

EIR

Executive Intelligence Review

January 12, 1982

\$10.00

Schmidt's economic warning to Reagan
The Jesuit architects of Basque terrorism
Why has the U.S. made genocide respectable?

**LaRouche presents four steps
to halt the 1982 depression**



EIR

Executive Intelligence Review

Special Reports

The special reports listed below, prepared by the EIR staff, are now available.

- 1. Prospects for Instability in the Arabian Gulf**
A comprehensive review of the danger of instability in Saudi Arabia in the coming period. Includes analysis of the Saudi military forces, and the influence of left-wing forces, and pro-Khomeini networks in the country. \$250.
- 2. Energy and Economy: Mexico in the Year 2000**
A development program for Mexico compiled jointly by Mexican and American scientists. Concludes Mexico can grow at 12 percent annually for the next decade, creating a \$100 billion capital-goods export market for the United States. Detailed analysis of key economic sectors; ideal for planning and marketing purposes. \$250.
- 3. Who Controls Environmentalism**
A history and detailed grid of the environmentalist movement in the United States. Analyzes sources of funding, political command structure, and future plans. \$50.
- 4. Prospects for Instability in Nigeria**
A full analysis of Nigeria's economic development program from a political standpoint. Includes review of federal-state regulations, analysis of major regional power blocs, and the environment for foreign investors. \$250.
- 5. The Significance of the Shakeup at Pemex**
EIR correctly forecast the political troubles of former Pemex director Jorge Díaz Serrano, and this report provides the full story of the recent shakeup at Pemex. Includes profile of new Pemex director Julio Rodolfo Moctezuma Cid, implications of the Pemex shakeup for the upcoming presidential race, and consequences for Mexico's energy policy. \$200.
- 6. What is the Trilateral Commission?**
The most complete analysis of the background, origins, and goals of this much-talked-about organization. Demonstrates the role of the commission in the Carter administration's Global 2000 report on mass population reduction; in the P-2 scandal that collapsed the Italian government this year; and in the Federal Reserve's high interest-rate policy. Includes complete membership list. \$100.
- 7. Near-Term Prospects for Gold Price Increase**
A political guide to the reasons for the recent decline in the price of gold, and likely price movements in the future. Includes analysis of control over international private gold stocks, ongoing efforts to corner the market, and review of scenarios now in circulation for remonetizing gold. \$500.

EIR

EXECUTIVE INTELLIGENCE REVIEW

I would like to receive these EIR Special Reports:

Order Number(s) _____

Bill me for \$ _____ Enclosed is \$ _____

Please charge to my VISA Master Charge

Card No. _____

Signature _____ Exp. Date _____

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Telephone (_____) _____
area code

Make checks payable to:

Executive Intelligence Review, Dept. MC-1, 304 West 58th Street, 5th floor, New York, N.Y. 10019 (212) 247-8820.

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor-in-chief: *Criton Zoakos*

Editors: *Nora Hamerman,*

Robyn Quijano

Managing Editor: *Susan Johnson*

Art Director: *Martha Zoller*

Contributing Editors: *Uwe Parpart,*

Christopher White, Nancy Spannaus

Special Services: *Peter Ennis*

INTELLIGENCE DIRECTORS:

Africa: *Douglas DeGroot*

Agriculture: *Susan B. Cohen*

Asia: *Daniel Sneider*

Counterintelligence: *Jeffrey Steinberg*

Economics: *David Goldman*

European Economics: *Laurent
Murawiec*

Energy: *William Engdahl*

Europe: *Vivian Freyre Zoakos*

Latin America: *Dennis Small*

Law: *Edward Spannaus*

Middle East: *Robert Dreyfuss*

Military Strategy: *Steven Bardwell*

Science and Technology:

Marsha Freeman

Soviet Sector: *Rachel Douglas*

United States: *Graham Lowry*

INTERNATIONAL BUREAUS:

Bogota: *Carlos Cota Meza*

Bonn: *George Gregory, Rainer Apel*

Chicago: *Paul Greenberg*

Copenhagen: *Vincent Robson*

Houston: *Harley Schlanger,*

Nicholas F. Benton

Los Angeles: *Theodore Andromidas*

Mexico City: *Josefina Menendez*

Milan: *Stefania Sacchi, Marco Fanini*

Monterrey: *M. Luisa de Castro*

New Delhi: *Paul Zykofsky*

Paris: *Katherine Kanter,*

Sophie Tanapura

Rome: *Leonardo Servadio*

Stockholm: *Clifford Gaddy*

United Nations: *Nancy Coker*

Washington D.C.: *Richard Cohen,*

Laura Chasen, Susan Kokinda

Wiesbaden: *Philip Golub, Mary Lalevée,*

Thierry Lalevée, Barbara Spahn

Executive Intelligence Review

(ISSN 0273-6314)

*is published weekly (50 issues) except for the second
week of July and first week of January by
New Solidarity International Press Service
304 W. 58th Street, New York, N. Y. 10019.*

In Europe: Executive Intelligence Review,

Nachrichten Agentur GmbH,

Postfach 2308, D. 6200 Wiesbaden Tel: 30-70-35

Executive Directors: Anno Hellenbroich,

Michael Liebig

In Mexico: EIR,

Francisco Díaz Covarrubias 54 A-3

Colonia San Rafael, Mexico DF. Tel: 592-0424.

Japan subscription sales:

O.T.O. Research Corporation

Takeuchi Bldg.

1-34-12 Takatanobaba

Shinjuku-Ku, Tokyo 160

Tel: (03) 208-7821

Copyright © 1981 New Solidarity
International Press Service

All rights reserved. Reproduction in whole or
in part without permission strictly prohibited.

Second-class postage paid at New York,
New York and at additional mailing offices.

Subscription by mail for the U.S.:

3 months—\$125, 6 months—\$225,

1 year—\$396, Single issue—\$10

Academic library rate: \$245 per year

EIR

From the Managing Editor

Nineteen eighty-two is the year that will witness whether the U.S. economy reaches a financial and physical "point of no return," or whether an informed and aroused citizenry will take responsibility for reversing depression conditions.

In this issue, we present three statements by *EIR* founder Lyndon H. LaRouche to that end: an outline of the policy measures required; an urgent reminder that Americans are at this moment allowing mass murder to proceed globally, having left strategic decisions to a pathetic but genocide-minded gaggle of would-be patricians; and, in the final part of his series of articles on systems analysis, a specification of the scientific basis of adequate economic theory.

Credit, as Mr. LaRouche has often commented, is simply a means to an end, a subordinate artifact for the purpose of mediating technological and educational progress. To allow the Federal Reserve to determine what may and may not be produced, instead of making credit volume and flows a function of the needs of increasing productivity, is an insane dictatorship from which we must rid ourselves in 1982 with all due joy and urgency.

Susan Johnson

EIR Contents

Departments

11 Science & Technology

NASA vs. Stockman: the XV-15 potential.

12 Interview

Jean-Claude Martini, a leading Paris gold trader.

16 Energy Insider

A plan to dismantle energy.

35 Interview

Akbar Ehemad, former chief of Iran's nuclear power program.

42 Middle East Report

Menachem Begin's calculations.

43 Dateline Mexico

An end-of-the-year economic package.

Economics

4 Four steps to get out of the new depression

By Lyndon H. LaRouche, Jr.

6 Paul Volcker unveils his warfare agenda for 1982

8 Mitterrand's economic policies: galloping toward a disaster

10 Currency Rates

14 Foreign Exchange

Rollercoaster for the dollar.

15 Banking

Paul Volcker to the rescue.

17 World Trade

18 Business Briefs

Many of you are continuing to receive telephone solicitation from an unsavory group operating out of Detroit which were formerly distributors of *EIR*. These people are seeking subscriptions to a newsletter called Producers & Investors, and in some cases they are soliciting business investments of a questionable nature.

In many cases these people are representing themselves as *EIR*, or are telling you that they have purchased *EIR*'s subscription list. This is a lie. These people have no affiliation whatsoever with *EIR* or with *EIR*'s founder Lyndon LaRouche. They have in fact abandoned the principles

for which Lyndon LaRouche and this publication stand, and have thrown in their lot with the evil forces of Dope, Inc. and the Global 2000 genocide lobby.

The Detroit group operates under the name of Inform America, Inc. If you are contacted by this group and you are asked to subscribe to Producers & Investors, Parity Newsletter, American Labor Beacon, or to invest money in businesses such as Renaissance Printing or Computype, please advise us immediately. And do not allow any charges for *EIR* to be made payable to Inform America or any Detroit-based entity.

Special Report



EIR founder Lyndon H. LaRouche, Jr. addressing the New York conference of the International Caucus of Labor Committees on Dec. 31, 1981. Philip Ulanowsky/NSIPS

20 Systems analysis is white-collar genocide

Part Three of LaRouche's dissection of econometric fraud turns to the geometric and philosophical principles underlying an economic approach that corresponds to the scientific laws of the universe. Future *EIR* contributions on this subject will include Economics Editor David Goldman's history of "statistical" economics from William Petty to the Wharton School.

International

28 Economic dangers worst, Schmidt warns Reagan

An analysis of the U.S.-West German summit in Washington, the extraordinary press climate surrounding it, and the potential Reagan administration shifts in the aftermath.

Documentation: Excerpts from U.S. press commentary, from a Schmidt interview, and from the official communiqué.

32 Drug overlords tied to the Dozier case?

The Mafia, Red Brigades, and NATO angles.

34 The fight for nuclear technology imports

A report on an international conference in Mexico.

38 ETA: a case study in the Jesuit control of terrorism

Part One of an historical exposé.

44 International Intelligence

National

46 Why genocide is now respectable in the U.S.

Selections from Mr. LaRouche's Dec. 31 speech to the ICLC conference.

52 AAAS meeting backs Global 2000 premises

The American Association for the Advancement of Science conference in Washington, D.C.

54 Pratt decision aimed to throw Senate vote

Last month's federal court ruling against Sen. Harrison Williams's due-process motions in the Abscam case.

55 Sheridan's operations against Teamsters

The third and final part of *EIR*'s dossier.

58 Princeton and the Chris Schmid case

Former Attorney General Nicholas Katzenbach, in a Supreme Court case which has drawn wide attention, argues that Princeton University has unlimited rights to hire terrorist supporters and exclude their critics, like the ICLC's Schmid.

62 National News

64 Civilian laser fusion slated for scrap heap

Fiscal austerity threatens an essential program.

Four steps to get out of the new depression

by Lyndon H. LaRouche, Jr.

The following statement was issued Jan. 5 by the National Democratic Policy Committee, a U.S. political action committee, whose advisory board Mr. LaRouche chairs.

The simple fact is, about October 1981, the U.S. economy slid into the first phases of an actual depression. A lot of people share the blame for this depression: President Jimmy Carter, who started it back in October 1979; Federal Reserve Chairman Paul A. Volcker, who has directed the collapse; California banker Charles T. Manatt, who mobilized the Democratic National Committee in defense of Volcker; the mis-advisers of President Ronald Reagan, who have engineered a budget deficit in the range of \$150 billion; and a very great number of other persons, who rejected foolishly what have proven to be this writer's precisely accurate predictions of the results of foolish "tight-money" policies.

The practical question is not, who is to blame? The practical question is, can we get ourselves out of it? There are four basic, emergency actions which must be taken immediately. Otherwise, without these steps, the present depression will become worse than that of the 1930s. If these four steps are taken, the United States—and the world, generally—can move rather quickly out of this depression, back toward general prosperity.

It is not necessary for you, as a citizen, to accept my proposal. You have the right to reject my analysis: you have the free will right to starve.

Step one: monetary action

The first step is to supply low-interest credit to essential goods-producing industries and farms. The federal government has the power to monetize U.S. gold reserves at a price of about \$500 an ounce, using

gold to defend the dollar internationally, and to bring our allies into a new gold-reserve system, to replace the bankrupt International Monetary Fund and hyperinflationary offshore, unregulated financial system.

The Congress has the power to issue gold-reserve-denominated U.S. currency notes. These notes should not be used for government spending, but for government lending. They should be lent through the private banking system to farms, industries, and for transportation improvements, at interest rates not in excess of 4 percent charged by the government.

Through lending of such notes as from 10 percent to 50 percent or higher of the total lending by private banks to farms, industries, and other selected categories, the basic goods-producing capacity of the United States can be saved from waves of bankruptcies. A large portion of the unemployed can be automatically reemployed, and the federal, state, and local tax-revenue base can be expanded.

That is the basic solution to our problems. There is no alternative solution in sight.

Step two: nuclear energy

The domestic U.S. economy requires two basic stimulants, to stimulate goods-producing employment and investment. The first of these is nuclear-energy construction.

Nuclear is the safest, cleanest, and cheapest form of energy available. Since it is the cheapest, using nuclear energy instead of more costly forms of industrial process-heat and electricity means an increase in the productivity and competitiveness of the U.S. economy as a whole. It means a very large saving in the present costs of production.

We need immediately, the construction of over 100 billion watts of nuclear electricity-producing capacity completed between now and about 1986-87, plus an additional 50 billion watts completed by about 1990. This will not cost us a penny, since this energy will represent a major saving to the economy. It is a cost-reduction, productivity-increasing investment.

This will create a level of about two and a half million work-places in the private sector. This increase will come partially in the form of putting skilled production trades back to work. The largest increase will come in steel and other industries which supply construction materials for nuclear investments.

This will also stimulate investment in the most modern kinds of specialty-steel and other technologies, meaning that our Midwestern states' economies can be rescued from the economic disaster they are presently suffering.

The federal government must facilitate completion of nuclear investments in progress and planned to go. It must direct a flow of cheap credit into the construction phases of such projects, with private utilities taking financial responsibility for the completed plants.

Step three: water and transportation

Next to the danger of a crippling energy-shortage, the U.S. economy's most critical problems are shortages of fresh-water supplies and a broken-down transportation system. Since rivers, canals, and ports are a key part of the transportation complex, fresh-water management and transportation must be treated as an integrated single effort.

The biggest single chunk of the needed programs of fresh-water management is the long-projected effort to bring water from Canada and Alaska into the states west of the Mississippi and into the Great Lakes System. This is necessary to save large chunks of our nation's food supplies from threatened disaster. For the northeastern portion of the nation, the Delaware water project is urgently needed for even the simple household needs of the populations of New Jersey, eastern Pennsylvania, and lower New York State; this project will also improve the industrial potential of that region.

The United States also needs a rebuilding of a decrepit rail system, and requires a maritime fleet for both economic and national-security reasons.

The time has come to develop an integrated container system, and to design a compatible system of rail, truck, air, and water transportation about such adopted standards. We can increase our economic capacities and effect great saving in costs of goods through such improvements. The savings are chiefly two. We save on materials-handling costs throughout the economy, and reduce in-transport inventory-costs and related capital costs of production.

Improved transportation also means the ability to develop competitive goods-producing investments in the greatest range of geographic sections.

So, like nuclear-energy investment, investment in water-management and transportation improvements represents cost-saving as well as other forms of improvement for the economy as a whole. It also means that we use the advantage of such cost-savings to create substantial amounts of productive employment.

Step four: world trade and investment

If developing nations' debt-structures were reorganized in a sensible fashion, nations such as India, Brazil, and Mexico represent magnificent investments in modern goods-producing capacity through proper infusions of capital goods from industrialized nations. Between \$200 and \$400 billion annually in increased world-trade can be readily generated.

President Jimmy Carter's *Global 2000* proposal for worldwide genocide was not only a violation of the Nuremberg Code; it is also economic imbecility.

The great need of developing nations is for rapid infusions of modern agricultural technology—not consumer-goods industries. These nations require the local capital-goods industries and transportation systems needed to apply the American System so successful in our own experience to overcoming their own wants. These local industries must concentrate on the needs of agricultural development first, and gradually expand to meet the needs of urban life as the problems of low agricultural productivity are overcome.

This is the great market for capital goods of the industrialized nations over the coming 50 years. It is time we acted to make that market a reality.

Combined effects

The United States is probably spending more today on just two items—illegal drugs and pornography—than on national defense. It is spending far more on turning the nation into a new Sodom and Gomorrah than upon capital investments of the sort which make us productive and prosperous.

Our toleration of this immorality, this drift to becoming a new Sodom and Gomorrah, is key to our failure as a nation—both in terms of nominal leaders and the electorate—to find effective solutions to economic as well as national security and social problems.

The four steps outlined will not solve all of our important problems. They are merely four necessary steps which will point our nation's efforts in a positive and moral new direction, to give ourselves as a nation a sense of moral purpose, and to restore rationality—as opposed to the immorality of a Tom Hayden, to the nation and to the mass of wreckage presently known as the Democratic Party.

Paul Volcker unveils his warfare agenda for 1982



by Richard Freeman

After months of a steady, if slow and marginal, decline, Federal Reserve Board chairman Paul Volcker has sharply jerked the federal funds rate upward, setting a floor under all interest rates. While Volcker's action is unlikely to send interest rates soaring, as long as the economy is plunging into recession, what he is doing is preventing interest rates from following their natural path downward—forcing a tightness that will be felt throughout the economy.

By taking this action, Volcker, joined by allies in the Wall Street as well as academic economists, is putting into effect a program specially designed for the battered economy as it enters 1982: crushing the labor movement, attempting to force additional budget cuts and tax increases, and moving toward imposition of credit and wage-price controls.

In doing this, Volcker is carrying out the marching orders delivered him by the Bank for International Settlements, the central bank for central banks, and the headquarters for international finance for the European oligarchy. Jelle Zijlstra, the outgoing head of the BIS, in a major speech delivered during the International Monetary Fund meeting in Washington, D.C. in late September, called for the imposition of both credit and wage-price controls in order to implement a program of world deflationary austerity.

Credit-market manipulation

The suddenness with which Volcker moved startled many of the market participants. On Jan. 1, federal funds were trading in a range around 12.5 percent. By mid-afternoon Jan. 5, federal funds were up to 13.5 percent, a sharp increase when it is considered that federal funds had fallen from nearly 17 percent since September, a 4.5 percentage point drop. But this action had been well prepared for. Henry Kaufmann, the chief economist of Salomon Brothers investment bank, and, some would swear, the alter-ego of Volcker, released a yearly capital market review Jan. 4.

In this review, Kaufman stated that the task of funding a projected \$100 billion-plus federal government deficit in fiscal years 1982 and 1983 would cause "interest rates [to] start to trend irregularly upward again before mid-year," and that "long-term interest rates will probably be threatening their 1981 highs."

After making this dire prediction, Kaufman solemnly noted that, "high interest rates particularly hamper the financial rehabilitation of business corporations, and state and local governments." As for the housing industry, Kaufman said, "scarce credit means that the housing industry is at an end of an era."

The credit markets reacted to the combination of Volcker's moves and Kaufman's statements predictably: the long-term U.S. Treasury bond market fell by 4.5 points by mid-afternoon Jan. 5, and the Dow Jones industrial stock average shed more than 20 points by the end of Jan. 6.

With the credit markets thus foundering, Volcker and his underlings at the Fed unleashed an armamentarium of plans to further permanently transform the U.S. economy into a shrunken, depleted shell of its former self.

In this regard, much of what the Fed wants to see done was unveiled at the annual conference of the American Economics Association in Washington, D.C. Dec. 28-31. There the leading wizards and prostitutes of the American economics profession gathered.

AEA formulas

At the meeting, Anthony Solomon, the head of the New York Federal Reserve Bank, dropped a bombshell. Solomon, a member of the Fed's exclusive Open Market Committee, which sets Fed monetary policy, revealed in one of the AEA panel discussions that the Fed no longer feels competent to define what money is, nor what relationship money supply has to the actual amount of credit extended. While many of the conference participants scratched their heads, a Federal Reserve Board official explained Jan. 6 the devious issue.

"We are saying at the Fed that neither monetarism's management of the amount of money, nor setting the federal funds rate to set monetary policy, works. We are trying to focus people on a third way." The Fed spokesman would not specify what this third way is, although he said, "we are trying to get the financial community discussing this."

However, other statements make it clear that the Fed is duplicitously laying the ground-work for introducing a permanent form of credit controls, which would replace the episodic venture of credit controls that Volcker undertook in March through July 1980. (Even that form of credit controls sent industrial production falling by 9.0 percent during that period.)

Salomon's Henry Kaufman told the press Jan. 6 that a form of loose capital controls is needed. Often called the "Swiss method of credit rationing," this means that banks are assigned upper limits to lending based on their capital levels. Adding weight to this view is the fact that the Federal Reserve Board has released a new directive which is designed to "stop the rate of asset growth and eventually turn around the capital-to-asset ratio," by *reducing* banks' total loans, according to a Federal Reserve official interviewed Dec. 29. Although the guidelines do not specify a specific capital-to-assets ratio for large commercial banks, the Federal Reserve spokesman made clear that the intent is to reduce bank lending, period.

At the same time, various spokesmen at the AEA conference also renewed a pitch for a thinly disguised form of wage-price controls, called the Tax-based Incomes Program (TIP). As explained at the AEA conference by Charles Schultze, the former head of the Council of Economic Advisers under President Carter, the TIP program rewards employers who hold wages down with tax breaks, while increasing taxes for employers who give workers wages above a nationally set average level.

Implications of controls

Were both credit controls and wage-price controls to be simultaneously instituted, Volcker would have a tremendous amount of power to use against both labor and industry, and a capacity for wreaking havoc against the economy far greater than anything he has done so far. Already, through his high interest rates, Volcker has forced a rate of industrial collapse between July and November of 1981 of 15 percent on an annualized basis, the steepest level of decline since the 1929-32 period.

While it is known that President Reagan opposes both credit and wage-price controls on strict ideological grounds, and that the President's approval is necessary to institute either of these programs in full, Volcker is creating a situation in which the President will face

sheer chaos on the credit markets for the first six months of 1982.

Every attempt by the President to get the economy started again will be countermanded by the actions of Volcker. He will repeatedly harp on the problems of greater-than-\$100 billion federal budget deficits. At the very least, Volcker will get greater tax increases and steeper budget cuts, including cutting defense spending, from Reagan. The latter is a point that Reagan is known to oppose.

But it is possible, that with the right combination of disloyal advisers around Reagan, Volcker could succeed in blackmailing Reagan into a controls policy.

Plans for breaking labor

But this is not all. Volcker has his eyes firmly set on breaking labor unions, using his created depression to crush the contracts of the Teamsters, rubber, and auto workers, and many smaller labor contracts that come up in 1982. "Volcker has been saying, and writing in the Federal Open Market Committee minutes that he is using credit policy to affect labor contracts," stated Gert von der Linde, chief economist of Donaldson, Lufkin, Jenrette investment firm, on Jan. 6. "Look at what Volcker's policy has already done in the trucking industry," von der Linde continued. "The recession and the deregulation of trucking have put the Teamsters and the trucking industry in disarray. Truck haulage is down, and many Teamsters have lost their jobs. The Teamsters will have to make enormous concessions of work rules and give up concessions on wages." Von der Linde predicts that the Teamsters will get a three year contract with only 15 percent wage increase over 3 years, versus the 40 percent increase negotiated the last contract. He also pointed to the outright wage cuts that have been taken by the airlines industry, as well in selected cases in the rubber, steel, and auto industries.

This wage-gouging offensive will mean the elimination of one last obstacle—trade-union resistance—to Volcker's restructuring of the economy into a post-industrial economy, as well as cutting the earning power and labor productivity available to the economy. Initially, the Volcker move might appear smart to businessmen, who, deluged by devastating recession, but unwilling to take on Volcker, directly see wage gouging as a way out of their current cash squeeze.

But ultimately, such a sacrifice of the living standards of the labor movement will not appease Volcker, nor will it end inflation, which, in the 30 months he has been in office, is at the highest level in the last 35 years. Rather, this is one more part of the Volcker agenda, including, finally, wage-price and credit controls, in which the economy will be laid to rest permanently in 1982.

Mitterrand's economic policies: galloping toward a disaster

by Laurent Murawiec, European Economics Editor

The Socialist government of French President François Mitterrand has lost no time in squandering the reserves accumulated under preceding administrations, both in the state's own vaults, and in the corporate sector. This will give way to panicky re-evaluations of policy, due to external and internal disasters, by September.

Former President Giscard's 1981 budget deficit was a very low 31 billion francs; 1982 projections calculated by Mitterrand's Budget Minister Laurent Fabius call for a 75 billion franc deficit, and the fiscal 1983 budget is being planned on the basis of a deficit as high as 150 billion. This trebling of the deficit is calculated by the Minister's experts on the basis of a 14.3 percent rate of annual inflation, although the 1982 figure is expected to be closer to 20 percent.

Spending the dowry

Thus far, the Socialist government has succeeded in keeping a substantial part of the electorate happy, by means of budgetary handouts, pressure exerted on industrialists to increase wages, and so forth. A vast number of government ministries have been given a go-ahead by both the Elysée and the Prime Minister's office to push forward costly pet projects, each of which, such as the national machine-tool restructuring plan of Industry Minister Pierre Dreyfus, may have independent merit, but whose total cost exceeds by far the state budget's funding capabilities.

The reason why these projects do not add up to a genuine industrial-development plan is twofold. First, the Mitterrand government remains opposed to former President Giscard's ambitious nuclear-power program, whose cheap and secure energy supply is a prerequisite for economic productivity.

Second, there is no way to finance those projects without further disrupting the domestic energy and France's external financial position, unless the kind of

export drive and trade-credit funding is launched which Mitterrand is far from proposing.

The machine-tool project, for example, starts from the obvious necessity of remedying the huge sectoral deficit historically suffered by France, and boosting the ailing "big three" machine-tool manufacturers, slated to be merged in the Minister's plan. The hitch lies with the money: while Dreyfus announced in Parliament a 2 billion franc state funding, insiders privy to the negotiations report a probable cost of 7 to 8 billion francs for the national budget.

The typical Socialist mania of "budgetizing" every expenditure incurred by society and the economy thus leads to a gigantic swelling of the public deficit, at a time when the savings rate pursues a downturn started in 1976, when it stood at 18 percent, and landing at a low 14 percent level last year.

How will Mitterrand finance deficits?

Who will finance the soaring deficits? In the post-election euphoria, quite a few demagogic rob-Peter-to-pay-Paul measures were indulged in. Higher tax-bracket incomes were targeted while significant new taxes were exacted from the corporate sector.

Income-tax squeezing may be presented once as a measure of social justice. The second year, it will simply accelerate capital flight and fail to return sizeable revenue for the Treasury. The corporate sector has suffered a dangerous erosion of its profit margins, as after-tax, pre-amortization profits slumped from 20 percent to 13 percent of value added from 1974 to 1981. Investment will suffer.

The money will have to come from some other source. The only way the corporate sector could generate enough tax revenue under present circumstances would be by way of large price increases, worsening an

already precariously high rate of inflation. Either the Socialist government will have to resort to politically disastrous tax increases (which would dispel all the illusions generated by the "neo-Keynesian" socialist experiment of Mitterrand) and similar "revenue-enhancement" devices; or financial manipulation will have to become the priority.

Domestic resort to the printing presses would have to start from the current 15 percent "inflation floor," or massive external borrowings will have to be incurred—which bankers and civil servants are already privately discussing. In which case leading Paris bankers predict that French public-sector entities (the preferred vehicle for external debt-taking) will only find lenders at extremely high margins over the interbank rate on the Euro-currency markets; talk of 1 percent margins is not unusual.

The difficulties involved in such a large use of external borrowing are compounded by the dangerous trends on the trade account. While the trade deficit for 1981 has been contained to a projected total of 58 billion francs, the monthly deficit has now reached 7 billion. The annualized figure calls for a 1982 deficit of 84 billion—a 62 percent year-to-year increase—and respected experts expect the annual rate to reach a stupendous 100 billion francs by mid-year.

Destruction of the franc

The effects on the parity of the French franc would be devastating. The 8.5 percent parity shift of the franc and the D-mark of last summer would need to be hugely accentuated, leading to inevitable rises in import prices. What generated this brutal rise of the trade deficit is a deeply embedded structural feature of the economy, whereby in any period of production pick-up, imports rise over-proportionately with respect to production.

The principal effect of the government's economic and fiscal policy since last June has been to boost consumption (which is growing at a 10 percent annual rate in real terms) while investment has remained flat since then. Investment is not expected to perk up before December 1982. Due to the fact that consumer goods is a sector more affected than others by that structural defect, huge exports would be the only means of correcting the imbalance—and saving the currency.

But exports are not going to play that role. Not only is the impetus from world demand undermined and turned negative by the depressive effects of U.S. Federal Reserve Chairman Paul Volcker's high interest rate policies, but also the Socialist government has started to yield to external pressure on the most controversial—but also the most fundamental—instrument of "Colbertist" economic policy at the disposal of the French administration, which is the export-credit machinery.

At first, the Mitterrand government has accepted an initial across-the-board increase in interest rates granted Third World and Eastern European borrowers in tied trade deals, under the OECD's so-called "gentlemen's agreement" (also known as the "consensus rate").

Then, Finance Ministry circles and Paris financiers report the new administration's intent to weaken and partially dismantle the export-credit and insurance machinery centered around the COFACE, the foreign-trade credit-insurance corporation. Under this system, over 100 billion francs worth of capital goods and advanced weaponry were sold last year, largely to developing countries and Comecon nations.

In this system, the Banque de France issues credit to banks at rate of 4 to 5 percent, which the banks then blend with commercial rates and lend either as suppliers' or purchasers' credit. The procedure, even if costly to the Treasury, has made French exports of a crucial category of high-technology goods virtually independent of erratic upward fluctuations of the dollar sector interest rates.

Undermining this procedure under the twice fallacious pretext that it "feeds inflation" (which it does only in the very short term, while securing a disinflationary rise of productivity in the medium and long term) and that "the priority should go to recovering the domestic market," the Mitterrand regime is preparing a disaster for the French economy.

Perspectives for 1982

If the panicstricken forecasts of ousted French right-wing politicians have not immediately concretized, the complacent predictions of Socialist Finance Minister Jacques Delors are way out of line with reality. The extreme dependency of the country's financing on the level of U.S. and German interest rates, underscored by the fragility of the franc's parity, will impose a new J-shaped twist by the spring, as the Federal Reserve tightens again, while the corporate sector's abilities to finance its requirements through the banking system will be severely constrained by the fiscal situation. A wave of bankruptcies should be expected, particularly for small-and medium-sized entrepreneurs overburdened by Socialist tax and social reforms. The targets for growth of the monetary aggregates set by the Treasury at 12.5 to 13.5 percent will result in a sharp net deflationary curbing of real credit issuance to the economy.

Consumer spending, the government's darling, has already abated, with October and November failing to continue the upward trend of the summer. Public demand—i.e., budget deficits—will be the main, if not the sole prop to economic activity. The rate of growth of unemployment, which a 100,000-plus government jobs

creation program has recently flattened, will then powerfully restart, bringing the current 2 million unemployed figure one unit ahead.

Social consequences will hit. While it is widely expected that farmers will be rioting on countryside roads and at local government buildings by the spring, laid-off workers will join the ranks of the discontented at the latest by next September, when the government's 1983 budget project fails to deliver any of the hoped-for handouts. Most observers in Paris expect a "left-wing" version of Raymond Barre's austerity policy—with a peculiar, anti-industrial twist.

The incoherent government policy in the field of nuclear energy has given a foretaste of its general industrial planning: after a hectic and disorderly debate that stretched throughout the summer and fall, the Mitterrand regime ordered three nuclear plant projects shut down, while the future of the breeder reactor Super-Phénix at Creys-Malville is uncertain.

The national utility, EDF, may encounter nasty problems in reimbursing Euro-dollar debt incurred on the basis of cash-flow projections expected from the nuclear electricity generating program the government has cut down. EDF is one of the largest single borrowers on the Euro-markets.

Worse, the vast multiplier effect of that program being undermined, and the uncertainty cast over the industry as a whole, will further slow down high-technology investment. Specious pretexts are advanced by Socialist officials, such as the clearly Club of Rome-inspired motto of "it is beneficial that we cut down on the nuclear program, since the stagnation of industrial production will lessen the demand for energy." The Malthusian Socialists seem particularly apt at issuing self-fulfilling prophecies.

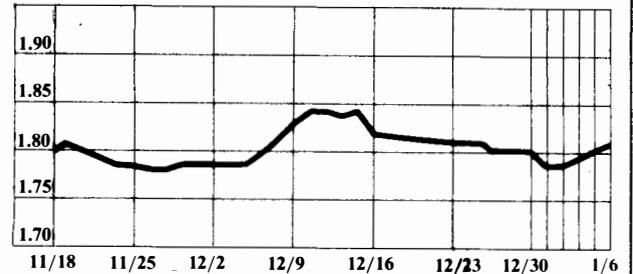
The fundamental orientations of the Mitterrand regime's economic policies were sketched to this reporter last June by the government's number one economic policy "brains," Club of Rome member Jean Saint-Geours, now the administration's "employment czar." Saint-Geours, a founder of the extreme futurology anti-growth cult known as the Futuribles, explained that nuclear energy would have to be reined in to make way for soft-energy, soft-technology types of employment; the planned dismantling of other energy-intensive heavy industries such as steel, shipyards, and other "regressive branches" such as textiles, would lessen energy demand, and pave the way for the "informatization" of the economy and society.

What is meant by "informatization" are the so-called progressive, post-industrial forms of employment based on computers and telecommunications. Emphasizing these types of "industry" is coherent with the Socialist policy of total decentralization and regression of society.

Currency Rates

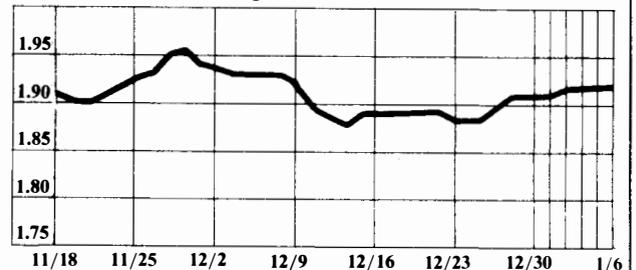
The dollar in Swiss francs

New York late afternoon fixing



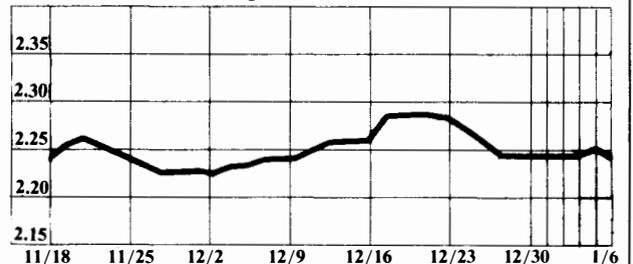
The British pound in dollars

New York late afternoon fixing



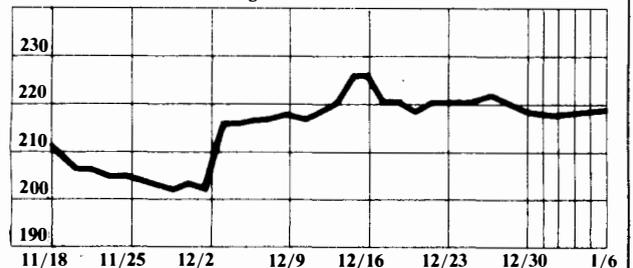
The dollar in deutschmarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing



NASA vs. Stockman: the XV-15 potential

by Robert Zubrin

It is ironic that, in its bid to impose greater "cost-effectiveness" on the U.S. government, the Heritage Foundation-controlled Office of Management and Budget (OMB) of David Stockman has singled out for elimination the aeronautics research budget of the National Aeronautics and Space Administration. In fact, NASA's aeronautics program probably offers the best cost-benefit ratio of any investment program in the world, public or private. An examination of just two of the many small programs conducted under the purview of NASA's \$296 million aeronautics budget, that for the XV-15 tilt-rotor convertible helicopter-airplane, and the more advanced X-wing convertible jet-helicopter illustrate this most strikingly.

The advantages

Developed at a cost of \$22 million as a combined effort by NASA and the armed forces, the XV-15 promises to revolutionize military and civil aviation. Looking much like an ordinary two-engine propeller-driven aircraft, its two engines may tilt upwards, allowing it to take off, maneuver, and land like a helicopter. However, once in flight, its propellers may tilt forward allowing it to fly as a fixed-wing aircraft at speeds up to 350 knots. This compares to a maximum speed of about 160 knots for the fastest helicopters. As one Army colonel at the Pentagon put it, "The gunships we had in Vietnam could do a maximum of 140 knots. We haven't done any detailed studies on it, but it's obvious that if we had ships which could travel as fast as that [the XV-15], it would have saved many lives."

In addition, the XV-15 gets twice the fuel mileage as an ordinary helicopter. Since the U.S. Army spends over \$100 million a month on helicopter fuel, the potential cost-benefit even in peacetime would be enormous. Finally, the XV-15 has the capability of ascending to a height of 30,000 feet, compared to a typical ceiling of 10-14,000 for a helicopter. This offers not only

military advantages, but manifold possibilities for expanding the use of helicopters in civil aviation by allowing the vehicles to ascend to heights required to avoid air traffic congestion. According to a number of industry analysts, the XV-15 has the potential of developing into a whole new industry.

One XV-15 test vehicle already exists. But the question of whether the technology will be realized on a broad scale is still up in the air. "We need to document its precise performance, handling qualities, vibration characteristics, and aerodynamic stability." Shipboard tests are needed, as is 'map of the earth' flight testing; where the army flies the plane at low altitude between trees, and we need tests of its qualities in the way of electronic countermeasures," a NASA spokesman said. "But this will require another \$6 million over the next three years, in government money, in addition to the support we are getting from Bell Helicopter. If the aeronautics budget is zeroed, the XV-15 will go into the Aeronautics Museum and that will be the end of it."

The X-wing

An even more revolutionary concept is being developed by NASA aeronautics at NASA's Lewis Research Center in Cleveland, Ohio. This is the convertible jet engine for use in a so-called X-wing aircraft. In this design, a conventional TF-34 turbofan jet engine is modified to use its power to turn a large rotor, allowing the craft to take off and perform as a helicopter. Once it reaches an appropriate height, however, the jet power is diverted from the rotor to an ordinary jet forward thrusting mode, while the rotor locks into place and becomes a wing. (The craft has no other fixed wings.) The X-wing then shoots forward, flying as a jet plane at speeds of 600 knots or more, a performance equalling that of a fast military jet transport or a B-52 bomber. Moreover, because it lacks both thick fixed wings and a large revolving rotor, the X-wing is an ideal candidate for Stealth technology, since it has a very small radar cross section. While not equalling the XV-15 tilt rotor in fuel economy, the X-wing jet still surpasses that of ordinary helicopters by a wide margin. If NASA's aeronautics budget is not zeroed, and the project receives the \$9 million it needs over the next 5 years, the first convertible engine should be ready to be tested at the Lewis labs by late 1983.

The above are just two of the many programs conducted by NASA's aeronautics division since the Agency's predecessor was set up in 1915. Other current research includes investigation of hypersonic and supersonic jets, as well as basic research into aerodynamics, materials, and propulsion. As Assistant Secretary of the Army for Research Development and Acquisition J.R. Shuley recently testified: "Some of these capabilities could not be replaced by the U.S. Army at any cost."

Jean-Claude Martini discusses the new French gold policy and future options

On Nov. 30, two months after the government's announced abolishing of anonymous transactions on the French gold market, Paris EIR correspondent Sophie Tanapura interviewed one of the top gold dealers in the French capital, Jean-Claude Martini, of the Compagnie Parisienne de Réescompte (CPR).

Founded in 1948, the CPR specializes in discounting, and now controls around 70 percent of the French gold market. Its main shareholders are Compagnie de Suez (20 percent), Banque Neufelize-Schlumberger-Mallet (17 percent), and a group of pension funds (27 percent). René Cassou, former director of the money-market department of the Banque de France, has presided over the company for the past 10 years. Until 15 years ago, the CPR also acted as the intermediary of the Banque de France on the French gold market. Now the CPR operates mainly on the Paris, Lyons, and Marseilles exchanges.

Tanapura: Mr. Martini, perhaps you can describe to our American readers some of the peculiarities of the French gold market.

Martini: In France, the gold market has always been active. Over the past 50 years, the French franc was constantly, and still is, eroded by inflation and many devaluations. The reason that makes Frenchmen such lovers of gold is that they have never really trusted any government to come to the roots of these problems. It is generally estimated that Frenchmen hold somewhere between 4,000 and 5,000 tons of gold. I myself would estimate it easily between 6,000 and 10,000 tons, closer to 10,000 than 5,000. This is because we must not forget to add to the gold bullion gold in the form of jewelry.

Tanapura: What do you think the government was aiming at by abolishing anonymity in buying and selling gold?

Martini: The government must certainly have its reasons. Perhaps they hoped to discourage the French from hoarding gold and to direct savings into other investments, perhaps into bonds. Although this decision may represent some advantages for the government's program in the future, there is definitely a risk that there will

be some disadvantages. The danger of a parallel black market developing is evident. There will always be people who prefer to pay a higher price, run a higher risk, for the sake of withholding their names.

It has now been months since the new law went into effect and the French people are beginning to get used to the new situation. A certain number of people now accept revealing their identities, or have found others to lend them their names. Contrary to the sharp drop in clients immediately following the government's decision, more and more people are coming back every day. . . .

Tanapura: Can you give us any figures or patterns of this movement?

Martini: In the first days following the government's decision, transactions had dropped by 80 percent. By the end of two weeks, the percentage moved up to 50 percent. I would say that now it is quite normal. I should also add that there was a strong buying pattern this summer. People spoke a lot about the devaluation of the French franc. Once the shock of devaluation was over, people were not so worried about it any more, at least for a while. Therefore, it is perfectly normal that there are presently fewer buyers. Moreover, the international market price has also gone down. The irony is that because there is less business, the government is going to reap in less tax money.

Tanapura: People say that by abolishing anonymity in gold transactions, the government will now be able to keep tabs on gold owners with eventually the possibility to shore up the future budget deficit by buying up the privately owned gold at a cheaper price, a sort of "nationalization."

Martini: That is perhaps going a bit too far. Up to now the names are written in a ledger and nobody has yet asked to see them. It will not be the case for the moment. . . .

Tanapura: Following the creation of the gold commission by the Reagan government, discussion of a return to a certain gold pegging of the dollar is in the air. What do you think of it?

Martini: There are pros and cons to this. I think that it is going to be quite difficult to index a currency to a certain level of gold production or gold price. If we come back to the convertibility of the dollar to gold, we must first find the price of this convertibility. If the price of convertibility into gold is too low, the U.S. will find itself emptied of its gold. If the price is too high, there is a high risk of inflation, increase of the American money supply.

On the other hand, it would be a marvelous scheme, if one could be sure that it would stop inflation—maybe not world inflation, but at least the inflation in the U.S., because if we were to come back to a system of indexation of a currency to gold, we would have to consider a floating indexation.

However, what I think would be eventually interesting for the world in order to launch business, to create cash flow, is a scheme to get out a portion of the privately owned pool of gold worldwide, get this portion mobilized. To do this, you must first give people confidence in the currency that you will use to buy their gold. If you give them a currency—even if it is called the U.S. dollar—which constantly loses its value because of inflation, people will refuse to play along, and what's more, they will continue to buy more gold, perhaps also diamonds.

I am convinced that the American individual is going to continue to buy more and more gold in the near future. So we need to find a way to mobilize this gold, create confidence and stop inflation. Up to now, nobody has been able to stop inflation. They have been able to slow it down, but never stop it . . . for the moment, there is nothing one can do.

We would have to set up a new monetary system. Why not come back to the gold standard system often mentioned by General de Gaulle? If we come back to this system, we must also keep in mind that there will be a wider gap still between the haves and the have-nots. . . . Personally, sooner or later, I think gold will play some kind of role in a new monetary system. At that moment, gold will probably be at a higher price than it is now. Once again, I am not saying that I am favorable or not to such a solution. That is not my role. . . .

Why not—in order to create confidence—mint gold coins? Why tolerate bank notes, nickel, or other coins? Why not gold coins to regain confidence?

Tanapura: Why not come back to the idea of the European Monetary System, extrapolated onto the international system? After all, the EMS implies a second phase, the creation of a gold-based fund.

Martini: There you are bringing up a problem. Political circumstances have changed with the change of government. . . .

Tanapura: I suppose it is now up to the Americans to make the initiatives.



De Gaulle returns to power in 1958.

Martini: Let me put it this way. If you go to any country with your dollar, people would buy it. If you go with the French franc, no one will buy it. Even the deutschemark is not known in certain countries, in spite of the development of tourism. The U.S. dollar is the means of payment worldwide and serves as a reference-point for all other countries. The U.S. must serve as an example. It is they who can impose their decision on the world. However, if the U.S. takes insufficient measures to defend their dollar, other currencies would devalue. At that point, having lost all confidence in practically every currency, people would begin to buy gold massively. An initiative to create a new monetary system must, therefore, come from the United States.

Tanapura: You have read about the LaRouche gold proposal in the Oct. 13 issue of *EIR*. What do you think of it?

Martini: I think that this proposal—among other proposals—is certainly worth considering. The problem, however, is the time lag between the discussion of policies by politicians and governments, and their implementation. Often when it comes to implementing policies, the givens of the problem have already changed, and the intended solution is already out of step with reality. Therefore, decisions must take into account this time-lag factor.

Rollercoaster for the dollar

The United States has caught the British disease. Short-term dollar gains won't help the economy.

Widespread fear of a third skyrocketing rise in U.S. interest rates due to the policies of Paul Volcker's Federal Reserve has prompted a new belief that the U.S. dollar may be a great deal stronger than anyone expected.

First with the line on the dollar's new lease on life was the Organization for Economic Cooperation and Development (OECD), the economic think tank which runs NATO and created the Club of Rome to promote negative economic growth. At a Paris meeting of OECD's Working Party Three on money and financial markets the first week of January, OECD Chief Economist Dr. Sylvia Ostry announced that the NATO group now sees only a gradual weakening of the dollar as the U.S. economy falls. In fact, Ostry stated, there may be a "perverse lift" in the value of the dollar during 1982.

The Fed, Dr. Ostry announced, will at all costs stick to its tight money policy, even as the U.S. slides into recession. This means that recession won't slacken credit demand much, though normally it would lower U.S. interest rates and thus weaken the dollar. Further, she stated, the huge U.S. budget deficit will mean that "any upturn in the U.S. economy will set off another interest rate explosion, perversely lifting the dollar."

So far this has indeed occurred, as the dollar got a lift in the first week of January when Fed interest

rates began to rise as predicted. The dollar strengthened to 2.26 deutschemarks from 2.24 the week before, as Volcker pushed the federal funds rate up from its December average of 12.4 percent to over 13.5 percent. The Polish crisis also benefits the dollar, as European "scare" money flows into the United States.

But Like the geriatric British pound sterling, which ended its days as a world reserve currency some time ago, the U.S. dollar cannot long be kept afloat merely by high interest rates. Given that Volcker is destroying the U.S. economy as fast as the Bank of England did Britain's earlier this century, at a certain point in the not too distant future the dollar may snap. Rising interest rates may hit the U.S. economy so hard that bankruptcies and other economic crises cause panic runs.

No New York bank economist will tell you this, for most believe firmly that Volcker's tight money plan to fight inflation can keep the paper dollar attractive as long as interest rates are high enough. Even Rimmer de Vries, the chief economist of Morgan Guaranty Bank in New York, who had thought a growing U.S. trade deficit would topple the dollar in 1982, now believes that, "It is not at all unlikely that interest rate differentials will again move favorably for the dollar during 1982."

Similarly, Dr. C. Fred Bergsten, Jimmy Carter's Treasury Interna-

tional Affairs chief, who now runs the German Marshall Fund's International Institute for Economics in Washington, had been predicting a "dollar collapse" for early 1982, since September. This week, aides to Bergsten told a reporter that, "Maybe we were wrong." Commenting on the fears expressed this week in Washington by Chancellor Helmut Schmidt about "world depression" and high U.S. interest rates, Bergsten's aide was hopeful: "Maybe it will be the German economy and the deutchemark that will collapse, and not the dollar. Maybe that's what Schmidt was afraid of."

Only in the short or medium term. The dollar's prospects may now be compared to the state of the British pound just before its massive devaluation from \$2.50 to below \$1.70 in 1976, an event which effectively removed sterling as a world currency. This happened *even though British interest rates were then rising sharply.*

The fact was, the pound had been kept high artificially for years by high interest rates. Meanwhile, the British industrial economy was being shut down by a fatal combination of high rates and huge government deficit borrowing, which crowded all industrial borrowers from the markets. The demand for British Treasury debt and for sterling on the part of foreigners created an artificially high currency.

This is precisely what is happening in the U.S. today—down to the last detail of industrial closure and government borrowings on the order of over \$100 billion a year. The U.S. economy is on the edge, and investors are beginning to realize this. One more interest rate shock could send the dollar over with the rest of the economy.

Paul Volcker to the rescue

The Fed Chairman is using impending S&L wipe-outs to cartelize U.S. banking on behalf of "insurance solvency."

No small panic state among savers and bank analysts was created by a front page lead in the *Wall Street Journal* Dec. 29 which "revealed" that some 1,400 of the nation's savings and loan institutions are either already bankrupt or on the verge of failure.

According to a semi-secret computer data printout by the Federal Home Loan Bank Board (FHLBB), over 200 S&Ls are now on a "disaster list" at the Board, classified as legally bankrupt with their capital totally wiped out. The same computer study shows an additional 300 S&Ls close to failure, and indicates that yet another 900 S&Ls will go under in 1982. That's a total of 1,400, or almost a quarter of the nation's 5,000 S&Ls, on the edge of extinction.

Federal Reserve Chairman Paul Volcker duly announced days later that he is moving to rescue the hapless S&Ls from this calamity. In a letter to the Federal Deposit Insurance Corporation, Volcker revealed that the Fed will now allow the big commercial banks to buy up failing S&Ls a nickel on the dollar on a national level.

Volcker has declared Fed dictatorship over the U.S. banking system, which will impose upon the United States an Anglo-Canadian-style bank cartel. The idea is to reduce the huge U.S. banking system of over 15,000 commercial banks and 5,000 savings institutions to a cartel of a mere few

hundred big-city banks, as in Britain, where five commercials and a dozen savings banks maintain a tight rein on credit to industry. Volcker moved without Congress, under the vague "emergency" powers of the Fed, despite the fact that Congress has repeatedly killed the "Volcker" or "Regulators" bill, which would formally authorize just such banking deregulation.

Volcker has deliberately created the S&L crisis, to impose his sort of rescue operation. First of all it is Volcker personally who has seen to it that the S&Ls are in fact bankrupt. During the past two years, Volcker has forced S&Ls to pay 15 to 17 percent on their deposits, while they could only earn an average 8 percent on their mortgage loans. The gaping difference has caused huge real losses, the Home Loan Bank Board announced publicly last week: over \$10 billion during 1981. Much of this has come directly out of some S&Ls' capital; over \$4.3 billion in "net worth" (capital) has been lost during 1982.

Volcker's policy has been deliberately aimed at "triage" of S&Ls aimed ultimately at reducing U.S. population growth by destroying the home-mortgage market financed by S&Ls. Fewer homes available mean fewer babies born.

Second, Volcker has deliberately made a series of "controlled leaks" to the financial press, to create a public clamor for action on the crisis. According to the Fed's the-

ory of "absorbable shocks," the public can take unlimited reports about bank failures and refuse to panic into a mass run on the banks, provided they believe the Fed stands ready to save the day.

Volcker and the FDIC first leaked the bankruptcy of New York's Greenwich Savings Bank, and of several other large savings institutions, late last year. Then they warned that the federal insurance kitties may soon be exhausted by the pending failures. The FHLBB computer printout shows that S&Ls worth \$35 billion are on the edge, which would rapidly exhaust the Federal Savings and Loan Insurance Corporation; the Federal Deposit Insurance Corporation faces similar threats. Small depositors began to sweat.

It was then that FDIC President William Isaac wrote to Volcker Dec. 23 asking for "emergency action" to "save the federal deposit insurance system." Volcker responded with his new policy. He announced to Isaac that the Fed is now "prepared to consider merger of a failing S&L into a commercial bank" in order to "reduce the costs and risks involved" to the federal insurance system.

Volcker's action will create an instant bank cartel by fiat. It not only circumvents anti-trust law, which now prevents big commercial banks from owning S&Ls and their home-mortgage business. It also violates the McFadden Act, which now prohibits big banks from moving across state lines to grab control over banking deposits and loans in other states.

There is a real solution to the real crisis: get interest rates down fast, and get Volcker out. That is the question now facing Congress.

A plan to dismantle energy

Essential nuclear programs will probably be disrupted if the DOE is relegated to the Commerce Department.

The proposal by the Reagan Administration to dismantle the Department of Energy is a monstrous mistake at this point in history. It is still possible, however, that Congress could block the move after it receives the detailed proposal later this month.

The proposal, as it stands, is to eliminate the cabinet-level energy agency and scatter certain parts to Interior and Commerce. Interior would regain its pre-Carter jurisdiction over the hydroelectric dams operated by governmental marketing bodies such as Bonneville Power Administration (BPA) and the national petroleum reserves. More significantly, Commerce Secretary Malcolm Baldrige is slated to get the vast part of the DOE, which would become a sub-unit of the Commerce bureaucracy responsible for basic energy research. Commerce will also take over the vast and vital DOE nuclear weapons program which administers our national research labs at Los Alamos, Sandia, Lawrence Livermore, and a complex of related production and monitoring facilities.

I call the new proposal a catastrophe, though I am well aware of many of the reasons motivating it, including Reagan's campaign pledge to abolish the Department of Energy because of its special character as a creation of the Carter-Schlesinger policy of using energy as a chokepoint to force industrial disintegration. A brief review

of recent history is relevant here.

The most significant energy-policy initiative in this century is the governmental mandate, concretized in the 1954 Atomic Power Act, to develop a civilian agency with the mandate to realize commercial nuclear power. The Atomic Energy Commission's mandate was explicitly this. The history of governmental "energy policy" over the past decade is in part the history of factional attempts to destroy this institutionalized mandate. Ironically, the first major step was taken by the Republican Nixon administration at the suggestion of his energy adviser, S. David Freeman of the Office of Science and Technology, along with Trilateral Commission energy strategist John C. Sawhill of the Aspen Institute, and such Trilateral towel-boys as Gerald Parsky, then an aide to Bill Simon.

Their proposal, which was adopted by a foolish Congress during the Ford administration, took the AEC and made it one of six "equal" departments of a new Energy Research and Development Administration (ERDA) in 1974. Within three years, RAND wrecker James Rodney Schlesinger, who had already undermined the AEC from within as Nixon's AEC Commissioner, was able to create the present Department of Energy. Especially under the Carter planners, nuclear policy was treated at best on a par with solar and "environment" issues.

At this point, the entire issue becomes clear. It would be simple to reorganize the Energy Department to restore the prominence of nuclear and advanced-energy R&D programs around breeder-reactor development, MHD generation, and high-temperature reactor development. To take the cabinet-level department and reduce its priority to a unit within Commerce could ensure the final destruction of this nation's nuclear program.

I recently spoke with someone who had served as an employee of the AEC, ERDA and DOE. Each change was tremendously disruptive, he stressed. Committed government scientists and public servants departed at each stage of the nuclear wind-down. Today, he predicts that if the dismantling succeeds, the most talented mid-level people will go into private industry, most never to return.

The call this month by White House Science Adviser George Keyworth to kill the Clinch River Breeder program adds chilling evidence of the danger of further burial of our nuclear program into any new agency, let alone Commerce.

A major fight on Capitol Hill is in the works. One thing buried so far from the public view, and perhaps from that of the President, is the fact that the \$6 billion U.S. nuclear weapons program will become an appendage of the \$2 billion Commerce Department. Many scientists in the nation's weapons programs fear relocation to a civilian agency without experience in nuclear weaponry. Critics accurately emphasize that since the 1974 dismantling of the AEC, our nuclear weapons program has been unable to fund modernization of its World War II facilities.

World Trade

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
NEW DEALS			
\$540 mn.	U.S.A. from Finland	Great Northern Nekoosa is joining with Finland's Kymi Kymmene to build a paper pulp mill on Leaf River in Mississippi. Mill will turn out 350,000 tpy bleached kraft pulp, the highest quality paper pulp. The Scandinavians, beset by cutting restrictions because their forests are reportedly being depleted, are anxious to secure pulp supplies from southeastern U.S.A., where forest growth is faster than cutting and wood costs $\frac{1}{3}$ less. Finns will provide management and technological expertise and take 80,000 tpy from mill.	Great Northern, which owns 11% of state of Maine, is betting on sharp rise in pulp prices in a few years and on lower interest rates which will permit conversion of \$200 mn. in short-term borrowing needed for plant into long term bonds.
	Israel/Egypt from West Germany	Egypt and Israel have agreed to install telephone cables connecting the two countries across the northern Sinai and cables across the southern Sinai connecting Israel and Egypt with military bases in that area. Egypt will pay most of the costs, but Israel will provide much of the equipment. It has already been agreed that remaining equipment will be bought from Siemens of West Germany, a frequent participant in strategic multi-national arrangements.	Until cable installation completed around June, phone calls between Israel and Egypt will continue via underwater cables connecting each to Rome.
\$2.3 bn.	Brazil from U.S.A./Canada	Brazil's state steel company, Siderbras, signed contracts for a total of 42.1 mn. tons metallurgical coal with 11 coal producers in eastern U.S.A. and Canada. Contracts are for 3-10 yrs.	Brazil steel expansion and plans to mix imported coal with high-ash Brazilian coal will boost coal imports from 5 mn. tpy this year to 6.5 mn. in 1985.
\$233 mn.	Canada/Japan	Canadian govt. signed contract for investing U.S. \$233 mn. in infrastructure for exporting British Columbian coking coal from new port near Prince Rupert. Port charges will be C\$3 plus 80% of inflation. 12 Japanese companies plan to import 6.7 mn. tpy coking coal.	Terminals and mine-port railroads require \$1.9 bn. investment.
\$1 bn.	Kuwait from Japan	Kuwait National Petroleum Co. has awarded Japan's JGC Corp. an estimated \$1 bn. contract for second-phase expansion of Mina Al Ahmadi oil refinery. Expansion will raise capacity to 270,000 bpd.	JGC won first-phase expansion contract worth \$700 mn. in Oct. 1980. Cost-plus-fee basis.
	India from U.S.A.	Kirloskar Oil Engines will collaborate with Ambac Industries subsidiary of United Technologies to make fuel injection systems in India.	Indian govt. encouraging competition for Bosch of Germany which holds 80% of fuel injector market.
\$280 mn.	Libya from Yugoslavia	Libya gave contract for Misurata fishing port expansion to Ivan Milutinovic-PIM, which did first phase of expansion.	Partial payment in Libyan oil. Libyans prefer barter.
CANCELED DEALS			
	Yugoslavia from U.S.A.	International over-capacity in olefines is reason given for indefinite postponement of second phase of \$1.2 bn. "Dina" petrochemical complex being built on Krk Island, Yugoslavia. Plans triaged include ethylene cracker and aromatics and styrene facilities. Dina is joint venture of Yugoslav INA and Dow Chemical Europe.	All resources will go to finishing plants for 70,000 tpy low-density polyethylene, 200,000 tpy vinyl chloride monomer and infrastructure.

Business Briefs

Energy

McClure tries to restrain Stockman on DOE

According to reliable Capitol Hill sources, Senate Energy Committee Chairman James McClure (R-Id.) has sent a letter to President Reagan urging him to restrain Office of Management and Budget head David Stockman from de facto abolishing the Department before Congress even gets a chance to deliberate on the final proposal from the White House to dismantle that agency.

One congressional source reports that the OMB intends to submit to Congress its funding budget for FY83 with no DOE. This would mean that programs such as the Clinch River Breeder Reactor or other items would be buried in the budgets of Commerce, Interior or eliminated altogether.

On Dec. 17, the President announced his intent to submit a specific legislative proposal to Congress to fulfill his campaign pledge to abolish the cabinet-level agency. A final proposal specifying exactly the administration proposal has yet to be submitted to Congress for study.

Trade and Investment

West German export surge shown for 1981

In spite of a generalized slump in world trade last year, the fact that West Germany emerged with a huge trade surplus of 26.5 billion marks for the year is striking example of fundamental economic realities asserting themselves, whatever monetary manipulations are being played.

The German trade surplus, three times as large as the 1980 figures, was based on a 13 percent growth of exports, spearheaded by a more than 50 percent increase of deliveries to OPEC, a more than 17 percent increase of exports to the

U.S. and, in striking testimony of West German policies of developing the Third World, a 22 percent increase of exports to non-oil developing countries.

The trade surplus was obtained against a huge DM 370 billion energy-import bill, with oil prices increasing by one-third from January to October. The current-account balance, which measures the combined trade and financial flows, was only in a 20 billion mark deficit as compared to 1980's 30 billion, and is expected to sink further to 10 billion this year. The situation in 1982 is nevertheless far from acceptable. Unemployment is expected to exceed 1.5 million early this year, while a severe shortage in investment will do nothing to alleviate the mass layoffs and bankruptcies hitting particularly the construction industry, which is "in its worst crisis since the war," the branch organization reports.

Corporate profit margins, cut by 10 percent in 1980, sank by a combined two-year 25 percent, mainly as a result of the very high interest rates maintained by the Bundesbank. The strong flow of foreign orders to West German corporations may not be able to offset the slump in domestic orders, itself badly aggravated by the "investment freeze" enforced by environmentalist sabotage. German experts put the amount of such investment at no less than DM 100 billion, as *EIR* will elaborate next week in a report from our Bonn bureau.

Industrial Strategy

Japan to propose \$500 billion development plan

The Japanese government intends to propose to the United States and Europe that the advanced sector cooperate on a \$500 billion, 20-year global development plan. According to Jiji press service, during the planned mid-January trade meeting among the three sectors, Tokyo will propose carrying out the "Global Infrastructure Plan" developed by Mitsubishi

Research Corporation during 1978 and presented by then-Prime Minister Takeo Fukuda. The plan emphasizes agriculture and energy infrastructure. In making the announcement, former Keidanren (business federation) chief Toshio Doko stressed that the proposal in the view of the Suzuki government is the alternative to building up Japan and other countries' armaments.

The plan proposes a \$13 billion annual fund to be provided by the advanced countries and OPEC, which would produce directly and indirectly a \$25 billion annual boost in global infrastructural investment and production. The proposal focuses on such plans as greening of the Sahara, Sinai, and Arabian deserts; creating a giant African lake in the Congo and Chad to improve agricultural potential; constructing new canals across Nicaragua and Thailand to shorten and cheapen sea transport; and launching vast energy projects such as Himalayan hydroelectric projects and specific sea-current energy projects. It also includes more dubious ideas, such as giant solar heat collectors. Over the years the program would invest \$500 billion.

Mitsubishi Research noted that Keynesian economics had failed, and that it was World War II which actually ended the 1930s depression; but the world could not survive another war. Mitsubishi also insisted that the plan be implemented outside the aegis of the IMF and World Bank.

Domestic Credit

The numbers don't add up

As a result of Fed Chairman Paul Volcker's determination to continue tightening credit even as America falls into deep recession, Federal economists are predicting "highly unstable markets" and "possible massive failures of savings and loans" during early 1982.

The basic reason is that Fed Chairman Volcker "won't give an inch" and

intends to keep tightening credit "no matter what happens to the rest of government policy," Fed economist Dale Henderson told *EIR*. "If the Fed stays tight, and Reagan refuses to raise taxes, and Congress refuses to cut spending, then we'll have a \$100 billion budget deficit and highly unstable financial markets," he stated.

According to a top economist in Stockman's OMB, the President's budgetary options have been almost totally circumscribed by Volcker; and there will be economic crisis. "Most technicians here in Washington believe that unless something gives, interest rates are headed up through the ceiling very soon, past their 1982 high of 21.5 percent," the OMB official stated. "But I don't see either Volcker or the administration giving in."

"If interest rates do rise a third time, I foresee major small-business bankruptcies ahead," he continued. "Bankruptcies will accelerate across the board. If rates rise very fast, there will be massive failures of savings and loans. Unemployment may rise far above predictions, and could hit 10 percent. I'm pessimistic.

Currency Policy

Argentina devalues its way to the IMF

Argentina's new government is preparing to request a standby credit from the International Monetary Fund. On Dec. 28, the new Finance Minister, Roberto Alemann, announced the elimination of the two-tier exchange system through which the government has shielded the peso used in international trade from the wild speculative ups and downs of the "financial" or free market peso. The effect was that the trade peso lost 42.8 percent of its value against the dollar during the first week of free float. Having begun 1981 at under 2,000 to the dollar, it began 1982 at over 10,000.

It is now obvious that the peso has become seriously undervalued. This is

true even after Argentina's 120 percent inflation during 1981 and the peso's overvaluation by up to 50 percent at the beginning of 1981 are taken into account. The overvaluation came from then Finance Minister José Martínez de Hoz's crazy policy of subsidizing speculators who were playing the peso arbitrage market. Alemann's undervaluation policy is designed to facilitate selling off ownership of Argentina's natural resources and enterprises, to international speculators at a dime on the dollar.

The state-owned telephone company, ENTEL, is at the top of the list.

International Credit

Soviets squeezed out of Eurodollar market

Using events in Poland as a pretext, French, British and American banks have drastically reduced lending to Soviet bloc nations as well as to the Soviet Union itself. In the last four months of 1981, total Eurodollar lending to East bloc nations totaled a mere \$170 million, considerably below the level of the year before. Numerous loans have been cancelled, the largest being an \$80 million credit scheduled for Romania.

According to one British banker, Western commercial banks are demanding that the Soviets pay an interest rate one full point above the London Interbank Borrowing Rate (LIBOR), while such countries as Malaysia can borrow at three-eighths of a percent above LIBOR. "The Soviets would fight like hell to avoid borrowing at an embarrassing margin," the banker told the *New York Times*.

While Eurodollar lenders are demanding a high premium for Eurodollar credits, possibly to force the Soviets to sell large amounts of gold, which would further depress the gold price, they admit that the U.S.S.R.'s need for credits to be used as foreign exchange is rising, since the Soviets are assisting the Polish economy substantially.

Briefly

● **JACQUES VAN YPERSELE**, Belgian Economics Minister, is promoting an expansion of the European Monetary System to include Britain. The plan would mean British leadership of the EMS, and top-down enforcement in all member nations of British-style monetarist austerity. M. Ypersele in a recent London speech called not only for immediate British membership in the EMS, but for the creation of a "permanent board" of EMS officials which would begin to set European-wide monetary policy.

● **SOVIET GOLD** sales have been extensive recently, but *EIR* doesn't believe rumors in the financial press that this is causing any great weakness in the price of gold. Soviet sales rose in 1981 to some 200 metric tons, most of it in the last quarter of the year, up from 90 tons during 1980, David Potts of Consolidated Goldfields in London estimates. However, most of the Soviet sales have been made off the open market, to Tokyo gold dealers anxious to expand Japanese gold stocks, *EIR* believes.

● **C. TODD CONOVER** was confirmed by the Senate as Comptroller of the Currency in late December, the Treasury office responsible for regulation of the nation's banking system. Mr. Conover told the Senate as expected that he supports full British-style banking deregulation, including allowing large banks to go national, and to buy up savings and loans.

● **HELMUT SCHMIDT** faces growing domestic outcry not so much against nuclear weapons, but against the threat of economic depression, Germany watchers say. "People are marching in the streets of Germany against recession and the threat of mass unemployment," said Dr. Thomas Hughes, President of the Carnegie Endowment. "That's why Schmidt is warning President Reagan against looming world depression."

Part Three

Systems analysis is white-collar genocide

by Lyndon H. LaRouche, Jr.

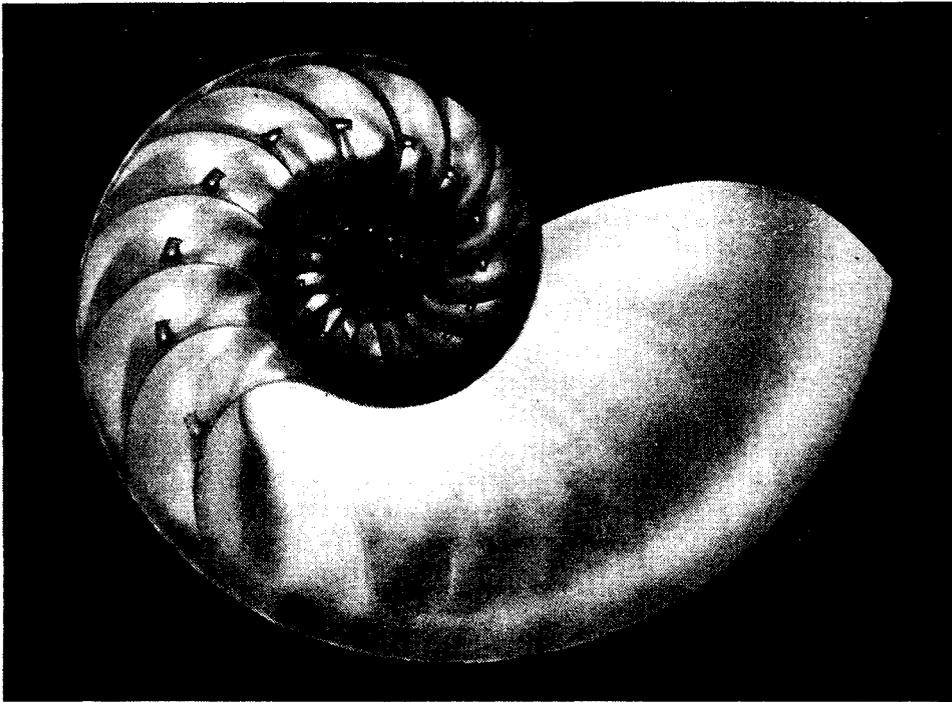
We have reserved the most challenging conception for this concluding portion of our report. Although what we report now does not violate our policy of limiting this report's contents to the intellectual capacities of intelligent graduates of proper secondary-school education, what we must report now is admittedly more difficult for many among those readers than what we have outlined so far. It is by no means beyond the comprehension of such a reader, and much of what we report now will appear quite elementary to that reader, at least in afterthought. Yet, the crucial points included here do, we admit, represent some cause for culture-shock.

Therefore, as we have just noted, we have scheduled the culture-shock for the concluding portion of this report, after the general principles of our argument have been made clear.

The core of what we must outline here is elaborated more fully in a recent report outlining a policy for teaching of geometry in public schools.¹ The reader who desires to explore these matters more deeply will find that publication useful.

Negatively, our argument so far is elementary, rigorous and conclusive. The argument setting forth the application of potential relative population-density is also elementary and conclusive, at least as far as we have taken that so far in this report. Yet, if the average reader were to attempt to elaborate this proven approach to develop an actual economic analysis, the reader would soon find, in most cases, that the attempted application guides one to further conceptions whose initial impact is perhaps best described as "dizzying"—like the first time the reader, as a youth, jumped from the high diving-board into a swimming-pool. (It is delightful, once one has done it a few times.)

The analogy is appropriate. Most people, including some presumably well-educated professionals, who have confronted these conceptions retreat from them in the manner like the anguished youth who walks to the edge of the high diving-board, hesitates for a while, and then retreats, blushing with shame, and perhaps shaking slightly: "I can't do it." In confrontation with



The Golden Mean relationship exhibited in living processes: every seashell's logarithmic spiral is determined by the Golden Mean ratio.

such conceptions, many have said: "I just can't accept that. I would have to give up most of what I have been trained to believe, if I were to accept the implications of that proof." Yet, despite what most were once "trained to believe," the earth is not flat, and the planets orbit around the sun in visual space. (Often, psychological cowardice is a more powerful force than physical cowardice. So, by means of playing upon a recruit's psychological cowardice, military commands force soldiers to charge against rifle and artillery-fire.)

The mental cowardice which prevents students and professionals from beginning to master a competent variety of mathematical economics is best identified as the fraudulent representation of the universe by René Descartes's and Isaac Newton's parodies of Descartes's error. Once the reader recognizes that these views are not only erroneous but pathologically fallacious, mastery of mathematical economics becomes feasible.

All modern mathematical physics, and the mathematical methods applicable to economic science, originates with the three principal published writings of Johannes Kepler at the beginning of the 17th century. Unfortunately, the interpretation of Kepler's work found in most undergraduate textbooks, classrooms, and related sources today is incompetent. It is either intentionally fraudulent, or merely a credulous regurgitation of what the dupe has been taught to recite on this topic. Kepler's accomplishment, especially when employed to expose the sheer fraud of Descartes's and Newton's physics, is the most efficient reference-point for introducing competent mathematical economics to graduates of

In Parts One and Two

The first two installments of this series, published in the Dec. 22 and Dec. 29, 1981 issues of *EIR*, identified systems analysis as an economic methodology that is viciously inapplicable to macroeconomics over periods longer than a few years, because it axiomatically denies the primacy of technological innovation in determining the course of those economies.

The author identified potential relative population density (i.e., the number of persons who can be sustained on an average square-mile of habitable territory by means solely of that population's productive efforts) as the key metric in that respect. The ratio of **net work to virtual work**, expressed as a series, determines the increase in that potential relative population density. Linear models, by contrast, rationalize a political policy of rentier economics, industrial contraction, and extermination.

This installment is the final portion of this article.

secondary schools (or higher institutions).

What Kepler proved was not merely that the solar orbits are defined as a harmonic series of possible orbits—independent of the masses of the bodies. What Kepler proved empirically, and conclusively, was that Euclidean space is not physical space. Euclidean space—the space of the geometry of vision—exists in reality, but it does not contain within it the larger reality of which it is only a part. Kepler proved this, by proving that the ordering of physical events in solar space is wholly governed by principles of a nature which can not be contained within the geometry of visual space (Euclidean space): the principle of the Golden Mean ($x^2 - x - 1 = 0$, in algebraic terms).

It was earlier established, by the work of Nicholas of Cusa, of the circle of Leonardo da Vinci and Luca Pacioli, and others, including Albrecht Dürer, that all living processes tended to exhibit principles of geometric ordering consistent with the principle of the Golden Mean. Kepler applied this to the most-conclusive body of empirical evidence available for a decisive (*crucial, unique*) experimental test of the principle at that time: the solar orbits. He proved that the entire solar system was ordered according to principles of proportioning for which the Golden Mean is paradigmatic.

Later, Isaac Newton and Newton's admirers have lied outright, attempting to deny, for example, that Kepler actually succeeded in discovering elliptical orbits, and that Kepler had not seen a connection between his laws and earthly gravitation. Both statements were outright lies, which could not have been kept in circulation in English-speaking countries if publication of English translations of Kepler's principal writings had not been suppressed up to the present time.

The truth of the matter is simply this. Kepler proved a number of fundamentals, sufficient to establish all modern mathematical physics as a coherent discipline. There were some things he did not complete, but it was his genius to define the need for discovery of such things as the calculus, establishing the guide-lines Leibniz employed to effect the development of the calculus before 1676. From the successive work of Kepler and Leibniz, most emphatically, all competent strains of modern mathematical physics flow. True, Kepler did not perfect the theory of elliptical functions; it was the enemies of Newton and Cauchy who did develop the theory of elliptical functions, up through the essential completion of that work by Bernhard Riemann in the late 1850s and early 1860s. However, Kepler defined the importance of developing a theory of elliptical functions, and set science along the pathway of successive developments which led to its fruitful realization in later times.

Enough of that aspect of the matter. We turn directly, that background identified, to the problem of defining a physical space and the indispensable contribution of such

a definition for mathematical economics.

The starting-point of the work leading into Kepler's discoveries, as Kepler himself details rigorously in step-by-step fashion, is the great problem of geometry posed beginning the Tenth Book of Euclid. It was proven, at the Cyrenaic temple of Amon, during the fourth century B.C., that only five regular polyhedra can be constructed in Euclidean space. In other words, all of the postulates of proof by construction which lead into the topics of the Tenth through Thirteenth Books of Euclid lead mankind rigorously to the result that the internal ordering of all such geometry—the geometry of visual space—is governed by some principle which does not lie contained within the geometry of visual space. The characteristic quantifiable (determinate) *expression of* this "external principle" for visual (Euclidian) space is the Golden-Mean proportion.

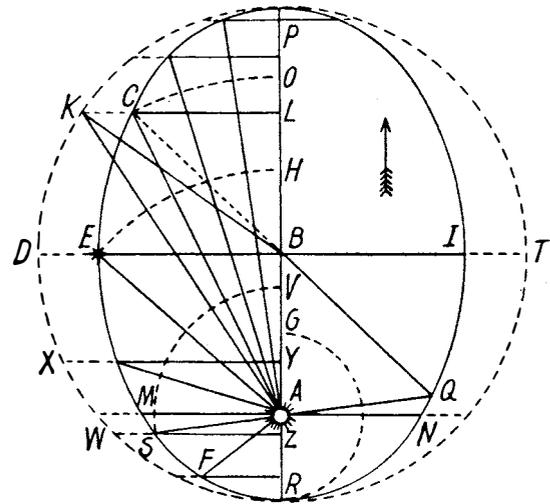
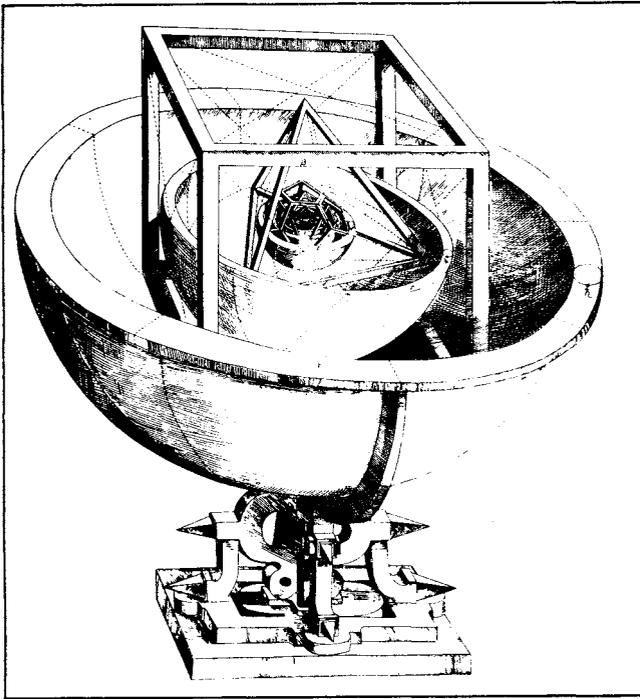
This principle, that visual space is merely a subspace of physical space, but in projective congruence with the whole of physical space, was elaborated mathematically for geometric physics generally by the work of Riemann, leading, chiefly by way of Riemann's influence among Italy's scientists, to A. Einstein's flawed but useful discoveries concerning a Riemannian universe.

Elementary particles do not exist as ontologically self-subsisting substances, and physical processes are absolutely not governed by action-at-a-distance among particles in aprioristic empty space. Nor, as has been repeatedly demonstrated empirically, is empty space conveniently filled with an ether of the sort which James C. Maxwell contemplated as the key to making Newton's incompetent mechanical scheme credible to the 19th century.

What we see in visual space is the reality of a larger, physical space, projected as images into visual space. The principle governing such projective relationships must be, as Kepler proved conclusively, and as spiral nebulae affirm Kepler's proof today, based on harmonic proportionings *of a sort which subsume* the Golden-Mean proportioning.

What we must observe and measure in visual space, if we are to infer rigorously processes in physical space, is not things, but the ordering of transformations.

We are greatly aided in beginning to understand this point by adopting the viewpoint of elementary (Euler, et al.) topology. In elementary topology, as in physical reality, two points do not determine a line; rather, the intersection of two lines determines a point; the intersection of surfaces determines lines; the intersection of solids determines surfaces; the intersection of higher-order processes determines solids. A point, a line, a surface, a solid, is a zone of ambiguity, of overlap of the intersecting, geometrically high-order forms which define that point, line, surface, solid. These ambiguities, or boundaries of overlap, are termed *singularities*.



At left is Kepler's 1596 demonstration of the harmonious relations among the five Platonic solids. Above is a diagram demonstrating his 1609 Second Law, which paved the way for elliptical functions. It states that the radius vector of an elliptical planetary orbit covers equal areas of the orbital plane in equal time periods, explaining why the planets move fastest when they are closest to the sun.

By definition, a singularity has no *ontologically independent* existence in visual space, and does not correspond to any elementary existence in physical space. Thus, if it is sometimes convenient for calculations, to suppose that a "point-mass" exists, it is ignorant superstition to presume because of the usefulness of such crude calculations that such a mythological being as a point-mass actually exists in the universe apart from fictions of intellectually lazy mathematicians.

As for numbers, the integers arise in geometry and physics as an associated feature of the counting of singularities, which demonstrates the geometric origin of the integers as well as all other numbers. Similarly, the idea of a "straight line" as a self-evidence, or necessarily self-evident assumption, is another superstitious absurdity. In topology, a straight line is defined by folding a circle against itself, just as a circle is defined topologically by folding closed areas against themselves.

As we generalize from Euler's founding theorems in topology to higher-order physical geometries, we are shown that the formulas governing coefficients of topological formulas respecting singularities work to aid us in discovering what order of physical space is required to yield a combination of singularities corresponding to a formula.

At that point, we are obliged to reject as numerological superstition all attempts to construct algebra on any basis but the geometric basis for elaboration of physical topology (e.g., Riemann's topology) from the reference-point of Kepler's work.

We must interpret processes seen in terms of visual

space solely in terms of adducible characteristic features of transformations—geometrical transformations—respecting whole, coherent assemblies constituting such processes. It is only when events defined in terms of the "language of visual space" (geometry) are treated as processes in this fashion, that our interpretation of phenomena of processes in visual space is in projective congruence with the ordering of processes in physical space.

Economics and physics

This is key to what we outlined in defining work in "economic space." We generalize the notion of alternative transformation-functions, by the yardstick of increases in the potential relative population-density of society. It is in this transformation of entire societies as self-subsisting processes, which defines the efficient reality of all activities occurring within an economy.

In science, this writer is responsible for discovery of two important conceptions. First, this writer, beginning with a 1952 discovery, discovered that the characteristic function required to define a competent mathematical economics is a *negentropic function*, alternately to be defined most appropriately as a *Riemann function*. Second, this writer developed, as a by-product of the elaboration of that first discovery, an important, improved proof of the validity of scientific knowledge, by locating the basis on which that proof is properly premised. The latter is now summarized here, so that we may appreciate the conclusions to which the foregoing references to Kepler and topology lead us in eco-

conomic science.

The ordering of societies in such a way as to represent societies of higher potential relative population-density emerging from the development of societies of relatively lower such potential, provides us a series of a form outlined earlier:

$$a_1, a_2, a_3, \dots a_n$$

The developments in technology which are responsible for this progress correlate with an actual or at least implicit body of scientific knowledge. Therefore, we may treat the indicated series as defining an ordered series of phase-changes in progress of scientific knowledge. The same tactic, of adducing the transformation-functions ordering successive members of such a series, applies.

It is the ambiguity of any particular body of currently established scientific opinions in particular that the prevailing scientific knowledge today is superior to the knowledge of the previous epoch, and yet the best formulations of today may become the favorite professor's classroom jokes of the future. For reason of this ambiguity, we can not premise any absolute authority for scientific opinion, such as that prevailing in universities today, on the putative experimental proofs cited in support of such opinions. An isolated experiment proves nothing fundamental; no mere accumulation of inductive judgments from a mass of such isolated experiments proves anything fundamental respecting the lawful ordering of the universe.

Wherein, then, does the possible authority of science lie? Look again at our approach to this series we have outlined. In the first approximation, the transformation-function which is shown to define an ordered series of successive scientific revolutions is of a higher order of knowledge than any of the particular bodies of scientific opinions it subsumes as a generator. Yet, as for the general function of economic science, we require a yet-higher notion of transformation, which subsumes all first-order transformations. This latter, higher notion, we can rightly term the principle of "scientific progress."

It is the principle of discovery underlying all successful scientific revolutions which is the sole absolute authority for scientific knowledge.

How do we measure scientific revolutions, so that we may determine which are actually advances, which are retrogressions, nonproductive detours, and to compare the implied degree of power of progress and retrogression relative to other cases? The *implicit* potential relative population-density, as variously expressed by application of the technological benefits of such a revolution, or, if realization of scientific progress is constrained by social policy, what the contribution would be if the benefits of science were promoted

adequately: there is the only basis for measuring scientific revolutions.

From this method of inquiry we adduce principles (policies) of scientific discovery, of scientific progress which correlate directly with increasing the average per-capita power of mankind over the universe. It is only through means of the metric of potential relative population-density that this could be determined empirically.

What, then, does it mean to generate a series of technological developments, such that the power of the average person over the universe is successively increased?

Negentropy

To increase man's average power over the universe means to increase man's command of the lawful composition of the universe. This means that the generator which orders such a succession of phase-changes in technology is in implicit congruence with the lawful composition of the universe as a whole. It means that that generator is implicitly a statement of principles congruent with the underlying, lawful ordering of the universe.

This conception is not fundamentally new to this writer. It is Plato's notion of the hypothesis of the higher hypothesis. It is the *Logos* conception in the Nicene-Filioque doctrine of Apostolic Christianity. It is the approach of St. Augustine and his followers to the ordering of secular society. What is new to this writer's conception is to situate that *Logos*-conception with respect to the implications of a Riemannian approach to the fundamental function of economic science.

Yet, this very notion defines the ordering-principle of scientific (technological) progress as *negentropy*; we shall clarify this in a moment. Therefore, *the lawful composition of the universe as a whole is negentropic*.

By negentropy, we mean, in terms of physical topology, that the principle $(n+a)/n$ defines a generative principle, as this notion is reflected in Bernhard Riemann's 1854 *On The Hypotheses Which Underlie Geometry*. It means that the economy defines a series, of the form:

$$(n+a)/n; (n+a+b)/(n+a); \\ (n+a+b+c)/(n+a+b); \dots$$

It also has a simple economic interpretation:

If the total output of a society is *W*, and if the following subdivisions, as distribution, of *W*, prevail,

C = Cost of maintaining goods-producing and physical-distribution capacity status quo ante;

V = Cost of maintaining at a current level of culture, etc., all of the households from which the goods-producing sector of the labor-force is recruited;

d = The cost of all household and other costs for non-goods-producing labor-force activities;

and if

$$S = W - (C+V);$$

$S' = (S - d) =$ Net Operating Profit of the society as a whole;

then the ratio $S'/(C+V)$ correlates with $(n+m)/n$, on condition that S' is chiefly converted into "reinvestment" in technological-progress-oriented expansion of the economy in scale and productivity.

In this case, the ratio of $S/(C+V)$ increases. Unless the policies of practice of the society are mismanagement of the society, the increase of $S/(C+V)$ correlates with increases in $S'/(C+V)$.

However, the "objective content" of average real wages and per-capita goods-producing investment increases, at the same time that the social cost (per average total of members of the labor-force) decreases. In other words, both C and V increase in objective content, relative to preceding epochs of the production-distribution cycle, but the average cost of C and V combined decreases as a percentile of total activity of the labor-force.

This growth of the function, $P = F[S'/(C+V)]$, is negentropic. The source of the negentropy is the principle of scientific progress, mediated through actual

scientific progress, and that latter mediated through technological progress. Thus, the ordering principle which causes a successful economic process to be negentropic is scientific progress, which scientific progress is nothing but those principles of discovery which, as a generative principle, is congruent with the underlying lawful ordering of the principle as a whole.

Imago viva Dei? Is it man's power to reach atonement with the Logos, which, as an activity, is the self-mediated activity, through work, which defines man as in the image of God, above the beasts? Is it, then, through exerting increasing dominion over the universe in ways expressed by increase of the potential relative population-density of society, that mankind expresses through technological progress in work, the activity of atonement with the Logos? Is it, then, therefore the case, that the function of material progress, mediated through technological progress in work, is not material progress in itself, but that material progress is indispensable to perfect the development of man's potential, individual man's potential, as *imago viva Dei?*

All human history, all evidence adducible from science, informs us that the answer to each and all of these questions is "Yes, it is so."

Whether or not the reader prefers to embrace, ecumenically or otherwise, the Judaism of Philo of Alexandria, the Apostolic Christianity of St. Augustine, or not, there is no competent dispute against the scientific authority of the *Filioque* principle as reflected

Executive Intelligence Review

	3 months	\$125
U.S., Canada and Mexico only	6 months	\$225
	1 year	\$396

Foreign Rates

Central America, West Indies, Venezuela, and Colombia: 3 mo. \$135, 6 mo. \$245, 1 yr. \$450

Western Europe, South America, Mediterranean, and North Africa: 3 mo. \$140, 6 mo. \$225, 1 yr. \$470

All other countries: 3 mo. \$145, 6 mo. \$265, 1 yr. \$490

I would like to subscribed to the *Executive Intelligence Review* for

3 months 6 months 1 year

Please charge to my

Master Charge No. _____
Interbank No. _____

Visa No. _____

Signature _____

Expiration date _____

I enclose \$ _____ check or money order

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Make checks payable to *Executive Intelligence Review* and mail to *EIR*, 304 W. 58th Street, 5th Floor, New York, NY 10019.
For more information call (212) 247-8820.

in the principle of *imago viva Dei*.

The enemies of science

Equally to the point, all forces which have rejected those principles—whether the Delphi cult of Apollo, the Mesopotamian Mobads (Magi), the cult of Isis, the gnostic pseudo-Christians of Justinian Eastern Orthodoxy, Jesuitry, and Anglicanism, or simply atheistic Malthusians—have proven themselves to be evil in social practice. Central to the difference between the evil Justinian gnostics of the Eastern Church and Apostolic Christianity, as between the Sadducees and Philo of Alexandria, is the issue whether the universe is linear and entropic, or a continuing creation which is negentropic. The evil agent of the Delphi cult of Apollo is exemplary of the arguments for linearity and entropy.

The universe is not composed of aggregates of very small, ontologically self-evident particles, each variously combining with other particles, and generally otherwise acting upon one another, “at a distance,” across empty, aprioristic space. What ignorant opinion sees as “concrete existence” in empty space—points, lines, surfaces, solids, and so forth—are in fact merely singularities, eminently countable singularities, of a current epoch of a process of transformations. Contrary to Descartes and Spinoza, as also Schelling, the discrete existences are real, if nonetheless, like mere mortal human persons, only ephemerals in the course of the unfolding of the determining process of successive transformations.

The discrete existences are real. The discrete existences called human beings are real, above all others. Only human beings possess the divine potential expressed as the activity of scientific progress, the power to master those laws of the universe with which men and women, among all other existences, are brought into existence and pass away. Only man, among all existences of that sort, can supersede his thing-like ephemerality, to become a real, active part of the process of continuing creation.

The notion of linearity, of entropy, is introduced to credulous folk by such wretches as the sophist Aristotle through the sophist huckster’s pointing to things: “See, this thing is tangible. Only it is real.” So, a kind of analogy for an optical illusion occurs, in which a sophist’s hypnotism so intently focuses the credulous, deluded individual upon the abstract existence of the ephemeral thing (the mere singularity of the process), that the victim’s mental power to wrap his mind around the quite observable and efficient process of transformation is destroyed. From that sort of sophist’s brainwashing of the credulous arises the dogma of “reductionism,” the delusion that the universe is entropic.

From a higher standpoint than we propose to introduce to the readers selected for this report, we could show that God is not the chief accountant of the universe’s largest public utility. The activity of the

universe cannot be measured competently in units analogous to calories or watts—a procedure admittedly to be recommended to actual public utilities’ billing departments. What we call “energy” is not an independent existence, but a reflection of negentropy, the work reflected in raising processes from lower to higher degrees of organization, in the sense of organization implicit in the notions of physical topology.

General conclusion

We have shown why any superimposition of linear, entropic “economic models” upon policy-making must necessarily lower the potential relative population-density of societies. If this sort of policy is continued, the potential relative population-density must fall below the existing level of population—as is occurring today in that most evil of all relics of ancient cults, the Peking regime of China, whose nation is now undergoing one of those classical yin-yang, genocidal collapse-phases intrinsic to the Taoist-mandarin heritage of the ancient Han dynasty.

Thus, all application of linear, entropic modelling to economies is intrinsically genocidal.

Worse, we have emphasized, today’s Malthusians are fully conscious of the genocidal implications of their adopted economic policies (“systems analysis”), so that their capital offenses against the Nuremberg Code are not unwitting, but fully conscious—on both the Western and Soviet side among Malthusians today.

We have situated that proof within the context of introducing the rudiments of a competent mathematical economics, exposing, for those who may require this to be stated here, the implications to which our mathematical economics leads in practice.

The simple fact which is outstanding is that any elected or appointed official of any government, or of any supranational institution, such as the International Monetary Fund, World Bank, or International Institute for Applied Systems Analysis (IIASA), who supports the policies of the Club of Rome, of IIASA, of the Draper Fund, the Aspen Institute, or President Carter’s genocidal *Global 2000* and *Global Futures* proposals deserves to be indicted and removed from office into public outlawry on grounds of complicity in capital offenses, “crimes against humanity” (genocide) of the Nuremberg Code.

That fact is conclusively established without what we have written here. What we have done in this report is to strip away the apology offered by mass-murderers such as Aurelio Peccei, Robert S. McNamara, et al., that it is economics, not malice, which makes them instruments of a greater mass-murder than Adolf Hitler perpetrated.

1. See “How the United States Could Still Surpass the Soviets in Science,” by Lyndon H. LaRouche, Jr., scheduled for publication in the *Campaigner* magazine, volume 14, number 8.

EIR presents

A National Conference on Water From Alaska

Saturday, February 27, 1982
Houston Marriott Hotel - Greenspoint
255 East North Belt Drive, Houston, Texas
at Intercontinental Airport
\$50 registration: includes luncheon
For more information, call Nicholas Benton (713) 266-5445

For the first time since the mid-1960s, a serious revival of interest in tapping the enormous water and hydroelectric potential of Alaska and Canada is occurring. The dramatic threat of shortages facing major agricultural and growth areas of the nation are well known. Overcoming the fiscal and ideological constraints that have doomed regional water development plans in recent years will be the subject of this conference. It will demonstrate both the economic necessity and engineering feasibility of water from Alaska, which would cost less to the national economy than the effects of scarcity and shortages will.

9:00-10:00 a.m. Welcome and opening statements

10:00-12:00 noon Panel: "The Engineering Feasibility of Delivering Water From Alaska." Experts on plans developed in the 1960s and before, including the Ralph M. Parsons Company's "North American Water and Power Alliance," will detail the feasibility and enormous water and hydroelectric yield potential of water from Alaska to Canada, Mexico and the United States.

12:00-2:30 p.m. Luncheon and address: "The Moral and Economic Necessity of Developing Population Growth Potential" by *EIR* founder Lyndon H. LaRouche Jr.

2:30-4:30 p.m. Panel: "The Economic Feasibility of Water From Alaska." Proofs will be presented that the nation will spend more in increased costs due to scarcity if it doesn't transfer water from Alaska than if it does. Panelists: *EIR* Economics Editor David Goldman; California Democrat Will Wertz, challenging Jerry Brown for the U.S. Senate; and Kansas State Rep. Keith Farrar (R-Hugoton), a member of the High Plains Study Council.

4:30-6:00 p.m. Closing remarks and reception.

Mail to *EIR*, P.O. Box 740191, Houston, Texas 77274
A National Conference on Water From Alaska

Name _____ Address _____

City _____ State/Zip _____ Phone _____

Check one:

Enclosed is \$ _____ in check or money order (made out to *EIR*) for _____ registrations at \$50 each.

Charge \$ _____ for _____ registrations at \$50 each to my (check one) Mastercard Visa.

Account # _____ Expiration Date _____

Signature _____ (If registering for more than one person,
please list additional names on back.)

Economic dangers worst, Schmidt warns Reagan

by Nora Hamerman, Editor, and Graham Lowry, U.S. Editor

West German Chancellor Helmut Schmidt won a tactical victory for the principle of reality over the fantasy-ridden U.S. media and State Department during his visit to Washington Jan. 5 and 6, when he emphasized that the root of the deepening international crisis is not the events of Poland, but the threatened depression of the world economy.

Combined with the public commitment of the Reagan administration *not* to invoke a grain embargo against the Soviets—precisely the measure that Secretary of State Alexander Haig had been vehemently urging as a tough-guy response to the Polish clampdown—the Schmidt visit with President Reagan potentially opens the way for a shift in U.S. foreign policy into the realm of joint efforts with America's allies to stabilize the international situation. In this context, recent shakeups, including the appointment of William Clark as national security adviser in the White House, might provide President Reagan with a buffer against efforts to determine foreign policy by Haig, Henry Kissinger, and their media allies.

Schmidt faced a barrage of hostile U.S. press coverage which first tried to paint him as about to break out of the Western alliance (the *New York Daily News* Jan. 5 called him “a pillar of jelly” toward the Soviets, and the Jan. 5 *New York Post* railed against “a new Rapallo,” for example). During his Jan. 5 appearance with Mr. Reagan, as the Chancellor referred to “the sad events in Poland,” the press corps burst into derisive laughter. Later, the press shifted to an equally absurd effort to

portray the West German leader as having made substantial concessions to the confrontationist line of the Haig State Department. But most signs in the immediate aftermath of his visit point to Schmidt's success in using his pivotal position as a Western European ally of the United States to play a mediating role between Washington and Moscow. Secretary of State Alexander Haig, in a public demonstration of “eating crow” that flabbergasted many seasoned Washington observers, was forced to admit that his own State Department together with the media had been the institutional center of a campaign to discredit and undermine the Chancellor.

And two days after Schmidt's talks with President Reagan, Haig announced through a page one *New York Times* article that the President was actively considering a meeting with Soviet President Brezhnev. Chancellor Schmidt, who met with Brezhnev six weeks earlier in Bonn, “urged Mr. Reagan during their meeting on Tuesday to see Mr. Brezhnev,” according to the *New York Times* report.

Schmidt's trip to Washington, which included meetings on Capitol Hill as well as with the President and Cabinet members, had been scheduled *before* martial law was declared in Poland last Dec. 13, precipitating that Eastern European country into the headlines. In Washington, Schmidt reiterated the West German refusal to join the United States in imposing sanctions against the Soviet Union for the Polish crisis, a refusal that had been made the previous week to Undersecretary of State Lawrence Eagleburger in Bonn.

Schmidt's refusal to accede to suicidal economic sanctions against the Soviet Union was linked to a perception of the economic roots of the crisis of Western foreign policy which he underlined during the Washington visit. He demanded and personally inserted into the joint communiqué with Mr. Reagan a clause stating that "the Chancellor referred to the danger of a worldwide depression and ensuing far-reaching political hazards that may arise if the industrial countries fail to agree on a common strategy to combat unemployment." Schmidt also "emphasized the strategic significance of social and economic stability in the industrial countries of the West as an important element in the maintenance of a stable East-West balance."

The agreement between Schmidt and Reagan was substantial enough to force Secretary of State Haig to chastise the press and his own State Department officials for their high-handed treatment of the West German leader. Speaking to the press Jan. 6—only a day after his second-in-command at State, William Clark, a long-time confidant of President Reagan, had been upgraded to National Security Adviser—Haig had to admit that "as was sharply pointed out to us, some of the differences" between Reagan and Schmidt "speculated upon by the press did not exist at all."

Haig reported Schmidt's complaints that his statements on the Soviets and Poland had been distorted or blacked out by the press, and described them as having fallen into a "deafening cloud in the American and Western press." Forced to make a public apology, Haig said that "just criticism" should be accepted, "not only by the media, but in the State Department as well," where officials speaking to the press were often "over-eager."

While describing Schmidt's position on Poland as "robust," Haig also acknowledged that "he would not expect a unified action" regarding any sanctions—even though Haig's subordinate Eagleburger had just been in Bonn the previous week demanding precisely such "unified action."

Message to the Senate

Schmidt took his message on the economic crisis to Capitol Hill Jan. 5, where staffers for the Senate Foreign Relations Committee report that he denounced U.S. economic policy as a strategic threat to world stability.

Schmidt was particularly critical, as he has been frequently in the past, of the U.S. high interest rate policy, the bludgeon wielded by Federal Reserve Chairman Paul Volcker against the domestic U.S. economy with devastating effects internationally. While stating that the United States was not solely to blame, Schmidt denounced high interest rates as threatening to cause a catastrophe far worse than anything occurring in Poland. He also declared that offering economic aid to

Poland was a better policy course than imposing sanctions.

Schmidt's maneuvering room was enhanced by the fact that President Reagan has so far ruled out the only economic sanction of serious consequence to the U.S.S.R.—the reimposition of a grain embargo.

Their joint communiqué (see below) described an exchange of views on economic sanctions and came up with a formulation identical to the one adopted at the European Community's foreign ministers meeting Jan. 4, over the sputtering objections of the British. It gives broad latitude to Chancellor Schmidt to determine how to "avoid any step which could undermine [the] respective actions" of members of the alliance with regard to the Soviet Union.

Both Chancellor Schmidt and President Reagan then made personal statements to the press. Schmidt's remarks underscored his concern for world peace and for preventing a new depression. President Reagan stressed the importance of continuing the Geneva negotiations with the Soviets on arms control, despite Reagan's charge—concurrent with Schmidt—that the Soviets bear responsibility for events in Poland. Schmidt also stressed "what the President has said about overriding importance of the Geneva talks on arms control."

"I will not hide from you the fact that we are worried about the high rate of interest all over the globe, in the middle of a deep recession," Schmidt declared, "and both of us feel that joint effort is necessary to jointly get out of that recession in order not to plunge into a worldwide depression."

Where's Kissinger now?

Disarmed on the flank of trying to prove that Schmidt was about to break with NATO and fly into the arms of Moscow, the Haig-Kissinger crowd and their press allies have now been trying to manufacture the claim that Schmidt had significantly hardened his position against Moscow as a result of his meetings in Washington.

The object of such claims would be to weaken Schmidt on his domestic German flank, where the genuine preoccupation of the citizenry over the danger of nuclear war has been wielded by a spurious "peace" movement to attempt to overthrow Schmidt as Chancellor, arguing that he has become a puppet of the Anglo-American confrontationists.

Even though Schmidt made it clear that he has always said "it was obvious the Soviet Union played a role in the Polish events," another "background" briefing was hastily assembled after the two government heads made their statements, to characterize Schmidt's acknowledgement of the Soviet role as a shift toward a tougher line. A senior national security official who formerly served under Zbigniew Brzezinski told report-

ers that "we discern a much greater degree of explicitness" in Schmidt's acknowledgement of Soviet complicity.

By Jan. 7 the press had developed yet another wrinkle on its efforts to discredit Schmidt: according to the *Baltimore Sun* and *Washington Post*, the Schmidt-Reagan meetings were extremely "tense" and the West German Chancellor was forced to change his position due to U.S. recalcitrance. In a deft manipulation of editorial scissors, the *Wall Street Journal* managed to report on Alexander Haig's press conference without mentioning any attacks on the American press!

All of this comes amid new indications that the Kissinger-loving media could be in for a disappointment over the direction of Reagan administration foreign policy. Henry Kissinger and company (including Alexander Haig, Kissinger's policy ally and former protégé) have been pushing for a major shakeup to accompany the unseating of Richard Allen as National Security Adviser, in order to increase the power of Haig. They have particularly sought the removal of presidential counselor and Reagan loyalist Edwin Meese III from any role in foreign policy.

William Clark, appointed Jan. 4 to replace Allen, comes to his new position from his present job as number two man at State under Haig, after the White House decided in favor of upgrading the national security post to bypass Meese, including direct briefing of the President at least once a day.

The Kissinger-Haig strategy will be to surround Clark, who has limited experience in national security or foreign affairs, with Haig-aligned advisers, such as Kissinger's Georgetown crony Amos Jordan, who is mooted to become Clark's top deputy.

Although Kissinger recommended the restructuring, his noisy celebration of it on national television Jan. 4 may have been premature.

It is not merely the fact that William Clark is a long-time personal friend of Ronald Reagan who recruited Ed Meese to the Reagan team back in the 1960s, or that he was persuaded by Meese to assume his post at State reportedly to place a check on Haig, after having turned down Reagan offers of cabinet positions and the CIA directorship. Clark is said by West German press sources to maintain close connections to the Vatican, and a close friend of Haig reports that Clark thinks "that Al Haig is this city's biggest fool."

The *Washington Post* on Jan. 8 announced that Meese would be gotten out of the way by elevating him to the position of attorney general. But again, the crowing may be premature. In an unusually strong reaction, President Reagan in person attacked the *Post* on the same day and flatly denied any such report of Meese's removal from the White House.

U.S. press takes aim at Chancellor Schmidt

The *Wall Street Journal* editorialized on Jan. 4:

Mr. Reagan should ask how on earth Mr. Schmidt has arrived at the Orwellian pretense . . . that the Soviets aren't largely to blame for what's taking place in Poland. He might inquire why . . . he has so deliberately and publicly sought to embarrass and undercut his most vital ally. . . . Chancellor Schmidt's performance of late has been truly appalling, even apart from undercutting missile deployments he himself asked for. First there was the November love-in with Leonid Brezhnev, in which Schmidt took it upon himself to vouch for the Russians' peaceful intentions and to act as "interpreter" between the two superpowers rather than as ally. Then there was the fruitless journey to East Germany to beg for better relations, during which the Polish crackdown began. . . . Mr. Schmidt's stance toward Moscow speaks of a demoralized leadership whose best vision of West Germany's future is as a Finlandized industrial vassal of a totalitarian empire.

Referring to the West German position that martial law was "an autonomous Polish decision," Jess Lukomski wrote on the front page of the Jan. 5 Journal of Commerce:

In adopting this convenient premise, which is blatantly at odds not only with Washington's point of view but also with the position of other European governments and the majority of editorials in the German press, Chancellor Schmidt is obviously trying to save his détente policy and to protect West Germany's commercial interests. This attitude has won Bonn much praise in Moscow and from the Polish military regime.

Times correspondent John Vinocur wrote on Jan. 5:

Mr. Schmidt talked about China. Mr. Schmidt talked about economics. Mr. Schmidt told someone that his walking stick reminded him of Frederick the Great of Prussia. And Mr. Schmidt talked about Leonid I. Brezhnev, a man he described as one deeply concerned about peace.

It was difficult to break in. The Chancellor held the stage. . . .

But the clear straight message about American dissatisfaction was there at another level. It was given to . . . men who report directly to Mr. Schmidt.

"American public opinion could not fathom," they

were told, "how for weeks the Italian Communist Party had adopted a more critical attitude toward the situation in Poland than the Government of the Federal Republic of Germany."

The Washington Post greeted Schmidt with a similar message from syndicated columnist Joseph Kraft:

The alliance is at a turning point, and even NATO Firsters must now wonder whether it wouldn't be better for the United States and Europe to drift apart. . . . Far from nerving the British and French to a stronger stand against Soviet pressure, Chancellor Helmut Schmidt now leads the way to accommodation with the East.

From a New York Post piece by Joseph Sobran on Jan. 7:

When Helmut Schmidt denounced the Reagan administration's sanctions against Poland, I thought briefly that a dirty little secret was going to emerge. It didn't. It's left to me to expose it.

West Germany is up to its ears in Soviet-bloc trade, somewhere in the neighborhood of \$10 billion annually. Everyone knows that. What isn't so widely known is why. What can socialism offer capitalist West Germany when the Germans are so notoriously efficient, and socialism is so notoriously not?

Labor. Technologically, the Communist bloc is primitive. Its trade advantages occur in labor-intensive industries, where tyranny's superiority is absolute. . . .

In such circumstances, the socialist and the capitalist have a shared interest in avoiding calling the thing by its right name. They speak of "detente" and "international cooperation" rather than the ugly reality of massive involuntary servitude. . . .

It may be true that East and West are converging. If so that is no cause for ecumenical celebration. It means that the worst elements of both are discovering methods of colluding in oppression to produce what Hilaire Belloc called the Servile State: a bureaucratized, industrialized serfdom.

From a Jan. 8 Chicago Tribune editorial:

Do we really need these selfish venal allies? Must we expend more blood, more wealth, and lives for these Europeans? . . . The recent Brussels meeting of the European Community is a bitter pill to swallow when these people announced they would not support sanctions! These people have demonstrated callous incivility and acted like passersby who notice a woman being mugged on the street and do nothing. . . .

Americans are suckers. West Europeans have treated them like cowboys who don't understand the intricacies of European diplomacy and dealings with the Soviets. Well, these diplomats have caused two world wars, and the bodies of 500,000 American casualties now stand over the land of Europe. . . . Schmidt can only carp on interest rates, and ignore Poland. . . . The Poles are not the last to feel the Soviet boot; yet there is no danger from the West which justifies their Warsaw Pact concentrations. These Europeans want to live like eunuchs in the Soviet palace.

A Schmidt interview and communique excerpts

Excerpts from Chancellor Schmidt's interview with The New York Times, published on Jan. 3:

Historically, some almost 40 years ago the powers decided in a meeting in Yalta to practically divide Europe into spheres of influence. I think that many in the meantime have come to deplore this, but . . . never did anybody try to intervene by force. And I hope nobody will, because that would mean war.

We have tried to influence spiritually. We have tried to influence by economic exchanges, by scientific exchanges. We have tried to influence by human contacts, and by financial help as well. . . . [I]t is questionable whether one is doing oneself a favor in the long-run aspect if one voluntarily limits such possibilities of influence. . . .

I consider Jaruzelski, first of all, to act out of what he believes to be in the best interest of the Polish nation, in the first instance as a Pole. In the second instance, he appears as a military man. And only in the third instance, I think, he comes as a Communist. . . .

This [Poland] is a routine type of difficulty, and a routine type of controversy within the alliance. It has never played a really big role, and I hope will not play a big role in the future as well. . . . [W]e would find it very difficult to apply sanctions ourselves against Poland. . . .

I think that public opinion in Europe and in America as well as published opinion in the Northern Hemisphere as well as governments more or less have not understood the nature and implicit dangers of the economic situation.

You have a higher unemployment in the Western world today than at any time since the early years after

the war. If that situation should last it will make for vast disarray, dissatisfaction, unrest, especially among the young if they cannot find jobs and opportunities.

At the same time we have a higher amount of inflation than is sensible; we have a much higher rate of interest than what should be permitted in the present situation of investment and fixed capital. The present rate of interest in the Western world is ridiculous. So one has to bring down the interest rates. . . . If there is a specific American responsibility, it derives from the fact that . . . where America goes, there goes the rest of the Western economy. I would not say that one has to choose between Poland or the Middle East or the economy as the first priority. But one has to act in the one field in order to act in the other. . . . As regards myself, this, I guess, is my 45th or 50th trip to the United States in my lifetime, and almost all your cities. . . . I have many relatives here and many friends here. I cannot think of a future of my country without a close friendship with the American nation.

Excerpts from the text of the joint statement by Ronald Reagan and Helmut Schmidt on Jan. 5:

. . . The President and the Chancellor call again on the Polish authorities to end the state of martial law, to release those arrested and to restore the dialogue with the Church and Solidarity. . . . The President and the Chancellor reiterated their position that any military intervention in Poland would have the gravest consequences for international relations. . . .

The President explained the economic measures taken by the United States with regard to the Soviet Union. The Chancellor informed the President that the Federal Republic, together with its partners in the European Community, will undertake close and positive consultations in this regard with the United States and with other Western states in order to define what decisions will best serve their common objectives and avoid any step which could undermine their respective actions. . . . The President and the Chancellor expressed their hope that the course of developments in Poland would permit their countries to review these decisions [to withhold official economic aid to Poland.]

The President and the Chancellor also stressed the great importance of current economic issues. In this context, the Chancellor referred to the danger of a worldwide depression and ensuing far-reaching political hazards that may arise if the industrial countries fail to agree on a common strategy to combat unemployment. The Chancellor emphasized in particular the strategic significance of social and economic stability in the industrial countries of the West as an important element in the maintenance of a stable East-West balance. . . .

Italy

Drug overlords tied to the Dozier case?

by Nora Hamerman

Information that has recently surfaced in the Italian press implicates Dope, Inc. in the Red Brigades kidnapping of NATO General Dozier and other terrorist actions in Verona, the headquarters of the NATO Command Land South. The city of Verona also happens to have the highest per capita rate of heroin addiction in Italy, and is situated at the crossroads of illegal drug traffic from the Middle East via Yugoslavia and Bulgaria and northward into Germany.

A top Mafia boss arrested in northern Italy in December has been revealed to be a kingpin in the collaboration between the Red Brigades, organized crime, and unsavory international networks involved in the U.S. "Billygate" scandal. Italian investigator Umberto Pascali, in a forthcoming *War on Drugs* magazine article, shows that Italian terrorism of both the left variety—the Red Brigades that kidnapped Dozier—and the right variety are run by the same forces that run the dope underworld. These trails lead back to the conspiratorial nexus exposed last May in the scandal concerning the Propaganda-2 Freemasonic Lodge, which was plotting to overthrow the Italian republican government and restore the deposed Savoy monarchy.

The P-2 "lodge" controls a vast financial network with tentacles throughout the Western hemisphere, through which the family funds of the old Venetian-centered oligarchy are preserved and deployed.

Further P-2 links

On Dec. 20 the Milan newspaper *Il Giornale* reported on the background of the recent arrest in Turin of Mafia boss Gaetano Fidanzati. Fidanzati was considered the successor of the notorious Gerlando Alberti, the kingpin of the "Sicilian Connection" arrested in the summer of 1981 after Italian tax police had raided a gigantic heroin refinery under his control. Alberti's U.S. contacts included some of the biggest heroin traffickers arrested in the past two years, and they in turn were connected to the powerful P-2 lodge through banker Michele Sindona, who is now serving a jail sentence in New York.

Another important connection of Fidanzi is the late gangster Francis Turatello, who was killed in jail in Italy last August. At the time, *Il Giornale* pointed out that Turatello, who ran the heavy-drug network in Northern Italy, had a political patron—Bettino Craxi, the leader of the Italian Socialist Party.

Craxi is a key link between these drug networks and the “utopian” wing of NATO, including former NATO commander-in-chief Alexander Haig, who worked actively through 1981 to win Reagan administration approval for a potential Craxi premiership in Italy. Moreover, when the P-2 scandal exploded, a “Haig dossier” linking the U.S. Secretary of State to the plot was widely mentioned in the Italian press—until the lid went on last June.

Italian Prime Minister Spadolini is now beginning to point the finger at NATO. Speaking on Jan. 5, he said that it was NATO and not the Italian government that was responsible for protecting General Dozier. Spadolini's statement was issued on the same day that his office also repudiated the latest trumped-up charges that he was involved with the Propaganda-2 Freemasonic lodge.

The P-2 lodge had numerous and well-documented links to the “right” variety of Italian terrorism, including repeated coup attempts in the early 1970s by former Mussolini terrorists led by Prince Junio Valerio Borghese. In addition, P-2 worked with Libyan dictator Muammar Qaddafi, himself a creature of P-2 Grand Master Licio Gelli, to supply the Red Brigades and the entire spectrum of “red,” and “black” terrorists with sophisticated weapons.

This leads to P-2's role in “Billygate.” Billy Carter's famous 1979 trip to Libya was organized by a Socialist lawyer from Sicily, Michele Papa, who is closely tied into the heroin-running clan of Gerlando Alberti and Gaetano Fidanzi. With the arrest of Fidanzi, the tax police and Turin magistrates discovered a big network of drugs, weapons, and terrorism extending through the Spanish Costa Brava, Italy, and Belgium under Fidan-

zati's direction.

International ties

“From the Costa Brava came heroin,” reports *Il Giornale* journalist Beppe Fossa. “From Central Europe came weapons (pistols and Kalashnikov machine guns). The Sicilian Mafia had the job of delivering these commodities into Africa and the Middle East.” A magistrate in the case is quoted: “The Mafia's ships were often escorted at sea by motorboats of a foreign police. For the moment I cannot reveal the name of this country. I do not want to provoke, at this point in the investigations, international complications. . . . The case is very serious, and I don't want to embarrass the foreign minister.”

Two countries have been suggested by intelligence analysts in Italy as likely candidates for the unnamed foreign country—Libya, and Israel. Arms traffic to Libya in exchange for illegal drugs originating in the Mideast is a well-known phenomenon. The Israeli drug mafia is documented to be working with Muslim Brotherhood insurgents in Egypt in this “business.”

Il Giornale explicitly stated that gangster Gaetano Fidanzi had links to terrorism—the Italian Red Brigades and West Germany's Red Army Fraction (Baader-Meinhof gang).

This network may also account for the extraordinary ease with which convicted assassin Ali Agca eluded arrest prior to his attempt on the Pope's life. According to a recent article in the French periodical *Le Point*, Libya's Qaddafi and Iran's Khomeini backed Agca and are now trying to kill both the Pope and his Secretary of State, Casaroli.

An intriguing angle on the case of General Dozier himself is a report from French intelligence circles, impossible to confirm, that the Reagan White House and the Soviets had agreed on overthrowing Qaddafi. According to this story, Dozier would have been in charge of logistics.



General Dozier in the photograph transmitted by the Red Brigades after his kidnapping, reminiscent of Aldo Moro before his murder.

The fight for nuclear technology imports

by Timothy Rush

Only a handful of Third World countries—among them India, Iran, Iraq, Argentina, Brazil, and Mexico—have had both the economic resources and scientific-cadre capabilities to develop large-scale nuclear-energy programs.

For the international Malthusian forces operating behind the Club of Rome “limits to growth” ideology, these nuclear programs have represented a special target. Dr. Akbar Etemad, former director of Iran’s nuclear development program, touches on one of the most important reasons below in an exclusive interview with *EIR*: “What frightened everybody in the world was not that we were building nuclear plants; everybody knew that. What frightened the world was that we were training people [working on] research and development.”

That is, major nuclear programs are more than a cheap, vital energy source in the Third World; they are what Lyndon LaRouche called recently “science-driver” efforts which pull the entire nation forward along a high-technology path.

The zero-growth forces which overthrew the Shah in Iran saw to it that that nation’s pace-setting nuclear program was demolished as one of the first acts of Khomeini’s Dark Ages regime.

The chief battleground has now shifted to Mexico. There, the government’s official goal of building 20,000 MWe nuclear generating capacity by the year 2000 is now moving into its first significant implementation phase. Bidding for the next 2400 MWe of capacity was opened in October 1981, and seven firms from four countries jumped into the competition.

The Fifth International Scientific Forum on Changes in Energy was held in Mexico City Nov. 9-13, 1981. The Forum revealed in microcosm how the Mexico battle is shaping up.

This forum in the past has served as a vehicle for generally pro-nuclear and pro-growth scientific elements to meet and plan strategy. Representative of such strata

this year were Edward Teller of the United States; Homi Sethna, director of the Indian nuclear program; and a large group of the French nuclear elite, including nuclear pioneer Bertrand Goldschmidt.

However, this year neo-Malthusian forces were able to mount a strong challenge to the dominant tenor of the conference, due in large part to the nature of the chief sponsoring group in Mexico, the Colegio de México. The Colegio de México is, in American terms of reference, something of a cross between the Institute for Policy Studies (IPS) and the Brookings Institution. Its director, Victor Urquidi, is Mexico’s coordinator for the Club of Rome and his office represents the most significant command post of environmentalism and Malthusian anti-growth ideology in the country.

Colegio de México researcher Miguel Wionczek not only used his chairmanship of one of the conference’s panels to assail Mexico’s nuclear development plans, but brought in an Ivy League Khomeini apologist, Bijan Massavar-Rahmani, to attack Iran’s nuclear program under the Shah. With pointed reference to Mexico’s program, Massavar-Rahmani charged that a nuclear program makes no sense for oil-rich developing nations, and therefore the only way to explain the decisions of such nations to go nuclear is corruption of government officials.

The bulk of the participants from all countries were outraged by this perversion of the purposes of the conference. Official protests against the Urquidi-Wionczek manipulations were raised by U.S., French, and other Mexican representatives.

Indicative of the tenor the clashes was the exchange between Wionczek and Cecilia Soto de Estévez, the director of the Mexican Association for Fusion Energy. After Wionczek expressed satisfaction that Three Mile Island had “finished off” nuclear energy worldwide, Mrs. Estévez rose from the floor to ask how many Mexicans Mr. Wionczek believed should be eliminated in order to give Mexico the luxury of not having nuclear energy. Wionczek dismissed the “stupid” question as beneath him. Amidst cries from the floor of “Not at all . . . not at all . . . that’s not a stupid question,” the session almost broke up, and Wionczek was obliged to back off from any further comments.

Reflecting the strength of this pro-nuclear sentiment, the final document included a call for the United States to shed the exaggerated strictures of the Carter era and return to the Atoms for Peace philosophy of the Eisenhower years.

On hand to specifically refute the attacks on the Iranian program was the director of that program, Dr. Etemad. In the following interview with *EIR* made on the scene, he explains why nuclear was the real option for Iran in the pre-Khomeini era—and why it remains so today for the rest of the Third World.

Iran's former atomic power chief talks about energy and development policy

The following interview with Akbar Etemad, former President of Iran's Atomic Energy Organization, was conducted on Nov. 13, 1981 by Ceceilia Soto de Estévez, Director of the Mexican Fusion Energy Association (AMEF).

Estévez: At yesterday's forum the Iranians' program was challenged as a waste of money and something useless for the Iranian economy. What are your thoughts about that?

Etemad: I think the program is best assessed through the global approach of a society. If a society decides not to have any progressive activities, not to conform to the increasing needs of the population, and not to go into a process of development and modernization, of course they do not need too much energy, and in that case I would say that the nuclear program of Iran is not needed.

But this was not the choice of the Iranian people before the uprising. We were striving very strongly to get developed, to develop our industry, our social services, and our capabilities to face our future needs, in the field of energy and in the field of industry.

I would say that by the time the storm was gathering in Iran for an uprising, the economy of that country was one of the soundest in the world. We had a high rate of growth; our internal industry had an output of \$20 billion of goods, which is very high. I don't think that this is the case in 95 percent of the developing countries. We had a relatively high standard of living in Iran. The continuation of that needed energy. Now some people argue that Iran is a resource-rich country in energy and that the nuclear program was not quite justified.

The justification is very easy. First of all, if you want to go into massive production of energy, and you get into the development of new technologies, everybody agrees that these technologies have a long lead time. It takes at least a few decades to bring it to real fruition and to make a credible contribution to the needs of the country. The nuclear program of Iran was not intended just to bring nuclear energy inside the country in the very near future, although this was a part of the program. The main intention was to prepare the country to have access to nuclear technology with a large nuclear power program.

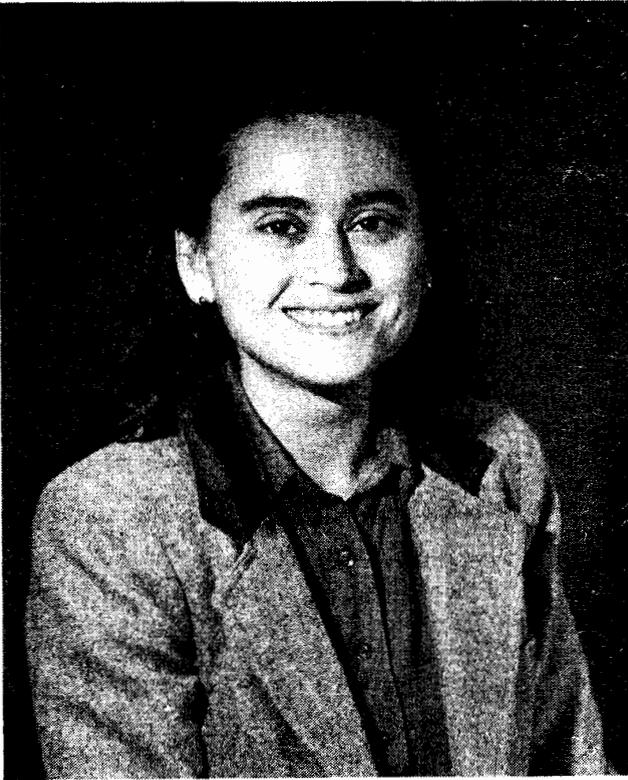
By the end of the century, the intention was that when the oil reserves would be exhausted, or diminished, at least to the level of our internal consumption (the forecast was that Iranian oil production would drop after the 1990s and would meet only the level of our internal consumption), nuclear energy would have to come into the picture of the energy development program of Iran. This fact did not exclude gas, which exists as a resource in Iran, but we thought that after oil we would have to rely on gas and nuclear, and both would be necessary for the Iranian pattern of development.

The other rationale behind the Iranian nuclear power program is that a nuclear program is at the beginning a very time-consuming and capital-consuming problem. One of the problems that most developing countries are facing now is that they do not have the capital for investment possibilities. In fact, the running cost of nuclear power plants is very low, but the capital investment is very high. Now, we thought that at a time when Iran was in a position to provide for the capital formation of the energy sector, the best choice was to go for nuclear. Later, we would never have been in a position to do it, or it might have been more difficult. I can use the example of Pakistan, or Turkey or other countries, which are willing to go for nuclear, but which are stuck by the fact that they are not in a position to provide for the investment.

The other point is that the development of industrial activities in Iran had brought the sophistication of technology in the country to such a level that we thought we could afford to have nuclear technology without too much fear of not being able to face the problems of nuclear energy. The four or five years during which we were active in this field had given the evidence that this was the kind of problem that the Iranian economy and our capital could manage.

These are the rationales behind the nuclear option of the Iranian government of that time. I think this was a very wise option and I think that if we had to do it again, we would.

Estévez: There are views that the Iranian nuclear program intended to use the nuclear plants as a vector for



NSIPS

Cecelia Soto de Estévez

forming new industrial regions, and helping agriculture. Have you any thoughts on that?

Etemad: Yes, of course. One of the particular aspects of Iran is that we have a very large country, and that country is not developed all over. There are regions in Iran which have not been developed due to lack of energy and water. Most of the time these two constraints go together in Iran. Most of the regions around the Persian Gulf are regions where water does not exist, and population is very scarce, and there was no development during the last 20 years. One of these interesting places is Bushir where we started to build the first nuclear power plants. The capacity of these two nuclear power plants is 2,400 megawatts. It was designed so that the whole region would receive electricity from these nuclear plants. Then, we realized that electricity alone would not be enough to develop that region.

We came into a larger program, which was to create a complex organization for the development of that region. The population at that time was 100,000 people, and it was intended to get it up to 600,000. These 600,000 people were needed for agricultural activity, to provide food, industrial activity, and also the normal activity of a city, social activity and so on. All of that needed nuclear energy, water and a lot of imagination.

Then we decided that we have got to provide this region with water. As we were going to have a tremendous amount of power at our disposal, we decided to

couple a very large nuclear desalination plant with the nuclear power plant in order to get steam from the nuclear power plant for desalination purposes. This desalination plant was under construction when the uprising came.

The capacity of the desalination plant was 200,000 cubic meters per day, of drinking water. That makes a river, in fact, at a very low cost, because the power which was being taken from the nuclear power plant was a degraded power, in steam. The contribution of that steam to the other power of that nuclear plant was not important. I would say probably something in the order of 13 megawatts would have been taken from the nuclear plant in order to go through the process of desalination.

With abundant energy (electrical) and water, we tried to visualize other industries we would have to bring in. Fisheries, for example, would be of great importance because in the Persian Gulf we have a lot of seafood—shrimp, fish, and so on. A large organization could be established in order to exploit the possibilities of the sea. Agricultural activities could be promoted because the soil is fertile and the only problem was the shortage of water.

Of course, agricultural activities based on desalinated water are not the normal kind of agriculture; it has to be a very intensive kind of agriculture in order to have an economic yield of credible measure. Plans were being prepared to establish integrated agricultural/industrial activity in that part of Iran mostly related to food products, as I have mentioned in the case of fisheries, in the case of cash crops, and a great many other activities. One of them would have been the establishment of an aluminum smelter in the south of Iran. We were importing aluminum at that time and the cost of importing aluminum is very high. With a population of 600,000 people well taken care of in problems of energy and water, this could have been one of the best examples of a daring and courageous development in a part of the country where ten years ago there was nearly nothing.

Estévez: Can you develop some more about the desalination process itself? What was the technique to be used?

Etemad: This was a normal flash distillation of water, with the input of steam from the nuclear power plant, and intake of water from the sea, the Persian Gulf, and the evaporation of water, and then condensation. This is a well-know technology now, but this was the first time that we tried to couple it with a nuclear power plant.

Estévez: The cost per meter, you said, was 50 cents?

Etemad: According to what I remember now, the various evaluations at that time showed that the cost of a cubic meter of water would have been less than 50 cents (American), which would have been much less than the cost of water right now in the southern area.

Estévez: It was challenged today that in yesterday's forum the Iranian nuclear power program was something that was going to subject the country ideologically and promote dependency. What are your thoughts on that?

Etemad: I think that for any country that is going for technological development, of course there is a certain degree of dependency. I can give you the example of Japan and Germany, which have been very dependent on technology since the war. In fact, Japan has imported all its technology. In the beginning, as everybody knows, Japanese-made products on the market were copied from what existed in other countries. Then they learned little by little and they made better things, and now they have the market.

Germany, a very highly industrialized country, was not active in the field of nuclear energy until the late 1950s, and when they started to go into that field, they were far behind the other countries. But, they started to transfer the technology, they entered into agreements with other countries, and little by little they became more or less independent in that field.

But still, neither Germany nor Japan is independent in the sense that these people mean. They have to import fuel for their nuclear plants. The enrichment services for both Japan and Germany are being done outside their countries. These countries are not scared of having that degree of dependence regarding other countries, because we are right now going into the age of interdependency. As the economy of a country gets more and more complicated, I think the idea of self-sufficiency and complete independence is becoming irrelevant.

Countries should be in a position to have a good bargaining position with these other countries, and the bargaining position means that you have to give something. I think this fear of not being in a position to bargain with these other countries is a lack of confidence on the part of a nation. Closing the door to new technologies does not enhance that situation. I think Iran was getting dependent on technology not only in the nuclear field, but in all fields we were to some extent dependent on other countries. All the developing countries are dependent. I can give you the example of South Korea and Taiwan, two small countries with no resources. They have also followed the line of Japan, bringing in technology while still remaining dependent on large technologies coming from outside. Nevertheless, they manage to have a very high standard of living, and a very fruitful and extensive industry and they are exporting a lot of goods.

Estévez: What were the training plans that you had?

Etemad: From my last answer we can conclude that real dependence of poor or developing countries is the lack of knowledge of basic research, of the basic matters necessary to develop their countries. So in making plans

according to this energy project, in the fields of research on atomic energy, maybe plasma physics, the fields of science are the key points of the dependency of the developing countries, also the training or educational aspects of these research plans.

Frankly speaking, I have to tell you that what frightened everybody in the world was not that we were building nuclear plants; everybody knew that. But the training of people, research and development, that was what frightened the world, because we were really taking care of that very seriously. More than 2,500 people were in the process of getting some kind of training in September 1978. This training was from the highest level of scientific research, down to training of operators for the nuclear power plant and so on. This program was getting more and more developed; we had our own school in the organization for training operators and technicians.

In the field of research and development, we had a research center in Teheran where something like 700 people worked. Of these probably 150 were professional scientists. The figures are approximate. That center was mostly devoted to fundamental research in nuclear reactor physics; we had a very good program in fusion, which was going on very successfully. We had various programs on laser development. The program in Teheran was going on in a research facility that was very well established and equipped. I think that the only part of the program which is [still] going on is that research center. I say it is going on because the equipment is there and the people are there. The other center which was needed was mostly tied to the problems of technology transfer, more power development and development of techniques for manufacturing of fuel and so on. We had planned to establish this center in Isfahan and that center was half finished. But after the uprising I heard that the center was transferred to Teheran where it was temporarily established, in order for the buildings to be finished in Isfahan. But if it is working, I do not know.

The objective of creating that center was that it would have at least 1,000 people there with 300 professionals working in Teheran or getting training outside Iran in various countries. The most important part of their task would have been maintenance of nuclear power plants, interventions when there was something wrong, and mostly the nuclear fuel cycle. We would have taken care of the problems of the nuclear fuel cycle from the beginning to the end.

That would have been a technological center. The first one was a scientific center. We think that with all that infrastructure we could have taken care of the problems of creating a certain know-how within the country, not to be very, very dependent which is, in fact, not good. To be always in a bargaining position, you have to yourself know enough about the technology. That was going to be achieved.

ETA: a case study in the Jesuit control of terrorism

by Richard Schulman

Spain's ETA Basque organization is a textbook case of Jesuit-sponsored and controlled terrorism: ETA was launched at a Jesuit university in the early 1950s and has been protected by the Society of Jesus ever since.

The Jesuits' motive for creating and maintaining ETA has been to prevent Spain from building a modern, centralized nation-state. During the four and a half centuries since its founding, nation-busting has always been the preoccupation of the order, not only in Spain but throughout the world.

The Jesuits have a special relationship to Spain's Basque region, however, and this fact has been of great significance not only for Spain's history, but that of the entire world. The Basque region has been used by the Jesuits as a laboratory for experimentation in witchcraft, cult-creation, synthetic nationalism and local community control, linguistic brainwashing, and terrorism. The Frankenstein monsters produced in this laboratory have then been exported by the Society to all corners of the earth.

Jesuit use of the Basque region as a proprietary laboratory for Satanism dates back to the founding of the Society of Jesus in the late 1530s. The two founders of the Society, Ignatius de Loyola and Francis Xavier, were both Basques. Since then, Jesuits have regarded the Basque country as their "home turf."

Jesuit ties to the Basque region are not just historical. To this day, a surprising number of Jesuits are Basque, and Father Arrupe, commanding general of the Society until his recent ouster by Pope John Paul II, is also Basque. So proprietary are the Jesuits toward Spain's four Basque provinces that in the order's official publications, Spain's Basque provinces are referred to not by any customary geographical name, but as the *Provincia de Loyola*.

Basque nationalism, of which ETA is the terrorist expression, was itself the 18th-century invention of a Jesuit priest. During the 19th century, this priest's concoction was cultivated at first predominantly in the form of Carlism, a Jesuit-backed royalist movement that brought Spain two 19th-century civil wars; then, toward the end of the century, in the guise of a racialist Basque

national party, based upon doctrines imbibed at a Jesuit university.

This civil-war-provoking tradition was continued into the 20th century in the dual form of the Carlist *requetes*, a Jesuit and Mussolini-backed rural Basque paramilitary force, without whom General Franco's fascist uprising against the Spanish Republic would have been quickly crushed; and the short-lived, farcical Basque republic, which collaborated with Mussolini to sabotage the Spanish republic from within. Then ETA was launched in the 1950s, the newest of Jesuit experiments against the Spanish nation.

During this past decade, ETA has murdered important national political leaders, such as the Spanish president, Admiral Carrero Blanco. It has kidnapped for ransom pro-development businessmen and assassinated police and army officers—in an effort to provoke a bloody, right-versus-left, Central American-style civil war in Spain. It has shut down Spain's once-ambitious nuclear program through bombings, kidnappings, and murder. And ETA has openly called for the destruction of the Spanish and French nations by Basque and other separatist uprisings, out of which the destroyed nations are to be replaced by tiny ethnic duchies belonging to a feudal "Europe of the Regions."

These policies cohere closely with the population-reduction and anti-nation-state perspectives of the Club of Rome, the Global 2000 group, and both organizations' Venetian and British aristocratic backers. It is on behalf of these elites that the Society of Jesus in Spain has been sponsoring ETA.

Already during the past century and a half, Jesuit-created Basque-separatist insurgencies have been instrumental in three bloody civil wars in Spain—two Carlist wars during the 19th century, and the Spanish Civil War during the 1930s, which was a prelude to the 100 million dead of World War II. Jesuit fostering of ETA Basque terrorism, which threatens a fourth Spanish civil war, is thus by no means a purely Spanish concern.

Of course, it would be misleading to depict the Society of Jesus as the only malevolent force with its finger on the ETA trigger; Spanish police and security

forces have long had evidence and documentation concerning high-level foreign sponsorship of ETA Basque terrorism. One of the key suspects in President Carrero Blanco's assassination was ETA executive committee member Pedro Ignacio Pérez Beotegui, who was also known as "Wilson" because of all the years he had spent in England. Before he died at the hands of the ETA, President Carrero Blanco had written a letter to the late Spanish dictator Francisco Franco complaining that it was Spain's "allies," the British, who were promoting ETA. Carrero Blanco wrote that Spain would probably not be able to do anything about this, however, lest the British cause Spain greater damage in retaliation.

The green Union Jack

Carrero Blanco was not alone in these observations. Other Spaniards had remarked upon the curious identity of the Basque nationalist flag to the British one, with the single difference of colors—the Basque nationalist flag is a *green* Union Jack!

The not unimportant connections of ETA to foreign intelligence centers such as Britain, far from deflecting from the significance of Jesuit sponsorship of ETA, underline that the Jesuits function principally as the second-level profilers of and controllers of ETA Basque terrorism, with the highest policy directives coming from the leading Venetian, British, and Hapsburg nobility and their anti-centralist allies among Spain's nobility, especially the Carlist nobility centered around Hugo de Borbón.

The case against the Jesuits as sponsors and controllers of ETA terrorism is well documented. Spanish police files, from ETA's founding in the 1950s on, are filled with dossiers of Jesuit priests either arrested for activity in or on behalf of ETA or whom the police sought to arrest but were prevented from doing so by higher-ups, for fear of opening the "can of worms" of Spanish church-state relations.

The ETA dossier

Without taking into consideration unpublished material on Jesuit activism in ETA in Spanish police files, that already in the public domain is itself damning. This material indicates that:

- ETA was officially founded in 1959 as the outgrowth of a radical Basque nationalist project begun at Spain's Jesuit-run University of Deusto in 1953.
- The radical project was allowed to incubate from 1953-1959 as a tolerated faction within the cleric-dominated Basque Nationalist Party (PNV). In the Basque region, the clergy is dominated by the Jesuits.
- Encouraging the growth of both Basque nationalism and ETA within it were the Basque language and cultural schools run by the region's clergy, which in turn

were led by the Society of Jesus.

- In the 1960s, ETA began committing robberies, kidnappings, bombings, and murders. Pope Paul VI, aware of the aid ETA was receiving from Catholic clergy, ordered priests to stay out of politics. Within days of this edict, the Pope was denounced by numerous Jesuits in France and Spain.

- The assassinations targeted police, army, businessmen, and key political leaders. The most notorious of these was the 1973 assassination of Spain's new president, Admiral Carrero Blanco, killed when the ETA detonated high explosives in a tunnel under the street over which Carrero Blanco's automobile passed daily en route to and from mass at a Madrid Jesuit Church. The murder was based on inside information on the Admiral's comings and goings to services, backed by months of excavations under the Jesuit-quarter street over which Carrero Blanco's automobile passed—excavations which curiously escaped being noticed or reported by the quarter's residents.

Jesuit sponsorship and control over ETA is more extensive and historically based than even the events from the 1950s on might indicate, however. The Jesuits not only created ETA; they also concocted the Basque nationalism of which it is an outgrowth. A relatively recent creation, Basque nationalism only appeared as an organized political movement in the early 1880s. Key to the new movement were the efforts of the Arana y Goiri family, a family which made and spent its fortune running guns during Spain's 19th-century Carlist wars. One of the Arana y Goiri family's sons spent a year at a Jesuit college and came out a Basque nationalist. He then recruited his brother Sabino Arana y Goiri, the official founder of the Basque Nationalist Party.

The cultural basis of Basque nationalism itself was created by the Jesuits a century earlier. It was the Basque Jesuit priest Manuel de Larramendi who concocted, in the 18th century, the absurd racial theories upon which Basque nationalism came to be based.

Assassination of kings, Popes, and scientists

It should surprise no one that the Society of Jesus should be running so heinous an institution as Basque terrorism. For four hundred years now the Jesuit order has been notorious as a haven for terrorists and assassins. It was already during the closing years of the 16th century that the order became infamous as Europe's leading advocate of regicide. Father Mariana, S.J., and the 1598 work *De Rege et Regis Institutione (On Kings and the Monarchy)*, openly advocated the murder of kings unpopular with the order, namely, those engaged in nation-building. In keeping with this doctrine, a Jesuit agent murdered the French humanist king Henry IV in 1610.

Nor have Popes been safe from Jesuit assassins. The



A riot in the Basque province between police and separatists.

Jesuits murdered Pope Sixtus V in 1590 and Pope Clement XIV in 1774, the latter being the Pope who dissolved the order.

Basque priests Ignatius de Loyola and Francis Xavier founded the Society of Jesus during the 1530s on behalf of a handful of Italian black nobility families determined to crush the scientific and nation-building movements set into motion by the Renaissance. These Renaissance movements were having the effect of raising the cultural and intellectual levels of Europe's populace, creating a citizenry no longer willing to tolerate the looting practices of the black nobility. To stop this, leading oligarchical families deployed Father Loyola to create an anti-Renaissance "thought police," just as the Dominicans had been deployed during the 13th century to crush Platonic-apostolic currents in the Church.

Accordingly, the Jesuits were active in the murder of Bruno and the persecution of Galileo. They harassed Leibniz. They encouraged Aristotelian nominalism and formalism in their schools, in opposition to the creative hypothesis-forming activities of actual scientists.

In keeping with this anti-science tradition, contemporary Jesuits have been active in the environmentalist movement, militantly opposing nuclear reactors and other advanced technologies that threaten to increase standards of living and man's power over nature. In this respect, it is no coincidence that California's anti-nuclear, "greenie" governor Jerry Brown was trained by the Jesuits and keeps their manual on his desk in Sacramento. In Spain, ETA has been the Jesuits' mechanism for simply murdering the supporters of nuclear energy. Determined to halt the completion of Iberduero's Lemoniz nuclear reactor, which promised to bring a

significant rise in standard of living to Basques and Spain, ETA kidnapped the reactor's chief engineer, José María Ryan, on January 29, 1981 and then murdered him a week later when the government hesitated to halt construction on the reactor as ETA demanded. Scandalously, the government subsequently capitulated to the murderers by cancelling the project, with the result that, to date, Señor Ryan not only died on behalf of science, but died in vain.

Sponsors of witchcraft

Hatred of science is something of a tradition among the Basque Jesuits. Since the early 17th century, Basque Jesuits have secretly encouraged witchcraft among the peasantry of the region and then profiled the results. This was done to derive belief structures for spawning cults and terrorist organizations elsewhere in the world, and to justify Inquisitions in Spain against the order's opponents in the name of fighting the very Satanism the order itself had nurtured! As a result, the Basque region soon became notorious throughout Europe as a witchcraft capital. That notoriety has continued down to the present day among a more restricted audience. "Son of Sam" cult murderer David Berkowitz, in recounting details of the witchcraft group he had been a member of, emphasized his cult's affiliations to "the Basque witches of Spain."

It would not be far-fetched to regard ETA as a left-veneered successor to the Jesuits' four-century-old work as witchcraft organizers, noting that ETA's escape routes and safehouse networks are situated in the rugged Pyrenean countryside of the earlier witchcraft covens.

During the 17th century the Jesuits not only ran witchcraft experiments in northern Spain; their order virtually ran Spain through its control over education and the Church. With the Jesuits acting as ideological footsoldiers for the Venetian and Genoese families who controlled Spain's finance and politics, the country was looted and depopulated—a destruction it has not entirely recovered from to this day. It was in this context that the great Spanish author Miguel de Cervantes wrote his novel *Don Quijote* as among other things an ironic, thinly disguised attack on the Jesuits' Basque founder, Loyola.

During the 18th century, however, Spain began to recover from that Venetian-Hapsburg looting. Under a Bourbon dynasty installed by Louis XIV at the cost of a European-wide eleven-year war—England had represented the major opposition to this change—Spain for the first time began to emerge as a strong, centralized nation-state. Especially in the second half of the 18th century, Spain enjoyed a notable economic expansion. The Basques shared in this prosperity, and many worked as administrators for the central government.

The Jesuit order, however, hostile to a centralized nation-state in principle as threatening to the overlordship of its Basque fiefdom, sought to sabotage this nation-building. In 1766, the Jesuits organized Madrid's lumpenized *majo* caste into the notorious Esquilache revolt, which kept King Carlos III of Spain out of his own capital city for nine months. The king survived the destabilization, however, and the following year expelled the Jesuit order from Spain, following the example set by his Portuguese neighbors in 1759, his French cousins in 1764, and the Kingdom of Naples in 1767. By 1773 the Papacy itself had agreed to dissolve the hated order.

A Maoist war

Banned utterly from Spain and much of the rest of the world until revived by ultra-reactionaries at the end of the Napoleonic wars, the Jesuits by the 1830s had nevertheless sufficiently re-established themselves in Spain to play a major role in organizing the first Carlist war. When King Ferdinand VII of Spain died in September 1833, the Jesuits seized the opportunity to organize the secessionist-prone Catalan and Basque regions to rebel against Ferdinand's designated successor, and instead rally around a Basque-region-based Carlist pretender. As a result, Spain was rent for seven years by the first Carlist war.

The war had a Maoist flavor, as the Jesuits focused on organizing the primitive, witchcraft and superstition-ridden Basque-Catholic countryside, as well as related social layers elsewhere in Spain. This left the Queen Regent to seek urban and liberal backing. It was a war of the countryside against the cities.

The Carlists lost the first of these dynastic wars, but they were not crushed. In consequence, from 1873 to 1876 Spain was rent by a second Carlist civil war, with the rebellion's base even more blatantly seated in the Jesuit's Basque fiefdom. Despite the international support the Carlists received—such as the weapons the Polish-born British novelist and intelligence agent Joseph Conrad ran to the Carlists—the Carlists again were beaten and the special political concessions the region had hitherto enjoyed from the national government withdrawn, except for some special tax advantages.

It now began to dawn on the Jesuits that neither witchcraft nor Carlist royalism were credible any longer to any but the most backward peasant and lumpen masses. Had the American Revolution not ushered in an era of republican nationalist movements? The Jesuits and their patrons realized that to maintain credibility while disrupting nation-building, they would have to themselves caricature the national-republican movements they sought to destroy.

To be continued.

Menachem Begin's calculations

Israel's Prime Minister, Ariel Sharon, is playing with fire in new brinkmanship over the Sinai, over Syria, and over Iraq.

Israeli cult leader Menachem Begin, having already succeeded in alienating almost all of Israel's friends and incensing all of her enemies, is now playing with a new holocaust in his policy on the occupied Sinai peninsula and toward his eastern neighbors. The stakes are high.

As one experienced Israeli politician told *EIR*, "If Begin refuses to give up the Sinai in April, it could very well be the end of Israel."

The unstable Begin, already beset by coalition difficulties and pressures from General Ariel Sharon and Dr. Yuval Neeman's extremist Tehiya Party, is entirely capable of ignoring world reality and plunging ahead on a course that could eventually trigger World War III.

According to both Arab and American intelligence sources, Begin is planning to escalate the situation in the region toward a "limited war" on the occupied Syrian Golan Heights.

The war, sources say, could become a means to strengthen Syrian President Hafez Assad's influence in the Arab world and, at the same time, provide Syria with a pretext to come to the bargaining table with Israel.

But such a war could easily lurch out of control, setting off an unpredictable chain of events leading to a much wider conflict.

The architect of Israel's war strategy is Defense Minister Shar-

on.

In a document entitled "Israel's Strategic Problems in the '80s," Sharon writes that in the coming decade Israel will find itself with a "sphere of strategic and security interests" extending from Pakistan, Iran, and Turkey down into East Africa.

Along with setting up itself as a gendarme for the "arc of crisis," Israel also intends, according to Sharon, to act to prevent Arab states from acquiring nuclear energy in any form, including for peaceful purposes.

Concluded Sharon, the strategist who pushed the now-defunct *U.S.-Israeli Strategic Memorandum of Understanding*, Israel would become a "surrogate rapid deployment force."

In the last days of 1981, Israel put that idea into practice, sending its air force into the skies of Lebanon, Saudi Arabia, and Iraq. In Iraq, the Israelis penetrated some 40 miles into Iraqi territory before being driven off by Iraqi jet fighters. Israel's actions reflect the feeling in the Israeli command since the June 1981 bombing of Baghdad's nuclear reactor that Israel has the right to utilize its air superiority in any manner it deems fit.

In addition to heating tensions along the eastern front, the Israelis are giving out signals that they do not intend to withdraw on scheduled from what remains of the occupied Egyptian Sinai by the April

1982 deadline.

A leading British aristocrat and supporter of Israel flatly told a reporter in the first week in January, "Israel will not pull out of Sinai."

General Sharon is leading the effort to wreck Camp David in that manner.

Some Israelis believe that ultimately Israel will be forced to withdraw from Sinai by the overwhelming force of world opinion and that Sharon is merely making a grandstand political gesture by supporting extremist settlers there; but a very real danger exists that Begin will be unable to avoid using force to remove the settlers.

In such a scenario of potential civil war, Begin might resign or be toppled, with Sharon coming on top. Already, a handful of Israeli Cabinet ministers, including Transport Minister Mordechai Zippori, have bitterly accused Sharon of trying to sabotage Israeli policy on Sinai.

Meanwhile, allies of Sharon and Begin in the radical Gush Emunim settlers' movement are sending personnel and arms to Yamit, the chief Sinai settlement. A hard core of settlers there, manipulated by government circles, has been mobilized to prevent the ultimate withdrawal.

On Jan. 7, the Israeli Cabinet decided to grant about \$300 million in aid to the Sinai settlers to compensate them for abandoning their homes and settlements. That decision may, in fact, ease some of the anger in Yamit and help facilitate the withdrawal.

But, as one Israeli put it, "The choice facing Begin is clear. Either he will be remembered in history as a terrorist, or as a man of peace, depending on what he does in the next few weeks."

An end-of-the-year economic package

Several pieces of the government strategy for 1982 are in place, but new oil-related pressures are intensifying.

On the evening of Dec. 21, 1981, Industry Minister de Oteyza announced an unwelcome but long-expected Christmas gift for the country. Internal gasoline prices were hiked almost 100 percent across the board.

The cost of the top-grade gasoline "Extra," rose from 6.00 pesos per liter to 10.00 pesos; the popular grade "Nova" from 2.90 pesos to 6.00 pesos; and diesel from 1.00 pesos to 2.70 pesos. Mexican prices thus remain below U.S. prices (the average price works out at a little over 90 cents a gallon), but the differential is markedly reduced.

The gasoline hikes were accompanied shortly after by a second economic measure in the current package of readjustments. The minimum wage rose 34.5 percent as of Jan. 1, 1982.

In late 1980—partially through deferring gasoline price hikes slated for that time—the government kept the inflation rate a hair under 30 percent and decreed a rise in the minimum wage pegged precisely to the inflation rate.

This year's larger increase, despite a slight improvement in the 1981 inflation figures, is due to two factors. First, the gasoline hikes builds a January surge in inflation, and it was politically wise to provide anticipated compensation for workers. Equally important, the official workers' movement under Fidel Velásquez has been giving abundant signals that the time in

which wage hikes merely compensated for inflation but didn't surpass it, is over.

Still up in the air, however, is a third element in the new package: exchange rate policy. Mexico's "floating" peso, after three years of unchanged value, began a marked downward slippage last year, at a 12 percent per year rate. Will that rate be maintained or will it speed up? Will there be some kind of one-shot larger adjustment and then a resumed slower float?

There is no saying at this point which track will be taken. President López Portillo has repeatedly stated that he is flexible on exchange rate policy—at the same time he has bitterly assailed those international press outlets and speculators who have attempted to force Mexico into a devaluation in circumstances that would wreck the economy.

One pressure point relieved during the year was the agricultural situation and no new shifts in agricultural policy are expected. Due to unusually good weather conditions and the new investments of government's SAM program, harvests leaped to some 28 million tons of basic grains in 1981—up from 23.3 million tons the year before and the largest harvest in Mexican history.

The leap from famine to feast was so rapid that Mexico is scrambling for storage space and attempting to postpone delivery of some shipments from the United States contracted in the previous

period.

Most important for Mexican officials is that, for the current period, Mexico is out from under the "food weapon" threat that U.S. influentials such as Henry Kissinger have so openly promoted.

But the New Year has brought new pressure on another front: Mexico's oil revenues. The Volcker-induced collapse of U.S. industry has been so rapid that use of heavy, residual oil in the United States is running some 25-30 percent below last year's levels. Consumption is sharply down in several other advanced sector nations.

Half of Mexico's oil exports are heavy Maya crude. The resulting new slack gave the multinationals, who had targeted Mexico last summer for a reverse "oil shock," room to force a new price rollback. As of Jan. 1, Pemex Maya crude dropped \$2.00/bbl in price, to \$26.50, thus lowering average price for all its oil by \$1.00.

Though not nearly of the severity of last summer's troubles, this new measure will tend to revive some of the atmosphere of economic insecurity which helped feed broader economic warfare scenarios in the June-August period.

One of the bellweather indications of the toll the international Volcker/Bank for International Settlements regime has taken was the revelation at the end of the year that Monterrey's Alfa Group had cancelled its plans to build a 13-plant petrochemical complex at the new industrial port of Altamira, on the Gulf coast. Alfa was forced into the measure by the soaring interest it is paying on its large debt. This is a significant blow to one of the government's premier development projects.

International Intelligence

Benazir Bhutto freed from Zia's prison

An international effort has forced Pakistan's Muslim Brotherhood regime to release the leader of the opposition Pakistan Peoples Party, Benazir Bhutto, from prison. The daughter of former Pakistani leader Zulfikar Ali Bhutto, the founder of the party she heads who was "legally" assassinated by the Zia regime in 1979, had been incarcerated in Karachi for nine months and was reportedly tortured and subjected to horrendous prison conditions.

Although she is now being kept under house arrest in her family home, Bhutto's release is considered a victory for Zia's international opponents who had circulated a call for her release. The call was issued through the increasingly influential *Pakistan Peoples Newsletter*, published by Bhutto's party in North America. Despite Zia's ban on the newsletter in Pakistan, the call was widely circulated there clandestinely.

Benazir Bhutto's father had earned the enmity of Henry Kissinger for his industrialization policies for Pakistan, prior to his hanging by the Zia regime in 1979 at Kissinger's instigation.

Kissinger does leg-work for Caribbean program

Henry Kissinger traveled to the Dominican Republic Jan. 2 and 3, anticipating the announcement of the Reagan administration's official Caribbean Basin program later this month—a program intended to turn the area into a Hong Kong-style "free enterprise zone."

Kissinger traveled at the invitation of designer Oscar de la Renta, a member of the drug-tainted jet set.

Emphasizing that he was only visiting as a "private citizen," Kissinger held meetings with Dominican President An-

tonio Guzman, accompanied by U.S. ambassador David Yost. Kissinger also promised that he would intervene in the United States on behalf of Dominican sugar producers who are being hurt by U.S. tariff policies. Immediately following the visit, Dominican Foreign Minister Terazas de Espaillet announced that his country "would benefit greatly" from the Caribbean Basin program.

Also backing the administration's Caribbean policy is the Agency for International Development, a long-time coordinator of depopulation programs. AID director Peter McPherson announced Jan. 4 that while the U.S. is reducing overall development assistance by 12 percent, assistance to the Caribbean region will only be cut by 5 percent. Jamaica, which just received a \$38 million loan from the Inter-American Development Bank to cover balance of payments problems, is expected to receive additional aid during fiscal 1982.

Egypt's Mubarak attacks Dope Inc.

Egyptian President Hosni Mubarak has put priority on rooting out the corruption which has plagued Egypt's economy and in particular shutting down the accompanying drug trafficking. According to knowledgeable European sources, since Mubarak was elected, the price of hashish in Egypt has tripled thanks to the clamp down on illegal hashish trade. As a combined feature of the clampdown on the Muslim Brotherhood, Mubarak has successfully "dried out" sections of Cairo known as centers of the drug trade.

Mubarak is also trying to recast the organized-crime "free enterprise" economic policy known as the Open Door policy which accompanied Egypt's acquiescence to the Camp David accords. Mubarak's recent sudden move to shake up his cabinet eliminated all the ministers responsible for the open door policy.

This occurred just after a trial of one of Egypt's leading businessmen, Rashad Osman, on corruption charges, a trial which implicated a prominent Egyptian member of the fascist Propaganda-2 lodge, Osman Ahmed Osman.

The same ministers ousted in Mubarak's cabinet purge were also implicated in the trial, along with leading lights of the corrupt Venetian-allied Alexandrian mafia, the center of dirty-money laundering for drug trade. Alexandria governor Abu Taleb, a leader of the Egyptian environmentalist lobby against nuclear energy, was targeted during the legal proceedings.

Propaganda-2 on the rampage in Italy

In response to moves guided by the Pope to stabilize Italian politics, terrorist controllers are on a full mobilization which resembles the period prior to the 1978 assassination of Prime Minister Aldo Moro. Licio Gelli, one of the leaders of the fascist P-2 lodge, is currently attempting to coordinate an operation to implicate Prime Minister Spadolini in the P-2 scandal. The operation involves the submission to the parliamentary commission investigating P-2 of a tape in which Gelli speaks of then-Senator Spadolini as wishing to join the secret conspiratorial lodge. Working with Gelli is the head of the Rizzoli publishing house, who has announced that he delivered the tapes to Parliament to demonstrate his "willingness to cooperate with justice." Even anti-Spadolini press outlets such as *La Repubblica* are forced to comment that the entire affair smells of an attempted setup of Spadolini. Spadolini has thus far responded by issuing a harsh denunciation of the slander, in which he says that his only connection with P-2 is his well-known attempts to stamp it out once and for all.

P-2 gangs have meanwhile been set

loose for a series of terrorist operations. In Verona, the Red Brigades have kidnapped the 15-year-old son of an Italian NATO colonel who works in the same sector as Red Brigades prisoner General Dozier. On Jan. 7, a corrupt faction of the Rome magistracy decided to free two neo-fascist terrorists; on the same day, the Red Brigades attempted in Rome to kidnap the executive director of Fiat.

Bare Mossad funding for Italian terrorists

The Italian weekly *Panorama* published devastating material at the beginning of January on the Socialist International's role in international terrorism. In excerpts from the testimony of the imprisoned co-founder of the Red Brigades, Alfredo Buonavita, *Panorama* charges that the Israeli Mossad intelligence service financed and nurtured the terrorist gang. The mediator for this link, Buonavita told Italian magistrates, was a prominent member of the Italian Socialist Party (PSI).

Panorama excerpts Buonavita's confession to the magistrates: "In 1973, some representatives of the Israeli secret services succeeded in getting in contact with the Red Brigades in Milan. They proposed to supply weapons, money, cover inside some sectors of the state apparatus, and military training. They asked in exchange for a major and more accentuated engagement in destabilizing the Italian political situation. . . . In a meeting of the Red Brigades executive, Mara Cagol let people understand that the link with the Israelis was someone from the PSI. . . ." The Israeli proposal, *Panorama* continued, was discussed by the leadership of the Red Brigades. . . . The terrorists didn't want to make an immediate decision; they contacted the Israeli spies to ask why they would help the Red Brigades.

"Buonavita said that they answered

that the Americans were lukewarm toward Israel and were also looking to Italy as their instrument in the Mediterranean. . . . The Israelis wanted to change this situation by contributing to the destabilization of our country."

Link established between attacks on Pope, Reagan

Information now made public confirms what EIR reported months ago: that there is a solid connection between the failed assassination attempts against the lives of the Pope and of President Reagan.

According to the editors of the Turkish newspaper *Milliyet*, a picture of a man running from Saint Peter's square taken by a Detroit journalist immediately after the shooting of the Pope positively correlates with one of the five figures in the U.S. government's composite photographs of members of a Libyan hit squad which entered the U.S. to kill Reagan and other government officials toward the end of 1981.

As international investigation into the assassination attempt on the Pope's life continues, the Turkish government has also reported to Italian authorities that another man photographed standing next to captured hitman Mehmet Agca at the time of the attempt has been identified as a known close associate of Agca's for many years, and one who was involved with Agca in the murder of a *Milliyet* editor.

The investigations into the P-2 lodge of Italy—the controller of terrorism on left and right—continue to bring to light new connections between P-2 and the Italian Socialist Party of Bettino Craxi. Tapes handed over to the parliamentary committee investigating P-2 now reveal that P-2 leader Gelli was trying to get the publishers of the daily *Corriere della Sera* to sell that newspaper to a Milanese businessman who operates a front for the PSI.

Briefly

● **PEKING** authorities denied the U.S. Seventh Fleet access to the port of Dalian at the beginning of January because of Washington's recent decision to sell some \$97 million in military spare parts to the Nationalist regime on Taiwan. The report, carried in the Japanese press, has fueled speculation that a secret deal had been worked out during Alexander Haig's China visit last summer that would allow U.S. naval vessels to call at Chinese ports.

● **NAHUM GOLDMANN** and Richard Loewenthal, writing in the Jan. 6 issue of the West German weekly *Die Zeit*, both insist that there can be no Mideast peace without Soviet involvement. Goldmann, a spokesman for a moderate Zionist faction, adds that the prerequisite for peace is U.S. pressure on Israel for a rational policy. Loewenthal also calls for rationality in the classical Western tradition. Their views appear to cohere with those of a group within British intelligence which opposes a "flight-forward" confrontation in the Mideast and Poland.

● **THE HONDURAS** government officially charged Jan. 4 that some 200 Nicaraguan Indian exiles were massacred by Sandinista soldiers during military raids into Honduras between Dec. 26 and Dec. 31. An escalating border war between the two countries is being promoted by Canadian missionaries, who use Indian exiles from the old British-run "Misquito Coast" area of Nicaragua, as cannon fodder. As the Sandinistas launched their raid, the head of the Misquito Indians, Steadman Fagoth, was caught last month in collaboration with the Honduran military.

● **CORRECTION** In our Jan. 5 article on the Vatican's political initiatives, Emilio Colombo was named as a leading anti-nuclear advocate. The advocate in question is Umberto Colombo. Emilio Colombo is the Foreign Minister of Italy.

Why genocide is now respectable in the U.S.

by Lyndon H. LaRouche, Jr.

The following is excerpted from the keynote speech of chairman Lyndon H. LaRouche, Jr. at the conference of the International Caucus of Labor Committees held in New York, Dec. 31, 1981.

We seem to be all safely here, despite a massive campaign of vilification and dirty tricks aimed at preventing this speech and this conference from ever occurring. I understand that at last report there were ten distressed individuals marching around making animal noises of protest across the street, and charging me, among other things, with threatening to take away their drugs. They have charged me in other leaflets with planning to destroy them with atomic, bacteriological, and chemical warfare. That's the first time I have ever heard *soap* referred to in such terms.

Turning to the matter that shall occupy our attention today, it is now a generation and a half since, at the end of World War II, the full horror of the Nazi concentration camps were opened up to public opinion. It is now a generation and a half since the Nuremberg trials, which dealt, although in a superficial way, with some of the things that the Allied forces chose to examine, while ignoring others.

And yet, today, when those of us who were adults or young adults during the last war, are now only becoming grandfathers, and when our children represent the consciousness of nations, we find that not only is it public policy of a number of institutions, public and private, international as well as national, but also the policy of

institutions considered generally respectable, *to propose that we accomplish genocide on a scale 100 times greater than that perpetrated by Adolf Hitler.*

In fact, this genocide is being perpetrated not as the re-eruption of something which is unconnected to the past, but rather, the forces behind today's genocide *were* the forces behind Adolf Hitler.

Consider the case of Averell Harriman's circle. Averell Harriman is presumably a respectable former governor of New York State, a dignified man of 90 years of age. But look at the reality of what squats on Averell Harriman's periphery. Consider his Churchillian wife, who spawned Winston Churchill III, Pamela Churchill Harriman, who is consciously part of this proposal for genocide, as well as for the destruction of the United States. She is the leader of an organization, presumably associated with the Democratic Party, called the "87 Committee," which is determined to eliminate the constitutional order of government in the United States, preferably by 1987.

Senator Edward Kennedy is a sponsor of this proposal to destroy the United States Constitution, although I thought he had taken an oath once or twice.

Look back to 1932. There was a conference held at that time in New York City, an international conference on *eugenics*. It was sponsored by persons associated with a New York institution called the American Museum of Natural History. The conference sponsors included the distinguished mother of Averell Harriman.

The conference sponsors also included a gentleman



At the ICLC international conference.

who today provides a link between the forces behind Hitler then, from the American side, and the forces behind the new genocide today. His name is William Draper.

This conference, a conference on eugenics, was held on the eve of putting Adolf Hitler into power. Hitler was not put into power by Germans. He was put into power on orders from London and New York City, by the Morgan interests inclusively. The celebrated foreign visitors and speakers at this eugenics conference in New York City included Nazis and others, peddling their racial theories.

The point is that the distinguished mother of Averell Harriman and William Draper thought this was all very nice. Eugenics means "racial purification." They praised this movement. Draper specifically praised Adolf Hitler for his spokespersonship for genocide directed at racial purification, which was then called eugenics.

And who is behind the genocide proposals of today but the same crowd, the same unnatural Museum of Natural History. This is a gang of so-called "patricians." American patricians are cheap imitations of the British aristocracy. William Draper, during the war, distinguished himself as an American general. The American military in its wisdom understood his natural talent. They put him in charge of the division for bombing civilians.

Then in the postwar period, General William Draper was sent to Germany, to "re-educate" the Germans and free them of the taint of support for Adolf Hitler and

Hitler-like ideas. However, Mr. Draper didn't re-educate himself, because in the postwar period this gentleman, a "patrician" long associated with the investment banking firm of Dillon Read in New York, has continued his genocidal activities without shame and even, indeed, with greater arrogance. He established an entity called the Draper Fund as a vehicle for genocide proposals today. And was it not William Draper III who was appointed by the Reagan administration to head the Export-Import Bank, a very crucial institution for promoting genocide?

The Draper Fund

The Draper Fund is dedicated to committing genocide, primarily in Latin America, Africa, and Asia. It retains on its staff General Maxwell Taylor, the body-count collector for Robert S. McNamara. McNamara reminds us that the worst murderers in the world are not people with guns, but accountants. Taylor demanded a thousand bodies a day, men, women, and children in Vietnam, because Robert S. McNamara, the accountant whiz-kid, demanded a thousand bodies a day. General Maxwell Taylor is still engaged in the body-count: not a thousand bodies a day as in Vietnam, but now, the murder of billions.

Maxwell Taylor, the official of the Draper Fund, publicly states that there are only 20 developing nations of the world which are to survive. *The others are to die.* He proposes that Nigeria will be one of the more fortunate nations of Africa; it is permitted to retain half

its present population. The rest, says Maxwell Taylor, are to die.

State Department policy

Consider the Delphi project out of Connecticut which we have uncovered, which has a consulting relationship to the U.S. State Department as well as to the Pentagon. The Delphi project created a computer trick, which is nothing but a trick, to convince people, including heads of developing-nation governments, that they had to support population policies which represent, in fact, genocide among the developing nations of the world.

In 1969, that unspeakable creature, Henry Kissinger, secured an official position at the National Security Council and later went on to make an already-bad state at the State Department even worse. He made official a number of institutions in the U.S. State Department which are officially committed to genocide.

In the National Security Council, the Ad Hoc Committee on Population Affairs is committed to planning genocide as a strategic objective of the United States. In the State Department, the Office of Population Affairs under the direction of James Buckley of New York is committed to genocide on this scale. The Bureau of Oceans, Environment, and Scientific Affairs is committed to genocide on a global scale.

We are talking about billions of people. Sometimes these people are modest: those who aren't so radical talk only of hundreds of millions. The *Global 2000 Report to the President*, that great humanitarian Jimmy Carter, proposed only to eliminate about 200 million. But that is cosmetics. The policy, in the minds of those who wrote the report and authored the policy, is to kill 2 billion people at minimum. *And the policies they propose will kill at least 2 billion people.*

Jimmy Carter's second Secretary of State, the former Senator Edmund Muskie, stood at a State Department press conference to present *Global 2000* and to acknowledge it meant population reduction by the end of this century on the order of billions. And he, Edmund Muskie, praised the report on that account. According to the terms of the Nuremberg Code, Ed Muskie should have been hauled off to Nuremberg then and there, indicted, tried, and duly hanged.

Euthanasia: now in process

There is another level to this policy. It is called euthanasia; you may call it pulling the plug. Like the policy of genocide in general, *euthanasia is already going on*. Genocide is already in process.

President Jimmy Carter set in motion more genocide than Adolf Hitler in his four years in office—we just don't count the bodies. You have to look into Latin America, into Africa, into Asia, and count the number

of people that died because of decisions taken by Jimmy Carter's administration. Think of a nation that would vote to renominate a Carter for the Democratic Party leadership. There are lessons to be drawn.

Just so, euthanasia is already in process inside the United States of America. What does this mean? It means pull the plug. "We have too many old people. They cost too much, don't you know?" This is already in progress as a policy, in New York City, for example.

It is very simple to kill a person who is vulnerable: euthanasia. Withdraw medical services. Use medical science to determine what kind of care people get, and what kind they don't get.

But at Nuremberg, we recognized that the first step to mass murder by the Nazi machine was the introduction of euthanasia in the 1930s. There was a famous Nazi doctor trial at Nuremberg, in which the featured, indicted figure was Dr. Karl Brandt (whose relationship to Willy Brandt is only spiritual). Dr. Karl Brandt was indicted and committed to death for committing that crime.

But do you know that those in this state who defend euthanasia include leading reform rabbis! They say that they will not oppose euthanasia. The same rabbis who are out there cheering a holocaust protest against *some* of the people that were murdered by the Nazis, are condoning euthanasia today. By the standards of the Nuremberg Code, they are themselves indictable.

The Nuremberg Code was explicit, and as far as it went, was wise. It recognized that officials of government who "knew or should have known," including judges, newspaper officials, professors, and others who "knew or should have known" that the consequence of their advocacy or crimes of omission was to promote genocide, were therefore guilty of genocide.

This is correct, because without the infrastructure of support represented by such persons, the little SS man who did the dirty work could not have functioned. It is the professors, the judges, the officials, the accountants, the doctors who make genocide policy. We judged it so at Nuremberg, and we were right.

'Respectable' institutions

Among the institutions which are implementing genocide today is the Club of Rome. A person who is a member of or supporter of the Club of Rome is by the standard of the Nuremberg Code indictable for crimes against humanity, and, in the Club of Rome's case, for capital crimes against humanity. But who created the Club of Rome? The Club of Rome was created by NATO, as an official act of NATO and its Organization for Economic Cooperation and Development.

In a recent period, the NATO official responsible for creating the Club of Rome, Dr. Alexander King, outlined in detail how he took a fascist refugee from Italy,

Aurelio Peccei, who had been hiding in Argentina as the official representative for several Venetian-controlled firms, laundered him through the United Nations (which is a nest of genocidalists), and made him the leading figure of the entity called the Club of Rome.

It is not just a club. Leading people and institutions of the world are part of the Club of Rome. In Germany, a section of the Christian Democracy around Edouard Pestel are openly Club of Rome advocates. Sections of the Free Democratic Party of Germany are advocates of either the Club of Rome or *Global 2000*, which is merely Carter's version of genocide as opposed to Peccei's. In the German Social Democratic Party, there are factions sponsoring with Willy Brandt a North-

South policy which intends to perpetrate genocide, and which will and is perpetrating genocide through the Socialist International's influence today.

The Socialist International is an institution that contains some of the worst mass murderers in the world. Olof Palme, a figure of the Socialist International from Sweden, is a raging genocidalist.

In America, the Aspen Institute is committed to genocide. The Ford Foundation is committed to genocide. In Westchester County, New York, we have Rep. Richard Ottinger, who is a fanatical genocidalist. Senator Packwood of Oregon is committed to genocide. Run down the list of the U.S. Congress on both Senate and House sides, and you will find people who are openly

The ICLC conference

The accompanying statement by *EIR* founder LaRouche is excerpted from his keynote address at the Dec. 31 session of the International Caucus of Labor Committees' year-end conference in New York City. LaRouche is the chairman of the ICLC, which comprises Labor Committees in North America, Western Europe, and Latin America. The conference brought together almost every member of the North American organization, with invited guests, as well as delegates from Mexico, Colombia, West Germany, and Italy, including Hega Zepp-LaRouche, Chairman of the European Labor Party.

Presentations to the audience of 600-800 focused on two dimensions of the ongoing war to secure human progress and civilization: identification of the international sponsors of genocide, and the means they have used to brainwash the American population into passive acceptance of national decay and global mass murder; and revival of classical culture and pedagogy in music, art, science, and language, as a *political weapon* for reversing the advent of a new Dark Age.

The Dec. 31 presentations began with an address by *EIR* Editor-in-Chief Criton Zoakos on "How Venice Organized the Mutual Destruction of the Ottoman and Russian Empires" in parallel with current British manipulation of a no-win conflict between the United States and Soviet Union. The session following LaRouche's speech was devoted to Kepler and the Golden Mean principle as the basis for science education.

Discussions of the development and degeneracy of

languages was the subject of a panel on Jan. 1 which covered English, classical Greek, Latin, Italian, and Sanskrit. The second session began with a report on "Who's Who in the Fight Against the Malthusian Genocidalist Takeover of the Democratic Party Today," by Warren Hamerman, an ICLC executive committee member as well as chairman of the National Democratic Policy Committee, followed by a speech on the California situation by Will Wertz, candidate for the California Democratic senatorial nomination there.

The use of computer simulations, television, and "consensus" techniques to brainwash both policy-makers and the population was the first topic in the Jan. 2 panel.

Mrs. Zepp-LaRouche that afternoon delivered a major speech on the chief mental block Americans and others have in understanding the current resurgence of fascism: the belief that fascism was a strictly German or Italian phenomenon. The fundamental characteristics, she said, are a program for genocide justified on racialist or Malthusian motives; economic austerity and looting; and a fascist mass movement controlled by an oligarchic elite that uses violence to impose its irrational Nietzschean will. The counterposition to the philosophy of cultural pessimism and bestiality is the tradition of Augustinian Christianity and Neoplatonic Judaism, formulated in scientific terms by Cardinal Nicholas of Cusa, and reaffirmed by the papal encyclical *Laborem Exercens*. Mrs. Zepp-LaRouche concluded by proposing the rapid founding of a "Club of Life" to counter the Club of Rome.

That evening the ICLC chorus and orchestra performed Bach's *Jesu Meine Freude* and selections from Haydn's *Creation* and Beethoven's *Fifth Symphony*.

The final report came Jan. 3 on Dope, Incorporated's international and domestic operations.

committed to genocide, who have proposed policies to murder more people than Hitler's regime did—only one generation and a half after the horrors were uncovered at the end of World War II.

The economics of genocide

First, on the economics of genocide: Recently, I have written a number of papers, some published and some to be published in the early months of 1982, dealing with a concoction brewed at a place where many evil things are brewed, Cambridge University. It was brewed by a group of liberals around delightful ladies such as Mrs. Joan Robinson. It is called "systems analysis."

Systems analysis is usually the preferred term of genocide around the United Nations. There are so many Third World, developing nations around the U.N. that you cannot go around saying we plan to have mass murder of developing nations' populations.

Systems analysis is to the present day what the word "eugenics" meant in the time that Cecil Rhodes planned to depopulate Africa of its black people in order to recolonize it with Anglo-Saxons. It is just another name for the same policy.

It should be stressed that, in point of fact, according to Dr. Alexander King and his friends of British intelligence, the real purpose of genocide, the real target is to eliminate people whose skins are a little bit too dark down in those developing countries, and to anticipate that white Anglo-Saxon folk from the north will move in and re-populate these areas after this is all over.

Virtually every university-trained economist today is implicitly a mass murderer, because if you apply to today's situation the kind of economics that every Nobel Prize winner in economics advocates, you must commit mass murder.

Population-potential

If we were to apply to the question of human population the same criteria we use to measure the population of plant-life or beasts—at least, what the British use to measure these things—then we would distinguish only those features of human behavior in which man resembles a somewhat gifted baboon. If we use such criteria to determine what the maximum population of such a species might be on this planet, we would be most generous to say that the highest level of living population of such a species would be several million individuals, living pretty much with the speech level of the baboons or of members of the linguistics profession.

In point of fact, the same people who employ these kinds of statistical methods to determine what the limits to growth ought to be, these Malthusian calculations, also say we have a crisis today because we have about 4.5 billion people living on this planet. That already

means that if their theories are correct, they wouldn't be alive to spout them.

If only we could ignore them on that account.

How do we actually measure human population-potential? How do we defeat and neutralize this nonsense which economists, our Malthusians and our mass murderers advocate?

We measure population-potential of human beings in terms of what we might best term *potential relative population density*. This term signifies that to measure the population potential of any species, you measure the ability of that species to sustain itself by its own efforts on a certain concentration of land as inhabitable terrain. Man, at the point that he resembled Margaret Mead, had the population potential of a gifted, or degenerated baboon. Mead and the baboon are about the same. She is one of the mass murderers, that really ugly, evil old witch who stomped around the halls of the Museum of Natural History with an Isis cane, thinking herself the high priestess of Isis, who, I am happy to report, finally did the much belated service to humanity of dying—and without dignity.

But apart from Mead, that we have achieved a population-density on the order of 4 billion people already signifies that there is something about mankind that is fundamentally different than the baboon. I will admit that there are some political forces on the left who don't believe it, and who consider it macho arrogance to try to place ourselves above the baboon. But apart from them, mankind has demonstrated the ability to willfully increase mankind's potential relative population density.

How? The word technology was discovered by Gottfried Wilhelm Leibniz in the 1670s. But if we understand the term, we can apply it retrospectively to all ages, and say in general that if we generalize Leibniz's notion of technology to account for the transformation in the way that we produce our own means of existence, mankind has improved his technology. We measure the improvement of technology not by any other terms of reference than that increase in potential relative population density.

Admittedly, mankind has not always done this. Many civilizations have died. Many peoples which were once populous relative to their age, collapsed, and a remnant of that population returned to savagery.

Even so, insofar as we have risen above the level of a few baboon-like hominids chasing around the African savannah to have four and a half billion people today, we have achieved that because of those civilizations which have progressed, which have contributed greater knowledge, scientific knowledge, to advance the technology of human existence.

What that has accomplished is to increase the power of the average individual to command the lawful ordering of the universe. It has increased the density of the

agreement between man's will and the lawful ordering of the universe. It has produced progress and development of the powers of mind, not in an abstract or general sense, but as a purposeful development of those powers of mind.

The world needs more people

This leads to two things. First, it leads to developing our people to be able to create the new inventions of the next generation, and to be able to assimilate those inventions productively. Second, it leads, in that process, to the true objective of this process, the objective of the reproduction of man in larger populations which are *better populations*. The objective of human reproduction is not simply to produce more people, but to produce a higher, more perfected quality of individual. But to do that, to develop a greater individual, a better individual with higher moral capacities, an individual whose acts are in increased conformity with the lawful ordering of this universe, *we have to produce more people*.

As we advance technology, we increase the complexity of the division of labor in society in two ways:

First and most simply, labor itself becomes more complex, more specialized. Therefore, to fulfill all the specialties that are required to maintain the development of society, and its progress, we must have more kinds of work done. Therefore, a greater diversity in the range of skills or activities of human beings is required.

Second, as we develop the machine, particularly the powered machine, we begin to introduce a new dimension of complexity to the division of labor. The simplest way to develop a machine is to examine the motions that are done by hand or animal labor. Then, build a machine which reproduces the necessary motion, putting power behind it. Thus the power to produce is shifted from dependency upon the human muscle to dependency on the powered tool. The form of labor shifts from the bestial aspect of labor to emphasize the creative aspect of labor, which is the human mind's ability to devise and direct these tools. That produces the need for a greater population.

What does this indicate as requirements if we wish to raise the standard of living for the entire world's population today, or for the 6.5 to 7 billion people anticipated from the end of this century? Under normal conditions that would be the world's population at that point. If we wish to achieve a standard of living such that every person in the world could have the standard of living which we consider normal in the United States or Western Europe today, we would require a population of at least 10 billion people worldwide.

In the advanced sector, although we are really very poor relative to what should be, given our resources, because we don't produce much anymore, still we consume an average of about 35,000 kilowatt hours per

person to maintain our level of material culture. In the developing sector, the level of energy available to reproduce the population is about one order of magnitude less, about one-tenth that amount.

It is impossible to solve the problems of food, let alone other problems of developing nations without increasing the number of kilowatt hours available per individual in those cultures to the order of magnitude of 40-50,000 kilowatts over the next period.

We do not have to do it all at once, but we have to get moving very rapidly; to make land fertile requires energy, energy in the form of fertilizers, energy in the production of trace elements, energy for irrigation, energy for mechanization, energy for transportation. It will require 35,000-40,000 kilowatts per person, and if we are not proposing that, we are not serious.

Where's the energy to come from—if we want to do this without polluting the atmosphere or destroying the forests as James Schlesinger wanted to do? We have a certain amount of hydroelectric power of significant potential, and we should use it. But the bulk of the energy needed to enable the human race to live decently, survive, and prevent genocide, must be nuclear energy. This means the full spectrum of nuclear energy, not just fission reactors of any one type. Nuclear energy is the only source we have available to meet this requirement.

Let us consider this for a moment. We know the parameters for constructing a nuclear plant of one gigawatt. We know the labor required to construct it. You can calculate very accurately for policy purposes how many people will be required simply to do all these different kinds of jobs—to produce, maintain, and operate those plants.

We also know the ratio or relationship between the amount of effort society puts into producing energy, and the amount of effort represented in production using that energy. We know this as a ratio of people.

Therefore, if you tell us, for any level of a culture, how many man-years by Western European or North American standards are required to meet the energy requirements of a nation, we can tell you what the total labor force of that nation should be.

By these kinds of calculations and related calculations, we know with absolute certainty that somewhere between the years 2020 and 2030, the human race cannot make it unless we have 10 billion people, because we won't have the labor force to do all the kinds of work necessary to sustain the complexity of production.

Even today, most of the problems in the developed countries, the so-called industrial nations, are due to *underpopulation*.

More people creates the precondition for creating a better quality of single individual by this process of technological progress. Therefore, in terms of people who are against population growth, there must be some very strange kind of motivation behind it.

AAAS meeting falls behind Global 2000

by Paul Gallagher, Executive Director,
Fusion Energy Foundation

The annual convention of the American Association for the Advancement of Science, bringing 6,000 academic professionals to Washington, D.C. the week of Jan. 4-8, was a warning to the American people and the world that the onset of a Second Great Depression during 1981 has prepared the way for the rise of conscious, genocidal fascism among the educated elite of the United States.

While the AAAS represents for the most part academics, rather than laboratory or industry scientists and technicians, it is the largest U.S. science association. Regarded as a virtual branch of the British Association for the Advancement of Science, it is the most tightly dominated by British science institutions currently demanding a Malthusian restructuring of U.S. science, to cut it off from all connection to large scale technology engineering in the nuclear, agricultural, and space colonization fields, transportation, water development, etc. Its conference agenda was completely controlled by the "depopulation lobby": Gerald Barney and other authors and sponsors of the *Global 2000 Report*, who were featured speakers; the Global Tomorrow Coalition of Russell Peterson and Donald Lesh; the Population Research Institute, and similar Malthusian agencies.

Premises accepted

The five largest conference sessions were all organized explicitly as discussions of the implications of the *Global 2000 Report*. Significantly, however, all were couched as "re-examinations" of the report itself, and almost no one of the leading genocidalists present was willing to endorse it after a year of concerted discrediting of the report, throughout Washington, D.C. circles and foreign embassies, by Lyndon LaRouche and his associates at *EIR* and the Fusion Energy Foundation.

The grim reality visible at the conference, however, is that the *Global 2000 Report's* conclusion, the demand to *respond to planned permanent economic depression and scarcity conditions by cutting world population*, was accepted by virtually all conference attendees, even as

its scientific fraudulence was generally admitted.

The tenor of the conference was typified by AAAS National President Dr. Allen Bromley of Yale, in his "President's Address" to 1500 members. Bromley began by endorsing the earlier claim of White House Science Advisor Dr. George Keyworth to the same conference, that "economic constraints" require the restructuring of American science, with cutbacks throughout the nation's research and development capabilities, and that America could no longer be number-one in science and technology. Then Bromley's voice became more shrill, and he continued:

Population growth is the most deadly danger looming over us. Turning off human fertility is necessary, even though that will be very difficult and chaotic. Then there is high-technology medical care; it's a real problem. We can't keep trying to provide it for everyone. Take kidney dialysis. We have the technology, but we can't afford it. We have to decide who will get it.

A small Fusion Energy Foundation delegation had saturated the conference with printed denunciations of the *Global 2000 Report* as a "useless-eaters policy," and specifically highlighting the revival of legalized euthanasia under its influence, including the passage of a law *mandating euthanasia* in Washington, D.C., in certain cases. At the close of Bromley's speech, an FEF representative rose to inform him and the audience that he had endorsed euthanasia, specifically banned as a crime against humanity by the 1946 Nuremberg Trials, and demanded that he renounce *Global 2000*. As Bromley moved to respond, he was pushed away from the microphone by the moderator who said, "Dr. Bromley will not respond to that question," and the plenary session broke up in an uproar.

The previous day, Bell Laboratories President Ian Ross had told another plenary session that only certain fields of scientific work would survive in the coming economic retrenchment, and that a panel of "leaders of science," presumably such as himself, should be constituted to decide which fields were stimulated and which cut off from funding. Ross, whose remarks were featured in the East Coast press the next day, had his own priorities set: he told the AAAS that "the information society must survive," the means of mass control of public perceptions and decisions through telecommunications and so forth.

Ross was in turn echoing White House Science Advisor Dr. George Keyworth, who had given an opening-night lecture on "economic constraints" as the determining criteria for all scientific and technological investment. Keyworth claimed that in the coming years only research with a relatively near-term economic payoff and no large engineering development costs

could be funded—a complete reversal of the entire basis of American pre-eminence in science and technology.

Targets of attack

At the large conference sessions, the Malthusian “new, restructured science,” appropriate to permanent economic depression, was laid out in an atmosphere verging on pure Nietzschean irrationality. Three targets were singled out for special attack: nuclear energy development and nuclear physics; American agricultural science and technology; and science education.

Audubon Society head Russell Peterson and Donald Lesh, Peterson’s co-director of the Global Tomorrow Coalition (formed last year to promote the *Global 2000 Report*), ran a large conference session on the transformation of American education to fit the demands of population reduction. At this session they encountered fierce opposition from FEF representatives who caused the meeting to break up in disarray, so blatant were the crimes against humanity discussed and proposed.

A group of Peterson’s Global Tomorrow protégés from the University of North Carolina and University of Wisconsin at Madison, designers of the zero population growth curricula for elementary schools now being introduced in Baltimore and other cities, described their literal brainwashing of teacher-training students at North Carolina Colleges. Dr. Mary Jenner explained that their goal was to “rid every school in America of the idea that exponential population growth is not occurring, that it is not destroying our resources, that it doesn’t have to be stopped.” Jenner admitted that the majority of students in their “pop ed” programs fall into depressive states as a result, and that both they and the professors require psychological counseling to deal with this “depression and trauma.” The effect on the elementary-school students was left to the imagination of the audience.

Peterson, Garrett Hardin, and others directly associated with *Global 2000* all demanded an immediate war against American agricultural methods, claiming wildly that modern agriculture is evil because it raises food supplies for expanding populations “at the expense of the land and natural resources.” Peterson and ecology kook Dr. Wes Jackson of Kansas attacked modern agriculture as, “as dangerous as nuclear war,” and targeted the “Agriculture Department as more dangerous than the Department of the Interior.” At a point when net farm income has fallen by 40 percent in two years, Peterson, Lesh, Hardin, *Global 2000* author Gerald Barney, and others, called for the elimination of subsidies to agricultural research and farm production.

Peterson was most aggressively lunatic on nuclear power, raving that “we already have mountains of nuclear waste everywhere.” He claimed that the Global 2000 networks including the Global Tomorrow Coal-

tion and Committee for the Year 2000, had already begun formation of “our unit in the government” (an inter-departmental Global 2000 scenario committee), and that from now on, “we will say what choices we have to cope with the problem of nuclear waste.” Another featured speaker was Gov. James B. Hunt of North Carolina, an “expert in government” on the nuclear waste problem who recently joined the U.S. Association for the Club of Rome, Aurelio Peccei’s international Malthusian thinktank.

Among the five major Global 2000 sessions, drawing 300 to 500 each, only one possessed even the appearance of a planned debate rather than simple endorsement of population control and ecological kookery. This was the debate between hard-core Malthusian Garrett Hardin of the University of California, an advocate of reducing the U.S. population to 75 million, and Dr. Julian Simon, University of Illinois professor, whose books and articles debunking the obvious frauds of the *Global 2000 Report* have been widely reviewed. Simon won the debate, to the satisfaction even of the AAAS audience.

When a Fusion Energy Foundation representative intervened at length to demonstrate that Global 2000 is not a prediction but a *policy* of suppressing technological investment for 20 years, to force genocidal reductions in population, and that this could only be averted by the worldwide rapid spread of thousands of gigawatts of nuclear energy, there were repeated demands from Global 2000 backers that the FEF be prevented from speaking and ejected!

Irrationality promoted

The broad area of nuclear physics came under repeated attack as an overly conceptual as well as overly expensive discipline. One large session featured *Scientific American* editor Peter Flanagan, and top AAAS official John Rutherford, in repeated attacks on nuclear physics itself (not simply conventional nuclear energy), as epitomizing overly conceptual education. Flanagan claimed, in a lengthy discourse on education, that students should not be taught any “concepts” through the seventh or eighth grades, and particularly not anything about nuclear power or nuclear physics.

This session was finally subjected to ridicule and ended in repeated bursts of laughter from most of the 250 in attendance. An FEF representative contrasted the “outright quackery” of the speakers with the science education project being conducted around the FEF’s *Young Scientist* magazine, focussed on the nuclear sciences. The Foundation displayed at its exhibit booth at the conference, part of a “Pedagogical Museum” demonstrating Johannes Kepler’s method of geometrical construction, and its application to conceptual development in science, music, and Renaissance art.

Pratt decision aimed to throw Senate vote

by Mary Jane Freeman

Judge George C. Pratt of the Federal District Court in Uniondale, N.Y., denied on Dec. 21 all due process motions submitted by Sen. Harrison Williams of New Jersey in his fight to stop his frame-up by the Abscam witch-hunt of the Carter Justice Department. Within 24 hours, Pratt's decision became the rallying point for renewed demands that Williams be immediately expelled from the Senate, in which he has served for 23 years.

Williams had won a postponement of proceedings against him in the Senate until January, when he intends to place before the Senate the suppressed documents of the FBI and the Justice Department proving his innocence of all charges brought against him by U.S. Prosecutor Thomas Puccio in a trial before Pratt that ended May 1, 1981.

Now that Judge George Pratt has ruled against Williams—denying the significance of the evidence Williams has brought forth since his trial—the liberal press is demanding his speedy expulsion. “The excuse the Senate has used to postpone the day of judgment for Harrison Williams is no longer available,” drummed the *New York Times* Dec. 22. “Even a ruling for the defense would not have changed the Senators’ duty: to judge their colleague’s conduct by ethical standards far stricter than the criminal law.”

It was the same *New York Times* that on the basis of information supplied by Thomas Puccio had broken the Abscam story on Feb. 2, 1980, a full 24 hours before the news of the investigations of U.S. Congressmen was even released by the FBI.

In every point of his 62-page document, Judge Pratt acted to confirm the charges brought by Williams’s defenders: namely, that if he can be framed up in such a blatant way with impunity then American democracy is in clear and present danger. The Williams case has so far, in the words of former U.S. Solicitor General Erwin Griswold, set the precedent for “the police state, which we have always shunned.”

In his decision, Pratt not only dismissed the evidence of Williams’s innocence, but used the same formulations as U.S. Prosecutor Thomas Puccio, a man whose ethical standards have now openly been called into question in his conduct of the Justice Department case against Labor

Secretary Raymond Donovan.

Pratt’s peculiar view

The keystone of Williams’s due-process motion was the suppression by Puccio and Pratt during the trial of an FBI memo dated Nov. 27, in which the investigators against Williams admitted that they had no evidence against him—after more than 10 months of attempting to entrap Williams in wrong-doing. When the document was later shown to Williams’s juror Salvatore Ottavino, Ottavino wrote a sworn affidavit to the effect that he would not have voted for a guilty charge against Williams if the document had been presented in trial.

Pratt continues: “Merely because some government employees were not overly impressed with the strength of the Williams case as of November 27, 1979, does not mean that the government was precluded from testing the sufficiency of its evidence before a grand jury. . .

“The court concludes that the existence of the November 27, 1979, memorandum suggesting that further specific proof be adduced of Williams’s criminal propensity before seeking an indictment against him does not preclude the government from proceeding *even when the additional evidence is not forthcoming*” (emphasis added).

Not only was there no “evidence forthcoming,” but when “recontacted” by Abscam sting man Mel Weinberg and offered a bribe, Williams, as shown in the Justice Department’s own videotape records, stated distinctly, “No, no, no.”

But Williams was indicted and convicted on charges of “influence-peddling.” This was also a result of entrapment from the Justice Department, since Weinberg had instructed Williams to impress the FBI’s “Arab sheik” with his influence. Pratt dismissed the entrapment by stating: “Williams’ fine educational background, his long political experience, the heights to which he had risen in the councils of government, all argue overwhelmingly against any claim that people such as [Camden, N.J. Mayor] Errichetti and Weinberg could ‘put words in his mouth’ or make him say things that he did not mean or did not want to say.”

Pratt, however, does not question why a member of such long-standing in the “councils of government” should ever have been targeted by the Justice Department for a “sting operation.”

False claims

Pratt also upheld Puccio’s attempt to introduce evidence that would taint Senator Williams with corruption. Puccio insinuated that Williams had tried to make a deal with New Jersey Casino Control Commission Chairman Joseph Lordi on behalf of a particular company, due to a presumed relationship between the company and the Senator’s wife.

But an FBI document dated April 25, 1980, shows that Puccio's "evidence" did not exist. The FBI memo stated:

"To date, the investigation has determined that it is common for a political officeholder to make inquiries on status of requests for expeditious action to the Casino Control Commission. In this instance, however, *there is no evidence that Williams made such inquiry or recommendation to Lord?*" (emphasis added).

The casino issue was not part of the indictment, but Puccio continually referenced it during the trial to "taint" Williams—with no objection from Pratt.

In his decision, Pratt ruled on this question as follows: "Logically, such evidence [albeit nonexistent] is relevant to Williams' state of mind; absent a claim that somehow the Abscam investigators also induced defendant Williams's overtures to members of New Jersey's Casino Control Commission, a claim not made here, such conduct is legally admissible to show defendants' motive, . . . intent, . . . and method of operation."

Williams had also complained in his due-process motion that the Justice Department had used as evidence against him a letter—written and forged by Camden Mayor Errichetti in Williams' name—claiming to guarantee government contracts for the titanium mine that was the subject of Williams's meeting with the FBI's Arab sheik. Pratt dismisses Williams's complaint, stating that forgery is "merely a technique" which "furthered the overall investigation."

Pratt concludes his decision with the statement that while he found some of Williams's charges of outrageous conduct on the part of the prosecution supported, "other instances that did occur did not prejudice any rights of the defendants." Therefore, Williams's conviction is upheld, and the United States Senator must appear before him for sentencing.

Given Pratt's strange interpretation of the evidence or lack thereof, it is not difficult to see why Puccio demanded a change in venue for Williams's and other Abscam victims' cases to Pratt's Eastern District Court.

Down to the wire

Senator Williams now has one more forum remaining to prove his innocence: the U.S. Senate. No Senator has been expelled from that legislative body since the Civil War, when the charge was treason against the nation.

If the Senate now votes against Williams, it will have voted for its own dissolution. The outcome in the Senate will not only depend upon the evidence which Williams is permitted to put before the Congress, but the degree of pressure that the American people place upon their Senators to uphold the U.S. Constitution and vote against the Abscam-Justice Department political witch-hunt.

Part Three



Sheridan's operations against Teamsters

by Richard McGraw

We enter 1982 with the expectation that publication of dossiers like this one, and our just-completed Special Report on "Permindex: Britain's International Assassination Bureau," will play a role in preventing a repeat of the preceding "Year of the Assassins." Walter Sheridan is one of the most important, if least-known, operatives for Permindex. He is currently Minority Chief Investigator for the Senate Labor Committee.

The first two parts of our Sheridan dossier excerpts outlined the 30-year history of the covert intimidator both inside and outside the U.S. government, who became known for his behind-the-scenes power as "the 101st Senator." Part Two paid particular attention to the methods of blackmail and dirty tricks used by Sheridan to wreck New Orleans District Attorney Jim Garrison's investigation into the assassination of John F. Kennedy. We then took a look at a 1962 House Un-American Activities Committee investigation of Sheridan's activities at the National Security Agency (NSA), where he granted security clearance to two NSA employees who were known sexual perverts and who later defected to the U.S.S.R.

Part Three, which concludes the series, offers HUAC's conclusions, before moving on to explore Mr. Sheridan's unique role and resources in the Kennedy Justice Department's war on Teamster leader Jimmy Hoffa.

The Mitchell-Martin case was not an isolated incident of lax security involving personnel practices. Investigators from other agencies contracted by NSA to conduct background checks had repeatedly found that information which they had provided to the NSA on its current

or prospect personnel went unheeded and in conclusion, the HUAC report read:

Officials of the National Security Agency, . . . operated this most sensitive organization over a period of many years without proper regard for the Department of Defense security regulation pertaining to appointment of personnel. . .

Past efforts by the Defense Department to investigate NSA were ineffective for the most part because, when matters involving irregularities at the Agency were brought to the attention of the Department it more often than not appointed as the investigators of the irregularities the very NSA officials responsible for their existence.

Target, the Teamsters

In 1958 Walter Sheridan joined the witch-hunt against the labor movement, shifting from his post at NSA to becoming the chief investigator for the McClellan Committee's "Rackets Hearings," where he worked for Bobby Kennedy, then General Counsel to the McClellan Committee.

According to *Kennedy Justice* author Victor Navasky, "A church friend then put him in touch with the Rackets Committee and 'Bob hired me walking up the stairs—which is where we had most of our conversations.'" It was here that Sheridan developed his particular specialty of trial-by-media slander.

After Bobby Kennedy was appointed Attorney General, Walter Sheridan soon followed and was appointed "Confidential Assistant" with a secret office adjacent to the Oval Office in the White House. Bobby named Sheridan to head up his "Get Hoffa Squad," the Labor and Racketeering subdivision of the Organized Crime Section of the Justice Department.

Sheridan's "Get Hoffa Squad" (or the "Terrible Twenty" as they came to be known) was run as a straight intelligence operation, with the sole purpose of destroying the Teamsters union and putting James Hoffa in jail. Kennedy apologist Navasky wrote that its "modus operandi was cloak and dagger." Navasky described its purpose:

The Sheridan unit was, primarily, a carryover from the legislature. A McClellan Committee investigator served as its chief; the McClellan Committee files were available to and used by it; the McClellan Committee findings were the basis of many of the major lawsuits that Robert Kennedy brought against Hoffa and the Teamsters; McClellan Committee insights into Teamster life styles dictated the Sheridan squad's strategy; and it was the business of the Sheridan unit to finish the anti-Hoffa job that the McClellan Committee had started.

The purpose of the Sheridan unit was to investigate, coordinate other investigations (FBI, local, Congressional, other agencies of the government, like the Labor Department), assist in preparing presentments to grand juries, serve as special prosecutors, conduct whatever guerrilla warfare and counter guerrilla warfare were necessary within the law to "Get Hoffa," as Shaffer put it or more accurately, to convict him of crimes and clean up the Teamsters Union.

Sheridan brought into his Terrible Twenty a number of spooks who had worked with him at the National Security Agency, including Robert Peloquin (who handled Hoffa prosecution witness Edward Grady Partin) and Tom McKeon, formerly Chief of Special Projects Division at NSA, and a friend of Sheridan's.

This tightly knit group continued to work together after the Kennedy Justice Department was disbanded. Peloquin, who went on to set up the first Organized Crime Strike Force in 1966 in Buffalo, and then went to work for Resorts International, founded Intertel together with Sheridan's boss at the Justice Department, William Hundley, then chief of the Organized Crime and Racketeering Section DoJ. Tom McKeon, who followed Sheridan from NSA to "Get Hoffa," became General Counsel and Vice President of Intertel. (McKeon handled Robert Vesco's investment into Intertel and drafted plans for firing Robert Maheu and moving Howard Hughes to the Bahamas).

Besides bringing in his own spooks, Sheridan was able to access the resources of virtually any intelligence or law enforcement agency in his pursuit of Hoffa, a totally unprecedented arrangement. It was an arrangement which outraged the jurisdictionally jealous agencies, and indicated the degree of influence which Sheridan wielded with the Attorney General Bobby Kennedy and his brother, the President.

Navasky describes that Sheridan's relationships with the FBI and other government agencies "were highly irregular in that they received little or no cooperation from the top, yet Sheridan, an ex-FBI man, had a degree of line cooperation in the field that was, in some respects, unparalleled. He actually coordinated FBI agents with his own men—told them where to go, and they went." This went on despite the fact that J. Edgar Hoover hated the Kennedys and Sheridan. Sheridan said, "Hoover hates my guts. . . . I heard that a Bureau letter went out saying agents in their contact with me should be 'extremely circumspect' which is their way of saying, 'Don't work with Sheridan.'" "

Even within the Justice Department itself, Sheridan's chain-of-command was unprecedented. He reported directly to Robert Kennedy, and the two were in constant phone contact, even during the Cuban Missile Crisis.

Meanwhile, while Sheridan was running the above-ground Get Hoffa apparatus, he was simultaneously running another track of dirty tricks and surveillance against Hoffa and the Teamsters through private intelligence operations and security firms, such as the “Five Eyes” and later, Intertel, the “security firm” run by Sheridan’s former NSA and Get Hoffa buddies.

Jim Hougan, in his book *Spooks*, outlined the arrangement:

According to a former Senate investigator who worked with Senator Long’s committee on eavesdropping, ‘Bobby Kennedy had a lot of problems with Hoover. There were things Hoover simply wouldn’t do for him—usually because they were illegal. So Bobby created I-don’t-know-how-many proprietaries, including a couple of detective agencies. . . . Anyway, they were the Kennedy’s babies, and they did what they were told. . . . Actually, they’re supposed to have been set up with discretionary funds from the White House, but there’s no way to be sure. You had a unique situation back in ‘sixty and ‘sixty-one. You had one brother controlling the Presidency, and the other brother, Bobby, wearing a couple of hats. He was Attorney General, sure, but he was also overseeing the CIA: I mean he *ran* it. What I never understood was all that stuff about Jack’s supposedly wanting ‘to smash the CIA into a thousand pieces.’ Hell, it was his brother’s operation! Anyhow, they had a thing called ‘the Five Eyes’ or ‘the Three Eyes’—I swear it was owned lock, stock and barrel by the CIA. And it was a Kennedy enterprise—not *legally*, but in fact. They got their orders from Bobby, and they carried them out. They were all over Hoffa and Spindell.”

Navasky described the surveillance of Hoffa: “Walter Sheridan personally kept track of the round-the-clock movements of Hoffa. ‘I knew where he was twenty-four hours a day,’ Sheridan recalls.”

The story gets more interesting when the relationship between Sheridan, Kennedy, the CIA and Five Eyes was reported on by Sidney Goldberg who ran a small newspaper, *The Government Employees Exchange*, whose primary readership was on Capitol Hill.

Goldberg ran the story in 1968. He was immediately forced out of business through a series of legal harassments and dirty tricks. The Federal Trade Commission filed suit against him; all of his advertisers pulled out virtually overnight; he was personally surveilled; and he was shot at and run off the road.

At that point Sidney Goldberg decided to retire. Interestingly, the microfilm records of the *Exchange* which published from 1947 through 1968, have been “misplaced” by the Library of Congress.

Sheridan’s role in this private intelligence operation while running the “Get Hoffa Squad” has been described as “the chief contact” between Bobby Kennedy and Five Eyes. As we delve further into the workings of Five Eyes, the nature of the operation and Sheridan’s role becomes clear. Hougan writes:

“As it happens, the ‘Three Eyes’ stood for International Investigators, Incorporated. Chartered in Indianapolis, Indiana, its home office was referred to as the Five Eyes. The firm’s formal incorporation took place on October 3, 1966. But files in the Indiana Secretary of State’s office show that, more than five years earlier, three retiring FBI agents were granted licenses to work as private investigators for International Investigators, Inc. This seems strange in view of the fact that in February, 1961, when the licenses were granted, the firm had no legal existence. The three detectives were George C. Miller, treasurer; George W. Ryan, president; and Thomas A. Everson, secretary. Among them, they had 34 years of FBI experience.

“Within two years the still imaginary firms expanded throughout the Midwest, opening offices in Chicago, Detroit, Louisville, Nashville, Memphis, and Minneapolis—coincidentally the same cities in which Hoffa experienced intensive surveillance, including a great deal of illegal wiretapping. In 1965 the firm was taken over by a mysterious former CIA officer named Beurt Ser Vaas (later to become owner and publisher of the *Saturday Evening Post*). By this time the branch offices were deemed unnecessary (perhaps because Hoffa’s legal situation had moved beyond the investigative stage to that of an appeals phase). . . . Two of the firm’s original managers, however, had left for other work. George Miller became a safety officer for the Agency for International Development in Saigon, and George Ryan became an executive of the Creole Petroleum Company in Venezuela. Both organizations have provided cover for the CIA.

“ . . . Ser Vaas claimed that the firm (which had yet to be chartered) was virtually ‘defunct’ by the middle of 1965. Indeed, it consisted only of Ser Vaas himself and another ex-CIA officer, James Hannon Meyer, formerly district commander of the CIA’s Office of Special Intelligence on Formosa. . . . Finally receiving its charter in 1966, Ser Vaas’s investigative agency was liquidated in the following year. The timing is suggestive: created only a few weeks after JFK’s inauguration, the firm was finally dissolved the year Hoffa entered the pen.”

The dissolution of “Five Eyes” coincides with the

setting up of another "Three Eyes" set-up which also happens to have a large number of "retirees" from the NSA and the "Get Hoffa Squad," International Intelligence, Incorporated, otherwise known as Intertel. Horgan notes:

"The pattern emerges that from a study of Robert Kennedy's relationship to Hoffa, Spindel, the CIA, and the press is one in which illicit electronic eavesdropping and surveillance carried out by private apparatus is everywhere alleged. If there is any consistent thread running through it all, it is the Kennedy's reliance upon intelligence community veterans, most notably those from the National Security Agency (NSA). Robert Peloquin, Tom McKeon, and David Belisle, all of them top executives with International Intelligence, Incorporated (Intertel), are three such graduates. Walter Sheridan is a fourth NSA grad and considers himself a good friend of the others."

The source Sidney Goldberg used for his stories in the *Exchange* said that Walter Sheridan "disposed over the personnel and currency of whole units of the Central Intelligence Agency. . . . Wiretap tapes including . . . 'voice profiles' made at the White House by the Secret Service . . . were passed on to him and maintained in a separate facility."

In May 1964 Sheridan and his Terrible Twenty were designated Special Marshalls (giving them a concealed weapons capability). Along with John Doar they went to Mississippi as part of the Kennedy Justice Civil Rights' effort to push the FBI into the middle of the racial problems in the South. Sheridan and his unit were specifically assigned to deal with the Ku Klux Klan along with other white extremist groups. The KKK is notorious for its corrupt intelligence connections, and as such, has repeatedly been used, to the present day, for social disruptions. In July 1964 the FBI opened its first office in Jackson, Mississippi, staffed with 150 agents.

During Fall 1964, Sheridan left the Justice Department, at approximately the same time as did Bobby Kennedy. Sheridan maintained an office in the Washington, D.C. law firm of Miller, Cassidy, Larroca and Lewin. Jack Miller was Sheridan's Justice Department superior, the head of the Criminal Division. Cassidy was a member of the Labor and Racketeering Section, which worked in tandem with the Get Hoffa Squad.

Courtney Evans, also with the firm, was formerly an FBI agent who worked with the McClellan Committee. Evans had been the FBI liaison with the "Get Hoffa" squad.

To this day, Sheridan has maintained his "private networks" and carried on wrecking operations aimed in particular at the labor movement.

Law

Princeton and the Chris Schmid case

by Sanford Roberts

On Nov. 10, 1981, Princeton University, represented by the former U.S. Attorney General Nicholas de B. Katzenbach, asked the U.S. Supreme Court to make one of the most Orwellian interpretations of the First Amendment in its nearly two-hundred-year history. Katzenbach petitioned the Court to grant Princeton a First Amendment right to exclude Chris Schmid, a political organizer for the International Caucus of Labor Committees (ICLC), from its campus. Mr. Schmid's offense was to tell the truth about a nest of Muslim Brotherhood terrorist controllers given sanctuary by Princeton. Princeton's Supreme Court argument rested on the following remarkable claims: 1) its own First Amendment right to give a forum to any idea or individual it chooses had been violated by Schmid's distribution of charges against Professor Falk; but 2) under the First Amendment, it has the right to exclude any unwelcome person from the campus, although the area in which ICLC organizers were leafletting is traditionally open to the public.

The Falk question

The *New York Times* in a Nov. 17, 1981 feature article called the case "ironic" and "self-contradictory." However in typical *Times* fashion, the real irony is completely omitted. Chris Schmid was arrested for distributing leaflets attacking one of the puppetmasters of Ayatollah Khomeini, Prof. Richard Falk; now Princeton is invoking the First Amendment to protect its resident Khomeinians from public exposure, and ensure Princeton's continued role in shaping the Middle East policy of the United States along lines drafted by the British Foreign Office.

The Oct. 22, 1981 edition of the *New Scientist*, a British-intelligence outlet, lamented the substantial effects of the efforts of the ICLC and this publication (whose founder, Lyndon H. LaRouche, Jr. chairs the ICLC), to curtail the Brotherhood's activities. The successful ICLC campaign threatens to dismantle the terrorist Brotherhood, a political instrument which has been developed by British intelligence, with assistance

from elements in the Soviet KGB, over several decades. The *New Scientist* was particularly incensed about the ICLC's spotlighting of the links between the Muslim Brotherhood and population control think tanks like the Club of Rome and the Aspen Institute.

Princeton has been a major target of the ICLC's anti-Brotherhood mobilization. This campus harbors not only Falk, but also affords asylum for Prof. Bernard Lewis, Britain's public spokesman for the policy of turning the Middle East into an inferno of warring satrapies.

Princeton University has borne a particular grudge against the ICLC at least since LaRouche identified the treasonous activities of some of Princeton's most prominent graduates, in his 1977 *The Case of Walter Lippman*. There LaRouche emphasized Princeton's connections to enemies of the United States directly deployed by British intelligence. When the ICLC held a series of forums at Princeton University this past spring on the question of Plato versus Aristotle, a group of students was deployed to make trouble.

The court case

On April 5, 1978, Chris Schmid of the ICLC was arrested at Princeton for handing out leaflets that exposed the activities of the perfidious Professor Falk. Schmid was convicted in municipal court and fined \$15. When the matter was brought before the New Jersey State Supreme Court on appeal, Princeton University and its counsel, Mr. Katzenbach (Class of '43), entered the case as intervenors. The New Jersey Supreme Court heard arguments on Feb. 4, 1980.

During the interval between argument and decision, the U.S. Supreme Court delivered an opinion which profoundly affects the Schmid case and free speech rights generally. In *Pruneyard Shopping Center v. Robins*, the Supreme Court ruled that the constitutions of the several states could establish free speech and assembly clauses with broader legal application than the First Amendment.

The *Pruneyard* doctrine was especially applicable in free-speech versus private-property cases where the First Amendment was held to be inadequate to protect free speech. In this type of litigation, the free-speech party might find the needed constitutional protection in the constitution of the jurisdictional state. The federal Constitution simply forbids Congress to pass laws abridging free speech, and private entities are therefore rarely charged under the First Amendment. Some state constitutions, however, specify more broadly that "the right of free speech shall not be abridged," and require no finding of "state action" for litigation to proceed.

The State of New Jersey and Princeton University counted heavily on a recent line of cases which found that Fifth Amendment property rights are superior to

First Amendment free speech and assembly rights. The *Pruneyard* decision punctured this strategy. When the New Jersey Supreme Court finally reached its decision on Nov. 25, 1980, it held in favor of defendant Schmid, resting the verdict on the precedent supplied in *Pruneyard*. In essence, the New Jersey tribunal decided that although Schmid had no First Amendment rights to enter a private campus, the broader free-speech and assembly clauses of the New Jersey state constitution furnished sufficient legal protection.

The New Jersey decision flabbergasted the Princeton administration and the Muslim Brotherhood coterie on campus. Their subsequent appeal to the U.S. Supreme Court appears to have stemmed from sheer hysteria, as suggested by their shaky legal arguments.

Legal issues

There are both technical and constitutional issues at stake, and it will be important which ones the Supreme Court chooses to emphasize. First, Princeton University is a private party with dubious standing to appeal a criminal action. As Schmid's lawyer pointed out before the Court, the only real party that Princeton could possibly appeal the case against was the State of New Jersey, not Chris Schmid.

It was the State of New Jersey, acting through its highest court, who held that trespass laws could not be invoked to prohibit Schmid from engaging in political activity on campus. Defendant Schmid was certainly not an agent of the State of New Jersey. Even if Princeton's convoluted argument were true, i.e. that somehow its First Amendment rights were violated, Defendant Schmid could not have been the violator.

Another technical point working against Princeton is the issue of mootness. In the aftermath of the Schmid case, the university changed its rules to permit political outsiders on campus. Therefore, as Schmid's attorney argued, the Princeton case against Schmid is moot because there is no longer any controversy. Princeton's evasion of the mootness question certainly calls into question the genuineness of its new "liberal" regulations. If the university obtained a favorable decision from the Supreme Court, it would certainly move pell-mell to boot ICLC organizers from the campus.

On the substantive question of fundamental rights, Princeton clearly manufactured its argument. Knowing that under the *Pruneyard* precedent its Fifth Amendment argument would not stand a ghost of a chance, the university contrived an Orwellian construction of the First Amendment, arguing that academic freedom is the right to *exclude* every point of view the university disagrees with. Yet in their brief, Princeton also argues for the right to indoctrinate students "in virtually any set of beliefs."

The American Association of University Professors

submitted an amicus brief on the side of Schmid, arguing that Princeton confuses academic freedom with a private university's need for internal autonomy. The AAUP correctly notes that academic freedom is appropriate to individuals, not institutions.

For a private university to cloak its administrative functions in the garb of free speech is dangerous public policy and certainly not within the scope of the First Amendment. The private university may be afforded a relative degree of internal autonomy to carry out its functions, but this autonomy must not breach the inviolability which the U.S. Constitution establishes for free speech and associational activities.

To make a case for their absolute right to police their campus and indoctrinate the inhabitants, Princeton cynically misuses the famous *Dartmouth College* case (see box). Chief Justice John Marshall would scarcely recognize his Dartmouth ruling in the hands of Princeton's lawyers. The content of Marshall's opinion, which kept the state of New Hampshire from altering the charter of Dartmouth College because the charter embodied a manifestly public purpose, is totally gutted.

The greatest irony in the Schmid case is Princeton's

use of the First Amendment, the constitutional provision guaranteeing America's republican citizenry the right to participate in any discussion of public policy, in order to bring down an iron curtain on its campus. The First Amendment was inspired by the most eloquent treatise on free speech ever written, John Milton's *Areopagitica*. (This impassioned defense of what we now regard as our precious First Amendment freedoms specifically denies legal protection to one category of persons; those who seek an end to civil society, a description appropriate to Khomeini partisans.)

Observers at the Supreme Court reported that Justice Byron White in particular was puzzled why a \$15 trespass case was now in the lap of the U.S. Supreme Court. Justice White should have been tipped off when Princeton's attorney Katzenbach argued Princeton thought it had the First Amendment right to exclude "highly offensive" activity from the campus. The constitutional questions involved in the case are of great importance; from Princeton's point of view, the overriding question is political—whether the university can continue to harbor sponsors of the Iranian hostage-holders and their terrorist associates without challenge.

The Dartmouth case

Proponents of Princeton's position in the Chris Schmid case have hearkened back to the 1819 Supreme Court case *Trustees of Dartmouth College v. Woodward* to justify their arguments that a private university can operate independently of "the will of the state." *Dartmouth College* was one of the landmark cases which confirmed the Constitution's prohibition against the impairment of contracts by a state government. In the Princeton case, this is taken to mean that the State of New Jersey cannot "impose" a First-Amendment right on a "private" university.

This "laissez-faire" interpretation does not square at all with the reasoning presented by Chief Justice John Marshall in *Dartmouth College*. Marshall indeed holds that the state of New Hampshire could not revoke the original charter of the college, but he does so from the standpoint that the corporate charter of the college serves *public* purposes, and that this is why the government can create corporations: they are "instruments of government, created for its purposes. (4 Wheaton 518 [1819])."

The state grants a charter because the purposes of the corporation serve the interests of the state, and

therefore the state cannot turn around and *alter* these purposes by revoking or impairing the charter. The purpose of charters is to *protect* the objects of religious, charitable, and educational institutions.

"The framers of the constitution did not deem [these objects] unworthy of its care and protection. They have, through a different mode, manifested their respect for science, by reserving to the government of the Union the power 'to promote the progress of science and useful arts, by securing for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries.' They have so far withdrawn science, and the useful arts, from the action of the State governments. Why then should they be supposed so regardless of contracts made for the advancement of literature, as to intend to exclude them from provisions, made for the security of ordinary contracts between man and man? (4 Wheaton 646-47)."

The logic of Marshall's ruling in *Dartmouth College* is therefore that a state cannot impose purposes which *conflict* with the purposes of the institution. Princeton University's own stated purposes include "the maximum possible freedom of thought and expression for each individual student and faculty member." To claim that it can therefore restrict political speech is the height of hypocrisy.



Kissinger clone to ride Mideast shuttle?

Two Kissinger cronies, former State Department Undersecretary Joseph Sisco and former National Security Adviser Brent Scowcroft, are top candidates for the special Mideast emissary post that Al Haig is lobbying for in the Oval Office. My sources emphasize that the plan to use a shuttle-bug to resurrect the Camp David Palestinian autonomy talks "is aimed at pleasing Israel . . . which has always benefited from Kissinger's policies."

Haig and U.N. Ambassador Jeane Kirkpatrick want to help Kissinger's faction take over policy-making for the Middle East. So say Washington insiders, commenting on Haig's maneuvering for a White House Mideast policy re-evaluation in favor of Kissinger-brand step-by-step diplomacy.

Haig's latest machinations could move fat Henry closer to policy-making than he has been in this administration. Combined with a Haig success in moving up one notch both current Undersecretary for Political Affairs Walter Stoessel and Assistant Secretary for Euro-

pean Affairs Lawrence Eagleburger to fill the gap left by William Clark as number two man at State, the appointment of either Scowcroft or Sisco would consolidate a Kissingerian crisis-management team which could set off a fifth Mideast war.



Pushing the moderate Arabs toward war

Haig and Kirkpatrick, meanwhile, have lost no time in their efforts to undermine the tentative alliance between the United States and the moderate Arab states. This is particularly true of Saudi Arabia, whose Prince Fahd presented an eight-point Mideast peace plan last fall. Under the plan, the Arab world would recognize Israel in exchange for Israel's withdrawal from the occupied territories and recognition of Palestinian rights.

Reagan and his closest advisers favor the Fahd plan as the basis for a new Mideast policy once Israel returns the remainder of the occupied Sinai in April, completing the

Camp David accords. In the last month Riyadh has won support from the Syrians, who had boycotted the November Arab summit meeting whose top agenda item was the Fahd plan.

The latest sabotage of Saudi initiatives occurred on Jan. 4: Haig assured Israeli Ambassador Ephraim Evron that the United States would not heed the Saudi proposal for the United States to author a resolution reprimanding Israel's Golan grab. The resolution would have called on UN members to impose voluntary sanctions against Israel.

Following Haig's formula, Kirkpatrick and the U.S. delegation have shown little willingness to compromise with the Arab delegation led by Syria. Following what was called a "turbulent" Jan. 5 meeting between Kirkpatrick and the Syrian Ambassador, Dia Allah el-Fattal, the Syrians released their own resolution which demands that the United States impose total economic and military sanctions on Israel.

Such a resolution, which it would be impossible for the U.S. to support, is precisely the kind of headline polarization that Haig and Kirkpatrick are seeking.

The mood at the United Nations is "increasingly militant," say Arab diplomats, raising the danger that renewed Arab unity could become a vehicle for war rather than peace. Failure to discipline the renegade Israeli regime could produce a catastrophe in the Mideast, Saudi Foreign Minister Saud al Faisal warned the United States in a Jan. 2 *New York Times* interview. Troop mobilizations of both the Israelis and Syrians during the first week of January indicate that another war may be in the offing, à la Kissinger and Haig.

National News

Reagan appoints space task force

President Ronald Reagan has formed a special task force which will draw up a program to guide the American space program for the next 10 years. Within the administration the effort is being compared to the review which led to the historic 1969 NASA program for manned exploration of the solar system—a program later sabotaged by fiscal-conservative elements in the Nixon administration. However, it is thought unlikely that the Reagan group will draw up a set of recommendations anywhere near as ambitious as those of the 1969 plan.

The study is being conducted by a top-level Steering Group, headed by White House Science adviser George Keyworth, and a lower-level Working Group chaired by White House Space advisor Victor Reis. Their proposals are expected to concentrate on expanded uses for the Space Shuttle, with little emphasis on new or more far-reaching interplanetary missions and exploration.

Trilateral Democrats form national labor group

Democratic National Committee (DNC) chairman Charles Manatt joined with 20 leading labor officials on Jan. 5 at a meeting in Washington, D.C. to form a DNC Labor Council. The goal is to give the Trilateral Commission-controlled echelons of the AFL-CIO bureaucracy greater control over the policy and candidates of the party.

Chairing the new council will be Glenn Watts, President of the Communication Workers of America, who is also a member of the Trilateral Commission, the Club of Rome, and the Aspen Institute.

According to Watts, one of the council's initial goals will be to target Senate Labor Committee Chairman Orrin Hatch for ouster in 1983, when his term

expires. The other members of the council are co-chairman John Joyce, President of the International Union of Bricklayers, and 18 other members of the AFL-CIO Executive Board.

The establishment of a mechanism for herding union votes into a Club of Rome-controlled Democratic Party conforms to the scenario laid out in December 1980 at the Socialist International conference in Washington, D.C.

LaRouche wins injunction against Roosevelt Hotel

A New York court issued an injunction Dec. 31 barring the Roosevelt Hotel from stripping private security protection for economist and political leader Lyndon H. LaRouche, Jr. who was the keynote speaker at the year-end conference of the International Caucus of Labor Committees held at the hotel. The ruling by New York State Supreme Court Justice Richard Price held that LaRouche has the same right to armed security protection as does a foreign diplomat or an elected government official.

LaRouche's attorneys applied for the injunction after the hotel attempted to cancel the conference, and then agreed to allow it to proceed on the condition that LaRouche's security guards be disarmed and subordinated to the hotel's own security force.

The Roosevelt Hotel is controlled through ownership and financing by forces who have been directly identified as linked to assassination operations against LaRouche. The hotel is owned by Pakistani International Airlines (PIA), and an ownership and financial interest is also held by the Milstein family of United Brands Company, the principal sponsor of drug trafficking and terrorism in Central America.

The hotel was represented throughout the negotiations and the court case by the New York law firm of Chadborne, Park, Whiteside, and Wolff, which represents United Brands, the PIA, and the Bronfman family.

United Brands' Max Fisher has been

repeatedly identified by *EIR's* counter-intelligence staff as involved in assassination and related operations against LaRouche.

The Roosevelt Hotel was acquired in 1980 by PIA. Columnist Jack Anderson last year published classified State Department and CIA documents showing that the government-owned PIA "is a major conduit for illicit narcotics from Pakistan to Western Europe, the Far East, Canada, and the United States."

The hotel was previously owned by "Letoh Associates," a partnership of the Milstein family which includes Seymour and Paul Milstein, who are both on the Board of Directors of United Brands.

Not only is Chadbourne the chief outside firm for United Brands, but three of UB's nine in-house lawyers are also "graduates" of Chadbourne. Chadbourne is also the law firm of U.S. Judge Edward Neaher, who launched the career of Abscam prosecutor Thomas Puccio.

AFL-CIO demonstrates against Helmut Schmidt

A coalition of 14 right-wing social democratic unions and "captive-nations" groups demonstrated in Washington Jan. 5 against the refusal by West German Chancellor Helmut Schmidt to go along with Alexander Haig's policies of sanctions and confrontation with the Soviet Union over Poland. The groups, which collectively managed to assemble a crowd of only about 150 AFL-CIO office workers, included the American Federation of Teachers, the United Steel Workers, and other unions, the Coalition for a Democratic Majority, the Committee for the Free World, Polish and Ukrainian groups, and the Abdela Cuban Movement, a group which has been accused of involvement in training terrorists.

Sources report that the key organizer of the demonstration was Chris Gersten, the assistant to Operating Engineers President J. C. Turner, and an organizer of the British-controlled political campaign to prevent the sale of U.S. AWACS

to Saudi Arabia. While not officially a sponsor of the demonstration, AFL-CIO president Lane Kirkland sent the demonstrators a message expressing his solidarity with those present. Top AFL-CIO sources have reliably reported that Kirkland has been meeting regularly with Haig on policy issues.

The organizations at the demonstration co-signed a statement denouncing Schmidt in the harshest terms. "Chancellor Schmidt today has come to America to tell us why his government will not support the United States actions against the Soviet repression of Solidarity," the statement reads. "Pipeline politics leaves the impression of complicity with Soviet brutality. We stand here today with a simple message for Chancellor Schmidt: 'If communism is fine for Poland, why should America pay to defend West Germany from it?' . . . For Germany to turn its backs on these values, particularly regarding Poland, raises questions about the basic commitments of the German Federal Republic."

High Times implicated in murder of police officer

High Times magazine, the official organ of international drug traffic, has been linked to the Dec. 21 murder of New Jersey State Trooper Philip Lamonaco.

According to police sources cited in the *New Jersey Daily Record* of Dec. 22, *High Times* had singled out Lamonaco's Route 80 beat in a published warning to its readers not to carry drugs when driving through his area.

On the basis of evidence analyzed to date, the *High Times* lead in the Lamonaco case traces directly to the international assassination capability known as Perminex. It is likely Lamonaco was proceeding on a tip from intelligence community sources linking the car he stopped with the activation of various terrorist groups connected to *High Times*, the Yippies, and the Playboy Foundation following the Weatherunderground shooting of two police officers in Nyack, New York last October.

Fingerprints found on the car have been traced to two terrorist fugitives, Raymond Levasseur and Cameron Bishop, both alleged members of the terrorist Sam Melville-Jonathan Jackson Unit, which was formed from a radical prisoners network based around the federal prison in Thomaston, Maine, sponsored by the North East Prisoners Association (NEPA). Bishop was giving radical political indoctrination courses to inmates at Thomaston under NEPA auspices from 1973 to 1975—at the same time he was on the FBI's ten most wanted list.

Energy panel report: kill advanced technology

The Energy Research Advisory Board has recommended to the Secretary of Energy de-emphasis of major energy-intensive technology development. The recommendation, in response to a request from Deputy Energy Secretary Kenneth Davis, calls for reduction in nuclear fusion research, significant cuts in funding for the Clinch River Breeder Reactor, and complete elimination of funding for magnetohydrodynamics research.

Premised on "continuing pressure for further reductions in DOE's budget," the panel also calls for significantly higher priority to be given funding of energy conservation, acid rain and CO₂ research.

The highly controversial recommendations have been echoed by recent statements by White House Science Adviser George Keyworth. Four members of the panel took the unusual step of filing a dissent criticizing the entire methodology used to prioritize various technologies based on whether or not "they will significantly reduce the need for oil before the year 2000."

The ERAB panel, which sounds to many like a Carter-era holdover, is headed by John Foster of TRW, and includes such people as Thomas Cochran of the anti-nuclear NRDC, Charles Hitch of RAND, and Hans Landsberg of Resources for the Future.

Briefly

● **THE "RIGHT TO DIE"** bill for the District of Columbia will go into effect on Feb. 18 unless a resolution of disapproval is introduced and passed in the House and Senate. Officially termed the Natural Death Act of 1981, the legislation includes penalties for physicians who attempt to save lives of persons who signed a "please pull the plug on me" document.

● **AURELIO PECCEI**, President of the Club of Rome, will visit the New York City Jan. 15-16 for private meetings. His schedule is being kept secret due in part to International Caucus of Labor Committee-organized protests against him during his December trip to the United States.

● **FARMECONOMISTS** predict that U.S. farmers' net income will turn out to have been only \$13 to \$15 billion in the year just ended, or half the pre-Volcker level of \$27 billion in 1979. The relative position of farmers in October, or parity position, was at only 57 percent of the 1913 benchmark, and the worst since May of 1933. Under these conditions, mass farm bankruptcies are already occurring and expected to continue through 1982. American Agriculture Movement president Marvin Meek estimates that 300,000 farmers went out of business last year. Capital expenditures have collapsed meanwhile, with an absolute reduction of 8 percent between 1979 and 1980, the first such fall in more than a decade.

● **THE SALVATION ARMY** in Philadelphia is preparing to revive the soup kitchens of the depression days. Its Task Force has reported, "The Salvation Army nationally should be prepared perhaps as early as spring '82, for either a national or territorial campaign program for the poor . . . on the basis of a national emergency." It is not determined if Paul Volcker ever contributed to the Salvation Army.

Civilian laser fusion slated for scrap heap

by Steven Bardwell, Military Editor

A policy decision has been made by the Reagan administration to completely destroy America's civilian laser-fusion research program over the next several years. A combination of budget cuts and reallocation of funds to military research projects is in the process of leaving the United States, as a senior Energy Department official said, with no civilian laser-fusion research program.

Laser fusion is one of the family of nuclear fusion technologies which promise unlimited, cheap, clean energy from the fusion of light atoms (usually forms of hydrogen). The other techniques used to achieve the stellar temperatures and pressures required to ignite the fusion reaction—magnetic fields and particle beams—are, along with laser-induced fusion, being pursued internationally in research programs in the Soviet Union, Europe, Japan, and, with large government-funded programs, in the United States. Currently, the United States has the largest civilian laser-fusion research program in the world, in fiscal 1981 spending \$140 million dollars.

In addition to its applications to the production of electricity and process heat for civilian applications, the laser-fusion technique is used to simulate the explosion of hydrogen bombs. Although the energy from the laser-fusion reaction has no direct military use, the initial inspiration of the program (and much of its subsequent funding) has come from military research devoted to studying the high energy-density states that are created by only two terrestrial processes: the explosion of a hydrogen (fusion) bomb, and the ignition of a laser-fusion target.

The civilian program

In recent years, scientists in the laser field program had become more and more optimistic about the ultimate success of the application of laser fusion to energy production. At the prestigious awards banquet of the American Physical Society's Plasma Physics Division, the leader of the research effort on laser fusion at Lawrence Livermore Laboratory, Dr. John Nuckolls, stated that recent results in laser fusion had been so promising that an Apollo-scale effort for the perfection of the technology was justified. His optimism is widely

shared within the U.S. plasma physics community.

The recent successes of the U.S. program have inspired the Japanese to pursue a very aggressive laser-fusion program in parallel to their magnetic fusion program; the latter is today the world's largest in annual expenditures. By 1982, the Japanese program will have the world's largest laser in operation in laser-fusion research, since at that point, the comparable U.S. laser, the Shiva at Lawrence Livermore, will have been dismantled for budgetary reasons—its parts are being salvaged for construction of the next larger laser, the Nova, which as yet is unfunded! The Japanese laser, Gekko 12, will be 50 percent bigger than the biggest American laser in operation today. According to Dr. C. Yamanaka, the Japanese foresee a fusion reactor for export by the year 2000.

At a conference held Dec. 10 in San Francisco with Yamanaka were the heads of the French and Soviet programs, the other large laser-fusion research programs. However, the other programs were overshadowed by the demise of the U.S. program and the astounding progress of the Japanese program.

An overview of the U.S. program was provided at the conference by Dr. Richard Schreiber, Director of the Office of Inertial Confinement Fusion in the Department of Energy. For the first time in a public meeting, Schreiber gave primary emphasis to the near-term military application of the laser-fusion technology. The official position of the U.S. program had been, up until this time, that the laser-fusion program had important military applications, but was directed toward the long-term goal of civilian energy production. That this policy change is on the verge of being official was signaled by another high Department of Energy official overseeing the program, who said off the record: "We do not expect there to be an ongoing civilian laser-fusion program in the United States."

The fiscal 1981 budget for civilian laser fusion was \$140 million. The fiscal 1982 budget, which has passed Congress, included an \$18 million cut (in current dollars) in the laser-fusion budget, bringing the figure to \$122 million. The OMB's FY83 budget, not yet publicly released, is rumored to include only \$90 million for laser-fusion research for civilian application. These figures mean that the laser-fusion budget will have been cut by more than 50 percent in real spending power within two years. If this budget allocation passes, the Japanese will be spending more in absolute terms on laser fusion than the United States.

Said one Japanese scientist at the San Francisco meeting: "I hope the Americans continue with their civilian program—we benefit from international collaboration. But if the United States is so short-sighted as to do only military research, our own program will continue. We can do it by ourselves."

**LaRouche and Goldman
campaign to
lower interest rates.**



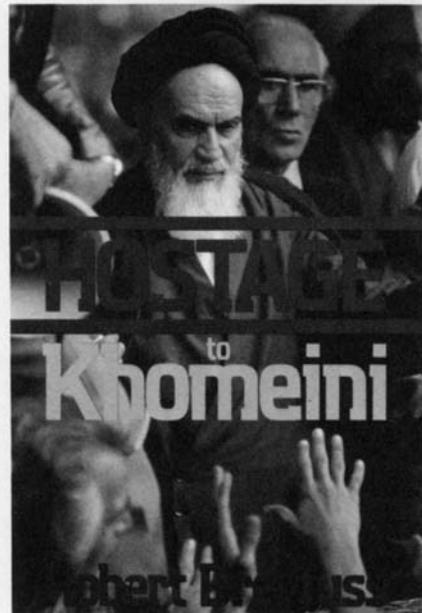
**The Ugly
Truth About
Milton
Friedman**

Lyndon H. LaRouche, Jr. David P. Goldman

“Best Title Award”

—L.A. Times

**Robert Dreyfuss’
indepth investigation**



**The real story of
the Carter-Khomeini
connection that
held the world hostage.**

Special Offer - Choose Any 5 books for \$25

The LaRouche Series Books by *Lyndon H. LaRouche Jr.*

- The Ugly Truth About Milton Friedman with David Goldman \$3.95
- How to Defeat Liberalism and William F. Buckley \$3.95
- Will the Soviets Rule in the 1980s? \$3.95
- Basic Economics for Conservative Democrats \$3.95
- What Every Conservative Should Know About Communism \$3.95
- Why Revival of “SALT” Won’t Stop War \$3.95
- The Power of Reason: A Kind of Autobiography \$2.95

Franklin Tradition History Series

- *Dope, Inc.: Britain’s Opium War Against the U.S. \$6.00
- Hostage to Khomeini by Robert Dreyfuss \$4.25
- *The New Dark Ages Conspiracy: London’s Plot to Destroy Civilization by Carol White \$4.95
- The Civil War and the American System by Allen Salisbury \$5.95
- *The Political Economy of the American Revolution Nancy Spannaus and Christopher White, 2nd ed. \$5.95
- The Industrial Development of Poland by Rosa Luxemburg, Intro. by Lyndon LaRouche \$3.95
- Energy Potential: Toward a New Electromagnetic Field Theory, by Carol White \$7.95

* Will be mailed as soon as released

- The Ugly Truth About Milton Friedman
- Hostage to Khomeini
- Special \$25 Offer (postage included)
- Other books as marked

Name _____

Address _____

City _____ State _____ Zip _____

Telephone (____) _____

Enclosed \$ _____

Master Charge/Visa # _____

Exp. date _____

Order from your bookstore
or from:

**The New
Benjamin Franklin House
Publishing Co., Inc.**
304 W. 58th St., 5th floor, Dept. E, N.Y. 10019
(Add \$1.50 per book postage for 1st class. \$.75 per book
for 4th class. Postage is included in the Special offer.)



Mastercharge/Visa holders call toll free 800-358-9999