

EIR

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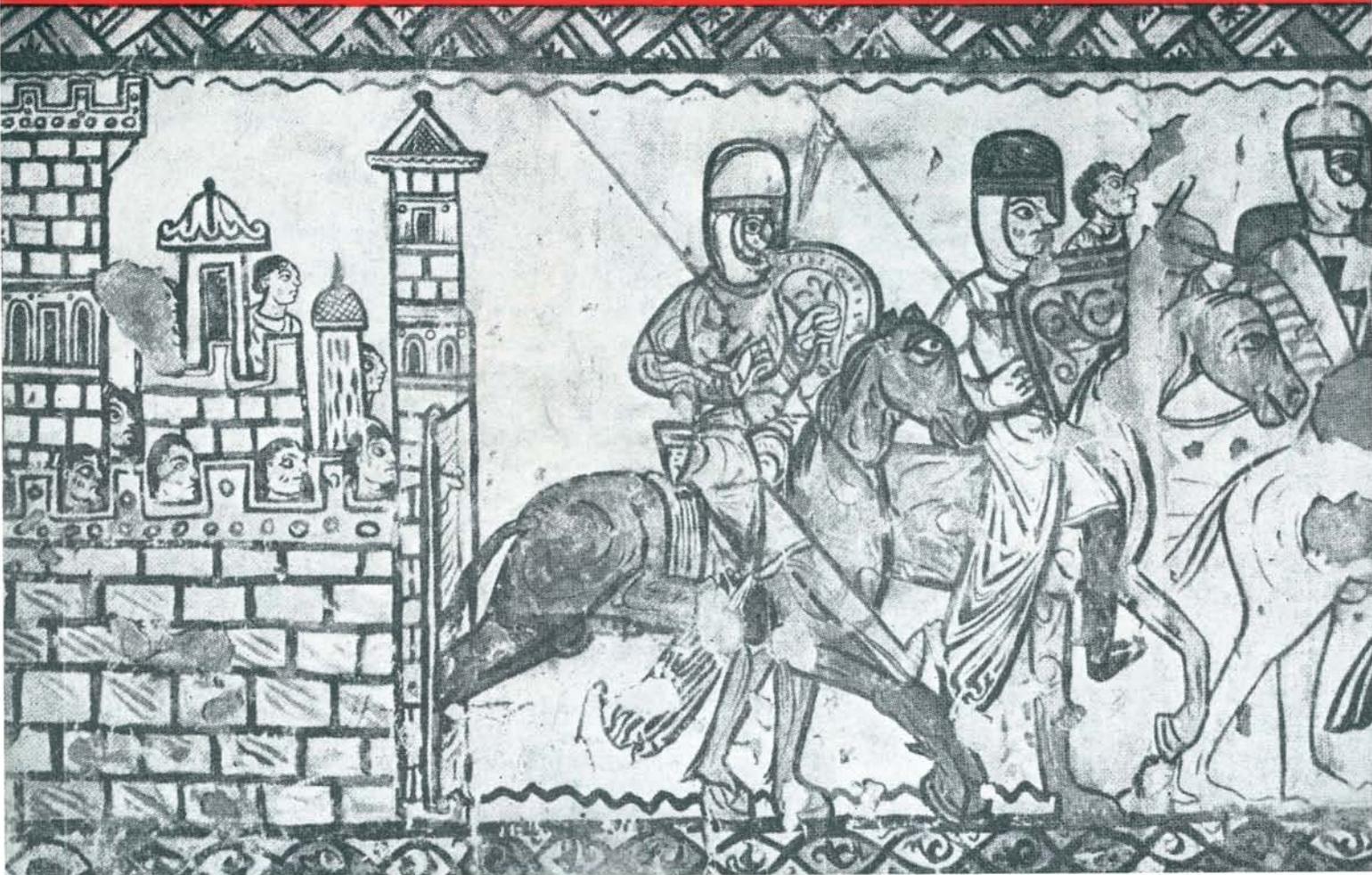
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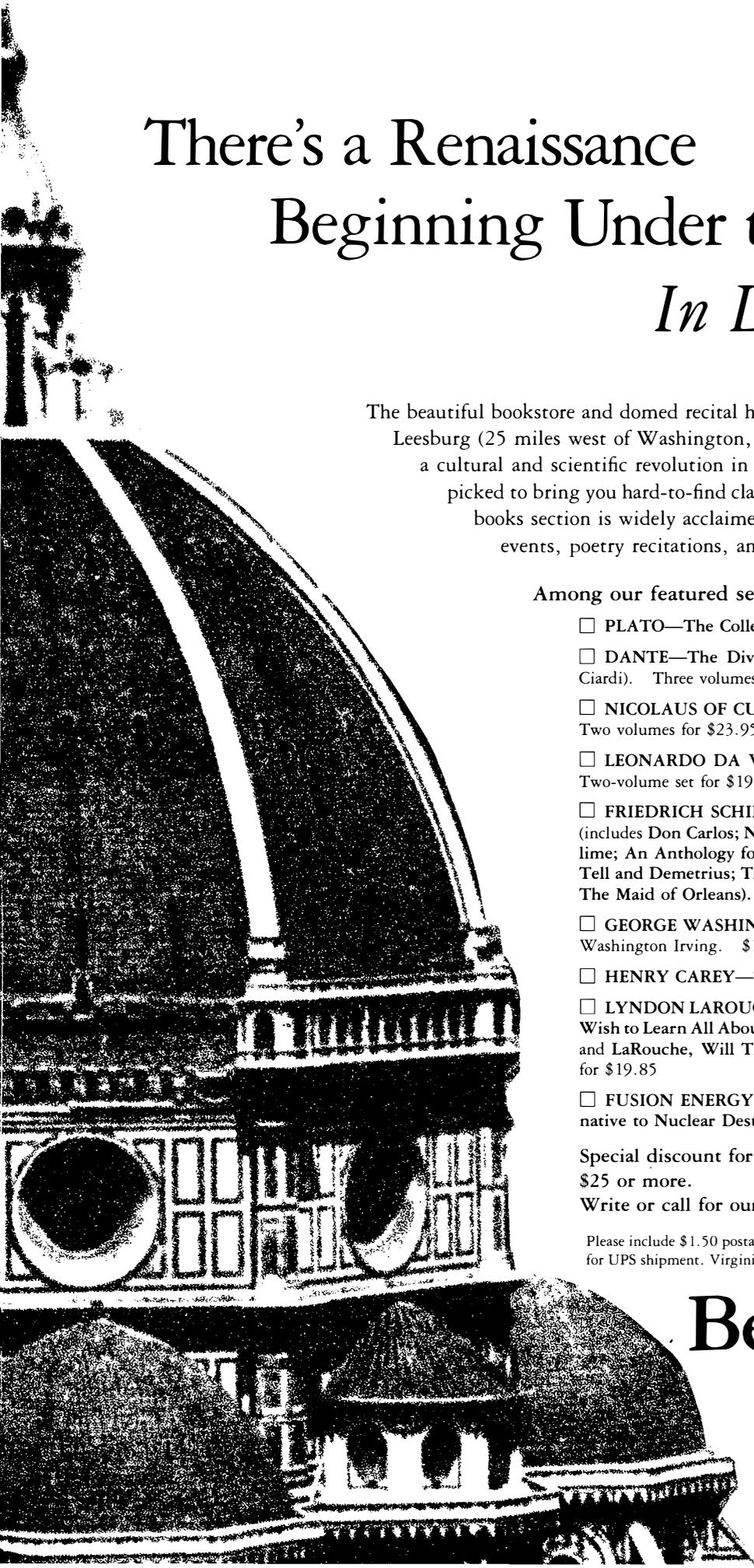
THE
U.S.
VS.
Soviet
Economy

BONUS COLOR
POSTER

Is America's economy living off import welfare?
New 'KAL' atrocity: the Andropov dynasty in action
Lesotho, a case in the crisis of southern Africa

**Syria's role as the center
of international terrorism**





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EIR

From the Managing Editor

The special color insert this week dramatizes an editorial decision made by EIR's founder and chief executive Lyndon LaRouche, mandating an increase in our weekly coverage of the real economy to approximately one-third of every issue. This publication's authority over the years has rested above all on accurate economic intelligence, based on LaRouche's method, which rigorously distinguishes between real tangible production of wealth and the "fluff" so-called economists think is wealth.

The failure to make the distinction is a dangerous delusion, especially when, as at present, it dominates a nation's policy: The pull-out poster (text, page 12) shows that under the premises of Mutually Assured Destruction the United States economy has been crumbling while Soviet production has surged ahead—despite the acute problems of that country's economy.

Other articles in the *Economics* report review: how the U.S. "recovery" fraud is being perpetrated by means of imports; the explosive situation in southern Africa and Egypt, our key ally in the Mideast, due to International Monetary Fund policies; the emergence of the ECU as a "tribute" currency to be paid by European satrapies to the Warsaw Pact; and the crucial motion toward an "Indira Gandhi Memorial Summit" to reshape the world economy.

In our next issue, we continue the series of detailed counterintelligence profiles on the role of Syrian intelligence in directing international terrorism which begins with the cover story this week—a story you couldn't buy anyplace else, even with a top-level security clearance. The next piece will focus on the Aleppo Jewish mafia of international drug and arms smugglers. The families described in detail in the upcoming article are deeply interlocked historically with the most rabidly pro-Nazi Syrians and are the controlling factor behind the cabalistic "Temple Mount plot" to blow up the Eastern Mediterranean through religious warfare between Muslim and Jewish fanatical fundamentalist sects, the latter linked to Israeli cabinet minister Ariel Sharon.

This will be "must" reading for anyone attempting to unravel the complex intelligence warfare threatening to throw the entire Middle East into a dark age of chaos and ultimate Soviet-Russian domination.

Vin Berg

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Gandhi memorial summit urgent to solve debt crisis

by Robyn Quijano

"A global economic summit, called 'Indira Gandhi Memorial Summit' may be shaping up this year to sort out the present crisis in the world financial and monetary system," reported the *India Express* and the *Hindustan Times* from a wire story of the government news service, the Press Trust of India, datelined Vienna, March 25. Under the headlines, "'Indira Gandhi' Summit on Money," and "Global Summit in Indira's Name Likely," the major Indian dailies broadcast that the leading Third World countries are still demanding the summit to revise the world credit system, which was the demand of the Non-Aligned meeting in New Delhi in February 1983, as well as summits of African and Ibero-American leaders in 1984.

The same day Mexican President Miguel de la Madrid met with Argentine President Raul Alfonsín in Mexico City and agreed on the need for an Ibero-American heads of state summit. In the final communiqué, the two Presidents emphasized the necessity "to push international cooperation and political dialogue" that would "assume the coresponsibility of the debtor and creditor nations," to set the basis for a solution to the debt crisis.

President de la Madrid emphasized the need for government-to-government negotiations over the heads of the international financial institutions, since "the net transfer of capital from the South to the North is the clearest evidence of the irrational structure of the current international economy." "This is a question which, because of its great political and social consequences, cannot be resolved with the exclusive participation of the commercial banks and the international

financial agencies." Our nations, he said, "have demanded a political dialogue with the governments of the creditor countries, in order to find an arrangement which satisfies the long-term interests of all the parties involved, and which places the problem of debt in the framework of a new stage of international economic development." Democracy and stability on the continent are endangered by the current system, de la Madrid warned.

The appeal for an international summit between the advanced and developing sector heads of state, in honor of the assassinated Indian prime minister, to resolve the debt crisis and get about the business of growth and development, was launched at the fourth international conference of the Schiller Institute in Richmond, Va. on Jan. 12-14, 1985 by Helga Zepp-LaRouche. It is a focus of the Schiller Institute's call for mass demonstrations in hundreds of cities on four continents against the International Monetary Fund, this coming April 13.

Excelsior, the largest-circulation daily paper in Mexico, reported on the mobilization in Ibero-America in a story datelined Bogota, March 27. Headlined, "Continental March of the Poor Against the IMF Will Take Place in Bogota in April," the text begins: "Next April 13 the so-called Continental March of the Poor against the IMF will take place here, sponsored by labor, popular, political, and even religious organizations."

Excelsior quotes the leaflet distributed by the Schiller Institute and the Utraboc trade union (Colombia's biggest regional labor federation): "If the application of the hunger

policies of the IMF continue, the social institutions of our republics will enter into collapse, sovereign nations will disintegrate irremediably, opening the way to dictatorial governments of a fascist nature, which are the only ones which guarantee the imposition of policies of austerity and genocide." Similar mass demonstrations will be taking place against the IMF in Peru, Panama, Mexico, Argentina, and other Ibero-American nations during the second week of April, in solidarity with millions of marchers in the advanced sector.

Stepped-up diplomacy

Throughout Ibero-America, the sense of emergency has been underlined by stepped-up diplomacy, primarily directed at trying to organize President Reagan to reject the policy of economic strangulation of the IMF, and launch a collaborative effort with the developing sector, and in setting up concrete projects for Ibero-American integration as a defense against the kind of economic reprisals and food warfare already made operational by the international banks and the IMF.

President Alfonsín arrived in Mexico after having been totally rebuffed by the Reagan administration in his appeals for economic sanity against the IMF's prescription. Instead of dialogue on the economic crisis, the Argentine head of state was greeted with a total cutoff of funds by the IMF, in retaliation for Argentina's inability to keep inflation rates within IMF guidelines. Although the Mexican government just signed a new letter of intent with the IMF, and is being praised in the U.S. financial press as the "success story" against the horrors of the undisciplined Argentines, the economic reality of the two nations is similar.

President Alfonsín warned in a press conference before leaving Mexico City of "the relation which exists among security, development and democracy. The lack of dialogue between debtor nations and those demanding payment, can lead to economic paralysis of extreme seriousness." He also called for using the "powerful buying power of Latin America as a whole" to reverse the deterioration in the terms of trade.

Colombian President Belisario Betancur will visit Washington in April in a round of President-to-President diplomacy that will begin with a 20-hour stay with Venezuelan President Jaime Lusinchi, and include a trip to Mexico and all of the Contadora countries. Lusinchi, an important collaborator of Betancur in the battle for an integrated continental approach against the drug traffic and for development, will also visit President Reagan in April. Betancur has established good relations with the Reagan administration through collaboration on the war on drugs, and will seek to get Reagan to understand the connection between an effective war on drugs and the economic health of the developing nations.

On March 29, Betancur released an exchange of letters with IMF director Jacques de Larosière, in which he ex-

plained that if Colombia did not receive new international credits, its chances of development and hence internal peace would be wrecked. Over the past two years, Betancur demonstrated, Colombia had been bled by a \$1 billion net outflow of capital from the country. De Larosière responded that Colombia, which is seeking IMF approval in order to reopen the credit flow from the private banks, had not satisfied the IMF's austerity demands yet with enough "quantitative measures."

IMF versus Mexico

While Mexico will purchase 1.26 million tons of grain from Argentina, a secure source in the face of Mexico's vulnerability to food warfare, and other concrete programs of increased trade and cooperation with Argentina in "steel, energy, petroleum, petrochemicals, fertilizers, pharmaceuticals, hospital equipment, telecommunications and electronics" will help, the economic crisis in Mexico has already endangered the internal stability of the nation.

Mexico's new IMF letter of intent pledges further budget cuts, extreme import liberalization, slashing wages by linking them to "productivity," a total tax reform, and "a realistic exchange rate"—which means increasing the rate of devaluations. For Mexico, this new level of economic dictatorship, designed by the same oligarchist forces that peddle the myth of "free enterprise" and the "invisible hand," means the following: strangulation of what is left of its productive economy, bankruptcy of local industries now unprotected by even minimal protectionist measures, and starvation of workers. They will be unemployed as industries go bankrupt, and forced to accept further wage cuts through the IMF-designed fraud of linking wages to productivity.

Fidel Velázquez, leader of the Mexican trade-union confederation, the CTM, responded by stating that "Productivity does not depend on the worker, but on the owners. The worker applies his human effort toward this productivity and is always willing to do it; but if the necessary technology, sufficient capital, appropriate tools and machinery, do not exist, there can be no increase in productivity."

Velázquez's declaration of the basic facts of economic science came just a few weeks after the labor leader again began attacking the IMF, after a year and a half of silence. He said: "As long as the country is subject to economic pressures from the International Monetary Fund, there will be no margin to recover the purchasing power of the working classes." He added that the economy of the country "must be managed with greater independence respecting entities such as the International Monetary Fund."

Velázquez runs the multimillion-member trade-union confederation of the ruling PRI party, and has been walking the tight rope between support for the government, which has imposed the IMF's brutal austerity demands, and the increasingly rebellious trade union movement, which has carried a

heavy part of the burden of the economic crisis.

When President Alfonsín insisted in Mexico that for Ibero-America, the issue is one of "bread, work, and the future of millions of Latin Americans," not "financial technicalities," he had his eye on the trade union situation throughout the continent. The "magnitude and nature of the problem" means that "there is no possibility of individual solutions," but that debtors and creditors must be "co-responsible" for solutions. For Ibero-America, "the strategies tried out in the past are inadequate; efforts to find a solution to our national problems in an isolated way, are illusory."

Mexican Senator Socorro Díaz, charged by the two houses of the Mexican Congress with addressing President Alfonsín, emphasized the importance of barter, for the continent to escape currency shortages. "The Latin American nations are confronted with the common challenge of entering the 21st century as viable nations," she said, and decried the unilateral measures that have destroyed the potential for growth and made Latin American nations net exporters of capital. "In Mexico we uphold the consistent moral authority of Luis María Drago, who said, 'If modern law has abandoned imprisonment for individual debt, logically it is inadmissible to maintain its equivalent, armed coercion, in the collective field; therefore, coercive collections of international [debt] obligations are illegitimate.'" The Drago Doctrine is considered part of international law by the governments of the continent. Díaz cited this history to underline the fact that "negotiation is the solution."

Advanced sector debt

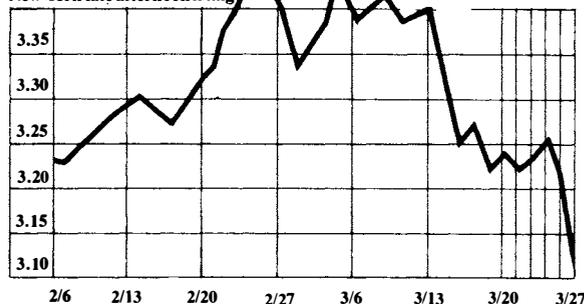
Negotiation is the solution not only for the developing sector, but for the advanced sector as well. The United States is now a net borrower, and the IMF is as determined to destroy U.S. sovereignty and dictate terms, as in the Third World. The Press Trust of India wire on the Indira Gandhi memorial summit made precisely that point in detailing the present economic crisis. While citing "Executive Intelligence Review, which has brought out a special number making a case for abolishing the International Monetary Fund," the release quotes EIR and other sources on the real economic crisis of the United States: "The . . . study calculated that only 5% of the global foreign exchange transactions today were generated from trade and investment. Approximately 95% of the transactions were used for maintaining some \$3 trillion in international debt. . . . In the U.S. itself, under persistent prodding of the International Monetary Fund, a bipartisan view had developed to cut the budget deficit by \$50 billion this year. . . ."

"Mr. Doug Ryan of the State Department's Office on Development Finance said that the IMF was getting tough with the Reagan administration as it had been with highly indebted developing countries. . . . The effort was to limit the defense budget growth to 7%, including the provision for inflation. In all other areas there would be freezes and cut-backs added."

Currency Rates

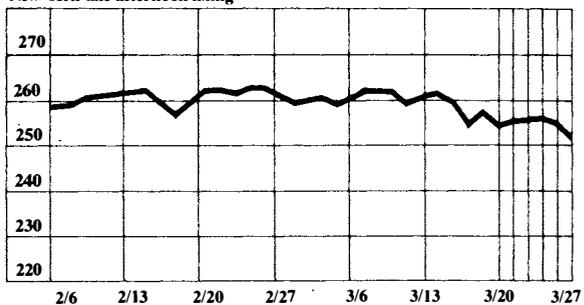
The dollar in deutschemarks

New York late afternoon fixing



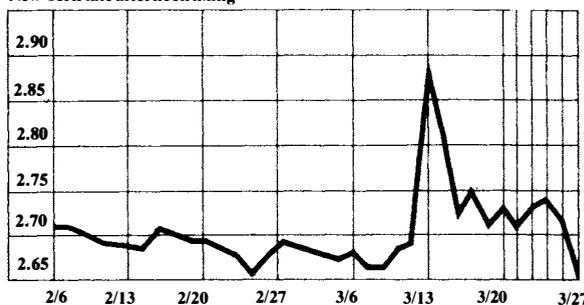
The dollar in yen

New York late afternoon fixing



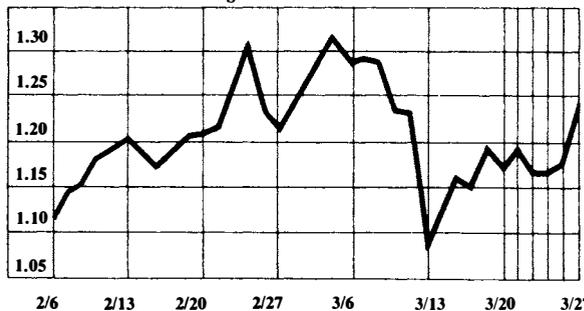
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Is the United States economy living off import welfare?

by Richard Freeman

America has ceased being an industrial nation. It has become like Britain in the 19th century, which had the title, "workshop of the Western world." The other nations on earth did the work; Britain shopped and stole their goods. This is the conclusion of the *EIR Quarterly Economic Report*, released in the first week of April.

In the midst of the third great depression of this century, the United States is unable to produce steel, machine-tools, farm tractors, cement. It has resorted to imports. Imports are not so much the cause of the loss of U.S. production as they are the replacement for what the United States is unable to produce.

The *EIR* study shows that rather than produce goods, in 1984, 65% of all the radio and TV sets Americans bought in 1984 were imported; 27% of the new clothes people put on their backs were imported; a minimum of 27% of all the parts and components that went into American-brand cars were imported; and 26% of all steel consumed was imported (see accompanying figures).

Radios and TVs, clothing, and cars are the backbone of the consumer market-basket. This means that the United States could not produce its own consumer market-basket. Rather, it used the inflated ("strong") dollar to import these goods. It then extended record amounts of consumer credit to allow Americans to purchase this consumer market-basket, and hence supplement—through the world's goods-subsidy to the United States—a standard of living that America could not by its own efforts produce.

Likewise with the producer market-basket. The cases of steel, machine-tools, and farm tractors, to name just three producer-goods, are exemplary. America hardly produces any tractors in the 0-40 horsepower class or the 40-to-100 horsepower class anymore, they're all imported. One source said, "Turn over some of the larger horsepower J.I. Case tractors that Case says are its own and scratch on the belly, and you will find that some of these are made in Japan."

If America produces neither producer- nor consumer-goods, what, then, does it produce? A good question.

'American Made' autos

The biggest scandal concerning imports concerns the American car. The United States last year imported 2.3 million of the 10 million cars sold in America. That's 23% of all domestic car sales. But, the scandal just starts there. If the reader recently went through the charade of trying to choose

between buying an American or foreign car, and finally chose American—well, you really didn't. The "American" car is not made here.

While the Reagan economics staff claims that American auto production went up to 7.7 million units last year, if one reduces this amount by the content of foreign parts in supposedly American cars, one finds that American domestic car output totalled a scant 4.62 million autos, almost 1 million less than were produced in 1929!

Between 35% and 40% of all American cars are made up of parts, accessories and components that are "sourced" from abroad and imported. This foreign sourcing means that the number of units of cars that America claims it is producing, it really isn't.

For example: In 1973, America produced 9.7 million cars. In 1978, this level was 8.6 million. In the following year, Federal Reserve Board chairman Paul Volcker put interest rates at the double-digit level and collapsed production. Auto production fell to 6.4 million units in 1980, and to 5.1 million units in 1982.

The Commerce Department reports that American motor vehicle production recovered to 6.7 million units in 1983 and 7.7 million units last year. But: If 40% of all auto insides—the real guts of a car—are imported, then the real output figure is 7.7 million minus 40% imported content, or 4.6 million units. *Auto output did not recover from 1982 through 1984, it fell. We just imported more and called it American.*

Foreign content

The United States imports 1.5 million engines per year; millions of transmissions; millions of wiring systems; chrome, chassies, engine blocks, etc. How does one calculate the number? One would think that this is a simple, straightforward procedure, but it's not because of something called "Foreign Trade Zones," which allow millions of parts to come into the United States from abroad, but not be counted by Customs or any other agency.

There are two steps in discovering that the Chevrolet Impala or Plymouth Volari which you believe is made in the good ole' U.S.A. isn't.

By using Commerce Department figures, *EIR* learned that one in ten transmissions, engines, electrical wirings, etc., used in American cars in 1972 were imported. This figure rises 21% on an unadjusted basis in 1984. But *EIR* found it necessary to adjust for the increased exchange-value

of the dollar which had been artificially rigged by Federal Reserve chairman Paul Volcker with the complete agreement and encouragement of the Reagan administration.

When a currency rises, it buys more of another country's goods for the same unit of currency. If the dollar were worth 40 Mexican pesos in 1981, but over 200 today, the same dollar can buy roughly five times as many Mexican goods today as it could in 1980.

On an adjusted, real basis, 27% of the car parts stuffed into American cars were imported, not built in the United States, by 1984, a near doubling since 1980.

However, there is now a "legal" way to smuggle imported auto parts into the country. These are the "Foreign Trade Zones" (FTZ).

According to a spokesman for the Commerce Department's Foreign Trade Zones Board, which "regulates" FTZs and, along with the Treasury Department, approves who qualifies for FTZ status, "America needs FTZs because industry is becoming internationalized."

Let us assume that a Mexican auto chassis with attached engine worth \$1,000 is imported into an automobile FTZ. When the car is assembled and leaves the zone, the zone will not report that the car was built with a Mexican chassis with attached engine worth \$1,000, but rather it will say, "American auto, worth \$10,000 with imported part, *unspecified*, worth \$1,000." The imported part will *eventually be added onto the dollar total of imported total cars in the United States*, but not onto the dollar total of parts and accessories. The Commerce Department does not report the parts as imported in its yearly official *Industrial Outlook* book. The parts are washed into the United States without a trace.

Since the FTZs are warehouses, ports, manufacturing plants, etc., "being recognized as outside U.S. Customs area," parts coming from abroad are only spot-checked by Customs. Crates filled with drugs labeled auto parts could come into FTZs and never be checked by customs.

A UAW spokesman said that the existence of the FTZs makes it impossible to determine how many cars of each type are entering the United States. This means that when the flow through FTZs is included, the total level of imports of the components that make up a car are *between 35% and 40% of all car parts in "American" brand cars*.

Tax rates in FTZs are lower for the auto companies. At present, 115 FTZs exist in the United States, 30 of them auto FTZs, and there may be several auto plants within each zone. GM has 13 FTZs; Ford has 7; Chrysler 4; Honda 1; AMC-Renault 2, Nissan 2, and NUMI, the joint new Toyota-GM universal car, has 1. To get into this scam, an auto company need only ask James Baker III's Treasury and Malcom Baldrige's Commerce departments, the very departments pushing the deindustrialization of America. For example, this year, GM got FTZs for its plants in Oak Creek and Janesville, Wisconsin; Kansas City, Kansas; Lordstown, Ohio; and Tarrytown, New York. These are not new, but existing plants. Soon, GM could convert all of its auto production to FTZs,

and theoretically, the United States would not be importing any parts from abroad—at least officially.

There are two steel FTZs—one in Panama City, Florida (Berg Steel) and one in Chicago (UNR Levitt)—as well as FTZs for electronics, textiles, and TV assembly.

When the number of Foreign Trade Zones is combined with the number of Urban Enterprise Zones—for modern-day, deregulated, low-wage sweatshops in American cities—plus the International Banking Facilities which brought the offshore Eurodollar market onto the shores of the United States and now total \$200 billion, one finds enclaves within the United States which are outside the authority of the sovereign government of the United States. This means America has ceased being America; it is becoming more like China which has such "free zones" as Hong Kong, Shanghai, and the New Homelands. These, not incidentally, oversee drug production and shipment.

The smokestacks of the United States are being replaced with FTZs as part of the "free-enterprise" ideology, building American products that are not American.

The demise of the American superpower

Ironically, the Japanese are showing that it is possible to produce in America with American workers, but at prices far below the cost of American methods.

Honda, the Japanese automobile firm, is now building 150,000 cars in the United States. American workers in these plants get approximately \$15 per hour (combined benefits and wages), less than autoworkers at Ford or GM would get. The shops are non-union, and pay higher wages but lower benefits than are customary in this country.

The American workers are still considerably better paid than Japanese workers. Yet, the Honda car in the United States costs only a few hundred dollars more than a Honda car made in Japan with cheaper Japanese workers. Further, the Honda car made in the United States costs \$1,000-\$1,500 less than a comparable American auto.

This differential is attributed to the superiority of Japanese management. As one observer put it: "The Japanese organize their work flow better, and use the skills of their workers better, so that the workers do more work, but working at a slower pace."

One method introduced by the Japanese to improve production is to organize circular loops instead of the linear assembly line. The foreman, who supervises the line, can walk from loop to loop to see the assembly activity, rather than having to run up and down a straight assembly line. With this kind of configuration, the worker can also walk from one loop to another to do two separate jobs, rather than run along the assembly line to do one job. It is this kind of planning which allows the Japanese to produce cheaper cars with American workers.

It appears that anyone can find a way to produce in America—except, thanks to the "free-enterprise" idiocy of the Reagan administration, America itself.

Imports as share of consumption: America's growing dependency

Table 1

Radios and televisions

(millions of \$)

	1972	1976	1980	1981	1982	1983	1984
Shipments	4,440	5,056	6,799	7,058	6,098	6,684	7,473
Exports	216	499	1,044	988	711	596	630
Imports	1,934	2,944	4,058	5,538	5,307	6,470	9,000
Domestic consumption	6,158	7,051	9,813	11,608	10,694	12,558	15,843
Import %	31	39	41	48	50	52	57
Adjusted by Morgan-weighted \$							
Imports				6,075	6,427	8,146	12,789
Domestic consumption				12,145	11,814	14,234	19,632
Import %				50	54	52	57

Table 2

Automotive parts and accessories

(millions of \$)

	1972	1976	1980	1981	1982	1983	1984
Shipments	19,417	30,385	35,627	40,215	35,861	43,831	50,930
Exports	2,291	4,436	5,855	7,237	6,844	7,080	8,786
Imports	1,960	3,502	4,703	5,428	6,045	8,102	10,920
Domestic consumption	19,086	29,451	34,475	38,406	35,062	44,853	53,963
Import %	10	12	14	14	50	14	17
Adjusted by Morgan-weighted \$							
Imports				5,955	7,320	10,200	15,517
Domestic consumption				38,933	36,337	46,951	57,661
Import %				15	20	22	27

Table 3

Apparel and other mill products

(millions of \$)

	1972	1976	1980	1981	1982	1983	1984
Shipments	27,809	34,759	45,782	49,823	53,406	55,435	57,287
Exports	300	740	1,604	1,628	1,236	1,049	989
Imports	1,967	3,912	6,543	7,750	8,432	9,897	14,319
Domestic consumption	29,476	37,931	50,721	55,945	60,602	64,283	70,617
Import %	7	10	13	14	14	15	20
Adjusted by Morgan-weighted \$							
Imports				8,501	10,211	12,460	20,347
Domestic consumption				56,696	62,381	66,846	76,645
Import %				15	16	19	27

Table 4

Steel

(millions of tons)

	1972	1976	1980	1981	1982	1983	1984
Raw	133	125	112	121	75	85	102
Finished	92	91	84	89	62	68	78
Exports	3	2	4	3	2	1	1
Imports	18	19	16	20	17	17	26
Domestic consumption	107	108	96	106	77	84	103
Import %	17	18	17	19	22	20	25

European central bankers move to create ECU zone against dollar

by William Engdahl

A development whose latest phase was launched by the Soviets back in April 1984 finally reached its first stage of completion in March, when the Swiss-based Bank for International Settlements (BIS) agreed in principle to become the official "clearing house" bank for transactions in the European Community's (EC) basket of currencies, the European Currency Unit (ECU).

The agreement, reached at the March 19 meeting in Basel of the central bank governors of the European Community, the 10 so-called Common Market countries, significantly upgrades the status of the ECU. It allows for central-bank swapping of ECUs for dollars within the EC and payment of higher interest rates on ECUs to make them more attractive. The BIS role is expected to be approved by the EC in May and become operational by 1986 or late 1985.

A financial decoupling instrument

In mid-April 1984, the Banking and Financial Subcommittee of the Joint German-Soviet Economic Commission met in Tashkent in Soviet Uzbekistan. The topic of the meeting, convened at the U.S.S.R.'s insistence, was to discuss the Soviet request that a presentation be given by the Germans on the "perspectives for commercial use of the ECU as an international reserve currency to replace the dollar."

One participant at the meeting reported afterwards, "The Russians are interested in helping find a currency to replace the dollar as an international currency. . . ."

Moscow's intention is obvious, and runs parallel to that of the Central European oligarchy, especially the Swiss. Behind the attempts at transforming the ECU into an international reserve currency lies the desire to financially decouple Western Europe from the United States.

These efforts are particularly dangerous today because they are occurring in the context of a growing threat of U.S.-initiated trade war across the globe, both with respect to Japan as well as between the United States and Western Europe. Fed by the "free trade" faction in the United States, the escalating climate of trade war is freely putting into the hands of Moscow and the European oligarchy the necessary foundations for an economic decoupling—Moscow's principal

strategic goal. Such a development would spell an overwhelming threat to U.S. national security and that of the entire Western world.

Former French Finance Minister Jacques Delors, president of the European Commission and one of the leading architects of the BIS agreement, called it "only a small package, but it is a symbolic one." How symbolic and how real is becoming a major issue in international banking circles.

What is the significance of the Basel decision?

The ECU, which for several years has been used as an accounting tool for handling agricultural and other trade among EC member countries, is the brainchild of the aging Robert Triffin, the Belgian economist who was one of the postwar architects of the International Monetary Fund and other such atrocities of world finance.

The concept is to fully subsume national sovereignty in currency matters to a supranational body. Under this scheme, the ECU would become the wedge to destroy the role of the dollar, as the postwar currency of world trade and finance.

Fully implemented, as Triffin and others conceive it, the ECU would be the final step in decoupling Europe economically from the dollar, replacing it with balkanized zones coherent with a politically balkanized world of ECU, yen, dollar and perhaps ruble zones. The ECU would then be the basis of trade integration between the decoupled European bloc and the Soviet bloc region. This aspect of the ECU was recently praised by West German Economics Minister Martin Bangemann.

The role of the BIS is significant and peculiar in this process. Switzerland is not even a member of the European Community. Again, the secretive Swiss banking families emerge in the center of major international financial developments. The United States, furthermore, is not an official member of the BIS.

"The ECU issue is very controversial within the EC. The ECU is the first priority for European economic integration. A happy by-product of that would be creation of a second world currency." This was the assessment of a principal adviser to Bangemann who is close to Triffin as well as to certain private bankers who are pushing the ECU.

German resistance to 'funny money'

There remain formidable obstacles to Delors' scheme to make the ECU into a full and "privatized" currency which would fully replace the dollar at a determined break point. The major obstacle for the moment is the powerful West German Bundesbank.

To dispel any rampant speculation, Bundesbank head Karl-Otto Pöhl stated bluntly that it would adamantly oppose ECU use as a full private alternative currency until many other steps have been taken toward full economic integration.

"There is a group in Brussels around Delors which wants to establish the ECU as a rival to the dollar," one leading City of London analyst told *EIR*, "but the Bundesbank blocks this because they maintain the ECU is not an actual currency."

The issue of Bundesbank resistance to full use of the ECU as bank reserve capital is more than minor. The German constitution written in the postwar period explicitly forbids holding of any but fixed currencies as reserve capital. The experience with 1923 Weimar hyperinflation, so-called mefo-bills, and other monetary madness stands behind the strong nationalist regulation.

At present, by all accounts, there is no sentiment in the Bundesbank nor in the Bonn government to alter this law. As Germany is the strongest economy and banking system of the EC, its rejection of full privatization of the ECU is decisive.

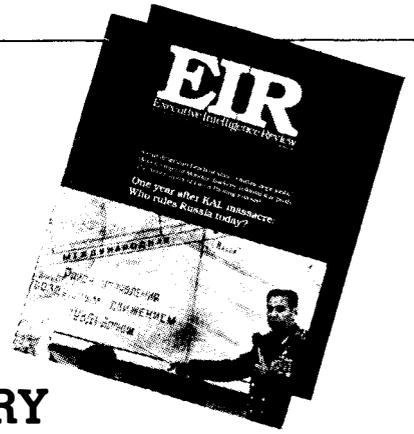
Nonetheless, the BIS clearing house decision is a major political step in the direction of a future European dollar decoupling. But a major roadblock also exists from the Swiss side in terms of the role the BIS is willing to play.

For the moment, the BIS is insisting on only the very specific central-bank clearing-house function for its involvement. It refuses to assume the responsibility of "lender of last resort." This means the BIS refuses to get stuck should the future ECU edifice collapse in bankruptcy. The issue is a central one blocking, as much as the Bundesbank, full use of the ECU as a currency rather than a statistical accounting device that mediates between actual currencies within the EC.

Still, the ECU issue is gathering momentum behind the scenes. One London source told *EIR* that there is an attempt by Delors, who came to Brussels from the Mitterrand government, "to offer the Germans some *quid pro quo*" which would soften their stance.

One possibility speculated upon would be alteration of current French and Italian restrictions on capital movement, which, among other things, hamper full flow of German investment into those countries as profits cannot at present be repatriated.

In a statement published in the March 27 *Financial Times* of London, German Bundesbank Central Monetary Policy Council member Wilhelm Nolling stated, "We need free capital movements," referring specifically to the French and Italian restrictions. But, he quickly added, "not an extensive private use of the ECU and a premature further institutional development of the European Monetary System."



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The U.S. and Soviet economies under the MAD strategic doctrine

by Christopher White

The continued impact of the economic policies associated with Jimmy Carter and Paul Volcker has reduced the United States to the status of a global second-level power armed with the weaponry of a superpower.

This assertion is true in comparing present U.S. economic performance with what was achieved in the past. It is also true in comparing U.S. productive capacity with the other world superpower, the Soviet Union. The United States is in grave danger of losing the economic might that gave content to the nation's status and responsibilities as a global political and military superpower pre-eminent.

The terrifying reality is that the question must now be faced, "How much longer can United States global political power be maintained, under conditions of continuing erosion of the country's economic power?" For if present policies are continued, the eclipse of U.S. world power is assured.

Under the combined influence of the strategic doctrine of Mutually Assured Destruction, and the lunacy associated with the radical monetarism of the followers of Adam Smith—in the KGB-controlled Heritage Foundation, for example—a gap potentially more ominous in its import than even the missile gap of the early 1960s has developed between the United States and the Soviet Union. It is the gap in basic or heavy industry.

No matter how much idle chatter is heard, or how fanatically the perception is cultivated, to the effect that the country is in some kind of miraculous recovery, the truth is exactly the reverse, because those who *do* so idly chatter, or cultivate the appropriate perception, do not know what they are talking about. The United States has forgotten how to produce, and is destroying its national productive capacity. The Russians are not.

The charts in the accompanying insert-poster compare the production of raw steel, and the capital goods manufactured from raw steel, in the United States and Soviet Union from 1972 to 1982. This series encapsulates the national security problem as a whole. It is impossible to run a modern economy without steel. It is impossible to maintain a national defense without steel. Without steel a nation cannot produce

pipe and tube, forgings, cast wheels and axles, excavating machines, bulldozers, railroad locomotives, and so forth.

In this area, comparison between the two countries is self-explanatory. The United States is fast becoming a second-rate power.

Which 'empire' is crumbling?

Did alarm bells start going off over this, and over the correlated collapse in employment of the skilled workers associated with this branch of heavy industry? No, they did not. There may be some grumbling, and even discontent, among production managers and engineers, and among logistics and preparedness commands in the military, but on this subject the silence of the grave has been maintained, to the delight of the cultist doctrinaires and accountants who brought it about.

On the one hand are heard the advocates of the technocratic or post-industrial society. Under Carter they ruled, through James Schlesinger and Zbigniew Brzezinski. Under Reagan, their influence has been maintained, even in the military. They and their followers argue that the United States does not need a steel industry, that steel production, and the associated branches of heavy industry, are a 10th century relic, unnecessary as we move into the next millennium.

Some go further down the path of insanity, to prattle that the Russians are doomed as a power, precisely because they insist on maintaining such out-moded productive capacity. For these cultists the destruction of the Russian empire is assured because they insist on maintaining industrial production. They are so blinded by their own delusions that they overlook the simple fact that it is the United States which has become the "crumbling empire."

This insanity is strictly the outgrowth of the Pugwash doctrine of Mutually Assured Destruction. Since the period 1957-63, the partisans of this doctrine, following Bertrand Russell and Leo Szilard, have insisted that the existence of thermonuclear-tipped intercontinental missiles have made warfare certain suicide for whichever of the great powers initiates such.

For them, war thus became impossible. But if war was impossible, then the in-depth logistical and industrial capabilities which backed war-fighting capabilities were also unnecessary. Standing armies were unnecessary, functioning navies were unnecessary. Steel and steel-workers, machine-tools and machine-tool producers, were a thing of the past, and could be consigned to the garbage heap for recycling along with the political system of the nation state, and the heat-powered machine that had produced them. The Soviet Union never accepted the doctrine for its own practice, only for the United States.

Find an associate of Robert McNamara and his crowd, or McGeorge Bundy, continuing in U.S. government service, no matter what the branch, and you'll also find a proponent of this insanity. In economic policy, this will be an agent of Soviet influence. Opponents of the policy as such, and even its consequences, are disarmed, because they do not know what they are talking about. U.S. economic policy has become the leading weapon in the Soviet strategic arsenal.

The steel example

For example, the fanatical perception is that we are in a recovery which extends to steel. After all, production has risen from the 1982 bottom to over 90 million tons of raw steel in 1984, hasn't it? The magic of the marketplace is working, isn't it?

Who is heard asking, 90 million tons of what, and how exactly did we produce it? This, while charitably assuming that the industry, which predicted 67 million tons of production for 1984 in March of that year, actually did produce over 90 million tons.

Half of the steel the United States produces is recycled scrap. 30% of the total is produced in small, so-called mini-mills in electric arc furnace mode. The industry claims, coherently with the fanatical perception, that they produced 90 million tons on a capacity of 130 million tons. Meanwhile, remaining Basic Oxygen process steel capacity is down to 80 million tons capacity, and produces only 50 million tons. Somehow, we lost 50 million tons of steel-making capacity, and the Russians in 1982 were outproducing us by 80 million tons a year.

What the dupes of Adam Smith and his followers call the recovery accelerated a fundamental transformation in U.S. basic industry, starting with steel production and extending through all ancillary branches of production. This went unnoticed by officialdom, or was swept under the rug, by its advocates.

The United States reduced its capacity to produce raw steel, imported ingots and slab steel from such countries as Mexico and Brazil for finishing, built up its capacity to melt down the defective products of the automobile industry, cushions and all, and continued to claim it had a steel industry.

Now we produce automobiles from imported parts to be eventually melted down as scrap for our steel industry. By 1982, the Russians were producing more than twice our out-

put of raw steel, seven times our output of steel for railroads, ten times our output of wheels and axles, eight times our production of tractors, twenty times the number of excavating machines, five times the bulldozers.

More broadly, the nations of the Comecon system out-produced both the United States and its European allies by about 5 million tons per year in raw steel. The same Comecon countries produced 12% more welded tubing, 38% more seamless tubing, three times the forgings, four times the steel wheels and axles, and twice the amount of steel for railroad construction.

By 1982, steel production in the western economies was being cut back under the impact of the Davignon Plan. It was argued that there was too much steel capacity to supply available demand. By 1984 and 1985, blast furnaces, inside and outside the United States, were being blown up and dismantled. The Soviet Union, and its alliance partners, continued to grow modestly at the indicated levels above the Western partners capacities.

The case for steel, and the industrial commodities that are produced from steel, exemplifies the argument to be made as a whole.

Lunacy in economic policy

The most powerful strategic weapon commanded by the policy planners of the Soviet empire, is the lunacy in economic policy making which governs in the western nations, led by the United States. This lunacy has plunged the world into a Third Great Depression of the century, all the while lauding the "economic recovery" that did not happen. Among its foreseeable consequences is the emergence of a new Soviet world empire out of the rubble of the formerly powerful nations of the West.

In 1964, the United States, and its alliance partners in Western Europe and Asia (Japan and South Korea), made up 26% of the world population of 2.5 billion without China. The same allied nations provided employment for 46% of the total of 225 million industrial workers worldwide, and produced 47% of the world's energy supply of 41 thousand trillion kilocalories per annum. Against this, Russia and the nations of the Comecon had 15% of the world population, 25% of the world's industrial workers, and produced 24% of the world's energy.

By 1981-82, the population of the United States and its allies had declined to less than 17% of the world total, of 3.5 billion, without China. The industrial workers employed within the economies of the Western nations had fallen to 37.6% of the world total of 333 million. The energy produced within the same Western nations had fallen also, to less than 38% of the world total production of 80 thousand trillion kilocalories in the year.

The population of the Soviet Union and its satellites also fell as a percentage of the world population as a whole, to 12.5%. The same countries increased their share of the world's industrial workforce, to nearly 27%, and increased their share

The most powerful strategic weapon commanded by the policy planners of the Soviet empire, is the lunacy in economic policy making which governs in the western nations, led by the United States.

of the world's energy production to over 25%.

It should then be clear that the problem is not that the Soviets are building up so relentlessly, though they are, but that the West, as the gap in steel production indicates, is collapsing itself, pulled down by the United States. And has deprived the nations of the developing sector, the uncounted "balance" in these figures, of participating in economic development. Such is also reflected in the charts which compare energy production and consumption, and the industrial workforces of the two nations.

The United States has permitted its industrial workforce to stagnate in number, while degrading the technological content of employment. In this case, the Russians have expanded industrial employment faster than the growth of the population as a whole. The United States, even though stagnating, continues to lead the world in energy and electricity production. But only one-third of the total of either energy or electricity production is consumed by industry. One-third of the rest is consumed by that growing portion of the workforce which is not productively employed, and which, opposite to the Russians, has been permitted to grow at rates exceeding the growth of the population as a whole.

If the United States and its allies were to reinstitute employment policies comparable to those which prevailed in the 1940s and 1950s, the productive capacities and potentials of the Western nations would still be unchallengeable. The energy resources would still be available to power such a transformation.

Then the argument is made that the Russians are in collapse because they cannot produce consumer goods. The charts which show numbers of refrigerators, televisions, and even automobiles show otherwise. Food production, not shown here, would not counter the point. The quality of these products, and indeed of the capital goods production, for example, tractors, may well be much lower than would be tolerated in the West, and especially in the United States. But so what? Those who are concerned about air-conditioned comfort in automobiles, and remote control of 90-channel cable televisions, ignored what was happening to the economy and world around them in the first place.

Such elements of consumption, thanks to the insane recovery, are in any case imported. The U.S. does not produce

them itself, but depends on foreign skills and foreign capacities, for its consumption requirements. Without productive capacity one cannot produce even consumer goods.

This is the consequence of decisions made especially in 1982, when, gutlessly, the current administration left Paul Volcker to continue the work of destruction he had unleashed under Jimmy Carter, and the fraudulent recovery was launched on the basis of "free trade" and the "magic of the marketplace."

The "free-traders" and the "magicians" overlooked the fact that the goods they buy and sell, speculate in, and demand debt service on, do have to be produced somewhere. That "somewhere" is no longer the United States. They bubbled the dollar to suck in the production of others, to compensate for capabilities which no longer existed in the United States. Then they claimed that United States might had been restored. All the while the United States became weaker than ever before.

Economic might is not measured in monetary volume of goods traded, or bubbles of debt supported by a declining volume of physical production capacity. Those who think this way have undermined national security with their delusions, no matter how bullish on America they claim to be. A national economy cannot function, or be defended, on the basis of hucksters' swindles from Wall Street.

To expand productive capacity is to increase the ratio of goods-producing operatives to overhead employment costs, to increase, and cheapen through technological advance, the per-capita and per-hectare supply of energy to workers productively employed, the labor force as a whole, and the population as a whole.

The continuation of the policies of Jimmy Carter and Paul Volcker does the exact opposite, and results in the immiseration of the United States and its allies. Soviet efforts to decouple the allies are assisted by the destructive aspects of U.S. policy itself.

And if those efforts were to succeed? A Soviet Union exercising imperial sway over U.S. allies in Europe and Asia would command 40% of the world's population, without China directly, 54% of the world's goods-producing labor force, 38% of the world's energy production, and 46% of the world's energy consumption. The United States would be left alone with 7.4% of the world population, 11% of the world's goods-producing workers, about 24% of world energy production, and 28% of energy consumption. The United States would be far weaker than the Soviets were in the 1950s. Soviet policy is directed to that end, whether the proponents of MAD wish to believe it or not.

To the extent the United States is governed by a perception of a recovery that never happened, the success of Soviet objectives is assured. What is required is a change in policy, away from trading in the production of others, and back to fostering the productive capacities of the nation and its allies, closing the dangerous "basic industry" gap. Until that happens, the United States will remain a crumbling colossus with feet of clay.

The African drought hits Sudan, Egypt

by Thierry Lalevée

The accumulated problems which supporters of the International Monetary Fund in Washington refused to address during President Hosni Mubarak's visit on March 12 may make Ramadan a very dangerous period for Egypt this year. At the root of these problems is an increasingly acute shortage of foreign exchange, due to falling income from sales of oil whose price has declined, taxes from the Suez Canal, and remittances from Egyptians working abroad.

Bad enough in themselves, the danger of economic downfall these pose is now compounded by a severe water shortage—the Nile having reached the lowest levels since 1912—in consequence of the financial policies imposed on Egypt and neighboring nations by the International Monetary Fund and the same IMF-supporters in Washington.

An attempt in late 1984 by Minister of Economy Mustafa al Saeed to improve the foreign-exchange situation by cracking down on the black market agencies channeling much of it into the speculative economy, has met fierce resistance. Although it was a simple matter to close many of these shadowy offices, often located in backyards in the Khalili market quarter, it was another matter to handle the respectable bankers which had prospered under the *Infitah* (Open Door) policy of Anwar el Sadat. Only a few had been arrested and put on trial by mid-1984.

By January 1985, when the minister announced his new foreign exchange regulations, the banking mafia reacted sharply, playing on Egypt's financial weakness. Although regulations on the pound-to-dollar rate were necessary and proper public channels needed, such regulations cannot create more capital out of a dwindling economy starved for investments and industrial projects. Addressing such an issue in Washington, Mubarak received only blank stares of incomprehension as it was promised that his requests for aid "will be positively considered" by Congress.

The crisis is now here. Egypt has been unable to meet many interest payments due on its military and economic debt to the United States. On March 27, it was also announced that a \$20 million debt payment due Spain in September had not been paid.

Almost 80% of the foreign exchange which, after much diversion, reaches the government coffers has to be used to pay the interest on back debt. Whatever is left has to be used to import food—currently requiring a minimum of \$5 million a day.

However, economists and politicians are now worried

that there just won't be enough to maintain the high level of consumption—at night—which generally accompanies the fasting month of Ramadan.

Just as dramatic is the way Egypt is being affected, for the first time, by the Africa-wide drought. The Nile is the crucial life-line for the Egyptian population, in terms of both everyday activity and industrial activity. According to reports in the Egyptian press, the level of the Nile inside the Aswan Dam has now nearly fallen to the level of the turbines. Any lower, and the river will go dry for the first time in memory, with devastating consequences.

Such a low level has not been reached since the drought of 1912, at which time there was no Aswan Dam, and hence no water reserve. Of the Nile River waters which flow through Egypt, 15% come from the so-called Tropical Nile originating in Uganda, but the other 85% is supplied from that branch of the Nile which originates in the Ethiopian mountains. Affected by a severe drought, Ethiopia had no rain during 1984. Rains expected in February and March 1985 never materialized.

Another instance of "natural" catastrophe? Undoubtedly, that will be the gleeful assertion of the apologists for the genocide perpetrated against the continent by international financial institutions. A more precise look at the efforts by Egypt, Sudan, and Ethiopia to develop joint projects for water management reveals the truth.

Just one of those water management projects, the building of the Jonglei canal in Sudan, could have averted such a danger. In the swampy southern lands of Sudan where the canal was to have been built, millions of cubic meters of Nile water simply evaporate through the miles of swamps. Denounced by Prince Philip as endangering rare species of mosquitos, the project was finally stopped through the loan conditionalities imposed on Sudan by the International Monetary Fund, which drained all Sudanese foreign currency reserves away from such projects into debt-service.

In the process, the Sudanese economy has been cannibalized. Demonstrations in Khartoum on March 27 by several thousand people were led off with shouts of "Down With the IMF, Down With the World Bank," but ended with shouts of "Death to America." Millions of lives and the United States' strategic position in the world are at stake. Sudanese President Gaafar Numary, who has just been ordered by Washington to implement the latest IMF conditionalities by raising the price of bread by 30% and the price of gasoline by 75%, now faces serious political instability and possible overthrow.

Water shortages and lack of enough food may just provoke the same result in Cairo in the near future. Either the United States will adopt development policies for these nations, breaking links with the mass murderers at the IMF and World Bank—and thereby destroying the IMF and World Bank—or all of ravaged Africa, including the Maghreb nations, will collapse into chaos, and then, into an expanding Soviet empire.

Is Venezuela's oil industry up for sale?

by Ana María Mendoza and Gretchen Small

Stocks in Venezuela's state-owned oil company, *Petróleos de Venezuela* (PDVSA) and its affiliates, should be put on the market for sale to private interests, the president of the Caracas Stock Market, Alfredo Morales Hernández, proposed on March 27. Morales Hernández pointed to Brazil's state-owned oil company, *Petrobras*, which already sells part of its stock to private interests.

Venezuelan government representatives immediately rejected the proposal to sell the oil industry, nationalized in 1976, back to private interests. It will not be so easily dismissed, however. Venezuela's international creditors have adopted Henry Kissinger's "debt-for-equity" scheme—in essence, a "repossess" notice against whole nations. That is their bottom-line demand in debt refinancing negotiations not only with Venezuela, but across the continent.

During a February visit, Chase Manhattan's David Rockefeller threatened that no foreign investment would return to Venezuela until nationalist restrictions are lifted; Morales Hernández has simply spelled out the key "restriction" creditors are targeting.

The "PDVSA for sale" proposal was made as foreign and domestic businessmen gathered at an "Invest in Venezuela" seminar held in Caraballeda, Venezuela March 24-26. It was organized by the government's foreign investment comptroller's office, SIEX, in cooperation with the principal businessmen's group, *Fedecámaras*. The seminar's organizers had hoped the event would be the successful culmination of the creditors' pressure campaign.

SIEX's president, Alfredo González Amaré, has been a leading proponent of the users' "debt for equity" scheme, first put forward at a semi-secret August 1983 meeting in Vail, Colorado run by Kissinger. Under Amaré's direction, SIEX drew up a new foreign investment law, which he had hoped to unveil *as law* at the SIEX seminar, approving denationalization of major portions of the country's state sector and a lifting of restrictions on foreign investment in the private sector. Included in his six-point draft is a lifting of any limitation on the number of foreigners permitted to sit on a company's board of directors, guarantees against currency devaluations, and incentives for foreign investment in real estate and construction. The latter item Amaré openly calls an attempt to "invert the Miami effect in the Venezuelan

economy," i.e., the laundering of the dirty monies which fled Venezuela for Florida when that state was a more hospitable place for laundering the profits of the drug trade!

Even Amaré had not dared publicize the fact that PDVSA is the key target of the debt campaign. The sharp reaction to Morales Hernández's proposal may now trigger a nationalist uprising against the whole package.

Vice-Minister of Energy and Mines Hernán Anzola stated bluntly that it is "impermissible" to even think of selling stock of PDVSA and its affiliates to foreign investors because it is unconstitutional and reverses the nationalization of the oil industry. Mines Minister Hernández Grisanti immediately seconded his subordinate, telling the press on March 29 that "denationalization of the oil industry is out of the question."

Despite the help of David Rockefeller, and the backing of most of the economic cabinet, nationalist opposition was strong enough that Amaré was unable to ram through his foreign investment law in time for the seminar. Foreign control over Venezuela's oil would threaten the country's sovereignty directly: More than 65% of the population depends on food imported with the foreign exchange earned by PDVSA.

Many smelled the direction in which Amaré's foreign investment law was heading. Following Rockefeller's visit, Armando Sánchez Bueno, the head of the Senate Finance Committee for the governing *Acción Democrática* party, warned that "foreign groups are seeking to seize our oil" and were buying up the country's debt on the foreign markets to better position themselves.

On March 12, the entire cabinet resigned amid rumors of a major reorganization of the presidential team which was to include "one big surprise," in the economic sphere it was said. When the President announced his reconstituted cabinet, however, few figures were new. Instead, the cabinet was reorganized around five "superministers" who are to take the lead in setting policy. This appeared to strengthen the hand of those arguing that the country must turn over its assets to placate its creditors, as four of the five "superministers" served under Carlos Andrés Pérez, President from 1973-1978. Pérez, who appears to once again be seeking his party's candidacy in the 1988 presidential elections, is so close to David Rockefeller's Venezuelan business partners, the Cisneros family, that he has been nicknamed "Carlos Andrés Pepsi," after the family's Pepsi-Cola franchise.

Nonetheless, the creditors are not sure of their grasp on the country. U.S. Ambassador George Landau, who will be leaving his post in May to go to work for Rockefeller as the president of the Americas Society, announced that Venezuelan President Jaime Lusinchi has been invited to the United States in April to meet with representatives of the creditor banks. Lusinchi was in the United States only two months ago for an official meeting with President Reagan. At that time, Lusinchi adamantly rejected another of their demands, that the government assume responsibility for the private-sector debt. Will he continue to stand up to the creditors?

Cisneros draws fire for 'abuse of power'

by Gretchen Small

With a two-page editorial broadside charging that the Cisneros family's "abuse of power" has become a threat to the Venezuelan state, *Resumen* magazine of Caracas has opened the domestic front in a war against that drug-implicated family begun by *EIR*.

The *Resumen* editorial, appearing in its March issue, went directly to the taboo subject of six weeks of political warfare within Venezuela: charges in *EIR*'s book, *Narcotráfico, SA, (Dope, Inc.)*, that the Cisneros family is part of the international network of "citizens above suspicion" profiting from the illegal drug trade.

EIR had rushed into print a new Spanish-language edition of *Narcotráfico, SA* in January 1985, for release before Pope John Paul II's end-of-the-month trip to Ibero-America. The oligarchical networks named in the book as the organizers of the "New Opium Wars" (the book's subtitle) are one and the same as those who would stand to gain from an attack on the Pope, the book documented.

The Cisneros family, referenced as one small case study in *Narcotráfico, SA*'s review of how the "dope-oligarchy" works, went berserk. Within two weeks, four *EIR* correspondents were arrested and deported; a corrupt judge prohibited circulation of *Narcotráfico, SA* inside Venezuela; police agents were sent to intimidate Venezuelan passengers caught buying the book at the Miami airport; and the Cisneros' publicity outlets began attacking *EIR* founder Lyndon LaRouche full-time.

Members of the Venezuelan Labor Party, a political party supporting LaRouche's proposals for reorganizing the world monetary system, were threatened with jailings or "accidents." Few spoke out, and the Cisneros family appeared to have bought off and intimidated into silence all opposition to their empire—until *Resumen*'s editorial.

"The book, *Narcotráfico, SA*, mentions, with or without reason, the Cisneros family as involved in the drug business," wrote *Resumen*. "Nobody can deny that it is the enigma surrounding the origin of the wealth" of the Cisneros which feeds such reports, *Resumen* noted. It also pointed to the fact that the Cisneros Organization moved with lightening speed to "shut up all reaction or comment by any Venezuelan press" when a jet of the family's Pepsi-Cola Co. was found carrying cocaine in Florida a few days later.

The focus of *Resumen*'s attack, however, was on the

family's "power and ability to mobilize the entire police and repressive apparatus of the state in the defense of their interests, to use judges and attorneys obscenely in their service and employ, and to infiltrate and use the security bodies of the state for their jobs of intelligence and repression."

The Cisneros family efforts to silence the *EIR* story begins to look like "one of these serialized gringo soap operas," *Resumen* reported. Members of the family wildly accused business opponents and former police officials of responsibility for the book. A family member even went to President Lusinchi to accuse Interior Minister Octavio Lepage of backing those attacking them!

TFP revenge

Venezuelans have now been given proof of *EIR*'s charge that the threat to the life of the Pope stems from the same networks running the opium wars. The very same Venezuelan Judge who banned *Narcotráfico, SA* on March 5 on behalf of the Cisneros family has now permitted the assassin cult Tradition, Family, and Property (TFP) to regroup there.

TFP was forbidden to operate in Venezuela by the government last Nov. 8, following exposés of the TFP's brainwashing of local youth, which included fanatic indoctrination against the Pope. TFP networks, who stated privately that they were convinced *EIR* and LaRouche were behind their banning, merely began preparing to reestablish operations under a new cover.

In an interview with the Caracas daily *El Nacional*, parents of TFP brainwash victims warned that the decision announced that week by Judge Alirio Abreu Burelli on a suit they had initiated against the TFP will permit the prohibited sect to resume operations under another name. The parents had requested further court restrictions and aid in finding their still missing children.

The same Judge Abreu Burelli sits on the civil court of the Federal District and the state of Miranda, from which post he suppressed *Narcotráfico, SA* at the request of Gustavo Cisneros and José Rafael Revenga, the head Cisneros' television empire. It was the first formal outlawing of a book in Venezuela in decades. Abreu's verdict mocked the tough Law Governing Narcotic and Psychotropic Substances passed by the government in 1984, declaring that the book "could lead to the mistaken belief that drug trafficking is a possible and highly profitable business, which is run under the cover of legal activities and is carried out with impunity and directed by persons or institutions that society holds to be honorable. So interpreted, the text could be a stimulus, a subliminal message, which is prohibited by the above-cited law."

Implicit mockery of that decision subsequently appeared in the Caracas daily *El Mundo*, in a column recommending Venezuelans learn the lessons of history by reading Jack Beechin's *The Opium War*. Never mentioning the forbidden *EIR* book, the article pointed to the fortunes Queen Victoria and British bankers made from the 19th-century drug traffic as a model for understanding today's narco-bankers.

Lesotho, a case study in the crisis hitting southern Africa

by Mary Lalevée

The author recently returned from a trip to Lesotho, which she visited with the European chairman of the Club of Life, Uwe Friesecke.

The whole of southern Africa is going through a series of crises: the violence in the Republic of South Africa during March had been simmering for months. Killings of black South Africans by police, murders of black councillors by other blacks, arson, strikes, school boycotts, and riots are all symptoms not only of a political crisis, but of a much deeper economic crisis that southern Africa is undergoing.

The Republic of South Africa, the most developed economy in the region, has not been exempt from the effects of the policies of the International Monetary Fund and the economic policies which are destroying other African countries.

Unemployment in South Africa is 20%, with over 3 million blacks out of work. The prime rate is 25%, leading in particular to a major crisis for farmers, hit by drought, increased transport costs (with the price of petroleum increasing by 40% in January), and usurious interest rates. The rand has depreciated by 60% against the dollar over the last 12 months. The effect of this economic crisis on the poorest in South Africa—the blacks living in abysmal poverty in the “townships” or the homelands (*bantustans*)—is predictable: a social explosion which can easily be manipulated by forces wanting to blow up the region.

The only circles coming out on top in this situation are those controlling the drug trade and the casinos, the up-and-coming “industry” in the region (see page 47). All countries in the region, including South Africa, have been targeted. South African Prime Minister Botha recently stated that a “Mafia-style crime and political syndicate” had been supplying arms to the Renamo rebels fighting the Mozambique government, and trying to destabilize the South African government. Botha said that the gangsters wanted to turn Mozambique into the “private fiefdom of international financiers and bankers,” an apparent reference to the drug mafia.

Lesotho

The independent mountain kingdom of Lesotho, an enclave surrounded by South Africa, has been severely affected

by these crises. Lesotho became independent in 1966, after 100 years as the British protectorate of Basutoland. British “protection” left the country, which is the size of Belgium, with one kilometer of tarred road—between the governor’s residence and his office—and one mile of railway.

The country is run by Prime Minister Leabua Jonathan, who has held his office since the early 1960s, coming to power originally with the help of South Africa. The Catholic Church helped found Jonathan’s Basotho (now Lesotho) National Party (LNP) 25 years ago to “counter communist influence.” Ironically, in Lesotho’s search for aid today, the “communists” have been invited in: Embassies in Maseru, the capital with 25,000 inhabitants, were opened in 1983 by the Soviet Union, North Korea, and China.

While South Africa helped Jonathan in earlier years, it now appears that it is backing a group of politicians opposed to him, the Basotho Democratic Alliance, who have promised to close down the communist embassies if elected. Elections are due to be held later this year.

South Africa is also reported to be backing the Lesotho Liberation Army, which murdered several members of the ruling Lesotho National Party at the beginning of the year. Information Minister Desmond Sisishe recently announced that the nation’s security forces had killed six members of the LLA on the Lesotho-Transkei border.

Economically, Lesotho is totally dependent on South Africa’s good will. All its imports come through the Republic, and more than 150,000 Basutos work in South Africa’s mines. The revenue they send back accounts for nearly 40% of Lesotho’s Gross National Product (**Table 1**). Another large chunk of revenue comes from payments from the Southern African Customs Union (SACU), in which Lesotho, Botswana, and Swaziland are given a share of customs duties collected by South Africa.

Lesotho is typical of the majority of African countries, although in miniature: 80% of its population of 1.4 million lives off subsistence agriculture, and the economy depends on the export of one commodity. In Lesotho, that commodity is not cocoa or copper. It is labor: 66% of the male population between the ages of 20 and 45 work in South Africa, leaving women, children, and old men to work the local fields.

There are no industries in Lesotho. There are only handicrafts. Unemployment is estimated at 70%. There is one small canning plant for vegetables, grown for export, such as asparagus. There is one milk-processing plant, which processes 1,000 liters of milk a day. As there are no refrigerated storage facilities, thousands of eggs spoil every month.

Food aid needed

Lesotho is one of the 21 countries named by the U.N. Food and Agriculture Organization as experiencing "severe food supply difficulties." Lesotho is estimated to need 74,000 tons of food aid this year. A government official told us that an estimated 600,000 people were considered badly fed—almost half the population. 20% of the children weigh less than 80% of the normal weight for their age group.

That this food shortage is not merely due to the drought which has hit the whole of Africa over the past three years is shown by the fact that Lesotho has been receiving food aid for almost 20 years, since 1968.

Subsistence agriculture is quite simply unable to feed the population. The agriculture ministry is predicting a "bumper crop" this year if the rains came on time, and even so, the country will only be able to meet 50% of its grain requirements. Compare the yields of crops in Lesotho and the neighboring region of South Africa, Orange Free State (Table 2). The difference is simply due to irrigation, terracing, fertilizers, and pesticides. Torrential rains in mountainous Lesotho mean that terracing of the land is essential to stop the washing away of topsoil, and yet very little has been done because of the government's lack of resources. Some land and water conservation schemes are under way, but they are far from sufficient.

The U.N. World Food Program has "employed" tens of thousands of women on "food for work" projects. In the last 15 years, these women have built 2,500 kilometers of road in the remote areas of the country, using no technology whatsoever. A government representative told *EIR* that they would most prefer to "send in the bulldozers" to build the roads, but they simply do not have the financial resources to do it. Yet, as long as the roads are in poor condition, no food aid can be delivered to these areas.

A relief worker told us in exasperation that he was feeding children with food aid whose mothers had been brought up on food aid. Food aid is essential in emergencies, but in much of Lesotho, it is a way of life. So long as agriculture is not developed to make the nation self-sufficient, that will continue to be so.

The Lesotho government has started a "food self-sufficiency program," with a technical operations unit, tractors, and well-drilling equipment available for hire by farmers, a credit service enabling farmers to borrow money for equipment and fertilizers, and agricultural extension workers who travel the country giving advice to the farmers. Demonstra-

Table 1

Percentage distribution of GNP by sector

(GNP at factor cost and market prices: 1970-71, \$37 million; 1979-80, \$223 million)

	1970-71	1979-80
Mine wages	20.0	37.3
Agriculture	22.4	14.5
Manufacturing	2.0	2.2
Trade, const., mining	16.7	12.6
Gov't/private services	22.2	18.1
Other	15.1	15.3

Source: *Lesotho Agricultural Situation Report*, Bureau of Statistics, Maseru, Lesotho

Table 2

Comparison of maize yields: Lesotho and Orange Free State*

(Kilograms per hectare planted)

	1973-74	1974-75	1980-81	1981-82
Lesotho	869	556	774	640
Orange Free State	2,927	2,658	2,832	2,833*

* Chosen for similarity of climate and proximity.

Source: *Lesotho Agricultural Situation Report*, Bureau of Statistics, Maseru, Lesotho

Table 3

Maize production

(In tons)

	1973-74	1974-75	1980-81	1981-82
Lesotho	122,500	70,292	105,674	79,825
Orange Free State	3,936,000	3,299,000	5,015,000	2,707,000
Republic of South Africa	11,105,000	9,098,000	14,656,000	8,321,000

Source: *Lesotho Agricultural Situation Report*, Bureau of Statistics, Maseru, Lesotho

Table 4

The labor force

	% of population of working age		Agriculture		Industry		Services	
	1960	1980	1960	1980	1960	1980	1960	1980
Lesotho	57	55	93	87	2	4	5	9
Swaziland	54	52	89	74	4	9	7	17
Botswana	51	47	92	78	3	8	5	14
U.S.A.	60	66	7	2	36	32	57	66

Source: World Bank, *World Development Report*, 1983.

tion farms have been started where all modern techniques are used, irrigation, fertilizers, hybrid seeds, etc. Yields on these farms are far above average productivity. The government representative who showed us the farms said that farmers usually get two bags of maize per acre farmed; on the demonstration farm, it is up to 28 bags an acre. The government sets a parity price for its farmers, below which the crops cannot be purchased by buyers. The government representative told us that they are trying to prove to the population that "you can make money with farming."

The agriculture ministry's 1984 *Situation Report* points out that while there have been apparent increases in productivity in maize, these "were achieved through large government projects and cooperative ventures, and not from the subsistence rural farmer, who generally does not respond to farm prices."

The London Times March 25 called for expansion of subsistence agriculture to solve the famine in Africa! Such an approach means to willfully condemn hundreds of thousands or even millions of Africans to death. What else have they have been doing over the last 20 years except living off subsistence agriculture?

The large size of the animal herd (over 500,000 cattle wander the countryside) is causing serious problems. Overgrazing is adding to the erosion caused by torrential rains. The government is hoping to buy two-thirds of the cattle, slaughter them, export the meat, and then start a process whereby cattle will be kept in defined areas which could be treated with sufficient input to keep the pasture-land rich and healthy. The obstacle here is that the new slaughter-house which has been built has no staff or management, and existing slaughter facilities are tiny: Only about 1,000-1,500 animals can be processed per week.

Because of the traditional view of cattle as wealth, people accumulate as many cattle as possible and keep them far beyond the age normally necessary for slaughter.

The *Times* demands genocide

The struggle to break away from subsistence farming is not appreciated by the apostles of backwardness and genocide at the World Bank and similar agencies: The lead editorial in the London *Times* of March 25, entitled "Small Is

Helpful," called for expansion of *subsistence* agriculture to solve the famine in Africa! "There is now in the developing world a much greater acceptance of the fact that subsistence agriculture and small-scale production of edible cash crops should be the main area of development. Instead of grandiose industrial schemes worked out on a government to government basis, what Africa needs now are individuals versed in agricultural extension services, intermediate technology and small-scale water development." It continues, "If Africa is to feed itself, it needs to break away from the structure of past development finance, so that funds, expertise and technology reach it on a human scale through non-governmental organizations working with the private sector completely outside the framework of government or in collaboration with small local agencies."

The *Times* attacks Tanzanian President Nyerere, who asked in mid-March, "Should we let our people starve so that we can pay our debts?" The *Times* wrote, "Africa's more enlightened leaders, seeking food self-sufficiency, will have to redudiate the Bourbon-like utterances last week of President Nyerere, Africa's most helped and least successful leader."

Such an approach means to willfully condemn hundreds of thousands or even millions of Africans to death. What else have they have been doing over the last 20 years except living off subsistence agriculture? That is why the average life expectancy in Africa is 20 years below that of the industrialized world. That is why the drought has meant death for so many uncounted human beings in the last three years: Subsistence agriculture means total dependence on "Mother Nature," who does not always bring rain at the right time.

Countries like Lesotho can only break out of the vicious circle of subsistence farming, food shortages, and food aid with massive infrastructure projects including the building of water-management systems to provide water for irrigation and human consumption.

Enter: Las Vegas

However, the investment that is pouring into Lesotho, is of quite another sort. Casinos and slot machines are the big new industry, all owned by South African companies. Similar processes are under way in other small countries neighboring South Africa and in the *bantustans* to which South African blacks are shipped if they are out of a job. Casinos have been built in the bantustans of Bophutatswana, Cisklei, and Venda, and in the countries of Lesotho, Botswana, Mauritius, and Swaziland. The "Sun City" in Bophutatswana is reportedly the "Las Vegas" of southern Africa, and was opened in a big ceremony last year attended by such unsavory stars as Frank Sinatra.

Sadly, but predictably, the people putting money in those slot-machines in Maseru are not wealthy tourists, but traditionally dressed Basuto women and barefoot children.

No substitute for a U.S. fusion program

by Marsha Freeman

For the past four years, the Reagan administration has been insisting that the magnetic fusion energy program of the United States be redirected away from a science and technology effort, back to a "science only" program.

Scientists have been told that "international cooperation"—i.e., trying to make our allies pay for part of our fusion program—will be an adequate substitute for a commitment to designing and building next-step fusion experiments or an engineering reactor here at home. Recent hearings showed this shell game for what it is.

In September 1983, the National Research Council established a Committee on International Cooperation in Magnetic Fusion Energy to "study and recommend a worthwhile course of action in fusion cooperation." The Committee was headed by Joseph Gavin, chairman of the executive committee of the Grumman Corporation.

At hearings of the Energy Research and Production Subcommittee of the House Committee on Science and Technology on March 18, Mr. Gavin presented the findings of his committee. The question of international cooperation was also addressed by other witnesses, representing various fusion-experiment laboratories.

A reliable partner?

The Reagan administration has made the assumption that the scientists and administrators of fusion programs in Western Europe and Japan will jump at the opportunity to cooperate more closely with the United States in this long-term energy research. Mr. Gavin reported that after members of his committee made two international trips, they found that this was not necessarily the case.

Gavin began his remarks by stating that there had been much "wishful thinking about international cooperation." The Europeans "believe they're on the threshold of assuming world leadership in fusion research," Gavin stated. "They

don't see the United States having a detailed future plan."

"People overseas see the U.S. program as having peaked out and losing momentum," he explained, "and that we don't have a well-thought-out program. We have been an unreliable partner in the past. International cooperation will require a long-term U.S. commitment."

Indeed, why should the Europeans or Japanese be anxious to hitch their program to an aimless star, when they already have plans to build their own next-step tokamak devices without help from the United States?

This theme was stressed by other hearing witnesses. The most interesting was Dr. Tihoro Ohkawa, vice-president of GA Technologies. GA has an active cooperative program with the Japanese, which has included the input of tens of millions of dollars from Japan.

Ohkawa's statement was also a warning: Although he "finds great appeal in the potential benefits of international cooperation, our reliance upon it should not extend to abrogating technical responsibility in any of the research areas that are critical to the fusion energy option. . . . We must remain self-reliant in all the key scientific and technological disciplines."

"After all," he continued, "who would want to cooperate with us if our capabilities were inferior to their own? The burning plasma experiment is a natural candidate for international cooperation. The United States must take the initiative in such a venture, however. The preferred approach is to commit to such a project and bring in partners to expand the program's scope."

Unfortunately not mentioned by any of the witnesses, the current NASA Space Station effort is just the kind of project appropriate to large-scale international cooperation. The United States, starting with the President, made a commitment to build the station, and has invited allies to contribute to it, which will greatly increase its capabilities.

In her opening statement for the hearings, subcommittee chairman Rep. Marjlyn Lloyd reported that Gavin's committee had found that it would take from three to five years to arrive at a multinational agreement to go forward with a large joint project. Everyone from the fusion community at the hearings who had been involved with negotiating such agreements agreed on that time estimate.

Congressman Lloyd's evaluation was that "while the United States should welcome international cost-sharing" for a next-step fusion experiment, "it should not be a requirement for a go-ahead in the near future."

The administration's attempt to convince the Congress that international cooperation could substitute for adequate funding and planning in the U.S. program has fallen flat on its face. The question is whether the Congress will take the responsibility of restoring the nearly \$50 million the White House has cut out of the fusion program budget, and put it back on a track toward developing commercial fusion power.

Feudalism—Canadian-style

The new Land Lease program lets bankrupt farmers pay to farm their own land, while the government cracks down on protest.

During the current session of the House of Commons in Canada, a bill was passed enabling the Federal Credit Corporation and banks, including the Royal Bank, to offer farmers a "choice" if they are in arrears on their loans. The farmer can either place his farming operation in a Land Lease Program "voluntarily" or he can face foreclosure. Under Land Lease, the farmer then pays to farm the land he previously owned.

This maneuver is turning Canadian farming into outright feudalism.

The land grab, done in the name of a community land trust, is also being proposed for the United States. There is the Minneapolis-based campaign run by Control Data Corporation's Wellspring outfit, calling for the creation of semi-public land trusts to which young farmers pay tribute. Then there is the Federal Land Corporation idea, proposed by Prof. Neil Harl of Iowa State University, a promoter of plans acceptable to the old money-interests in Europe who are behind the grain and other commodity cartels and insurance companies.

Canada's "voluntary" program has teeth. Those debt-strapped farmers who resist pay a heavy price. Canadian farmers report that banks are using intimidation of farmers' wives and children to force the farmer to comply with the bank's dictates. Banks have surveilled farmers to determine their schedules, and in one instance, when the farmer left his premises, the bank

sent a car to pick up his wife and take her to the bank for "discussions."

In addition, the banks that lend to farmers have created a new function for a bank official or consultant—the "agrologist." The agrologist, on behalf of the bank, offers "advice" to the farmer on what to plant, what seed to use, what fertilizer to use, and how much fertilizer to apply.

What this means in practice, in the words of one farmer, is that "they are turning us into serfs."

Canadian farmers also report that new federal government censorship and investigation procedures are stifling farm-sector opposition to the feudalization of food production. Circulars and publications exposing the nature of the new government farmland policies have been prohibited, under interpretation of laws against promulgation of "hate material." Regulations have been tightened to limit free speech.

Other developments in agriculture in the United States and Canada are setting the stage for food shortages in both countries as well as the rest of the world. On March 27, the U.S. Commerce Department cleared the way for an import duty to be applied to Canadian hogs. The Department found that pork products imported from Canada benefit from a subsidy. "This is a great day—not just for U.S. pork producers, but for everyone who believes in the concept of free and equal trade between nations," said Ron Kahle,

president of the U.S. National Pork Producers' Council.

Under the ruling, any importer of Canadian hogs or pork products will be required to pay an estimated duty or file a bond equal to the value of the subsidy as calculated by the Commerce Department (3.9¢ per pound, or approximately 18% of the declared value).

This will put 15 to 20% of the pork farmers in Canada out of business in the immediate future. In turn, the pork supply will drastically fall.

As for the Canadian "subsidy," Canadian farmers report that it is they who are forced to pay into a price stabilization fund out of their own pockets.

U.S. pork producers have been forced out of operation or into cartelized "contract" or "custom" pork production operations. Record imports of Canadian hogs and Danish pork products have masked this development from the U.S. consumer. Live hog imports from Canada to the United States totaled 740,765 head during January to July 1984, compared with 273,659 the previous year. Now, under the new U.S. tariff duty, one of these days you will find that the bacon won't be there to bring home.

In addition, as a result of Canadian government policy, the Canadian beef industry has almost totally collapsed. The closing of approximately 70% of the livestock marketing yards—due to a lack of livestock to sell—is a disaster for this segment of Canadian agriculture. The official government line is that people are "changing their eating habits" and that therefore beef is no longer in such demand.

The combined result of these events is pushing forward the timetable for starvation in the developing nations, and speeds up the timetable for food shortages and higher prices in the United States and Canada.

S&L, regional bank crisis spreads

Volcker and James Baker III's Treasury Department crack down—on their competition.

After having sold President Reagan the line that the Ohio savings and loan bank crisis is an "isolated incident," Federal Reserve Chairman Paul Volcker and the Baker Treasury Department are engaged in a regulatory crackdown against S&Ls and regional banks which will reduce their profits and render them vulnerable to runs and shutdowns. Nationally, Fed and Treasury regulators are forcing S&Ls and regionals to declare substandard loans, crack down on loose accounting practices, and downgrade their financial paper.

S&Ls and banks in Maryland, Massachusetts, Texas, Oklahoma, California, and other states face runs by frightened depositors.

Volcker and Baker's Comptroller of the Currency, for example, placed a page one article in the March 21 *Wall Street Journal* charging that all S&Ls are shoring up their profits with phony stock dividends. The industry used \$600 million in dividends from the Federal Home Loan Mortgage Corp. to "cook up" half the S&Ls' 1984 \$2.1 billion in profits, the article charged, noting that "some accountants" don't think this should have been counted at all. Half the rest of the S&Ls' 1984 profits "were generated by questionable accounting practices in the tradition of Lewis Carroll," an S&L analyst at Wall Street's Sanford Bernstein investment house is quoted.

Ohio is just the beginning. The draconian regulations being applied from the Fed and Treasury put many

other small banks in peril. According to the *Washington Post* on March 21, Maryland S&Ls are paying some of the highest rates nationally, in a desperate bid to keep depositors, because Maryland's state-chartered S&Ls, like Ohio's, are not insured federally, but privately—nearly two-thirds of them by the private Maryland Savings Share Insurance Corp. To keep depositors, reports *Savers Rate News*, the Baltimore banks of Custom Savings, Merritt Commercial, and Old Court S&L are paying the highest rates in the United States. The *Savers Rate News* report implies that runs could start at these Maryland S&Ls.

Meanwhile, in Massachusetts some privately insured S&Ls are threatened with runs, and are taking steps to get federal insurance. The Federal Deposit Insurance Corporation reports a "dramatic" increase in inquiries from Massachusetts S&Ls—from zero to 15 the last week of March. Mutual Savings Banks in the state are usually insured by the Mutual Savings Central Fund, and S&Ls ("Coops" in Massachusetts) by the Coop Central Bank Reserve Fund. "People like to see the letters FDIC on the door," said one banker.

In Oklahoma, State Bank Examiner Empe announced March 21 that 25% of Oklahoma's 310 state banks have substandard loan portfolios. This is about to become a serious problem, he implied. The region's banks are heavily loaned in the troubled areas of oil and farm debt.

Texas banks' stocks and deposits are also threatened. First City Bancorp of Houston, one of the biggest energy lenders in the state, disclosed on March 23 that internal controls and lending policies at three of its largest bank subsidiaries were deemed "inadequate" by the Federal Reserve and Treasury. First City Holding Co., with assets of \$17.3 billion, disclosed in its annual report that the Comptroller of the Currency had taken disciplinary action to force two subsidiaries to write down problem oil loans, and the Fed had taken action against a third: First City National of Houston, First City Bank of Dallas, and First City National of Midland.

The regulators' actions are likely to affect stock and bond ratings of the banks and holding company, said analysts. In late March, the state's leading energy lender, Texas Commerce Bancshares, Houston, disclosed that the Comptroller is investigating loans, including those made to the bank's directors on favorable terms.

Then, on March 20, Standard and Poor's downgraded its ratings on several BankAmerica Corp. securities, including corporate bonds of the bank's holding company. Standard and Poor's cited the holding company's declining earnings and falling profitability over the past four years. BankAmerica said it "strongly disagrees" with the S&P decision.

While S&Ls in Ohio are gradually reopening, the crisis could break wide open again at any time. On March 21 Ohio Thrift Superintendent Thomas Batties began allowing a few S&Ls to reopen, under the requirement that they demonstrate that they meet the criteria for Federal Savings & Loan Insurance Corp. insurance, and were applying for same. Others reopened March 22-25, and rules were set up allowing depositors to make limited withdrawals up to \$750 to take out emergency cash.

Business Briefs

Ibero-American Debt

Catholic bishops: Economy comes first

The president of CELAM (Conference of Latin American Bishops), Mons. Antonio Quarracino, interviewed in the Vatican daily *Osservatore Romano* on March 21 said that the economic problems take first priority in Latin America: "You know perfectly well that when there are big economic problems, the survival of democracy and democratic government is also in danger."

He continued: "There is the huge problem of the foreign debt of almost all the countries. I don't know how the countries are going to pay this debt. Interest alone is already a real problem."

Agriculture

Stormy protests over the EC farm budget

The proposed austerity budget of the European Community provoked farmer protests from Bonn to Strasbourg in the week leading up to the EC Council of Agriculture Ministers meeting in Luxembourg on April 1-3, where the farm budget was on the agenda. The European Parliament meeting in Strasbourg had rejected the proposed austerity plan in a stormy meeting in March. Their counter proposal, largely drafted by French Communist Benjamin Pranchère, called for average price increases for 1985/86 of 3.6% for EC food production.

The fight centers on a controversial proposal for a 3.6% reduction in grain prices and continuation of the milk quota system. Under a complex scheme approved several years ago, the European Community imposes an automatic sliding scale mechanism whereby prices for cereal grains and select other products fall if production exceeds a certain harvest. This season's record grain harvest should mean an automatic maximum adjusted price cut of 3.6% under the so-called "Guaranteed Threshold" of the mechanism.

Werner Schneiders of the West German

farmers' organization has attacked the austerity cuts as "unacceptable," claiming they will amount to a repeat of the devastating 20% income collapse German farmers suffered two years ago, from which they have yet to recover.

Last year's punitive milk quota system was imposed under EC budget blackmail where EC farm ministers were told by the British government and others in the EC that they would veto more Common Agriculture Program monies unless a "superlevy" on surplus milk production and an end to open-ended guarantees for surplus products were agreed upon.

Labor

Danish gov't clamps down 2-year IMF plan

Together with the anti-NATO liberal Radical Party, the Danish conservative ruling coalition has put together the parliamentary majority needed to enforce an International Monetary Fund austerity package and legislation to end a general strike in Denmark. In response, riots erupted in Copenhagen on March 28, blocking all traffic in the area around the parliament for several hours.

Radical left-wing unionists are preparing for a series of wildcat strikes, according to Danish media, in opposition to the austerity package and the end to free wage bargaining imposed by the government and the IMF.

The IMF package, which covers March 31, 1985 to March 31, 1987, limits wage increases to 2% for the first year, followed by 1.5% for the second year. With an annual Danish inflation of 10%, a direct real wage reduction of 8-8.5% per year would result. The announced price freeze, which does not apply to prices on imported goods, can do little, if anything, to slow inflation, in an economy marked by falling productivity.

The 40-hour working week is to be reduced by one hour during the first quarter of 1987, with nominal wage compensation, and forced savings will be imposed of 8% of all taxable income above DKr 150,000 (\$13,240) at 0% interest, over a 5-to-7-year period. Corporate taxes will go up from 40

to 50%.

In the biggest Danish labor conflict since World War II, 290,000 workers went on strike and 10,000 workers were locked out on March 24, as the leadership of the National Trade Union Confederation (LO) refused to accept the low wage increases offered by the Danish Employers Association.

"Recovery" Myth

Hunger-linked disease spreads in America

Tuberculosis, a disease that was dead in the U.S. 15 years ago, is now reported regularly in large U.S. cities and its incidence is growing, carried by street vagrants. Kwashiorkor (protein and caloric deficiency) and marasmus (gross caloric deficiency), are cited in Chicago and the Rio Grande Valley of Texas. These are the diseases which produce the swollen bellies on emaciated children seen in reports on Ethiopia or the Sudan.

These conditions are described Harvard School of Public Health study, titled "Hunger in America." Twenty million Americans are hungry, going without food one day, a few days or even a week per month, according to the study, which cites instances of people eating dog food and many more cases of people eating only beans, cereal, and rice—no meat or vegetables.

The biggest growth of hunger and starvation took place in 1982-84, the years of the U.S. economic "recovery."

In Mississippi, over 580,000 people, nearly one-quarter of the state's population, are below the official poverty line. Teachers for the Headstart program in Greenwood and Sidon, Miss. reported that it is the main source of food for half of the 647 children served in their program, who often get only one and at most two meals a day.

In Birmingham County, Alabama, the Birmingham Community Kitchens report that in 1980, they served 1,200 meals to hungry people. This shot up to 45,000 meals in 1982 and then skyrocketed to 130,000 in 1984.

"They say we don't see kwashiorkor or marasmus in this country, but we do. I see 15-20 cases every year in my hospital," re-

ported Dr. Stephen Nightingale, Chief of Internal Medicine and Administrator of Cook County Hospital in the middle of Chicago, describing the resurgence of Third World diseases.

Kwashiorkor and marasmus also exist in the Rio Grande Valley of Texas, a state that prided itself during 1979-82 that it was impervious to the slump.

Dope, Inc.

Trouble for Crédit Suisse's William Weld

U.S. Attorney for Massachusetts William Weld lost his case against former Massachusetts State Representative Vincent Piro, even as *Newsweek* magazine's March 25 issue ran a publicity article touting Weld as an "imaginative and aggressive law enforcer."

On March 20, the jury hearing the case against Piro acquitted him on two counts of extortion and conspiracy. The Boston-area media called the acquittal a major defeat for Weld. Piro was the target of an "overzealous" sting operation. Piro's lawyer, R. Robert Popeo, said the verdict represented a "philosophical" change in the public attitude toward law enforcement. "The people of the United States do not want government in the business of creating crime. It's a sleazy business."

Weld's hardnosed style didn't keep him from letting the Bank of Boston pay only a \$500,000 fine upon conviction, and a Bank spokesman bragged that the deal included no prosecution of bank officers. In early March, several congressmen involved in hearings on the Bank Secrecy Act held by the House Banking Committee complained that the fine was insignificant. According to Title 31 of the Code of Federal Regulations, \$500,000 is the maximum monetary fine for a violation in any 12-month period. The Bank of Boston laundered its money over a *four-year period*: A maximum fine would have been at least \$2 million.

In the Bank of Boston case, the evidence has led to Crédit Suisse, well known as the dirtiest bank in Europe involved in laundering drug money. Crédit Suisse is the bank that helped make Mr. Weld's family for-

tune. The bulk of the small bills laundered by the Bank of Boston came from the vaults of Crédit Suisse. The Weld family fortune's biggest venture in the international markets is a "prestigious" outfit in London called White Weld Securities, the Eurobond syndication subsidiary of Crédit Suisse First Boston, Ltd. of London.

International Credit

IMF updates plan to wreck Italian economy

A delegation of the International Monetary Fund was in Rome at the end of March to issue its yearly report on the Italian economy—a commendation of Finance Minister Bruno Visentini for virtually destroying it, and an update on how to continue the process.

The delegation, led by an IMF director, W. E. Whittome, met only with Treasury Minister Roberto Gorla before issuing a report which declared: "The stakes are very high. Unless the measures suggested by the IMF are taken, the Italian economy will quickly go down the road of continuing unemployment and an accelerating inflation."

The IMF report declares, "Public expenditure was higher than planned," and therefore, "various expenditure programs should be cut, in particular, health and pensions"—the two sectors which are the most devastated by measures already instituted by the IMF, last time around.

The IMF report praises "the recent measures taken to increase the fiscal base, but at the same time thinks that further measures are needed." In January, Finance Minister Bruno Visentini imposed a tax package which is destroying most family businesses and shops, who are obliged to pay tribute to Visentini amounting to almost 40% of their income. The IMF praised Visentini, but added that 40% simply was not enough.

The point in the IMF report which provoked an understandable uproar in the government was the demand for "a further increase in interest rates," which came only a few days after an official request by Prime Minister Bettino Craxi for a sensible lowering of Italian interest rates, the highest in Europe.

Briefly

● **JOBLESSNESS** in the town of Kendleton, Texas is now actually 90%, according to the city administrator. The *official* unemployment rate for the town of 690 inhabitants is 3%.

● **MORE DOPE** on Ohio's Marvin Warner, the banker who caused the collapse and panic in the Ohio banking system. In 1981, Drug Enforcement Administration chief Francis Mullen called Isaac Kattan, one of the chief depositors in Warner's Great American Bank of Dade County, the biggest money launderer of the late 1970s. That was after three officials of the Great American Bank starting serving their prison sentences for money laundering. Up until the Bank of Boston scandal broke, Great American was one of the record-holders for money laundering—\$96 million in one year to . . . Switzerland.

● **SUPERSECRET** meetings have been going on in Washington between officials from the Swiss Finance Ministry, the State Department, and Treasury about Swiss banking secrecy laws and their relation to money laundering. But Washington's diplomats are careful not to offend the Swiss by telling the world that they are the repository of profits from the dope trade that's killing record numbers of junkies right in Washington, D.C.

● **CARGILL**, the Swiss-controlled grain cartel company, is leading the assault on integrated U.S. steel companies through running mini-mills. Cargill's wholly owned subsidiary, North Star Steel, owns about one-tenth of all mini-mill production in the United States.

● **CASINOS** received a setback in Mexico, after a demonstration on March 29 by the Mexican Labor Party and the Authentic Party of the Mexican Revolution forced cancellation of a "Las Vegas night" which was designed to show how beneficial gambling would be for Mexico's economy.

Syria's role as the center of world terrorism

by Lyndon H. LaRouche, Jr.

During recent weeks, it has been proposed that the U.S. State Department officially remove Syria, the key Soviet agent of influence in the Middle East, from the list of nations complicit with international terrorism. The proposal must be prevented, and ridiculed: Since the eleventh century A.D., up to the present day, Syria has been the national homeland of that Sufi model of terrorism which has been increasingly rampant throughout the world since the end of the 1960s. The Syrian intelligence service is among the most sophisticated and bloody-handed intelligence services in the world today. The superior capabilities of this dangerous intelligence service are derived chiefly from the massive indoctrination of Syrian intelligence-service members in the tradition of the famous Sufi mystic, Hassan e' Sabbah, the founder of the deadly cult of the Assassins (*Hashishins*). It was through collaboration with Syrian intelligence that the present-day international terrorist groups were trained and launched at the beginning of the 1970s; it is Syrian intelligence which has systematically butchered most of the leading members of Yasser Arafat's faction of the PLO, and it is in coordination with Syrian intelligence that Iranian, Soviet, and other agencies deploy their terrorist operations into Western Europe, India, and the Americas today.

To understand the psychodynamics and coordination of international terrorism today, one must first recognize that present-day international terrorism and Sufism are one and the same, and that Syria is the historic and present center of every recurrence of this variety of terrorism, from the eleventh century A.D. to the present time. Hence, to take Syria off the list of nations linked to international terrorism, would be an act of disarming U.S. intelligence and law-enforcement agencies against the present, Soviet-directed terrorist assault within Western Europe, and the Americas.

The most essential historical background is as follows:

Sufism and the Assassins

Sufi mysticism was originally launched during the middle of the eleventh century A.D., as a covert intelligence operation of Byzantium against the compet-



The Sufi cult, based in Syria and Alexandria, is the core of international terrorism. Shown are Sufis of the Mehlevi order of Whirling Dervishes, during the Ottoman Empire.

ing power of the Baghdad and Fatimid caliphates. The two leading figures of Sufi insurgency were the neo-Asharite al-Ghazali and his Alexandria-trained ally, Hassan e' Sabbah. The chief target of the operations of both the Khomeini-like al-Ghazali and Hassan e' Sabbah was the Persian Islamic faction of the great physician, statesman, philosopher, and scientist ibn Sina (Avicenna). Hence, Hassan e' Sabbah first based his terrorist headquarters in mountain strongholds in Persia, and the Assassin cult later expanded its power to mountain strongholds in the areas of present-day Syria and Lebanon. It was from the Assassin strongholds in the area of Syria and Lebanon, that the "Old Man of the Mountain" (Shaykh al Jabal) collaborated with the crusader orders, especially the Templars. It was through the crusader orders, the Templars and Hospitallers, and through Sufi influences radiating into and through the chivalric cults of Spain, that Sufi-Gnostic religious cults such as the Cathars became a power inside Western Europe itself.

As we have noted, the roots of Sufism are pre-Islamic, and include such models of terrorist drug-cults as the Phrygian cult of Cybele-Dionysos and continuations of the pre-Aryan Shakti-Shiva cults in the area of modern India and Pakistan. The chief means by which a revival of such cults was introduced to Islamic populations from Byzantium, was through the same network of merchant-usurers who brought the Seljuk mercenaries into Baghdad. The name, "Sufi," is derived from the fact that these merchant-usurers operated chiefly through a kind of freemasonic guild of weavers and cloth-traders (Suf = "wool"). This guild's widespread operations equipped it as an able intelligence organization, op-

erating and recruiting under the cover of the wool-trade. This afforded the cult a growing mass-base among rural weavers and wool-growers, as well as a hard core of operatives within the urban centers.

Hassan e' Sabbah added "brainwashing" by aid of hashish, and military strongholds of brainwashed terrorist assassins, to the preexisting capabilities of this Sufi freemasonic cult.

The cult's special capabilities for intelligence work included its command of numerous European and other languages, and a familiarity with the customs of most parts of Eurasia and northern Africa which enabled Assassin spies to operate effectively in adopted disguises in many parts of the world. The cult effectively ran the Middle East from the inside, from the establishment of the network of mountain strongholds, until the aftermath of the Mongol invasion, when the last of the strongholds was conquered by the Mamelukes. Assassin intelligence capabilities were taken over by the Mamelukes.

Sufism continued to spread after the dissolution of the autonomous power of the Shaykh al Jabal, including such notorious varieties under the Ottoman dynasty as the various cults of dervishes. Syria and Alexandria continued as centers of Sufi intelligence operations modeled on the tradition of the Assassins down to the present day. Sufi organizations extend into India, Pakistan, and so forth today, in the networks of the Ismaili cult, and among non-Islamic as well as quasi-Islamic cults, such as the Ahmaddiyya cult of the Abu Salam of Trieste. Every school-child preparing for a career in statecraft or intelligence services in Syria or Iran, is well-schooled

To take Syria off the list of nations linked to international terrorism, would be an act of disarming U.S. intelligence and law-enforcement agencies against the present, Soviet-directed terrorist assault within Western Europe, and the Americas.

in the history of the Sufis and Assassins.

The methods employed by international terrorism today, are identical with those of the Assassins, and Syria has been the training-ground on which the core of all international terrorist organizations mastered the art of such terrorism.

Sufism and European intelligence

It is most significant that Houston, Texas's Madame Monique (Schlumberger) de Menil, wife of Jean de Menil, is both a professed Sufi mystic and one of the most influential political friends of international terrorism inside the United States. The principal connection arose from the fact that the imperialist party in France was always the set of Franco-Swiss financial families, including Mallet, de Neufize, and Schlumberger, which formerly backed Jean-Jacques Rousseau, Voltaire, Robespierre's Jacobins, and the spread of the nineteenth-century Romantic movement into Germany. The key to France's deep links to Sufism and the Corsican role in the international drug-trade, is Syria.

The British and German intelligence services' connections to Sufism are more interesting.

The 1878 Treaty of Berlin established the terms of a three-way "great game" in Asia, among Russian, British, and German intelligence services. Prior to World War I, German naval and diplomatic intelligence cooperated with and against the Ottoman empire, in operations ranging from Rajasthan in British-occupied India and throughout the Middle East. This pre-World War I German-intelligence matrix was maintained by the German foreign-office and military-intelligence organizations through World War II, and provided the basis for the operations of Admiral Canaris's Abwehr (Second Division) in India and the Islamic world during the Nazi period.

For example, today's Ayatollah Khomeini and the Tabatabai active in both Bonn, West Germany, and as Khomeini's ambassador to Moscow, are descendants of families which were traditionally assets of German intelligence since the period of World War I. Many remnants of the old German intelligence connections into the Middle East and the Asia subcontinent, continue to the present day, divided between Bonn and Leipzig.

However, as both Canaris and the heads of the permanent civil-service of German foreign-office intelligence were fully aware, before and during World War II, the Middle East and India families listed as German-intelligence assets were also at the same time assets of the British intelligence services, and to some degree both lists of assets overlapped French, Swiss, and Soviet intelligence rosters. The situation is more complicated, by the fact that indigenous interests of these regions also maintained networks among the ranks of families listed on the rosters of assets of variously German, British, French, Swiss, and Soviet services.

Through these connections, Sufism's potential geopolitical significance strongly impressed the Nazi intelligence apparatus, the more so because the Thule Society's irrationalistic Nazi cult-ideology itself, based on Gnostic Catharism and the Wagnerian Parsifal, Grail cult, had strong epistemological affinities to Sufism. Already, in the late 1930s and during the war, the idea of a blending of Sufism, Nazism, and Synarchism, to become the ideological basis for a global variety of "universal fascism," was developing among high-level Nazi circles, especially among circles of the internationalized Waffen-SS.

After the war, a large part of the Nazi apparatus was kept intact, by understandings reached among British, U.S., and Soviet agencies. This element of the Nazi apparatus was permitted to operate as a Nazi International out of Swiss bases, and to operate widely in the Middle East as well as Ibero-America. The Dulles brothers' use of the husband of Hjalmar Schacht's niece, Col. Otto Skorzeny, in Ibero-America, the Middle East, and Indonesia, illustrates the point. By agreement with Syria, Nazi experts advising the Syrian intelligence services became integrated in the leadership of Syrian intelligence, and long-range Nazi colonization operations, under the cover of a Sufi variety of "Islamic Nazi" network, spread from Nazi International headquarters in Lausanne, Switzerland, as far east as Indonesia and the Philippines.

Today, that Nazi International is operating in cooperation with the Soviet and East German intelligence services, partially through Bulgarian connections, and in cooperation with the Syrian intelligence service.

The case of 'Pablo'

Currently, there is a spy-trial in progress in Norway, the trial of Soviet KGB recruit Arne Treholt. Although much of the interrogation of Treholt, and much of the trial itself, are conducted in secret, the government of Norway has released some of the evidence to the European press. Among the most important of the revelations so far, is Treholt's reported revelation, that the networks of present Greek Prime Minister Andreas Papandreou had been the channel through which Treholt was recruited to the service of the Soviet KGB. The specific fact reported, is that this recruiting was done, prior to the colonels' coup in Greece, through a New York City-based branch of Papandreou's organization.

EIR's files are rich in detail on the subject of Papan-dreou's 1967-75 network in New York City, a nominally Trotskyist KGB cell operating out of the back room of a bakery in Manhattan. The bakery was the Manhattan headquarters for an international network operated by one Michel ("Pablo") Raptis, the present-day sub-controller (under Soviet Ambassador Igor Andropov) of Prime Minister Papan-dreou, and director of Papan-dreou's reorganization of the Greek military and intelligence services, a network linked to the attorney-general of Cyprus, a network controlling a group of Greek military officers, the KGB assets recently appointed to key positions in the Greek military. Putative Trotskyist Michel Raptis ("Pablo") has a deep connection to both the Nazi International and Lausanne's François Genoud, as well as to Syrian intelligence, and to the Soviet KGB's Henri Curiel network in France. Pablo's known connections to Syrian intelligence are centered on Pablo's role in recruiting European terrorists for training in Syrian camps.

Like both Rudolf Hess and Curiel, Pablo is a product of Alexandria, Egypt. Pablo turns up in Greece in 1930, as part of a delegation meeting L. D. Trotsky, and was together with Andreas Papan-dreou as part of a Greek Trotskyist cell during the mid-1930s. At the close of World War II, Pablo was appointed head of the Trotskyist "Fourth International," together with Pierre Frank and the present leader of the "Fourth International," Ernest Mandel, aka Ernest Germain, aka Ernst Mandelbaum. The latter was, until the late 1960s, a key figure of a semi-secret Korschite network in West Germany, the network key to the creation of the "New Left" organizations in that country. During the postwar period, Pablo emerged as an asset of both the Nazi International and Soviet interests, closely associated with international terrorism and with Nazi International asset Ben Bella. Beginning no later than approximately 1967, Pablo was the controller of Andreas Papan-dreou. Pablo provided Papan-dreou his personal security, with aid of KGB personnel assigned to Pablo's operation by a Greek KGB official also a member of the Politburo of the Communist Party of Greece. This overlapped operations run through Tony Cliff's London-based international organization, the Foot-family-linked International Socialists.

The back room in the Manhattan bakery was the New York City headquarters of this KGB-steered operation. This was the New York City element of Papan-dreou's Pablo-run network to which Treholt's reported admissions correspond. This is the same network running guns into Greece through Cyprus, under the auspices of the then, and present, attorney-general of Cyprus.

The key Greek KGB operatives known to us as part of this operation include a woman formerly married to a leading member of the Politburo of the Communist Party of Greece (KKE), and her two brothers. One of the brothers is presently a KGB *resident* in Greece, and a member of the KKE Politburo. The other brother, also a KGB operative, is assigned to East German intelligence, and operates through Greek seamen-networks in the Western Hemisphere, from a base in

Montreal, Canada. It is *EIR*'s familiarity with this cell and some of its activities, which helped greatly to unravel the dossiers of the amazing Pablo and Andreas Papan-dreou.

Today, Soviet strategy is aimed principally at bringing West Germany into the Soviet sphere of strategic influence, a persisting, 68-year-long central feature of Soviet strategy. Then and now, Moscow believes, quite rightly, that bringing Brandt's Social Democrats to power in West Germany, will bring West Germany out of NATO and into the Soviet sphere of influence. Under that circumstance, all of Western Europe's productive capacity, greater than that of the United States, becomes available to the Soviet economy.

To bring about this shift in Germany, Moscow is proceeding to tear NATO apart, partly by accelerated deployment of international terrorism and the international drug traffic, and also by tearing out both the northern (Scandinavian) and southern (Greek-Israeli) flanks of NATO. Papan-dreou is key to the destruction of NATO's southern flank. The combination of Greece and Syria, is key to shifting Israel into the role of a nominally independent "New Venice," of casinos, off-shore banking, and regional military power, operating within Soviet-dictated guidelines within the Eastern Mediterranean. Guidelines for "limited conflict" between Israel and Syria, and U.S. downgrading of economic and strategic assistance to President Mubarak's Egypt, ensure Moscow a Soviet-dominated sphere of influence throughout the Eastern Mediterranean. Once Numayri's Sudan falls into the sphere of influence of Soviet agent of influence Qaddafi, the arc of Libya, Chad, Sudan, and Ethiopia, ensures the easy destruction of Egypt, Saudi Arabia, Jordan, and the destruction of Iraq by an Israeli-Soviet-controlled Iran.

Syria in Moscow's imperial scheme

The importance of Syria's intelligence service to Moscow, is better appreciated within the context of a general outline of the geographic and demographic features of the new Soviet world-empire which the present Andropov dynasty is working to establish during the 5 to 10 years ahead. What is projected is not a world ruled by occupying Soviet legions, but a more complicated array, of an inner Soviet empire, surrounded by semi-autonomous satrapies, and, beyond the borders of these satrapies, nominally independent Soviet client-states.

In Europe itself, the boundaries between the Soviet empire proper and semi-independent client-states of Central and Western Europe are dictated by the cultural divide between Catholic and Byzantine spheres of influence, established by Charlemagne and his Frankish successors. In the north, the Germans and Poles lie to the west of this divide; in the south, it is the division between Croatia and Serbia. The principal European satrapies of the Soviet empire are indicated to become Romania, Serbia, Bulgaria, and Albania, with Bulgaria probably assimilating the old Bulgarian empire's provinces of Macedonia and Thrace from parts of Greece and a dismembered Yugoslavia.

Central Europe's Germans, Czechs, Hungarians, and Croats, are to become part of a Venice-managed Hapsburg paradise, more or less on the model of the fragmented, petty semi-autonomous states of a Pan-European Union, supplemented by some degree of "separatist" dismemberment of France, Italy, and Spain, perhaps with some enlargement of Switzerland into former Burgundian regions of France.



PIB Photo

In Moscow's plan, the Mideast is to be controlled through a state of managed hostilities between a Greater Syria and a Greater Isreal. Shown is Syrian President Hafez al Assad.

East and south of the East-West cultural divide in Europe, the Soviet empire proper will be composed predominantly of Slavs and Turanians of Islamic cultural matrix, plus the Caucasus stocks. From what remains of partially-dismembered Greece, south, Moscow will follow the model of the Byzantine and Ottoman empires, using Syrian intelligence and a cultivated special relationship with a nominally independent state of Greater Israel. To the east, the states of the Asian subcontinent will persist somewhat dismembered, as nominally independent and incessantly quarrelling Soviet client-states. Further to the east, a Japan virtually abandoned by the weakened United States will be left independent, so that it might be directed into a de facto military alliance with Vietnam as a check against China.

A ruined Africa will be under Soviet hegemony. In the Americas, an increasingly weakened United States will be

bogged down and bled in incessant wars and bloody insurgencies below its borders.

That is the most probable general scheme of things, if Moscow succeeds without resort to Ogarkov's preparations for a *Blitzkrieg* military assault against the United States itself. This picture depends not upon filching secret plans from Kremlin safes; the dynamics, capabilities, and operational commitments of Soviet policy-making show that Moscow's imperial expansion will tend to follow more or less exactly the outline we have supplied.

Although Moscow is preparing for general war against the United States by 1988-89, Moscow would prefer to secure its goals through collapse of NATO and of the U.S. economy (and military budget). In the case that the Soviets win without resorting to Marshal Ogarkov's plan for intercontinental *Blitzkrieg*, as we have outlined the case above, Western Europe would not be occupied by Soviet forces. Instead, Western Europe would be reorganized as a group of nominally independent Soviet satrapies, ruled by governments established with Soviet approval, governments supervising delivery to Moscow of what Moscow demands, on Moscow's terms.

In this case, the capital of nominally non-Soviet Europe would become Venice-Trieste, with Switzerland functioning as Venice's piggy-bank. A major portion of the European financial interests is prepared to accept this revision of the world's map, on condition that these interests become the ruling power in Moscow's Central and Western European client-states. Politically, the Nazi International and the Synarchist international networks, offering a form of "universal fascism," are the mass-based arms through which the traitorous financier interests operate. It is these Western European financier "families," rather than Soviet influence directly, which causes much of the Anglo-American Liberal Establishment to work on Soviet behalf in disarming the United States, and in opposing the President's Strategic Defense Initiative.

It is that same trans-Atlantic complex of treasonous, "liberal" influences, which pushes to have Syria taken off the list of nations behind international terrorism, the same-liberals who benefit from laundering the hundreds of billions of the international drug-traffic, and who oppose President Reagan's implementation of a War on Drugs.

Syrian intelligence's special capabilities represent a more or less indispensable talent to be employed adjunct to the KGB itself. A perpetual state of managed hostilities between the ruling circles of a Greater Syria and a Greater Israel, would tend to keep the entire Arab region under finger-tip control, and Soviet bolstering of Syria while playing Israel, would keep both Syria and Israel under effectively Soviet finger-tip control. Part of the deal with Israel would be delivery of some hundreds of thousands of Soviet Jewish emigrants to occupy the enlarged, occupied territory of Greater Israel.

Lebanon and the Islamic Jihad: Khomeini's dream come true

by Paul Goldstein

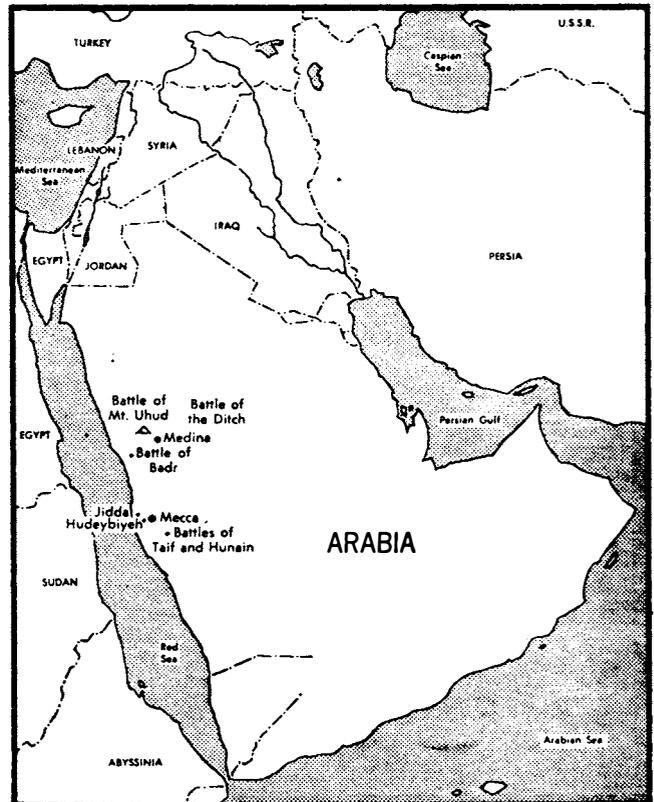
Since the U.S. Marines left Lebanon and the United States once again abandoned a crucial ally, Lebanon has become one of the key centers for Ayatollah Khomeini's brand of Islamic fundamentalist uprisings. Led by Sheikh Mohammed Fadlallah, leader of the Hezbollah (Party of God), the Islamic fanatics have been successful in carrying out the designs of the Soviet KGB, with the help of Syrian intelligence, in an all-out effort to drive the United States and her allies out of the Mideast. Gloating over the recent success of the fundamentalists, Sheikh Fadlallah stated that "in Lebanon there is no politics, only an Islamic Republic."

The apparent success in Lebanon of the Shi'ite fundamentalists not only represents the near complete domination of the Mideast by the Soviet Union and its surrogate Syria, but demonstrates the absolute bankruptcy of the U.S. State Department's policy orientation in the Mideast/Persian Gulf region as a whole. State-sponsored terrorism perpetrated by Syrian intelligence and the Iranian-backed *Jihad* (Holy War) apparatus must be combatted directly. This report provides a detailed map of those individuals who are responsible for the terrorist *Jihad*.

What is the *Jihad*?

The *Jihad* organization today is nothing but a front for Khomeini's international terrorist campaign. Its footprints can be found in almost every single terrorist attack against the United States and its allies. *Jihad* is an Arabic word which means "Holy War," but it also implies a drive to stop something, as well as self-denial—an exertion for denial of either one's enemy's or one's own desires. Its current meaning developed around the time of Mohammed, the Prophet of Islam in the sixth century. Then it meant a holy battle in the cause of Islam. The first *Jihad* took place in Badr, about seven miles from Medina. During his lifetime, Mohammed and his followers fought about seven *Jihads* in Africa, the Persian Gulf, and the Mideast. According to Islamic law, a *Jihad* is only fought against non-Muslims, in an effort to convert them to Islam.

No *Jihad* was declared for centuries, until the colonial domination of the region by the British, French, Germans, and Italians. The infamous "Lion in the Desert," Khalid, fought the Italian domination of what is now called Libya in an example of this type of Holy War.



The *Jihads* of the sixth century

The first British effort to infiltrate the region occurred in the 16th century, during the Safavieh Dynasty of Shah Abas. This Persian Dynasty combined the Sufi mysticism and Shi'ism upon which the modern Khomeini regime is based. Before the Safavieh Dynasty, the position of an ayatollah did not exist, but during this period, the ayatollahs were given the dominant position. The British contact with the Safavieh Dynasty was made by a 25-person expedition led by two brothers, the Shirleys. Ostensibly sent to Persia as merchants, they became court advisers and later military advisers to Shah Abas. Eventually one of the brothers became the ambassador of Persia to Britain's Court of St. James. One of their first political operations was to get Shah Abas to agree to a *Jihad* against the Ottoman Empire and under the guise of

a *Jihad* to seize a Portuguese port in the Persian Gulf.

Between the 16th and 19th centuries, the British came to dominate the Shi'ite/Sufi movement within Islam. They combined their Gnostic and Freemasonic training with Sufi rituals, as the key means for ideological manipulation of the Mideast. By the 19th century, the German intelligence services also began a systematic penetration of several secret societies in Shi'ite areas. One of the key ayatollahs in contact with the Germans was Ayatollah Nagif, who came from the area where modern Iraq is today—the same region where Ayatollah Khomeini lived in exile. One of the more fascinating features of the “Great Game” intelligence war between the British, the French, the Russians, and the Germans, is the fact that the German intelligence services worked with the grandfathers of the present leadership of Khomeini's Iran. Among the key names are Mirza Mohammed Sadegh Tabatabai, the grandfather of Sadegh Tabatabai, the contact man between West German Foreign Minister Hans-Dietrich Genscher and Khomeini; and Sayed Fazal Kashani, the father of Ayatollah Kashani, Khomeini's mentor and the founder of the Iranian branch of the Muslim Brotherhood. Sayed Fazal Kashani was killed by the British when he declared a *Jihad* in 1914.

The modern *Jihad*: terrorism

The main body of the *Jihad* organization is centered upon three sub-units: 1) the Hezbollah, 2) pro-Khomeini Shi'ites, 3) the Special Revolutionary Guards (Pasdaran). There are two types of terrorism in which these networks engage. First is the *Red* Terror, which includes assassination, sabotage, and brainwashing. Second is the *White* Terror, which covers everything that the Red does except brainwashing. This White Terror includes networks from the Shi'ite Amal in Lebanon, the Syrian-backed Palestinian terrorist Abu Musa, several black Americans recruited from U.S. prisons, and the infamous Abu Nidal's network.

The decision-making for the *Jihad* in Lebanon is carried out by Sheikh Mohammed Fadlallah and his secret adviser, the “unseen man” Seyad Jaffar Morteza. They in turn receive their orders from Ayatollah Montazeri, who executes the decisions of the *Jihad* Commission. In each country, the work of the Commission differs. In Britain, it is directed by the Islamic Foundation, called in Arabic Ahl-al-Bait, which means “Members of the House.” The couriers for the Islamic Foundation are Maltese. In France, the Iranian embassy directs the terror by hiring professional terrorists and assassins. In the case of the assassination of Iranian opposition leader General Oveissi, the “Carlos” group interfaced with Abu Nidal's network. The assassination attempt against opposition leader Shapur Bakhtiar in Paris a few years ago involved members of the Syrian-backed Abu Musa and certain Lebanese Shi'ites.

In Lebanon itself, the *Jihad* organization is deadlier and more effective than anywhere outside Iran—the success rate

of the *Jihad* terrorist actions in Lebanon against U.S. targets is 92.5%. The United Assembly of Islam is the political coordinating center for the spread of Islamic fundamentalism, but its activity is run by the highly secretive *Jihad* Commission. Each member has a code name and is only known by that name. But the real names of some have been identified, and we publish here, for the first time, the leadership of the *Jihad* Commission:

1) Hashemi Rafsanjani—Speaker of the Iranian Parliament;

2) A senior member of the Iranian Joint Chiefs of Staff;

3) Hojatosalam Mohsen Hussein Khomeini—Khomeini's personal representative to Mecca; Leipzig-trained; member of “Islamic Action Group” created in spring 1984;

4) Moussavi Khamenei—President of the Islamic Republic of Iran;

5) Ali Akhbar Velayati—Iran's foreign minister, who studied at Johns Hopkins University;

6) Hoj. Soyyed Mohammed Khatemi—Iran's propaganda minister;

7) a Pasdaran leader who is a former agent of the Savak, the Shah's intelligence service;

8) An ayatollah who represents the Savama, Khomeini's intelligence service;

9) Ayatollah Janati—member of the ayatollahs and chief of the umbrella organization called the “Council of the Fighting Clergy.” This group directs the thought and practice of all ayatollahs. The base of operations is the School of Fayzeieh;

10) Soyyed Mohammed Bagher Hakim—former head of the Supreme Council of the Islamic Revolution of Iraq;

11) Mirshahem—head of the Commission. This is a pseudonym and little is known about him;

12) Abbas Zamani, aka Abu Sharif—originally thought to have been a Palestinian, but subsequent investigation revealed that he is probably the key KGB man on the Commission. Until 1972, Zamani was a teacher. He served time in prison and came under the direction of Ayatollah Telagani. In 1972, he helped organized the *Jihad* apparatus in Lebanon and was a founder of the Hezbollah. Returned to Iran and helped overthrow the last government under the Shah. He became the head of the Pasdaran during the early days of the revolution, and threw out Bani Sadr and Sadegh Ghotbzadeh. Following his successes, in Iran he spent time in Pakistan as a key mediator between Khomeini and advisers to President Zia ul-Haq. Through these advisers, he forced Zia to write the “Islamization laws” for Pakistan.

According to sources in the Mideast, there were two unsuccessful assassination attempts against Zamani. One was carried out by the Mujaheddin, the mystic Islamo-Marxist cult. Zamani apparently traveled to Cuba and Nicaragua with Foreign Minister Velayati and Deputy Foreign Minister Sheikh al-Islami. In Nicaragua, they met with Daniel Ortega and set up a terrorist training camp for Palestinian and Shi'ite terrorists.

Drugs and dirty money finance the Assad clan's Greater Syria

by Thierry Lalevée

Although it is the decade-long relationship between Syrian President Hafez al Assad and the Soviet leadership which has guaranteed an international role for Syria, it is drug production and dirty money which form the financial backbone of Assad's Greater Syria. Already by 1978, two years after the Syrian intervention in Lebanon, more than 30% of Lebanon's national income came from drugs. Seven years later, many things have changed. Lebanon no longer has a national income, as the authority of its national government barely extends further than the distance between the capital city and the Presidential Palace of Amin Gemayel. Drug production and money-laundering have become the principal economic activity, as both industry and agriculture collapsed after 10 years of war. All the profits go first to Damascus before being redistributed among the Lebanese partners; the Assad clan has become the godfathers to whom Lebanese and Levantine mafiosi must answer.

Control over the institutions which once made Lebanon the "Switzerland of the Middle East," control over drug production and drug-smuggling routes, mean much more than power in Damascus or Beirut: They mean power throughout the Mediterranean region, and even in the United States and Ibero-America. This was one of the essential rationales behind Syria's military intervention in 1976. Indeed, though the precise amount of riches earned by the Syrians cannot be calculated, it is a fair guess that the amount is at least equal to, if not much more than, Syria's officially declared national income, based on a few industries and a little bit of oil.

However, it is unfair to speak of "Syrians" in this case; the recipients of these monies are a very small minority immediately associated with the Assad brothers and others members of the elitist and secretive Alawite sect. It goes no further than the specially selected members of the Pretorian Guards, which have the triple function of guaranteeing the regime against any attempted coup, assassinating opponents regionally and abroad, and protecting the wealth of the regime. The elite groups include Rifaat al Assad's Defense Brigades, otherwise known as the Red Knights; Adnan Rifaat al Assad's Fighting Brigades, and the militias of Jamil al

Assad. It is these brigades which benefit from and protect the drug-trade, along with the inner-core leadership of the Syrian National Socialist Party (SSNP), the party of "Greater Syria," led by Hafez al Assad's wife, Anisa Makhoulouf, and a few special intelligence units around Gen. Mohammed al Khoury and Gen. Ali Aslan.

Hashish and opium for Assad

As recent investigations have revealed, in the past two years Syria has imposed its control over several vital operations: drug production, including the refining of opium; drug exports to Europe through the Bulgarian connection or even by Syrian diplomatic pouch; financial dealings and money-laundering within the Lebanese banking system; and the drugs-for-weapons exchange. It is no coincidence that Henri Arsan, chairman of the Milan-based arms-smuggling company Stipam, was a Syrian and a close associate of Vice-President Rifaat al Assad. Arsan may be dead and Stipam dismantled by the crackdown launched by Italian law enforcement authorities, but the many Swiss tentacles of the operation are still functioning.

According to a recent survey conducted by the Israeli defense ministry, the entire drug crop grown in and around Lebanon's Bekaa valley, centered in Baalbeck, is under Syrian military protection and is escorted directly to Damascus. Lebanese peasants are often forced into drug cultivation, either by a direct order from the Syrian troops or because of their inability to continue normal agricultural production under the conditions of a decade of war. For example, thousands of farmers from the Hermil region near Syria, north of the Bekaa valley, rendered destitute by the war, resorted to growing hashish as the only way to survive. The process was then encouraged by Sabri Hamad, a pro-Syrian Lebanese and the former Speaker of the Parliament. The same process led thousands of other farmers in the early 1980s to shift from hashish to opium cultivation. Said one farmer: "In 1982 and 1983, we could not export our [hashish] production because of the war. With the same volume of opium, we could get 10 times more income. The government doesn't officially ac-

knowledge it." Beirut, under Syrian orders, has decided to turn a blind eye to these developments, as long as it gets its own meager share of the ill-gotten gains. Indian cannabis, *chanvre*, is now also grown in the mountains bordering the Bekaa.

The shift from the growing of hashish—which had always been cultivated in Lebanon, though not in such volumes—to large-scale production of opium, led to the reopening of many laboratories. Most had been closed down in the early 1970s, during the general crackdown on the Lebanese branches of the "French Connection"—the case of the Casino du Liban and the earlier collapse of the Intrabank dirty-money laundromat of Yussef Beidas. Those scandals, which rocked the Mideast in their day, now look like minor affairs, in view of what Lebanon has turned into under Syrian occupation.

The locations of the drugs-refining laboratories are generally not known, but a few are located in and around Baalbeck, with Mohammed Khamie, Omar Makkuk, and Nayef Masri as the local mafia bosses of both opium and hashish production. But the real control is located a few kilometers away, in the small village of Britel, which is the regional headquarters of Rifaat al Assad's Defense Brigades. Britel is the center for many other illegal activities, such as car-smuggling.

According to October 1984 testimony from an officer of the U.S. Drug Enforcement Administration, many such laboratories are located in Beirut itself, and their existence is often discovered when the building in which they were located is bombed, in gang warfare between Sicilian and Corsican mafiosi. The DEA officer added that many terrorist actions, notably by the Islamic Amal group, which is headquartered in Baalbeck, were in fact warnings to foreign interests to keep their noses out of the drug business; also, many of the victims of car-bomb explosions in Beirut were not political figures, but mafiosi. In early September 1984, an entire Corsican mafia gang was decimated in this way, as it fought against an alliance of Sicilian and American mafias.

The relationship between Syria and the American and Sicilians mafias did not begin yesterday; it was exposed in early 1982 as an essential element in the international terrorist network responsible for the kidnapping of American NATO Gen. James Dozier. Nayef Masri of Baalbeck was shown involved in a drug-for-arms network which exported drugs to Sicily, but was also used to smuggle weapons to the Italian Red Brigades, many of whose members had been given military training in Syrian-controlled camps. The very same drug merchant, working under Syrian control, was personally involved in terrorist activities.

In 1982, there was also the case of the "Shoemaker Ring" in Stockholm, which involved primarily a group of Lebanese Armenians smuggling drugs from Lebanon into Sweden and the United States. George Makhoul, the brain behind the network, was first arrested in Los Angeles and extradited to Sweden, where he had lived previously under the personal

protection of Prime Minister Olof Palme. Makhoul, it was later revealed, was a close relative of Hafez al Assad's wife. With a substantial share of the proceeds of the heroin sale in Stockholm and Los Angeles going back to Damascus, the remaining monies were channeled into Swiss banks and used to finance the activities of the Armenian terrorist group ASALA.

Gangs such as these are not the only ones at Syria's disposal. According to the testimony of the DEA officer cited above, Damascus does not export its produce merely through the known Bulgarian connection, but has new and highly interesting routes. One goes from Damascus to Afghanistan, by official planes or by road from Teheran. Across Afghanistan and under Soviet military protection, it reaches Pakistan and the Indian port of Bombay, which has acquired an important new role in recent years, because of India's lack of repressive laws against drug smugglers.

The return of Intrabank

In September 1984, after months of fluctuation on the Lebanese market, the Lebanese pound, which had remained at a value of 5-6 to the dollar for many years, began dropping rapidly to the level of 9, 10, and ultimately 12 to the dollar. Behind this collapse was the last phase of financial manipulation which, close to completion now, will ensure Syria's financial control over Lebanon directly and via its local agents. Immediately responsible for the drop in the value of the pound was the dumping on the Lebanese market of enormous quantities of Syrian pounds, which, under the direction of Lebanese Finance Minister Camille Chamoun, were changed into Lebanese pounds then into dollars in Switzerland. A systematically organized flow of capital out of the country was intended to bankrupt many weak financial institutions, which deprived Lebanon's central institutions of whatever income they would otherwise have had. Attempts to stop this process were violently prevented, such as when the Al Amal Shi'ite militias in control of the telecommunication exchange cut all telephone and telex lines, to prevent a counterreaction by central bank officers.

The financial crisis was accompanied by another when, under Syrian orders, the Lebanese government decided to close illegal ports which channeled much of Lebanon's imports and exports. First to be hit were Syria's enemies within the traditional circles of the Kataeb (Falangist Party), while no attempt was made to close down the private port of Dbayeh a few miles away from Beirut. The port's owner is none other than Camille Chamoun, and President Gemayel has heavily invested in its development, through an intermediary.

Key to the Syrian takeover of those financial institutions which are becoming number one in money-laundering is the role of Samir Maroun of the Council for External Economic Relations, who is close to President Gemayel and is often considered a de facto vice-president. More than just representing Lebanese financial interests, Maroun represents Syrian and Bulgarian finance, through his membership on the

board of the Sofia-based Litex company, a subsidiary of the better-known drugs-for-arms-dealing Kintex company, and 97% owned by the Bulgarian Foreign Trade Agency. It is no surprise to find Maroun and Chamoun as close partners in the development of the Dbaye port, which, through an agreement with Damascus, exports much of the drug trade. Maroun's Litex company is a corporate board member of the Byblos Bank, with branches in Sofia and Brussels, whose director is Camille Chamoun. From there, the drug connection extends into Latin America, notably through the association of Chamoun with the Abu Mrad banking family in Mexico or the Banco del Caribe in Venezuela, and the far-reaching networks of the Syrian National Socialist Party.

It thus has more than a symbolic value that the old Intra-bank, recycled after its bankruptcy into the Bank al Mashrek and Intra Investment Company, is making a spectacular comeback in Lebanon under the direct sponsorship of Gemayel and the Syrian mafia. It was under such sponsorship that Roger Tamraz, of the First Arabian Corporation of Saudi financier and former intelligence boss Kamal Adham, was pushed to executive positions in Intra Investments in August 1983, as well as to the executive chairmanship of Bank al Mashrek. Even Gulf and Kuwaiti shareholders are reported to have protested. According to the *Financial Times* of Feb. 22, Tamraz is now about to buy up cheaply many of the Lebanese financial institutions which nearly collapsed last

year, such as the First Phoenicia Bank and other banks, which will be restructured to form new, "solid" financial institutions, whose task we can easily guess. When this process is completed, little will be left of Lebanese financial independence, but Damascus will be at the top of a far-flung financial empire.

A financier whose star is expected to rise will be Syrian banker Osman Aidi, who for years has been seen as the personal financier of the Assad family, and whose real-estate holdings, such as the Paris Royal Monceau Hotel, are often used by the family and its agents. Aidi was the businessman behind the construction in Damascus of the Meridien Hotel, a chain owned by Air France and Akkram Ojeh, a Saudi businessman of Syrian origins, and which was essential to boost Damascus's international image. Digging into the financial network behind this deal would open a can of worms too intricate to report here. Suffice it to report that one of Syria's partners in such deals, Elias Sardanis, is an old friend of Greek Prime Minister Andreas Papandreou, who works out of Monte Carlo with the local management of the Meridien, travels with a Zairean passport, and is noted for his involvement in diamond smuggling. Sardanis, it is rumoured, negotiated the creation of a strange ferry line between Latakia and Voulos in Greece a few years ago, revealing yet another connection to the activities of the Syrian mafia.

How the European Oligarchy Helps Moscow Run Terrorism

Why have Western intelligence services failed to stop the current explosion of international terrorism? *EIR's* new Special Report, "European Terrorism: The Soviets' Pre-War Deployment," unravels the two-fold nature of the terrorist control apparatus. Europe's ancient oligarchical families have formed a covert alliance with their Russian counterparts, to foment chaos and smash the institution of the nation-state. This extraordinary dossier includes a case study—the Green Party in Germany, the evil offspring of the Nazi-Communist alliance—and profiles of the top families of the oligarchy, like Thurn und Taxis of Regensburg and Venice. **\$150**

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New 'KAL' atrocity: Berlin crisis in the making?

by Konstantin George

The circumstances, both immediate and strategic, of the Sunday, March 24 murder of Major Arthur D. Nicholson, an American officer attached to the U.S. Military Mission in Potsdam, East Germany, leave no doubt that the crime was an act not of a lone sentry, but of Soviet state policy. The killing is a clear signal that the Soviet Union is now moving toward a new Berlin crisis or general crisis atmosphere in Central Europe. Soviet state policy for Central Europe is now immediately centered on ripping up the Four-Power Agreements governing Occupation and post-Occupation Germany.

The murder of the American officer, while he was conducting a legal ground reconnaissance operation inside East Germany, was followed four days later by Mikhail Gorbachov, the new general secretary, delivering the strongest attack on West Germany by a Soviet party leader in decades.

The guideline-orders indicating to local Soviet commanders that an American in uniform was to be killed came from the same High Command figure who boasted of ordering the Sept. 1, 1983 shoot-down of Korean Airliner 007—Marshal Nikolai Ogarkov. Ogarkov, since September 1984, has been commander-in-chief of the Soviet-designated Western Theater of War. The Soviet forces in East Germany are the key forward-area offensive component of the Western Theater forces assigned to Marshal Ogarkov.

The crime itself

Major Nicholson was murdered while conducting routine reconnaissance within the rules of the intelligence game con-

ducted by Allied military missions under terms of the Four-Power Agreements. He was severely wounded in the chest by a Soviet sentry and left on the ground to writhe in agony for more than an hour while he slowly bled to death. Russian soldiers, under orders, stood by watching.

Allied military missions were authorized under the July 1945 Potsdam Agreements, and their conduct was defined in the 1947 Four-Power Agreements. The United States, Great Britain, and France each maintains a military mission in Potsdam, East Germany, the "former" Soviet Occupation Zone just to the west of Berlin.

The Soviet Union maintains three such military missions in West Germany, one for each of the former Western Occupation Zones: Frankfurt, the former American Zone; Buende, the former British Zone, and Baden-Baden, headquarters of the French armed forces in West Germany and the former French Zone.

East and West Germany are divided into non-restricted areas, where military-mission personnel are free to snoop and take photos, and restricted areas, which may neither be entered nor photographed.

The murder occurred near the East German town of Ludwigslust, 85 miles northwest of Berlin and 30 miles from Schleswig-Holstein, recognized as a prime option for a "limited surgical strike" by Soviet forces into West Germany. The area is located between the Soviet garrison towns of Schwerin and Perleberg, each of which house one Soviet division. One of the six divisions of the East German army is

based at Schwerin. The area is honeycombed with Soviet and East German military installations, and often buzzing with military activity.

The murder occurred near *but not within* a restricted area. About 20% of East Germany's land area is off-limits to Western Allied Military Mission personnel. The Soviets announced, only to revoke shortly thereafter, an increase in this percentage to 40% in May 1984—one month before the biggest Soviet military maneuvers in postwar history. Those maneuvers were climaxed by a dress rehearsal invasion of West Germany, staged in close proximity to the West German border.

After Stalin's death, until this occasion, Soviet troops never shot to kill even when restricted areas were entered. However, there have been five previous occasions since January 1980 in which warning shots were fired; two of these incidents, on March 23 and 28, 1983, occurred as a cluster around President Reagan's historic policy speech on the Strategic Defense Initiative.

Officers of the three Soviet military missions have entered restricted areas frequently. In 1984 alone, Soviet officers were caught inside restricted areas 98 times, the last occasion on March 20, when three Soviet officers were apprehended by U.S. troops inside a restricted area close to Hof in northern Bavaria near the East German border.

The day following the murder, President Reagan told journalists: "You can't print what I'm thinking." Secretary of Defense Weinberger was quoted in the American military newspaper *Stars and Stripes* of March 27: "It's just murder. It's the KAL attitude—shoot first and investigate later."

One defense source remarked: "It is inconceivable that a Russian enlisted man would ever dare to shoot at—let alone kill—an American officer in full uniform, without being ordered to do so."

The return of Soviet policy to one of Cold War is perfectly clear to the man on the street in Germany. The return of Major Nicholson's remains to West Berlin by Soviet forces was televised. The remains were delivered via the Glienicke Bridge crosspoint separating West Berlin from Potsdam—for military and exceptional Allied purposes only. The Glienicke Bridge, the middle of which marks the border, site of many a Cold War East-West spy exchange and return of the remains of U.S. and Allied citizens who died in the East bloc, is an image synonymous with the Cold War.

The murder clearly marks the opening of a Soviet drive to undermine the Four-Power Agreements which concern Germany and regulate the status of Berlin. Destroying the Agreements is of the highest priority in the Soviet effort to manipulate and destabilize West Germany, toward the end of forcing a United States withdrawal.

Soviet policy in this connection is to introduce shocks into the German political situation, with the immediate aim of driving Helmut Kohl's Christian Democratic-led coalition government out of office. Soviet policy demands that the "neutralist" Social Democrats led by Willy Brandt, Horst

Ehmke, and Egon Bahr assume power in West Germany. Thereupon, West Germany becomes a part of the Soviet sphere of influence, under the policy Bahr labels a "strategic partnership" with the Soviet Union.

The public assault on the Agreements was begun by on March 25, one day after the killing. At 1700 hours Moscow time, Soviet media broke their internal silence on the murder to charge the United States with violating "Article 10 of the 1947 Four-Power Agreements" which governs the Allied Military Missions. The Soviet government "demands that the U.S. side take necessary measures to uphold the 1947 Agreements." The Soviet declaration also stated: "The Soviet sentry acted correctly. The American soldier didn't stop after the warning shot. . . . The entire responsibility lies with the United States."

One day before Gorbachov's declaration, a Western defense analyst commented to *EIR*, Gorbachov "is following the script worked out by Marshal Ogarkov to speed up the process of turning the Soviet civilian economy into a Stalinist wartime command economy." The defense analyst underscored the thematic parallels between Stalin's 1930s war preparations, the forced industrialization and mass purges, and Ogarkov and Gorbachov's repeated calls for "technological revolution" amid a massive purge of the party and the government's economic ministries.

The Andropov dynasty behind the crime

by Rachel Douglas

When Korean Air Lines Flight 007 was shot down in September 1983, and when a Soviet sentry killed Major Arthur Nicholson in East Germany in March 1985, the man at the top of the chain of command was Marshal Nikolai Ogarkov—in the first instance as chief of staff of the Soviet armed forces, and today as commander-in-chief of the newly established "theater of military action," the Western Strategic Direction. As *EIR* has documented in recent months, the continuous upgrading of the Soviet military command has proceeded apace through the terms of three Communist Party leaders: Yuri Andropov (November 1982-February 1984), Konstantin Chernenko (February 1984-March 1985) and now, Mikhail Gorbachov.

The qualifications for party chief begin with the ability to manage the war machine that Soviet society has become under the direction of the political-military command. Gorbachov's every pronouncement to date follows Ogarkov's watchword, that the civilian economy be so integrated with the military that it can be thrown into full war-mobilization

gear at a moment's notice. The sweeping purge of the party bureaucracy and industrial ministries, which in 1983 moved key defense-industry managers into top positions in the machine-tool and electric-power sectors, has resumed under Gorbachov.

Gorbachov, his slightly older colleagues, and the new men he is bringing up in the party apparatus constitute an "Andropov dynasty." As Lyndon LaRouche has written, it is "dominated by emergence to top positions of men who were often soldiers during World War II, whose entire youth was shaped by the cult of 'Czar Josef Grozny,' Stalin, and who emerged into junior or field-grade military ranks, or the equivalent, during the last years of the Stalin period. In brief, they are 'Stalin's children.' . . . To understand them, one should think of them as combining the mental outlook of Fyodor Dostoevsky's letters and memoirs with the tradition of the Prussian general staff."

Gorbachov's Politburo and Central Committee

Who are these men, who are tooling the Soviet war machine and running the political operations for consolidation of Moscow's world hegemony by approximately 1988?

Six of the ten surviving Politburo members are from the older generation. **Andrei Gromyko**, 75 years old and foreign minister since 1957, made the nominating speech for Gorbachov to become general secretary of the party; with a diplomatic career dating back to the 1930s, Gromyko is a living link with the Stalin era. The other older Politburo members are Prime Minister **Nikolai Tikhonov**, who will be 80 on May 15 and should soon retire; Brezhnev-era holdover **Dinmukhammed Kunayev**, 73, who heads the party in Kazakhstan; Moscow party chief **Viktor Grishin**, 70; Party Control Committee chairman **Mikhail Solomentsev**, 71; and the Ukrainian party chief, 67-year-old **Vladimir Shcherbitskii**.

Gorbachov and the other three younger Politburo members rose to the pinnacle of power during former KGB chief Yuri Andropov's brief tenure.

Mikhail S. Gorbachov, 54, general secretary of the Central Committee, Communist Party of the Soviet Union. Having made a career as party leader in agriculturally rich Stavropol Krai (Andropov's birthplace and wartime base of the old Stalinist Central Committee secretary and kingmaker Mikhail Suslov), Gorbachov came to Moscow as Central Committee secretary for agriculture in 1978 and joined the Politburo the next year. It was under Andropov that Gorbachov branched out into other responsibilities, with a May 1983 trip to Canada. He was designated to give the first major holiday address of Andropov's term, the Lenin birthday speech in April 1983, and soon became Andropov's lieutenant in streamlining and pruning the party bureaucracy. Beginning in early 1983, he and Andropov replaced one-fifth of the first secretaries of regional (provincial) party organizations.

Grigori V. Romanov, 62, Central Committee Secretary

with responsibility for the economy. After running the party in the Leningrad area, which is dense with defense-related electronics factories, Romanov came to Moscow as a Central Committee secretary in June 1983. He was the Politburo member who confirmed to Western reporters that Marshal Ogarkov, far from being "ousted" last September, was now commanding the largest complex of Soviet forces facing West. Speaking in Hungary on March 25, Romanov declared that all the energies of the U.S.S.R. and its Warsaw Pact allies would be focused on "the most cardinal problem of modern times"—stopping the U.S. Strategic Defense Initiative.

Geidar Aliyev, 62, First Deputy Prime Minister of the U.S.S.R. A career KGB officer, Aliyev runs the Soviet "Islamic card," the Soviets' huge network of terrorist agents and political assets in Asia and Africa. He was brought to Moscow from Soviet Azerbaijan (on the Caspian Sea) by his former KGB boss, Andropov, immediately after Leonid Brezhnev's death in November 1982. As First Deputy Prime Minister, Aliyev supervised the first stages of the purge of economic ministries mandated by Andropov and Ogarkov. On March 23, 1985, he reemerged into special prominence by delivering a speech on the mobilization of youth for confrontation with "the expansionist drive of imperialism." Aliyev is a candidate to succeed Tikhonov as Prime Minister of the U.S.S.R.

Vitalii I. Vorotnikov, 59, Prime Minister of the Russian Socialist Federative Soviet Republic. Vorotnikov was brought back by Andropov from virtual exile as Ambassador to Cuba in June 1983. He, too, is a possible successor to Tikhonov.

Immediately below the Politburo is a second tier of leaders, non-voting Politburo members and Central Committee secretaries who are prime candidates for promotion within the "Andropov Dynasty." These include:

Vladimir Dolgikh, 60, Politburo alternate member and Central Committee Secretary for heavy industry, believed to have assumed responsibility for the defense industry. Dolgikh is described in a Soviet pamphlet as a "brilliant industrial manager," the sort demanded by Marshal Ogarkov's prescription for an efficient war economy.

Viktor Chebrikov, 61, Chairman of the KGB, Politburo alternate member.

Eduard Shevardnadze, 57, the party leader in Soviet Georgia. Long-time party chief in the republic next to Aliyev's Azerbaijan, Shevardnadze is another KGB professional turned party leader. He is also known for economic management and productivity experiments in Georgia, which fit into Gorbachov's push for higher economic performance, and launched one of the first crackdowns against "inefficiency" and economic crimes.

Nine out of the 23 departments of the Central Committee, the Communist Party's staff, changed leaders during the past two years. **Yegor Ligachov**, chief of the Organizational Party Work Department, was installed by Andropov in April 1983, to work with Gorbachov on purging the party machine.

One of Gorbachov's former deputies in the Agriculture Department, **Nikolai Kruchina**, now heads the Administration of Party Affairs Department.

Less than a month after Gorbachov became general secretary of the party, the clean-out of the regional apparat, as well as the government, recommenced. P. A. Smolskii of Ligachov's department presided over the March 22 removal of Ivan Bepalov, 69, First Secretary of the Kirov Oblast (province) party committee, and his replacement by V. V. Bakatin, a party inspector in his fifties. *Pravda's* write-ups of meetings being held in other oblast and city committees, in preparation for a spring plenum of the Central Committee, point to a further crackdown. On March 25, the party daily reported from a meeting in Ufa that "officials who have committed serious misdeeds were being protected," and cited corruption and embezzlement in Volgograd and Irkutsk. The party committee first secretary and the mayor of Bratsk, Irkutsk Oblast, were fired "for gross abuse of their positions."

In the government, Pyotr Neporozhnii found himself retired on March 23 after 23 years as Minister of Power and Electrification and the day after a *Pravda* editorial criticized the ministry's performance in rural electrification. After that, *Pravda* blasted the Coal Ministry, so more heads will no doubt roll.

This rapid turnover of personnel and Gorbachov's speeches mark a push to reorganize the Soviet economy which, as one West German observer put it, "is following the script worked out by Ogarkov." Gorbachov's role is to speed up the process of turning the Soviet civilian economy into a Stalinist wartime economy, he commented.

Gorbachov gave a keynote for his policy on Dec. 10, 1984, in his report to a conference called, "The Improvement of Developed Socialism and the Party's Ideological Work in the Light of the Decisions of the June [1983] Plenum of the CPSU Central Committee"—June 1983 being the major plenum held while Andropov was in office.

Gorbachov said: "Profound transformations must be carried out in the economy and in the entire system of social relations. . . . Only an intensive economy, developing on the latest scientific and technological basis, can serve as a reliable material base for increasing the working people's prosperity and ensuring the strengthening of the country's position in the international area, enabling it to enter the new millennium fittingly, as a great and prosperous power. . . ."

"Priority must be given to fundamentally new and really revolutionary scientific and technical solutions capable of increasing labor productivity many times over. . . ."

"The fierce enemy of lively thought and lively action is formalism. . . . Its essence is incompetence. . . . Our party will become still more cohesive and authoritative if we continue to rid ourselves of those who do not value party principles and party honor and get rid of moral degenerates. . . ."

With these fighting words about "profound transformations" and ridding the party of dead wood, the "Andropov Dynasty" announced itself to be in the saddle.

Strategic Defense

Mexico opens way to world participation

The Mexican government has officially called upon the Soviet Union to accept President Reagan's offer to share the technologies of the Strategic Defense Initiative, and to include developing-sector countries in the research effort to achieve an effective defense against nuclear-missile attack. Mexico's proposal—the first official endorsement of the SDI from a developing country—was presented to both sides at the U.S.-Soviet arms talks in Geneva.

Backing up the government initiative, a group of leading Mexican scientists has called for investigation of how the technology spinoffs from the SDI could enhance the development of the Third World.

On March 21, Alfonso García Robles, Mexican ambassador to the United Nations in Geneva, argued the Mexican case to the U.N. Defense Committee. Not only the Soviet Union, but also one of the countries that signed the New Delhi Declaration of January 1985, he said, should be included in the technology-sharing program.

Socialist International scheme blocked

The Mexican proposal cuts across the grain of standard Soviet and Socialist International-inspired propaganda which portrays the SDI as the "Star Wars" bogeyman which is stealing scarce resources away from development efforts in the Third World. Mexico has placed the debate on a different level: How can all the world benefit from the SDI? The proposal to place one of the New Delhi countries—Mexico, Sweden, Yugoslavia, Kenya, Argentina, and India—in a privileged briefing position regarding the SDI's progress gives the Reagan administration an opportunity to open a "window" for understanding of, and support for, the President's SDI program throughout the Third World.

The Mexican move thwarts one of the objectives inserted into the deliberations of the New Delhi summit by Olof Palme, the pro-Soviet premier of Sweden. Palme's original draft for the New Delhi Resolution insisted on a crusade against the U.S. space defense initiative. The final wording watered this down, but kept the flavor of a "world peace initiative" to prevent "militarization of space."

Now Mexico has taken the outcome of that forum—which included India's Prime Minister Rajiv Gandhi—and steered it in a different direction.

The move by García Robles, Mexico's senior ambassador in international negotiations and 1982 Nobel Peace Prize winner, also opens new possibilities for the Ibero-American

heads-of-state summit which is being proposed by Argentina's President Raul Alfonsín for sometime before the end of the year.

Alfonsín had proposed that the summit deal with implementation of a nuclear-free zone in Ibero-America, a propaganda line exploited by the Soviets. The statements by García Robles—who is the author of Mexico's version of the "nuclear-free" proposal, the Tlatelolco Treaty—could place more positive consideration of the SDI on the table in consultations on the summit.

The Mexican career diplomat, a personal friend of Mexico's President Miguel de la Madrid, stated that the model for the kind of technology-sharing which he envisioned was expressed by President Reagan in his second campaign debate with Walter Mondale on Oct. 21, 1984. García Robles recalled Reagan's statement that "this possibility of shared research is probable."

He endorsed Reagan's statement, adding that the sharing should not come only after the defensive systems have been developed, but "starting now," and that "the Soviet Union be invited to participate, on a plane of absolute equality of rights, together with a member state of the New Delhi Declaration."

García Robles emphasized that such a measure would reduce the "lack of confidence" between the superpowers, each concerned about a possible "first-strike capability" of the other.

Excelsior newspaper of Mexico City reported the García Robles statements on its front page on March 22, under the headline "Mexico calls for Third World Access to Defensive Space Technology."

Two weeks before the Mexican government proposal was announced, top researchers at Mexico's Mexican Petroleum Institute (IMP), one of the most advanced research and development facilities in Ibero-America, gave the first indications that a policy change inside Mexico was under way. The researchers called upon Ibero-American scientists and officials to study the technological potentials of the SDI program and their possible applications to efforts to develop the Ibero-American continent.

Documentation

The Mexican magazine Novedades described the Mexican scientists' call for their country to join the Strategic Defense Initiative effort, in a Feb. 18 article entitled, "IMP: 'Star Wars' is a Hope for Humanity." Excerpts follow.

The "Star Wars" military project, with the intrinsic risk that it carries, nonetheless also signifies a hope for humanity to avoid the danger of nuclear holocaust and reduce atomic force in great measure to use for peaceful progress. In other words, if the "Star Wars" project is brought to fruition, nuclear

arsenals will no longer be important militarily, in light of the eventual ease in counteracting them. Also, radioactive materials will then have a minimal strategic value, but will be vital for peaceful uses such as the production of electricity, medical procedures, food-processing, and other fields in which this type of energy has been experimented with. The costs of radioactive materials will, as a result, be markedly cheapened, and finally humanity will have at its disposal one of the most formidable sources of energy that has been created in the modern age, for peaceful and progressive ends. This thesis is maintained by experts of the Mexican Petroleum Institute and of the Mexican energy sector who have closely followed the matter.

For these specialists, the "Star Wars" project implies that the possibility of using laser beams to create a national protective shield against nuclear attack, based on neutralizing military missiles in space without exploding them, is totally feasible.

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In terms of engineering, they explained to *Novedades* that the advance achieved under the program is 80% effective, and that it only remains to provide the laser beams with sufficient power to be projected, especially from the ground, into space, and to neutralize nuclear missiles in flight. When this is achieved, the military nuclear missiles—and obviously, the radioactive materials which are the prime material for their construction—will lose their attractiveness for war and, thus cheapened and rendered unusable as means for achieving power, will remain at the disposal of all the peaceful and progressive ends that human ingenuity is capable of developing.

In the course of the interviews conducted by *Novedades*, it became clear that although much is said and assumed about the risks of nuclear war, in reality the world has remained continuously under the threat of it. In effect, since July 16, 1945 when the U.S. produced its first atomic explosion, 1,486 of these detonations have occurred through 1984. The nations which have participated in the development of nuclear power with the explosion of test weapons and which achieved success are, in chronological order: U.S., 7/16/45; U.S.S.R., 9/23/49; Great Britain, 10/3/52; France, 2/13/60; China, 10/1/64; India, 5/18/84.

Western Europe welcomes call to join Strategic Defense program

by George Gregory

Two years after President Reagan first outlined the Strategic Defense Initiative, Western Europe has officially welcomed the U.S. program to develop beam weapons that would shoot down Soviet nuclear missiles in flight. The final communiqué of the NATO Nuclear Planning Group in Luxembourg March 26-27, signed by the NATO defense ministers, reads, "We have continued the comprehensive consultations on the political and strategic implications of the United States Strategic Defense Initiative. We support the United States research program into these technologies, the aim of which is to enhance stability and deterrence at reduced levels of offensive nuclear forces. . . . We welcome the United States' invitation for Allies to consider participation in the research program."

U.S. Defense Secretary Caspar Weinberger handed each of his West European colleagues at the meeting in Luxembourg a letter inviting them to participate in the SDI, through innovation of concepts and via commercial contracts to develop the new technologies. The same letter was sent to the governments of France, Japan, Israel, and Australia.

The Weinberger letter noted that work in the United States is going ahead not only on defensive weapons against ICBMs, but also against shorter-range nuclear missiles that target Western Europe; it requested that European governments inform the United States within 60 days in what specific ways each of them proposed to contribute to the SDI.

The official communiqué signed by the NATO governments reported, "We noted with concern the extensive and long-standing efforts in the strategic defense field by the Soviet Union which already deploys the world's only ABM and anti-satellite systems. The United States strategic defense research program is prudent in light of these Soviet activities and is also clearly influenced by the treaty violations reported by the President of the United States."

The communiqué also noted that the Soviets have fielded a total of 414 SS-20 mobile intermediate-range missiles targeted on Europe, with three warheads each. It observed that the Soviet Union, while talking in Geneva, "continues to update and improve its shorter-range nuclear forces." Within overall NATO planning, the phase-out of 1400 tactical nu-

clear weapons from Western Europe being planned under NATO Supreme Commander Gen. Bernard Rogers stands out in sharp contrast to the Soviet policy.

West German Chancellor Kohl, who had expressed a commitment to the SDI in February, indicated that he would not make a final decision before meeting with President Reagan on May 2. "Basically, approval of the SDI program has been given," said a Christian Democratic deputy in Bonn, and "we will certainly decide on participation within the next few weeks." Rejecting the SDI would be a serious mistake, warned Karl Feldmeyer, military editor of the German liberal daily *Frankfurter Allgemeine Zeitung*, who pointed out that "governments have to decide now."

Tremendous pressure is being applied by the Soviet KGB to reverse Chancellor Kohl's positive stand, particularly from the pro-Soviet appeasers who are the West German Social Democracy's "defense experts." But the chief of the West German Defense Ministry Planning Staff, Hans Ruehle, broke the ice about what is happening in a number of European NATO countries (see *documentation*).

The 60-day deadline for a response to the U.S. invitation to participate is a "welcome relief" for European governments, according to sources, because the Soviets, in an effort to split Europe from the U.S.A., are expected to offer big "arms control" reductions in SS-20s and other nuclear systems targeted on Western Europe in exchange for a U.S. agreement to drop SDI research. By making the invitation to participate in SDI concrete, with a deadline, the United States has given European governments a choice in line with the U.S. Geneva negotiating position.

After the NPG meeting, where he reportedly delivered a thick package of documents on the SDI to the West German Defense Minister Manfred Wörner, Weinberger left for discussions with French Defense Minister Charles Hernu. After months in which the French government had appeared cool to the SDI, Hernu said, "The Russians are working on an equivalent project, and we must show that we are also able to participate, even in summary fashion, in 'Star Wars,' if we want to remain credible." Japan has likewise responded that it welcomes and is studying the invitation.

Documentation

The Nuclear Planning Group meeting closed on March 27 with a press conference with Caspar Weinberger and NATO Secretary-General Carrington. Lord Carrington, who had been conducting open sabotage against the Strategic Defense Initiative since 1983, is now doing everything to sound like a fervent booster of the American program. What follows is our correspondent's report.

Carrington opened the press conference with a statement on behalf of the NPG, saying the group formally "condemns the killing of [U.S.] Major Nicholson" and called the killing by Soviet military a "clearly unjustified act of violence."

He said that the NPG heard a briefing on progress in the SDI program by Weinberger and discussed the implications for Allied strategy. What came across "very clearly is that the Americans are embarked on a research program which everyone thinks is the right thing to be doing. . . ." This was justified because of the Soviet Union's own research program. The "Americans welcome European participation" and have assured the Europeans that the "results and implications of the research will be thoroughly discussed with the Allies."

Carrington said that discussions "showed that there was unanimous support for a research program on SDI of the United States"; other questions and disagreements could arise in the future but it is too early to speculate. The Nuclear Planning Group, which meets every six months, would be the proper place to discuss this question.

Secretary Weinberger said, "We were completely satisfied with the result because the things we are doing were endorsed and supported unanimously."

Asked about restrictions in the technology and information-sharing in SDI cooperation, Secretary Weinberger replied that "restrictions were not discussed at all as far as I recall." "What we want is to have the technologies developed and we welcome the participation of countries that wish to do so in developing those technologies. We . . . issued a very formal invitation to participate and we hope there will be strong cooperation . . . in developing this very important technology."

A reporter asked whether the SDI can cover Europe, what is its impact on nuclear deterrence, and whether the SDI will be negotiable. Weinberger said: "I think the principal question you mentioned was the first, whether or not the SDI is proven to be feasible to destroy both intermediate-range and intercontinental missiles, the answer as far as we know is yes. . . ."

Have tactical defensive systems been discussed? Weinberger: "I don't think there is any suggestion that it would be

used against tactical weapons. We are developing and hope to develop means that are effective against all tactical battlefield weapons. But the SDI is designed to destroy, by non-nuclear means, Soviet missiles outside the atmosphere before they get anywhere near their targets."

An *Asahi Shimbun* journalist asked whether the offer to Japan might violate Japan's constitution. Weinberger commented, "I had the strong impression that [the Japanese] would be disappointed if they were not invited to participate. They are being invited to participate in the development of the scientific research, technological research into the question as to whether a strategic defense of the kind we are talking about is feasible. But if they feel they would rather not participate, their decision would be well understood. We would welcome the technological and scientific skills of Japan."

EIR asked whether SDI would be used as a bargaining chip if it proved feasible. Weinberger answered, "This is not the position of the United States government, no. What we are embarked on is a research program. The President has said several times that this is a research program and you can't bargain away that, and it is my understanding that Mr. Gromyko agrees with that statement. . . ."

Did Weinberger expect the NATO countries to respond as a group to the deadline of 60 days? The U.S. defense chief replied, "We would be delighted with any form of positive response. The 60 days incidentally is not all that rigid. . . . We want to have the participation of very talented and capable people in this program. . . ."

Chief of the West German Defense Ministry Planning Staff Hans Ruehle gave an ad hoc, unannounced briefing during the NPG meeting in Luxembourg, on the "working paper" of the Planning Staff on the technology areas mapped out for "possible cooperation with the SDI":

Ruehle stated the paper exists "in only one copy . . . mine," and was worked out in collaboration with 30 German industries and research institutions. Materials technology, signal processing, sensor technology, components of space research, and sub-systems for ultra-high acceleration missiles were named as five areas in which West Germany is either leading or advanced enough to cooperate. The United States should now stipulate performance parameters, so that German industry can decide and evaluate whether they can and want to meet those specifications. The paper will be a "subject of consultation" in the Federal Security Council, he said.

He also said that the Planning Staff was working to try to get an overview of "possible spinoffs of benefit to industry outside of the military area. . . . This will be a very difficult task, but we have to try to do it." He stressed that "no decision has been taken on cooperation, and this paper does not contain any reference to that. It is merely pre-work done by my staff."

Probe role of DEA's Mullen in coverup of Camarena murder

by Jeffrey Steinberg

Law enforcement and intelligence professionals on both sides of the U.S.-Mexican border have informed *EIR* that former U.S. Drug Enforcement Administration chief and Federal Bureau of Investigations Deputy Director Francis "Bud" Mullen is considered a principal figure in an elaborate, ongoing effort to cover up the conspiracy behind the kidnappings and assassinations of DEA agent Enrique Camarena Salazar and his Mexican pilot Alfredo Zavala Avelar in Guadalajara Feb. 7.

EIR's independent cross-checking of the leads from these sources has established a strong circumstantial case for a serious investigation into the Mullen role in this coverup, a role that saw the just-"retired" DEA chief run a virtual one-man wrecking operation against U.S.-Mexican cooperation in the war on drugs.

Fortunately, beginning with Mexican President Miguel de la Madrid's Feb. 23 personal telephone call to President Reagan, and carrying through the March 22 Washington, D.C. "summit meeting" between Mexican Attorney General Sergio García Ramírez and his U.S. counterpart, Edwin Meese, collaboration between the two nations has been re-established and prospects of an increase in joint anti-drug actions are considered good.

Beginning in January 1981, Francis Mullen's confirmation as chief of the DEA was held up for months when the senior FBI agent was linked to a multimillion-dollar bank-fraud scheme financing marijuana shipments into Louisiana.

According to a series of articles published in 1981 in the New Orleans *Times-Picayune*, the Chicago *Tribune* and the Los Angeles *Times*, Mullen received a series of loans from the Hibernia National Bank of New Orleans in 1978 while he was Special Agent in Charge of the FBI office in that city. The loans were approved by Victor Lota, a Hibernia Bank vice-president who was convicted in 1980 of approving over \$5 million in fraudulent loans, at least \$1.7 million of which went to convicted marijuana smuggler Ciro Callico, Sr. to finance drug buys.

The 31-page bill of indictment handed down on July 25, 1980 in the United States District Court, Eastern District of Louisiana (Docket number 80-332) accused Lota of 21 separate counts of conspiracy, misapplication of bank funds, false statements, and obstruction of justice.

In the course of a second series of trials in January 1981 focusing on Lota's 17 previously unindicted co-conspirators,

Lota confessed that he was personally promised a \$1 million "commission" for his role in one large pot purchase in the summer of 1979. That shipment was busted by police in Hammond, Louisiana and led to the indictments of Callico and 16 others for their role in a nationwide pot smuggling ring, reported to be one of the five largest drug-running organizations operating in the United States at the time.

All 17 of the dope runners were additionally suspected of being behind the May 1979 assassination of Judge Wood, one of the nation's toughest narcotics fighters on the federal bench. Based in San Antonio, a primary transshipment point for Mexican and Colombian pot "connections," Wood had been a target of intensive public attack by the dope lobby's *High Times* magazine prior to his assassination.

Mullen's links to this dope and bank-fraud ring were withheld in the FBI's "background report" to the Senate Judiciary Committee considering Mullen's confirmation as DEA chief, an incredible omission, given that Mullen left the post of New Orleans FBI to become deputy assistant director of the FBI in charge of all white-collar and organized-crime investigations in September 1978.

According to both U.S. and Mexican confidential sources interviewed by *EIR*, the Camarena-Zavala kidnappings, carried out by Mexican police officials serving as well-paid "informants" for the dope mafia, were believed to have been ordered by high-ranking officials at FBI headquarters in Washington, D.C. who believed that Camarena was unraveling the entire web of "citizens above suspicion" in the United States, Mexico, and Colombia controlling and protecting dope traffickers.

According to the sources, Camarena, a Mexican national who was one of the DEA's top field agents, had established an extensive network of informants ranging from honest police officials to arms traffickers in possession of inside information on the dope trade. Through these sources, he had reportedly played a pivotal role in the November 1984 smashing of a Colombian and Mexican marijuana ring in the state of Chihuahua. As a result of a series of raids on pot plantations and warehouses, an estimated \$10 billion (street value) worth of marijuana of both Mexican and Colombian origin had been destroyed and 7,000 peasants working the marijuana fields under slave-labor conditions had been freed.

Just prior to his kidnapping, Camarena had reportedly been in Colombia for three months pursuing leads on con-

nections to Mexican and U.S. dope runners.

Reportedly, the flow of cable traffic back to Washington, D.C. headquarters under Camarena's signature had prompted drug mafia-contaminated elements in the FBI hierarchy to label the agent "the most dangerous man in the Western Hemisphere."

Provocative intervention

According to the sources, Francis Mullen's abrupt trip to Mexico City within days of the Camarena-Zavala disappearances was actually to organize the coverup of the crime in consultation with his Mexican collaborators. The circumstances around the discovery of the tortured bodies of Camarena and Zavala and the arrests that followed lend some credence to the source reports.

- On Feb. 7, four Mexican police officials in the city of Guadalajara kidnapped Camarena and Zavala. According to information reported in the Mexican press, the DEA agent and his pilot were taken to a Guadalajara safehouse of drug czar Manuel Caro Quintero. Later the same day, Caro Quintero and Juan Matta Ballesteros, a Honduran national identified as a "Colombian connection" to the Mexican narco-traffickers, escaped from Guadalajara to Caborca, Sonora. Both U.S. FBI and Mexican federal security personnel have been implicated in the escape.

- On Feb. 9, the kidnappings of Camarena and Zavala were publicly reported for the first time in Mexico.

- On Feb. 11, Mullen arrived in Mexico City. According to the Mexican press, Mullen issued a string of "corruption" accusations against the Mexican government that were designed to create a diplomatic incident—and block any effective U.S.-Mexican collaboration in cracking the kidnappings. The same day, U.S. Border and Customs officials unilaterally began "Operation Interceptor," virtually shutting the border in certain transshipment points known to be frequented by drug and gun smugglers.

- On Feb. 23, the worsening conflict between Mexico City and Washington triggered by Mullen's bullish tactics was abated when Mexican President de la Madrid placed a personal call to Ronald Reagan to reassert the commitment of Mexico to cooperate in any way necessary in the war against drugs. The two presidents resolved to have their respective attorneys general meet to iron out details of a joint anti-drug campaign and set a heads of state meeting for the end of the year. U.S. Ambassador John Gavin flew back to Washington following the Reagan-de la Madrid phone chat to confer directly with the President.

- The very next day, Feb. 24, Mullen issued a renewed attack against the Mexican government on national television, accusing the Mexican federal police of gross corruption in allowing Caro Quintero to escape from Guadalajara to his Caborca Valley stronghold. Mullen said Manuel Ibarra, a personal investigator of Mexican Attorney General García Ramírez, was complicit in the escape.

- Feb. 26, Ambassador Gavin, back from Washington, issued a statement countering Mullen's latest inflammatory intervention and supporting the efforts of de la Madrid and the ruling PRI party in combatting the drug trade: "I believe, my President believes, my secretary of state believes, our government believes, that President Miguel de la Madrid is an honest man. . . . We have faith in him, we have faith in his program."

- On March 4, Mexican state and federal police raided a ranch in Michoacán owned by the Bravo family. In the gun battle that ensued, all the occupants of the ranch were killed, and several Mexican police were killed and wounded. According to Mexican and American sources, the raid was precipitated by "anonymous" information provided to local police indicating that Camarena and Zavala were being held at the ranch. Thirty minutes before the raiding party arrived, according to the sources, the Bravo ranch also received an anonymous call warning that a police raid was about to occur and that the officers were drug mafia-linked and under orders to shoot to kill. The Bravo family were known local gun runners, but not known to have any direct involvement in the drug trade. They were reportedly prime informants for Camarena in his drug investigations and possible sources of information on the kidnappings. Thus, the manipulated raid was part of an overall effort to destroy evidence of the kidnappings and of Camarena's investigative findings.

- The next day, peasants working one of the fields of the Bravo ranch "discovered" the badly beaten bodies of the two anti-drug agents. U.S. Embassy officials and Mexican government sources reported their suspicions that Camarena and Zavala had been killed elsewhere and dumped at the ranch after the raid.

- On March 12, the Mexican Attorney General's office announced the arrest of 13 individuals, all charged with involvement in the kidnappings and murders. Six of the arrested men were state, local, and federal police agents. One of the 13, Commander Gabriel Gonzales Gonzales, head of the homicide division of the state judicial police of Jalisco (Guadalajara) died March 14 in prison. Confessions of the six police officers identified the men as "informants" for drug lords Caro Quintero, Miguel Felix Gallardo, Ernesto Fonsaca Garillo, and Manuel Salcido Uzueta—all middle-level dope mafia figures.

- On March 15, both Mexican and U.S. government officials announced personnel shifts in the Guadalajara area reflecting an upgraded anti-drug deployment. Gen. Vinicio Santoya Faría, chief of the general staff of the Mexican Army, was transferred to the directorship of the Guadalajara Military Zone; and Mexican Attorney General García Ramírez named Commander Florentino Ventura to head the Federal Judicial Police branch in Guadalajara. Ventura was one of the leading Mexican officials directing the mid-1970s "Operation Condor," a joint Mexican-American assault against the drug mafia that broke the back of the Mexican heroin and marijuana connection for years.

A budget for honesty

The new spending plan gives the private sector a larger role, and takes a lot of steam out of the "black money" rackets.

It was not "budget as usual" at the opening of the parliament session this spring. The 1985-86 budget was the first hint of comprehensive economic policy from the new Rajiv Gandhi government. The \$50 billion budget presented by Union Finance Minister V. P. Singh has provoked an outpouring of unbridled enthusiasm from the private sector and equally unbridled opprobrium from the opposition. The nominally pro-Congress left is meanwhile issuing thinly veiled "warnings" about "ominous trends."

Both the "free enterprise" cheerleaders and the socialist ideologues are wrong. By no means, and correctly so, does the budget shift the "commanding heights" from the public to the private sector, nor does it hand the country over to the multinationals, nor does it kick the poor in the teeth, as popularly charged. It does put the ball in the court of the small but professedly eager private sector, laying the basis for it to play a more responsible role in the economy. And, it takes a lot of steam out of the "black money" rackets.

Among the controversial elements in the budget is the lifting of license requirements for more than 25 industries, from special alloys to structural steel, industrial machinery, cycles (bicycles, motorcycles, etc.), machine tools, agricultural implements, paper and pulp, and canned fruit and vegetables, to name but a few. Now it is possible to go into production or expand production in these sectors without suffering lengthy delays and black-money generation in applying for licenses.

Similarly, the asset limits for companies defined as monopolies was raised, corporate tax rates have been reduced by 5%, corporate political contributions legalized, customs duties reduced on a variety of items including computers and project imports for the power sector, income tax exemption limits raised, and estate duties abolished.

As a result, the private sector can be expected to inject some needed dynamism. But like the enjoyment of relief among income-tax payers who make up a scant 5% of the population, this cannot become more than a marginal phenomenon in a country of 700 million where some 70% don't even figure in the market economy, and where infrastructural weakness is still a major constraint.

More important, the budget goes a long way toward eliminating the irrational tax and other control measures which have fueled one of the world's largest "black money" economies, which has, in turn, made a bad joke out of national development efforts. In that sense, it is, as some commentators have noted, "a budget for honesty."

The budget is not without risks, and perhaps some misjudgments. The round of increases in administered prices for a range of basic items—railway charges and petroleum among them—is a point of concern. This will create powerful inflationary pressure, and together with the acknowledged \$3.3 billion deficit, will raise the premium on efficiency and effectiveness in implementation of the measures.

Annual budgets, however, don't

determine the economic future in India. The \$18.5 billion Seventh Five-Year Plan is expected to be completed by July. The distribution of investment in the Plan will determine whether and to what extent the investment incentives in the budget can be realized. For example, de-licensing is a powerful spur to industrial expansion, but if adequate electricity cannot be assured, few businessmen will want to put their money there.

Otherwise, the broad vector for the economy indicated by the new government tells what the budget really means. The prime minister has made no secret of his concern over productivity and efficiency. He has made modernization—in skills, work habits, and technology—the clear priority. He has also made it clear that he is looking for a dynamic partnership of the public and private sectors that is based on leadership and accountability.

In a recent speech, Mr. Gandhi announced that the government is hammering out a new strategy for technology improvement in which the government will play a catalytic role, concentrating on certain vital areas and leaving the rest to the private sector. He also made clear that the public-private interaction must be based on accountability. Addressing a group of businessmen, Mr. Gandhi said management will be held responsible for avoiding industrial "sickness," a euphemism for bankruptcy. "We will make it very expensive to become sick," he promised.

The prime minister has been equally candid in calling into question another old shibboleth—labor-intensive industry. There are many areas where the nation simply cannot afford to continue with labor-intensive industries, he said bluntly, adding that labor must be educated to this fact.

Why Moscow is attacking the Pope

The Vatican must be making headway in organizing Latin America for a new world economic order.

After a long subterranean war against the Roman Catholic Church, Metropolitan Filaret, the miniscule head of the holy synod of the Russian Orthodox Church for problems of unity of Christians and relations between churches, used the Italian Communist Party press organ to issue an openly threatening message against the Pope.

Filaret blasted the document of the Holy Office of Sept. 3, 1984 condemning the theories of "Liberation Theology": "We appreciate the efforts of those liberation theologians who are trying to make their Christian faith correspond to life." He added, "To whoever contests or criticizes this theological reflection, I would like to recall that the call to liberation is an original and continuous mission of the church. I could cite in this regard, Russian theologians and religious thinkers of the beginning of this century."

Filaret is probably referring to the Russian monks who gave their blessing to the Soviet revolution, for he contests the criticism of Marxism contained in the cited Vatican document: "It contains an unfounded and profoundly unjust judgment of the socialist social system, in whose building and development tens of millions of Orthodox, Catholics, and Protestants have participated, united in a daily collaboration with their non-religious sisters and brothers. I would not like to be rude, but one cannot help noting the offensive character of this part of the document concerning Christians who live in the socialist countries."

Filaret adds: "One cannot avoid

reaching the conclusion that this [attack on Marxism] was done in an attempt to put Catholics on guard against choosing a socialist mode of development in the countries of the Latin American continent."

The Metropolitan imputes the cold relations between the Church of Rome and the Russian Church to John Paul II, weaving in, by contrast, praise for the pontificate of John XXIII and the Pontifical Academy of Sciences which was relaunched full-scale under that Pope. Writes Filaret: "Rapprochement is rather encouraged by the recent meeting of scientists organized by the Pontifical Academy of Sciences, dedicated to the problem of stopping the arms race in space." That institution is notoriously the long arm of Moscow in the West to attack the Strategic Defense Initiative (SDI) of U.S. President Reagan.

This casts light on the prophetic scheme of the Russian Orthodox Church. It has to do with the upcoming millennium of the Bizantine Christianization of Russia in 1988, by which date the Soviet military regime hopes to have won hegemony over Europe and hence over the West. Filaret continues: "We are preparing to celebrate the millennium and we must point out that our needs are meeting comprehension from the Soviet government."

For the first time in the postwar period a high ranking exponent of the Russian Church is expressing in no uncertain terms the total concordance between the church and the Soviet political regime, not because he has sud-

denly been overcome by honesty, but for very different aims of blackmail and threat. The interview with the Metropolitan is accompanied by an article by Gian Luca Devoto of the international political studies center of the Communist Party, on so-called "Star Wars":

Devoto writes: "It is not at all unlikely that Reagan's program will fall apart at the end of 1989, when the first phase of research and development will come to an end, whose expected cost is \$26 billion. This could depend on a political rethinking or the disappointing results in cost-effectiveness terms, and also on possible agreements with the Soviet Union. In any case, it is certain that the outset of the 1990s will be decisive for whether or not the entire initiative is pursued." Devoto writes: "The European left should commit itself all the way and constructively in the fight against the SDI." The fact that the writer underlines the cost aspect as a possible cause of abandoning the SDI project indicates that not only the Kremlin, but its Western allies are counting on the austerity policies of the International Monetary Fund to prevent the development of these defensive systems.

This is the reason for the attack on the Vatican. The Soviets fear the Pope's interventions in Latin America supporting those governments' calls for a more just new world economic order, against the policies of the international financial institutions. The final document of the Assembly of the Latin American Bishops' Council, which recently concluded, affirms, "One must keep very much in consideration that the payment of the onerous foreign debt of our countries, according to ethical and moral principles, must not bring on conditions which imply hunger and excessive suffering by our people."

The drug mafia moves in

The same IMF policies that had this effect in Ibero-America are behind the spread of the drug traffic here.

At the 9th Regional Conference of Interpol on March 11 and 12 in Abidjan, Ivory Coast, the head of Interpol warned that Africa was becoming a major source of cannabis for Europe and the United States. Large sums of money were being offered to farmers to abandon their traditional crops and substitute cannabis.

In addition, hard drugs like cocaine and heroin are being transshipped through Africa, especially West Africa, to the United States and Europe. The cocaine is coming from Latin America, the heroin from Pakistan. 3,000 Africans, he pointed out, were arrested in Europe and the United States in 1983 for drug trafficking.

Amphetamines and barbiturates, he reported, had become a major social problem in Africa, while hard drugs are not as yet—although due to the transit of hard drugs through the continent, there was “inevitable leakage” to the local population. He added that African governments are not unwilling, but simply unable to deal with the problem due to the lack of trained personnel: Customs officers in most African countries are unable to recognize cocaine, for example.

Recent events in southern Africa show the extent of this new problem:

In Swaziland, a joint operation by South African and Swazi law enforcement officers began on March 13, aimed at destroying vast quantities of “Swazi Green” marijuana. In the first week of the raids, 65 million rand worth of the drug (about \$32 million)

was burned. The police announced that they expected to destroy another at least 60 million rand worth in the following week of raids, in which they used helicopters to locate the fields of marijuana in remote areas of the country.

“Swazi Green” is smuggled into South Africa for consumption there.

In South Africa, the Minister of Law and Order announced on March 12 that police had confiscated two million kilograms of marijuana last year with a street value of R2 billion (about \$1 billion). Large quantities of other drugs had also been seized, such as cocaine, LSD, and amphetamines.

The South African press recently reported, “South Africa has become a dumping ground for large quantities of cocaine, because of the ready market for it among affluent drug addicts.”

Not surprisingly, the same circles pushing legalization of drugs elsewhere are also now pushing it in Africa. During my recent stay in southern Africa, I heard a British Broadcasting Corporation broadcast in which several journalists were interviewed. They frankly proposed the legalization of marijuana.

A BBC correspondent criticized the burning of the marijuana crop in Swaziland, saying, “There’s no evidence that marijuana is any worse than tobacco. The problem is that tobacco is profitable for multinational corporations, whereas marijuana is not, so the multinationals encourage the government to crack down on marijuana

production. Since the production of tobacco is legal, the government should let them grow another drug.”

A Nigerian journalist on the same program said that marijuana use would fall once it was made legal, in the same way alcohol consumption had fallen. “Soft drugs should be legalized.”

The *Report of the International Narcotics Control Board for 1984* warned that “drug abuse and smuggling [were] gaining ground” throughout Africa. It reported that in certain countries of West Africa, cannabis which had hitherto grown wild was now being increasingly cultivated, and is fast becoming a cash crop.

In East Africa, the drug *khat* is produced mainly in Kenya and Ethiopia, but is now more widely consumed. *Khat* has been banned in Somalia, but quantities are smuggled in from neighboring Kenya. There are reports that Kenya is also the site of increased cocaine production.

The *Report* noted that nationals of some West African countries were serving as couriers for trafficking in heroin destined for Western Europe and North America. Eastern and southern Africa were being used as a transit zone for the trafficking of opiates from the Middle East or South Asia.

It is not hard to discern why drug production and export is on the rise in Africa. Widespread and increasing use and traffic in drugs became a major problem in Ibero-America and the Caribbean in step with the crisis of foreign debt. Africa has come under the same pressures from the International Monetary Fund to maximize foreign exchange earnings to pay debt service. High-profit “cash crops,” as proposed by such respectable financial institutions as the IMF and the World Bank, in today’s world economy mean drugs.

Halting in mid-field

The government's support for the SDI is still very tentative, thanks to the foreign minister's blackmail.

On Wednesday, March 27, Lt.-Gen. James Abrahamson, head of the U.S. Strategic Defense Initiative Office, gave a special briefing on the SDI to the inter-ministerial experts' group of the West German government. Several hours later, the weekly session of the Bonn cabinet resolved that the U.S. effort on space-based missile defense was "welcome in principle," but also stated, "There is no pressing need to decide on direct German participation in the program for the foreseeable future."

Very tentative, indeed. The government was expected to be much more outspoken in favor of direct participation after Chancellor Helmut Kohl himself stated his support for the program at the prestigious Wehrkunde gathering of international defense experts and politicians on Feb. 9-10 in Munich.

What has watered things down since then? The inactivity of Kohl's Christian Democrats has allowed their minor coalition partner, the Free Democrats around Foreign Minister Hans-Dietrich Genscher, to rush in with blackmail. Genscher, a reborn Neville Chamberlain, would like to eliminate the SDI altogether, and spared no efforts to force the Chancellor into a position more critical of the SDI. Genscher made a blitz trip to Moscow in early March, meeting with Gromyko and bringing back the message that the Soviets would welcome, if not honor, German inactivity on the SDI—meaning that since President Reagan could not be prevented from marching ahead with the program, at least the Europeans should not march along.

Recent Free Democratic gains in state and municipal elections at the expense of the Christian Democrats provided Genscher an improved position for blackmail. Kohl's party lost the state of Saarland to the Social Democrats and is facing the loss of more states. Waning popular support because of the economy threatens Kohl with losing the majority in the 1987 national elections.

Memories of the December 1966 collapse of the coalition with the Free Democrats are still alive among many Christian Democrats. Facing similar deep economic recession with a dramatic rise of unemployment, Ludwig Erhard's government nearly fell when the Free Democrats walked out over a staged dispute on taxes. The government held on through a "Grand Coalition" with the Social Democrats (SPD), at the sacrifice of many conservative positions. But the SPD walked out after the national elections of 1969, forming a new coalition with the Free Democrats. The Christian Democrats did not see power again for 13 years.

In October 1982, the Free Democrats walked out of the coalition with the SPD under Helmut Schmidt, hoisting Kohl into power. He has depended on Genscher ever since. Every major item of dissent between Kohl and his foreign minister places the Sword of Damocles over the government—and on the SDI, there is total disagreement.

On March 20, the chancellor gave a keynote address to his party's national convention in Essen, stating basic approval of the SDI, but adding, "The government has not yet taken

any firm position. Our decision is open in both directions." He then introduced a notion originating with Genscher, that "agreements at Geneva on reduction of nuclear missiles might make the SDI superfluous."

That, of course, is outright nonsense. The SDI is no bargaining chip. It is the new U.S. defense policy, pure and simple, a complete moral and doctrinal overthrow of Mutually Assured Destruction. Kohl himself emphasized that strongly in his Wehrkunde speech. Has he changed his view only six weeks later?

Kohl's Wehrkunde speech was written by a team around his personal aide, Horst Teltschik, the chief coordinator of the inter-ministerial group whose task is to work out the "base line" position of all relevant government departments on the SDI. This requires a lot of wheeling and dealing with bureaucrats, industries, research institutes, and so on, making the group very susceptible to Genscher's political blackmail. Kohl's March 20 speech, as the March 27 cabinet resolution, reflected the new "base line" compromise of the government.

Knowing of these problems, U.S. Defense Secretary Caspar Weinberger announced a 60-day deadline for U.S. allies to present detailed proposals on what, where, and how much participation they desired. Kohl has promised a decision within that time frame, and immediately after the special briefing from Lieutenant-General Abrahamson, sent Teltschik to the United States to gather more information on the SDI. The Chancellor will also consult with President Reagan when he arrives in Bonn for the world economic summit in early May.

Until then, the United States will have to live with an ally which, under command of Hans-Dietrich Genscher, has brought its tanks to a halt in mid-field.

Moonies, monies, and Manicheans

If the KGB did not create this "anti-communism," someone at the Kremlin should be fired.

Over 100 people from four continents, including many retired U.S. Army officers, gathered in February at the Meridien Hotel here for a five-day "anti-communist" seminar sponsored by the International Security Council, the "think-tank" of the CAUSA movement, an offspring of the Sun Myung Moon cult. Moon's right-hand man, Col. Bo Hi Pak, called it a "historic event," and proclaimed this city "the world capital of anti-communism."

If the KGB did not create this "anti-communism," someone at the Kremlin should be fired.

Until 1983, Moon cultists were known here for two things: their proselytizing and their prostitution to sustain the cult's finances. Their millenarian outlook mixed with simple Manicheanism—the eternal nature of the struggle of Good and Evil—made Europeans shudder at the thought of an ultimate "March on Moscow," as Moon called for in 1976.

Rather suddenly, however, Europe has discovered a new side of Moon: money, lots of it.

Moon, a cult? French milieux touched by divine financial inspiration no longer believe it. *La Presse Française*, a conservative Catholic weekly, is now promoting CAUSA. Somewhat old new philosopher Jean-Marie Benoit, a celebrity of "liberalism," is a convert, as are many celebrities of the "New Right."

Moon money is said to originate in the worldwide control of Ginseng root juice, with "God-given" powers ranging from revitalization of tissue to a powerful aphrodisiac. There are no reports that it was distributed after the

Paris seminar, but participants did sign a strange "Manifesto on Godism."

It was in October 1983 that CAUSA hosted 150 journalists on a conference tour of Paris, Bonn, West Berlin, and London to study "the development of pacifist movements." Most were not aware of the real sponsors, but then, things were not unpleasant given the fine hotels, the thousands of dollars in colloquia, and other amenities.

That much money and anti-communism, too: What can be wrong? Most of those coopted to CAUSA are ever so clever: "Don't misunderstand. We are using them just as they are using us. They have financial means we need." Thus began the lunies' quick march to respectability—with some very interesting help.

Take Jacques Soustelle, the French Academician anthropologist, former governor of Algeria, and leading member of the CNR committee of the 1960s Secret Army Organization (OAS) which repeatedly tried to assassinate de Gaulle. His role in separatist-tribalist insurgencies in Ibero-America was the subject of recent French court proceedings. He is now recruiting for Moon. After a 1983 Moon-backed World Media Conference in Cartagena, Colombia, he stated of the cult: "The light comes from there, this is a glimmer of hope."

Then there is Lt.-Gen. Danny Graham, known in Vietnam as "General Body Count" for systematically lying about enemy troop strength. Graham heads the Heritage Foundation's "High Frontier" project—ABM defense with 1960s technology while the Russians develop laser beams.

The president of Moon's ISC is Joseph Churba, former U.S. Air Force intelligence chief for the Middle East and mentor of American/Israeli extremist Meir Kahane. And, there is the former war correspondent for *Newsweek* and the *Washington Post*, Arnaud de Borchgrave, now editor-in-chief of the Moonies' *Washington Times*.

Anti-communism? Graham is notorious for anti-Europeanism: "If they don't rearm, let them go to hell!" Churba wants to give the Russians part of the Middle East. In June 1984, de Borchgrave endorsed Sen. Sam Nunn and Henry Kissinger's plan to redeploy U.S. troops from Europe to Central America.

And, at the CAUSA seminar here, "Ultimately it will be necessary for the United States to shift forces from Europe and Asia to defend U.S. interests in the Western Hemisphere," was the consensus.

Handing Europe and Asia to the Russians is an odd thing to go about calling "anti-communist," is it not?

The key is Moonie Manicheanism. You see, there is only one problem with "communism," namely, atheism. As the CAUSA "Manifesto on Godism" posits, "Today, the struggle between communism and the Free World boils down to a question of God or no God. . . . The CAUSA movement is the movement of God," and proposes to unite all theists, including the Eastern Orthodox, against "atheistic communism."

Ah, but precisely Russian Church Orthodoxy's pagan Mother Earth worship contrary to Christianity, complete with a "Third Rome" imperial prophecy for Moscow, is the fount of the Russian state drive for global empire. Moon, Graham, Soustelle, Churba, in theory as in practice, are promoting nothing but Russian world hegemony.

International Intelligence

German cites need for recovery to get SDI

"There is an obvious linkage between the kind of SDI cooperation we are working for, and the total economic parameters," said a consultant to the West German government's interministerial group on the U.S. Strategic Defense Initiative. The group had just been briefed by SDI director Lt.-Gen. James Abrahamson.

He stressed that without a real economic change for the better, the current government won't survive, which would probably mean that the SDI won't happen in Germany.

"Negatively, this government is being blow out of the water by the opposition on the economy, and if that happens, no SDI here. We are striving for cooperation in the SDI in dimensions that are almost a dream.

"But a government's life is conditioned by things far more banal: unemployment, steel-war, food-production cuts. Sure: I know these things are banal, and SDI is more important. But if we can't embed SDI in an economic strategy fast, we are going to lose . . . fast."

Because of Germany's high unemployment and otherwise failing economic health, the Christian Democrats of Chancellor Helmut Kohl have been losing badly in state elections to the opposition Social Democrats.

Wilson has high praise for Gorbachov

Former British Prime Minister Harold Wilson had nothing but praise for Mikhail Gorbachov in a speech at American University at the end of March.

Wilson, who reportedly belongs to the same Soviet-controlled "Homintern" as Henry Kissinger (see page 59), said he dined with Gorbachov in London last December.

"I was extremely impressed. Gorbachov is a young man. If he's only given his head, then I think prospects for better East-West

relations are good."

Asked how he squared that assessment with the murder of Maj. Arthur D. Nicholson by a Soviet sentry in East Germany under clear orders from a commanding officer, Wilson replied:

"Maybe the shooting was an accident. Maybe the [Soviet] soldier was drunk. The important thing is that the United States and the Soviets are sitting down and talking at Geneva."

Wilson said that he couldn't comment on the Strategic Defense Initiative, the U.S. program for a beam-weapon defense program which is the overriding issue in East-West relations and, for that matter, West-West relations. "I don't know enough about it."

Thaw under way between Moscow and Peking?

Senior Japanese intelligence analysts report that a shift is under way in China in the direction of closer coordination with the Soviet Union. This shift is reflected in the meeting of the Soviet Politburo on Thursday, March 28, which discussed improving ties to China.

The Chinese leadership quickly responded to the assumption of Soviet party leadership by Mikhail Gorbachov. Amid praise in the Chinese press of his "new leadership style," Peking sent vice-premier Li Peng, a Chinese Communist Party Central Committee member, to meet with Gorbachov after the funeral of Konstantin Chernenko, the first such high-level encounter in 20 years.

Even more "sensational," as some press have stated, is that Li Peng brought with him "cordial congratulations and best wishes" from Chinese party chief Hu Yaobang. Gorbachev warmly returned the message. Such an exchange has not occurred since party relations were frozen in 1963.

In other developments:

● Peking announced that it will send a vice-premier to Moscow in June to sign a trade accord for the years 1986-1990. West

Germany's *Neue Zuercher Zeitung* points out that this means a de facto synchronization of the Chinese economy with the Comecon five-year plans.

● At the beginning of March, a delegation of the People's Congress was in Moscow to establish official relations with the Soviet parliament, the Supreme Soviet.

● On April 9, the sixth round of Soviet-Chinese normalization talks will open in Moscow.

SDI is suddenly hot issue in Canada

"The Strategic Defense Initiative has become *the* hot issue in Canada," an insider in Ottawa reported recently.

"President Reagan shocked everybody when he was here last weekend by unexpectedly offering Canada a role in development of the SDI. The major newspapers are all against it, the Liberal Party executive is against it.

But since that time, our defense minister has been saying that if the SDI's economic spinoffs give us jobs in high technology, then let's go with it! Our defense minister is saying something like that Canada must get into the economic spinoffs. Canada was offered a role in this at the recent Quebec summit. Reagan suddenly made an offer that was not expected that Canada should take part in the R&D."

Burt runs cover for Greece's Papandreou

Assistant Secretary of State for European Affairs Richard Burt appeared at Senate hearings on March 21 to defend administration aid requests for Greece and Turkey.

He whitewashed the pro-Soviet Socialist government of Andreas Papandreou in Athens. "I don't have the slightest idea" why Papandreou does the things he does, Burt claimed.

Papandreou, the virtual puppet of Soviet

ambassador Igor Andropov, son of the late Soviet leader, is rapidly taking Greece out of NATO and into the Soviet sphere of influence. Recently, he announced that official Greek defense doctrine now recognizes no threat whatsoever from the Soviet bloc nations, and that therefore, the armed forces of Greece were oriented strictly toward the West—i.e., the only threat to Greece stems from fellow NATO member Turkey.

Questioned on U.S. strategic allies in the eastern Mediterranean, Burt mentioned Israel and Turkey, but pointedly omitted Egypt. The U.S. State Department's policy, expressed in the cold shoulder given visiting President Hosni Mubarak March 12, is being read in Tripoli and Moscow as a green light for a Qaddafi-inspired destabilization of Egypt.

Burt is now considered the leading contender to replace Arthur Burns as ambassador to the United States' most important ally, West Germany. Perhaps he has "no idea" why such Soviet agents of influence as Willy Brandt "do what they do"?

Labor Party officially registered in Sweden

On March 25, the Chairman of the European Labor Party (ELP) in Sweden, Kerstin Tegin-Gaddy, announced that she had received official documents from the National Tax Board stating that the ELP has been acknowledged as a registered political party.

Back on Feb. 15, Mrs. Tegin-Gaddy hand-delivered a list of 1,850 individuals who were applying for registration in the party.

The organization has been in existence for years, but this is its first official recognition as a party in Sweden. "This step forward in building the ELP of Sweden is a victory for the Western Alliance," stated Mrs. Tegin-Gaddy at a March 28 press conference in Stockholm. "The ELP is the only national party in Sweden that is officially campaigning for Sweden to join NATO."

"This," the party leader continued, "is to break with 40 years of sham 'neutrality'

that has only brought Sweden closer and closer to the Soviet Union, a Finlandization process that the present treacherous prime minister, Olof Palme, is about to complete."

Mrs. Tegin-Gaddy declared that she and her party would enter upcoming national election precisely on the issue of Sweden's NATO membership, as well as support for the Strategic Defense Initiative of President Reagan.

Hawkins threatens Bolivia with cut-off of aid

"We are here to tell Bolivia, that's it. No more. This nonsense stops now, right here and right now. We will no longer stand for this," Senator Paula Hawkins declared as she announced that she was introducing legislation "cutting off all U.S. aid" to Bolivia.

She demanded that the Bolivian government reduce the cocaine coming from that country into the United States—over which the Bolivian government has no control—by 10% as a demonstration of political good will!

Hawkins, who chairs a Senate subcommittee on drug abuse and enforcement, declared that Bolivia had flooded the United States with 49,200 metric tons of cocaine in 1984.

Bolivia is the poorest nation on the South American continent, with levels of poverty only seen in the Sahara. 80% of the population earns less than the minimum wage of 30 U.S. dollars per month. Life expectancy is the lowest on the continent at 47 years.

With \$3.8 billion in foreign debt, the Bolivian government declared the nation in default last year, and has constantly been threatened with overthrow by the drug-mafia linked elements of its military.

The cutoff of U.S. aid threatened by Hawkins would be worse than savage in its consequences, and have results opposite to those she purports: the overthrow of the tottering democratic government of President Hernán Siles Zuazo and the return of the country to the power-hungry "cocaine colonels" whom Siles has consistently opposed.

Briefly

● **POPE JOHN PAUL II**, speaking to the youth of a Roman parish on March 22, raised his voice to denounce the mistakes of so-called "pacifism," saying that such movements are "partial, confused," and that real peace can "never be separated from social justice."

● **CASPAR WEINBERGER**, when asked why he did not invite participation in the Strategic Defense Initiative by the government of New Zealand, which recently refused port-of-call rights to U.S. nuclear ships, answered: "We couldn't find their address."

● **SOVIET TV**, following news coverage blaming the U.S.A. for the shooting of Major Nicholson, presented Part 3 of the 15-part TV film series: "Strategy Of Victory." Part 3 is titled, "Victory of the High Command," and focused on the World War II roles of the Stavka, Marshal Zhukov (Ogarkov's forerunner)—and Josef Stalin.

● **ALL AMBASSADORS** of the United States in the Middle East were recently in Washington for a State Department meeting on operational procedures, global economic policy, and security. But the State Department insists that this is just a standard meeting held "every few years." No one quite remembers the last one, though it's thought to have occurred in late 1978. Well, that would have been the launching of the infamous "Islamic Card" of Bernard Lewis and the Carter administration that brought us the mass murderer Khomeini. Let's hope this one discusses a change in policy lines.

● **SECRET** negotiations are now going on to end the Gulf War, according to an intelligence source. The Khomeini regime, however, seems to want unconditional surrender from the Western world: guarantees that the young Shah will never come back to Iran, and the immediate removal of Iraq's Saddam Hussein.

Don Regan, Baker push U.S. economic downfall

by Warren J. Hamerman

Overt and covert operations are unfolding in Washington to determine the policy orientation of the United States at the April 15-16 International Monetary Fund (IMF) Interim Committee meeting in the U.S. capital, and the economic summit of the seven leading industrialized nations in Bonn, West Germany on May 2-5. Within this context the combination of Don Regan, James Baker III, and Paul Volcker is sharply exacerbating the Achilles Heel of the Reagan administration on basic economic policy—the manic delusion that under so-called Free Trade policies, the U.S. economy has bounced back with a flourishing recovery, when in fact the collapse of the real economy has become a grave danger to national security.

In order to torpedo the President's Strategic Defense Initiative and War on Drugs, the Soviets, Swiss and their European oligarchic allies hope to lure the Reagan administration at the April-May events into surrendering U.S. national sovereign control over monetary and economic policy to the IMF and related supranational institutions.

Despite the West European tour of Defense Secretary Weinberger and Lt.-Gen. James Abrahamson, affirming the alliance-wide nature of the Strategic Defense Initiative (SDI), Treasury Secretary James Baker III and White House Chief of Staff Donald Regan are running economic policy, and have made pronouncements which would pulverize the entire SDI program. Regan and Baker announced that they were "open" to proposals for greater international controls over the U.S. economy.

Regan, formerly of Merrill Lynch, which has been named as one of the institutions under investigation for drug-related dirty money laundering practices, was quoted in the *Washington Post* of March 26. Regan expressed "interest" in proposals for convoking a "Bretton Woods II" conference "to try to evolve a system to bring major currencies closer together." Volcker and Baker have proposed to set up a "small

committee" inside the IMF at their April 15-17 meeting to issue regular "report cards" on the U.S. economy with policy dictates.

Even as it became known that the Ohio savings and loan institution banking crisis was spreading to banks in Maryland, Massachusetts, Texas, Oklahoma, and California (*Banking*, page 22), Don Regan, Baker III, and company had President Reagan launch a Madison Avenue campaign "talking up" the so-called recovery. The President stated that other countries should fix their weak currencies by having a "recovery," too. The Reagan statement was based upon an absurd and lying U.S. Treasury report to Congress praising the high dollar because it forces the Third World to pay its debts via the IMF "adjustment process." The report targets Japan as the real culprit, which caused the whole problem by "manipulation" of the yen!

We do not believe that Reagan is as stupid as Herbert Hoover, or as stupid and immoral as the "Jimmy Carter of the 1920s," Calvin Coolidge. The prime mover behind the policies emanating from the White House is Donald Regan.

Cui bono?

Regan has mounted to the top of the President's economic advisers by taking credit for having "managed" the debt crisis of 1982 without a blowout of the monetary system, when he was U.S. treasury secretary. From this position, he is the major promoter of the "recovery" myth, and pushing defense budget cuts to "protect" the mythical recovery. Regan admitted on NBC-TV's "Meet the Press" on March 24, that there are "many areas" where the defense budget ought to be cut, and "to get programs through, we're eventually going to have to compromise." "There are many things where you can stretch out what your buildup is," said Don Regan, citing "munitions, food, and oil." A senior White House aide said that Regan's statements, just before the House of Represent-

tatives approved the MX vote, showed a “new willingness to look at suggestions of compromise” with Congress on the defense budget.

As for the President himself, he doesn't want to hear anything else but “recovery” propaganda. At a White House breakfast, the President said: “If there was a sudden—you might say, collapse—of the dollar, I think it could be very harmful in leading the world to believe that we are all in greater economic trouble than we are.”

A few days later Don Regan stage-managed a pathetic gimmick at the New York Stock Exchange. With White House Chief of Staff Regan guiding his every move, the President was brought to the floor of the Stock Exchange to make some remarks at a ceremony culminating in his ringing the bell to start the trading day. His prepared remarks were a direct adoption of the Treasury Department policy of attacking the Japanese for fueling the record \$123 billion trade deficit. As has been widely reported, the President promoted the Don Regan-Baker III-Volcker hoax that America was experiencing a so-called recovery.

Protecting the dope lobby

Who is Donald Regan?

Regan was formerly the head of Merrill Lynch, the Wall Street investment company which took over the U.S. branch of White Weld when it was reorganized in 1978. White Weld is at the center of the drug money-laundering network associated with the notorious Crédit Suisse. Crédit Suisse and Merrill Lynch in effect divided the spoils in that Crédit Suisse took over the European division of White Weld Securities, while Merrill Lynch simply incorporated the New York White Weld Investment House and renamed it Merrill Lynch Capital Markets Group.

In short, Chief of Staff Regan is a “business partner” of the black economy kingpins in Switzerland. This explains why he would commit himself to backing the Swiss and IMF policies which in every way are against the interests of the United States. Crédit Suisse is the dirty Swiss bank which was the main target of “Operation Greenback,” when the Miami branch of Crédit Suisse offered its good offices to organized crime kingpins such as Robert Vesco and Bernie Cornfeld in the 1960s.

James Baker III's family in Texas is a direct banking partner to the Swiss-French Schlumberger financier interests. The Schlumbergers are supporters of terrorist groups and notorious for backing sordid operations in the Swiss-centered international black economy.

Baker is also a longstanding friend of former Democratic Party chairman Robert Strauss, of the organized crime-linked section of the Democratic Party. Robert Strauss led the cover-up of the Libyan “Billygate” scandal centering on Charter Oil and Marathon Oil companies.

Thus, both current Chief of Staff and former Treasury Secretary Regan, and current Treasury Secretary and former Chief of Staff Baker III, have vested interests in promoting

the Swiss “boom” in speculative money deals at the expense of real output in basic industry and agriculture.

Prelude to the Bonn summit

From March 28-31, at the Adolphus Hotel in Dallas, there was a four-day conference of the American Council on Germany and the Atlantic Bridge which West German sources characterized as a policy prelude to the Bonn summit. Among the participants were: James Baker III, Paul Volcker, Richard Burt, Lawrence Eagleburger, Martin Bangemann (Mr. “ECU”), Horst Ehmke, Karsten Vogt, Otto Pöhl, Manfred Wörner, Genscher, and Karl Kaiser. The conference was designed as more or less a test run for the Bonn Economic Summit, with panels on “Political Relations between East and West”; “The SDI: Implications for the Alliance”; and “National Economies and International Consequences.” The principal topics of discussion included: American-German relations, military questions, security issues, East-West relations, and arms control.

Following the Dallas meeting, Bangemann, Wörner, and Warnke were scheduled to be in Washington during the March 31-April 4 period. According to one German journalist: “Don't look for them to be the ones to push this ECU question. That will be the job of Pöhl and Stoltenberg, when they come for the IMF-World Bank meetings April 15-16. This dollar situation and these deficits can't last forever. IMF conditionalities would be best for the U.S., but will never happen.”

The ECU, or European Currency Unit, is being aggressively promoted as a reserve currency to replace the U.S. dollar (page 10). At an early March meeting at the Basel, Switzerland Bank for International Settlements, the plan to transform the BIS, the private central bankers' central bank, into an international clearinghouse for ECU transactions was discussed.

The Soviets are directly trying to provoke the Europeans into a break from the dollar and orient their trade to the East as a way to politically neutralize the United States' ability to rebuild the Western Alliance through an economic mobilization around the Strategic Defense Initiative. The use of the BIS, the international bank which facilitated the financial operations of Hjalmar Schacht, Hitler's economics minister, is a full policy commitment of the old-line European oligarchic “families.” Their intention is to “decouple” the economy of Western Europe from that of the United States, and orient around growing ties to the East in the coming period. Individuals such as Henry Kissinger, Willy Brandt, and Hans-Dietrich Genscher are the hands and feet for these objectives.

The overall policy course of the European oligarchy flows from a broader “New Yalta” deal between Moscow and the Western families to redesign the global spheres of influence. The Soviet intention is to parlay the Achilles Heel of the Reagan administration on economic policy to their own advantage, playing with the European families while forcing the United States into the sunset as a strategic power. This is the gameplan Volcker, Baker, and Regan are facilitating.

MX is voted up, but at what price?

by Kathleen Klenetsky

After months of holding the MX program hostage, the U.S. Congress in late March approved funding for the production of 21 additional missiles. The final vote to release the \$1.5 billion in contention came March 28, when the House voted 217-210 in favor of the program.

Claimed by the administration as a major victory for its strategic modernization program, Congress's decision is anything but. Despite a massive lobbying effort by the Reagan administration, barely more than half of U.S. senators and representatives saw fit to endorse the MX, the first new intercontinental missile the U.S. has added to its arsenal in over 20 years.

A large minority on both sides of the aisle ignored the President's personal pleas, classified Pentagon briefings on the fearsome extent of the Soviet Union's missile buildup campaign, and the ominous implications of the cold-blooded murder of U.S. Army Major Arthur D. Nicholson (see page 34), to vote against the missile.

Moreover, the funds in question are actually part of the Fiscal Year 1985 budget. They have been held in escrow until now, thanks to a rotten compromise which Rep. Les Aspin, self-styled champion of the MX, had fashioned last year. That deal stipulated that the money allocated for the missile wouldn't be spent until the administration "proved" it was sincere in seeking arms-control talks with the Soviet Union. In other words, the MX had already been successfully delayed for nearly a full year.

What price victory?

The major concern at this point is what price Congress extorted from the administration in exchange for releasing the funds.

According to knowledgeable sources, a coterie of congressmen and senators, led by Reps. Aspin and Norm Dicks (D-Wash.) and Sens. Sam Nunn (D-Ga.), William Cohen (R-Maine), and Albert Gore (D-Tenn.), had told Reagan they would deliver a "yea" vote on the MX if he agreed to deep funding cuts in the FY1986 budgets for the MX and especially the Strategic Defense Initiative (SDI).

The Aspin group, these sources report, incurred the wrath of their fellow liberals for supporting the MX because they were confident this would situate them to demand Reagan make concessions on the SDI.

At a Brookings Institution seminar on arms control March 27, Rep. Dicks admitted he had "told my liberal friends that

if they killed the MX, they would hurt my chances of getting deep cuts in the SDI in Congress." Dicks, a member of the congressional delegation observing at the Geneva talks, blasted the SDI, and expressed hopes the Soviets "will come forward with a package that will call for deep cuts in strategic weapons, and we will agree to reaffirm the ABM Treaty, limit SDI research and development, and continue to rely on MAD."

There are certain hints that some kind of *quid pro quo* between Congress and the administration on the MX/SDI may in fact be in the works. Within days of the Senate's pro-MX vote, Reagan indicated for the first time that he may be willing to accept cuts in military spending, seconding statements made by White House chief of staff Don Regan that there may be a lot of "waste" in the Pentagon budget.

Although the President continues to insist he won't permit reductions in any major weapons systems, Congress is stepping up the pressure for major concessions in these areas. Within hours of the final House vote on the MX, four leading Democratic Senators—Robert Byrd (W.Va.), Albert Gore (Tenn.), David Boren (Okla.), and Sam Nunn (Ga.)—held a press conference to announce that they will introduce legislation aimed at slashing the total number of missiles to 40. Administration plans envision deployment of 100 MXs, and construction of an additional 123 for spares and testing.

House Speaker Tip O'Neill (D-Mass.) informed newsmen that some congressmen are talking about rejecting construction of any new missiles for 1986. And Democratic majority leader Jim Wright (D-Tex.) declared: "There is a strong sense in Congress that enough is enough." Their warning was echoed by Rep. Dick Cheney, a Kissinger Republican from Wyoming, who averred, "We'll never get the 48" MXs Reagan has requested in the 1986 budget. "We've had to pull out a lot of stops on this one."

Economic pressures

Capitol Hill foes of the MX and SDI are counting on the deepening national economic crisis to provide the ultimate argument for gouging financing for the two programs.

At the March 27 Brookings forum, Sen. William Cohen, a Maine Republican who is a leading member of the Congressional Military Reform Caucus, confidently declared that "growing economic pressures" will force the President to accept a zero-growth defense budget for 1986, with particularly sharp cuts in the SDI. "In my view, this is a program which will be cut significantly because of the economic pressures being felt on Capitol Hill," he said.

Rep. Aspin, chairman of the powerful Armed Services Committee, has hired a new hatchetman to prepare the slashing of the SDI. The aide—who appropriately enough was last employed as an economist at the State Department assigned to the IMF and Third World debt—told *EIR*, "Aspin has already put me to work on the SDI. . . . This will be our next major focus. I'm sure the President won't get anywhere near what he wants" for beam defense.

A new salvo by the arms control mafia

by Kathleen Klenetsky

A new salvo in the arms-control mafia's war against the Strategic Defense Initiative (SDI) was fired March 27 when the National Committee to Save the ABM Treaty held a Washington press conference to release its latest report on the SDI's impact on the treaty.

Stripped of its verbiage, the report demands that the United States abandon the beam-defense program launched in 1983 to preserve the sanctity of the accord Henry Kissinger negotiated with the Soviets in 1972. That treaty has robbed the United States not only of a defense against nuclear missiles, but of a comprehensive air defense, too.

"For over a decade," the report claims, "the ABM Treaty has enhanced our national security by preventing a costly and dangerous arms race in anti-missile weapons. Abandoning its prohibitions on large ABM systems would eliminate any possibility of significant limits on offensive nuclear forces," spur an arms race in space, and cause significant instability in superpower relations.

Committee of scoundrels

Formed last June with the specific goal of derailing the SDI, the National Committee boasts some of the top the arms-control figures. Former National Security adviser McGeorge Bundy, ex-Defense Secretary Robert McNamara, and John Kenneth Galbraith sit on its board.

The Committee directly interfaces Soviet operations against the SDI via John Pike of the Federation of American Scientists. Pike runs the Space Policy Working Group on Capitol Hill which *EIR* exposed last May as a conduit into Congress for the Soviet embassy, which was literally drafting some anti-"Star Wars" legislation.

Pike presided over the Committee's press conference along with the group's chairman, Gerard Smith, and other key members including John Rhineland (who spent the first 10 days of March in Moscow) and Thomas Longstreth.

The report's basic message is that, as Smith put it, "We are on a collision course with the [ABM] Treaty. . . . It's just a matter of time." Smith et al. charged that beginning in 1988, the SDI will start "encroaching" on the treaty, and by 1993, will come into "massive collision with the treaty."

The report mentions the Soviets' ABM program, only to insist that theirs is a "low-tech" program "no more advanced" than the U.S. Safeguard system of the 1960s.

"The near term issue presented by SDI," the report states,

"is *not* whether the United States should progress from *re-search* (which is permitted under the ABM Treaty) to *de-ployment* of space-based ABM systems (which is prohibited). Rather, it is whether the United States should structure its research to lead to *advanced development* and *testing* of space-based systems (which is prohibited). This is the crucial issue the Executive and Congress must first address. . . . [emphases in original]."

This paragraph contains the crux of the anti-SDI cabal's case. But the truth is, the text of the treaty makes no reference whatsoever to these technologies. The only place where such advanced technologies are mentioned is in Section D of the Agreed Statements on the treaty (not in the treaty *per se*). This section states: "In the event ABM systems based on other physical principles . . . are created in the future, such systems and their components would be subject to discussion in accordance with Article XIII and agreement in accordance with Article XIV of the Treaty."

Surely, the arms-control gang knows that the development and testing of such systems is thus *not* prohibited. Of course they do. They're lying.

The report advocates specific measures to prevent the SDI from ever reaching that point, including: a treaty banning the further development, testing, and deployment of ASAT systems; a ban on testing of exoatmospheric interceptors; a ban on the development of mobile sensor components; a ban or "severe limits" on the testing and deployment in space of particle beam accelerators; a prohibition on testing in space or deploying any ground-based, sea-based, or air-based directed-energy system which has an "aggregate mirror aperture in excess of . . . five square meters"; and a general limitation on the "brightness" of directed-energy systems.

The report also calls for improving the "decision-making process" in the U.S. government in dealing with the SDI, complaining that "only an internal Defense Department review team . . . appears to have access to information allowing informed judgment as to the exact nature of individual SDI programs."

Smith, former chief U.S. SALT I negotiator, told the press conference, "We are relying on the press and Congress, which has come over to our viewpoint significantly in the last year," to put the program on ice.

One of the more significant lines that emerged at the press conference no doubt reflects the lies being told in Europe by these SDI foes. Pike and Smith ridiculed the idea that the United States was truly interested in European participation. They averred that the administration would refuse to allow the allies to share equally in the results of the program. "How eager will our European friends be to participate in a program of research where they won't get access to any of the technology actually developed?" asked Smith.

As for the lies told in America, Pike said: "Congress is unlikely to subsidize European participation in the SDI because most of the technology that will result will be in competition with U.S. high-tech goods."

Laser beams on submarines can knock out enemy missiles

by Charles B. Stevens

New developments in the use of lasers to communicate with submerged submarines will soon make it possible to upgrade the effectiveness of U.S. submarine-launched ballistic missiles (SLBMs), while also allowing the near-term deployment of "pop-up" missile-defense systems from submarines.

Strategic Defense Initiative chief Lt. Gen. James A. Abrahamson, in testimony before the Senate Armed Services Strategic and Theater Forces Subcommittee the second week in March, reported that the HOE missile-defense system demonstrated by the U.S. Army last June could be used as a post-boost intercept system deployed from forward-based submarines. "It is important to recognize that we have already demonstrated the practicality of several layers of strategic defense," he concluded.

An essential, though not widely reported, contribution to this effort is the work of Dr. Lowell Wood, Lawrence Livermore National Laboratory's leading beam-weapon scientist. Working in collaboration with Dr. John Marling, he developed a new means of detecting low-power laser light, so that a small, space-based xenon-chloride laser developed by Northrop will be able to communicate with submerged submarines. When combined with the Navstar guidance satellites, this new communication system will vastly improve the fighting capabilities of ballistic-missile submarines, through the kind of defensive deployment implied by General Abrahamson, and by raising U.S. nuclear offensive capabilities to a level more commensurate with that of the U.S.S.R.

Ballistic missiles and communications

At the present time, land-based intercontinental ballistic missiles (ICBMs) are far more militarily effective than SLBMs, because they are far more accurate and easily commanded through secure communication systems. The very elusiveness which makes submerged submarines relatively invulnerable, also makes it more difficult for them to communicate and determine their exact location at any given time. Therefore, only ICBMs currently offer a versatile means, through rapid retargeting, of destroying hardened military targets in a dynamic military engagement. SLBMs represent primarily a long-response, retaliatory force, which could at most pin down a defender's missiles until the more accurate ICBMs arrived. Therefore, it is evident that the current U.S. strategic nuclear force, which is dominated by SLBM war-

heads, is primarily designed as a retaliatory force, whereas the U.S.S.R. has a predominance of ICBMs in its nuclear inventory.

The United States is now developing the new Trident SLBM, which in conjunction with the Navstar satellite system will bring SLBM accuracy up to the level of land-based ICBMs. Navstar satellites are being deployed at the present time. Signals from several of these satellites provide the means for blind-launched SLBMs to get a fix on their own location and that of their targets, with an accuracy of less than a meter. The SLBM determines its location when it emerges from the ocean and receives the Navstar satellites' signals. It then can zero in on pre-programmed targets with an accuracy equaling that of land-based ICBMs.

But to make SLBMs the equal of ICBMs in dynamic war-fighting, it is essential that there be a secure means to communicate which will not make the subs open to easy detection. One method which was being pursued for several years was that of utilizing extremely long wavelength electromagnetic waves, which could penetrate the earth and ocean. But this system is highly vulnerable to attack, since it relies on a massive antenna. Its communication data-rate is very small.

For a long time it has been recognized that lasers could provide the means for reliable and high data-rate submarine communication. Tuned to the proper blue-green wavelength, laser light pulses can penetrate the atmosphere, clouds, and a significant depth of ocean. Originally, the idea that was pursued was to utilize an extremely high-power, ground- or air-based laser, which would have its beam relayed to a submerged submarine by a space-based orbiting mirror. But this system was abandoned when it was realized that it would be highly vulnerable and costly; the Navy returned to the long wavelength electromagnetic antenna approach.

Then in the late 1970s, Dr. Wood proposed that by utilizing a new method of laser light detection, small space-based lasers could achieve submarine communication at low costs and with a high degree of reliability. Dr. Wood is the "young scientist" Dr. Edward Teller has referred to as the one who convinced him that beam-weapon defense against ballistic missiles was feasible. Dr. Wood has made major contributions to laser fusion and x-ray laser development, and heads the most outstanding group of scientists currently researching the means to make offensive nuclear weapons obsolete.

A laser filter system

The key to making cheap, invulnerable laser-submarine communication possible was developed by Dr. Marling and consists of a light filter system. Dr. Marling developed his concept while working at Livermore with Dr. Wood. It is based on the fact that cesium atoms are highly responsive to particular wavelengths of light. By combining a series of light filters with cesium gas, Dr. Marling realized the scientific basis for developing an extremely sensitive atomic resonance laser light detector.

The detector consists of a blue filter through which light passes, permitting only the desired blue-green-range wavelength to enter. This filtered light then passes through a cesium gas cell. The cesium absorbs only the .459 micron laser wavelength radiation. It re-emits this absorbed radiation in the infrared wavelength range. Since infrared wavelengths had been filtered out by the first blue filter, the only infrared radiation within the cell would derive from absorbed laser light. Therefore, by placing an infrared filter at the exit of the cell, all of the blue-green wavelength range would be filtered out, leaving just the infrared signal wavelength deriving from the cesium atoms which had been excited by the .459 micron laser light.

The result is that a deeply submerged submarine is able to detect a faint modulated signal from an orbiting, moderate-power laser, despite bright sunlight, turbid waters, or heavy cloud cover.

Besides encouraging Dr. Marling and collaborating with him, Dr. Wood mounted a campaign on Capitol Hill to generate congressional support for the idea, at a time when Navy officials were extremely skeptical.

According to the Jan. 21 issue of *Aviation Week and Space Technology*, Lockheed Missiles & Space Co., teamed with Northrop, has been selected to design a xenon-chloride .459 micron laser that is space-qualifiable. The communication system could be deployed by 1990.

Communications and defense

The requirements for quick-response communications are far greater for defending against ballistic missiles than for the offense. Rapid re-targeting and launch commands are essential to successful interception of barages of offensive missiles and warheads. The HOE system is based on utilizing a small interceptor rocket, which is deployed by a ballistic missile. The interceptor rocket contains homing devices and guidance computers; it destroys the offensive missile by colliding with it. Quick-response, Navstar-redirected SLBMs provide the means for achieving pop-up interception of ICBM warheads as they travel through space.

More significantly, the same SLBMs could deploy pop-up nuclear powered x-ray lasers, which could destroy offensive missiles in their boost phase. Each x-ray laser module could destroy scores of missiles, each of which carries many warheads, before they leave the territory of the Soviet Union.

Who should not be Who



in the
Reagan
administration

EIR's newest special report is an essential reference work for anyone who wants to understand who's who in the on-going faction fight within the Reagan administration over the President's strategic defense initiative.

It documents the activities of 47 administration officials and private citizens who must be purged from the Reagan administration to thwart their assault on the SDI, including:

- White House Chief of Staff James Baker III
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Intolerable Soviet attacks on scientists

Excerpts from a statement issued on March 28 by the Fusion Energy Foundation:

For two years the American scientific community has been subjected to an outrageous and escalating series of propaganda attacks, aimed at social and legal ostracism, against German-American scientists, including the very best of the scientists of NASA. The particular targets of this campaign of "old Nazi" calumnies, have been the aerospace engineers and scientists of greatest stature in America's space effort, as in the case of Walter Rudolph. The coordinating centers for this campaign, directed clearly to weaken the Strategic Defense Initiative and NASA, are the notorious Justice Department Office of Special Investigations (OSI), and the Anti-Defamation League (ADL).

Now a newspaper directly linked to the Anti-Defamation League has made the wild charge that the late Dr. Krafft Ehrlicke, inventor of the Atlas-Centaur rocket, was an old Nazi, citing as its only evidence that Ehrlicke was in recent years a contributor to *Fusion*, the magazine which has most popularized fusion energy technologies, space technologies, and the anti-missile beam weapon defense technologies.

The sources for this attack are directly East German and Soviet, and it is clearly the KGB and the Stasi (East German state secret intelligence service) which are picking out the targets. The prime source of "information" for the attacks of the OSI and the ADL is the "Nazi Hunter" Charles R. Allen, Jr. Allen's attacks against Dr. Ehrlicke, a brilliant rocket scientist and space pioneer of NASA, allege the "Nazi background of Dr. Ehrlicke and his wife." Newspapers linked to the OSI claim that "death spared them an impending revelation of their past" by Allen.

No such "revelation" of Dr. Ehrlicke will appear from Allen, whose bosses were in fact spared the task of hoking up some fabrication at their "archives" in Potsdam in East Germany, where such creations as the recent "Hitler diaries" hoax are made. Charles R. Allen, Jr. is a proven professional collaborator of the East German Stasi and the Soviet KGB, a man described by KGB journalist Oleg Polyanskii as his "closest Western contact." Polyanskii is a former New York bureau chief of the KGB and a specialist employed by TASS to accuse Western scientists of being Nazis. Allen is also the primary U.S. collaborator of the "European anti-Nazi" network known as the VVN, which is a controlled creation of the East German Stasi.

To raise this crazy charge after the death of Krafft Ehrlicke, one of the most creative and optimistic of the great space engineers and rocket pioneers of the 20th century and a man completely dedicated to human progress and dignity, betrays the brutal cynicism and complete disregard for the truth of the Soviet and East German military intelligence services. It betrays a Soviet KGB campaign, simultaneous in the United States and West Germany, of disinformation attacks against all potential collaborators of President Reagan's call to "make nuclear missiles impotent and obsolete"—the Strategic Defense Initiative.

Allen's calumny claims that Ehrlicke's "ideology has changed little. . . . He has been a contributor to *Fusion* magazine of Lyndon LaRouche. . . ." The Fusion Energy Foundation and LaRouche have been violent targets of KGB and Stasi hostility since President Reagan's March 23, 1983 speech; TASS, *Izvestia*, *New Times*, and East Germany's *Neues Deutschland* have all accused LaRouche of inventing Reagan's new doctrine.

OSI: national security threat

The fact that a nominal agency of the U.S. government's Justice Department, the Office of Special Investigations, is acting as a channel for Soviet KGB and East German Stasi charges against German-American scientists, is a severe threat to the national security of the United States. It is also a threat to the scientific potential, the hope of technological progress, of Western civilization as a whole, and of the non-aligned nations of the developing sector. More than 500 German-American scientists in the U.S.A. alone are the targets of this agency and its "journalistic outlets," including reporters at the *Bulletin of Atomic Scientists*, *New York Times*, and *Washington Post*. The Fusion Energy Foundation and LaRouche are its special targets; Ehrlicke was hounded before his death by "Nazi-hunter" associates of Charles Allen, Jr. who demanded "tell us if Walter Rudolph was also a member of the Fusion Energy Foundation."

Yet the OSI has refused to hear criticism of the pro-East German Petra Kelly, whose co-leaders in the West German Green Party have given open speeches calling for the revival of "brother Hitler." The East German-funded Green Party is, in fact, involved as a source for the OSI against German-American scientists, particularly those considered potentially "collaborators of LaRouche."

We call on the scientific and engineering membership organizations of the United States to condemn immediately and publicly, the activities of the Office of Special Investigations and its associated "journalistic" outlets as an extreme threat to the freedom of scientific work and association, and a national security threat to the United States and the West with admitted and primary dependence on Soviet and East German sources of information for its "investigations." The OSI itself and its origins should be thoroughly investigated by Congress and dismantled.

Kissinger Watch

by M.T. Upharsin

Of ordeals and torments

During the 1984 U.S. presidential elections, millions of Americans came to know Lyndon H. LaRouche, Jr. as "the man Henry Kissinger hates the most." Kissinger himself acknowledged LaRouche's unique and enviable position by warning, in a March 25, 1984 press conference in San Francisco, that he would "deal with LaRouche" after the primaries.

Almost to the anniversary-day of that threat, syndicated columnist Jack Anderson has presented a strategic update on the LaRouche-Kissinger war. In a column variously headlined (depending on which paper the story appeared in), "Kissinger's Ordeal by LaRouche," and "Henry Kissinger's Tormentor," Anderson revealed details of Kissinger's efforts to enlist FBI director William Webster in a campaign to stop LaRouche:

"The decade-long feud between Henry Kissinger and Lyndon LaRouche was an exasperating experience for the ex-secretary of state, according to internal FBI investigative files.

"After years as one of the targets of LaRouche's verbal slings and arrows, Kissinger took unerring aim with an arrow of his own. He wrote FBI Director William H. Webster in 1982 asking for an investigation of his tormentor. . . .

"Over the years, LaRouche's followers had written and shouted accusations of personal and political misbehavior against Kissinger, sometimes confronting him in public. The charges ranged from drug smuggling to homosexuality. . . .

"A LaRouche spokesman who reviewed the FBI documents told my associate Tony Capaccio that their quarrel with Kissinger was about pol-

icy issues. 'We want Kissinger's political career to be over. . . .'

"The LaRouche spokesman . . . said of Kissinger's request for an FBI investigation, 'He got downright paranoid.'

"Kissinger refused to comment, but sources close to him said he was subjected to 'intense verbal and physical harassment' during the period when he asked for the FBI investigation. It has subsided considerably since, the sources said.

"Kissinger first wrote to Webster in August 1982—a 'Dear Bill' letter of thanks for forwarding a LaRouche flyer that assailed Kissinger.

"The following month, Webster wrote to Kissinger's attorney: 'I certainly can understand Dr. Kissinger's concern over the persistence which these individuals have displayed in their campaign against him.'

" . . . Kissinger wrote again to Webster in November 1982, asking for an investigation. Within a month, he was informed that the Justice Department could find no actions alleged by Kissinger that violated civil rights laws. . . .

"The FBI files show that Webster wrote a memo to another bureau official about another angle. 'The question was raised whether the U.S. Labor Party [a LaRouche organization—Anderson] might be funded by hostile intelligence agencies,' he wrote. 'Can you give me an update . . . on this matter?' . . .

"The FBI finally gave up in late 1983. It found no prosecutable offenses and closed its investigation."

'Drug smuggling and homosexuality'

Kissinger Watch begs to differ with Anderson's account on only one particular: matters have certainly not "subsided."

It is through a certain nasty Texas oligarchical crew around the Savoy-dynasty-connected di Portanova family that Kissinger intrudes himself into the Mexico-based jet-set crowd in Acapulco, taking the investigator into the darkest, infernal reaches of today's drug-trafficking and sex-perversity rings. More will surface in this regard in the not-too-distant future, especially given the near-implication of Kissinger's former security director in Mexico in the murder of anti-drug fighter Camarena in March.

On March 11, following a Houston speech, Kissinger started screaming, "That's LaRouche! That's LaRouche!" in response to a questioner who had asked about the possibility that his name might emerge in the ongoing Treholt espionage trial in Norway.

The Treholt investigations in Norway are uncovering much on how the Soviet intelligence services recruit and maintain control over agents in the West. Since the late 1940s/early 1950s, the Soviets developed what is known as the "Homintern," a network of blackmailed individuals whose homosexual activities give the Soviets effective control over them. Kissinger, as 1982 revelations in the Italian press documented, is one of the prize catches in the Homintern network.

Since the 1960s, the Soviets have also amassed a giant capability in the international narcotics trade and the flows of dirty-money associated with that trade. Kissinger Associates, Inc. is part of that Soviet-KGB dirty-money and drugs network. As the strings on that story unravel, Kissinger's apparent meteoric financial rise will become a meteoric fall.

As to the "ordeals" and "torments" this implies for Henry Kissinger, we suggest the reader bone up on the appropriate cantos of Dante Alighieri's *Inferno*.

Senate declares trade war on Japan

The U.S. Senate is becoming a forum for bloodthirsty calls for trade war. On March 28, the body voted 92-0 in favor of a resolution calling on President Reagan to retaliate against Japan unless it opens its markets to U.S.-produced goods. Sen. Max Baucus (D-Mont.) put it this way: "If Japan doesn't realize that we too are willing to engage in a trade war, then they don't know what war is."

Sen. John Danforth (R-Mo.), one of the resolution's chief sponsors, stated that the measure "is not a message to the Japanese. Rather it is to establish a policy in international trade—that \$37 billion [the U.S. trade deficit with Japan] is too much . . . and that if we don't get [equal treatment], we'll act in a retaliatory way."

Danforth also blasted the Reagan administration's trade policy as a "failure." "The administration has taken a basic position in international trade that our market is going to be open no matter what."

Although the resolution is non-binding, it reflects the growing sentiment in Congress for punitive action against Japan and other major exporting countries with which the U.S. does business.

Other anti-Japanese measures are either under consideration by Congress, or soon will be. Finance Committee Chairman Bob Packwood (R-Ore.) has disclosed that his panel would consider legislation in early April to restrict Japanese imports. He vowed he would go forward with the bill, even if Japan were to ease its restrictions against U.S. imports. "No matter what Japan does, it's too late," Packwood said. "The rubber band has snapped and broken." He predicted

that both the House and the Senate would pass retaliatory measures against Japan this year.

Two such bills were introduced into the Senate March 27. One, by Trilateral Commission member Sen. John Heinz (R.-Pa.), would impose a 20% tariff surcharge solely on Japanese goods.

New tactic against SDI: Test Ban Treaty

A group of congressmen known for their pro-Soviet views has launched a campaign to get the United States to sign a Comprehensive Test Ban Treaty (CTBT) with the Soviet Union.

Leading the effort is Rep. Jim Leach (R-Iowa), who regularly takes part in Soviet-U.S. parliamentary exchange programs, including the mid-March visit to Washington of Soviet officials led by Politburo member Vladimir Shcherbitskii.

Leach told a Brookings Institution seminar on arms control March 27 that he has "a great degree of optimism that, in the near future, we will see progress" on CTBT. Leach revealed that he has been holding discussions on the issue with administration officials, who have given him assurances that there is strong support within certain strata of the administration for movement on a test-ban accord.

Such an accord would severely hamper the scope and success of the American Strategic Defense Initiative (SDI). Because it would limit all nuclear explosions in space, a comprehensive test ban would rule out the testing and deployment of the nuclear-propagated x-ray laser (one of the most promising defensive technologies now being developed in U.S. labs), nuclear-powered spacecraft, etc.

Leach took potshots at the SDI in his Brookings presentation: "The implications that there is a defense against nuclear weapons is one of the great myths of our time. If we can't protect our borders from millions of illegal immigrants, we certainly can't defend them against someone carrying a nuclear bomb in a suitcase."

Earlier this year, Leach, together with Iowa Democrat Berkley Bedell, introduced a resolution in the House calling on President Reagan to submit two nuclear testing treaties for Senate ratification and to restart CTBT negotiations. Leach has subsequently recruited some important sponsors for the measure, including House Foreign Affairs Committee chairman Dante Fascell (D-Fla.) and House Intelligence Committee head Lee Hamilton (D-Ind.).

According to a Foreign Affairs Committee staffer assigned to marshal the legislation through, the House is expected to take "quick action" on the bill, which is basically the same as a measure passed by the Senate last year.

The staffer confirmed Leach's remarks about administration officials' support for the resolution: "I can't tell you who they are," he said, but they're in State, ACDA [Arms Control and Disarmament Administration], and a few in Defense."

The committee has already held one set of hearings on the bill, and plans at least one more in April or May.

The CTBT has been taken up as a *cause célèbre* by the arms-control mafia and the peaceniks. A coalition of over 100 groups around the world, including the Washington-based Center for Defense Information, the Women's International League for Peace and Freedom, Greenpeace, International Physicians for the Prevention of

Nuclear War, Tokyo's Niwano Peace Foundation and the Dutch Interchurch Peace Council, has launched an international campaign for a comprehensive test ban. Centrally coordinated by CDI, the coalition has mounted a petition drive in more than 18 countries and set dates for local and international "actions."

On January 30, at the same time that Leach introduced his resolution, the CDI held a conference in New York on the CTBT, which drew representatives from 32 United Nations missions and 80 national groups. The Soviet Union sent a message supporting a comprehensive test ban; the United States sent one opposing it.

Congressmen push heroin legalization

Rep. Henry Waxman (D-Calif.) introduced legislation March 19 to legalize heroin use for cancer patients. Co-sponsored by approximately 20 other congressmen, including Bill Hughes (R-N.J.), Ted Weiss (D-N.Y.), and Mel Levine (D-Calif.), the Compassionate Pain Relief Act (HR 1597) requires the Secretary of Health and Human Services to establish a four-year research program through which heroin would be made available for terminally ill cancer sufferers.

A similar bill, also sponsored by Waxman, was defeated by Congress last year. Spokesman for the congressman contend that the climate this year on the Hill is far more favorable for passage.

Waxman has been one of the prime movers behind the campaign to limit health care costs through such methods as health-maintenance organizations (HMOs) and hospices. These scams do reduce costs—by reducing

the quantity and quality of medical treatment.

Despite the propaganda campaign which is contending that heroin is the only drug capable of relieving intractable pain for victims of certain kinds of cancer, knowledgeable medical authorities have demonstrated that heroin actually decreases the life-span of patients who use it.

Although Waxman et al. argue that their measure would not legalize heroin, the fact remains that the pro-drug lobby has long supported efforts to make heroin available for medical use as a step in the direction toward total decriminalization.

Committee takes up budget for the SDI

The first key formal congressional action on the Strategic Defense Initiative occurred March 28, when the Senate Armed Services Subcommittee on Strategic and Theater Nuclear Forces began markup on the SDI and MX segments of the FY1986 Pentagon spending request.

The subcommittee has not yet publicly disclosed what action it took, but reliable sources report that it cut significant chunks out of both programs.

Tidbits from the Moscow circuit

House Speaker Tip O'Neill is heading off to Moscow for a round of meetings with Soviet officials. His office has so far refused to provide details of his itinerary. . . . Another recent Kremlin guest, Sen. Gary Hart (D-Colo.),

held meetings in late March with a delegation of Second International representatives headed by Finnish Prime Minister Sorsa. Sorsa detoured to Washington after meetings with top Soviet leaders. . . . Werner Brandt, aide to Rep. Tom Foley (D-Wash.) is the organizer of a Washington, D.C. forum on "Anti-Americanism in Germany," sponsored by the Friedrich Ebert Foundation, a think tank close to the German Social Democratic Party. Brandt was also an organizer for the U.S. tour of Soviet Politburo member Vladimir Shcherbitskii.

Senate panel blocks aid to Nicaraguan 'contras'

In a surprise move, the Senate Foreign Relations Committee voted 9-8 on March 28 to prohibit the use of foreign assistance funds for the Nicaraguan "contras."

The vote came on an amendment, sponsored by Sen. Claiborne Pell (D-R.I.), to the administration's \$12.8 billion foreign aid request. Pell said the amendment would not prevent the administration from asking Congress for covert aid to the rebels, which would be funneled through the CIA.

"Our concern," he said, "was that the administration might try to use foreign-aid funds to get around the existent prohibition on aid to the contras."

The amendment would prevent the United States from entering into "any agreement or understanding" under which a recipient of U.S. military aid or economic assistance provides aid to the contras. A related amendment by Sen. Christopher Dodd (D-Conn.), which would have prohibited U.S. foreign aid to any country giving aid to the rebels, was defeated.

Carter brings Soviets to his own arms talks

Jimmy Carter, the Trilateral Commission spinoff foisted on the White House for four years, invited Soviet ambassador to the U.S. Anatolii F. Dobrynin to a conference on "Consultation on International Security and Arms Control" at Emory University, Atlanta in April, the *Atlanta Journal* reported March 27. Dobrynin will attend.

Gerald Ford is co-sponsoring the conference, which will focus on technological developments and the President's Strategic Defense Initiative (SDI). U.S. representatives will include the pillars of the Mutual and Assured Destruction (MAD) policy which President Reagan has thrown out in favor of the SDI, including Henry Kissinger and Cyrus Vance, Carter administration officials Harold Brown, Zbigniew Brzezinski, and James Schlesinger, and Sen. Sam Nunn (D-Ga.), who is demanding that the U.S. slash its troop strength in Germany.

Delegations will also come from Britain, Japan, West Germany, and South Korea, to the April 9-13 conference, the Carter Center at Emory University has announced. The British delegation is headed by John F. Howe, director of the arms control unit of Great Britain's defense ministry and an opponent of President Reagan's Strategic Defense Initiative. Kinya Niiseki of Japan, former ambassador to the Soviet Union and now chairman of Japan's Institute of International Affairs, will also come.

Carter has said the goal of the conference is to "assess in great depth the interrelationship between the two superpowers, with an emphasis on how we might provide information or advice for the further alleviation of tension." In addition to the SDI, the conference will also discuss regional conflicts and nuclear proliferation, diplomatic relations between the two nations, and prospects for the future.

Reagan administration officials attending include National Security Adviser Robert MacFarlane, chairman of the Joint Chiefs of Staff John Vessey, and Navy Secretary John Lehman.

Other Soviet attendees are physicist E. P. Velikhov, head of Soviet beam-defense research, S. P. Tarasenko of the Soviet foreign ministry and Lt.-Gen. K. S. Mikhailov.

Kissinger: Too early to judge Gorbachov

Henry Kissinger slipped into Chicago the night of March 27 to address a dinner meeting of Refco, a Chicago-based futures trading firm with offices in over 100 cities worldwide. A small article buried on page 72 of the next day's *Chicago Sun-Times* let out that Dr. K. thinks that it is "too early to make a judgment. We ought to be a little calmer about this Soviet leadership until it does something."

But of the March 26 announcement that the Soviets had murdered Maj. Arthur Nicholson in East Germany, Kissinger stated, "There's not much we could do about it. This sort of legalized espionage is going on, on both sides. We have to know the circumstances."

Kissinger also pronounced that "a summit meeting between Reagan and Gorbachov would be a waste of time. On the Middle East, he said, "some kind of peace is possible" but "a comprehensive peace can't be negotiated at the moment." The international debt crisis, Kissinger said, is "being papered over from one year to the next." Until the economies of the big South American debtors resume steady growth, their repayment of interest on billions owed U.S. banks will remain an unsolved problem, he said.

Can't win war on drugs, Mullen claims

Outgoing Drug Enforcement Administration (DEA) director Frances Mullen told a breakfast meeting of the Capitol Speakers Bureau in Washington March 28 that recent years' efforts to stop the drug epidemic have

been successful, especially in a situation in which, he said, the war on drugs can "never be completely won." He was critical of what he called "doomsayers," claiming that there are only 20 million marijuana users, 4.5 million cocaine users, and 500,000 heroin users in the United States—and contrasting these figures to the 100 million alcohol consumers and 62 million cigarette smokers in the country.

Mullen failed to mention recent exposés of the Bank of Boston and 41 other banks under official investigation for laundering billions of dollars of drug monies. The success of recent years' efforts against drugs, he said, is measured by the 32% rise in the prison population in four years as the direct result of joint DEA/FBI operations.

Denying the importance of what could be war-winning technologies such as radar and electronic detection equipment, Mullen said: "The tens of millions of dollars that would have to be spent on such exotic technology could be better put to use on hiring more agents, in education of the public and in building more prisons."

When challenged by an *EIR* correspondent, who documented for the 100-person audience Mullen's links to convicted drug racketeer Victor Leta in New Orleans, and the "suspicious circumstances" surrounding the murder of DEA agent Enrique Camarena in Mexico, Mullens launched into a lengthy defense against all charges levied against him in recent *EIR* exposés—confirming all details, but insisting that just because his personal loan officer was a convicted drug pusher, doesn't mean he had anything to do with it.

Kissinger crowd moves in on Africa policy

Lawrence Eagleburger, president of Kissinger Associates, is heading up a project on the African economy launched Dec. 26, 1984 by the Council on Foreign Relations and the Overseas Development Council, *EIR* has learned. The organization, the Committee on African Development Strategies, is

stressing "population control," "appropriate technologies," and "long-term development," the keystones of the Carter administration's Global 2000 policy, which demands the reduction of the world's population by 2 billion people. The Committee will hold a conference in Bellagio, Italy, in mid-May to hammer out final recommendations.

Committee leaders reportedly meet on an almost daily basis with representatives of the Ford, Rockefeller, and Carnegie Foundations, its biggest funders. Co-directors are Eagleburger and Donald McHenry, former U.N. Ambassador Andy Young's adjutant. McHenry is now on the staff of Georgetown University.

Board members include Edward Jaycox of the World Bank and Continental Grain's Paul Fribourg. Robert Hormats of Goldman, Sachs, Peter McPherson of AID, and the Council on Foreign Relations' Winston Lord are also featured. Mickey Leland (D-Tex.), the Schlumberger interests representative in the U.S. Congress; Benjamin Hooks of the NAACP; and Randall Robinson, head of the ADL-Jesse Jackson-dominated TransAfrica Institute are participating. The TransAfrica Institute, which has been coordinating the "anti-apartheid" movement, one of the organizations implicated in counterorganizing against the Schiller Institute's Jan. 15 Washington demonstration for the development of Africa.

U.S. infant mortality still too high

Health and Human Services Secretary Margaret Heckler told a press conference March 22 that the United States has not been successful in significantly lowering infant death rates, especially among blacks. This is the first time since the Surgeon General announced in 1981 administration goals to lower infant mortality rates by 1990, that the government has acknowledged that the goals are not being met.

Infant mortality rates—though at a record low—declined more slowly than anticipated over the past two years, and the death rate among black infants remains twice as

high as that for white infants, Heckler said. The national infant mortality rate fell to 10.9 deaths per 1,000 live births in 1983, and to about 10.6 in 1984.

Heckler contended, however, that the United States will succeed in meeting the Surgeon General's goal of 9 deaths per 1,000 by 1990. However, it will be "more difficult to achieve" the goal of 12 deaths per 1,000 among minority infants, Heckler admitted. In 1982, the latest year for which such data is available, black infant mortality was 19.6 deaths per 1,000 live births.

Kirkland: Democrats don't deliver

AFL-CIO head Lane Kirkland diagnosed the recent disastrous course of the Democratic Party as due to its breakdown as a "viable delivery system" for money and infrastructure for Party candidates. Kirkland was speaking in an interview to the *Washington Post* March 24.

Kirkland and his lieutenant Thomas R. Donahue were launching a 50-state tour for the next six months, avowedly aimed at reaching "grass-roots" union members to discuss how to revitalize the labor movement. Kirkland forced the AFL-CIO to endorse the disastrous candidacy of Walter Mondale months before the Democratic Party convention.

Kirkland also denounced the proliferation of presidential primaries for "creating an extraordinary ordeal for candidates, because they consume a very large amount of money, energy, and time. Changes in party rules in 1982 reduced the number of primaries and gave party officials more delegate positions at national conventions.

Kirkland claimed that chances are "very good" that the AFL-CIO will seriously consider another early endorsement.

Kirkland also denounced the multiple "official caucuses" of the Democratic Party, which "drain the resources but don't put resources in." These caucuses are the black, Hispanic, women's, lesbian-gay, Asian-Pacific, business and professional, and liberal-progressive caucuses.

Briefly

● **MARVIN DAVIS**, the Denver-based oil magnate who owns 50% of Hollywood's 20th Century Fox, is advising people throughout the Southwest to get out of the dollar and into the pound.

● **ARTHUR BURNS**, outgoing U.S. ambassador to West Germany, got the Anti-Defamation League's Joseph Prize for Human Rights March 27, at a ceremony at the U.S. Federal Reserve headquarters in Washington, D.C. Mob-linked ADL lawyer Kenneth Bialkin and Secretary of State George Shultz were among the 300 guests in attendance for the occasion.

● **CIA DIRECTOR** William Casey was among the 5,000 officials at the Pentagon in Washington, D.C. who received a copy of *EIR*'s announcement of its April 3 seminar on the fraudulent "economic recovery." The announcement also described the forthcoming *EIR* Quarterly Economic Report, which debunks the recovery fraud.

● **RONALD REAGAN** named a 14-member commission to "devise an aggressive civilian space agenda to carry America into the 21st century" March 29. The commission will "look beyond short-term steps to develop long-term goals for our national space enterprise," Reagan said.

● **DR. MORTON KAPLAN** of the University of Chicago, former chairman of Rev. Sun Myung Moon's International Conference on the Unity of the Sciences (ICUS), and now with Professors World Peace Academy (PWPA), recently co-hosted a seminar with Georgeii Arbatov's U.S.A. and Canada Institute at the U.N. to propose a "new disarmament approach." The seminar advocated withdrawal of all U.S. troops to the continental United States, in exchange for which the Soviets would consider withdrawing troops to the Urals.

Editorial

On the trail of Dope, Inc.

When *EIR*'s editors first came out with *Dope, Inc.* in 1978, there was no end of outrage about the book's accusation that leading financial circles were involved in the drug trade. Now, six years later, the story is all over the front pages of the weekly news magazines!

Dope, Inc.'s basic argument was simple: it was impossible for the more than \$200 billion of the dope trade to be carried out without the complicity of the leading world financial institutions. Hence, any competent investigators must begin by looking at the leading international bankers, particularly those with close relations with the British Empire. After all, the British Empire was on record as making a major portion of its income through the dope trade up until an international anti-drug treaty was signed in the 1920s, and there have been no visible signs of change from that pattern.

The investigators at *EIR*, of course, had no access to the kind of government resources which would be necessary to document just which banks were laundering how much drug money. We had to wait until the government of the United States, or others, decided to take up the fight.

The first indication that a government agency would move was in New York State in 1978, when the state banking superintendent, Muriel Siebert, initiated a thorough investigation of Hongkong and Shanghai, when that bank moved in to take over Marine Midland of New York. After a bloody battle, which brought international publicity, and then a heavy-handed intervention by Federal Reserve Chairman Paul Volcker, Hongkong and Shanghai finally got its license.

But now, with President Reagan's war on drugs, the momentum is shifting. The spotlight for drug-running has turned to the major, internationally connected U.S. banks. At least 41 are now under investigation by the enforcement division of the U.S. Treasury. The investigation is moving inexorably toward the banks named by *Dope, Inc.*

This fact should be beginning to be clear even to those who thought they would always be above suspicion. For example, it was in 1982 that *EIR* identified

two bordertown Texas banks involved in organizing capital flight from Mexico as drug banks. Today, they have been caught!

Then there is the case of the Bank of Boston, one of the preeminent banks which *EIR* also exposed in 1982 as involved in such criminal activity. As the reader knows, the Bank of Boston is currently at the very center of the Reagan administration's assault on the "legalized crime" of drug money laundering.

Nor should we overlook the case of the casinos, which *EIR* identified in *Dope, Inc.* as one of the major means of laundering dirty money—along with other high-cash-volume activities such as parking lots and race tracks. It was just a few weeks ago that casino interests in Atlantic City were put through the wringer for their ties to organized crime and drug running—an investigation which resulted in the rejection of licensing for Hilton Hotels, and almost decertified the notorious Resorts International.

Now, the federal government has announced that it is going to be expanding its regulations on reporting cash deposits and withdrawals—one of the chief means of catching drug money laundering by the banks—to casinos. One can expect that the rash of disclosures now coming out on the banks will soon be followed by similar "news" on the casinos as well.

Slowly, but surely, justice is being done.

But we propose a speedup in the procedure. Special reporting on cash transactions should not be limited to banks and casinos, but should be expanded to insurance companies, private banking and brokering companies, and credit card companies such as Amex. All those financial institutions with close working relationships to known drug money launderers—Crédit Suisse, Bank of Boston, Swiss Banking Corp., and other leading dirty money institutions—should be forced to carry out special reporting.

Perhaps this way, the approximately \$2 trillion in dirty money now floating through the U.S. banking system can be confiscated and put to moral use—before the drug bankers destroy us all.

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