact that the economies of Latin America and those of other developing nations are all very different. What I think is possible is that these contacts, and the proposals made by President Hurtado for example, can be used to establish certain parameters for the negotiation of the debt—parameters that the developing sector nations can present as joint positions. In this case, the countries of Latin America could present common positions for renegotiation, which would indeed help greatly because it would give a firm position of solidarity to the developing countries in the face of the grave problem of negotiation of the public debt.

Small: Mr. Minister, Ecuador just devalued the sucre, and is in conversations with the International Monetary Fund. The solutions that the IMF puts before the underdeveloped countries are contractionary and recessive. Can you comment?

Valencia: These proposals of the Fund have been made during negotiations between the Ecuadorean government and the IMF, but what Ecuador has made the IMF representatives understand is that these matters cannot be resolved through unalterable orthodox economics, that together with these proposals of economic orthodoxy, are large problems in the social and even political realms. You cannot take either aspect in an isolated manner. . . .

It is because of that that we believe that the solution to these grave problems, outside of the conjunctural and transitory measures that could be adopted, such as devaluation, is the sustained, autonomous development of the countries which are in this situation. A fundamental aspect of this matter is the collaboration that should exist in economic and financial matters between the developing countries—that is, South-South cooperation, collaboration which has in great part been blocked because there is hesitation on the part of underdeveloped countries to develop, to aid in this cooperation, and also because there have been misgivings over this cooperation by the developing countries. Nonetheless, it is necessary to force through all the cooperation possible, which will also aid the great industrial and economic development of the developing countries.

Small: What has been the response to the proposal by President Hurtado? And what is the possibility of achieving Latin American unity?

Valencia: Actually, we have received very encouraging responses from the majority of Latin America and the Caribbean. We are currently taking steps with other countries to obtain a definitive statement from all of them. We can say, for example, that Peru, Argentina, Brazil, Panama, Costa Rica, Surinam, Colombia, Cuba, Nicaragua, and Venezuela have given encouraging responses.

'Economic recovery claims are a fraud'

The following are excerpts from a speech given by Carlos Alzamora, secretary-general of the Latin American Economic System (SELA), at the Latin American pre-meeting of UNCTAD VI held in Cartagena, Colombia on Feb. 21.

The Preparation of UNCTAD VI finds the world on the edge of a crisis of unprecedented gravity, under circumstances which make it increasingly evident that only genuine international agreement can avoid a global catastrophe when all the other efforts at multilateral negotiations have failed.

In addition, while the problems are the same, their magnitude and projection have changed, and this in turn demands a change in Latin American and Third World strategy. At the level of \$20 billion, the problem of the Latin American foreign debt could be easily resolved by a department at the IMF. But at the level of \$300 billion, the problem threatens world crisis, without a lasting solution in sight.

In previous conferences, the developing countries tried to obtain concessions and benefits from the developed [countries] over which the latter reserved the right to concede or not. This time, it is the survival of the international financial system, upon which rests the traditional economic order of which the developed nations are the privileged beneficiaries, which is in question. And in the survival of that system, the developing sector countries and particularly the Latin Americans, are a primary factor. . . .

For negotiations to be effective requires an organized and functional power of negotiation by both sides. The developed countries have that and increasingly so in the OECD, the Bank for International Settlements in Basel and finally in the World Bank, the GATT and the International Monetary Fund, whose power structures they control.

In the developing countries, this negotiating power is still in the process of being organized on the regional level and is being structured through the Group of 77. . . . Today, the fact that it is Latin America which in good measure has the fate of the international financial system, and consequently of the world economy as a whole, in its hands . . . confers upon Latin America special responsibilities for recovering the initiative . . . not only in benefit of the region or of the Third World but of the entire international community. . . .

The weakness of economic and financial relations of our countries and the lack of sufficient cohesion among them exposes them increasingly to the arbitrary decisions of the

developed nations, which have achieved a high degree of unity in the expression of their common interests. And this inevitably requires correcting structural disequilibrium with the exterior, taking maximum advantage of the enormous potential for reciprocal trade among our own countries. . . . This implies transformation from a development model oriented to the outside to one sustained by intraregional potential, taking into account the growing possibility that the solution to the foreign-debt problem could determine a forced period of limited autarchy for the region, in which the region would have to primarily depend on its own resources. . . .

What happens on the debt issue will have a profound and prolonged impact in the area of international financing. It is not easy to imagine that the banks will start lending again as they have until now. . . . The most probable scenario will be that they will lend us only the amount necessary to avoid an explosion and to encourage the debtors to continue paying, with the argument that prosperity is just around the corner. . . .

This is without a doubt an option for the Latin American countries, but improbable and risky, not in our hands to control. The other, that of development on our own terms and possibilities, *is* [an alternative] because it rests on our own reality, resources, and decisions.

We must therefore define our strategy on two fronts and around two objectives: on the international level, posing the integral restructuring of the world economic system which, established on the basis of principles and mechanisms conceived nearly 40 years ago, is not only incapable of resolving the present problems but, applied to a world very different from that existing when it was founded, is causing irreparable damage; and for this, convoking a world conference to bring about this unpostponeable task. . . .

And at the regional level, [we must] energetically push forward the process of organizing a regional market, with due care, and inspired to the maximum possible extent by the principle of Latin American preferentiality in all sectors of production, exchange and services. . . .

We can no longer gamble our destiny on the illusion of international cooperation [which is] fast disappearing. The most we can expect is an international agreement, realistic and with vision, for which we must gear ourselves to the maximum to achieve by means of negotiation and not so-called dialogue. . . . To this effect, regional strategy should contemplate those actions toward the exterior that are substantial with the negotiation process itself along with internal actions which make these external actions more visible and effective. . . .

All this assumes that the individual action of countries in renegotiating their debt is not achieving things in their favor but, on the contrary, is adding on additional costly bills in the area of production, trade, and promotion of exports, which thus advises coordinated action and regional cooperation to reinforce the potential individual or collective negotiator. . . .

The Mexico-IMF deal: a damage report

by Elsa Ennis

Thanks to the “conditionalities” imposed by the International Monetary Fund on Mexico last December, the first traces of outright famine and epidemics will threaten the country within a few months. According to officials in the state health service, the Social Security Institute, the Health and Assistance Ministry, and the State Workers’ Union, stocks of imported medical drugs have dropped to such low levels in many of the country’s hospitals that “there is a danger death rates may begin to rise.”

As the IMF demanded before agreeing to grant Mexico a three-year credit of \$3.6 billion, Mexico has drastically reduced its imports from \$24 billion in 1981 to \$17.5 billion in 1982. And the country is headed for an estimated \$12 billion import level for 1983.

The danger of a food shortage

According to private information obtained from officials of the Agriculture and Water Resources Ministry (SAHR), declines in lending by the government agriculture bank, Banrural, are resulting in a decline of 2 million hectares under cultivation during this agricultural cycle—some 10 percent of the total land under cultivation in the country.

Lack of \$3 million to import a special type of catalyst has shut down one of the largest fertilizer plants in the country; as a whole, fertilizer production is running considerably below last year’s level. This situation, farm leaders report, has led to a 58 percent increase in the price of fertilizer.

The agricultural crisis has been aggravated by lack of adequate amounts of water for irrigation. An American exporter of high-technology irrigation equipment told *EIR* in early March that local water costs for irrigation in some regions, such as the southeastern state of Yucatán, have jumped 600 percent. As he was meeting with a state agriculture official there in early March, the official was suddenly called out on an emergency—the district water manager was being held hostage by enraged peasants who will no longer be able to afford water for their crops.

Water rates have gone up as a result of the IMF’s demand for the government to end its long-established policy of subsidies for essential needs. The effects of this policy can be seen in the irrigated La Laguna district of the state of Coahuila, one of Mexico’s “breadbaskets,” where only enough water to irrigate one hectare per member is being provided to

the *ejidos* (collective farms). While the region has traditionally been a food exporter to other regions, now the *ejidos* will barely feed the local area.

In the state of Tamaulipas, a planned area of 150,000 hectares of land for maize production has been reduced to 90,000 hectares. In making the announcement March 15, local farmer leader Amaro Garza said the government-ordered maize parity price does not even cover 50 percent of the investment made by the farmers in that crop. This increase in investment costs, he said, come mainly from the 58 percent increase in fertilizer prices, and a 150 percent increase in gasoline prices.

The week of Feb. 15, the Finance Ministry ordered the Federal Electricity Commission (CFE) to start collecting a special tax on all electricity users using more than 50 kilowatt hours of electricity per month. Poorer farmers using electric pumps for irrigation in many parts of the country immediately raised an outcry. Several *ejidos* in the state of Hidalgo have shut down their irrigation systems.

On March 9, an official for Pronase, the state-controlled producer of food seeds, told the press that the cost of producing seeds has increased by 35-40 percent, and this will mean a deficit of seeds this year.

On March 14, the head of the National Association of Vegetable Producers, Luís Saenz Unger, announced that in 1983 vegetable production will fall by 55 percent, forcing thousands of producers into bankruptcy and putting some 90,000 agricultural workers on the unemployment rolls.

All these snapshots of skyrocketing costs of production and declining credit add up to a larger picture of imminent food shortages beyond anything forecast in the current plan to import some 9 million tons of grain from the United States. Knowledgeable sources in the northwestern state of Sonora suggest that there could be food shortages—and possibly food riots—in a number of areas of the country over the next three to four months before the next harvest comes in.

As for cattle raising, Javier Zaragoza, a farm leader in the state of Chihuahua, announced in early March that 1 million hectares of pasture will go unused this year in that state because of lack of credits and adequate technology. Agriculture officials also warn that the lack of essential vaccines against diseases in cattle and pigs that Mexico imports could lead to epidemics. The lack of such drugs could make pork consumption especially hazardous.

Medicine shortages

The manager of the pharmaceutical division of Bayer Laboratories, Carlos Obbertagh, announced in mid-March that restrictions on imports of basic drugs has led to a deficit of key components in the production of analgesics. There is also a shortage of antibiotics, whose prices, according to doctors and other medical workers, have increased by an average 600 percent in recent months. Doctors and medical technicians are regularly denouncing the fact that many of the country’s best hospitals no longer provide such basic

diagnostic services as x-rays except under emergency treatment situations.

Last year, industrial investment declined 20 percent. According to a recent Banco Nacional de Mexico (Banamex) study based on the conservative estimate that investment will drop by 25 percent this year, overall manufacturing for the year will decrease 6.7 percent, with consumer durables such as cars dropping a minimum of 20 percent. If the collapse of imports is factored in, production drops will be even greater. Production costs have been pushed up by such factors as the 55 and 70 percent increase recently announced for steel prices. Industrial leaders have warned that this increase will have a disastrous effect in the production of capital goods, automobiles, construction equipment, household equipment, and other goods which utilize a heavy component of steel.

Colombia receives a visit from the IMF

by Valerie Rush

Amid a wash of rumors about currency devaluations and a possible military coup, Colombia—the international bankers' longtime showcase of "prudence" and "stability"—appears to be falling prey to the economic warfare that has already engulfed most of Latin America. On March 18, Colombian Finance Minister Edgar Gutiérrez Castro was forced to impose limited exchange controls, citing a "multimillion dollar bleeding of our international reserves" by flight capitalists.

As the March edition of *EIR's* "Ibero-American Debt Watch" service forecast, Colombia under President Belisario Betancur—like López Portillo's Mexico before it—is targeted for political and financial submission to the International Monetary Fund. The preparatory "softening up" operations began over a month ago when Betancur was forced to cancel his trip to the Non-Aligned conference in New Delhi because the Supreme Court overturned his tax reform program.

The same financial interests behind the Supreme Court decision have used the wave of currency devaluations in Venezuela, Peru, Bolivia, and elsewhere to orchestrate a scare campaign inside Colombia. The Colombian black market in dollars over the past month has been reaping a fortune from individuals desperate to get their money out before the peso fell. In the last week alone before controls were slapped on, a reported \$80 million fled the country. The 27 percent devaluation of the Ecuadorean sucre on March 20 completed the encirclement of Colombia and the Betancur government was forced to plug the hole before its reserves were drained.

Despite the government's adamant denials that the Colombian peso will be devalued, such rumors generally prove

self-fulfilling because they foster the capital flight which weakens a currency, leading to its eventual devaluation.

Speaking on nationwide television and radio March 13, Betancur declared that the rumors of an impending devaluation were part of an obstructionist campaign by Colombia's private banks. He added threateningly, "If an agreement with the banks is not reached, we will use other means provided us by the constitution and the law." The president's speech was universally viewed as a ultimatum.

Those banks, which are in many cases intimately linked to the money-laundering activities of Colombia's powerful drug mafia, have been consistently refusing to cooperate with the government's economic recovery plans.

The banks' campaign against Betancur is well-coordinated from without, as indicated by the unexpected visit from a group of IMF functionaries the third week in March. Traditionally, Colombia has had relatively little to do with that international financial body, limiting the bulk of its borrowing to longer-term development funds from the World Bank and the Inter-American Development Bank. However, the debt crisis of the rest of Ibero-America is catching up with Colombia, which is low on the list of debtor nations.

EIR's Ibero-America Debt Watch Service reports: "While Colombia's foreign debt is still small relative to that of other Latin American nations, it is beginning to take a relatively large toll on the overall economy. While raw materials prices continue to tumble, the ratio of debt service to export earnings is growing rapidly. . . . Total debt payments due in 1983 are equal to 81 percent of 1982 export earnings."

A public battle presently being waged between Finance Minister Gutiérrez and Comptroller General González on the extent of the crisis Colombia faces suggests that President Betancur's declared support for collective renegotiation of the continent's foreign debt has activated at least one IMF "submarine" in Betancur's economic cabinet.

Comptroller González charged in mid-March that Colombia is facing a deliberate "international credit blockade," while Gutiérrez rebutted that Colombia's "prestige" with the international lenders was spotless. Speaking at the March 21-23 assembly of Inter-American Development Bank directors in Panama, Gutiérrez claimed that Colombia occupies the number-one position for creditworthiness in Latin America, and renegotiation was completely unnecessary.

Asked to comment on the appearance of an IMF mission in Colombia, Gutiérrez blustered, "We are not going to ask them for money because we don't need it, but we do want them to give us their opinion on management of economic policy." Knowledgeable observers report, however, that the IMF mission is intended to complete the process of forcing the Betancur government into devaluing its currency.

A Colombian peso devaluation can be expected to have a crushing effect on the debt-ridden productive sector, while boosting the nation's infamous drug "export industry." Under such conditions, Betancur's current broad popularity could give way to a coup and civil war danger.

Ghazali Shafie: 'I told Vietnam why they could leave Kampuchea'

During the New Delhi summit meeting of the Non-Aligned nations, one of the major political issues under discussion was the question of who would represent the Southeast Asian nation of Kampuchea in the Non-Aligned. Since the overthrow of the genocidal Pol Pot regime in early 1979 by Kampuchean forces backed by the Vietnamese and the formation of the Heng Samrin government in Phnom Penh, the Association of Southeast Asian Nations (Philippines, Thailand, Malaysia, Indonesia, and Singapore), backed by China and the United States, have backed the exiled "government" of "Democratic Kampuchea." This exile regime, the Pol Pot-led Khmer Rouge, still holds the United Nations representation for Kampuchea.

At the Havana Non-Aligned summit in 1979 a decision was made to oust the Pol Pot group and to leave the seat of Kampuchea empty, denying representation also to the Heng Samrin government. Last year, with ASEAN backing, and U.S.-China backing, an attempt was made to put a new face on Pol Pot in the form of the "coalition government" of the Khmer Rouge, former Prince Sihanouk (who was a previous ally of the Pol Potists), and the forces of former Premier Son Sann. This "coalition" managed to retain the U.N. seat during the past session of the General Assembly but it is widely known that the support for the coalition, despite its Sihanouk "cover," is wearing thin.

At New Delhi, the ASEAN countries who are members of the Non-Aligned—Singapore, Malaysia, and Indonesia, with the Singapore in the lead—made a bid to reverse the Havana decision and have Sihanouk invited to speak at the conference. Vietnam and other countries alternately pressed to have the Heng Samrin government seated at the conference. The decision of the summit was to continue the Havana decision, leave the seat empty, and to reconsider the issue at the 1985 foreign ministers' conference of the Non-Aligned.

During the conference there was a meeting between Malaysian Foreign Minister Ghazali Shafie and Vietnamese Foreign Minister Nguyen Co Thach. It has been widely reported that there was some movement at that meeting toward holding a meeting between the Indochinese countries and the ASEAN nations, an event which could mark a breakthrough in the impasse between the two groups of countries.

EIR had the opportunity to interview both foreign ministers. We talked to Malaysia's foreign minister just following his meeting with Foreign Minister Thach. The following day we interviewed Thach. The two interviews, which follow, provide a unique side-by-side picture of ASEAN and Indochinese views on the current situation in Southeast Asia.

Below are excerpts from an interview conducted by Peter Ennis and Paul Zykofsky with the foreign minister of Malaysia, Tan Sri Ghazali Shafie. The interview took place on March 11 in New Delhi during the seventh summit meeting of the Non-Aligned nations.

EIR: After the summit, is there any possibility of a meeting between the ASEAN countries and the Indochinese nations to resolve the Kampuchean problem?

Shafie: Well, we have been making contacts at this conference with [Foreign Minister] Co Thach of Vietnam. I think we have been able to exchange our thoughts and clarify many things in each other's minds. For instance, I have been able to explain to him—whether he believes me or not is another matter—that the [exile Kampuchean] coalition government is intended to facilitate a political solution for Vietnam. We know that Vietnam would never be able to talk to a government led by the Khmer Rouge. And I think most of the people don't approve of it [the Khmer Rouge]. But with a coalition government you cannot dismiss it. So this is the point I am telling him.

I told him also: surely Vietnam is the first country to recognize that to occupy a foreign country is the easiest way to allow your enemy to subvert you because that is how you subverted the Americans when they were occupying South Vietnam. So, by your being in Kampuchea, it is very easy for the Chinese to subvert both Kampuchea and Vietnam. So why don't you leave if you say you are afraid of China? And we can help to deny the Chinese any interference in Kampuchea and even Vietnam.

EIR: The Vietnamese say that they would like to leave but that so many men in Kampuchea were killed under Pol Pot, that Kampuchea doesn't have the ability to form any army to prevent Pol Pot from coming back. So, what kind of concrete

guarantees could ASEAN or the international community provide to ensure that Pol Pot would not come back?

Shafie: Well, this is all found in the [U.N.] International Conference on Kampuchea resolution which can be used at any point. It simply means that if there is an agreement to withdraw there will be a process of reconciliation amongst the Khmer people, and if self-determination is practiced . . . then Pol Pot becomes irrelevant. He becomes irrelevant.

But the use of Pol Pot is a bogey to justify—and I asked him [Thach]—in all Marxist books and Lenin's teachings and everything else, I've never found a sentence where it justifies a socialist country to attack another socialist country and occupy it. I said: show it to me—for whatever reason,

'I was never a friend of the Chinese. It is Vietnam that is disillusioned with the Chinese. The worst mistake the Americans made was not to understand the Chinese in Vietnam. The Chinese didn't want South Vietnam to be lost to the North. What China would want now is that if it cannot itself be in Kampuchea, then let no other communist group be in Kampuchea. And that falls in line with our thinking.'

genocide or any reason. All that I could read from Lenin or Marx and everybody else is that you must, as a matter of responsibility, create revolution inside the country, not to occupy with your army but to create revolution.

EIR: But as long as there are twenty or forty thousand guerrillas that are being armed by China on the Thai border with Kampuchea, what kind of guarantee would there be that Pol Pot would not come back?

Shafie: The point is this. For one thing the Chinese themselves—I've been explaining this—the worst mistake the Americans made was not to understand the Chinese in Viet-

nam. The Chinese didn't want South Vietnam to be lost to the North—you know that. But none of you understood it. And I've been trying to say this [during] those years. And now you continue to say it, that the Chinese want Pol Pot back.

You see, Pol Pot is a product of the Gang of Four [in China]. Any communist government inside Kampuchea would only be susceptible to another communist subversion or takeover by Vietnam. What China would want is that if it cannot itself be in Kampuchea, then let no other communist group be in Kampuchea. And that falls in line with our thinking—it's just a congruence [of thinking]. So what is the guarantee? you are asking. The point is China does not want a communist government in Kampuchea. . . .

The Chinese want an International Conference on Kampuchea resolution which is that the people will have a chance to decide. And you know that the moment the people are given the chance to decide, without coercion, the Khmer Rouge becomes irrelevant. Because no one is going to support the Khmer Rouge anymore. That is the greatest guarantee, the people themselves. Nobody else from outside can guarantee that. Now if for some reason they want it, well then good luck to them. There's nothing that anybody can do about it. . . .

EIR: Has China said to you that they would stop supporting Pol Pot if this were to take place?

Shafie: I don't believe either [China or Vietnam]. I believe in myself. In my own perception. Why should I believe them?

EIR: What I mean is they [the Vietnamese] say they will withdraw if the Chinese stop supporting Pol Pot. So it all depends on whom you believe.

Shafie: But I know that the Vietnamese don't want to withdraw unless they are forced to or unless there is some measure of persuasion from some other quarters. And let us not forget that if once they were friends of China, they can become enemies. Today they are friends of Russia—they too can become enemies. They do not believe that. That is why I told Co Thach, there are no real permanent friends and permanent enemies in international relations. You say your enemies are the Chinese but you were hugging the Chinese and condemning me.

I told him: during the period when we were forming Malaysia and after, you were condemning us as neo-colonialists together with the Chinese. And now you say the Chinese are very bad. He said: "Don't trust the Chinese." I said—who are you, asking me not to trust the Chinese? You don't have to teach me about that, because you were the friends of the Chinese before. I was never a friend of the Chinese. Until today the Malaysia passport is stamped 'not valid for China.' You don't have to tell me that. It is you who are disillusioned with the Chinese. So I'm telling you [Vietnam], your best friends are the ASEAN, so why don't you follow us.'

Nguyen Co Thach: 'Light at the end of the tunnel in Indochina'

EIR's Peter Ennis and Paul Zykovsky interviewed Vietnamese Foreign Minister Nguyen Co Thach in New Delhi during the Non-Aligned summit meeting.

EIR: Has the summit been successful?

Thach: We can say it is successful, because the aim is unity and consolidation of the unity of the movement, for peace, for independence, and for economic development.

We should take into account the schemes of imperialism and reaction to split the movement, to sabotage the movement by creating noise on the question of Kampuchea, the question of returning the movement to its original objective, and to wreak havoc on the question of Afghanistan.

But, as you see, the schemes have failed. All of the time of our foreign ministers' conference was given to the Kampuchea question, but there is no contradiction in this and saying the schemes failed. The foreign ministers' conference had to put an end to this debate, and let the summit conference have debate on other issues. Secondly, if you take into account the tasks, the problems, and challenges, this summit can meet the problems and challenges. Thirdly, this summit can respond to the aspirations of the people of the Non-Aligned countries.

For these reasons, we can say the summit has been very successful, even if there still are some problems not yet solved. Even those are local, not the problems of interest to all.

EIR: What were the other issues of concern to Vietnam at the summit, in addition to the Kampuchea issue?

Thach: Our first concern was the unity of the movement, and the struggle for peace, for independence, and economic development. That is the common problem of all of the Non-Aligned Movement.

We participated in all of the committees, the subcommittees, and so on, at the summit. We had a small number of people here, but we participated in the whole summit. We were present throughout the entire plenary. Some delegations left the plenary hall for sleeping, but we were present around the clock. We were interested in the common interests of the movement.

EIR: I understand that there recently was a summit of the Indochinese states. Can you tell us what happened at that meeting?

Thach: The summit was successful in the sense that this was the first summit of the Indochinese countries after liberation. This summit will form a new stage of our revolution.

Before, we were concerned with liberation. Now, we are concerned with how to consolidate the peace, to safeguard our independence, and to build up our countries. So, the tasks are different from previous years. This solidarity is for new tasks.

Secondly, if you see that the solidarity between the three countries of Indochina is among independent countries, this debunks all allegations that Vietnam would like to have an Indochina federation, or military blocs. Our solidarity is looser than the ASEAN countries, and especially there is no integration like in the Common Market. It is very good for us to consolidate our independence, and our solidarity on the principle of mutual respect for independence of each country.

Thirdly, we have reiterated our peace proposal to China, to the ASEAN countries, and to America.

Fourthly, we have declared publicly that the Vietnam forces will partially withdraw annually from Kampuchea, according to the [state of] security of Kampuchea. We are [present] on the request of the Cambodian people, and we will withdraw totally at the request of the Cambodian people. When the Chinese stop their threat, it means we will withdraw totally. And this, we think, is a very important statement. It is welcomed by many countries, but only China and the ASEAN countries have rejected it.

EIR: Malaysian Foreign Minister Ghazalie Shafie told me in an interview that the longer Vietnam stays in Kampuchea, the worse the conditions will be in that country.

Thach: In Malaysia?

EIR: In Kampuchea. What's your reaction to this?

Thach: You see, you must see the actual situation on the spot in Kampuchea. Four years have passed. In those four years, the situation in Kampuchea, Vietnam, and Laos have improved. The security of Kampuchea is improving. If this

were not the case, we would not withdraw our forces annually. The declaration of annual withdrawal means the security of Cambodia is improving.

They say the reverse. Actually, there are two options. Now, we can settle the problem between ASEAN and Indochina on Southeast Asia, the sooner the better. This is the best option. The second option is that the present situation will drag on. And if time goes on, the situation in Kampuchea will improve.

In my country, the situation was very difficult in 1978 and 1979. But in 1981 and 1982 the situation was better. Now we have seen not only a little, but some light at the end of the tunnel.

So, they have some illusions that Vietnam will collapse. I have told them: Never will Vietnam collapse. For four years we have stood with our heads very high. There is no sign of Vietnam collapsing.

'Our declaration of annual withdrawal means that security of Cambodia is improving. Now, we can settle the problem between ASEAN and Indochina. This is the best option. The second option is that the present situation will drag on. And if time goes on, the situation in Kampuchea will improve.'

EIR: What role is China playing in this situation? Is China pressuring the ASEAN countries to take this hostile stand? Also, Ghazali Shafie claimed that the Chinese government does not want Pol Pot to return to power, that it was the previous Chinese government controlled by the Gang of Four that supported Pol Pot. Is that true?

Thach: China has said that American imperialism is the worst thing in the world and that American imperialism would never change its nature. And you have seen that they have a very pompous wedding between Deng Xiaoping and Reagan, and they have had a very long honeymoon.

So, don't trust the word of Deng Xiaoping; only consider the Chinese deeds. Now, what are their deeds? They continue to give support to the Khmer Rouge. They say they never interfere in the internal affairs of other countries. But they continue to support the Maoists in Southeast Asia. They have diplomatic relations with Vietnam, but they continue to feed their Vietnamese puppet in Peking, Hoang Van Hoan. Don't trust their words. As I said yesterday at a press conference,

don't watch the movement of the magician's right hand; it is the hand that remains still that is more tricky.

EIR: Ghazali Shafie claimed that the only reason China supports the Khmer Rouge is to pressure Vietnam to withdraw from Kampuchea. So, what is China's intention in supporting Pol Pot?

Thach: I think the policy of ASEAN countries is based on the one hand on the condition between the U.S. and China, and on the other hand on the conflict between the Soviet Union and China, and China and Vietnam. Now, I think the ASEAN group would like to exploit this, to take advantage of this. And, what is the policy of China? China would always like to oppose one against the other. They oppose NATO against the Warsaw Pact. They oppose the U.S. against the Soviet Union. They oppose Pakistan against India.

This is their trick. I don't think they will stop supporting Pol Pot, because China always uses many cards at the same time. They never drop their cards. As far as India, they use Mizos, they use the Maoists, they stimulate dissident elements. At the same time, they have very friendly relations with India, normalization, and so on. They are very tricky. You must read the epoch story "Three Kingdoms."

EIR: Concerning U.S.-Vietnam relations, could you reiterate your government's position?

Thach: Now, the relations between the United States and Vietnam is bad. But this is much better than before, during the war. War is much worse. And now, we always are ready to have normalization with the United States, but it seems to me that the U.S. is more interested to have a China Card, than to have relations with Vietnam.

EIR: Let me ask you one last question. Recently, there was a delegation of American Vietnam veterans in Hanoi. Was the visit successful, and does it provide any light at the end of the tunnel?

Thach: No, I don't think so. But the trip was not part of U.S. government policy. It was a visit of private organizations. I have not seen any good sign, or signal, from the U.S. government.

EIR: Just one last question.

Thach: The second last question. . . .

EIR: Yes, the second last. This is a journalist's old trick.

There is lots of speculation that the Sino-Soviet talks may result in some kind of pressure on Vietnam for a solution to the Kampuchea issue. What do you say about this speculation?

Thach: This is the hope of the speculators, but it is not real, not true. Vietnam welcomes these talks. We are for the normalization of relations between China and the Soviet Union, and between China and Vietnam. And China has criticized the Soviet Union for not talking about third country problems. So, things are very clear.

Countdown for the Maghreb

A regional conference to undertake economic development could defuse the European-based Muslim Brotherhood threat.

‘Unity of the Arab Maghreb’ was the headline in the Algerian government newspaper *El Mujahid* on March 22 as it reported on Algerian President Chadli’s just concluded trip to Tunisia. Summing up the achievements of that visit, *El Mujahid* underscored the political and economic agreements signed between both countries, as well as a military agreement which will provide for regular consultations between national defense forces and using such forces for “joint development projects at the border areas.”

Chadli’s little reported visit to Tunisia, his meetings with Tunisian President Bourguiba and other leaders, has been a direct followup to the recent surprising meeting between Chadli and Morocco’s King Hassan, the first such meeting since the beginning of the Sahara crisis several years ago. Morocco and Algeria have been in a state of cold war for the past seven years over Algeria’s backing for the small Polisario front, which is fighting for the independence of the Sahara territory from Morocco. These diplomatic moves, made in cooperation with France and Spain, are an answer to an ongoing attempt at destabilizing the whole Northern African region known as the Maghreb. The success of that attempt would have repercussions both in southern Europe as well as deep into Africa and into the Middle East.

Hence, the regional leaders have decided it was time to supersede local and regional problems to face the common enemy: primarily, Islamic fundamentalism organized in Libya

and Iran. As *El Mujahid*’s headline suggests, a Maghreb front is being formed to stabilize the region, but it is a race against time.

Libya’s Muammar Qaddafi is seen as the key organizer of this plot for several reasons, not least because he is losing all his allies except Syria and Iran. He is now contained on the east by a very solid Egypt and in the West by the new Maghreb front. In March, Qaddafi expressed for the first time his bitterness by insulting the Algerian leadership and denouncing their cooperation with “neocolonialist countries,” a reference to Algerian contacts with France. Diplomatic sources report that Libya has tried to make no less than five sorties into Algerian territory, and, according to *Die Welt*, sent four tons of explosives into Algeria.

The Libyans have reached an agreement with Ahmed Jibril of the radical Popular Front for the Liberation of Palestine-General Command, for the intense training of a small hard core of Tunisian exiles to be deployed in a few months into the country for a new “Gafsa” operation—a reference to the 1980 military takeover of the Tunisian town of Gafsa by Libyan commandos.

Libya’s and Iran’s allies are the followers of former Algerian President Ahmed Ben Bella, presently living in exile in a chalet near Lausanne (see Special Report). Though Ben Bella is in exile in Switzerland, after having been declared persona non grata in France by a government eager to foster good relations with Algiers, his

followers, members of the shadowy “Groupement Islamique” in Paris, are active. A front for the Muslim Brotherhood, the Groupement has recently become an international center coordinating the fundamentalist Muslim Brotherhood deployment into the entire Maghreb from Morocco to Tunisia. A clandestine leadership made of five “emirs,” or Brotherhood chiefs, has been identified as coordinating intense military training for selected members in Iran and in Syria. Last December, when riots exploded in Algeria, it was discovered that many of the “the leaders” of such strikes had been French-based immigrant workers.

Though no one can yet have a precise idea of the real influence of such elements in Algeria, their activities are rapidly spreading among the immigrants in France, with the help of economic slump, racial fear, and blackmail. One to 2 million Muslim workers are directly affected by the Brotherhood, some sources report, transforming France into an international center as dangerous as Iran, despite efforts by French law enforcement agencies to crack down.

As the Brotherhood, controlled from Lausanne by the international Nazi apparatus of François Genoud, gears up its activity, its target is to prevent the realization of a Mediterranean conference as proposed by the French government a few months ago.

Though the content of such a conference remains to be clearly defined, especially whether it would take up the fight for a new world economic order, the immediate aim is to stabilize the entire Mediterranean through regional cooperation—a project which has aroused enthusiasm in Spain in particular and in the other countries in question, because it could launch a commitment to the in-depth development of the African continent.

International Intelligence

Canadian court rebuffs euthanasia

Justice Lloyd McKenzie of the British Columbia Supreme Court on March 17 overruled the decision taken March 14 by a lower court judge, Patricia Byrne, to grant the parents of a six-year-old boy the right to refuse treatment for their son. The parents contended that an operation would be "a cruel and unusual punishment" for the child.

Outraged at the fact that the Byrne decision not only would have meant the cold murder of a handicapped child, but also would have set a precedent case for the killing of hundreds of so-called incompetent people in Canada, Justice McKenzie lashed out at the fact that the Byrne decision justified murder on the basis of "parental despair."

Referring to the "thinking" of Judge Byrne, Justice McKenzie emphasized: "I cannot accept the view that Stephen would be better off dead. I tremble at the thought that the lives of disabled persons should depend on such thinking." At the end of his ruling, McKenzie concluded that "the laws of society are designed to protect and preserve human life," not uphold the right to die.

DOD Soviet shuttle outstrips Columbia

The Soviet Union is building a reusable space shuttle system that will be able to boost a payload to low-earth orbit twice as heavy as the U.S. Space Shuttle can, according to the recently released U.S. Defense Department report entitled "Soviet Military Power." The report states that this Soviet shuttle is lighter than the U.S. one, although the Soviet fuel tank is taller and the shuttles are of comparable sizes.

The Soviets have already developed a smaller reusable spacecraft.

In addition, the report states that the Soviets are building a launch vehicle with a lift-off thrust of 8 to 9 million pounds; the U.S. Saturn-5 rocket had a lift-off thrust of 7.5 million pounds. The Soviet booster would have a 143- to 165-ton payload ca-

pability, compared to the Saturn-5's 140 tons.

One likely use of this new booster will be to place directed energy weapons in orbit "aboard the next generation of Soviet-manned space stations," the report says, venturing that the Soviets will not deploy operations laser weapons in space until the early 1990s.

U.S. reconnaissance satellite photos show that construction of the Soviet Tyuratam space complex where the new shuttle and booster will be launched is far advanced, with a long shuttle-landing runway and large vehicle assembly buildings.

British capture Israeli presidency

The election by the Israeli Knesset of Chaim Herzog on March 22 as the next president of Israel marks the ascendancy of British intelligence into the office of the Israeli presidency. It also marks the latest phase in the consolidation of a new mafia that is systematically taking power in Israel; he represents the dirtiest aspects of the Israeli Labour Party.

Born in Ireland and educated at Cambridge University and Sandhurst military college, Herzog served as a ranking intelligence officer in the British army during World War II.

After emigrating to Israel in the late 1940s, Herzog became chief of military intelligence in 1948-50, and for three years in the 1950s. The *Jerusalem Post* reports that he "molded" the intelligence branch of the Israeli army, "leaving a permanent imprint on it." After retiring from the Israeli army in 1962, Herzog became a prominent figure in Israel's banking and business community, and served as Israel's ambassador to the United Nations from 1975 to 1978.

After emigrating to Israel, Herzog was made a "Sir"—a Knight Commander of the British Empire (KBE)—a title rarely bestowed on non-British subjects.

Herzog's family networks span several continents. In addition to his British pedigree, Herzog is connected to the Sephardic Jewish community in Egypt through his wife, who hails from the Ambache family there. His most famous Sephardic relative is the

Swiss moneyman Nessim Gaon, whose daughter is married to Herzog's son. Gaon is the leading patron of Israel's Sephardic-dominated Tami Party.

Herzog is said to be sympathetic to the extremists who seek to rebuild the Temple of Solomon in Jerusalem. Although his election was described as a major political defeat for Prime Minister Begin, it was, in fact, a victory for Begin's extremist policies. Herzog was elected in a 61-57 vote, in which seven members of Begin's Likud coalition bolted sides and either abstained or voted for Herzog on the Labour ticket.

Pressure on Saudi royal family grows

Security forces of several Arab countries have uncovered a plan drawn up by the regime of Ayatollah Khomeini in Iran to overthrow the royal family of Saudi Arabia, West Germany's *Frankfurter Allgemeine Zeitung* reported on March 22. Iran's Ayatollah Shirazi is said to be on top of the planned destabilization, which involves building secret cells of a so-called Islamic Front for the Liberation of the Arabian Peninsula and the Gulf. Muslim pilgrims to Mecca are reportedly being used as couriers for Iran's subversive propaganda.

The Saudi ruling family is more vulnerable to such security pressures because of the effects of oil production cuts on the Saudi economy. A West German industrialist who recently returned from Saudi Arabia says that oil production has reached the low point of 3.5 million barrels a day, and that "cuts in projects will be made." The West German financial daily *Handelsblatt* reported March 22 that Saudi Interior Minister Prince Nayef has commissioned a study on how Saudi Arabia would be affected by cutting back on its immigrant labor force and placing Saudis in these jobs. *Handelsblatt* reports that Saudi Industry Minister Al-Gosaibi is looking toward "limiting foreign workers" inside the country.

The *Times* of London editorialized recently that Saudi Arabia would soon have to follow the example of Nigeria and expel tens of thousands of foreigners from the country. The *Times* gloated that this would create

substantial problems for the countries of South Asia and Southeast Asia, who now provide a significant portion of workers for the Saudi economy.

The sensitive conjuncture Saudi Arabia is now entering is examined in a new *EIR* Special Report by Lyndon H. LaRouche, entitled *Saudi Arabia in the Year 2023*. LaRouche employs the methodology of the LaRouche-Riemann econometric model to lay out the parameters for a comprehensive long-term development program for Saudi Arabia.

Pretenders jockey over Umberto's corpse

Immediately after the death of Umberto of Savoy was announced in mid-March (Umberto had been dead for a week), the fight for the succession to the "throne of Italy" began. The two pretenders are Victor Emmanuel (Umberto's son, famous as a killer and weapons smuggler) and the junior branch of the Savoy family, the Aosta, represented by Duke Amedeo. They are vying for the criminal networks controlled by the Savoy dynasty: real-estate and dirty money and intelligence operations interlocked with the Permindex assassination bureau, the P-2 Freemasons, and the apparatus for traffic in drugs and weapons.

Victor Emmanuel is already known as *principe stupido* (Prince Stupid), and only communicates with the press through his lawyer, Armando Radice, a Socialist famous as the lawyer of mafia boss Francis "Angel Face" Turatello.

On the other side, Amedeo is known as an actor in pornographic movies that he directs in his villa near Arezzo. The villa is very close to another famous villa—that of P-2 Grand Master Licio Gelli, one of Mussolini's intelligence chiefs. The two had a friendship which the duke described as a business relationship.

Suharto shakes up Indonesia's cabinet

President Suharto of Indonesia, facing possible financial strains due to the drop in OPEC

oil prices, has announced a new cabinet.

The new line-up shows that the president is already planning who will be his successor in 1988. Selection of Vice-President Umar Wirahadikusumo, Lt. Gen. Benny Murdani as Commander of the Armed Forces, and Defense Minister General Poniman indicates President Suharto's plan to consolidate a group of trusted lieutenants in power.

One of the most significant omissions in the new cabinet is Dr. Widjoyo Nitisastro, coordinating minister for economics, finance, and industry. Dr. Nitisastro was reportedly opposed to President Suharto's plan to invest in the petroleum refining sector.

Mexican President defends José López Portillo

Mexican President Miguel de la Madrid has made it clear that, while he is conducting an anti-corruption campaign, he will not join a political witchhunt against his predecessor, José López Portillo. "We need the republic's moral restoration, but the neither the slanders nor the wish for revenge by those embittered persons who have been rejected by the population through the political process," said de la Madrid in a speech given in Puebla on March 15. He was referring to efforts by IMF surrogates in Mexico, such as the PAN party, to use López Portillo as a scapegoat for Mexico's current economic crisis.

The newspaper *Uno Más Uno* noted that de la Madrid's speech undermined the position of those who have purposely misinterpreted his call for a "moral restoration" as an excuse to "lynch López Portillo."

The slander campaign against the former president was further undermined when one of *Excelsior's* most prominent political columnists, José Luis Mejías—whose own personal antipathy to López Portillo is well known—admitted that López Portillo's purported "great luxurious home on the hill" overlooking Mexico City is no more than a modest house without electricity and lacking other services at this time. Mejías suggested that the house should be used as a museum, in which children might learn how the mass media lie.

● **NIGERIAN PRESIDENT** Shehu Shagari recently signed legislation for the establishment of four nuclear research centers in Nigeria. They will be located at the University of Ife, Ahmadou Bello University, University of Lagos, and the University of Lagos at Nsukka.

● **YUVAL NEEMAN** told an audience of foreign diplomats in Israel that his country needed a "massive settlements policy" in the occupied territories and annexation of the West Bank. The Israeli minister of science and technology is the main backer in the cabinet of the evangelical operatives who want to rebuild Solomon's Temple where the sacred Muslim Dome of the Rock is now located.

● **RALPH NADER**, Barry Commoner, and Petra Kelly are all scheduled to participate in an anti-nuclear orgy in Urbino, Italy on March 25-27. It is sponsored by the ARCI organization, a joint endeavor of the Communists and the Socialists.

● **KIICHI MIYAZAWA** of the Trilateral Commission is rumored to be Henry Kissinger's choice to replace Japanese Prime Minister Nakasone, who is due to be hit with a revived Lockheed scandal. Henry, Helmut Schmidt, Lord Carrington, and Miyazawa are scheduled to put their heads together in Japan at the end of March.

● **HELMUT SCHMIDT** is writing a policy document for a new outfit in Vienna called the International Foundation for Development Perspectives. The parent foundation for the new entity is the International Institute for Development Alternatives, which features self-avowed Nazi admirer Robert Jungk as a leading member.

‘Mutually Assured Survival’ becomes national strategy

by Graham Lowry

President Reagan’s historic address on March 23 to the American people, committing the United States to the development of defensive beam weapons systems to “free the world from the threat of nuclear war,” has set the stage for a decisive political fight over whether the nation and the Western economies survive. The scientific mobilization the President has called to perfect directed-energy technologies is an effort he rightly says “holds the promise of changing human history.”

It is also the first step toward realizing *EIR* founder Lyndon LaRouche’s proposal for a new “Manhattan Project” leading to a technological revolution sufficient to revitalize America’s enormous productive capacities and to reverse the long decline of the United States toward economic and strategic disaster.

In a single speech, the President has laid the foundations for ending the era of thermonuclear terror, by rejecting the lunatic strategy of deterrence known as Mutually Assured Destruction (MAD)—the doctrine employed by a long line of “strategic thinkers” exemplified by the original Dr. Strangelove, Henry A. Kissinger. Instead, the President called “upon the scientific community who gave us nuclear weapons to turn their great talents to the cause of mankind and world peace, to give us the means of rendering these nuclear weapons impotent and obsolete.”

In a background briefing by senior administration officials before the President’s address, it was announced that over the next several months, government specialists and members of the U.S. scientific community would undertake

an extensive survey of the most promising new technologies for defensive weapons systems—laser beams, particle beams, projectile beams, and high-powered microwaves—as both space-based and land-based defensive weapons. Following that review, the President will elaborate his concrete proposals for beam weapons development, including recommendations for additional funding beginning in fiscal year 1985.

The fight is on

The battle determining the future policy course and the very survival of the United States will now be waged over whether the administration’s proposal to develop this new generation of weapons systems can be turned into a commitment to proceed with the new Manhattan Project required for it to succeed. That requires a head-on war with the MAD crowd, including Averell Harriman’s disarmament lobby and the Tory variety nested at the Heritage Foundation, all of whom are out to scrap any real technological advance by the United States. The President made it clear that the outcome of the battle depends on what the American population demands, emphasizing in his speech that “there is a very big decision that you must make for yourselves.”

The President’s proposal has altered the entire “arms control” debate, and directly counters the freeze movement’s charges that Reagan is not serious about reducing the danger of nuclear war, while committing the United States to precisely what the disarmament crowd wants to destroy—the prospect for a technology-led recovery of full superpower status for the United States. To the further dismay of the

Kissinger-Vance manipulators of arms negotiations, White House briefings both before Reagan's speech and the following morning made it clear that the President intends to transform arms negotiations toward a policy of "Mutually Assured Survival" on the part of both the United States and the Soviet Union. Officials emphasized that as the defensive systems were phased in, ballistic missiles will be phased out, and "all of this will be done through negotiations."

There is every indication that the Reagan initiative has found a positive response in Western Europe, especially in Bonn. Nor was it surprising that the White House received enthusiastic messages from the American population—a population which, as Defense Secretary Weinberger noted on March 25, is capable of rising to the challenges of the kind mastered in the Apollo space project. Dr. Edward Teller, a leader of the Manhattan Project, in the wake of the declassification of portions of scientific research pertaining to beam weapons, is ready to campaign for the Reagan policy, and reportedly has the full backing of the Joint Chiefs of Staff. The "nuclear freeze" strategists in Congress, having already been compelled to postpone the vote on their resolution in the House, are on the defensive—but are determined to defeat the ABM initiative.

Just the day before the President took his case for beam weapons to the American people, the *New York Times* leaked sections of the new Pentagon defense guidance for the U.S. military, revealing plans for developing the new generation of technologies. News of the guidance directives immediately drew fire from the circles of Henry Kissinger and Cyrus Vance, who recognize the threat such a scientific and cultural revival poses to the geopolitical lunacies on behalf of global depopulation and de-industrialization.

By the morning after the President's speech, sources in Washington were already reporting that the "MADophiles" would force an all-out brawl with supporters of the President's plan, hoping to "delay, obstruct, and wait for the next administration to reverse the policy." Sen. Edward Kennedy (D-Mass.), leading spokesman for the nuclear freeze movement on Capitol Hill, was screaming about the President's "reckless Star Wars schemes," while a freeze supporter in the House, Rep. Thomas Downey (D-N.Y.) was denouncing the proposal as "absolute, unadulterated madness." The freeze movement's conventional arms buildup warrior, Robert McNamara, was on television insisting that beam weapons could never work. John Hughes, the spokesman for George Shultz's State Department, was fending off any questions about the Secretary's views on the President's policy initiative, amid speculation that they would be unprintable anyway.

Henry Kissinger's stable inside and outside the administration has not only been pressing for a ban on beam weapons, but is attempting to Watergate advanced-technology advocates within the Defense Department and National Security Council, including NSC consultant and former Air Force Secretary Thomas Reed (see article, page 54). A Harrimanite

spokesman for the Arms Control and Foreign Policy Caucus in Congress grumbled in response to leaks of the new defense guidance, "It is clear that people in the administration in favor of these new weapons have won out, despite the efforts of people in the State Department."

The leadership of the Harrimanite nuclear freeze movement has defined as its primary target stopping the development of directed energy beam weapons. Freeze leaders Vance and McNamara made a special point of demanding a ban on space-based beam weapons in their recent call for \$150 billion in defense cuts. Resolutions have also been introduced in Congress by two Kennedy deputies, Sen. Paul Tsongas (D-Mass.) and Rep. Joseph Moakley (D-Mass.), that would even ban ground-based beam weapons as well as all weapons in space.

On the "conservative" side, prior to the release of the guidance, the Heritage Foundation—which claimed to have the "inside track" in the administration on military policy—has released its "Defense Strategy for the 80s," a report arguing for cheap, primitive weapons as superior to "ineffective" complex systems, and omitting any mention of beam weapons. A Heritage spokesman, contacted the morning after Reagan spoke, stammered that he was "very surprised by the President's proposal," and immediately began talking about "a lot of skepticism in the scientific community about the feasibility of development of these systems." The Heritage counterstrategy, which is echoed in sections of the Defense Department and the armed services, is to argue that if Congress is asked to appropriate funds for beam weapons, the administration will have to abandon equivalent amounts for modernizing conventional and strategic nuclear forces.

The economic factor

There are indications that Lyndon LaRouche's emphasis on the urgency of a crash beam-weapons development program as a vital issue of *economic* survival is making itself felt in the administration. The plain truth of the matter is that the United States is in a depression, with no hope of escape without major investment in a new generation of technologies to revitalize its productive capacities. The world economy is also on the verge of a final crisis—perhaps within days, and certainly within three months. When that crisis hits, not even an immediate return to pre-October 1979 interest rates could do more than marginally slow the collapse.

At the White House background briefing March 23, *EIR* asked whether the administration shared the assessment by the Fusion Energy Foundation that a full-scale beam weapons program would have sweeping benefits for the U.S. civilian economy. A White House official responded, "Certainly. I think there is a lot of truth in that. I think there will be large spinoffs."

In short, since the world's survival depends on ending the threat of nuclear devastation, the United States has no reasonable choice but to invest in developing space-based

beam weapons to prevent any successful ICBM attack—and in the process rescue the Western economy.

That choice is further dictated by the fact that a new “space race” is already on—and the Soviets are winning it. In 1982, the Soviet Union launched a record 102 satellites, 20 for the United States, and recently the Soviets have accomplished a series of advances pointing toward the colonization of space.

The Soviets have announced the second test of their Cosmoljot, a rocket plane mini-shuttle which is launched from the back of a Bison bomber. The U.S. Defense Department recently published details on the development of a larger Soviet shuttle, already on its launch site, and capable of boosting a payload twice as heavy as the U.S. Space Shuttle’s. The U.S.S.R. has also launched an orbiting service vehicle, the Cosmos 1463, to linkup with their Salyut 7 space station inaugurating the next stage of their plans for full colonization and industrialization of space. In early March, a U.S. communication satellite was apparently “blinded” over the Soviet Union, and has not been in contact since. Experts suspect that it was disabled from the ground, probably by an anti-satellite beam weapon. Publicly, Moscow has uttered the predictable denunciations of the Reagan ABM initiative, but they will have to come to terms with it.

Documentation

The President’s policy for an ABM defense

The following is excerpted from President Reagan’s March 23 address on military policy.

The subject I want to discuss with you, peace and national security, is both timely and important—timely because I have reached a decision which offers a new hope for our children in the 21st century—a decision I will tell you about in few minutes—and important because there is a very big decision that you must make for yourselves. This subject involves the most basic duty that any President and any people share—the duty to protect and strengthen the peace. . . .

Those loud voices that are occasionally heard charging the the government is trying to solve a security problem by throwing money at it are nothing more than noise based on ignorance.

We started considering what must be done to maintain peace and review all the possible threats against our security. Then a strategy for strengthening peace and defending against those threats must be agreed upon. And finally our defense

establishment must be evaluated to see what is necessary to protect against any or all of the potential threats. The cost of achieving these ends is totaled up and the result is the budget for national defense. . . .

Now, thus far tonight I have shared with you my thoughts on the problems of national security we must face together. My predecessors in the Oval Office have appeared before you on other occasions to describe the threat posed by Soviet power and have proposed steps to address that threat. But since the advent of nuclear weapons, those steps have been increasingly directed toward deterrence of aggression through the promise of retaliation. This approach to stability through offensive threat has worked. We and our allies have succeeded in preventing nuclear war for more than three decades. In recent months, however, my advisers, including in particular the Joint Chiefs of Staff, have underscored the necessity to break out of a future that relies solely on offensive retaliation for our security.

Over the course of these discussions, I have become more and more deeply convinced that the human spirit must be capable of rising above dealing with other nations and human beings by threatening their existence. Feeling this way, I believe we must thoroughly examine every opportunity for reducing tensions and for introducing greater stability into the strategic calculus on both sides. One of the most important contributions we can make is, of course, to lower the level of all arms, and particularly nuclear arms. We are engaged right now in several negotiations with the Soviet Union to bring about a mutual reduction of weapons. I will report to you a week from tomorrow my thoughts on that score. But let me just say I am totally committed to this course.

If the Soviet Union will join with us in our effort to achieve major arms reduction we will have succeeded in stabilizing the nuclear balance. Nevertheless it will still be necessary to rely on the specter of retaliation—on mutual threat, and that is a sad commentary on the human condition.

Wouldn’t it be better to save lives than to avenge them? Are we not capable of demonstrating our peaceful intentions by applying all our abilities and our ingenuity to achieving a truly lasting stability? I think we are—indeed, we must!

After careful consultation with my advisers, including the Joint Chiefs of Staff, I believe there is a way. Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the awesome Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base and that have given us the quality of life we enjoy today.

What if free people could live secure in the knowledge that their security did not rest upon the threat of instant U.S. retaliation to deter a Soviet attack; that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?

I know this is a formidable technical task, one that may not be accomplished before the end of this century. Yet,

current technology has attained a level of sophistication where it is reasonable for us to begin this effort. It will take years, probably decades, of effort on many fronts. There will be failures and setbacks just as there will be successes and breakthroughs. And as we proceed we must remain constant in preserving the nuclear deterrent and maintaining a solid capability for flexible response. But isn't it worth every investment necessary to free the world from the threat of nuclear war? We know it is!

In the meantime, we will continue to pursue real reductions in nuclear arms, negotiating from a position of strength that can be ensured only by modernizing our strategic forces. At the same time, we must take steps to reduce the risk of a conventional military conflict escalating to nuclear war by improving our nonnuclear capabilities. America does possess—now—the technologies to attain very significant improvement in the effectiveness of our conventional, nonnuclear forces. Proceeding boldly with these new technologies, we can significantly reduce any incentive that the Soviet Union may have to threaten attack against the United States or its allies.

'Changing history'

As we pursue our goal of defensive technologies, we recognize that our allies rely upon our strategic offensive power to deter attack against them. Their vital interests and ours are inextricably linked—their safety and ours are one. And no change in technology can or will alter that reality. We must and shall continue to honor our commitments.

I clearly recognize that defensive systems have limitations and raise certain problems and ambiguities. If paired with offensive systems, they can be viewed as fostering an aggressive policy and no one wants that.

But with these considerations firmly in mind, I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace: to give us the means of rendering these nuclear weapons impotent and obsolete.

Tonight, consistent with our obligations under the ABM Treaty and recognizing the need for closer consultation with our allies, I am taking an important first step. I am directing a comprehensive and intensive effort to define a long-term research and development program to begin to achieve our ultimate goal of eliminating the threat posed by strategic nuclear missiles. This could pave the way for arms control measures to eliminate the weapons themselves. We seek neither military superiority nor political advantage. Our only purpose—one all people share—is to search for ways to reduce the danger of nuclear war.

My fellow Americans, tonight we are launching an effort which holds the promise of changing the course of human history. There will be risks, and results take time. But I believe we can do it. As we cross this threshold, I ask for your prayers and your support. Thank you, good night, and God bless you.

Documentation

'Hope of ending the thermonuclear terror'

Lyndon H. LaRouche, Jr., *EIR*'s founder and the leading opponent of chairman Charles T. Manatt within the Democratic Party, on March 26 praised President Reagan's televised declaration of a new U.S. strategic-weapons doctrine as "probably the most important and well-executed action by any President in 20 years.

"No longer," LaRouche commented, "must Democrats go to bed each night fearing that they must live out their lives under the threat of thermonuclear ballistic terror. The coming several years will be probably the most difficult of the entire post-war period, but, for the first time since the end of the 1962 'Cuban Missile Crisis,' there is at last hope that the thermonuclear nightmare will be ended during the remainder of this decade."

LaRouche, a former contender for the 1980 Democratic presidential nomination, added: "It will be observed by many public commentators, that President Reagan made no commitments to specific kinds of weapons-technologies or to timetables in his declaration of the new U.S. strategic-weapons policy. The President acted with extraordinary statesmanship, by not confusing the newly adopted policy as such with the matters of technical details and timetables.

"Only high-level officials of government, or a private citizen as intimately knowledgeable of details of the international political and strategic situation as I am privileged to be, can even begin to foresee the earth-shaking impact the President's televised address last night will have throughout the world. No one can foresee what the exact consequences of the President's actions will be: we cannot foresee how ferocious and stubborn resistance to the President's policy will be, both from Moscow and from the nuclear freeze advocates in Europe and the United States itself. Whatever those reactions and their influence, the words the President spoke last night can never be put back into the bottle. Most of the world will soon know, and will never forget that policy-announcement. With those words, the President has changed the course of modern history.

"Today, I am prouder to be an American than I have been since the first manned landing on the Moon. For the first time in 20 years, a President of the United States has contributed a public action of great leadership, to give a new basis for hope to humanity's future to an agonized and demoralized world. True greatness in an American President touched President Ronald Reagan last night; it is a moment of great-

ness never to be forgotten.

“The President’s address last night obliges me to clarify publicly my own personal commitments on two subjects. First, since I have been increasingly involved in the development of such new anti-missile defensive systems for nearly seven years, it is my duty to respond to the President’s appeal for concrete proposals on the choice of technologies and timetables to be adopted for implementation of the new strategic doctrine.

Technologies and timetables

“The new strategic doctrine requires successful development and deployment of combined existing and new technologies in six definable areas of combined strategic and tactical weapons-systems.

“A strategic defense-system consistent with the new strategic doctrine of the United States requires:

“First, a space-based system of combined target-acquisition, targeting, and directed-beam capabilities, adequate to ensure assured destruction of not less than between 90 and 95 percent of a full-scale launch of strategic ballistic missiles of an adversary power against the territory of the United States and its allies. This system must emphasize killing such strategic ballistic missiles during the ascent-phase of their launching, at the point such missiles are the most vulnerable, and before they have deployed their multiple warhead payloads. At the present moment, the indicated directed-beams technology assigned to this function of strategic defense is the already proven technology of x-ray (Roentgen-ray) lasers.

“Second, the strategic missiles and warheads which survive the space-based anti-missile screen must be destroyed before they can strike specific military targets, logistical capabilities, and population centers. This will require development and deployment of what are called point-defense systems, with effective ranges of between 50 and 100 kilometers. High-powered lasers capable of fulfilling these requirements are proven technologies; we must have rapid progress in development of superior kinds of laser-systems, of what are called ‘tunable lasers’ suited to coping optimally with variable atmospheric conditions.

“Third, we require an additional back-up system, sometimes called a ‘terminal defense-system.’ Such systems are built around directed beams with effective ranges in the order of thousands of kilometers. Such defensive systems defend large areas of nations against missiles and warheads which evade the space-based anti-missile defensive system.

“Fourth, we require anti-submarine warfare systems adequate to acquire as targets, to target, and to destroy all adversary submersible nuclear-weapons carriers at the first instant of hostilities. I would prefer not to speak of those technologies publicly, lest I inadvertently point in directions which are presently secret.

“The two additional categories are ordinarily viewed as tactical.

“First, we require point-defense systems for naval vessels

and aircraft against air-to-surface, surface-to-surface, air-to-air, and surface-to-air tactical missiles, including nuclear-armed cruise missiles.

“Second, we require development of battle-field defensive weapons derived from the same species of technologies.

“On the basis of my knowledge of scientific and related capabilities of the United States and its allies, and also on the basis of my knowledge of Soviet capabilities, I can safely estimate that a full strategic capability, plus major developments in category five, could be deployable by either superpower as early as the 1988-1990 interval, if a program modeled upon the experience of the pre-1967 phase of NASA were mobilized for this assignment.

“Under such conditions of NASA-like mobilization, the pattern of progress in these species of defensive weapons-systems would resemble the progress in development of electronic digital computer systems over the period since UNIVAC I, into today. What might do the job effectively by 1990 would appear bulky, clumsy, and crude by comparison with the systems of the period 2000 A.D., 2005 A.D., and 2010 A.D. Certain applications of lasers for battlefield-tasks, are within the range of short-term development-work.

“The development of the initial generation of such defensive weapons-systems is more immediately of existing laboratory and related development capabilities than a manned Moon-landing was when President John F. Kennedy adopted that Moon-landing as the policy-commitment of the United States.

‘Spinoff effects’

“To complete the general picture on feasibility of defensive weapons-systems, I must put on my economist’s hat for a moment.

“Since the take-down of U.S. research-and-development capabilities, with President Johnson’s launching of his ‘Great Society’ policy, the economies of the United States and its allies have undergone massive contraction in their relative capacity to produce tangible goods. In 1946, at the end of the last World War, the United States employed 62 percent of its total labor-force either in transportation or production of such goods by agriculture and industry combined. Today, we employ less than 28 percent of our total labor-force in these categories.

“It is useful to see our national economy as analogous to a gigantic agro-industrial goods-producing firm. In that view we see operatives employed in transportation, agriculture, and industry as representing the productive costs of producing wealth, and the remainder of the total labor-force employed in some category of ‘overhead expense,’ or as representing the national ‘overhead expense’ of unemployment. In 1946, the ratio of overhead-expense to productive costs, was approximately 28/62; today, it is exactly the reverse, 62/28.

“For nearly 17 years, the U.S. economy has stumbled along by cannibalization of previous investments in basic

economic infrastructure, and in depleting previous capital investments in agricultural and industrial capacities. We have run down our ports, our internal water-management systems, our national transportation-grid, and those basic utilities and services of our cities indispensable for sustaining and developing industries, and providing for a healthy, productive, well-educated labor-force for those industries. We have written off large sections of our run-down goods-producing capacity. We are confronted with a terrifying potential crisis in our nation's fresh-water supplies; the basic general and urban infrastructure needed to keep industry functioning is nearing collapse. We are in worse condition now than we were at the beginning of large-scale World War II defense build-up, after 10 years of the Great Depression of the 1930s.

"If we attempted to reverse this continuing process of economic decline using only existing levels of technology, our farms and industries could not generate a sufficient total amount of tangible wealth both to keep themselves in functioning condition and also to produce sufficient added wealth to reverse the process of ongoing collapse of our nation's basic economic infrastructure. If we were to dump the Federal Reserve policies of Paul A. Volcker today, and concentrate low-borrowing-cost, long-term credit plus investment-capital into our farms and industries, we would slow down the rate of collapse quite significantly, but we would not be able to grow back sufficiently to meet the great costs of repairing our collapsing economic infrastructure.

"The key term is technology. If we could make some great breakthrough in the kinds of capital-goods technologies useful for industries and agriculture, we could generate an upward surge in our national productivity. It happens that the relativistic physics technologies required as part of strategic defensive weapons-systems, from high-powered lasers on up, represent a potential revolution in presently existing forms of industrial technologies.

"Obviously, therefore, the 'spinoffs' from research-and-development in the technologies of the new kinds of defensive weapons-systems are of the greatest urgency for our civilian economy. Laser-isotopes separation means a revolution in our conception of the availability and effective cost of primary materials. Used initially for only the most costly varieties of primary materials, through use and the development, the costs would come down to levels for more general use. High-powered lasers for various aspects of industrial production mean a revolution in manufacturing technology. In biology and health, x-ray lasers mean a breakthrough in biophysics of such areas as cancer research. With these techniques in sight for the period ahead, we can develop new kinds of materials of a type not generally imagined earlier. The potential effects of civilian economy use of technologies related to relativistic physics will have a greater impact, in terms of causing overcoming of natural-resources limitations and in increasing productivity, than the combined effects of development of the heat-powered machine and chemistry during the 17th and 18th centuries."

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Military and economic breakthroughs: what beam weaponry will accomplish

by Steven Bardwell

Dr. Steven Bardwell, EIR's military editor, is also director of Plasma Physics at the Fusion Energy Foundation.

The news media have portrayed the beam weapon as a "Buck Rogers" fantasy or as a "third generation nuclear weapon" that will "militarize" space by putting bombs there. But beams weapons are neither wonder weapons nor nuclear weapons. Directed energy beams can be of intense electromagnetic waves of the same wavelength (laser beams), of subatomic particles (electron beams, proton beams, or neutral particle beams), or microwave and plasma beams—all of which travel at or near the speed of light. The development of such beams would represent a qualitative leap in our understanding of physical science and technology, comparable to the leap the world made with the use of nuclear fission.

Beam weapons would make nuclear war obsolete. Beam weapons do not simply hit a missile silo or prevent a nuclear missile from being launched; they ensure that the nuclear warhead is destroyed in the atmosphere. There is no nuclear explosion, no nuclear holocaust.

The United States could have the first generation of beams weapons within five years—if the United States puts a priority on beam research. Such beam weapons would be able to find, track, and destroy a nuclear-armed ICBM, preventing its explosion. And in another 10 to 15 years, a second generation of space-based beam weapons could be developed giving even greater protection, with a capacity to destroy 10,000 ICBMs at once. For the first time since the development of the ICBM, the United States would possess an actual *defense* against an all-out nuclear attack.

As President Reagan made clear, important scientific questions remain to be solved; to bring beam weapons on line in the 5- to 15-year time-scale suggested here would require nothing less than a research and development effort comparable to the Manhattan Project that pioneered nuclear weapons. A new Manhattan Project, ironically, would for the first time in 30 years free this nation from being held hostage to the threat of nuclear holocaust. More important, as Democratic Party figure Lyndon LaRouche, the Fusion Energy Foundation, and more recently, the distinguished physicist Dr. Edward Teller have stressed, a brute-force research effort

in beam technologies would have a revolutionary impact in accelerating the development of nuclear fusion for energy production, the development of plasma torches for materials processing, and a host of other revolutionary technologies.

Like the NASA Apollo moon-shot program in the 1960s, an all-out research program in this frontier science area would spur industrial productivity and revive the U.S. economy, at the same time making the industrialization and development of the Third World nations a reality at last. A Fusion Energy Foundation study of the impact of a beam weapon program on the U.S. economy shows that such a program will create 200,000 new jobs within a year and add \$190 billion per year in new capital investment. Only such an Apollo-style program, the study shows—putting a "science driver" at the lead of the economy—can jolt the United States out of its current state of economic depression and provide for continuing growth.

How a beam weapon works

A beam weapon system would have to meet the same requirements as any "conventional" defense system against ballistic missiles. The Los Alamos National Laboratory's 1980 report on ballistic missiles defense specified the problems to solve as follows: 1) early warning that hostile ICBMs have been launched; 2) detection and assessment of the threat; 3) derivation of trajectories and prediction of targets; 4) discrimination of warheads, re-entry vehicles, and decoys; 5) targeting the interceptor (the beam); 6) guidance of the beam; 7) destruction of the target.

During the past 15 years, both the United States and the Soviet Union have perfected the early warning technology using satellites, and both countries routinely monitor all missile launchings. The more refined assessments are now accomplished using ground-based radar, but there are several new technologies that will greatly enhance the determination of where a missile is coming from, how fast it is going, and what its target is, and also discriminate between those missiles meant to hit their mark and the decoys.

The Los Alamos group has stated that the best way of using those new technologies for the job is to launch rocket-borne probes into trajectories above the atmosphere equipped

with 1) a long wavelength infrared sensor technology that can detect fuel tanks in the hostile missile at distances of 3,500 miles; 2) computer and communications technologies that can handle the data for as many as 20,000 targets in the infrared telescope's field of view.

Once the necessary information is processed, of course, the beam weapon must be aimed and must hit and destroy its target, as well as assess whether another shot is necessary. The technologies needed here are completely new, requiring unique solutions: Aiming a beam weapon at a target 3,500 miles away is like hitting an image about .00003 degrees wide—the same as a piece of thread seen at 100 meters—while it is moving at 20,000 feet per second!

It is generally agreed that the aiming and tracking technologies are within our scientific grasp today. What is required is concentrated work on the problem using existing optical systems (there are now cameras on civilian satellites that can point to a region of the sky with the accuracy required by a beam weapon) and fourth generation gyroscopes now on the drawing boards.

The more difficult task will be powering the beam to the target with energy enough to destroy the target and energy of a sort that will be absorbed by the target so that it will be disabled.

The timetable is as follows: within five years we could have a hybrid beam weapon system with an on-ground laser and mirror in space. This would offer complete protection against an accidental ICBM launch or an attack by a runaway

third power. In another 10 years, a second-generation beam system could give us substantial protection; and in 15 years, more advanced and much more attractive possibilities, like the X-ray laser, could provide us with defense against all-out nuclear attacks.

The plasma age

The development of beam weapons will not only free humanity from the insanity of having no defense against nuclear war, it will bring mankind out of the atomic age and into the plasma age, where we will be able to master technologies using the highest-energy form of matter known today. These new technologies will have more revolutionary impact on society than the introduction of electricity had 100 years ago.

Mastery of a plasma would put at our command 1) an energy source—nuclear fusion—that has an unlimited fuel supply taken from sea water and is cheap, clean, and inherently safe; 2) access to a supply of raw materials that would be virtually inexhaustible through the technology of a fusion torch, which is capable of refining the lowest grade ores economically; 3) new materials-processing technologies that allow the creation of nuclear-tailored materials (isotope separation on a large scale), the degradation of radioactive wastes, and the ultimate recycling of wastes, using the plasma torch.

This is not science fiction; it is what can be done in the next few years—if Americans win the policy fight for an Apollo-style program to develop beam technologies.

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The Reagangate plot: are the dominos set to fall?

by Scott Thompson

The effort by six congressional committees to replace the administrators of the Environmental Protection Agency is merely the front line in a series of scandals that have been set up like dominoes to fall. As *EIR* warned over 18 months ago, the ultimate goal of this effort is to topple President Reagan himself. This Reagangate process took on new momentum in March when a defamation campaign run by Katherine Graham's *Washington Post*, NBC-TV, and the *New York Times* succeeded within 48 hours in forcing the resignation of Thomas Reed, the unofficial deputy of National Security Council (NSC) Director William Clark.

Reed was an important member of the NSC-Defense Department group that is the principal opponent of the policy outlook within the administration associated with Henry Kissinger and his old friend George Shultz (see *EIR*, March 29). When the dust settled, Reed faced a possible grand jury probe in Manhattan. NSC Director Clark, his security chief Richard Morris, and three Defense Department officials remain under attack. Sources report that for over six months the Kissinger-Shultz group have sought to promote former Kissinger NSC adviser David Abshire, now at Georgetown University's Center for Strategic and International Studies, into Clark's post, but they have been unsuccessful because of the trust President places in Judge Clark.

The strategy for Reagangate was first outlined when the Socialist International held a meeting in December 1980 in Washington, D.C. Unofficially participating in those discussions were Henry Kissinger and Georgii Arbatov of the Moscow U.S.A.-Canada Institute. A decision was made to "Herbert Hooverize" Reagan on economic policy, while stirring up domestic unrest and pursuing every possible scandal.

Intelligence sources in Washington have confirmed that the most damaging "leaks" have been traced to the White House chief of staff James Baker III and a handful of White House staffers, most of whom are protégés of Republican Party liberal Elliot Richardson. These sources report that dramatic steps may be taken in the next month or two to shut down this "Deep Throat" operation within the White House. Prior to the Reed affair, one option said to be under consideration was for Clark to replace Baker, overseeing both policy decision-making and Reagan's re-election campaign, while Reed would move into Clark's place. Now it is believed

that Baker may himself survive whatever shakeup occurs.

To date, however, the White House has taken no steps to eliminate the "mole" network in the Justice Department that has been seeking grounds for Reagangate since the President was elected in 1980. This secret Justice Department "task force" is an amalgam of holdovers from the Robert Kennedy period and later arrivals. It is said to include John Keeney, assistant to Reagan loyalist and Criminal Division head Lowell Jensen; Richard Shaheen, head of the Public Integrity Section; and Carl Rauh, son of Fabian Democrat Joe Rauh, Jr. It was this network that worked in tandem with Kennedy hatchetman Walter Sheridan, the former head of the "Get-Hoffa Squad," to cook up reams of falsified testimony from informants in the Federal Witness Protection Program against Secretary of Labor Raymond Donovan. Sheridan was assisted in this effort with a "trial-by-press" network that includes such pseudo-journalists as Dan Moldea, a fellow of the New Left coordinating center, the Institute for Policy Studies. According to *EIR*'s sources, it was a related network in the Justice Department, associated with former FBI Deputy Director and founding EPA chief William Ruckelshaus, that sabotaged the Justice Department's defense of Reagan's EPA chief, Anne Gorsuch Burford.

Assuring Soviet superiority?

Since the December 1980 Socialist International meeting, the forces backing a Reagangate option have grown. The liberal wing of the Democratic Party, recognizing the failure of their efforts to short-circuit a Reagan re-election bid, has thrown immense congressional resources into feeding the media campaign of slander and defamation, resources assembled by party chairman Charles Manatt and House Speaker Tip O'Neill.

Every one of those targeted in the latest round of Reagangate efforts has been a proponent of a high-technology buildup of the U.S. defense capability, and every one was specifically a strong advocate of a major U.S. program to develop a space-based, beam-weapon antiballistic missile system. That wing of the nuclear freeze lobby which takes marching orders from such avowed enemies of technological proliferation as former Secretary of State Cyrus Vance and former World Bank President Robert McNamara is dedicated to

destroying this U.S. capability through its "movements," in tandem with renewed diplomacy by the Kissinger crowd, for whom "arms control" means technology control.

Henry Kissinger has developed a scheme with his former NSC adviser, William Hyland, and Paul Wohlstetter of PanHeuristics to bury the development of a modern ABM defense system through a new SALT-type negotiating tract that calls for U.S. missiles to be deMIRVed and for the development of a "mobile mini-missile," sometimes known as the "Midgetman." This would drive U.S. defense technology back at least 15 years at a time when, as Secretary of Defense Caspar Weinberger said in mid-March, "The Soviet Union is moving toward military superiority in all areas including space warfare."

Through a Kissinger crony, former National Security adviser Gen. Brent Scowcroft, who was named to head the President's National Commission on Strategic Forces (NCSF), and through former Carter Secretary of Defense Harold Brown, who is a consultant and senior adviser to the NCSF, this ridiculous "Midgetman" proposal was actually brought into the current debate within the administration on defense strategy. At least one close Kissinger associate has admitted that Thomas Reed, vice-chairman of the NCSF in addition to his NSC role, was a dedicated opponent of such proposals within the commission, which will report to the President in April on its study of future force structures.

As a whole, these factions are determined to deliver the United States in 1984 to a Neville Chamberlain regime—that is, one that would mark the virtual capitulation of the United States to the Soviet Union. The process of targeting key proponents of high-tech development within the Reagan administration can be expected to accelerate now that Mr. Reagan has made an historic speech on the need for the development of such defensive systems. In that March 23 speech, the President said: "I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace: to give us the means of rendering these nuclear weapons impotent and obsolete."

'We want Clark'

The Reed investigation was first made public in the January/February issue of *Common Cause*, the magazine of the lobbying group with the same name run by freeze leader John Gardner. In the same issue, *Common Cause* announces that its Nuclear Arms Alert Network will "take up battle against the MX missile," while an article on corporate leaders supporting the freeze asks defensively, "Are these Men Soviet Dupes?" At least the *Common Cause* piece notes, contrary to more recent news coverage, that the \$427,000 Thomas Reed is alleged to have made from "insider trading" on stock options was given to eight impecunious friends. When the Securities Exchange Commission enjoined Reed from insider trading in the future, he had to pay an equivalent sum out of his own pocket into an escrow account.

The SEC never adjudged Reed guilty in the matter, and the FBI, examining the case, cleared Reed of significant wrongdoing in their report to the White House when Reed was named a member of the National Security Council staff and a special assistant to the President in January 1982. Even the *Washington Post* would have found it difficult to publish slanders of Reed were it not for the fact that John S. Martin, the Carter-appointed U.S. Attorney in Manhattan, made the unprecedented announcement there was a "preliminary investigation under way" in the Reed affair as one of his last acts before leaving office. Sources close to the investigation doubt that his successor will continue it.

Rep. John Dingel (D-Mich.), an advocate of the nuclear freeze and the man who set up Mrs. Burford in the EPA documents fight, used this as the excuse to go on a fishing expedition not only against Reed, but also National Security Council Director William Clark and his security chief, Richard Morris. A source involved in this investigation on Dingel's staff recently said: "Forget Reed, it's Clark we want."

Every one of those targeted in the latest round of Reagan efforts has been a proponent of a high-technology buildup of the U.S. defense capability, and every one was specifically a strong advocate of a major U.S. program develop a beam-weapon antiballistic-missile system.

Sources close to Rep. James Scheuer report that the next phase in EPagate may be to seek a special prosecutor to bring criminal charges against former EPA director Burford and her assistant Rita Lavelle, the latter of whom has already been charged with contempt of Congress. The real danger to the administration lies in the appointment of William Ruckelshaus as Burford's replacement (see article, page 54).

Other members of the administration now under attack include Gen. Ed Rowny, the NSC liaison within the Arms Control and Disarmament Agency. Sources report that Rowny was set up to write a memo describing ACDA people who should be fired, a memo leaked to former ACDA Director Eugene Rostow the moment it was on paper. Some of *EIR's* sources believe that there may be an Ariel Sharon/Moshe Ahrens/Mossad hand in the latest scandal, arguing that this faction in Israel now wants to tie up the Reagan administration with internal problems so that no Mideast peace plan can be achieved before the President must make a deal for his reelection.

How Ruckelshaus plans to undercut U.S. industrial corporations

by Lonnie Wolfe

Newly appointed Environmental Protection Agency director William Ruckelshaus has prepared a secret agenda whose new environmental regulations will shut factories in the depression-ravaged U.S. industrial heartland. Having reportedly been given a hit list of U.S. industrial companies by certain London and continental European financial interests, Ruckelshaus is to use his position to wreck these targeted companies financially through a campaign of environmental harassment, so that they can be bought up cheaply abroad.

According to sources in the U.S. intelligence community, Ruckelshaus, who has yet to be confirmed by the Senate, has briefed leading environmentalists on a proposed campaign against alleged major polluters, stating that he will invoke regulations and laws that will cost these companies hundreds of millions of dollars.

Attack on the chemical industry

High on the Ruckelshaus hit list is the U.S. chemical and pharmaceutical industry, which produces much of the fertilizer and crop control agents needed to expand world food production, as well as life-protecting medical drugs. Ruckelshaus is planning a new push to cut off exports of chemicals and pharmaceuticals to the developing sector for "environmental reasons." Such a ban was put in place during the Carter administration, but removed as scientifically groundless when Reagan came into office. Beyond its financial impact on various U.S. companies, scientists estimate that the ban would lead to the deaths of tens of millions in the developing sector from starvation, pestilence, and disease (see article, page 57).

Among Ruckelshaus's first targets is said to be the multibillion-dollar Dow Chemical Corporation. The attack on Dow is already well underway, with the *New York Times* leak the week of March 14 charging that Dow officials had altered an EPA report on toxic wastes with the knowledge of high-level EPA officials.

He has also indicated plans to re-impose the Carter administration's worldwide ban on the export of U.S. chemical fertilizer and pesticides. Agricultural specialists estimate that this would lead to the death of hundreds of millions in

the developing sector from famine and pestilence.

Ruckelshaus, who has demanded a blank check from the White House to run the Environmental Protection Agency as he sees fit, has no loyalty to President Reagan nor to the United States. He is a member of a semi-secret elite group, the Year 2000 Committee, controlled by Britain's Prince Philip in his capacity as chairman of the World Wildlife Fund.

Members of the Year 2000 Committee, which include former Carter secretary of state and Global 2000 initiator Cyrus Vance and prominent GOP establishment environmentalists like World Wildlife Fund/USA president Russell Train, place the goals of this group over and above any personal or national interest goals.

Over a year ago, a spokesman for the Year 2000 Committee stated that the group's policy was to paralyze the Reagan administration and then seize control of its policies. The Committee, through its networks in the media and the Congress, including Rep. John Dingell (D-Mich.), has orchestrated the attacks on the EPA and its Reagan-appointed director, with the goal of installing Ruckelshaus or a like-minded associate to head the EPA (see *EIR*, March 29).

William Ruckelshaus was the first EPA chief, appointed by then-President Richard Nixon to head the agency in 1969. In this capacity, he worked with National Security Adviser Henry Kissinger and Russell Train to set up the U.S. global environmental apparatus, the same grouping that later produced the *Global 2000 Report*. That document calls for the elimination of 2 billion human beings by the year 2000, through a policy that denies the developing sector the means of survival.

Banning DDT

Ruckelshaus's career as EPA director is highlighted by one single act that has caused more deaths than Hitler's final solution. In 1972, Ruckelshaus unilaterally and arbitrarily banned the pesticide DDT, leading to its eventual prohibition worldwide. His action followed nearly a year of hearings and some 9,000 pages of hearing transcript. On April 26, 1972, at the end of these hearings, Edward Sweeney, the EPA case

officer for DDT ruled: "DDT is not a carcinogenic hazard to man. DDT is not a mutagenic or tetragenic hazard to man. The uses of DDT under the regulations involved do not have a deleterious effect on freshwater fish, estuarine organisms, wild birds, or other wildlife. . . . The evidence in this proceeding supports the conclusion that there is a present need for the essential uses of DDT."

Ruckelshaus overruled the voluminous scientific findings and banned DDT. He did not read the transcript.

In later testimony before Congress, Ruckelshaus cited as his justification a secret memorandum on DDT—a memorandum classified to this day. The memorandum is said to be a scientific fraud, containing lying and fallacious arguments put forward by discredited individuals associated with such groups as the Audubon Society, whom Ruckelshaus met with frequently at the time and continues to associate with.

Writing about his "big decision," Ruckelshaus dismissed science as the principal basis for making decisions about toxic substances. "The ultimate judgement," he said, "remains political."

GOP environmentalists

Sources close to the White House report that the President's trusted advisers, like White House counselor Edwin Meese III, do not trust Ruckelshaus or his colleagues like Russell Train. However, according to sources close to Reagan loyalists like Meese, the White House was brought under unspecified but intense blackmail pressure from GOP Eastern Establishment environmentalists to accede to Ruckelshaus's demands. The White House has been warned to stay out of potential conflicts between the EPA director and Interior Secretary James Watt.

Meese and the President have been told by closet environmentalist George Bush and chief of staff James Baker III that Ruckelshaus's appointment will breeze through the Senate and gain instant credibility for administration environmental policy. These are the same "insiders" who forced former EPA chief Anne Gorsuch Burford from office without a shred of proof against her. Their claims of quick Senate approval have been reaffirmed by Vermont Republican and Global 2000 backer Sen. Thomas Stafford, the chairman of the Senate Environment and Public Works Committee, whose aides are preparing new environmental legislation.

Ruckelshaus is supported by a mobilization of "greenie" groups both inside and outside the United States. Secret meetings have taken place among the leadership of the Sierra Club, Audubon Society, and the leaders of the ecological movement in Europe on an international campaign to block the export of U.S. chemicals and drugs to the developing sector. More than 500,000 letters have been sent out in the United States by the Sierra Club and Audubon Society, with clip-out post cards to be sent to Congress urging the U.S. export ban.

Documentation

Ruckelshaus's ban on DDT: the giant toll

Dr. J. Gordon Edwards, professor of entomology at San José State University in California, is one of the leading experts on DDT and other pesticides in the United States. Dr. Edwards is a long-time member of the Sierra Club, the Audubon Society, and the Explorer's Club. He has written a book for the Sierra Club, A Climber's Guide to Glacier National Park, and many articles on birds and environmental subjects. His article, "Pesticides and People: How Environmentalist Politics and Bad Journalism Banned DDT," will appear in the Sept.-Oct. 1983 Fusion magazine. Excerpts from Dr. Edwards's speech to the Club of Life conference held in Los Angeles on Feb. 18 follow.

My name is J. Gordon Edwards. I am professor of entomology at San José State University, where I have taught entomology and biology for 33 years; however, I am speaking today only for myself and not for the University.

Let us look at the numbers of people who have needlessly died of insect-transmitted diseases, of starvation, of malnutrition, and associated maladies. In other words, let us consider those humans who would have, and should have, lived longer had they not been unnecessarily deprived of the benefits of chemicals such as insecticides, herbicides, fungicides, nematocides, rodenticides, and bacteriacides.

Let us first ponder the insect-borne diseases such as malaria, yellow fever, typhus, plague (black death), sleeping sickness, and encephalitis, ignoring the disfigurement and suffering caused by elephantiasis, leishmaniasis, and onchocerciasis (river blindness). A leading British scientist once said that, "If the various pressure groups had succeeded, if there *had* been a world ban on DDT as many sought, then Rachel Carson and her book *Silent Spring* would now be killing more people in every single year than Hitler killed in his whole holocaust." There is no denying that assessment, but the most frightening thing about it is that the pressure is even greater now than ever before to actually bring about a worldwide ban on the use of not just DDT, but every other chemical pesticide!

The worst disease of mankind has been malaria, even though at various times in the past typhus killed millions of people (before DDT put a halt to it) and the plague eradicated half the population of Europe and nearly two-thirds the people in the British Isles. Malaria was, and is, the number one killer of people, and it threatens to be even more lethal in the future as the capricious anti-pesticide propaganda of the pseudo-environmentalists continues to accelerate.

Malaria: man's worst disease

Things were going well in the 1950s, and there was justifiable hope that malaria could be almost eradicated in large areas of the world. By 1970, of 2,000 million (2 billion) people living in formerly malarious regions, 79 percent were safe because the disease had either been eradicated from their homeland or was under effective control there. By 1972, the Environmental Protection Agency (EPA) had overruled the scientists and health experts, and banned most uses of DDT in the United States. The great anti-DDT campaign and the subsequent political action by the EPA led to worldwide concerns about DDT, even in countries where malaria was prevalent. Six years later, there were 800 million cases annually; and at least 8.2 million deaths every year. Leaders in many other countries, seeing the EPA's concern about DDT, concluded that they should no longer use it either.

Unfortunately, when "poor" countries stop using essential life-saving chemicals, their ancient pestilences quickly return. In Central Africa, more than a million children under two years of age are now dying of malaria every year. In Ceylon (Sri Lanka), the DDT program had reduced the number of malaria cases from nearly 3 million down to just 17 cases in the entire country after 10 years, and the number of deaths from the disease dropped from over 12,000 a year down to zero. Concern over Rachel Carson's remarks about DDT, aided by political and financial difficulties, halted the effective malaria program at that critical time, and there resulted a resurgence of malaria. A few years later there were again more than 2 million cases of malaria in Sri Lanka. Fortunately, many countries did not halt their programs, so malaria actually was eradicated in great areas of the world!

In many parts of the world, drug-resistant forms of *falciparum* malaria developed shortly after the irresponsible environmentalists prevented rapid eradication of the parasites. Unlike the rather mild *vivax* type of malaria that predominated in Sri Lanka, this "resistant *falciparum* malaria" may kill up to 40 percent of its victims who suffer relapses. The hazard is no longer limited to the blacks and Asians in those countries where Global 2000 advocates seek to drastically reduce human populations by the year 2000. The deadly form of malaria now threatens many world travelers and may well become established in North America and Europe in the future. The industrialized nations may yet pay a very high future.

The industrial nations may yet pay a very high price for their submission to the environmental extremists.

It is not only the insect-borne diseases that decimate human populations. The bans and restrictions on essential agricultural chemicals have contributed greatly to the daily toll of humans dying of starvation, malnutrition, and numerous other effects of dietary inadequacies. In many countries, the people have been so weakened that they cannot work effectively in the fields. They are also much more susceptible to illnesses that would not kill vigorous, healthy people. More than 40,000 children starve to death every day, according to the Agency for International Development, and that adds up to 15 million horrible deaths a year! Furthermore, malnourished children will never develop their full brain capacity, which promises great difficulties in future years for the nations with persistent food shortages. It is now known that protein deficiency in the diet leads to marasmus and kwashiorkor, and that milder levels of protein-calorie malnutrition affect about half of all children under 20 years of age in the underdeveloped countries. The resultant weakness leads to great increases in infections such as hepatitis, tuberculosis, dysentery, amebic liver abscesses, schistosomiasis, typhoid fever, and so forth. Antibody synthesis is also impaired in those children, resulting in a great many deaths that would not occur if their diet was adequate. Because of the poor condition of the workers, India produced less than 25 million tons of wheat per year in the 1940s. Twenty years later, after DDT had been widely used for public health purposes there, the people were living much longer and doing much more work. Their wheat production quadrupled to more than 100 million tons annually, and other crops showed equally impressive increases. Meanwhile, the number of cases of malaria had dropped from 100,000,000 per year in the 1940s, with about 2,500,000 deaths annually, to only 300,000 cases a year and only about 1,500 deaths. Obviously, a population that is able to work hard and produce abundant food can reduce the levels of malnutrition and starvation, and can live much more pleasantly, with increased resistance to contagious diseases.

'Alternatives' too expensive

"But why use any pesticides at all?" ask the environmentalists from their plush offices. After all, they say, there are surely *alternative* measures that can effectively control most pests. Well, while it is true that many kinds of scales and aphids have been controlled by biological control agents or integrated pest management, a successful program of that sort requires great numbers of trained entomologists, modern rearing facilities for the parasites, and a great many other essentials that no underdeveloped nation could possibly afford. Also, such programs have yet to be truly effective in the control of most other kinds of pests.

We need not look very hard to find refutation for such irresponsible suggestions as those by the organic farming groups. China has used those alternative measures for a great many centuries, starving most of the time, and 80 percent of their people must still work all day in the fields to eke out a

bare subsistence. Similar conditions prevail in many Third World nations, except where chemical tools have been introduced by representatives of the so-called industrialized nations. The miracle of modern agriculture can only be appreciated by comparing it with the alternative programs! Thanks to that sort of agriculture, each modern farmer in the United States now provides enough food for himself and 70 other persons (including 20 persons overseas).

That would not be possible without the use of essential agricultural chemicals, yet some Americans continue their campaign to make pesticides unavailable to American farmers *and* to prevent them from being exported to those starving Third World countries. The Audubon Society and Natural Resources Defense Council filed suit in 1977 seeking to force the Export-Import Bank to file environmental impact statements for all overseas projects they finance. That was intended to halt the purchase of life-saving pesticides for use in those underdeveloped countries. More funds were involved than one might expect, since from 1974 through 1976 over \$20 billion of financial assistance was provided to those countries by the Ex-Im Bank, of which more than \$3 billion was for pesticides. The suit was opposed by the Mid-America Legal Foundation. After four years they won a federal court ruling against the pseudo-environmentalists, and as the president of the foundation phrased it, "The federal court order means that American exports will not be curtailed and our nation will not be practicing environmental imperialism."

In 1978, a White House Executive Order was drafted by President Carter's assistant for consumer affairs. The order proposed a ban on "hazardous substances" which would otherwise be shipped overseas. Despite opposition by the Department of State, Department of Treasury, Department of Commerce, and Department of Defense, the EPA and CEQ activists persisted in their efforts to require all federal agencies to prepare environmental impact assessments on their international activities. When President Reagan took office he set aside that order which Carter had put into effect during his final days in the White House. The clamor was immediately deafening, and many activists claimed that Mr. Reagan was releasing tons of deadly insecticides which would poison members of the Third World countries. As a matter of fact, President Carter's order barely mentioned pesticides. The "hazardous substances" that were specified in that order were defined as "pesticides, chemicals, non-nuclear hazardous wastes, food (including meat and poultry), food additives, drugs, cosmetics, medical devices, and electronic products." Exempted from the order were "alcohol, tobacco, narcotics, nuclear fuels, and firearms."

What motivates environmentalists?

When one considers all the commotion caused by American "environmentalists" and notices that many of their positions are very *destructive* to the environment, rather than preserving it, one wonders just what *is* their motivation. Why would they fight against the use of insecticides that could

prevent the destruction of millions of acres of forest by gypsy moths? Why insist on the burning of tremendous amounts of coal to create electricity, when the burning ruins the atmosphere over four states? Why oppose the export of insecticides to countries that need them to grow their crops, and why oppose the importation of food grown in those countries because it might have traces of insecticides on it?

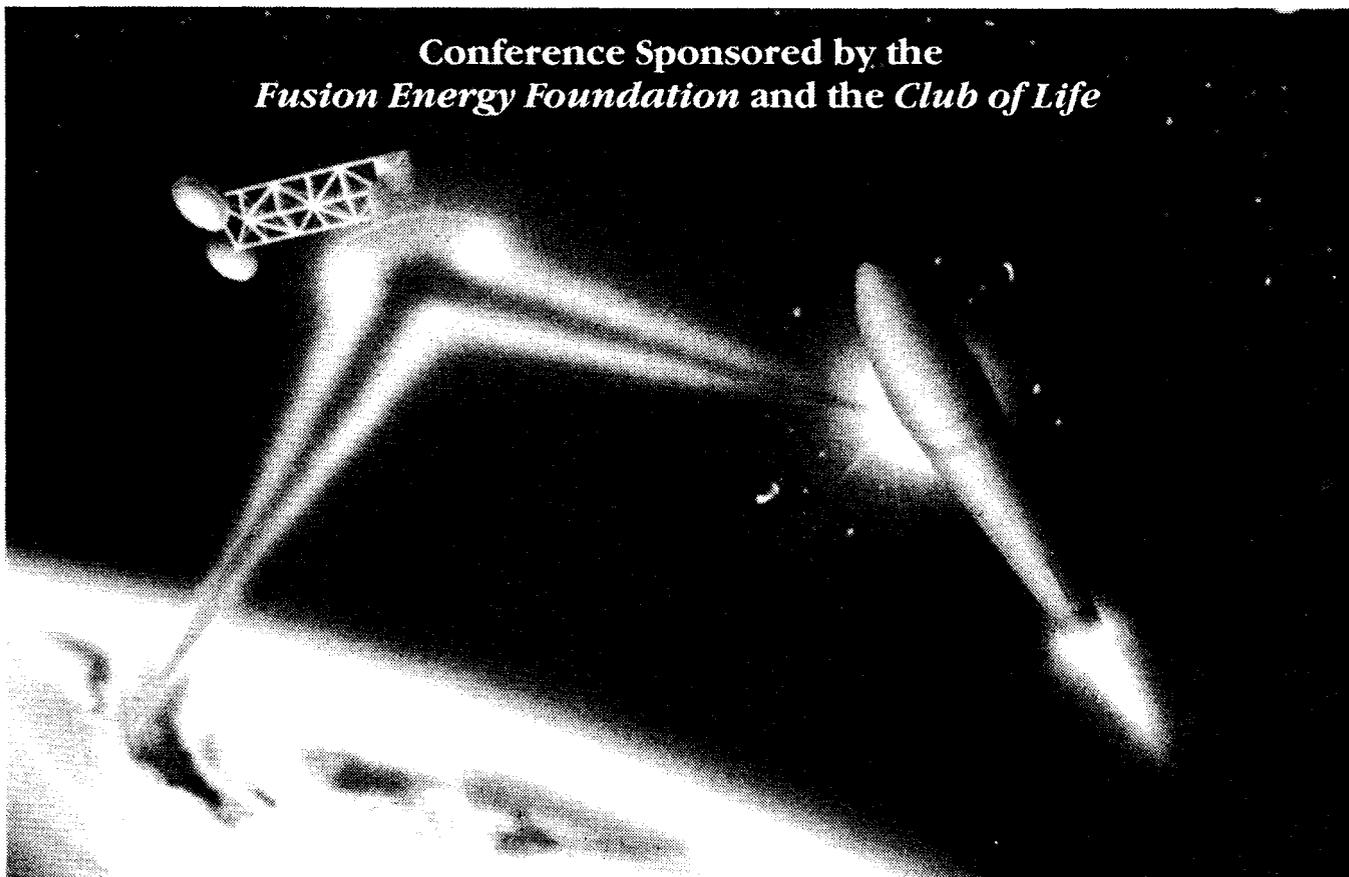
Do they really think the birds they enjoy counting may decline as a result? (How many people is a tanager worth?) Are they really afraid to eat food with traces of the insecticides that were once so abundant, *but harmless*, on food produced in United States? What motivation drives those wealthy activists to prevent the starving masses of humanity elsewhere from obtaining the chemicals that would reduce their misery and save millions of lives? Do they simply want to attract larger donations from the people on their huge mailing lists by terrorizing them with false claims and outlandish implications? Or do they simply desire to wield greater power in the United States and around the world? Or are they deliberately intent upon crippling American agriculture and ruining the industries that now employ so many American workers? Or is their long-range goal the worldwide decimation of human populations that they think are reproducing too rapidly? *Or* are most of those anti-pesticide activists simply naïve, uninformed, or misinformed "groupies" who have never really given serious thought to the effects of their irresponsible actions on other human beings? I submit that the reasons are not as important as the results, and that greater efforts must be made to educate those individuals who are in the latter category and to thwart those whose true goal is widespread genocide.

Death toll from pesticide reduction

What is the death toll resulting from pesticide restrictions here in the United States and around the world? It is impossible to calculate with any great accuracy. Right now, 15 to 20 million people are dying of direct starvation each year, while at least that many more are succumbing to the indirect effects associated with malnutrition and protein-calorie deficiency. The knowledge and ability is available now to reduce those figures, but *not* without pesticides and other agricultural chemicals, and with stronger, healthier workers in the fields. When we consider all the insect-borne diseases and realize that at least 10 million people die annually from malaria alone, millions more perish from the side-effects of malaria and other diseases, and additional millions are killed by various other preventable and treatable maladies, it would appear reasonable to conclude that, directly or indirectly, between 60 and 100 million people are dying every year as a result of the anti-pesticide activities which have caused restrictions or bans on the pesticides that could prevent such deaths.

How many more human lives must be sacrificed on the altar of pseudo-environmentalist extremism? Only time can tell.

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Part II: The anatomy of a corporate murder

by Jeffrey Steinberg

Part I of this article appeared in the March 15 issue of EIR.

This is the story of one of the most thoroughly investigated and most rigorously documented civil litigations in the history of American jurisprudence; a case so intertwined with the events of Watergate that its full prosecution would have spawned a string of criminal grand juries and probable convictions of such Nixon intimates as John Connally. This is also the story of a litigation that will never be heard before a judge as the result of judicial corruption at the state level and "calendar overload" at the federal court level.

Between April 5 and June 29, 1972, according to a draft civil rights damages suit prepared on behalf of Shearn Moody, Jr. of Galveston, Texas, nine state officials of Texas, Alabama, and Arkansas conspired to illegally shut down an interstate insurance company, Empire Life Insurance Company of America. Overnight a \$14,213,440 personal trust fund was transformed into a mere \$4,250,000, and one of the most prosperous insurance companies in the South was thrown into permanent receivership.

There is much room for speculation as to the precise motives that led John Connally, former governor of Texas, former head of Democrats for Nixon and, in 1971, the Secretary of the Treasury under President Richard Nixon, to bring the combined resources of the U.S. Treasury Department, the Internal Revenue Service, the Securities and Exchange Commission, and the attorney generals and insurance commissioners of Texas, Alabama, and Arkansas to bear against Moody, the scion of one of the oldest banking and insurance families of Texas. During the early 1960s, then-Governor Connally had conspired to insinuate a controlling group of outside trustees into the Moody Foundation, the sole stockholders in American National Insurance Company (ANICO), one of the 10 largest insurance companies in the United States. During the tenure of those Connally-picked trustees, tens of millions of dollars in ANICO funds were invested in Las Vegas and Caribbean gambling casinos—all linked to organized-crime mogul Meyer Lansky.

Several figures intimately familiar with the events of Watergate and the 1972 Nixon Committee to Re-Elect the President (CREEP) re-election effort have speculated to this author that the bringing down of Empire Life Insurance Company was part of a political payoff by Connally to Gov. George Wallace of Alabama to keep Wallace off of a third

party ticket in the 1972 presidential race; what one political observer ruefully called the "silver dollar-silver bullet" strategy for containing the threat of an independent Wallace candidacy. No evidence of this particular piece of the Nixon "Southern Strategy" has ever surfaced publicly, although a number of newspapers around the country reported at the time on a semi-clandestine meeting between Governors Connally and Wallace, which resulted in Wallace embracing of the Democrats for Nixon banner, and a Republican sweep of the South.

Such antics by Connally have been catalogued in other locations. In an unpublished 1970 manuscript by William Torbitt, "Nomenclature of an Assassination Cabal," based on the findings of the Jim Garrison New Orleans grand jury inquiry into the assassination of President John F. Kennedy in Dallas, Texas in November 1963, Connally's name figured prominently in the circle of a Montreal-based company, Perminex, several of whose board members were indicted by Garrison in the conspiracy to assassinate the President. Connally was at that time a resident of the Tryall Compound at Montego Bay, Jamaica, the scene of many of the alleged conspiratorial sessions.

Such questions of motive and pedigree aside, the fact remains that during one 85-day period in the spring of 1972, a major insurance company operating throughout the southeastern United States was gutted and looted; a prominent Texas business leader was thrown into a decade long uphill fight against the combined resources of state and federal government, organized crime, and the media; and behind the entire affair, the shadowy figure of "Big John" Connally was and is ever-present.

What's more, when attorneys for Moody attempted to file civil damage claims against the looters of Empire before Alabama Equity Court Judge William C. Barber on Feb. 5, 1982, Judge Barber refused to accept the filing. On July 30, 1982, the Supreme Court of the State of Alabama rejected the Moody appeal to override Barber's refusal to grant court standing to the Moody complaint against the "Gang of Nine."

Finally, on Feb. 22, 1983—over a decade after the swords of Connally were raised to slaughter Empire Life—the U.S. Supreme Court, pleading an overcrowded calendar, refused to take up the Moody case, thereby sealing off the judicial process.

During the decade between the original looting of Empire Life and the filing of the Moody case before Judge Barber, an insurance investigator for Moody, Norman Revie, compiled one of the most impressive evidentiary trails ever amassed on criminal conspiracy among government officials to rob and publicly tar a respected private citizen. This author has reviewed sections of those files, and has corroborated the existence of hard documentation supporting the "Facts of the Conspiracy" as presented in the draft civil rights action.

How was the looting of Empire Life carried out? The next installment in this series will reproduce draft court papers which specify the details.

National News

Pressler attacks space laser defense

Senator Larry Pressler (R-S.D.) escalated his attack on high energy space-based ABM systems in the wake of President Reagan's March 23 announcement of that strategic defense policy. In a press released dated March 24, Pressler charged that "space-based weapons will lead to a new and destabilizing arms race. If we can reduce strategic weapons, we don't need lasers, and if we simply add lasers to the arsenal, it could be 'viewed as fostering an aggressive policy,' to use the President's own words."

Pressler pointed to hearings held before his subcommittee on arms control of the Senate Foreign Relations Committee several months ago, during which administration officials expressed "skepticism" about this concept.

Committed to maintaining the Kissinger-McNamara policy of Mutually Assured Destruction even in the face of Soviet technological advances that make that policy suicidal for the United States, Pressler says, "There are no magic bullets for solving our defense problems. A space-based laser defense will go the same way as all other previous 'solutions' to our strategic dilemma. Like MIRVs, lasers will add to our defense costs and reduce strategic stability."

Senator Pressler will hold hearings on the administration policy on April 14 in his arms control subcommittee, during which he will push his own resolution aimed at banning all weapons in space. Defense Secretary Caspar Weinberger has been asked to testify.

State legislatures defeat nuclear freeze

The state legislatures of New Hampshire and North Carolina rejected nuclear freeze resolutions March 15 and 17, respectively, a development that indicates that the freeze resolution in the U.S. House of Representa-

tatives, presently scheduled for a vote April 12, will not get the 40- or 50-vote margin its sponsors are predicting.

In North Carolina, a Senate Joint Resolution "For a Mutual, Verifiable Nuclear Freeze between the U.S. and U.S.S.R." was defeated 25-23 on March 17 after a fight led by Sen. Harold W. Hardison (D-Deep Run). The resolution had started out with numerous co-sponsors, but 11 of them removed their names after they looked over the resolution's provisions for disarmament.

When the resolution came up on March 17, Hardison moved to amend the resolution on the grounds that the Soviets would not submit to an agreement that is verifiable, and that a bilateral freeze would be rendered obsolete as soon as any other nations developed nuclear weapons. The amended freeze resolution was defeated 25 to 23, and tabled for the duration of the session.

Rep. Howard Dickinson (R) led the fight to defeat the pro-freeze resolution in the New Hampshire State House of Representatives on March 15. The vote capped a series of defeats for the freeze resolution in 43 of 58 New Hampshire town meetings held during the week of March 8-15. These 1983 New Hampshire town meetings completely reversed the much publicized pro-freeze votes of 1982.

NDPC testifies on beam weapons potential

The National Democratic Policy Committee (NDPC) delivered testimony to two rather stunned subcommittees on the day after President Reagan's historic March 23 address on defense policy. The previously scheduled testimony before the energy and water subcommittees of both the Senate and the House Appropriations Committees was transformed as NDPC representatives stressed the economic implications of a beam weapon program as the science driver needed to pull the nation out of the depression.

Senator Quentin Burdick (D-N.D.), asked for an explanation of how beam weapons would work, expressing fear that an ABM system would be built, such as the one

built in North Dakota a decade ago, at enormous expense and then not be used. "I want to make sure we know what we are talking about before we spend the money," he stated.

The NDPC spokesman asserted that there is a huge difference between military spending on conventional or off-the-shelf technologies, and spending in such frontier areas of technology as directed energy beams, citing the productivity revolutions brought about by the NASA program and the advent of electricity.

Bioethics Commission opposes protecting infants

A federal ruling which demands strict enforcement of the federal statute regarding discrimination against handicapped infants, issued at the insistence of President Reagan, has sparked an outraged reaction among euthanasia advocates.

On March 18, the American Academy of Pediatrics, the National Association of Children's Hospitals, and the Washington, D.C. Children's Hospital filed suit asking the District Court to "enjoin and declare invalid" the ruling published in the March 7 federal register. The Pediatrics Academy also asked for a temporary restraining order, which was denied by Judge Gerhard Gesell. A hearing date has been set for April 8.

The new regulation, which must now be posted in all hospitals, prohibits failing to provide care and food to infants, sets up a hotline for anonymous complaints, and threatens to withhold funds from hospitals that do not comply. President Reagan had acted in response to the widely publicized 1982 Baby Doe incident in which a newborn infant with Downs Syndrome was starved to death with the sanction of an Indiana court.

The lawsuit claims that the regulation to protect the handicapped was issued "without a legal or factual basis and in total disregard of the congressionally mandated Commission for the Study of Ethical Problems in Biomedical and Behavioral Research."

Dr. Joanne Lynne, a national leader of the hospice movement and study director of

the commission, stated at the March 21 press conference that medical care providers often exercise a "misguided paternalism" by fighting to keep people alive. She included in her definition of life-sustaining systems "antibiotics and artificial feeding"—both of which she thinks should be withheld from comatose patients if there is a question of scarce resources.

Hinckley victims sue Tavistock psychiatrist

In Denver federal court on March 18, the three men John Warnock Hinckley shot in his attempted assassination of President Reagan in May, 1981—Secret Service agent Tim McCarthy, Press Secretary James Brady, and Washington, D.C. patrolman Delahanty—entered million dollar lawsuits against Hinckley's Tavistock psychiatrist, Dr. John Hopper of Evergreen Associates on Human Behavior. Sources close to the case say that the lawsuit could gain access to Hopper's and possibly other psychiatric files, and could potentially establish the principle of legal responsibility of psychiatric controllers for crimes committed by "Manchurian candidate" assassins.

Lawyers for Brady, McCarthy, and Delahanty have obtained a copy of the autobiography Hinckley wrote for Hopper before the assassination attempt, in which Hinckley states that his two interests in life are political assassination and actress Jodie Foster.

EIR has established that the Tavistock network in Colorado—including Drs. Hopper, Foster Cline of Evergreen, Edmund Casper of Fitzsimmons Army Base, and John M. MacDonald of the University of Colorado's Medical Center—have, since the Reagan shooting, brainwashed a new group of "Manchurian candidates" in the form of evangelical fundamentalists focused on killing "the Antichrist."

It is possible that this fresh crop of pseudo-religious Hinckleys was activated with the "trend-setting" murder of a police officer by a cult of "Antichrist" killers called "Black Egypt," which took place in Memphis, Tennessee on Jan. 1.

Kirkland supports labor witchhunt bill

AFL-CIO President Lane Kirkland has revived his efforts to ram through legislation to sanction judicial frame-ups of trade union leaders. Kirkland sent a letter to Sen. Sam Nunn (D-Ga.) the week of March 14, reaffirming his support for so-called labor racketeering reform legislation sponsored by Nunn, Sen. Edward Kennedy (D-Mass.), and 11 other senators. The bill, S.336, which is in violation of the Constitution, places the burden of proof on the victim of a potential frame-up, and would strip a union official convicted of a felony of his union office without waiting for the results of an appeal.

Hearings were held in the Senate Labor and Human Resources Committee during the week of March 14. A committee spokesman said that with Kirkland's backing, the bill is expected to "fly through the committee" and the full Senate in mid-April.

Kirkland reportedly wants the legislation in place before the 1984 presidential election campaign begins, so that he can use the threat of frame-ups to hold regional and local labor leaders in line behind his "permanent depression" policies.

A staff member of the Senate Labor and Human Resources Committee says Justice Department officials had told him that they would guarantee dozens of convictions of top leaders of the Teamsters and the building trades, especially the Laborers Union, if the law were passed. Hearings held by the committee emphasized attacks on allegedly organized-crime-controlled Teamster and other labor officials. Teamster President Roy Williams, who was recently framed up in a bribery case, was singled out by several witnesses from the Justice Department as a "convicted crook" who was able to stay in office because S.336 had not yet passed.

John Erlenborn (R-Ill.) will sponsor the House version of the bill. Erlenborn ranks near the top of the AFL-CIO's official enemies list in Congress as the sponsor of nearly every piece of anti-labor legislation.

Briefly

● **DR. EDWARD TELLER** and his campaign for defensive beam weapon development have been condemned by *Izvestia's* A. V. Mikheev as the agents of a "criminal alliance of Pentagon generals, arms producers, and their lobbyists in the Washington corridors of power." Mikheev assured his readers on March 16 that the statement to the House Foreign Relations Committee of such an acknowledged "hawk" as Dr. Teller to the effect that "the freeze movement and the corresponding resolution increase the likelihood of nuclear war" can hardly stop the momentum of the Soviet-supported nuclear freeze movement. Mikheev called "perverted logic" Teller's statement in a letter to the House Foreign Relations Committee that "the freeze movement and the corresponding resolution increase the likelihood of nuclear war."

● **FATHER PAUL MARX**, president of Human Life International and chairman of the board of the American Life Lobby, told a Southern California representative of the Club of Life March 22 that he was "too busy" to demand prosecution for murder against two California physicians who starved 55-year-old Clarence Herbert to death by denying him food and water when he was in a coma at the Kaiser Permanente Hospital in Los Angeles. Father Marx said he would not even issue a statement on the crime.

● **JAMIE WHITTEN**, House Agriculture Subcommittee and full Appropriations Committee Chairman (D-Miss.), has said that he thinks the Agriculture Department's Payment In Kind program would create a "disaster." His statement came in response to testimony from a National Democratic Policy Committee spokesman. "Once these farmers stop production, they won't have the capital or the credit, or they might just become too smart to get back into farming," Whitten declared, implying that current economic policies offer no hope of recovery.

The rebirth of technological optimism

“Recession for Ten More Years, Says IIASA Scientist; Foresees Rising Unemployment, Financial Breakdown, Dropping Energy Prices.” That was the headline of a press release issued by the Vienna-based International Institute for Applied Systems Analysis (IIASA) on March 24, the day after President Reagan announced that the United States would make a scientific and economic commitment to render nuclear war obsolete.

The IIASA, as *EIR* has documented, is a strategy center for the most evil policy factions East and West. It is overseen by Sir Solly Zuckerman, the science adviser to the British royal family, who is campaigning against directed-beam ABM defense systems; Djermen Gvishiani, a leading Soviet systems analyst, i.e., a Malthusian; Alexander King, who boasts of having created the environmentalist movement through his NATO channels; and McGeorge Bundy, who, when Pope John Paul II affirmed that man’s divine spark is found in scientific and industrial progress, responded that a long life for this pontiff would be undesirable.

The IIASA justified its projections—“some 70 million unemployed in Western countries, a continuation of the recession into the 1990s, the need to write off some \$2 trillion in national and international loans, and further dropping energy prices to as low as \$12 a barrel”—with reference to the “Kondratieff” astrology: “long waves” which inexorably produce periodic economic collapse. In the pre-March 23 United States, there was good reason to fear that Americans would sedate themselves into accepting the permanent depression planned by these negative-growth advocates. Now, we are in a new universe.

The message of hope delivered by the President is reviving Americans’ “technological optimism.” The controlled environment of cultural decay which has led so many citizens to accept the prospect that their children will be less productive, less educated, and less moral than themselves, and that their aging parents must die quickly for reasons of “budgetary constraints,” is now broken.

Defense Secretary Weinberger voiced this optimism when, at a March 24 press conference in Madrid, he pointed to the 1960s’ Apollo NASA moon-shot project as the model for what American commitment and know-how have accomplished, and can again accomplish in achieving an ABM defense. “If both sides [the United States and U.S.S.R.] can acquire the means of rendering impotent these deadly missiles, we would really have advanced the cause of peace and humanity very, very far.” He declared himself “excited and pleased about this initiative because it seems to me the one thing that cuts across all of that sterile doctrinal thinking and gets us to the real possibility of something to work for.”

Mr. Roy Innis, national chairman of the Congress of Racial Equality (CORE), issued a statement to Associated Press and United Press International on March 25 which drew out some of the implications. “The new high-technology systems to destroy incoming Soviet nuclear missiles will provide opportunities for blacks that will create a new economic revolution in black life,” he said. That is true for every segment of the population. Doing what is morally and militarily necessary requires mobilizing all the nation’s resources—and thus creates the freedom for growth and economic opportunity.

Now, it must be added, the dangers of world-financial collapse have become the equivalent of a military threat to the West. Consider what would happen if, in order to carry out the President’s policy, credit expansion and debt reorganization took place on the basis of maximizing industrial recovery, scientific research, and labor upgrading.

Then consider what would happen if the same policy were adopted internationally, so that industrial growth requirements governed credit flows. Anyone seriously concerned about national security and economic recovery will no longer entrust them to the “invisible hand” or the Federal Reserve or the technicians of austerity like Felix Rohatyn.

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