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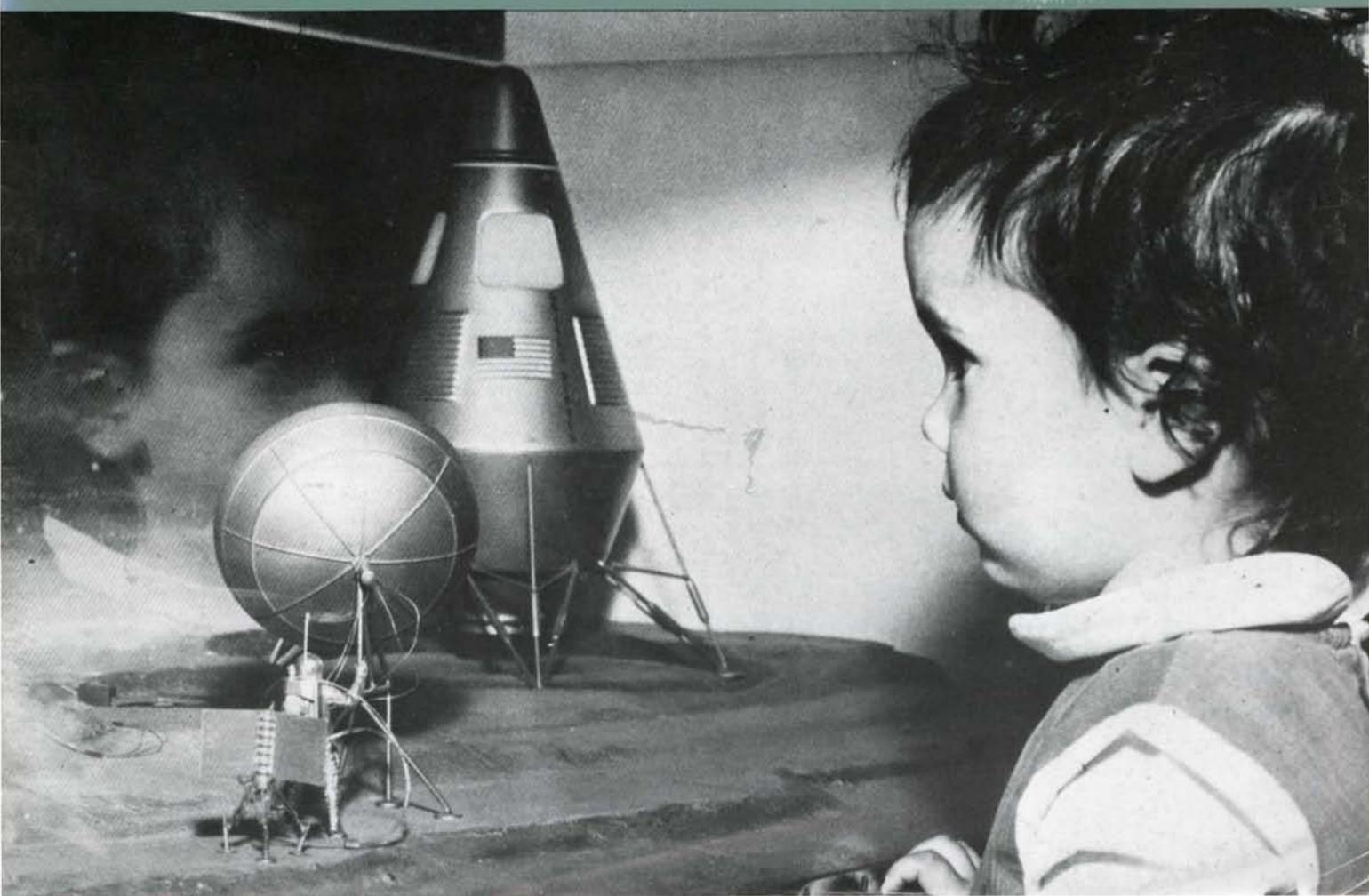
Executive Intelligence Review

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# EIR

## From the Managing Editor

The theme of this week's *EIR* is the necessity for the United States to stop the Soviet Union cold with a mammoth public crash program to develop and deploy defensive energy-beam weapons systems. At a time when, as Editor Nora Hamerman puts it in her Middle East analysis below, the international strategic situation is increasingly governed by the imperatives of war rather than the canons of diplomacy it is true that a pre-emptive nuclear strike by the U.S.S.R. cannot be ruled out if the Kremlin finds itself faced with a U.S. strategic defense mobilization; but, as *EIR* founder Lyndon H. LaRouche, Jr., commented recently, if such a mobilization does *not* occur, thermonuclear war between the superpowers is inevitable. The West really has no choice but to begin at once to secure its military and economic strength by means of the most advanced technologies.

In our Special Report on the 25th anniversary of America's National Aeronautics and Space Administration, Mr. LaRouche specifies that these technologies are indispensable for the exploration and conquest of space as well, specifically development of commercial controlled thermonuclear fusion power as an energy source permitting continuously powered space flight, among other things, and directed-beam techniques for utilizing that energy so as to transform both manufacturing on Earth and the possibilities of life on distant planets. Once we tidy up the political mess on our own planet, the potential is infinite.

In our Economics section, we bring you the latest in what will be an ongoing series of exposés of the fraudulent output of the squinty-minded gnomes at the Federal Reserve and other outposts. Richard Freeman dissects their systematic undérestimation of inflation and overestimation of industrial output, and Cynthia Parsons outlines their coverup of the ongoing destruction of U.S. food production. We also publish an exclusive report on last month's Caracas meeting of the Latin American Economic System, which took practical steps toward creating a continental common market and a debtors' self-defense command structure.

Our International section includes an overview of the Sept. 15 *EIR* conference on Asian economic development, a tremendously successful event whose presentations will be covered in depth in future issues.

Susan Johnson

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**Correction:** Due to an editorial error, a section of the article, "Can U.S. policy stand the heat?" (*EIR*, Sept. 27), discussing the Senate debate on the resolution to condemn the Soviets' downing of KAL flight 7 on Sept. 1, wrongly stated: "It was the conservatives who denied the President the support of a unanimous vote," and that Senators Armstrong, Symms, and Helms tried to block the resolution. Helms's amendment, as discussed in this issue (page 54), an attempt to "strengthen" the resolution, importantly condemned both Averell Harriman and Henry Kissinger for their appeasement policy toward the Soviets.

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## 'Quality Adjustment Factor': how the Fed hides inflation

by Richard Freeman

Since 1967, the Federal Reserve Board, in collusion with the Department of Labor's Bureau of Labor Statistics, has been concocting fraudulent "Quality Adjustment Factors" and then employing them to distort two of the most widely followed gauges of the economy: 1) the level of *production*, and 2) the level of *inflation*. The Fed uses these factors to overstate production levels, and the BLS uses these factors to understate inflation levels. Like two families of the same mafia, they coordinate.

The Quality Adjustment Factor (QAF) works on the fraudulent assumption that since 1967 the quality of various products—cars, steel, and so forth—has improved, and that this improved quality should be counted as more goods produced, since the same unit embodies more quality. By the same reasoning, this Quality Adjustment Factor is also deducted from price increases, since it is assumed that customers get a better quality product for their money.

The Quality Adjustment Factor is produced by the Department of Labor's Bureau of Labor Statistics' Wholesale Price Index division. A source in the BLS who puts together the QAF for the auto industry provided *EIR* with the QAFs for auto for every year since 1967.

In the case of auto, the QAF counts such useless junk as pollution control devices, and such depression-economy adaptations as downsizing, increased mileage efficiency, and bigger warranties (which are just gimmicks to raise sales) as improved quality of the car. Each year, a percentage of the increased price of the automobile—ranging from 10 to 50 percent—is deducted from the price and counted instead as representing the cost of improved quality. Thus, for example, the Commerce Department's Bureau of Economic Analysis

computes the average price of a car, which it calls the average transaction price, by taking the average retail price of 125 separate car models. In 1967, the average transaction price or cost of a new car, according to the Commerce Department's Bureau of Economic Analysis (BEA) was \$3,212. In the first quarter of 1983, the average transaction price of a new car, according to the same Commerce Department Bureau of Economic Analysis, was \$10,258.

However—and here is the clincher—if one applies the consumer price index put together by the BLS to the 1967 car price reported by the BEA, the average price of a new car would be only \$6,459 in the first quarter of 1983. The difference between the actual price—\$10,258 as reported by the BEA—and the price determined by the BLS's consumer price index for autos—\$6,459—is \$3,799. *This difference, is the Quality Adjustment Factor. That is, the BLS fraudulently lies that there has been a \$3,799 improvement in the quality of cars since 1967, when in fact, cars have become much worse.* **Figure 1** summarizes the case.

Inflation was much higher than the BLS reported, because it used the Big Lie of the Quality Adjustment Factor to hold the inflation rate down. The real consumer price index for first quarter of 1983 should be 319.4 instead of the 201.1, or a level 59 percent higher. That is, for new automobiles, the BLS understated the inflation rate by a staggering 59 percent. If one considers that this QAF was applied to many other industries, *one concludes that the real inflation rate, since 1967, could have been one-third to one half-higher, or double the "official" rate reported.*

The amount that the BLS subtracted as QAF from the increased prices of new cars is greater than the amount it gave

out as the increase over these 16 years: the Quality Adjustment Factor is \$3,799, and the BLS officially reported the price increase of a new car as \$3,247.

An example of how the BLS reports the QAF appears in the November 1982 release issued by the BLS's Wholesale and Consumer Price Index division when the 1983 car models came out. The release, "Report on Quality Changes for 1983 Model Passenger Cars," states that the BLS counted \$128.04 out of the \$263.92 in manufacturer's list (retail) prices for autos to be attributed to "quality changes," or 49.9 percent of the increase. The BLS release went on to say that of this \$128.04 "improvement in quality," \$64.65 is represented by improved fuel efficiency and reduced emissions in accordance with current and anticipated federal standards, and \$63.39 is "for other changes not related to fuel economy or air quality standards such as changes for improved warranties and for improved corrosion protection."

Because of this "improvement in quality" fraud half the price increase in the 1983 model year car was thrown out.

### What 'quality' improvement?

It is more than obvious that cars today are inferior to the cars produced in 1967 in every way imaginable. Consider a few of the features that made 1967 cars superior:

1) According to Ward's *Automotive Yearbook*, in 1967, 83.9 percent of all cars had V-8 engines, today, only 25.6 percent have V-8s. The cars of 1967 were more powerful.

2) The cars of today are more cramped and smaller, by design, to discourage large families. Today, it is impossible to get more than two adults in the front, with three children stuffed in the back. Cars used to be able to accommodate six- or seven-member families with all their gear.

3) The small cars are more unsafe, despite all the lies about "improved safety." The Naderites have been unable to refute Highway Administration reports showing that smaller cars result in a greater number of highway deaths, because the cars, having less metal and being less sturdy, crumble more violently on collision impact.

4) The fuel efficiency argument is a total hoax, and overlooks the central feature that it is the Henry Kissinger-British intelligence 1973-75 oil hoax, and the Aspen Institute-James

Schlesinger 1978-79 oil hoax that increased the price of oil, making oil 10 times more expensive than it was in 1972, and gasoline at least 6 to 8 times more expensive.

Take a Brand X car, which got only 10 miles to the gallon in 1967. Let us say that its fuel efficiency has been improved so that it now gets 20 miles to the gallon. Meanwhile, the price of gasoline has increased 6 to 8 times in the same period, so that even if the Brand X car only got 10 miles to the gallon, had the price of oil not been rigged upward, it would be 75 to 80 percent cheaper to drive a car at 10 miles to the gallon, than it is with today's oil prices, getting 20 miles to the gallon.

5) Automobiles today are breaking down much more frequently. Measured by frequency and size of repair bills, and life expectancy of the auto, today's cars are less durable.

In fact, one can go one step further. Look above at the \$3,799. What does it really represent? Not an increase in inflation per se, but an *actual increase in overhead-waste*. The \$3,799 does not represent a legitimate increase in costs of the car, but rather the adaptation of the United States to a post-industrial economy. Over the last decade, the auto industry has spent a staggering \$60 billion on capital spending, most of it to *downsize the car, and meet Naderite environmental conditions, or increase fuel efficiency, which would not have been necessary per se had it not been for the oil crisis*. That is, \$60 billion was spent to push the United States into a post-industrial society. Plus, beginning in 1979, the cost of this downsizing and related measures had to be financed at usurious bond market interest rate costs, imposed by Fed chairman Paul Volcker. Thus, the extra \$3,799 represents the cost per car the consumer had to pay to get an inferior car, and to pay Volcker's capitalized ground rent.

The BLS chose to cover this cost up by not reporting it.

### The double lie

But this is only half the story. Because, once the BLS gets done using the Quality Adjustment Factor to lower the inflation rate by 59 percent, the QAF is turned over to the Federal Reserve Board, and the Fed's Industrial Production Group uses it to overstate production by 50 to 60 percent.

Helmut Wendell, deputy director of research at the Business Conditions Section of the Fed, which has responsibility for the Industrial Production Group and producing the Industrial Production Index, told *EIR* Sept. 5 that the Fed uses the Quality Adjustment Factor to further gear up the industrial production index for cars.

The way this is done, according to a Fed employee, is that the auto industrial production index is increased in some proportion to the increase of the QAF, irrespective of actual car output. The Fed spokesman would not reveal specifically how this is done, but the QAF fraud was used to overstate U.S. auto production by 24.7 percent.

The telltale signs of the Fed's use of the QAF are brought to light in the following manner. Take the number of cars produced for the year 1967 and the first six months of 1983, which are 7,436,000 and 6,400,000, respectively. Then di-

**Figure 1**  
**How the Bureau of Labor Statistics understates the inflation rate of new car prices by 100 percent**

1967 Bureau of Economic Analysis new car average transaction price	\$ 3,212
(Multiplied by) new car Consumer Price Index for first quarter 1983 (1967 = 100)	× <u>201.1</u>
Estimated 1983 inflation adjusted new car average transaction prices, based on CPI	\$ 6,459
Actual first quarter 1983 BEA new car average transaction price	\$10,258
<b>Difference</b>	<b>\$ 3,799</b>

vide these numbers by the Federal Reserve's industrial production index for cars for 1967 and the first six months of 1983, which are 100 and 114.3, respectively. The ratios should be the same. But they are not. The ratio for 1967 represented 7,436 cars for each point of the index. The ratio for 1983 represented 5,640 cars for each point of the index. That means that it took 24.7 percent more cars to move the index one point in 1967 than it does today. *That is the QAF.*

When the Fed's nearly 25 percent overstatement of the industrial production index for autos is corrected for the first six months of 1983, the 114.3 index drops to 86.0. The Fed claims that car production today is above the 1967 production level; *car production has fallen instead.*

### **More fakery: lawnmowers and textiles**

Sources in several divisions of the Producer (Wholesale) and Consumer Price Index divisions of the Bureau of Labor Statistics corroborated the use of the Quality Adjustment Factor to fake inflation rates.

A staff member of the Producer Price Index division of the BLS revealed the guiding principle: "We try to set up the Quality Adjustment Factor so that it reflects a return on capital to the industry concerned. Let's say a company spent \$100 to meet a governmental standard. If that company raises the price of its goods by \$150, we will only count \$50 of the price increase in the Producer Price Index, because the other \$100 represents the company's attempt to get to, or cover a good return on its capital."

This perspective was borne out by others with respect to the textile, toy, home appliances, and other industries. What is accounted a QAF in the Producer Price Index division is passed on and amplified in the Consumer Price Index division. Thus, the Consumer Price QAF is a little larger, but basically the same as the Producer Price QAF.

A staffer at the Producer Price Index section of the BLS at first claimed that the only time the QAF was applied was when, "a company discontinues one product line and replaces it with another line which has more value," but then admitted that "there is the example of lawnmowers. Last year, to meet safety standards, the lawnmower producers raised the price of lawnmowers from 20 to 50 percent, with most of the price increases in the high teens or up to 25 percent. We at the Producer Price division counted only 6 percent of that increase." She added that the rest of the price increase was attributed to QAFs and deducted.

A source in the apparels division of the BLS Producer Price Index division said that in order to meet garment inflammability laws, which were passed in the 1970s, several manufacturers increased their prices. She gave this example: "Let's say," she said, "that the price of a piece of apparel was \$100 and its price went up to \$110. If the company told us that they spent \$9 to meet the inflammability codes, then we would only count \$1 as part of the price increase, not \$10." When asked, "Do you just take the company's figures? Don't you do any check of your own?," she said, "No, we don't."

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## THE MARC RICH CASE

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# Dr. K. implicated in dealings with Iran

by Joseph Brewda

In perhaps the biggest case ever conducted for violation of the Trading with the Enemy Act, spot-oil market speculator and Henry Kissinger business partner Marc Rich has been charged with funnelling over \$200 million for oil to the Iranian government during the height of the hostage crisis, after trade with Iran was declared illegal. If the U.S. government charges are correct—and Rich's outrageous efforts to evade court subpoenas on a related civil case indicate they are—then Rich's treacherous proclivities help explain why Henry Kissinger and his partners at Kissinger Associates have been so helpful to Rich over the years.

The evidence supporting the hypothesis that Marc Rich has been nothing but an operative and is now a sacrificial lamb for Kissinger Associates and its clients, is already so compelling that it is essential that Congress conduct a thorough investigation of the Marc Rich case. The case could very well be another instance of corrupt behavior on the part of newly appointed Central American commission chairman Henry A. Kissinger jeopardizing national security.

### **The U.S. government charges**

Acting upon evidence compiled by the U.S. Attorney's office of the Southern District of New York, a federal grand jury in Manhattan returned a 51-count indictment Sept. 19 against Marc Rich, Marc Rich and Company International, and Marc Rich and Company A.G. for violating the Racketeer Influenced and Corrupt Organization (RICO) statutes, and against Rich and his business partner Pincus Green for violating the Trading with the Enemy Act. Rich et al. are also charged with evading taxes and multiple mail and wire fraud violations.

According to the Southern District, the racketeering charges against Rich involve his concealment of over \$100 million in taxable income from crude oil deals of Rich International—in a large part earned illegally in violation of federal energy laws—by diverting the income through sham transactions offshore to Rich A.G., a foreign corporation which does not file United States income tax returns. As a

result of Rich's scheme, the indictment charges, Rich caused Rich International to evade over \$48 million in federal taxes during 1980 and 1981. Most importantly, from the standpoint of Kissinger's multiple ties to Rich, the indictment charges that Rich purchased 6,250,000 barrels of crude and fuel oil from the National Iranian Oil Company, wholly owned by the government of Ayatollah Khomeini. The oil purchases, which exceeded \$200 million, were all made after it had been declared illegal to trade with Iran.

A part of Rich's scheme, according to the indictment, was to have Rich International purchase barrels of domestically "controlled" oil, which under the former Department of Energy price controls could only be resold at fixed prices. Rich International would then sell and resell the barrels through a network of shells and complicit firms which had the objective of making it easier to falsely alter the certificates of the barrels to "uncontrolled" oil. Once they were labeled "uncontrolled," International could repurchase the barrels at the end of the chain of fronts and resell it at much higher prices, realizing huge illicit profits.

These illicit profits would have forced Rich to vastly increase Rich International's federally taxable income. To evade this taxation Rich devised a new scheme whereby Rich engaged third parties—allegedly Listo Petroleum of Houston and West Texas Marketing of Abilene Texas—which would ostensibly sell the falsely certified "uncontrolled barrels" to International at the high market price rather than purchase the same oil at much lower prices if it chose to. It was secretly agreed that the huge profits created by the difference between the controlled price and high market price would covertly go to International. As part of this scheme it was arranged that Listo and West Texas Marketing would lose preset amounts of money to Rich A.G. and its foreign subsidiaries in other transactions, thereby laundering International's illegal profits offshore to such corporations as Rich A.G., which would pay no federal income tax.

As part of the shell game described above, Rich International negotiated with Atlantic Richfield to purchase 18 million controlled barrels of oil in 1980 and 1981, then arranging to have the barrels delivered to Listo rather than Rich International. The controlled oil from the Atlantic Richfield deal comprised the majority of barrels from which the money in question was covertly collected for Rich by being put on the books of Listo.

This is not the first time that Rich has benefited from Atlantic Richfield, the company owned by Kissinger Associates partner Robert O. Anderson. Anderson is widely credited as the central figure responsible for Rich's spectacular success following Henry Kissinger's 1973 oil hoax. It was Anderson's agreement to purchase from Rich which allowed his operations to vastly expand.

As a further part of the scam, according to Southern District papers submitted to U.S. Court, Rich arranged more than \$31 million in fraudulent deductions in its federal income tax through fabricating transactions between Rich A.G.

and Rich International. These transactions ostensibly related to oil deals between Rich A.G. and Rich A.G.'s frequent client, Charter Oil Company of the Bahamas—a firm at the center of the Billygate scandal and intimately tied to cocaine trafficker and international gangster Robert Vesco, Libyan dictator Muammar Qaddafi, and Henry Kissinger. In fact, Kissinger Associates partner Gen. Brent Scowcroft, Kissinger's longtime associate, was a paid consultant to Charter Oil during the period in question.

The fact that Charter Oil is not directly charged by the Southern District as wittingly complicit with Rich in the above scheme demonstrates the sabotage resulting from FBI involvement in such investigations, especially an investigation with national security implications.

### **Trading with the enemy**

Beginning in November 1979, then-President Jimmy Carter, under the International Economic Emergency Powers Act, began issuing executive orders which blocked and froze Iranian properties in the United States, imposed a trade embargo on Iran, and prohibited the transfer of funds to Iran without special license. Carter's action, forced by the taking of the hostages, an operation, *EIR* had documented, in which he was deeply complicit, required that the flow of weapons, oil, narcotics, and laundered money between Iran and the United States had to be masked.

On April 30, 1980, during the hostage crisis, Marc Rich A.G. entered into contracts with the National Iranian Oil Company to purchase Iranian crude and fuel oil, according to U.S. charges. On or about May 1, 1980, Marc Rich negotiated the sale of over 6 million barrels of oil to Transworld Oil of Bermuda for over \$200 million. Rich arranged for Iran to be paid this money through a series of wire transfers from banks in the United States to Iranian government accounts at Midland Bank in Britain and Union Bank of Switzerland, among other locations.

Although the Southern District has refused to divulge the name of the U.S. banks, claiming, without offering evidence, that the banks were dupes of Rich's scheme, it is extremely likely the major U.S. bank involved was Chase Manhattan. Chase was and is Rich A.G.'s major credit source from its beginnings in 1974; Chase Manhattan's former vice-president in charge of commodities, Peter Ryan, left the bank to become chief executive officer of Rich International. Chase's international advisory board was chaired by Henry Kissinger during the period in question.

If Rich, who is now attempting to renounce his U.S. citizenship, successfully evades criminal prosecution, the U.S. government already has the authority to seize all of Rich's properties. Among these assets are 50 percent of Twentieth Century Fox, jointly owned with Henry Kissinger's long-time friend, oilman Marvin Davis. Following their takeover of Fox in 1981, perhaps with revenues from their Iranian oil deals, one of the first acts by Rich and Davis was to hire Henry Kissinger to serve on their board of directors.

# Conference set on joint debt action and Ibero-American common market

by Gretchen Small

The ninth annual conference of SELA, the Latin American Economic System, concluded on Sept. 21 in Caracas with a decision to convoke a Latin American Economic Conference in Quito, Ecuador in early January—an event without precedent in the continent's history.

Proposed by Ecuadoran President Osvaldo Hurtado in the spring of 1983, the conference is envisioned as the starting point for an Ibero-American Common Market, and for agreements on coordinated action on debt. Heads of government and foreign, finance, and economics ministers from every country in Ibero-America are to put into action the plans hammered out over the past six months of conferences, summit meetings, and background studies on the financial crisis.

The discussions at the SELA meeting demonstrated the explosive potential of the Quito conference. The concept of "regional economic security" dominated the discussion in Caracas. The three central documents presented to the meeting on that topic adopt the leading features of Operation Juárez, *EIR* founder Lyndon LaRouche's 1982 policy document outlining how Ibero-America can become an economic superpower: a common market to utilize the region's rich resources and manpower, and common action to avert the financial looting of the continent.

Embodied in the Quito conference is the idea of an independent Ibero-America, with its own institutions distinct from the Organization of American States (OAS). The old inter-American system, broken by U.S. betrayal of its hemispheric allies during the Malvinas war, has been buried. The U.S. stance at the Extraordinary Conference on External Financing and Debt of the OAS in Caracas on Sept. 5-9—at which Treasury Department spokesmen denied that any real debt emergency exists, and told Ibero-America that submission to the IMF was its only option until "the recovery" takes hold—dealt the final blow.

## Moves toward unity

No doubt the "phantom of a recovery" that has walked the corridors of every North-South forum of the past months will "continue walking through the corridors of the United Nations General Assembly" this year, Colombian representative Carlos Villegas commented in his opening remarks in Caracas. Because discussions on the need for a "restructuring of the international economic order" have reached "the ste-

rility of a dialogue of the deaf," Villegas argued, Ibero-America had better "strengthen its economic ties and self-sufficiency." With a spirited call, "Delegates: for Latin American progress and unity—to work!" Villegas opened the SELA conference.

"It is being demanded that Latin America not grow, but collect everything it owns to pay its debt, and that is unacceptable," said outgoing SELA head Carlos Alzamora in opening the final, ministerial-level session of the conference. "Individualism is illusory and suicidal. We need a Latin American community. . . . A strong movement is coming together. . . . despite our differences—the real ones and those that are invented for us."

Venezuelan President Herrera Campins declared: "Latin America cannot and should not become poorer every day. As a region Latin America can call upon many resources . . . national limitations can be overcome regionally. . . . We must outline a common strategy for all meetings and forums, so that our power of negotiation is increased."

The center of discussion at the SELA meeting was a draft proposal for the formal establishment of an emergency consulting mechanism in the event of "coercive economic measures"—economic warfare against debtor countries. Under the mechanism proposed, any nation or nations facing such measures may request that SELA convene an emergency ministerial-level meeting to decide on "concrete measures of direct economic aid." If a simple majority of SELA's member states agree, the meeting will be held at SELA's headquarters within five days.

The establishment of an International Center of Information and Consultation on the Foreign Debt was also proposed. Creditors meet several times a week, a SELA document on the "Future of Indebtedness in Latin America" argues, but debtors as yet do not. The center would centralize debt data, sending out telexes to Ibero-American monetary and government authorities at least twice a week. Information deemed advisable to communicate more privately could be conveyed at meetings at the Debt Information Center at least once a month, the draft suggests.

The core of a long-term program is the creation of a common market. The "strategy of regional economic security has three fundamental objectives," one document states: "a more intense and efficient use of the region's productive

capacity, taking advantage of the regional market as a basis for the reactivation of the Latin American development process, and the betterment of the negotiating capacity of the region in their foreign relations.”

The creation of a regional energy common market, protective tariffs for the continent, and financial mechanisms to support trade within the region to assure supplies of such basic goods as food and energy, are specified as steps toward security.

### **A compromise date**

SELA's ability to enact these proposals is only as strong as the individual governments make it. Established in 1974 at the initiative of Mexican President Luis Echeverría and his Venezuelan counterpart, Carlos Andrés Pérez, until the Malvinas war SELA remained a limited forum for Ibero-American consultation. But as each nation became unable to withstand the economic, social, and political collapse that followed the war and the debt crisis, the idea of a united response has grown and, with it, SELA's power.

The election of Sebastian Alegrett as secretary-general of SELA's Permanent Secretariat for the next four years demonstrates a commitment by member nations to continue SELA's active leadership role under current secretary Carlos Alzamora. As head of Venezuela's Foreign Trade Institute, Alegrett has championed Ibero-American integration and a tough stand against letting the debt destroy Ibero-America; his principal competitor for the post, Uruguayan diplomat Juan José Real, argued that SELA should reduce its role in the continent's affairs.

The commitment to the Quito meeting, however, was not easily obtained, as shown by the decision not to hold the conference until early January. Its advocates had sought to hold it on Nov. 29. Some Caracas sources report that such former British colonies as Jamaica blocked the Nov. 29 date, insisting that priority attention had to go to a conference of the Queen of England's Commonwealth in November. Pro-IMF strategists had hoped to postpone the conference until after the late-January presidential elections in the host country, Ecuador, hoping that the agreement to hold the conference could be undone by the electoral results.

## **'Put resources together'**

*The following are excerpts from the September 1983 document of the Permanent Secretariat of SELA (Latin American Economic System), entitled "Regional Economic Security; Proposals for Latin American Joint Action."*

*Whereas* the current world economic crisis has made clear Latin America's vulnerabilities in areas such as trade, finance, technological development, transport, and communications, and has aggravated the adverse consequences of the region's structural dependence;

*Whereas* the crisis in Latin America has very negative symptoms, both in the foreign and domestic arena—in the foreign, there are strong pressures on balance of payments, serious difficulties in servicing the foreign debt, reduction of exports and fall of international reserves; in the domestic sphere there has been a fall of Gross National Product, inflation accompanied by recession, stagnation of industrial production, and unemployment, among other disturbing symptoms;

*Whereas* Latin America should seek a solution to the problems derived from its external vulnerability and to the challenges of the international economic crisis by putting its resources together and by joint and united efforts through cooperation in areas in which that vulnerability is most evident [as well as] through reactivation and guaranteeing the process of economic integration that has been carried out in the subregions;

*Whereas*, the personal representatives of chiefs of states and governments of the Latin American and Caribbean countries, gathered in Santo Domingo in the beginning of August 1983 . . . agreed to examine the action plan formulated there at the upcoming Latin American Economic Conference to be held in Quito on the initiative of the Ecuadoran government in consultation with the other governments of Latin America and the Caribbean;

*Be it resolved that:*

**Article 1.** There be implemented a strategy for regional economic security based on the strengthening of integration and regional cooperation and on the coordination of common positions on Latin America's foreign relations.

**Article 2.** The strategy for regional economic security seeks three fundamental objectives:

- 1) more intensive and efficient use of the productive capacity of the region;
- 2) using the regional market as the basis for reactivating the Latin American development process;
- 3) improving the negotiating capacity of the region in its foreign relations and strengthening coordination among member states.

**Article 3.** The strategy of regional economic security should be realized through a program of joint action in the following areas:

- 1) Promotion and strengthening of regional cooperation and economic integration. . . .
- 2) Intraregional trade. . . .
  - a) A commitment not to impose new taxes or increase existing ones or introduce new restrictions on intraregional trade. . . .
  - b) Establish a system of Latin American preferential tariffs encompassing all the countries of the region;
  - c) Establish a system of Latin American preferences in areas other than trade, such as taking advantage of state purchasing power, preferences for public licensing in favor of Latin America, special treatment for Latin American and Caribbean engineering and consulting companies;

d) Possibilities for taking advantage of joint Latin American purchasing power;

e) Other measures that could help increase regional trade, such as medium and long term contracts, multilateral and compensation trade, etc.

3) International financial and monetary problems.

a) Foreign debt problems.

i) formulas which permit dealing with the foreign debt problems of countries so desiring it based on a realistic appreciation of their ability to pay;

ii) examination of possible alternative criteria which could guide the individual renegotiating processes of interested countries, with the goal of assuring fair and stable solutions, such as linking the amount of the debt service to specific economic indicators, moderate interest rates and commissions, adequate payment terms and grace periods. . . .;

iv) establishment of a system which would allow interchange of information on the experiences of countries with their foreign debts, with the purpose of strengthening the negotiating position of the debtors.

b) Establishment of a regional payments system for international trade by generalizing the ALADI (Latin American Association for Development and Integration) system of reciprocal payments and credits and connecting it with other payment systems in the region. . . . Examine whether it could be improved through changing time between settlements or creating a guarantee fund. . . .

d) Creation of a mechanism for financing intraregional trade based on existing national and region exports. In this regard priority should be given to financing availability of essential goods, such as food and fuel.

4) Regional Food Security.

5) Transport.

a) Carry out a detailed and systematic review of the problems of transport by sea . . . by road . . . by air. . . .

6. Energy. In this regard Latin America should undertake actions designed to:

a) intensify regional energy cooperation in the framework of a Latin American Program for Energy Cooperation to grant it, through OLADE (Latin American Energy Organization), the requisite financial support;

b) accelerate and coordinate all actions . . . for regional energy cooperation, especially those aiding Latin American energy self-sufficiency. . . .;

d) establish the goal of forming a Latin American energy market, through which supply commitments among countries could be negotiated among governments based on long-term agreements.

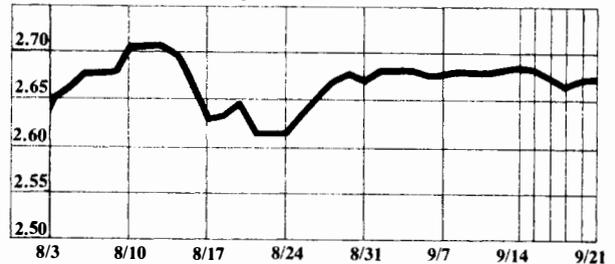
7) Technology. Latin America should adopt a common policy which encompasses the production and transfer of technology and the creation of a Latin American system of technology information. . . .

8) Strengthening of Latin America and the Caribbean's negotiating power in its international economic relations. . . .

## Currency Rates

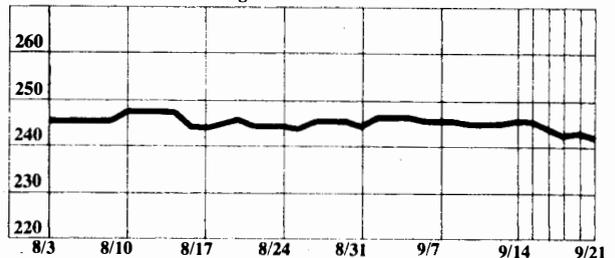
### The dollar in deutschemarks

New York late afternoon fixing



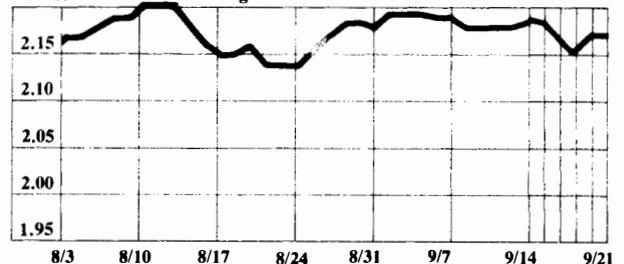
### The dollar in yen

New York late afternoon fixing



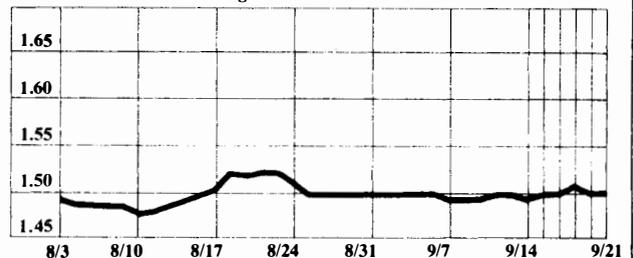
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# Creditors out to grab resources and dismantle public-sector enterprises

by Dennis Small

It is a common mistake to assume that the current strategy of creditor institutions such as the International Monetary Fund and the large commercial banks is to try to collect on the \$800 billion in outstanding Third World debt that is owed to them. But such is not the case.

The fact is that the debt is unpayable and the creditors are perfectly aware of this, and are resigned to never seeing most of their money again. Rather, what they are haggling over with the debtors in the seemingly endless rounds of negotiating sessions, are the *political terms* under which non-payment of the debt will continue.

## Brazil: no principal payments

Take the case of Brazil, which signed another letter of intent with the IMF the second week of September. This one lays out even stiffer conditionalities—drastic cutbacks in government spending, lifting of subsidies, slashing of imports, and so on—than the earlier letter signed with the Fund. But under its conditionalities, Brazil is not expected to make any payments on the principal of its nearly \$100 billion foreign debt, the largest in the world, and in fact is fully expected to continue falling behind daily on interest payments.

Rather than collecting the debt, the current creditor strategy is focused on two objectives:

First, the creditors are seeking to gain control over assets, especially raw materials, in the debtor nations. To this end, various global schemes of exchanging Third World debt for equity are circulating in banking circles, but have so far been rebuffed by wary debtors.

A more piecemeal approach to the same end can be seen in the way the IMF is trying to force Ibero-American nations to sell off various state-sector companies to private interests, and in some cases to *foreign* private interests. This approach is moving ahead rapidly in Peru, in particular, where *EIR* exposés of these developments were recently introduced into that country's congressional debates, and provoked a most useful uproar (see article, page 14).

## The sovereignty question

Second, the creditors are aiming to weaken, and if possible eliminate, the very concept of national sovereignty in the debtor nations.

The most striking recent example is the largely unpublicized \$225 million loan package which Colombia signed the

second week in September with a banking consortium headed by Chemical Bank of New York. The loan agreement includes a crucial clause which, for the first time ever in Colombia, established that for the accord, "applicable law will be British," rather than Colombian.

Queried on the significance of this Colombian concession, a Morgan Guaranty bank economist told *EIR* that "Morgan has not had major or significant involvement in Colombia in the past because of its rigid banking laws." Asked then if Colombia's yielding on this point was an important factor in Morgan's decision to participate in the loan, the bank economist responded, "absolutely."

The IMF and the large commercial banks scored a similar tactical victory in mid-September against Argentina, which finally agreed to alter the controversial Article 4 of its bankruptcy code in order to obtain further bank loans. Article 4 had given priority treatment to domestic over foreign creditors in all bankruptcy cases.

The Argentine military junta made another major concession on the subject of sovereignty at the same time in order to conclude a renegotiation of the foreign debt of Aerolíneas Argentinas, the state airline company.

The most significant thing about the arrangement, which will serve as a model for refinancing 31 other state-sector companies, is that the courts of the State of New York—not Argentine federal law—will have jurisdiction over all aspects of the agreement.

The airline as debtor and the Republic of Argentina as guarantor renounce "any right of immunity" based on sovereignty or the jurisdiction of Argentine courts in the event of company bankruptcy or unpaid obligations. But most outrageous of all, the agreement prohibits any *future* government from modifying in any way the terms of the agreement. This is directed at the Peronists, who are expected to win the Oct. 30 presidential elections.

Under the terms of the agreement, cross-default clauses will also apply, which means that if Aerolíneas falls behind in payments, assets of *any* Argentine state company—such as the oil company YPF—could presumably be attached or seized.

We refer readers to the exclusive *EIR* interview with the president of YPF, Dr. Bustos Fernández, to get an idea of what nationalist responses such predatory creditor tactics are likely to induce.

## President of Argentina's state oil company: 'The nation will not allow us to be sold'

*Dr. Juan Bustos Fernández, president of Argentina's state oil company, Yacimientos Petrolíferos Fiscales (YPF), gave the following interview to EIR Ibero-American editor Dennis Small on Aug. 31:*

**EIR:** What is Argentina's current energy situation, particularly that of oil?

**Bustos:** Argentina is self-sufficient in its energy profile. We import a little natural gas from Bolivia, but that is for geopolitical motives more than anything. In northern Argentina, there is plenty of gas and also a gas pipeline, but since we have an old contract with Bolivia, and since it is a source of foreign exchange for Bolivia, the Argentine government each year buys \$450 million worth of gas from them. . . .

On the petroleum side, Argentina is completely self-sufficient. This year may see a repetition of what happened last year, that is, our net balance of payments on account of oil and derivatives will be about \$300 million in our favor. This means that Argentina is not only supplying itself, but has some exportable surplus. . . . Also, our studies on oil supply and demand show that even in the . . . extreme situation of an 8 percent GNP growth, Argentina would continue having favorable balances on our petroleum account for the next three years.

**EIR:** Does that mean that Argentina, unlike countries such as Brazil, is not vulnerable on the petroleum front?

**Bustos:** We are absolutely not [vulnerable], even without much increase in our oil production, because we have accelerated the change-over from oil to gas. We have very abundant gas reserves, enough for 50 years. . . . The coming constitutional government has lots of maneuvering room for making its future energy policy.

**EIR:** Some bankers are insisting that Latin American countries sell off parts of their state sectors, including the Brazilian and Argentine oil companies. Do you see any chance of YPF or other sectors of the Argentine economy being denationalized?

**Bustos:** No. I see this to be quite impossible. In the speech I gave on Petroleum Day, last Dec. 13 . . . I very solemnly declared that YPF is not for sale and never will be sold. And this is not a mere phrase; it is not mere rhetoric, but the

feelings of all the Argentine people. Thus it is inconceivable that the oil could be sold off, and even more so to foreign companies. To nobody. I can't imagine that happening.

**EIR:** What would be Argentina's reaction to any pressure for that coming from international financial circles?

**Bustos:** It would be negative. No politician—not even one totally convinced that it would be advantageous—would dare sign such an agreement.

**EIR:** There would be total unity like during the Malvinas war?

**Bustos:** Total. Total. More than during the Malvinas, I would say, if that's possible.

**EIR:** What is your opinion on the international financial situation, on the debt problem, and in particular the debts of Argentina and of the YPF?

**Bustos:** . . . I prefer to speak about the YPF debt, since the global Argentine debt is managed by other institutions. But the YPF debt could perhaps serve as an example to grasp the Argentine debt situation.

Until 1978 YPF was totally self-sufficient in terms of capital and in terms of funds. It yielded profits and did not need outside investment funds, since its price structure complied with the Hydrocarbons Law—which mandates domestic oil should be sold at the world price, or, at worst, at the extraction cost plus a reasonable profit. Well, that went on until 1978, at which point "political" prices for oil derivatives were put into effect as an unreasonable and necessarily explosive inflation-fighting method. This violated the Hydrocarbons Law and implied a very big deficit for YPF. To cover the deficit, instead of the Treasury helping, the company was forced to become indebted. It was induced not to borrow in pesos, but to seek credits abroad—despite the fact that YPF had no need for dollars or foreign exchange, since it is a totally integrated industry that needs to import very little.

Thus the dollars we borrowed from the major international banks were exchanged for pesos at the Central Bank, which then sold the dollars, I don't know to whom. But they obviously did not serve to capitalize the company.

The total debt of YPF is \$4.6 billion. Since Argentina's

total debt is less than \$40 billion, YPF owes more than 10 percent of it.

**EIR:** None of that debt was used for investments in oil exploration and production to improve YPF performance?

**Bustos:** None at all, because these dollars never came to us. They only financed a deficit made in pesos. . . .

**EIR:** Do you see any parallels between the Argentine situation and the general situation of Ibero-America in that indebtedness has not corresponded with an increase in productivity?

**Bustos:** That is my impression. I believe that this dollar indebtedness in large part has not resulted in capitalization of imported capital or even of national capital. . . .

**EIR:** What will be done with the debt? Can it be paid?

**Bustos:** I think that this is a matter which goes beyond my capacity and functions. I suppose the present government and the constitutional governments in the future will have to find ways of making debt payment compatible with the development of the country.

**EIR:** Could we speak a bit about YPF's plans for fertilizers and petrochemicals?

**Bustos:** Surprisingly enough, but a few years ago YPF was forbidden from entering the petrochemical area. This is absurd, since as you know these days the petrochemical companies are generally owned by the big oil companies. Starting last year, we returned to the petrochemical business when 50 per cent of the shares in the General Mosconi and Bahia Blanca plants, the country's biggest petrochemical complexes, were returned to us. . . . We also have plans for fertilizer industries which the country needs immediately to increase its agricultural productive capacity. . . .

**EIR:** Would even the famous "pampas" benefit from a fertilizer industry?

**Bustos:** Tremendously. The time has already come when production there can be increased only through fertilizer use, because every technique of soil management not using fertilizer has already been used in Argentina. Argentine technology is quite good; now what is needed are the inputs to increase production, with fertilizer, and all the products of the chemical industry. Since no other company has gone in that direction, YPF will do it, following the mandate of our founder, General Mosconi, that our company should be at the service of the economic development of the country.

**EIR:** That was my next question. What is your concept of national economic development and the role which a state company like YPF should play in it?

**Bustos:** Well, I am no partisan of statism; I am a businessman, and I have been one for many years. But I believe that

in a country like ours, if the state does not develop these basic industries, nobody will develop them. I think that the creation of YPF is really an exceptional act of the prophetic vision of our founder General Mosconi, who did in 1922 what many other countries, including developed ones, did only later. You should know that YPF was the first state oil enterprise in the world. Today the great capitalist nations also have their state oil companies: France, Italy, Spain, Germany, etc. Mosconi's example was followed by other countries. You cannot say that state enterprises are incompatible with free enterprise or a market economy, as people always say.

**EIR:** The energy ministers of the four oil exporting countries of Latin America [Ecuador, Venezuela, Mexico and Trinidad] met recently in Puerto La Cruz, Venezuela. They reached agreement on greater cooperation and on a possible integration of their capacity for taking care of supplying the oil needs of Latin America before exporting to other areas. What do you think of that idea? Is there a future to the idea of greater regional trade, or a possible Latin American oil common market?

**Bustos:** I think so. Even more, I think we all are obliged to do everything in our power to improve trade between the countries of Latin America, which has dropped during the last few years. Its springtime was 15 or 20 years ago, but instead of growing, as the European Common Market did, we have been reducing this cooperation and economic union, which is the direction of Latin America's future.

**EIR:** This kind of trade could be carried out under novel formulas, I imagine. For example, without needing dollars.

**Bustos:** That is true. We have some agreements which we call "the covenant dollar," which are simply a way of measuring the value of our merchandise without exchanging dollars. We have this situation with some countries in Latin America, such as Brazil, for example.

**EIR:** I saw that the Argentine foreign minister, Dr. Aguirre Lanari, signed in Caracas a few months back a trade agreement between Argentina and the countries of the Andean Pact for this kind of economic cooperation.

**Bustos:** Honestly, I don't know what was in that agreement, but I know that there is now a covenant with the Andean Pact to work more closely with it . . . to contribute in some way to cooperation and unity.

**EIR:** One last question which is political and vital at this moment in which Argentina is about to have its first elections in many years. What do you think is the future of Argentina in the next two or three years?

**Bustos:** I think the elections are going to be supremely beneficial, since every constitutional regime, aside from the great benefit it means to live under a constitutional order, also give great prestige to a country internationally. . . .

# World Bank, Wells Fargo target Peru's state sector industries

by Julio Echeverría, Lima Bureau Chief

An *EIR* press release was circulated throughout Lima in the third week of September in which World Bank efforts to dismantle and sell off the state companies of developing nations were detailed. The release focused on how Peru has been especially targeted by the World Bank in this regard, and noted that Wells Fargo Bank is playing a central role in the operation. The *EIR* release has been submitted as official evidence to the Peruvian Congress by a senator and has become the center of a national political debate on the fate of Peru's national sovereignty.

The notorious triumvirate in the Peruvian government charged with carrying out the World Bank's strategy are Minister of Economics, Finance, and Trade Carlos Rodríguez Pastor—until last December the vice-president for Latin America of Wells Fargo Bank in California—and the heads of the central reserve bank and state-owned bank Brian Jansen and Augusto Blacker, both “ex”-officers of Wells Fargo as well.

According to the *EIR* press release, the “Wells Fargo triumvirate” is carrying out policies designed by the World Bank and its private-sector collaborators. Reports the release, bankers directly involved in the program “hope to maintain a flow of income to the international banks through the channel of Peru's ability to export a ‘diverse’ array of raw materials, without undergoing any economic development.” To accomplish this, the state sector of the economy must be dismantled.

Under pressure from the International Monetary Fund to cut the public budget by any and all means, the Peruvian Senate is currently debating a piece of World Bank-dictated legislation which would transfer control of state-sector companies to managers hand-picked by the triumvirate from an elite core of Peruvian oligarchic families. Cited to appear before the Senate was the minister of fishing to discuss the crisis facing the state fishing company, PescaPeru. PescaPeru is slated to be one of the first public companies to face the chopping block, with a debt of some \$238 million dollars due to alleged “mismanagement.”

In the context of the debate, Sen. Carlos Malpica formally presented the *EIR* documentation to the Senate as crucial

evidence around which to shape the discussion. Malpica's proposals were accepted by a majority of the Senate, following a heated debate which left the head of the commission charged with promoting the “re-privatization” bill decidedly uncomfortable. Along with his handful of backers, the commission head had counted on smooth sailing for the bill, but the *EIR* evidence and the debate it provoked introduced an unexpected obstacle.

The friends of the World Bank and of Wells Fargo in Peru responded to this sudden kink in their plans with characteristic ugliness. The Lima daily *La Prensa* published a scandalous series of slanders against *EIR* and its founder Lyndon H. LaRouche. The Sept. 18 article, determined to diminish the effectiveness of *EIR*'s charges by discrediting its founder, claimed that LaRouche is a Nazi, a racist, a Soviet agent, linked to the Colombian Communist Party and the U.S. Ku Klux Klan, a former Trotskyist, a paranoid and a megalomaniac, and wound up comparing his U.S. political organization with the terrorist Sendero Luminosa guerrillas in Peru.

The article reveals the source of its charges to be Dennis King, a stringer associated with the U.S. drug lobby's *High Times* magazine which promotes legalization of marijuana and cocaine in the United States and elsewhere.

There are also strong indications that the inspiration behind the article is the U.S. Embassy in Lima. The article fits the pattern of similar anti-LaRouche slanders that have been promoted by the State Department's U.S. International Communications Agency in other areas of Ibero-America. Second, in Peru itself in 1976, the U.S. Embassy—on orders of Henry Kissinger—deployed an operation against *EIR* press service NSIPS, which succeeded in temporarily ending its activities in Peru. Documents received under the Freedom of Information Act have since confirmed the details of the operation.

Mr. Kissinger's Peruvian friends acted against NSIPS at precisely the same moment that the Wells Fargo Bank succeeded in pressuring the Peruvian government to turn to the IMF for desperately needed funds under stringent conditionalities that set the precedent for the Brazilian, Argentinian and Venezuelan crises we see today.

Despite *La Prensa*'s efforts to intimidate Senator Malpica into retracting the evidence he had submitted to Congress, he responded to the newspaper's scurrilous charges with the following statement: “LaRouche is not a paranoid. I share his points of view; some of his theses are serious. I do not believe he is crazy; he must be an important individual if he occupies a high level position within the U.S. Democratic Party and has frequently made the front page of the *New York Times*.” Malpica further explained that his confidence in the *EIR* revelations is based on having closely followed the political evaluations of the journal for many months, and that he has read numerous documents written by LaRouche, including his well-known “Operation Juárez” which calls for the creation of an Ibero-American Common Market as Peruvian political leader Haya de la Torre had done.

# Fed, DOA cover up the farm income collapse

by Cynthia Parsons

The Federal Reserve hoaxsters are not satisfied with their "industrial recovery"—a criminal attempt to cover up economic collapse in the advanced sector and induce Third World leaders to think expanded exports will enable them to pay unpayable debt. The hoax is being extended to U.S. agriculture, and what the hoaxsters are covering up is the destruction of the world's food supply.

While production of everything but wheat is collapsing, the U.S. Department of Agriculture is predicting that "farm income" will be 28 percent higher for 1983 than it had previously anticipated. But the reality is that what income farmers are getting has little to do with agriculture. The "high farm income" hoax is setting up the nation's remaining family farmers to be forced out of operation. World food production will come more and more under the control of a cartel.

Now that the government, with the Payment In Kind (PIK) program and what remains of the subsidy programs, has become the farmer's chief banker and is fast becoming the country's major grain holder, the big grain companies and their allies are demanding in the name of free-enterprise that the government stop "subsidizing rich farmers." The Federal Reserve's latest farm economy study attempts to prove that 58 percent of all farm operators are wealthy. Although the author admitted in an interview that nearly 20 percent of the nation's farmers are in big trouble, he complained, "Farmers are among the richest category of wage earners in the country . . . talk of poor farmers makes you feel sick."

The most dangerous aspect of the situation is the collapse of production. According to the latest national crop estimates, the 1983 corn harvest alone will be down by 4.3 billion bushels from the 8.8 billion bushels in 1982—an almost 50 percent drop. The corn crop reduction is the result of the summer's heat wave and drought, on top of the 30 percent reduction of corn acreage under PIK. Over 20 million acres of corn were not planted this year (more than 30 percent of total corn acreage), under government financial inducements offered through PIK.

## USDA 'adjustments'

The USDA is now projecting a net farm income of \$25-\$29 billion, although the previous forecast was \$18-\$22 billion. To do this, the Agriculture Department had to more than alter recent figures: "adjustments" were applied all the way back to 1970. An entirely new set of farm income figures for more than a decade has been produced, and the largest upward revisions coincide with the years of lowest farm income: 1976, 1977, and 1980-82.

All the fraudulent increases came from "adjustments" claiming massive decreases in production costs. The 1983 increase was due to an additional statistical fraud: Projected earnings on the PIK commodities farmers receive in exchange for withholding acreage from production and hope to sell. If the \$5 billion in funds and commodities the USDA claims to have distributed to farmers is subtracted from the income total on the August balance sheet, farm income drops to the \$18-\$22 billion range—a figure much closer to the estimates of independent agricultural economists, who put agriculture income into the \$14-\$18 billion range.

Last year, the USDA had projected a \$22 billion income mainly by counting unsold crop inventories as income, but independent economists put it at \$18-\$19 billion. Even the USDA's manipulations could not hide the fact that net farm income fell 27 percent in 1982. Nearly all the 1982 decline was due to the change in value of inventory against which loans are made. While livestock numbers began declining slightly, the large stored crop inventory against which farmers borrow production loans began changing hands. As farmers could not repay Commodity Credit Corporation government loans, CCC took possession of the crop, depriving them of loan collateral. Farmers have been stripped of their assets, making their cash flow problem impossible to manage. Net cash flow fell 12 percent in 1982.

Farm receipts for 1983, money earned from the sale of crops and livestock, are predicted to be 5 to 7 percent below the inflated 1982 figure. In 1972 dollars, receipts for 1982 and 1983 actually fell 4.1 percent.

The USDA statement shows that off-farm income is almost *double* that of on-farm income—acknowledging that the only reason many farmers can continue to operate is because they subsidize farming with an outside job.

The USDA clinches its case by claiming that American farm expenses this year *decreased*. Expenses for 1983 have been calculated at \$5 billion lower than originally expected, and the USDA flaunts its fakery by emphasizing that this decrease is only the third since 1940. The rationale for the reduction is a 4 to 6 percent decline in overall farm input use, attributed to a slower rise in prices of seeds, and decrease in prices for fertilizers, fuels, and non-real-estate interest.

The real situation: not only have increasing numbers of farmers sold out and left the farm, while outright farm bankruptcies are skyrocketing; many of the remaining farmers simply cannot afford to apply pesticides, fertilizer, or irrigation.

## Hidden U.S. industrial imports

*The "strong dollar" helps manufacturers loot parts from abroad. Protectionism isn't the remedy.*

**I**t used to be that Mexico, Malaysia, and other developing nations would import American (or Japanese) components and assemble manufactured goods. Now the United States is importing semi-manufactures from the Third World at a fraction of their production cost.

In the few sectors where industrial output has increased since the winter 1982 trough, a major part of the supposed rise is not American production at all, but recycling of *imported* manufactured goods. The Fed has hidden the fact that America is sponging semi-manufactures and parts from the rest of the world.

This *EIR* survey found that 5.2 percent fewer "American-built cars" were actually built in June 1983, against October 1982. That is, 5.2 percent of total auto production since the "recovery" supposedly began last October represents a flood of imported auto parts. As the semi-manufactured goods, ranging from spark plugs and wiring harnesses to chemicals, tires, and electronic parts, are incorporated into final products, the imports inflate the output statistics.

According to an economist for the United Auto Workers (UAW), the surge in auto parts is accounted for by three principal types of imports:

- replacement parts for three- and four-year-old imported cars;
- a continued increase in "outsourcing" by manufacturers of large parts like transmissions; and
- an "explosion" in small-parts imports, including clutch assemblies, alternators, starters, pumps, and

motors.

The key is the high interest rate policy of the Federal Reserve. While four years of double-digit rates have made it nearly impossible for U.S. producers to invest in modernizing their plant and equipment, the "strong dollar" resulting from Fed usury has made it cheaper for auto producers to buy foreign parts abroad than to make them or buy them locally.

The dollar now buys about 40 percent more in foreign currencies than at the beginning of the Volcker depression. That means that the present U.S. \$70 billion trade deficit translates into \$100 billion of net imports in 1979 dollars! The United States is absorbing a \$100 billion subsidy in hard goods from the rest of the world, and from the developing countries in particular.

Copper production provides a very clear example. Imports for the first half of 1983 equaled 290,000 tons, compared to the 285,000 tons imported in all of 1982. Since the price of copper is currently at a very depressed \$0.71 per pound, the dollar value of the copper imports rose by only 42 percent. The cost of production in a new copper mine is about \$1.20. Developing nations are selling copper at barely over half production cost!

"Copper producers are shipping everything they can, regardless of price, and completely destabilizing the world market," complained one industry analyst, adding, "They are doing it to meet IMF demands that they cut their own imports and raise exports."

The massive importation of copper is ruining U.S. production—exactly as Sen. John Melcher of Montana warned in a statement against the IMF last year. Although industrial consumption of copper is up 17 percent this year from last, U.S. domestic output is up only 2 percent.

Chemicals, office and data processing machines, electronic parts, footwear, clothing, diamonds, and precious metals have also shown very large increases in imports, offset in dollar terms by a huge loss in imported crude petroleum, which fell 21.6 percent from an average import of 118,000 barrels a month in 1982 to 93,000 barrels a month for the first half of 1983.

Commerce Secretary Malcolm Baldrige argues that the dollar has to fall to permit U.S. companies to export more. Baldrige merits the Jimmy Carter memorial award for economic brilliance: U.S. companies cannot export because Volcker and the IMF have bankrupted most of our trading partners. But if the dollar fell, the \$100 billion subsidy to the United States would disappear; without a top-down industrial mobilization plan, the economy would collapse.

The UAW has been pushing the "Domestic Content" bill in Congress which would force foreign auto companies to produce their parts in the United States. The measure would tend to wreck industries in such countries as Brazil, Singapore, South Korea, and Mexico, while if the domestic auto industry continues to produce at less than two-thirds its 1979 level, U.S. auto workers will find no relief. When the major auto companies have decided not to invest in production capacity, a shutoff of super-cheap auto parts imports would force massive layoffs of UAW members, rather than more jobs in domestic industry.

## A cold wind from Central Europe

*West German central bank's monthly report denounces "Too Much International Liquidity."*

In its monthly report issued on Sept. 20, West Germany's central bank explained why its governor, Karl-Otto Poehl, shot down a proposed European central bank loan to the International Monetary Fund. The message from Frankfurt, as well as the other Central European capitals, is brutal: no more deficits, no more IMF financing, no more Third World imports. The West German central bank, like its Swiss sister institution, has adopted this stance in full knowledge that it implies a global monetary crash.

While the arguments are stated in monetary terms, the sentiment underlying the West German statement on the eve of the International Monetary Fund's annual meeting ties into monetary considerations only tangentially. The unstated thought is a verdict of pessimism concerning the United States and the Western alliance in general. The West Germans know that the various refinancing schemes in circulation at the IMF are nonsense; they also know that their "ohne mich" ("Count me out") stance will bring the breaking-point of Western institutions closer.

"The federal government and the Bundesbank have always spoken out against potentially destabilizing, massive, and uncoordinated liquidity creation, which would be of no use to the world economy, while influencing national monetary policy negatively," the central bank writes.

"Therefore the Federal Republic defends itself against problematic refinancing approaches at the IMF and the multilateral development banks

[such as] the recourse of the IMF to the private capital markets," i.e., the IMF's last means to obtain operating funds after both the U. S. Congress and the European central banks have turned it down.

"Big international payments deficits cannot be financed without limit," the Bundesbank says. "They must, on the contrary, be reduced to manageable proportions as soon as possible. . . . A further accumulation of huge balance of payments deficits and, along with them, assumption of new credits, cannot be supported for long by either the debtor countries nor the creditors and the international capital markets. This is all the less supportable because international debts are burdened with considerable positive real interest rates as the consequence of lower inflation rates and relatively high nominal interest rates."

This is not merely rhetoric: the Bundesbank's demand for a global credit squeeze corresponds to what the Bank for International Settlements central banks, including the Federal Reserve, are now doing.

For the first time since the Federal Reserve undertook a manic round of reflation four quarters ago, all the major central banks and Treasuries are engaged in a simultaneous austerity crunch against both credit growth and government expenditures.

On the European side, parallel developments include:

1) The Bundesbank's decision to raise interest rates following several weeks of a deutschemark collapse on the foreign exchange markets, as of

last Thursday; however, the official half-point raising of the Lombard rate only reflected a general tightening of money conditions that had already occurred in the German money markets.

2) The Bonn government released its austerity budget last week, with a cut in spending in real terms.

3) The new Delors budget in France raised taxes on higher incomes, and reduced the rate of growth of expenditure. With an increase of only 6.3 percent, spending will be flat or down in real terms.

4) Major reductions were announced in the Italian budget under direction of Venetian Finance Minister Vizontini, who announced earlier this month 100,000 layoffs in Italian state industries as a cost-cutting measure.

There are no illusions in Central Europe as to the implications of a global crunch in fiscal and monetary policy at this point in time. "Considering the international financial situation, I can only say that the Apocalypse is on our minds," stated a senior official at the Swiss National Bank Sept. 19. "We're studying contingency plans. If a number of big banks run into liquidity problems, if the system collapses, disintegrates, derails, we can do three things: safeguard debtors and banks, which means printing money; save only the banks and tell debtors to go fishing; or save only the system and tell the banks to hang themselves alongside the debtors. We must do for the financial system what we do for typhoons: chart them, analyze them, and know when they will strike.

"If [the Brazilians] declare a moratorium, well, we'll have to choose whether we want to save the system alone or the banks too. It might be that a bunch of banks do fall out the window."

# Business Briefs

## Developing Sector

### Delhi conference calls for nuclear energy

Indian Prime Minister Indira Gandhi and representatives of the French Atomic Energy Commission made a strong case for nuclear energy development in the Third World at the 1,500-person World Energy Conference held in New Delhi in mid-September.

Mrs. Gandhi told the delegates, including 200 private and public figures from the United States, of India's efforts to develop nuclear power, and, alluding to the Carter administration among others, how these efforts have been obstructed by certain industrialized countries. India's answer, Mrs. Gandhi said, was to develop its own capacity to design and produce nuclear reactors. She stated that fusion energy is the energy of the future, but that in the meantime other sources will have to be utilized, including solar energy.

Mrs. Gandhi attacked the idea that only the advanced countries could use sophisticated technologies like nuclear energy to replace oil, while the Third World should consume "simple" energies, such as hydrocarbons.

"Science," she said, "is not owned by the rich. The poor need it even more. For India, science is a remedy allowing us to fight economic backwardness, and we don't intend to deprive ourselves of all that can help us to reach this aim. . . . Any strategy of development for poor countries requires a massive energy investment."

Indian delegate Doctor Ramanna, after giving an historical account of India's civil nuclear energy program, stated, "There will be no increase of living standard without an increase in nuclear energy production. . . . We intend to follow the example of France." France will produce 70 percent of its electricity from nuclear power in 1990.

A British delegate attacked the breeder reactor, but French Atomic Energy Commission head G. Vendryes spoke next, pointing out that France currently operates a commercial breeder reactor, and that half of France's electricity comes from conventional nuclear plants. He declared that France is committed to export of nuclear technology to the developing countries, and financing such development.

Westinghouse President Gordon Hulbert supported nuclear power in the United States, but carefully avoided the issue of export to developing countries, despite Westinghouse's leading role in such exports, most recently to Egypt.

Soviet Power and Electrification Minister P. S. Neporozhny similarly pushed for nuclear power in his own nation, adding that the Soviets have now become the second country with a commercial breeder reactor and that they intend to build more. He failed to mention any Soviet role in exporting such technology to the developing sector.

## Debt Crisis

### 'World bankruptcy only a matter of time'

"The cause for the downfall of Babylon was a crisis of illiquidity," well-known West German economic writer Paul C. Martin told a startled audience at the Kiel-based Hermann-Ehlers Academy Sept. 18. Martin followed up his statement with an exposé of the \$1 trillion-plus state indebtedness reached world-wide by the end of 1982.

"The indebtedness of nations reached a point of no return long ago," he added, and the "point of finish is not far." That will come when the annual revenue of nations will not be able to cover the mere payment of interest on their global debt.

"The fall of Babylon, the oldest recorded case, was foreseeable for a long time, but came brutally, as the crisis of illiquidity struck," Martin went on. "The coming bankruptcy of nations is distinguished by the world-wide synchronization: we are not standing in front of the financial collapse of one nation, but a world-wide collapse."

Criticizing the bankers' hyperinflation policy, Martin added that "in order to avert individual crashes, to avoid threatening bankruptcies, the debt is always passed on to a liquid third party—generally the state. About 70 to 80 percent of all financial claims in the world are against state finances. This is a deadly, vicious circle. Brazil's debts, for example, are currently being passed on to the United States. Only a world-wide reform of the monetary system could stop this vicious circle," Martin concluded.

## International Banking

### Swiss banker predicts dollar collapse

A senior official of the Swiss National Bank told a journalist Sept. 19 that a big dollar collapse was imminent, and that his central bank was introducing, through several finance ministers and central bankers of other countries, the idea of replacing the dollar with other reserve currencies.

"Studies are under way," he stated. "We're thinking about it. . . . The U.S. budget deficit is now equal to net U.S. savings. This means that the Americans are going to keep on fishing for money abroad to fund their deficit, while their trade deficit will go on growing."

"You must expect interest rates to be high, very high. And the dollar will be high—until the world realizes in a moment that we're sitting on a mattress of worthless short-term claims against the dollar. Then, with the foreign exchange markets very moody and whimsical, it will be a repeat of the late 1960s, early 1970s: the world will fear and flee from the dollar."

## Southeast Asia

### World trade collapse pressures Indonesia

The growth economies of Southeast Asia are now being hit with the same levels of austerity imposed on Ibero-America over the past year. Indonesia, the world's fifth most populous nation, has been particularly hard hit.

Due to the drop in oil prices and the absolute drop in non-oil exports, Indonesia has been forced to accept drastic cutbacks in its development program, along with a 30 percent devaluation of its currency, the rupiah. Over the last several months, the government has announced cutbacks in more than 50 projects, which originally were valued at approximately \$20 billion. Cutbacks have hamstrung infrastructure projects in energy, communications, shipping, railroads, ports, cement-making, and mining.

The cutbacks contributed to the slow-

down in Indonesia's previous remarkable economic progress. National income rose only 2.5 percent in 1982, a rate that is quite good in comparison with the depression growth rates of other nations, including the industrialized sector, but actually dismal compared to the 8 percent growth rate Indonesia has achieved for years. According to the *Neue Zürcher Zeitung*, the cutbacks may even end the self-sufficiency in rice production Indonesia has achieved.

### **Brazilian Debt**

## **Brazilian congress: 'IMF get out'**

The galleries erupted into chants of "IMF get out," then the congressmen sang the national anthem, after the Brazilian Chamber of Deputies defeated a wage-cutting bill Sept. 21. The defeat for Decree Law 2024, a relatively mild measure, sounds the death knell for Decree Law 2045, which would reduce Brazilian real wages by more than 30 percent or \$16 billion in each of the next two years, according to the calculations of the Dieese labor think tank.

The impending defeat of 2045 makes the IMF letter of intent signed Sept. 15 into an officially dead item. Rather than being able to drag a bloody Brazilian scalp into the IMF meeting to prove how he is knocking its clients into line, Mr. de Larosière will find Brazil an embarrassing subject.

The defeat came by a vote of 252-1, with only the chamber president voting for it. The government had ordered members of the ruling Democratic Social Party to absent themselves in order to prevent a quorum, but 11 of them broke under constituency pressure and voted to repudiate the IMF program.

According to Brazilian central bank sources, the creditors' advisory committee grilled new central bank president Celso Pastore for 50 minutes on Sept. 22 on the shocking political development. Pastore tried to calm them with the lie that the government allowed the defeat in order to find out who the rebels were in its own ranks. Finance Minister Ernane Galvêas later said that "political pressure" would be leveled against them, and that he was "confident"

that 2045 would pass.

Galvêas told *EIR* that Brazil was cutting its monetary base by 24 percent in real terms this year and would do the same next year, but he refused to admit it would cause a depression.

### **International Finance**

## **De Larosière threatens Third World, Congress**

IMF Managing Director Jacques De Larosière told the U.S. government and international financial officials that unless the U.S. Congress immediately makes its \$8.5 billion quota contribution to the IMF, the IMF will halt all credit outlays. There has been no net lending to the Third World over the past year, and the IMF, which had promised to generate some credit, has the power by refusing to lend to stop practically all future prospects of private bank credit to whole continents.

De Larosière told a meeting of the IMF's executive board the week of Sept. 19 that the IMF has just "suspended" all new loan negotiations, until Congress comes up with the cash. While the IMF will try to continue to refinance countries, such as Mexico and Argentina, which adhere to its conditionality regimes, they will now discuss "reducing" a new round of proposed loans of \$3 billion to countries such as Nigeria, the Philippines, and South Korea.

"De Larosière is trying to threaten the U.S. Congress" a partner at Brown Brothers Harriman investment bank said. "De Larosière wants U.S. political backing for the IMF, and he will do whatever is necessary to try to get it."

The banks and the IMF are also trying to force the U.S. government itself to come up with the cash to back up the \$2 trillion Eurodollar market debt, if the Congress won't hand it over to the International Monetary Fund, he stated.

"If Congress will not guarantee the debt, then the administration will have to do something," he said. The U.S. Department of the Treasury will be forced to guarantee loans by private banks to Brazil and to the other bankrupt Latin American countries, the director of the IMF then predicted.

## **Briefly**

● **RONALD REAGAN** "is not politically stupid enough to stick his neck out" to lobby for the IMF bill, a top Democratic aide close to Hollywood mafia banker Charles Manatt, national chairman of the Democratic Party, complained on Sept. 21. "He knows the votes aren't there" to pass the IMF bills. The source complained that the conference meeting on the bill might not even be planned for two weeks.

● **THE DITCHLEY GROUP** of the Institute for International Finance will meet on Sept. 24, before the IMF's annual meeting in Washington. The international creditors' cartel will discuss its next round of action against the Third World, especially their demands that Brazil, Argentina, and other major debtors give the creditors "equity ownership" of Third World assets.

● **WILLIAM BUCKLEY, JR.** whose father made his fortune with neo-colonialist oil ventures in Mexico at the beginning of the century, wrote a column from Mexico City the week of Sept. 11, proposing: "What any government free to take genuine reform measures would do is sell off publicly owned, graft-ridden, money-losing enterprises, including the colossal Pemex; settle the *ejido* question of non-productive agricultural properties; and crack the major labor unions," i.e., sell Pemex back to his family.

● **CHINA** has surreptitiously purchased two U.S. built F-16 jet fighters from Pakistan with U.S. approval, according to a recent issue of Hong Kong's *Far Eastern Economic Review*. Chinese foreign ministry spokesman Qi Huaiyuan on Sept. 14 dismissed the report as "groundless."

● **TRW'S** Business Payment Index shows business receivables 1 to 30 days past due climbed to record highs. Past due receivables shot up from 13.9 percent of all receivables in the first quarter to 15.6 percent in the second quarter, indicating increasing financial problems among U.S. businesses.

## The 'NASA principle': the 'crash program'

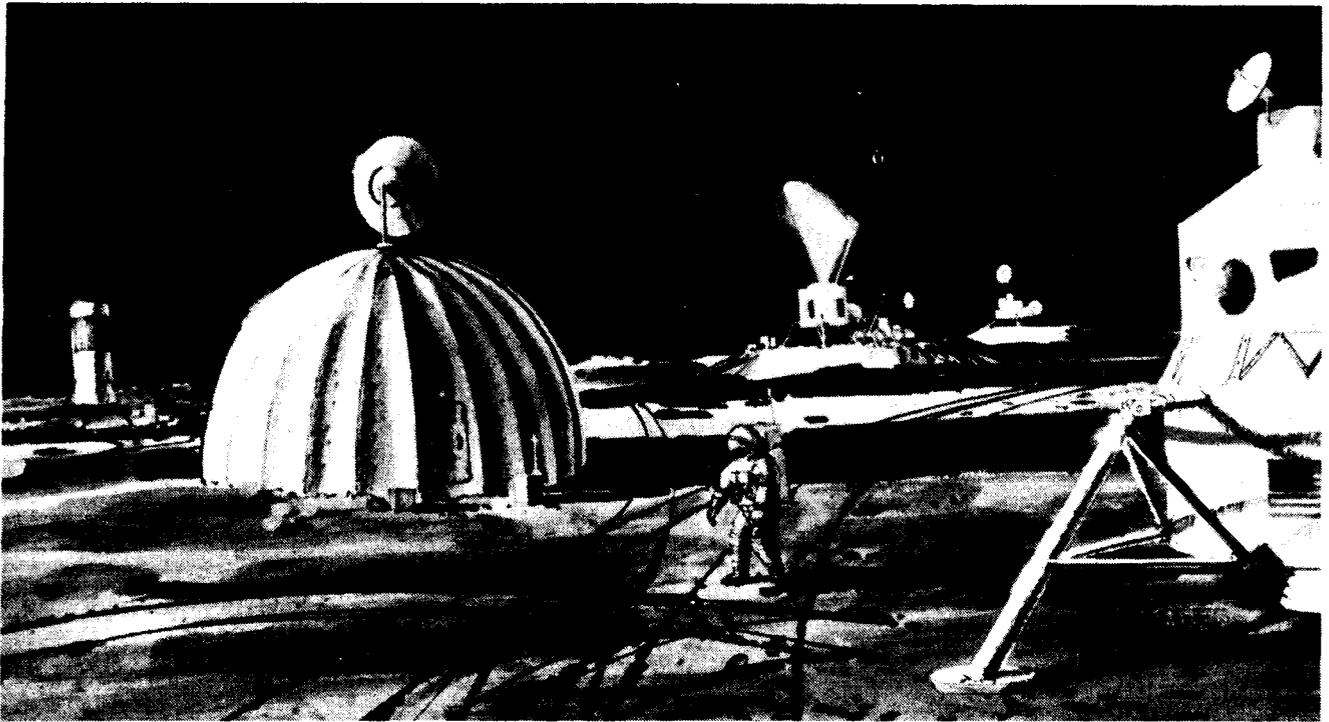
by Lyndon H. LaRouche, Jr.

Even long after the Johnson administration began the process of tearing-down U.S. research and development institutions, advances in technologies spilling over into our civilian economy from NASA's first ten years of work were a principal contribution to our republic's technological progress. Although NASA's contribution to the civilian economies of the world is specific and somewhat unique in particular features, no one who studies the economic history of the United States from as early as ten years prior to the 1776 Declaration of Independence ought to be surprised at the success of a crash program of the type NASA's initial period of research and development represented.

If we put our minds to it, we could do it again beginning right now, and do it much bigger and better, with far greater benefits than we gained from the NASA work of the 1960s. In that light, let us look very briefly at four related topics. First, let us list the leading "crash programs" of U.S. economic history, and compare these with three comparable cases in the history of Europe during the same period. Second, let us compare the long swing of general U.S. economic recovery, 1939-66 with the takedown of the U.S. economy during the 1967-83 period. Third, glance ahead at the new technological breakthroughs in space now awaiting us, and note some of the enormous benefits those breakthroughs will have for life on Earth. Finally, we identify the most important features of a new crash program of this type to be set into motion immediately today.

### **Dr. Benjamin Franklin's genius**

Since Mary W. Shelley's Malthusian science-fiction novel attacking Dr. Benjamin Franklin, *Frankenstein*, and continuing through the false propaganda of the Newcomen Society during the 19th century, there has been a persisting effort to misrepresent the founder of the United States as a "hayseed womanizer" and "backwoods tinkerer." These are not merely lying insults against one of the greatest intellects of the past 250 years; whoever believes such falsehoods renders himself incompetent to explain how the United States was created. Without Dr. Franklin's contributions as a leading, internationally recognized scientist of the 19th century,



An artist's conception of a manned lunar base, around the turn of the 21st century.

NASA

the American Revolution could never have been won, nor the federal constitutional republic established in 1789. Franklin, among his other vital contributions to the existence of our republic, organized the first "crash program" in our nation's history, a "crash program" which shaped our republic's character as a growing, technologically progressive power through the 19th century.

A few general remarks on Franklin and his work put the larger picture into focus.

The English colonies in North America were, in the largest part, established during the 17th century by the English Commonwealth Party, the republican opponents of a combination of Venetian, Genoese, and Swiss financier interest which had taken over and looted Britain beginning 1603, behind their puppets, the Stuarts. The root of this project was a program developed by the English Erasmians around Sir Thomas More, a colonization project formulated by the great Tudor political figure Robert Dudley. The initial colonization of New England and Pennsylvania was based on Dudley's design: to transfer some of the best parishes of Europe to North America, to create new republics whose successful growth would tip the strategic balance in favor of the republican cause throughout Western European civilization as a whole. From the beginning, the leaders of the Commonwealth Party were allied philosophically with the republicans of France, Italy, and Germany, including the political heirs of the author of the *Six Books of the Commonwealth*, France's Jean Bodin.

Franklin, a product of the republican faction of New England, was obliged to flee the anger of the tory faction in

New England as a youth, and migrated to Philadelphia, where family connections placed him under the patronage of William Penn's secretary and collaborator, Jonathan Logan. This connection located Franklin within conspiratorial circles of a branch of international Freemasonry known as Free and Accepted Masons, a Freemasonry strongly opposed to the Scottish Rite, or speculative mysticism freemasonry of the royalist faction of Britain, and allied with the Grand Orient form of free and accepted masonry in France. The American Revolution was, in a very meaningful and dominant sense, a "Freemasonic war," opposed by both the Scottish Rite Freemasons and the Scottish Rite's higher-ranking "mother organization," the Priories of St. John Hospitaller steered from Venice. Without understanding these Freemasonic connections, it is impossible to understand how the American Revolution was organized, and by what means Franklin organized the first "crash program" predecessor to NASA's.

From Philadelphia, Franklin worked increasingly under the influence of the writings of the great European scientist, Gottfried Leibniz, the Leibniz who created modern economic science beginning with his own 1671 essay, *Society and Economy*. Franklin's work followed Leibniz's design for an 18th century worldwide network of academies, academies modeled upon Plato's Academy at Athens. As part of this, Franklin educated a mass of American citizens for the coming Revolution through such means as a network of newspapers and other publications, and performed a leading role in promotion of knowledge of science and technology. Not only was he internationally recognized as a major scientific thinker during the 18th century: Immanuel Kant described him as the

“18th-century Prometheus,” and Franklin’s collaboration with Dr. Joseph Priestley is a crucial part of the history of development of chemistry in France and Germany. At the point Britain’s Lord Shelburne and Adam Smith launched an effort to destroy the economies and political semi-autonomy of the English colonies, in 1763, Franklin was the acknowledged political leader of the republicans in North America.

In this capacity as political spokesman, Franklin traveled to Britain in 1766, delegated to lay the American case before the British Parliament. His experience there, combined with his discussions with leading republicans in Britain, persuaded Franklin that it was impossible that the Americans continue under the same government as the subjects of Britain: the moral and philosophical separation between American *citizen* and British *subject* had become a virtually unbridgeable gulf; these had become two peoples of fundamentally different conceptions of man and the universe, divided by a common language. Thereupon, Franklin employed his “cover” as a leading scientist worldwide to begin organizing conspiratorial networks on the continent of Europe that same year. In the ensuing period, Franklin’s vast, transatlantic conspiracy reached from the Petrograd Academy which Leibniz had founded in Russia, through the court of Spain’s King Charles III, into the republican circles of Spanish and Portuguese colonies in the Western Hemisphere.

It is exemplary of Franklin’s influence in Europe, that his Paris-centered circles recruited Germans such as the composers Wolfgang Mozart and Ludwig van Beethoven, and the Freiburg-Jena-Weimar German classical circles led by Friedrich Schiller, and, later, the Humboldts, Freiherr vom Stein, and Scharnhorst. The French, German, and Polish officers who served the American Revolution were a reflection of this.

To fight the inevitable war with Britain, Franklin understood, the Americans required not only political and military organization, but also an explosion of technologies and corresponding development of the basic economic infrastructure of the colonies. The principle source of industrial and related technology was France, then the most advanced industrial and scientific power in the world. From France, the future United States acquired the technologies of cannon-making and gunpowder, among many other things—the Du Pont firm is a direct outgrowth of this.

The lack of federal cooperation and national-banking policies needed to continue this program during the 1780s was the principal goal for Franklin’s conspiratorial assembly of the 1787 Constitutional Convention. That Constitution, especially Article 1, Sections 8-9, created a new kind of federally regulated system of currency, banking, credit, and tariff-protection arrangements, which was completed by three policy papers—on the subjects of credit, banking, and manufactures—issued by Treasury Secretary Alexander Hamilton on behalf of the administration of President George Washington. Hamilton named this anti-Adam Smith economic policy “the American System,” and the name stuck

throughout the 19th century, with the American System imitated successfully in the 19th-century industrial development of Germany (Friedrich List, et al.), and the Meiji Restoration’s industrial development of Japan under the counsel of the American economist E. Peshine Smith, as well as the industrial development of northern Italy under the leadership of Cavour and his collaborators.

Under the two administrations of President George Washington, an explosive economic development of the United States was set into motion, centered around the development of economic infrastructure in such forms as canals and roads. This was later wrecked under the administrations of Presidents Jefferson and Madison, largely through the influence of the Swiss Jacobin Albert Gallatin and the influence of a treasonous crew associated with Aaron Burr and the New England “Essex Junto.” However, through the influence of Franklin’s earlier close collaborator, Mathew Carey of Philadelphia, and Henry Carey, in 1815, the United States launched a new crash program in development of military, scientific, and industrial capabilities, in collaboration with military and other specialists associated with another former Franklin collaborator, France’s great Lazare Carnot. During that period through the 1820s under James Monroe and John Quincy Adams, this new “crash program” was centered in the rejuvenated West Point under Commandant Sylvanus Thayer. All was done in close collaboration with Gilbert Marquis de Lafayette, who had succeeded President Washington as head of the American freemasons—in Ibero-America as well as the United States, and as head of the military branch of the free and accepted freemasons, the Society of Cincinnatus. From the aftermath of 1815 until his death, Lafayette headed the U.S. secret-intelligence service abroad. It was Lafayette who brought the gifted German economist Friedrich List to the United States in 1825, and who aided in making the scientific technology of France available to the United States during that period.

During President Jackson’s second term, the accomplishments of the preceding period were largely torn down, leading into the disastrous monetary chaos of the Panic of 1837—a consequence of destroying the national-banking system of the United States, in favor of a “free trade” policy.

The sudden, and suspicious deaths of two Whig Presidents, William Henry Harrison and Zachary Taylor, prevented the United States from resuming a policy of technological progress until the war of 1861-65. President Abraham Lincoln, a “Clay-Carey Whig” deeply committed to the American System of Leibniz, Franklin, Hamilton, the Careys, and List, applied the principles of the American System to launch a “crash program,” effecting the industrial revolution on which U.S. world-power has rested ever since.

Unfortunately, Lincoln’s assassination was followed by a reversal of his policy for rapid economic development of the southern states: the New York and New England crowd represented today by our “Eastern Establishment” unleashed the “carpet-bagger” looting of the defeated states, from which

those states did not truly begin to recover until World War II and its aftermath. With the passage and implementation of the 1876-79 U.S. Species Resumption Act, the United States (unconstitutionally) surrendered its sovereignty over currency, national debt, and national credit to a cabal of bankers centered in Switzerland, London, and New York City, who manipulated U.S. currency, debt, and credit to buy up the most valuable real estate and other valuable assets at auction-prices. The republican constituencies of the United States—entrepreneurial industrialists, progressive farmers, and skilled laboring men, the constituency-forces of Henry C. Carey’s Whig-Republican doctrine of “Harmony of Interest”—were pushed into second place as a political power in the nation beginning the events of 1871-79. Entrepreneurs, farmers, and labor, were set against one another during the titanic social crises of 1871-86. From that, we have never fully recovered since.

Yet, over the century which followed Lincoln’s assassination—into 1966-68, the shift in power at the top of the pyramid of U.S. political power and wealth only weakened but did not dare to challenge more directly the deeply embedded commitment to basic democratic-republican philosophy within the population generally. Under conditions of perceived grave national crisis, as during World War I and from 1939 onward during World War II, the underlying political culture of our people asserted itself, as those people were called upon to make a great national exertion in the form of economic “crash-program” mobilizations for war. The “post-Sputnik” policies launched by President Dwight Eisenhower and continued more or less energetically by President John F. Kennedy, have been the most recent expression of that same underlying reality. The NASA research-and-development of the 1958-66 period is the most recent typification of that “crash program” tradition of our republic.

### Three comparable cases

The three “crash programs” most appropriately compared with U.S. experience are the crash programs set into motion by Gottfried Leibniz, the work of Lazare Carnot and his associates of the Ecole Polytechnique during the 1793-1815 period, and the post-1815 development of Germany set into motion by the combined influence of the earlier work of France’s Ecole Polytechnique and the establishment of the American System in the United States. We shall describe these summarily now, and turn at the conclusion of this foreword to the principles to be learned for today’s practice from the example of the Ecole Polytechnique. We begin now with some brief remarks on the history of “crash programs” in Western civilization more generally: Leibniz did not begin from a blank slate.

The first well-documented “crash program” in the history of Western civilization was that of Alexander the Great. The conception was perhaps not originally Alexander’s; throughout the period of his seizure of power, his military campaigns, and his administration of his new empire, Alexander was

steered jointly by the Academy at Athens and that Academy’s ancient patron and ally, the Cyrenaic temple of Ammon. These influences, and the traditions of the Golden Age of Egypt under the rule of Ammon, certainly shaped Alexander’s policy throughout.

The next great “crash program” in the history of Western civilization is that launched by Charlemagne and his advisor Alcuin—the Rhine-Danube canal-system projected then is not quite completed to the present day. This is of signal significance to us today, as the first large-scale political outgrowth of the influence of the work of St. Jerome’s great convert, St. Augustine, in giving specific shape to the culture we identify as the republican culture of Western Christendom to the present date. There is, similarly, the influence of the work of Abelard of Paris on the Salier emperors, and the building-programs of the Staufer emperors from Friedrich Barbarossa through Friedrich II’s death in 1250 A.D.

The most immediate general predecessor for the “crash programs” of France’s Jean-Baptiste Colbert, the 1672-76 patron of Gottfried Leibniz, was the 15th-century Golden Renaissance.

The period from the death of Friedrich II through the close of the third quarter of the following century, was the greatest “dark age” Europe suffered following the collapse of the Roman Empire. In the midst of this, a single titanic intellect, Dante Alighieri, forged a new program for civilization, a program continued by such successors as Petrarch at Avignon, which began to be implemented in such forms as establishment of the Brothers of the Common Life at the close of the 14th century. Out of this rebirth came the Golden Renaissance in Italy, a renaissance dominated by the gigantic intellect of Cardinal Nicholas of Cusa and Cusa’s most famous successor in scientific work, Leonardo da Vinci.

Unfortunately, even most Ph.D.s and D.S.s of today are utterly ignorant of the work of Cusa, and therefore ignorant of the most essential features and implications of the work of Leonardo and the School of Raphael after him. This is a matter of no casual importance, since the conception of the modern sovereign, constitutional republic was elaborated by Cusa, and it was also Cusa who singlehandedly established the foundations for the entirety of progress in physical science during the recent five hundred years. Without familiarity in Cusa’s work in laying the methodological foundations of modern science, it is impossible to comprehend the internal history of science rationally from Cusa and Leonardo through such figures as Kepler, Gilbert, Desargues, Leibniz, Euler, the Carnot-Monge Ecole Polytechnique, Gauss, and Alexander von Humboldt’s German-science protégés through the 1850s.

From the beginning, especially Cusa’s refinement of Dante Alighieri’s program for rebuilding civilization, the rudiments of what is recognizably economic science and physical science generally were treated as one and the same. The leaders of the Golden Renaissance started, as did Cusa, from the moral ordering of human affairs—and government—re-

quired implicitly by St. Augustine's formulation of the *Filioque* doctrine and the famous injunction of the Biblical Book of Genesis, that mankind must "Be fruitful and multiply, and fill the earth and subdue it." These two, complementary, Biblical injunctions prescribe a rigorously defined conception of the lawful composition of the universe, and of man's proper place and function within that universe. These leaders focused upon man's obligation to comprehend ever more perfectly the lawful ordering of the universe, so that man might better fulfill the injunction of Genesis, and that man might bring his practical will into greater conformity with the lawful ordering of creation. So, physical science and economic policy were situated under the rule of moral law as 15th-century Christian humanism—and also the Judaism of Philo of Alexandria—define the notions of universal, rationally knowable moral law, or Judeo-Christian "natural law."

A "crash program" signifies a mobilization of a people to great work in service of those principles, the work of changing the ordering of human affairs to the effect of increasing man's performance in accord with universal moral law.

Informed by the work of Cusa, partly through his collaboration with Luca Pacioli, Leonardo da Vinci effected a range of fundamental scientific breakthroughs in the course of his work dedicated to "crash programs" for the economic development of Italy. These included the founding of the modern science of hydrodynamics to a degree which is truly modern in respect of certain leading features of included accomplishments. It included preliminary mastery of the morphological characteristics of growth and function of living processes, including functions of the human body. It included a revolution in the geometrical principles of perspective, which has been in fact the foundation for the later development of "non-Euclidean" geometry. It included preliminary establishment of the principles of machine-design later perfected by the Ecole Polytechnique under Carnot and Gaspard Monge. It included revolutions in the principles of composition of painting, architecture, and music.

The work of Dante, Cusa, and da Vinci radiated throughout civilized Europe, exerting a direct influence on specific leading features of later scientific progress through the late 17th century—at which latter point specific discoveries by Leonardo appear in the writings of Leibniz's collaborator, Christian Huyghens. This was continued within Italy by the School of Raphael, and by the Naples school associated with such influential figures as Tommaso Campanella. It was Campanella's school of political-economy which exerted the most direct and important influence on the economic thinking of Europe during the 17th century and into the 18th in such forms as the 25-year Colbert "crash program" (1665-81).

This legacy informed the view of economic science developed by Leibniz. He established academies such as the university at Freiberg—where Alexander von Humboldt was educated, a center which greatly influenced the economic development of the United States and Japan, among other instances—and personally established also the university at



Astronaut Edwin Aldrin, Jr. leaving the Lunar Module to walk on the Moon during the 1969 Apollo mission.

Göttingen and the Academy of Peter I's Petrograd in Russia. Leibniz's most spectacular success was his crash program for the economic development of Russia, submitted to the Emperor Peter I. During the 17th century, the mining and industry of Russia outpaced that of Britain in both scale and quality, until this collapsed through reversal of Peter's sweeping reforms under successors such as Elizabeth and Catharine's Prince Potemkin, after which Russia subsided back into serfdom and near-barbarism until the rebuilding efforts launched by Czar Alexander II, Abraham Lincoln's war-time ally against France and Britain.

Leibniz's economic science was taught in Germany as "physical economy" under the program of cameralism provided as the education of Germany's elite, and was promoted in France through the Oratorian teaching-order with which Gaspard Monge and Lazare Carnot were associated. It was Leibniz's work in economic science, and the institutions he founded according to his model for a network of academies, which informed the great, later "crash programs" in Europe and the Americas into the 19th century. In fact, it was Leibniz's work on the heat-powered machine, as well as physical science generally, which designed the 18th and 19th centu-

ries' industrial revolution, including the design of the first successful steam-engine by Leibniz's collaborator Denis Papin at the beginning of the 18th century.

The greatest "crash program" ever launched was that associated with the work of Lazare Carnot and Gaspard Monge over the period 1793-1815. Although echoes of this Ecole Polytechnique program are found in the Manhattan Project and NASA research-and-development effort, and to a significant degree in the work at Peenemünde under Prof. Adolf Busemann in the Göttingen tradition, these 20th-century cases lack the stress upon fundamental breakthroughs and education featured in the work of the Carnot-Monge Ecole Polytechnique.

It began as Lazare Carnot, a former collaborator of Dr. Franklin, assumed a key position in the military command of France in 1793, the vantage-point from which Carnot organized the overthrow of the Jacobin Terror. Carnot began with a mandate for reorganizing the army of France in face of threatened conquest of France by the combined forces deployed by Britain and Venice. Starting with a revolution in development and deployment of massed fire of mobile field artillery, Carnot revolutionized warfare.

The victories of Napoleon Bonaparte have been employed to create a myth of Napoleon's genius, to the point of obscuring the fact that it was the military instrument created by Carnot which enabled Napoleon to achieve victories. Napoleon, a well-trained French artillery officer, educated in the most advanced doctrine of fields of fire existing in the world prior to Carnot's work, understood Carnot's principle of warfare well enough to demolish repeatedly the hayfoot-strawfoot Austrian army, and to destroy the greatest military power of the continent, that of Prussia, in a single day in 1806. However, it was said aptly during that period that every French soldier carried a field marshal's baton in his knapsack; anyone with a grasp of the principles of Carnot's revolution in warfare could have led the French forces to victory over the cabinet-warfare-doctrine forces of Europe during that period. Exemplary, when Napoleon was defeated by the alliance in 1814, Europe trembled as Carnot resumed command of French military forces—out of fear of the superior genius of Carnot, a Europe which had defeated Napoleon abandoned its plan to dismember defeated France.

Napoleon could be defeated only by a force which was intellectually superior to Napoleon, a force which understood the work of Carnot: the German reformer followers of Friedrich Schiller, Wilhelm von Humboldt, Freiherr vom Stein, and General Scharnhorst. Napoleon would have crushed Russia easily and decisively if the Russian commanders had followed their policy and instinct. It was the Prussian reformers who, by persuading the Czar to permit them to direct the war, prevented the Russians from attempting more than an indecisive delaying-action, to let Napoleon into Moscow, where the weakness of his logistics could be used to destroy him. The reformers used Schiller's studies of the 1618-48 Thirty Years' War to bait and close the Russian trap, and to

fall upon Napoleon's retreat before he could reach France to raise new armies to destroy them all. A Gen. Douglas MacArthur would readily understand this, but, unfortunately, no one trained in "systems analysis" could.

The military genius of Carnot—already recognized internationally during the 1776-80 period—depended in practice upon his transforming the French economy with the aid of such economists as Ferrier, Chaptal and C. A. Dupin. New metal-working industries were created almost overnight to produce the mobile field-artillery on which French victories depended. An in-depth system of logistics and administration was created. The only comparable cases on this point since have been Lincoln's mobilization of 1861-65 and Roosevelt's of 1939-43.

These military and economic programs were subordinated to two other leading features of the work of the Ecole Polytechnique. As Karl Gauss at Göttingen was beginning to establish the foundations of 19th-century German science on the basis of Kepler and Leibniz, the Ecole Polytechnique under Carnot and Monge was already engaged in following Leibniz's work to the point of creating thermodynamics and the theory of functions. They were occupied not merely with important advances in existing scientific knowledge, but with effecting revolutions in scientific knowledge. That is an important point of distinction between the work of the Ecole then and the Manhattan, Peenemünde, and NASA research and development programs later. Also, Monge most emphatically attacked the problem that the Jacobin Terror had butchered the ranks of French scientists—the case of Lavoisier is exemplary. France had far too few scientists for the work being undertaken. The leading feature of the internal work of the Ecole was Monge's program for producing "brigades" of new scientists through a rigorous training in geometrical methods. This produced the work of Sadi Carnot and others in thermodynamics, of the great pioneer of the theory of functions, Legendre, the great revolutionary in geometry, Poncelet, and numerous others of more or less comparable stature, such as Fourier, in the internal history of modern science.

Rather than limiting the assigned tasks of the "crash program" to specific targets of military and economic accomplishment, the Ecole Polytechnique aimed to revolutionize scientific knowledge, rejecting entirely the absurd presumption that any distinction exists between fundamental and applied research. Later "crash programs" did produce important discoveries, of fundamental importance in terms of experimental physics, but the focus of the effort was deficient by comparison with the integrated view of education and both fundamental and applied research adopted and practiced by the Ecole.

At the 1815 Congress of Vienna, directed by the Venetian Count Capodistria, and Capodistria's puppet, Prince Metternich, the Prussian Hohenzollerns betrayed the German nation and the great reformers who had saved Prussia from destruction by Napoleon. Metternich and the Hohenzollern court

conducted a witch-hunt against the influence of Friedrich Schiller, the figure who had been the leading inspiration of the German Liberation War against Napoleon. The noble passions of the German citizens of 1813-14 were plunged into despair and the influx of wicked Romanticism during the 1815-19 period, and the wicked agent of Metternich, Prof. G. W. F. Hegel, became the Prussian "state philosopher."

Yet, all was not destroyed. Around the two Humboldt brothers, the principles of Schiller's circles were advanced within narrowed channels of educational policy and scientific progress. Wilhelm von Humboldt, the former collaborator and student of Schiller, pressed forward with educational reforms and related concerns. Alexander von Humboldt entered into collaboration with the exiled Lazare Carnot, then living in Germany, to launch the German science-revolution of the early 19th century. Since great Göttingen was under the capricious influence of the British monarchy, the university of Berlin was chosen to become the new center of scientific work.

In effect, Carnot and Humboldt brought the work of the Ecole Polytechnique into thriving exile within Prussia, under the patronage of the Prussian general staff, and fused this new initiative with the work of Karl Gauss and others at Göttingen. So, from 1849 into 1859, as the center of German science was shifted from Berlin to Göttingen, Gauss's Göttingen emerged as the world-center of scientific progress into World War I.

The realization of the gains of German science was accomplished through the leading role of Friedrich List during the 1830s and early 1840s. Shortly after assuming U.S. citizenship in 1830, Friedrich List returned to Europe, serving as a U.S. secret-intelligence operative for the circles of John Quincy Adams et al., and playing a leading role in the campaign to effect the industrial development of Germany on the basis of the principles of the American System of political economy. Under the Hohenzollerns and Bismarck, this was possible only to the extent that Germany viewed such scientific and industrial development as strategically imperative, as the history of the rise of the "smokestack barons" of the Ruhr and Silesia, for example, illustrates. It was List's text, *The National System of Political Economy* (1844), first published as a series of essays circulated earlier, and List's leadership in designing and installing the German Custom's Union (Zollverein), which made possible the explosion of industrial development which occurred in Germany from the 1840s onward. These measures were accompanied by a program of infrastructure-building, centered around water transport and railroads, and led into the development of agricultural chemistry, as later imported into President Lincoln's establishment of the U.S. Department of Agriculture as an instrument for fostering this agricultural revolution within the United States.

In these instances, taken together with experience from our own national history, we see illustrated the point that all significant progress in science and the economy in Western civilization to date has centered around "crash programs" of

more or less the sort we associate with the research and development of NASA.

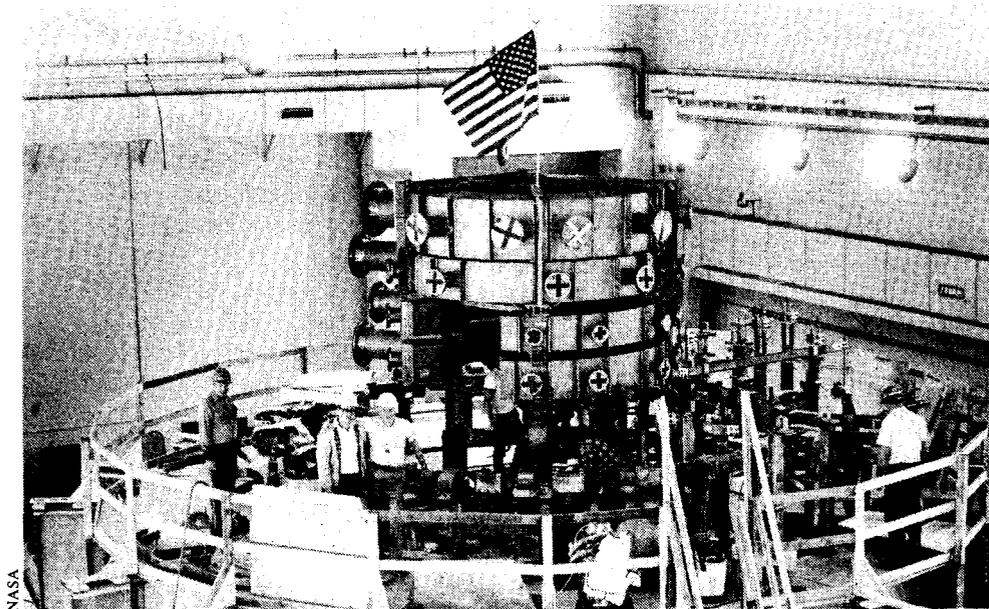
## U.S. ups and downs: 1939-83

Not everything President Roosevelt did during the 1933-38 period was exactly useless or a failure, of course. Despite the jokes about WPA and PWA, jokes not lacking in some justification, important development of infrastructure occurred. Without the TVA and related projects, we would not have been situated to mobilize adequately for World War II. Without rural electrification and related programs, the U.S. agricultural revolution launched during the war, could not have been possible. Otherwise, it was not useless by any means to ameliorate the potential social crisis fostered by the debacles of 1929 and 1931. All that granted, the United States remained locked in what appeared a permanent economic depression until the economic mobilization of 1939-43 began to show early results during 1940 and 1941.

Looking back, it is clear that similar measures of reforms in monetary and banking practices could have caused a general economic recovery at any time during the 1933-38 period, measures which could have succeeded under peacetime conditions without the inflationary consequences of massive war-expenditures. The cruel fact is that such measures were either not politically possible, or at least were not perceived to be politically tolerable, in that they were taken in the name of preparations for a new world war. The same is broadly true of the 1949-52 mobilization for the Korean War—and whatever more to which that might then lead, and was true of the "post-Sputnik" programs, including NASA, launched by the Eisenhower administration and fostered by President Kennedy. It was also true, to less spectacular extent in the case of the World War I mobilization. The political problem of our republic during the past hundred years is that we never seem able to mobilize ourselves to do anything right in this direction unless we do so under threat of general warfare.

If the Washington, D.C. and Palo Alto "systems analysts"—we say "systems analysis" since "operations research" earned the reputation of a dirty word—had their druthers, they would wipe the memory of the 1939-1943 U.S. mobilization from our recollections. At the beginning, it was a mess. Broadly, we said to all sorts of citizens: "Find a machine tool someplace on the junk-heap. Make it work in some shack or loft you find rotting and abandoned, and run that machine with the labor of some grey-faced, unskilled fellow recruited from either the unemployment lines or even Skid Row." If such a citizen-entrepreneur could find a sub-sub-contract somewhere, he could receive a low-cost loan and get into production. By 1943, we had mobilized a wrecked economy to levels of sophisticated output which astonished the world and overwhelmed the Nazis.

This writer remembers very well. One personal incident stands out. One day during that period, he was offered purchase of a nearly abandoned but fully-equipped machine-shop located in an old brick loft building down on Broad



*The Tokamak Fusion Test Reactor (TFTR) at Princeton Plasma Physics Laboratory.*

Street in Lynn, Massachusetts. If this writer had chosen to leave his studies at the time, he would have become very soon one of those war-mobilization-period entrepreneurs. It would have succeeded, because everything like that succeeded in those days.

A “crash program” is a mobilization of every human and other resource, including what might be salvaged from scrapheaps. We learn from early mistakes, and being determined to correct such mistakes quickly, we do better quickly. The process accelerates.

The way such “crash programs” succeed is aesthetically distasteful to the Harvard Business School experts in corporate mismanagement and the “systems analysis” types generally, but not to an old-line production manager or the veteran of the World War II Seebees. A “crash program” begins as that sort of effort steered by bold thinking from the relative handful of scientists and engineers who can be assembled for the effort. If we were to repeat such an effort today, we would be obliged to assemble a mixture of retired veterans of the 1939-45, 1949-52, and NASA experience, to inject their memories of “how to do it” into direction of the process.

Granted, the massive ratio of war-expenditures to total output during the 1939-45 period was inflationary. War-material is chiefly economic waste, in the sense one can not (or should not) attempt to eat it, nor is it particularly efficient to use a combat tank for ploughing fields or other purposes of production. Yet, long after the war, the investment in productive capacity and upgrading of labor-force skills made the U.S. economy strong. The 1949-52 mobilization, and the “post-Sputnik” programs of 1958-66 reenforced the beneficial economic aftermath of World War II.

At about the same time that the “post-Sputnik” programs were being launched, cronies of the late Bertrand Russell had assembled for back-channel negotiations with the Soviet government, centered around the Pugwash Conference-series.

Nikita Khrushchev brought to Russell a proposal to divide the world into two world-empires, using the doctrine of Nuclear Deterrence as a way of making this scheme permanent. Gradually, the Malthusian doctrines negotiated between Russell’s cronies and the Soviet government were slipped piecemeal into U.S. and NATO policy. By the time accomplice McGeorge Bundy left President Johnson’s National Security Council, the worst damage was done. Traditional U.S. military policy had been junked, and was being liquidated in McGeorge Bundy’s War in Vietnam; McNamara’s and Kissinger’s doctrines had taken over. By 1966-67, the Soviet government’s accomplices were positioned to impose the doctrine of destroying the economies of the United States and Western Europe upon the Johnson administration—the so-called “post-industrial society” or “technetronic society” doctrine.

The “Great Society” package was launched as a bit of political demagogy to cover over the fact that the research and development potentials of NASA were being torn down. Then came the monetary crisis of March 1968, at which President Johnson and Federal Reserve Chairman William Martin began the process of tearing down the U.S. dollar. Over the winter of 1969-70, with Kissinger as head of the National Security Council, the “environmentalist” movement was launched simultaneously in the U.S.A. and Western Europe, rallying the readymade anti-technology forces of the New Left and Russell’s peace movements around left-wing social democrats to create a battering ram against, first, nuclear energy production and DDT, and then against everything else which had made us strong in the past.

What had given us economic strength up into 1966 had been the combined effects of the World War II agro-industrial mobilization, the 1949-53 mobilization, and the post-Sputnik R&D effort, combined with a steady increase in improvements of basic economic infrastructure. R&D began to be

taken down in 1967. Infrastructure building slowed that year, and peaked, before beginning to collapse in 1969. We are now a rotting "post-industrial society," with an unpaid bill estimated at between \$3 and \$4 trillions for repair of rotting basic economic infrastructure in transportation, water management, energy production and distribution, and urban infrastructure.

Gloating over this weakening of our muscle and political will, and the demoralized collapse of the economies and political will of Western Europe, the Soviet leadership is now embarked upon an orchestrated thermonuclear showdown with the United States during the period immediately ahead. They rely on our backing down, a backdown which they are confident will be helped greatly by the circles of the Eastern Establishment allied to W. Averell Harriman and Democratic National Chairman Charles T. Manatt and the pro-Soviet moles of the U.S. churches.

Unless we rebuild our economic strength rapidly, reversing every policy change instituted by McNamara, Kissinger, and other Pugwash Conference accomplices over the past 20 years, we face either thermonuclear war or the doom of Western civilization by other, slower, but not less effective means. Only a new "crash program" can provide us that mobilization of material and political strength to prevent the Soviet leadership from daring to continue on the course toward early thermonuclear war.

So, the thoughts of every patriot turn to memory of the first decade's achievements of the NASA research and development "crash program."

### **A three-pronged crash-program offensive**

The first step toward such a needed turnabout was set into motion by President Ronald Reagan on March 23, 1983, in his televised address announcing a new U.S. strategic doctrine. The Soviet leadership is howling, mostly lies. The real reason the Soviet leadership has rejected the President's generous offer of a new basis for durable peace is twofold. The Soviet leadership knows that the President's strategic doctrine will succeed exactly as outlined; anything they say to the contrary is simply outright lying. They object to the fact that they have calculated that if the President launches a "crash program" to implement the doctrine, that this will cause an economic boom in the United States—such an economic recovery of the United States they are determined not to tolerate. They also object to the fact that such a policy means U.S. survival as a world power, at a time they have their hearts set upon early destruction of the United States' position as a world power.

The scientific-technological fact underlying the President's change in U.S. strategic doctrine is that we presently either have or can quickly develop defensive weapons systems capable of destroying thermonuclear ballistic missiles—and other missiles—in mid-flight. Moreover, it is a matter of scientific principle, that these technologies can destroy missiles in flight much more cheaply than an adver-

sary can construct and launch such missiles. In other words, as Dr. Edward Teller has emphasized, the economic advantage in strategic combat has shifted scientifically to the decided advantage of the defense. We have in reach the development of a total strategic ABM system, using these technologies, by means of which we can destroy between 95 percent and 99 percent or more of all thermonuclear ballistic missiles which might be launched against the United States.

Theoretically, a few missiles might get through such a screen. However, any adversary which did sneak a few through would be relatively helpless, strategically disarmed against counteraction taken by the power it attacked. Therefore, a 95 percent defense is already a total defense in principle.

That said, let us shift our attention to the implications of such defensive weapons technology for the work assigned to NASA: the exploration and conquest of space. What effect would these same technologies have for space exploration, and what will be the benefits of such space exploration and related undertakings for the conditions of life here on Earth?

The kinds of defensive weapons systems corresponding to the President's doctrine cover two of the three major frontiers for fundamental scientific and technological advances over the coming 50 years and longer. The three areas are: 1) Development of "commercial" controlled thermonuclear fusion as a principal energy source for a broad range of applications. This is not only a technological breakthrough, but brings our work into the area of revolutions in mathematical physics. 2) Development of improved methods of energy transport, centered upon high-energy directed-beam technologies. 3) Fundamental research into the processes of living organisms, to guide work in biotechnology. All three of those areas are indispensable for advances in the exploration and conquest of space.

Taken together, these three areas of work on the frontiers of knowledge today represent not only great advances in technology, but the most fundamental breakthroughs in fundamental scientific knowledge in more than a hundred years.

Once we have developed commercial qualities of controlled thermonuclear fusion, this technology shifts the exploration of space from present rocket-ballistic modes to continuously powered space flight. This brings the exploration and prospective colonization of Mars within reach. It is reasonable to project that a second generation of commercial fusion-energy systems could enable us to generate energy at about 10 times or more the present energy-flux density, perhaps as high as between 500,000 and 1 million kilowatts per square-meter energy-flux density. If such energy-flux density can be efficiently channeled through laser-like devices and related techniques, not only is every productive technology on Earth revolutionized to a degree presently beyond the imagination of both, but these technologies make practicable the creation of artificial Earth-like environments on the Moon, Mars, and so forth.

Extended space flight and colonies on nearby solar bodies require breakthroughs in biotechnology generally, both as

matters of medical science and in providing food supplies and organization of environments in strange circumstances.

Even before the close of this present century, the use of laser-like technologies developed as a byproduct of research and development for beam weapons means a revolution in productivity to the effect of increasing the per capita output of operatives by between two and three times present levels. The great benefits which NASA's R&D contributed to the civilian economy in the past are small relative to the benefits of a similar program attacking the indicated frontiers of science and technology.

In addition to the need for an anti-missile defense and the benefits of space exploration for life on Earth, the side effect of conducting such research and development is a leap upward in the conditions of the life of the average individual on the surface of this planet.

There is also a profound moral benefit to space exploration. Once we begin to define mankind in terms of mankind's prospects for colonization of the Moon and Mars, for example, and realize that it is within our reach to project growing forests on Mars, for example, we think of ourselves and our neighbors in a new way. We think of mankind as an instrument within God's creation, mankind destined to go anywhere in the universe useful work is required of mankind. We lift our noses from squabbling in the mud of this planet, and gain a moral sense of mankind as developing on this planet to fulfill some higher, if yet unknown duty in the universe around this planet.

Perhaps, such tasks will cause humanity to grow up at last.

The time has come, between strategic crises and growing misery on this planet, for the United States to launch a new great effort modeled appropriately on the work of the Ecole Polytechnique under Carnot and Monge. For the work we have indicated, we have presently far too few scientists and engineers, and too little education of our youth. We are a ruined relic of our former national self, and can arise from the misery, ruin, and demoralization of our present condition only by mobilizing ourselves as a people as we did once before during the 1939-43 period of economic mobilization. What we require for this great undertaking now we lack except in the tiniest part; we must create what we lack as we go along, using the crash programs of space exploration and beam-weapon defense as a great school, such that those caught up in that work produce "brigades" of new scientists and engineers as well as operatives with new kinds of skills, and cause the lessons learned from this "crash program" effort to spill over copiously into the life of our national generally.

Let us, therefore, look back to the more glorious days of NASA's past, and view what was accomplished then as a first step—a halted first step—which we must resume today. Let us resume the dedication of NASA from that period, and add to that dedication the broader duties of fundamental research and education needed to replicate the genius of the Ecole Polytechnique.

## NASA at 25 years: on the frontiers of space

by Marsha Freeman

October 1 marks the first quarter-century of space exploration by the United States, carried out under the leadership of the National Aeronautics and Space Administration. These twenty-five years represent the fulfillment of mankind's oldest dream—to place his intelligence, his scientific instruments, out above the Earth into the cosmos, and then to go there himself.

Over this quarter-century, NASA has sent probes that will visit all of the solar system's planets, save one; it has sent instruments into space to examine the sun, stars, and galaxies through windows of wavelengths that man could not see, were he to go himself; it has proven that the human species can sustain space flight and accomplish important and useful work in space, and that mankind can bring his human intelligence, in vitro, to a celestial body beside the Earth.

Scientists have learned things about the giant planets of this solar system that challenge the most tenaciously-held beliefs of astronomy and physics. The Voyager missions showed us, for example, that the rings of Saturn cannot be explained by Newtonian physics. No linear calculation of interactions among billions of ring particles can explain the rings' stable yet highly complex geometry and self-developing character. Jupiter's atmosphere, similarly, disobeys the laws that we use to try to explain the weather on Earth, challenging basic assumptions of hydrodynamics.

Over the past twenty-five years explorers have gone out into space and landed on Earth's nearest neighbor, laying the basis in science, technology, and engineering to reshape this dead world into a new home for man. Tentative views from Mars have shown us that there is at least one other nearby body which could be terraformed for intelligent life.

To carry out these programs, NASA became the nation's largest science and technology agency, whose only goal is the increase of human knowledge and technology for the benefit of all mankind. Through budgetary ups and downs, the agency has maintained a core of scientific and engineering expertise, and dreams for the future.

The accomplishments of this first twenty-five years of space exploration are a reflection of the boldest dreams of

men. The future will not depend on budget cycles, specific programmatic initiatives, or the particular personalities involved in the space program. It will depend upon the will of man to do what is necessary to fulfill the dreams that make him bigger than himself, and a lawful part of a solar system and universe that challenge his imagination and science.

### **NASA's challenge to established science**

From the beginning of the NASA space effort, a major emphasis was to send probes out to other heavenly bodies. By 1964, just five years after the world's first satellite had been orbited, probes had sent back information about all of the inner planets—Mercury, Venus, and Mars—and the Moon.

Over the first decades of the space age, we learned that Mars did not have any observable life, which contradicted the hopes and expectations of most scientists. We learned that Venus could not be inhabited, as its 900 degree atmosphere would melt lead. The Moon, it was confirmed, was a cratered, lifeless world.

But the most startling discoveries occurred when two sets of spacecraft, Pioneer and Voyager, encountered our two largest planets—Jupiter and Saturn. Every 175 years, the outer planets are in aligned orbits, which astronomers knew would occur for the first time during the space age at the end of the 1970s.

With these orbits aligned, space planners knew it might be possible to send a spacecraft on a trajectory to Jupiter, and then use the gravitational pull of the giant planet as a gravity assist to propel the spacecraft to an encounter with Saturn, and perhaps other planets.

The original Grand Tour of the solar system was reduced to the two Voyager missions due to budgetary cutbacks, but it is likely that every outer planet but Pluto will be visited by Voyager II on its journey, due to the durability of the spacecraft and the ingenuity of NASA planners.

When Voyager was still 68 million miles from Saturn, the images it was sending back were better than any from Earth-based observation. Its closest encounter in August 1981 was 77,000 miles from the cloudtops.

When Pioneer 11 reached the ringed planet two years earlier in 1979, surprises were already turning up. Pioneer discovered that Saturn, like the Earth, Mars, and Jupiter, does have a magnetic field, and, though there were anomalies in the relationship of its magnetic field to the axis of the planet, the real challenge was the rings. What Galileo described as "cup handles" in 1610 were turning out to be considerably more complicated than previously thought.

Earth-based observation indicated there might be up to a half-dozen rings. Pioneer 11 showed that an estimate of 10-50 rings was more likely. The mysterious F ring was seen for the first time.

The better our observing instruments became, the more rings we discovered. Voyager I placed the number of rings

at at least 1,000 and the second Voyager, with better resolution and from a different angle, showed 100,000 rings! Scientists now expect that the number of rings observed will increase with the fineness of resolution of the instruments we send to Saturn. The major puzzle is why there are so many rings, how they formed, and why they are still there.

Because there were a couple of years separating the Pioneer and two Voyager encounters, we were able to observe the dynamic features of the rings. On first glance, the F ring was braided or twisted, made up of more than one strand. This braiding disappeared on later encounters.

Rings were shown to shift position, to coalesce and to form structures, or "spokes" inside them. Not only was the system stable, it was constantly changing!

As scientists tried to make sense out of this data, a spokesman at the Jet Propulsion Laboratory in California maintained a positive attitude stating, "If we knew what we were going to find there, there would have been no reason to go there." Dr. Andrew Stofan from NASA headquarters remarked, "We learned more about Saturn in one week than in all of recorded history." But no one could explain the rings.

After the Voyager I observations, scientists posited that there might be small moons that would "shepherd" the rings, and keep them in tow. Voyager II found no such moonlets. Scientists from the Fusion Energy Foundation stated at the time that a simple extension of Newton's equations, which attempted to explain such phenomena on the basis of the gravitational relationship between all of the individual particles, could not explain the rings' formation and continued existence.

The problem was similar to the breakdown of Newtonian physics in explaining the relationship between more than two bodies of any size in the universe, the so-called "three-body problem." New physical concepts, based on the dynamic relationships of collections of particles, such as the rings, would have to be developed to unravel the Saturn mystery.

The giant of the solar system, Jupiter, posed as many challenges as its ringed neighbor. Radiating 1.8 times more heat than it receives from the sun, this gas giant still baffles astronomers.

In 1979 Voyager I showed that Jupiter has a rapidly changing atmosphere, which looks like it is made up of swirling liquids, though it is actually gaseous. The great red spot had changed shape, position, and color since Pioneer had observed it four years earlier.

Huge cyclones were seen traveling across the face of the planet at up to 200 miles per hour. A permanent jet stream of frozen ammonia swirled at 350 miles per hour above Jupiter's clouds. The puzzle to hydrodynamicists studying Jupiter's weather was that, at the high velocities at which the phenomena were traveling and at the level of viscosity or resistance associated with the materials of the atmosphere, the atmosphere was expected to be randomly turbulent. But instead it was found to be highly ordered and stable over significant

periods of time.

The puzzle of Jupiter's weather system challenges the very basis of weather science here on Earth. Considering the success forecasters have had with the weather on Earth, there is no doubt that solving the discrepancies in current hydrodynamic theory by examining the weather of Jupiter could benefit this science for immediate applications.

Nearer-Earth space has also proven to be a valuable vantage point from which to look at our Earth. An impressive array of remote sensing technologies, communications satellites, and military spacecraft have been used to develop resources on Earth.

## Developing the Earth

The first satellite launched by NASA, on January 31, 1958, discovered something very important about the environment of our Earth. We are surrounded by a series of radiation belts, made up of particles that have come to us through interplanetary space from the sun. These "Van Allen belts," named after their discoverer, capture these high energy particles and protect the Earth, making life possible.

Later in the same year, Vanguard I made measurements of the Earth to determine its exact shape, and in early 1959 Vanguard 2 sent back the first satellite photograph of our planet. Today's Landsat satellites observe the Earth in wavelengths that can inventory world agricultural production and predict floods.

Over the past twenty-five years, NASA has launched satellites to observe the weather, oceans, lands, and atmosphere of the Earth. One of the most important applications for this wealth of technological capability and data is to facilitate the large-scale development of whole sections of our underdeveloped home planet, even as we are moving on to create other worlds.

Surveys and maps of inaccessible parts of the world have become possible using Landsat capabilities. Before any new infrastructure is designed, especially for transportation or large-scale water projects, satellite data should be consulted. Satellite data has helped update maps for road construction projects in Upper Volta, for example. Satellite images taken at different times of the year were able to provide planners with a water inventory of the region targeted for construction, and indicated small man-made water reservoirs that had been built but did not appear on maps, so a more accurate plan could be made for new roads.

Areas of the world which are uninhabited but potentially rich in minerals and raw materials will be developed over the next decades as a result of space exploration. In November 1981 the Space Shuttle carried into orbit a multispectral infrared radiometer, designed to observe the Earth in the non-visible near- and far-infrared wavelengths. The instrument flew over the Baja California region of Mexico during its test in space, a desert region that has never been prospected for natural resources. Scientists examining the data observed the

presence of certain molecules which indicated a past activity of certain hydrothermal processes.

Geologists knew that regions in the United States with a similar composition had been found to contain deposits of gold, silver, copper, lead, and zinc. A team of scientists, both American and Mexican, was sent to the site via helicopter and verified the Shuttle findings.

A global resource inventory using techniques of this kind could open up presently unknown reserves for economic exploitation. Industrial activity will spread to now-barren regions of the world.

Every year the world loses billions of dollars and millions of tons of food through disease, drought, and spoilage. Landsat data, through the Agristars and other programs, has demonstrated that crop disease can be identified early enough to stop its spread and initiate treatments.

Water inventories, including snow cover in mountains in winter and the water levels in reservoirs and other bodies, can alert farmers to pending flood or drought. Crops can be monitored for moisture during growth seasons, indicating where problem regions may develop.

Accurate weather forecasting is key for agricultural production and satellite data has proven indispensable for this activity. Satellite-assisted rainfall monitoring has been successfully used in irrigation design in Indonesia, water management in the Arabian peninsula, and desert locust monitoring and control in north-west Africa.

Satellite communications is the most promising solution to the great problem of mass education in the developing nations. During the 1970s, India conducted the Satellite Instructional Television Experiment, or SITE. The part of the NASA ATS-6 satellite designated for the SITE experiment carried educational television programs to nearly 2,500 rural villages scattered over the entire country. Programs were transmitted to the NASA satellite from Delhi and Ahmedabad and were received on small television receivers in the villages. The average audience for the community receiving sets was about one hundred. Most of the participants were illiterate and had never before been exposed to radio or newspapers.

Interviews and surveys conducted during and after the experiment indicated that children exposed to the educational programming showed gains in language skills and an increased interest in learning. Importantly, 50,000 rural teachers were also exposed to curriculum material for teaching science and mathematics.

Farmers learned about new methods in agriculture and basic health practices from programs which were beamed into these villages. On the basis of the SITE success, India decided to include two high-powered television transmitting devices on the INSAT communications and weather satellites in operation now. The second in this series of multi-purpose satellites was launched on the last flight of the Space Shuttle.

Communications using satellites will, in general, be the

nearest-term solution to creating unified industrial nations in the developing sector. The island nation of Indonesia has launched satellites for communications since 1976 to link together the hundreds of islands that are inhabited. Since August 1976 telephone and television links have been in service, and newer satellites have extended coverage also to the Philippines, Thailand, and Malaysia.

The goals of the Indonesian satellite communications program are to provide for growth in capacity for telephone, telegraph, and telex throughout the country, particularly in the outer provinces; to extend television service to all of the provinces; and to introduce educational television on a national basis.

Other geographically dispersed nations, from Canada to China, will find that to enter the twenty-first century they must make use of the most advanced space-based technologies.

## Man into the cosmos

One of the most difficult challenges of the first quarter-century of the space age has been the development of capabilities to sustain not only sophisticated instruments in space, but man himself. NASA has followed the philosophy that, although unmanned planetary probes will bring us a wealth of new knowledge that man can not go and gather himself at the present time, the presence of man in space is the key to spreading human culture and civilization beyond the Earth, to carrying on unique experiments in space, and to observing and reporting phenomena our instruments can not yet capture.

As nuclear and fusion technologies develop that take man further away, they will be able to propel our unmanned spacecrafts even further. There will always be a need for both capabilities in space.

In the press materials issued by NASA three weeks before the historic mission that landed men on the Moon, the statement was made: "If the mission—called Apollo 11—is successful, man will accomplish his long-time dream of walking on another celestial body." After a break-neck speed eight-year program, NASA met the mission objective set by President Kennedy in 1961.

The Apollo mission involved the most difficult space maneuvers, and the most massive space components man has yet ever taken off the Earth. The dozen steps from Earth launch to splashdown were practiced in stages through the Mercury, Gemini, and Apollo manned programs.

After the liftoff of Apollo 11 atop the Saturn V rocket, the third stage of the rocket attached to the Command Module, Service Module, and Lunar Module was put into a 100-mile Earth parking orbit. The Command Module would house astronaut Mike Collins while the rest of the crew was on the lunar surface. It would also be the reentry vehicle for the whole crew.

The Service Module would carry the consumables needed for the trip, and would be jettisoned before reentry. The Lunar Module would separate from the mother ship in lunar orbit, land on the Moon and then fire and link up with the

Command Module.

The third stage of the giant Saturn V rocket would be reignited when the approval came to embark on a translunar trajectory. After the third stage separated from the spacecraft, one of the most difficult maneuvers would take place, involving the redocking of the Lunar Module at the front of the Command Module.

Approaching the Moon, the spacecraft would be put into first an elliptical and then a circumlunar orbit, about 60 miles above the surface of the Moon. After twenty-one hours of orbiting the Moon, the Lunar Module would descend and orbit alone at 50,000 feet. After descent and touchdown, the Lunar Module was to stay on the Moon for two hours and forty minutes.

While on the Moon, astronauts Neil Armstrong and Buzz Aldrin initiated two experiments to be left on the surface. The first was a passive moonquake experiment, to see if this satellite has the same kind of geological motions that characterize the Earth. The second was a reflector to mirror laser beams from the Earth and back again. The amount of time it took the light to travel back and forth would be used to measure the distance between the two bodies to an accuracy of a few feet.

Over the years following the June 20, 1969 first lunar landing, a dozen astronauts walked on the Moon, collected samples, conducted experiments, and explored with specially designed vehicles.

The Apollo program required that NASA build a vehicle that could place 50 tons of equipment and men on the Moon. The Saturn V rocket contained 41 rocket engines, using solid, liquid hydrogen, and kerosene fuels. It stood taller than the Statue of Liberty and delivered 7.6 million pounds of thrust—the highest-powered rocket that has even been built.

The 33-foot diameter of the rocket required that new, out-of-vacuum electron beam welding technology be designed and developed, before parts of the rocket could be welded together. New materials were created to withstand the heat and cold of the Moon. A revolution in electronics and computer technology was required to monitor the astronauts' heartbeats in space and to take a spaceship a quarter of a million miles, and land it exactly where you aimed it.

Virtually the entire array of new technologies that entered the industrial factory over the decades of the 1960s and 1970s was developed from part of the \$20 billion R&D program of Apollo. It has been estimated that for every dollar spent by NASA, more than ten dollars has been generated in overall economic activity.

New industries were created by the special demands of the space program and were then available to upgrade all of U.S. industry for decades.

An entire generation of scientists and engineers was created to meet the goal of going to the Moon. Hundreds of educational institutions benefited from upgraded science curriculum and materials that NASA developed for the classroom. And man fulfilled one of his oldest dreams—to put himself on a new potential Earth.

# The grand vision of the space pioneers

by Marsha Freeman

Throughout the history of space technology development, the pioneers who produced operational weapons for war also laid the basis for man to fulfill his greatest dreams in peacetime. From the Peenemünde rockets in the second World War to the Atlas booster that both delivers ICBMs and has taken men into orbit around the Earth, these benefits of space technology have been intimately linked.

Today the greatest challenge facing the science, technology, and diplomacy of the United States is the speediest development of directed-energy space-based anti-ballistic missile weapons. The capabilities needed to bring space colonization to realization will be greatly enhanced by the military necessity the nation now faces.

## Tsiolkovsky: 'Perfect human society'

In 1903, while the Wright brothers were demonstrating at Kitty Hawk that man could at least get off the ground, a nearly-deaf Russian schoolteacher published a document titled "Investigating Space With Rocket Devices." Konstantin E. Tsiolkovsky wrote, "At first the rocket can be used for circling the Earth; then a journey can be made in some other relation to the Sun, say to some planet; the rocket can come more or less close to the Sun, fall on it or escape from it into space and become a kind of comet flying for thousands of years among the stars, until it reaches one of them, which may become a new Sun for the travellers and their descendants."

He continued: "Mankind will establish a series of space bases around the Sun using, for this purpose, asteroids (small planets which are plentiful within the Solar System). Reaction devices will enable man to conquer infinite space and to receive 2,000,000,000 times the amount of solar energy humanity receives on the Earth."

Tsiolkovsky, who also worked on the design of metal dirigibles for flight, outlined in his 1903 work a fourteen-step program for evolution from the "aeroplane" to the rocket and for space development.

Point number eight in his program was that "ether suits are designed for leaving the rocket safely in the ether." The

next point was that "special containers are invented for plants that are to produce oxygen and food and to purify the air within the rocket. . . . Man is no longer entirely dependent on the Earth, for he can produce the means of sustenance apart from it."

In step ten, "numerous space settlements are set up around the Earth," and then in step eleven "solar energy is utilized not only for obtaining food and other comforts, but also for locomotion throughout the Solar System."

Next "colonies appear on the asteroids and in other parts of the Solar System wherever there are small heavenly bodies." Then the "number of colonies grows with the development of industry," and finally, the last point, "Human society and its individuals become perfect."

Why should man venture beyond the Earth? To Tsiolkovsky, that question had both a philosophical and practical answer. "This planet," he said, "is the cradle of the human mind, but one cannot spend all one's life in a cradle. Humanity will not always remain on Earth. In its desire to have more light and space it will first penetrate beyond the atmosphere and then will conquer all the immense space within the Solar System."

He saw the immense opportunities for science that his rocket devices could open up. "There was a time—not long past—when the idea of knowing the composition of heavenly bodies seemed hopeless to the best scientists and thinkers. Now that time is past and gone.

"But I think that today the idea of a closer, direct study of the universe would seem still more wild. To set one's foot on the soil of an asteroid, to lift with one's hand a stone on the Moon's surface, to establish orbital bases in space, to create inhabited rings around the Earth, Moon, and Sun, to observe Mars from a distance of a few miles, to alight on one of its satellites or even on the planet itself—can anything be more crazy? But the employment of rocket devices will open up a new era in astronomy—the era of a closer study of the sky."

Less than two years before his death, Tsiolkovsky gave a May Day speech in 1933, piped in to Red Square from his

home in Kaluga. In it he described the progress of “humanity’s daring dream—conquering space beyond the clouds.

“For 40 years I have been working on a rocket motor,” he stated, “but I thought that a journey to Mars could take place hundreds of years later. Time, however, moves quicker and now I am sure many of you will be witness of the first trans-atmospheric flight.” Undoubtedly, many who heard him that day did witness the first flight of an orbital satellite, Sputnik 1, two weeks after the one hundredth anniversary of Tsiolkovsky’s birth, on October 4, 1957.

“Tsiolkovsky’s dream,” as his program is called, inspired a generation of Russian rocket designers and scientists to push ahead into the frontier to accomplish what the pioneer had laid out as the basis for perfecting human society.

### **Oberth: ‘Extend life wherever possible’**

By the time Hermann Oberth was writing his major work in 1923, the American rocket pioneer Robert Goddard had already demonstrated that liquid-propelled rockets could fly. Unlike Goddard, who was too sensitive to the derision and scepticism around him (particularly from the press), Oberth decided to be as bold as he could in order to capture the imagination of a generation of potential space enthusiasts in Germany.

His scholarly 1923 work, *By Rocket Into Planetary Space*, was expanded and revised in 1929. In addition to duplicating, independently from the earlier work of Tsiolkovsky, the necessary physics for space travel, Oberth outlined a full array of space capabilities which would excite young thinkers and lay the basis for German and U.S. space programs for decades to come.

In his 1929 book, Oberth included a section called, “Stations in Interplanetary Space.” He stated that spacecraft, on the largest scale, can be “put into orbit around the Earth. They then represent a small moon, so to speak.”

These stations “could contribute to navigation by sending signals, photographing the Earth, having a strategic value in war, warning ships of icebergs,” and could perform what we call today “search and rescue” missions. “The weather conditions of the whole Earth could constantly be kept in view, considerably promoting our knowledge of meteorological processes. . . .”

Considering the use of space technology for Earth, Oberth described in detail the placement in orbit of a reflector, which would concentrate energy from the sun to be used to enhance agricultural production and influence the weather.

“By suitably adjusting the single facets, all of the solar energy reflected by the Sun could be concentrated on a single point on Earth or spread out over wide stretches of land as needed. . . . Wide stretches of land in the north could be made habitable by means of dispersed light . . . in our own latitude, the feared sudden drops in temperature in spring and the night frosts in fall and spring could be prevented, thus saving fruit and vegetable crops . . . for the southern hemisphere and the tropics there would only remain the

illumination of large cities at night and . . . influencing the weather.”

This idea of orbiting large solar reflectors to change the energy balance of Earth for agriculture, the weather and lighting, has been more fully developed by one of Hermann Oberth’s students, Krafft Ehricke, who is currently the president of Space Global Company in California.

Another chapter of Oberth’s 1929 work reflects the philosophy that he stated directly in an autobiographical article in 1957. “This is the goal: To make available for life every place where life is possible. To make inhabitable all worlds as yet uninhabitable, and all life purposeful.”

This goal was made programmatic in the chapter titled “Trips to Strange Celestial Bodies.” After providing all of the necessary calculations for a trip to the Moon, Oberth insisted: “I cannot agree with the view that strange celestial bodies should be visited only if living conditions similar to our own are found there. A visit to the Moon would have great scientific value. We are here dealing with a celestial body that, in the main, consists of the same substance as the Earth . . . but it has been preserved from the effects of air and water.

“By comparing the two, we can see what, on the surface of our Earth, is attributable to the effects of air and water, and what is not.” Oberth outlined a program for deep drilling on the Moon to explore for metals, and for studying its geology as a way of better understanding our own.

“It is possible that the exploration of Mars will open up undreamt-of possibilities of development for human culture, technology, and science,” he wrote. “It is also possible that the first expedition to Mars will be the last for centuries,” but the purpose would be to “clean up the old points of controversy about Mars. Whether further trips have a purpose one will be able to say only after the first trip.

“In case Mars were uninhabited, it would be the task of the first expedition to make colonization attempts with organisms from similar climates on Earth . . . and see whether and how these living organisms acclimatize on Mars. . . . Its research would become of downright epoch-making importance to the biological sciences.

“Venus,” he went on, “could be the most difficult but also the most rewarding celestial body for the space navigator to explore. Other planets can’t be visited by rockets or landed on” by manned crews, Oberth posited, because of the amount of time it would take to reach them using chemical fuels.

Oberth was forced to defend his vision against critics who ridiculed the possibility or usefulness of space flight. In 1924, he reported, a mathematician reviewed his 1923 book and stated, “It will not be possible to travel around in space because of the enormous wear of material. We think that the time has not yet come to deal with this problem and probably it will never arrive.”

Oberth, living in Europe at the present time, has been proven right. To Oberth’s students, the time had indeed arrived by the late 1930s to finish the designs and get on with the business of finally going into space.

## Von Braun: 'To increase man's knowledge

Wernher von Braun met Hermann Oberth in 1931, became his student, and went on to head up the World War II German rocket project which laid the basis for all of the rocket developments in the post-war U.S. space program, from the first Explorer to the Saturn V.

By 1952, when von Braun began to write books on space exploration, it was clear that the technological difficulties could be solved—clear at least to von Braun and the one hundred-plus German rocket scientists then resettled in the United States.

In 1953 he authored the *Conquest of the Moon* which detailed precisely how a crew would effect a lunar landing, what they needed to take with them, and most importantly, what they would do when they got there.

"There have been many books written about journeys to the moon, but few of the writers seem to know what to do with their explorers once they get them there. . . . We will not go to the moon simply for the sake of getting there. True, man's curiosity and adventurous instincts will play a large part in the enthusiasm for the venture.

"But the primary reason will be scientific: to increase man's knowledge of the universe. . . . Throughout the ages, the nature, purpose, and movement of the moon have never ceased to fascinate man, and always he has had a yearning to reach its surface. Modern man is on the threshold of fulfilling that dream."

In 1952 von Braun wrote his book *The Mars Project*, in which he outlined in great detail the method for carrying out a successful manned mission to Mars. His plan has not yet been implemented, and stands as one of the great achievements that the second quarter-century of NASA work must accomplish.

"The expedition to Mars," he wrote, "should be considered the ultimate achievement of a gradual and often painful step-by-step development of manned space flight which may take many decades to accomplish." Von Braun projected an expedition of 12 men, two ships, and an effort that would take two years and 239 days.

"By the time the Mars expedition is in its preliminary planning stage, space stations will have been an accomplished fact for years, and there will be many—possibly as many as 1,000—men who will have spent some time on space-station duty. There will be at least one hundred rocket-ship pilots who have flown supply ships to the space station. . . ."

Wernher von Braun died just eight years after his Saturn V rocket took the first crew of astronauts to their lunar landing. His detailed engineering designs for the Mars project and space colonization are yet to be realized.

In a conversation with his friend and biographer Erik Bergaust in 1971, von Braun indicated where he saw the next set of problems man had to tackle: "Human travel beyond our own solar system . . . is a staggering concept. Even the most reckless of us do not expect it to come about for several generations. . . ."

"To build a rocket powerful enough to travel that far [to the nearest star, Alpha Centauri, 4.3 light years away] we must contemplate an entirely new art. . . . To reduce travel time to other fixed stars to figures compatible with the life span of man, travel speeds must approach the speed of light. Not even nuclear fission or nuclear fusion processes are adequate to produce such speeds. . . . The problem is that nobody knows—yet—how to build a proton rocket. . . ."

## Ehricke: 'The universe is man's field of activity'

In 1929, when Krafft Ehricke was 12 years old, he saw the motion picture, "The Girl in the Moon." Hermann Oberth, his future teacher, had been the film's technical advisor. According to Ehricke, his mind has been more in space than on the Earth ever since.

After his work on the German Peenemünde rocket project, Ehricke came to the United States and in the 1960s was responsible for the development of the liquid-hydrogen-fueled Centaur rocket. He has brought Hermann Oberth's ideas for orbiting mirrors into engineering reality in the form of Lunettas and Solettas and has developed a comprehensive five-phase program for industrializing the Moon.

In a presentation in New York City on November 28, 1981, after a tour of speaking engagements in Europe, Ehricke said, "With the urbanization of the Moon, we will see a third dimension of our civilization arise. Lunar industry will provide an unbelievable boost to industry on Earth. The heart of the lunar settlement will be fission reactors first, and then fusion reactors."

Ehricke has had to do battle with the full array of anti-nuclear environmentalists for the past fifteen years. As early as 1960 he stated in Congressional testimony that "The universe is run by nuclear energy. Space will be conquered only by manned nuclear powered vehicles. Planning anything else for the late 1960s is, in my opinion, flirting with obsolescence almost from the start. . . ."

In the November 1957 issue of *Astronautics* magazine, Ehricke laid out the philosophical basis for his commitment to the human development of space. He explained his "three laws" of astronautics:

"I. Nobody and nothing under the natural laws of this universe imposes any limitations on man except man himself.

"II. Not only the Earth, but the entire Solar System, and as much of the universe as he can reach under the laws of nature, are man's rightful field of activity.

"III. By expanding through the universe, man fulfills his destiny as an element of life, endowed with the power of reason and the wisdom of the moral law within himself."

Ehricke ended his 1981 lecture on lunar development by stating that "All this is thought out and developed to a point where a five-phase development program could begin under the Reagan administration, and we could have the first permanent circumlunar settlement in a lunar space station in 1992, the 500th anniversary of Columbus's discovery of the New World."

## The Euromissiles and the 'Finlandization' danger

by Vivian Freyre Zoakos

With the time nearly at hand for beginning the stationing of U.S.-built Pershing II and cruise missiles in Europe, the continent has become a battleground. West German Chancellor Helmut Kohl, in an interview given to Bremen radio over the weekend of Sept. 17, issued a clear statement of what is at stake in the so-called Euromissile question: "If we break our word [renege on German commitment to accept stationing of the missiles], we would plant the seed for the destruction of NATO. . . . When NATO does not hold its shield and umbrella over us, this would naturally also be the beginning of the neutralization of West Germany."

The missiles themselves are not the primary issue involved. Following March 23, the Euromissile question has been dramatically transformed from the Soviet point of view. Since President Reagan announced on that date his plans to replace the Mutual Assured Destruction (MAD) doctrine with a new policy of Mutual Assured Survival (MAS) based on a beam-weapons antiballistic-missile defensive system, the U.S.S.R. has directed all its political efforts toward thwarting the new defense doctrine before it could be implemented, fearing not only a revival of U.S. military strength but the unparalleled economic strength that would result from beam-weapons technologies.

This defines the battle for Europe taking place today. Moscow, and its Hobbesian allies in the West, are playing out a series of destabilization scenarios, the aim of which is to decouple Western Europe from the United States. If they succeed, an isolated United States, deprived of its principal allies, would be immeasurably weakened and the MAS policy undercut. This is what underlay Chancellor Kohl's ref-

erence to the breakup of NATO and the neutralization of West Germany.

Kohl's statements were made in response to developments within the opposition Social Democratic Party. The SPD leadership under disarmament expert Egon Bahr had publicly renounced support for the Euromissiles at a meeting of the party's parliamentary caucus. That meeting had in turn occurred in response to a vote taken by the Baden-Württemberg SPD a week earlier, at which the regional party had taken a unanimous decision to demand the removal of all U.S. weapons from German soil. Bahr, the SPD mover behind the West German peacenik movement, spent three days during the same week in the U.S. advancing the argument that the political context had "fundamentally changed" since the then-SPD government had agreed to the stationing of the missiles, and that hence that decision was no longer valid.

Bahr, who has been meeting with various East German leaders of late, is completely committed to a reunified Germany at all costs, even if this would mean putting an end to the Atlantic Alliance and the Finlandization of Germany.

Little wonder then that Chancellor Kohl called the SPD caucus vote a "decisive change" in SPD policy in the course of his Radio Bremen remarks. Heiner Geissler, secretary of Kohl's Christian Democratic party (CDU), went further to identify the source of the SPD arguments when he accused the Social Democrats of putting forward "almost identical arguments as Moscow" in the arms debate.

One of the foremost Europeans organizing on behalf of the pro-Moscow, anti-beam weapons effort is that quintessential agent of the Pugwash Conference backers of Western

Europe, Italian Socialist Prime Minister Bettino Craxi. A philosophical fascist who is not accidentally often referred to as "Benito" Craxi, the Italian prime minister took the opportunity of visits to Paris and London last week to press for various scenarios amenable to Moscow. In the course of this, Craxi announced that he had met with a measure of success in the French government of President François Mitterrand, which is under considerable domestic pressure to go on an anti-U.S. "peace" drive.

What Craxi proposed to Mitterrand was that France, together with Great Britain, agree to the postponement of the Euromissiles and open up a new channel of negotiation with Moscow. The channel would be a round of talks to include France, Britain, the United States, the U.S.S.R., and China to discuss "strategic missiles in all parts of the world." One of the most persistent ostensible blocks to negotiations at the ongoing Geneva Intermediate Nuclear Force (INF) talks is the heretofore firm French and British unwillingness to accede to Moscow's demand that their independent nuclear weapons be included in the overall Western missile count. According to Craxi's report to the press following his London meeting with Prime Minister Margaret Thatcher, a "new fact" entered the European arms equation when President Mitterrand agreed to the possibility of negotiating the French *force de frappe* nuclear deterrent in the round of negotiations proposed by Craxi. Britain's Thatcher, described by Craxi's entourage as much more "rigid" than the French head of state, agreed only to make a statement after she talks directly with her French counterpart.

Although ruled by a Socialist government, the French have maintained a more consistent anti-Moscow position on arms-related issues than have NATO members Italy and West Germany. President Mitterrand, however, not only faces a rapidly deteriorating domestic economic situation, he is being targeted by his Communist Party coalition partners. The Communists' central committee has voted to devote its main political effort this winter to campaign against the Euromissiles.

Attacks on the Euromissiles were already the principal item addressed by the keynote speaker at the party's national fair in the Paris suburbs the second week of September. As the London *Financial Times* and at least one leading U.S.-based French expert noted in response to the central committee decision, it is very possible that the Communists may pick a fight with the government over economic policy some time soon to provide themselves with an excuse for an open rift with the Socialist government majority—a rift which would really be about the Euromissile question.

West Germany, the core of the Atlantic Alliance, is under even greater pressure from Moscow and its Western assets. The Moscow-funded peacenik-environmentalist movement has already launched its much-presaged and well-organized "hot autumn." As in France, over and above sometimes violent sit-ins at nuclear installation sites, the German peaceniks are also taking advantage of the country's economic difficul-

ties to generate chaos and potential ungovernability. Two major north German shipyards have been occupied by their workforces, spurred by austerity-dictated industrial restructuring programs that spell layoffs and closing of facilities. Equipped with their East German-donated funds, the German greenies have arrived with rock groups to "entertain" the yard occupiers and with money for food and temporary maintenance of the occupiers' families.

Craxi's proposal to Mitterrand to "halt the clock" on the stationing of Euromissiles is one which has been cropping up from various sources in Europe. The current head of the European Community (EC), Greek Prime Minister Andreas Papandreou, a second-generation Soviet agent, had made the proposal last month to his EC partners. Then, in the first week of September, the lower house of the Dutch parliament passed a resolution asking that French and British national nuclear forces be introduced "somehow" into arms-control negotiations with the Soviets. Dutch Foreign Minister Hans van den Broek responded by ruling out consideration of these forces in the INF talks in Geneva, but, like Craxi, said that they could conceivably be introduced into a "broadened form of strategic arms reduction talks."

### Support for Mutually Assured Survival

As Moscow fields its assets to disrupt European governments and destroy the Western alliance, parallel developments on the continent are also bringing to light the other side of the picture: increasing European support for President Reagan's energy-beam ABM defense proposal.

In Britain, former Vice Air Marshal Stewart Menaul, an adviser to Prime Minister Thatcher, in an interview with *EIR* vigorously denounced former Defense Secretary Robert McNamara for his article in *Foreign Affairs* entitled "We Can Live Without the Bomb." Menaul stated that McNamara was "probably the worst Secretary of Defense" in U.S. history and that his plan for unilateral disarmament "would destroy the Western Alliance."

Menaul also commented that Britain expects the timetable for the deployment of cruise and Pershing II missiles to be accelerated. On the question of beam weapons, Menaul reported that he is preparing a special report on energy-beam weapons for the prime minister and the House of Commons. Apart from this, the British Policy Studies Committee is planning to hold a conference in February 1984 on "High-Technology Weapons Systems," and Menaul reported that it is possible that Mrs. Thatcher "will make a statement publicly over the next few weeks," before the conference.

Meanwhile the London *Financial Times* on Sept. 19 published a large feature to publicize the issues involved in Ronald Reagan's beam weapons program, quoting Dr. Al Narath of Sandia National Laboratory to the effect that, "I learned a long time ago that it's a fundamental mistake for any technical person to say 'it's not possible' unless it violates fundamental principles—which is not true here." Dr. Narath was referring to the most persistent line from Soviet Eastern and

Western backers, who have attempted to discredit beam weapons by insisting that they are technologically unfeasible. (See excerpts, page 49.)

In Germany and France, public statements from the highest political authorities are beginning to surface in support for the beam-weapons weapons system. French Prime Minister Pierre Mauroy addressed the question on Sept. 20, speaking at the prestigious Institute for Higher Defense Studies, a government-based private research institute in Paris, stating: "We must face the challenge posed by the perspective of development of defensive strategic systems. Significant progress has been registered this year in the domain of laser beam weapons and the utilization of space. The Soviets and the Americans are actively pursuing their research. The project envisioned by the United States, even though its realization is for the long-term, raises strategic issues." (See Report from Paris, page 44.) A report of this first acknowledgement by a senior European government figure of the beam weapon issue appeared the following day in the leading daily *Le Figaro*, which paraphrased Mauroy as follows: "Given the present technological developments, Mr. Mauroy reasserted France's commitment to provide its Armed Forces with highly-performing means. He raised the issue of the possible launching of the American program of anti-strategic nuclear missile systems."

In West Germany, a conference of the Hermann Oberth Society in Coblenz heard a presentation on beam weapons delivered by Gunthard Born of the German Defense Com-

mission. Born, who gave a detailed description of what such a defense system would entail, also declared that the United States has gone much further in its research into this area than is generally known. The question at the moment, he concluded, is not how and what one can do technologically to render such a system feasible, but rather if the amount of research dollars needed could be acquired and if they would be spent in the right way.

Even in Italy, despite its prime minister's role in backing Moscow's efforts to stop adoption of the strategic defense program, leading spokesmen within the military are making known their support of the American project. In an interview in the national weekly magazine *Gente*, Italian general Giulio Macri gave a lengthy explanation of the laser beam program and its implications in shifting nuclear doctrine to a Mutual Assured Survival stance. Macri also discussed the dramatic economic implications which the launching of such a program would bring to the depressed international economies. "The development of the new weapons, mobilizing brains and resources, could produce unthinkable effects for the industrial development of the world," he said, "causing a new age of economic boom. The Manhattan Project, which in 1945 produced the first atomic bomb, in the end created a vanguard nuclear industry. . . . It has been calculated that for every dollar spent by the American government on NASA, we got \$10 in terms of civil technologies." The effect of the laser beam program on the economy would be even greater, he concluded.

## Soviet Subversion Operations in the United States: **The Real** **'ENEMY WITHIN'**

This soon-to-be-released report, the follow-up to the recent **EIR Special Report, "Will Moscow Become the Third Rome? How the KGB Controls the Peace Movement,"** documents the channels through which Soviet intelligence and its assets are attempting to carry out a plan to destroy the United States as an economic and military threat to Soviet world dominance.

The report will include:

- The role of Moscow and German-speaking central bankers in attempting to precipitate an international financial crisis.
- The background of Soviet orchestration of the "Briefinggate" scandal, including the June 5 closed-door session in Moscow, where Averell and Pamela Churchill Harriman conspired with Yuri Andropov days before Briefinggate broke.
- Soviet influence in the FBI and other government institutions ensuring disinformation on Soviet subversion of the United States.

The report will be available for \$250.00.

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304 W. 58th Street, 5th floor, MC-1, New York, New York 10019, (212) 247-8820 or (800) 223-5594 X818

# Will the Soviets be allowed to carry out the Bernard Lewis Plan in the Mideast?

by Nora Hamerman

With the largest concentration of navies in the eastern Mediterranean since World War II, the crisis in Lebanon is rapidly turning into a showdown between the Soviet Union and the United States. At issue is the existence of Lebanon as a nation, to which White House policy is committed—or its division into ethnically defined sacerdotal enclaves under a revived “Ottoman Empire” arrangement, the policy being fostered by the Kremlin.

On Sept. 22, President Reagan and Secretary of State Shultz stated that the American task is to get all foreign troops out of Lebanon, and that the Syrians—acting as Moscow’s surrogates—are the obstacle. These U.S. attacks on Syria, by far the strongest to date, came after several rounds of fruitless talks by White House envoy Robert MacFarlane with the Syrians and their Lebanese allies headed by the Druze sect. The Druze-Syrian forces continued unrelenting their drive to seize the strategic mountain town of Souk Al Gharb from the Lebanese Army, the stepping-stone to taking Beirut.

The United States is concentrating on building up the Lebanese national army. If that army can gain sufficiently in strength to defeat or absorb the dozens of warring militias currently ravaging the country, the war will be won.

This is the context for the testimony Shultz gave to joint hearings of the Senate Foreign Relations and House Foreign Affairs Committees Sept. 22, where he pointed out: “Israel has stated its unwillingness to withdraw totally [from Lebanon] as long as Syrian forces are there; thus Syria is in the ironic position of keeping Israeli forces in Lebanon. At the same time Syria is using its leverage in Lebanon to obstruct the process of national reconciliation. Indeed, Syria has instigated and organized political opposition within Lebanon and has armed several factions engaged in military actions against the legitimate government of Lebanon.” President Reagan then told a meeting of regional broadcast journalists that the participation of the Marines in the multinational force in Lebanon “is absolutely crucial” to efforts to end the “Soviet-sponsored aggression against Lebanon” and to give diplomacy a chance to establish a secure government in Lebanon.

It was on Sept. 22, as well, that the U.S. effort to defend

the Lebanese nation became an *alliance*, when the French and Italian governments were forced to side with the United States, after the Soviet-backed militias and the Syrian army attacked both the French and Italian installations in Lebanon. The change brings home the reality that it is not diplomacy which is now shaping the eastern Mediterranean crisis—but the rules of war.

Only five days after French Foreign Minister Claude Cheysson on Sept. 18 had publicly castigated the United States for its military involvement in Lebanon, France deployed eight Super-*Etendard* bombers over Syrian-Druze positions well behind their lines, hitting their gun batteries at Sofar. The French bombers reportedly fired on a position far north of the combat zone, a Syrian stronghold where there are numerous Soviet advisers. Italy deployed warplanes to Cyprus ready for use in Lebanon, and has a destroyer and a frigate offshore Lebanon.

French Defense Minister Charles Hernu issued a stern warning that French commanders in Lebanon are there “to make use of our right to legitimate self-defense and to reply against the batteries which have taken French objectives as targets in Beirut.”

On the other side, the Syrians are making no secret of their aim to turn Lebanon into a Muslim state—a plan which in the short term satisfies the “Greater Syria” ambitions of the Assad regime. Nor is there anything disguised about the scale of Soviet backing for this game, which is leading straight toward more bloodletting in Lebanon and the emergence of an “Islamic Republic” like Khomeini’s infamous Dark Ages regime in Iran, also being shamelessly backed by the Soviets.

The Syrian daily *Tishrin*, which often speaks for the Damascus regime of President Hafez al Assad, greeted the Shultz and Reagan statements of Sept. 22 by declaring that the United States and Syria are now headed for a military confrontation. Syrian operations are being conducted under the direction of 500 Soviet advisers, including a Soviet general. The Soviet Union has established an airlift to Syria to step up supplies and another airlift between Libya and Syria not only for supplies but for troop reinforcements, according to unconfirmed reports. A Kuwait press source said that the Soviet airlift includes the possibility of moving up to 52,000

Soviet troops to Syria. And three Soviet warships are reported to have crossed the Bosphorus straits into the eastern Mediterranean along with two Soviet submarines, all headed for the Lebanese coast, during the week of Sept. 17.

However, U. S. intelligence sources say that Washington has made it clear to Moscow that should it take such action in support of Syria, Damascus will face a full-scale attack.

### The road to Islamic Lebanon

The tactical aim of Moscow and Damascus in concentrating on Souk al Gharb is to control the mountains overlooking the Lebanese capital of Beirut, and from that position of power to force the U.S.-backed president of Lebanon, Amin Gemayel, to resign. Syria has already chosen the puppets it wants to install, probably including former Lebanese President Suleiman Franjeh, one of the Maronite Christian warlords, and former Prime Minister Rashid Karami. Moreover, Druze leader Walid Jumblatt, an eccentric mystic, is expected to be brought into such a regime, and the largest religious minority in Lebanon, the Shi'ite Muslims, would take on a larger role.

The shift in ethnic balance in fact warrants a change in the composition of the Lebanese government; indeed, the United States has been quietly pursuing such a shift in talks with Syria and other parties. But Syrian domination of the Lebanese government will accelerate the process of radicalization already afoot. The Ayatollah Khomeini, another friend of the "peace-loving" gentlemen in the Kremlin, is prepared to use his 1 million fellow Shi'ite Muslims in Lebanon to extend his influence there. With the additional aid of Libya's Qaddafi, Lebanon would rapidly become the staging ground for a *jihad* (Islamic holy war) against Israel, its southern neighbor.

It should not be thought that the Kremlin has suddenly converted to the faith of Mohammed. Rather, the resurgence of the "blood and soil" cult of Holy Mother Russia, led by the powerful Russian Orthodox Church, is reinforcing the ancient imperial practices of the Byzantine Empire, which spawned the Orthodox Church in the first place, and its Islamic copy which took over Constantinople in the 15th century, the Ottoman Empire. The imperial system is based on destroying all nations, and instead setting up priests who maintain control over local tribes through artificially created cult ideologies. The various brands of "Islamic fundamentalism" are perfect for this purpose, as the rising star of Yuri Andropov's appointee to the Soviet Politburo, First Deputy Prime Minister Gaider Ali Reza Aliyev, indicates.

Aliyev, a descendant of Persian Shi'ite Muslim believers, is the master player of that "Islamic card" which wicked Western policy-makers like Carter National Security Adviser Zbigniew Brzezinski and their dupes thought they could deal to make religious unrest spill over from the southwest Asian "Arc of Crisis" into the southern flank of the Soviet Union. Under Aliyev's guidance, Moscow has shaped its propagand

da in the Arab world to increasingly show sympathy for the "Muslim cause." For the first time in three years, Moscow has started to use Soviet Muslim leaders to strengthen ties with its neighbors, sending the highest-ranking Soviet Muslim to Syria in the middle of September.

In this light, the observation made by Arab journalists to *EIR* that the Arab media have become more and more fascinated with the Crusades cannot be accidental. Evoking the "holy wars" of the 11th through 14th centuries, in which Muslim, Jew, and Christian slaughtered one another after being whipped up to "kill the Infidel" to control the territories now called the Middle East, is simply the corollary of the Soviet media's revival of the vile Dostoevsky, and the rise of the especially violent Russian anti-Semitism in a recent issue of the Soviet military paper *Red Star*.

According to several European journals, which report that Aliyev aims to reassert Soviet influence in the Middle East to a level surpassing the high point of the Khrushchev-Nasser friendship, one of Aliyev's biggest problems is Afghanistan, where the continued presence of Soviet troops has alienated the Muslim government from Moscow.

One option he has is to side with the Muslim rebels challenging the Soviet military presence. A second approach—highly risky but not out of keeping with the terrorist recklessness of the downing of the KAL 7 jetliner on Sept. 1—would be to use Afghanistan as a permanent base to extend Soviet influence into Pakistan, through provoking a secession of Baluchistan, an ethnic region which spills from Pakistan into Iran. This would open the way for extending Soviet influence all the way to the Persian Gulf, but would require the overthrow of Pakistani dictator Zia ul-Haq, who is armed by the United States.

There are signs that Aliyev and Andropov are tempted by this risky second option. On Sept. 9 Radio Moscow broadcast a commentary on the Persian language radio, National Voice of Iran. The commentary endorsed the Movement for the Restoration of Democracy, a coalition behind the anti-Zia demonstrations in Pakistan, and referred to Zia's form of Islam as manufactured by Western imperialism. The same broadcast announced Moscow's intention to build a front in Iran that would encompass the extremist core of the Muslim Brotherhood, the Fedayeen: a step toward disintegrating Iran.

The Soviets have thus emerged as the major backers of the so-called Bernard Lewis Plan, a British intelligence scenario for chopping up the Middle East into tribal entities to be controlled by an Anglo-Saxon world empire. Ironically, Britain's Prime Minister Margaret Thatcher was the only European head of government to endorse the U.S. policy in Lebanon until Sept. 22, when the Syrian-Druze forces stepped up their assault on the U.S.-led multinational force, causing seven French casualties and destroying the Italian arms depot. If that violence was intended to play into Moscow's strategy of frightening Europe into splitting off from the United States, it has backfired.

# LaRouche outlines new U.S. policy for the Indian and Pacific Oceans Basin

by Susan Johnson and Mary McCourt

"When President Reagan's advisers figure out that the policies of Henry Kissinger have not worked, it is my responsibility to propose alternatives, which must also be submitted to Asian governments," stated Lyndon H. LaRouche, Jr. at an *EIR* conference, "A 50-year Development Program for the Pacific and Indian Oceans Basin," held in Washington, D.C. on Sept. 15. The internationally prominent economist and controversial Democratic Party leader was addressing 500 diplomats, Asia specialists, government and military officials, and political activists.

LaRouche has proposed launching five giant infrastructure projects as a U.S. foreign policy package for Asia: a canal through Thailand's Isthmus of Kra, a Mekong River development project for Southeast Asia; a full-scale development plan for the Ganges-Brahmaputra River systems in the Indian subcontinent; a north-south canal in mainland China; and a second Panama Canal to accommodate expanded Atlantic-Pacific shipments.

"The method we have used is to select key projects whose feasibility has already been determined, projects which are necessary and will also stimulate the world economy. The concept is that if we go into a development mode, the starting point must be ocean freight for capital goods transport."

These projects, he said, would be "a flank" in reversing the economic, monetary, and strategic crises facing the West. U.S. foreign policy has been "stupid" for the past 20 years, and we must return to the battle for a community of principle among republics dedicated to becoming the ruling power on earth in order to elevate the productive powers of labor through technological progress. "The way to make foreign policy is to go to nations and suggest concepts to be discussed, create a working consensus, on agricultural development, infrastructure, investment policies, employment and training targets. Then there can be cooperation to reach them and to make technological breakthroughs." This specific concept of the process, LaRouche added, took shape on the trip to Asia

he took this summer with his wife, Club of Life founder and European Labor Party chairman Helga Zepp-LaRouche.

"The method we have used is to select key projects whose feasibility has already been determined, projects which are necessary and will also stimulate the world economy. The concept is that if we go into a development mode, the starting point must be ocean freight for capital goods transport." The Pacific Rim countries and China have different policies, he noted. "China apparently believes that assimilation of Western technology is fine until it threatens their Chinese culture and brings urbanization. The other nations are oriented toward high rates of technology assimilation, in the main through urbanization." When China finds herself surrounded with countries that are developing industrially, he added, Peking may be more open to change.

The way negotiations will work in Asia, he specified, is to assemble a package with equitable benefits for everyone.

## The enemy: Bertrand Russell

Pacific Rim economic development has been discussed for 20 years, said LaRouche. Why haven't these projects been undertaken? Not simply because gentlemen from the Stanford Research Institute insist on talking about tourism and casinos whenever meetings are held. It is impossible to pursue Asian development without understanding the obstruction of economic development throughout the world.

In the 1950s, the United States favored the use of American technology to transform poor nations. Reviving Franklin Roosevelt's World War II vision of supplanting colonialism with development, a perspective which had been thrown out as soon as the Truman-Harriman-Acheson administration took over, President Eisenhower launched the "Atoms for Peace" program. President Kennedy favored industrial investment and programs like NASA. But, starting in 1963, Lyndon Johnson's "Great Society"—another name for the "post-industrial society"—made America the opponent not only of

technological progress in the West but also in the underdeveloped countries.

"The problem goes back to Bertrand Russell, compared to whom Hitler was a minor problem," according to LaRouche. Russell's aim was to eliminate what he considered inferior races, and starting in the 1950s he sought a "two-empire" arrangement with the U.S.S.R. that would permit him and his collaborators to slash brown-, black-, and yellow-skinned populations. "The world is the victim of a great fraud," said LaRouche. "The problem is not nation-states, but the fact that nation-states are directed by this group—Malthusian maniacs using supranational institutions and national governments."

Because of the Russell-Kissinger policy control in both East and West, LaRouche continued, "We are looking into hell, on the edge of thermonuclear war—let no one doubt it. We are in an economic depression no matter how many lies are told by the Fed. Ibero-America is being destroyed—an integral part of the U.S. logistical and economic base, our strategic strength!

"The Russell policy must be dumped, and so must people who refuse to give it up. Someone objects to economic development—pay no attention. 'It would threaten the IMF.' 'Yes? Is that true? Then the IMF has to go.' Let's secure policy agreements and have a decent world for a change.'"

At issue, he added, is "the pound of flesh principle." "If debt endangers human life, which do you choose? People can be defined by their answer."

As for the Soviets, LaRouche said, "They know they are in a deal with Bertrand Russell's group; they have consciously joined with evil. They are moving beyond calculation, to assertions of Dostoevskian 'will,' they may be at a point where they cannot control themselves. They need a good scare. They need to know what they are up against."

## The power of the individual

"How do we define economic growth?" LaRouche asked. "In terms of the Book of Genesis. This is man's power per capita over nature; his population density sustained potentially per square kilometer. What we are measuring is the increase in the power of the individual human being." Hunting and gathering man had a population potential ceiling of 10 million and had a life expectancy under 20 years. "Pre-pubescent children dominated the society, making it highly vulnerable to perturbation. Now population is at 4.5 billion, and the earth could easily sustain tens of billions at standards far above those in the United States—before Jimmy Carter."

The power of the individual has been increased by three orders of magnitude, he continued. Man, unlike animals, can do this in only one way, through the creative capacity to discern the lawful ordering of the universe and guide one's behavior to conform with it.

Infrastructural investment corresponds with increased

productivity of labor, LaRouche continued. We need water to improve agriculture, we need transport, and energy. Our primary requirement in the United States is urban infrastructure and water management. "The Russell post-industrialists want to base the economy on computers. But a computer produces nothing. Computers are only useful if they are deployed with manufacturing. We need breakthroughs in technology, easily defined—the same ones we need for the military."

Thermonuclear fusion will increase energy flux density by a factor of 10 and create a revolution in physics, the *EIR* founder specified. With plasma physics as an energy source, man can begin to use energy intelligently. A plasma device can generate half a million kilowatts per square meter, which, when focused into a tiny beam, can put a hole in the sun.

While we are building and repairing infrastructure, we have to find ways of injecting the *technological frontiers* into the development process of the Third World, LaRouche stressed. We must reduce their agricultural population to 25 percent or less of the total, by boosting productivity; 50 to 60 percent of the population should be in the physical production of goods including agriculture and transport; 5 percent in research and development.

Japan has made a practice of buying up the Western technologies that the West itself does not wish to apply. "The Japanese are good managers, but they don't put enough into R&D." LaRouche encapsulated the large effect of a relatively small amount of research and development: *The advanced machine-tool sector takes the lead* (consider the use of lasers for cutting); *the capital goods sector transmits advances to production as a whole*.

When questioned about his insistence on the importance of the role of the sovereign nation-state, LaRouche declared that every other form of government has proven a disaster. Cardinal Nicholas of Cusa, the 15th-century scientist who first defined the nation-state, is responsible for the progress of Western civilization ever since, he declared. "The will and force of the U.S. are worth nothing unless they are dedicated to natural law. We are not obliged to impose our will: we are obliged to fight for natural law. If a nation is butchering its own people, or acting as a base for attacks on us, that is not to be tolerated. Nations are not anarchic individuals. If they don't accept natural law they are not nation-states, any more than a human can call himself a human if he has no brains."

## Two-thirds of the world's population

LaRouche's keynote address was followed by a discussion of the strategic parameters of the Pacific Basin by Uwe Parpart-Henke, research director of the Fusion Energy Foundation and the new Asia editor of *EIR*. Parpart-Henke described point by point the 20 years of foolish American policy in the region, typified by the Kissinger/Brzezinski "China Card."

From the standpoint of a community of principle among nations, he said, foreign policy is easy. It is only when someone like Henry Kissinger comes along talking about "the balance of power" (in which, he added, the United States usually loses) that we have trouble.

The founding of the five-nation Association of South-East Asian Nations (ASEAN) and the extraordinary economic progress of these nations—Indonesia, the Philippines, Malaysia, Thailand, and Singapore, along with Taiwan and South Korea, progress greatly assisted by Japanese economic policy in the area—helped convert a dangerous war zone into a zone of stability and economic growth with higher expectations in the future.

This relative stability is now again seriously threatened, and the root causes lie outside Asia itself. These nations must defend their existence in the center of a force triangle defined by two and a half imperialisms: Moscow's, Peking's (the "half"), and that of the Anglo-European oligarchy, its U.S. followers, and its financial enforcers, the IMF, World Bank, and BIS.

Strategic analysis must take full consideration of the effects of the 1978 Carter administration commitment to the "China Card." Brzezinski's and Cyrus Vance's illusions, in combination with Defense Secretary Harold Brown's incompetence in the military strategic area, had in fact by 1978 set into motion a second major U.S. strategic withdrawal from Asia and the Pacific Ocean after the 1973-75 Vietnam disengagement.

Once the seriousness of the promise to give China a free hand in Asia had been verified, the P.R.C. leadership put into high gear the Pol Pot regime's wanton Malthusian economic and military measures in Cambodia. A dominant position in Indochina and Southeast Asia is an age-old Chinese objective. But in almost every respect the exact opposite of both the Chinese and Carter administration objectives was realized. "We are now facing a Vietnam whose economic and military policies have become even more firmly embedded in the Soviet strategic framework. Comecon membership and the 1979 Vietnam-U.S.S.R. security pact are only the outwardly visible signs of this development."

Existing U.S. bases must be maintained and reinforced, he said. "The United States must take immediate measures to at least relieve the economic pressure of the refugee crisis on Thailand." The most important long-term strategic question, Parpart-Henke continued, is the internal stability of China. This can be promoted only through resumption of those modernization policies associated with Sun Yat-sen's 'New China' efforts of 1911, efforts later drowned in political chaos. The United States unilaterally, and without interference in internal Chinese affairs, can nonetheless make major contributions in this direction.

In the third conference session, Parpart-Henke talked about the development projects proposed by LaRouche in

terms of the demography and economic history of the region. The economies of the Pacific Basin nations are the fastest-growing in the world, he said, while the Western nations are experiencing negative growth rates. Two thirds of the world's population and 45 percent of U.S. trade are now in the Pacific Basin region, he said. The tangible interest of the United States would be magnificently served if increases in such trade are facilitated by the proposed infrastructure projects.

### **Current trade and future potential**

Richard Freeman of *EIR*'s economics staff presented statistics showing that the Pacific Basin is now the center of gravity of world trade. If there is only a 5 percent growth in imports and exports in this region in the next few years, it will overtax the capacity of the existing water route through the Malacca Straits, so the Kra Canal project in Thailand is essential, he said.

Next, using color slides, Carlos Wesley, chief of the *EIR*'s Caribbean desk, showed how the current Panama Canal was almost at its capacity, with traffic growing at 2 percent a year even though the world economy is stagnant. A U.S. commission appointed in 1965 made an exhaustive five-year study of alternative routes for a new canal, including detailed projections for the use of peaceful nuclear explosives to speed the excavation and cut costs.

In the final presentation, Dr. Steven Bardwell, editor-in-chief of *Fusion* magazine and military editor of *EIR*, explained how the intersection of these global development projects with the revolution in laser and plasma technologies would enable Asian nations to skip over the traditional "stages of development."

For example, he said, previous earth-moving for large infrastructure projects has been based on matter shaping other matter. In a plasma economy, however, energy beams can be used to shape matter. The use of small, clean, radioactivity-free nuclear explosives to dig canals cuts the cost by a factor of four and does the job in half the time of conventional earth-moving.

With new nuclear technologies—the far cleaner neutron bomb, and far smaller devices—radiation factors can be reduced by a factor of 100 from the technologies possible 10 years ago. Many studies of where PNEs can be used for canal building, such as the second Panama Canal, were based on PNE technology from the earlier period. With current capabilities, digging a canal with PNEs even in relatively populated areas is quite feasible.

"I would like to be present," he said, "at the time when one of these canals is completed—in half an hour. A first series of craters will be dug by PNE explosions, and a second series of devices buried in the earth between the craters. On a day when we have the right 'explosion weather,' we could stand and watch while device after device goes off, opening up the entire canal—in just half an hour's time."

## A shift in the prime minister's office

*While France is handling Soviet aggression with kid gloves, Mauroy has called for study of beam weapons.*

Prime Minister Pierre Mauroy told an audience of defense specialists Sept. 20 that they must confront "the new challenge . . . the perspective of defensive strategic systems development"—the beam-weapons defense systems now under development in both the United States and the Soviet Union.

This is the first time a senior French government official has indicated that France will consider the possibilities of a domestic beam-weapons program.

Speaking at the Institut des Hautes Etudes de la Défense Nationale in Paris, Mauroy declared: "Significant progress has been achieved in recent years in the domain of laser beam weapons and the use of space. The Soviets and the Americans are pursuing research in these fields. The project considered by the United States, even if its realization is over the long term, nevertheless raises strategic problems."

The prime minister's office confirmed that France will investigate the new military technology. But, as in the case of the neutron bomb, military policy decisions would not be made before feasibility and cost estimation studies are completed.

Before Mauroy's speech, official comments on the possibility of a beam weapons development program, especially from the foreign ministry, have been highly skeptical or outright hostile. Since the Soviet decision to shoot down the KAL airliner Sept. 1,

the French government has bent over backward to avoid any affront to Moscow. The newspaper *Libération* reported that the foreign minister privately viewed the KAL 7 incident as merely a "gaffe" on the part of both the South Korean plane's pilot and the Soviet air force!

The same attitude was displayed when a civilian plane belonging to Air France, flying slightly off-course in the corridor from West Germany to Berlin, was recently chased and even, quite unusually, shot at by the Soviet air force. This happened at the end of August, several weeks before the Korean airline incident, and was probably a test of Western reactions.

French authorities demanded that the West German government, which witnessed the whole incident, keep it under wraps. Then the Quai d'Orsay put out an official denial that the incident had ever taken place.

While trying not to ruffle the Russians, the foreign ministry has expressed growing impatience with the American administration. Interviewed on national television, Foreign Minister Claude Cheysson repudiated American military activity in Lebanon. The shelling by American forces around Beirut is "not the best method" to solve the Lebanese crisis, he said.

Cheysson reintroduced the idea expressed by Defense Minister Charles Hernu at the United Nations, that the international community and the U.N.

should take more responsibility in Lebanon—an evident attempt to extricate France from Lebanon.

The French foreign ministry has attempted through most of the present crises—in Chad, Lebanon, and in East-West relations—to define a "third way" between the superpowers.

Yet the military realities on the ground in Lebanon swept the diplomats aside, as French Super Etendard jet fighters attacked Druze militia positions in Lebanon Sept. 22, in retaliation for bombing of French forces in Beirut. This was the first time the French had become directly involved in the current round of fighting. Once French troops were attacked, there was no alternative but to fire back.

The shift by Prime Minister Mauroy on the beam weapons issue follows extensive organizing by the Comité de la France et son Armée (Committee of France and Its Army), whose call for support for President Reagan's beam defense policy and the adoption of a similar policy in France has circulated widely. The committee includes leading retired military officers, and former fighters in the wartime Resistance.

Its call was recently endorsed by Edouard Frederic-Dupont, a deputy from the 7th Paris arrondissement close to the conservative opposition party, the RPR. National Assembly defense committee member Jean Brocard made a similar call for the United States to counter Soviet strategic moves with a commitment to beam-weapons development.

The weekly magazine *Minute* was recently the only national-circulation publication to emphasize, in a two-page feature story, that the Americans consider deployment by the Americans of beam weapons "a *casus belli*" and a pretext for a preventive nuclear strike.

## The export invoice scam

*Undervaluation of invoices, to disguise flight capital, is one of the hottest games going.*

**T**he changes in Mexico's exchange controls put through by central bank chief Miguel Mancera Aguayo this February may be creating the biggest loopholes for flight capital since the huge outflows of late 1981 and the first half of 1982.

Mancera decreed that exporters were entitled to direct up to 20 percent of their dollar earnings to repayment of their foreign dollar debt, and up to the full remaining 80 percent for imports. Exporters who are not in a position to use these options would have to convert their earnings into pesos at the "controlled" rate which has been floating downward all year, and is currently at about 130 to the dollar.

The controlled rate has given a substantially poorer payoff to those converting dollars to pesos throughout the year; the "open" market has held steady at 150 to the dollar.

The system has given built-in incentives to exporters to understate their invoices, and bring in the undeclared dollars at the open rates, or just leave them in bank accounts in the United States—a neat form of flight capital.

Mancera decreed that businessmen exporting individual items worth less than 10 million pesos (\$66,000) did not have to declare their dollar earnings at all. Many exporters obligingly disaggregated the components of what they were sending out and declared their dollar earnings as zero.

The president of the Confederation of Associations of the Customs Agents of the Mexican Republic, Sergio Salinas, told a reporter recently,

"I would not want to make estimates [of how much is going out] because I would die of rage. . . . People are abusing the system a great deal. It's a crime, and I don't know how it is permitted."

The government has begun to sound the alarm. At a seminar of the Association of Importers and Exporters of Mexico (Aniern) in mid-August, the deputy secretary of foreign trade for the commerce ministry, Luis Bravo Aguilera, bluntly accused members of his audience of undervaluing their exports, to keep the difference between the declared value and the real value abroad.

He had some startling figures to back up his charges. While non-oil exports have gone up 52 percent in volume over the first six months of the year, he revealed, they have risen only 15.8 percent in declared value. Since manufactures have lost only 8.2 percent in terms of trade over the same period, there is a large gap to be explained. Bravo Aguilera said there was only one conclusion: massive undervaluation of invoices.

On Aug. 22, the newspaper *El Financiero* revealed a further facet of the scandal: companies outside the country directly soliciting the business of Mexican firms who wanted to enter the undervaluation racket. It published a picture of a letter that a certain Allfine Company, Ltd. of Taiwan had sent to Mexican exporters. The heading on the letter was "Undervalued Documents, To Pay Less Taxes." And the text began, "This means

that we make documents below real value. For example, it can be half the value, and you must send us the difference by check or money order in dollars."

Importers, meanwhile, are bitterly complaining about the additional scarcity of dollars imposed by this hemorrhage, which could come out as high as \$3-\$4 billion for the year, once all the facets of the scams, including straightforward contraband, are taken into account.

The Ministry of Commerce and Industrial Development (Secofin) had authorized an import level of \$7 billion for the first half of the year, but only half of that was drawn down, due to difficulties in getting dollars. The export scam was part of the difference.

The under-invoicing and related practices helps explain why many border banks on the U.S. side have been doing a brisk two-way business in peso-dollar contracts through most of the year. One would think that there would be a stronger market for dollars than for pesos, and that banks would be reluctant to be saddled with too many pesos. But well-informed sources in the El Paso banking community state that they have had no problem unloading peso contracts as large as \$4 million, in periods of 24 hours or less. Part of the secret: Mexican exporters who are converting some of their hidden dollar earnings back into pesos, but at the more attractive 150 "open" rate.

The president of the Businessmen's Coordinating Council (CCE), José Chapa, responded to Bravo Aguilera's charges with a contemptuous, "It's preferable to have a private Mexican citizen gain dollars, even if he doesn't hand them all over to the Banco de Mexico, than for neither the Banco de Mexico nor the private citizen to have any dollars at all."

# International Intelligence

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## ***KAL massacre just a 'mix-up': Kissinger***

"The action itself, while reprehensible, is something one can understand as a mix-up," said world-famous diplomat Henry Kissinger of the murder of 269 on Sept. 1 aboard Korean Airlines flight 7. Speaking at a press conference in Erie, Pennsylvania on Sept. 21, Kissinger said the Soviet attack could have occurred "through a collection of misunderstandings . . . accidents, bureaucratic mix-ups in which the various commands decided they would never be able to explain to Moscow why they let a plane that had wandered over their territory go, and they found it was easier to shoot it down than to explain afterward what it was."

The State Department announced the next day that Kissinger's presidential commission on Central America will meet with Richard Nixon on Sept. 28. On Oct. 9-16 Kissinger and crew travel to Central America; on Nov. 16-21 they will tour the Contadora nations—Mexico, Panama, Venezuela, and Colombia, which have been trying to arrive at a Central American peace agreement without the help of Bloody Henry.

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## ***British 'back channels' stay open to Soviets***

While the British Foreign Office has cancelled the visit of Soviet deputy foreign minister Georgii Kornienko to London, this has not deterred the Edinburgh "back channel" (for non-official, but often decisive East-West negotiations) involving John Erickson et al. from hosting nine Soviet visitors for the annual "Edinburgh Conversations."

Prominent members of the Tory Party, including the chairman and vice-chairman of the Defense Committee, protested publicly the fact that the Soviet delegation was let in the country only 17 days after the destruction of the Korean airliner.

The head of the Soviet delegation, *Pravda* editor-in-chief Viktor Afanaseyev, announced on the BBC program "World This Weekend" that he was "dissatisfied" with the initial coverage of the event in the Soviet media. Replying to a *Financial Times* cor-

respondent who asked whether the incident showed lack of political control over the military, and if steps would be taken to rectify this, he said: "I think our government and party will draw some conclusions—political conclusions—and do something of that kind."

Commented a Radio Free Europe source: "Cheap trick. Afanaseyev's 'criticism' will never be published in the Soviet press. His words are only designed for the Western journalistic audience."

Asked to apologize for shooting down the airplane, Afanaseyev said, "Never: it would be an admission of guilt."

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## ***Argentine admiral hits A-bomb accusations***

Vice-Admiral Carlos Castro Madero, the president of Argentina's National Atomic Energy Commission (CNEA), has responded harshly to reports circulating in Washington that his country is preparing to build an atomic bomb. These allegations are reportedly made in a CIA document cited in the Sept. 17 *New York Times*.

Such reports, Castro Madero said, are part of a campaign designed to "confuse international public opinion," and "to influence those governments from which we are acquiring technology, to suspend those transactions."

Argentina has the most advanced nuclear energy program in Ibero-America, and has arrangements with several governments in the region for expanding cooperation and technology transfer.

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## ***Italian terrorist Negri escapes arrest again***

After two days of discussion and after months of polemics, the majority of deputies in the Italian parliament voted Sept. 21 to arrest Prof. Toni Negri, the brains of Italian terrorism and one of those responsible for the murder of former Prime Minister Moro. Negri, elected to the Italian parliament on the Radical Party ticket, had hitherto been protected by "parliamentary immunity."

But Negri was already in Paris. Thanks,

apparently, to cooperation between the Italian and French secret services, he was able to leave the country without a passport; he was able to cross the French border simply using his professorial identity card.

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## ***Pope's trip finds byzantine horizons***

The apparent agreement between the new Russian empire-builders and those Vatican circles—centered around the State Secretariat of Cardinal Agostino Casaroli and Monsignor Silvestrini—that prepared Pope John Paul II's early September trip to Vienna has raised concern in a number of capitals. As Soviet interceptors were defending their "sacred soil" over Sakhalin Island, the Pope in Vienna was inviting "Western Christians to rediscover their Oriental soul."

The Pope celebrated a mass together with the Metropolitan of the Orthodox Church in Vienna, Chrisostomos Tsister, under the pleased eyes of Cardinal Franz Koenig of Vienna, one of the most important protectors of the Club of Rome. The Pope appealed for a Europe from the Atlantic to the Urals, ignoring the danger that represents for the survival of the Western Augustinian tradition, from the mysticist-pagan gang now reigning in the Kremlin.

According to John Paul II, the bridge between East and West is represented by Austria, while the common substrate would be the cult of Mary.

The Pope's speeches also insisted on the "danger of industrialization," a line of thought held by the Jesuits and the Club of Rome, as well as the Kremlin, as far as the West is concerned.

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## ***U.S. Eximbank helps Soviets pressure Egypt***

The Soviet Union has moved on two fronts to "squeeze" the nation of Egypt in September, with some presumably unwitting assistance from the United States. As the largest Soviet delegation since 1972 arrived in Moscow, the U.S. Export-Import Bank decided to refuse funding for Egypt's longstanding and crucial nuclear power plant

project under way near Alexandria.

The Soviet delegation is headed by Igor Belyayev, the deputy director of the U.S.S.R.'s Africa Institute—and Politburo member Geidar Aliyev's man on the Mid-east scene charged with driving a wedge between Cairo and Washington.

The other side of the Soviet push is the continuing stream of terrorist squads entering Egypt. An Abu Nidal team has come from Kuwait, where the Soviet embassy is KGB regional headquarters. The terrorists' purpose, according to Egyptian sources, was to create an atmosphere of paranoia inside Egypt and force the government to renew for another year the martial law imposed after the assassination of Anwar Sadat. Mubarak wants to hold general parliamentary elections in about March 1984.

These plans become very practical once the Soviets are granted the help of Malthusian agencies like the U.S. Export-Import bank. According to banking sources in London which have inherited the task of putting together the loan to finance the Westinghouse/Mitsubishi nuclear plant, the Eximbank decision was the work of Paul Volcker, and the White House was presented with a fait accompli.

### ***Spymaster Gelli nailed by Spanish magazine***

Those who dismiss the "conspiracy theories" of history might look at the Sept. 5-12 issue of the Spanish weekly *Cambio 16*. Author Antonio Caballero identifies P-2 Freemason Grand Master Licio Gelli at the nexus of Yuri Andropov's connection to the "black" oligarchical sponsors of fascism.

Licio Gelli, who "it seems is presently resting in a Cistercian monastery in Crete or Malta," says Caballero, "is the man who has pulled the strings of Italian politicians, half the cardinals in the Rome Curia, and several NATO generals. He is the man before whom Peron knelt and Qaddafi trembles. The man who wanted to kill President Pertini and was involved in the attempted assassination of the Pope. Licio Gelli, of the Bulgarian connection with Andropov and the black terrorist networks of the extreme right; the man who strangled on a London bridge the banker [Roberto] Calvi and organized the escape

of [banker-swindler Michele] Sindona. The man who bought *Paese Sera* for the Communist Party with monies from his friend Monsignor Marcinkus, the protector of the warlock López Rega, founder of the Argentinian Triple A [death squads], and godfather of Amintore Fanfani."

Gelli recently escaped, with little difficulty, from a Swiss prison.

### ***Soviet-Chinese talks: 'points of convergence'***

Soviet Deputy Foreign Minister Mikhail Kapitsa wound up a week of talks with Chinese leaders including Foreign Minister Wu Xueqian on Sept. 18. According to Chinese-language press, "points of convergence" were found on some international issues, but no breakthroughs were made on the three major issues obstructing better relations: Afghanistan, Soviet support for Vietnamese occupation of Kampuchea, and Soviet forces along the Chinese northern border. On the latter issue China added to its previous demands that the Soviets reduce their troops: Peking now wants Moscow to reduce the SS-20s deployed in Asia. Chinese officials labeled "a step forward but insufficient" Yuri Andropov's recent offer to destroy any missiles removed from Europe rather than deploying them in Asia.

Senior Chinese journalist Wang Fei told the Western press that "the Soviet Union is still considered the first threat to the security of China." However, he added, there seems to be some difference between the Soviet military and Andropov over the question of whether to reduce Soviet troops on the Sino-Soviet border in order to improve Sino-Soviet ties.

Soviet sources have said that the "points of convergence" included views on Korean reunification, southern Africa, the Mideast, Central America, and the Indian Ocean as a zone of peace, all areas in which the two countries line up against American policy.

The Chinese are at the same time trying to mend strained ties with Washington. Foreign Minister Wu told press that Premier Zhao Ziyang would make his long-delayed trip to the United States some time before the end of this year, paving the way for a Reagan trip to China in 1984.

## Briefly

● **GREECE** was responsible for blocking any European Community condemnation of the Soviet Union for the Korean jetliner massacre. Foreign Minister John Charalambopoulos refused even to discuss the shooting of the Korean plane at the meeting of the EC in mid-September.

● **RICHARD VON Weizsaecker**, the Christian Democrat who is mayor of West Berlin, was received by East German leader Erich Honecker Sept. 16. Although Honecker took the opportunity to warn that installation of American Pershing missiles in West Germany would worsen East-West German relations, the East Germans went out of their way to bombard von Weizsaecker with signals of their readiness to make various accommodations in the Central European (*Mittleuropa*) framework.

● **AN EXPLOSION** ripped the computer center of a major West German producer of military equipment on Sept. 20. Revolutionary cell terrorists struck at the MAN factory which produces truck frames used for military purposes and components for pressure vessels for nuclear power plants. The fact that the bomb was placed to destroy the company's computer center, thereby destroying production programs, indicated the level of sophistication of the operation.

● **JORGE ILLUECA**, Vice-President of the Republic of Panama, who has been elected to head the United Nation's General Assembly for the coming term, is an outspoken partisan of Ibero-American integration. He played a leading role in achieving Ibero-American unity behind Argentina during last year's Malvinas crisis.

## Countdown to a crash beam-weapons program

by Paul Gallagher

President Reagan is considering delivery of a major address on beam-weapon anti-missile defense during the first half of October, according to sources in Washington, D.C. and the national scientific laboratories. This would be a follow-up to the President's March 23 speech, which announced the end of U.S. reliance on the doctrine of Mutually Assured Destruction (MAD) and mandated U.S. scientists to develop an effective missile defense program.

Contrary to the sceptics who have branded the President's program a "Star Wars" fantasy, its technological feasibility has been underlined by a number of recent breakthroughs in energy-beam research. The long-term beam-weapons technology reports commissioned by the President are now complete and will be formally presented to him Oct. 1. The most important of these is the report of the Defense Technologies Study Commission of the National Security Council, known as the Fletcher Commission, after its Chairman James Fletcher, a former NASA administrator. The commission's conclusions are known to be so optimistic that the National Security Council has ordered the Defense Department to prepare a "short-term" version of the report—how to develop beam weapons faster. Defense Secretary Caspar Weinberger has reiterated administration commitment to the defense idea in numerous recent statements, and declared in a speech Sept. 14 that "the administration will pursue development of these systems to the extent Congress provides the funds."

At the "Beams '83" conference in San Francisco Sept. 12-14, rapid progress was reported in all the advanced beam weapons technologies. (See accompanying article.) Much higher power levels than previously reported have been achieved for electron beams, free electron lasers, and microwave beams, and for high-frequency chemical lasers. New

physics results were publicly reported for the x-ray laser. All participants were enthusiastic about the ability of the beam weapon program to propel the laser fusion and magnetic fusion program, and to be pushed forward by them in turn. In addition, plans for a new particle accelerator with up to 40-trillion volt potential were discussed.

Given the current international crisis and the Soviet Union's domination by the kind of reckless chauvinism displayed in the downing of the Korean Air Lines' civilian jet Sept. 1, *EIR* believes that a new defense budget must prioritize a "crash program" to develop a defense system within three to five years. This would require \$10 billion for beam-weapon, power-pulse, and high-energy plasma technologies in fiscal 1984 and larger amounts thereafter.

The White House's beam weapon budget plans as of late September may be reflected in the advice of the Defense Resources Board of the Pentagon to the military services to plan for an increase of \$500 million in beam weapon development funds next year. This is roughly a doubling of current levels, but remains at least an order of magnitude below the kind of crash effort that can make beam weapons a factor in the strategic crisis.

### Conflict in the administration

The Reagan administration is deeply divided over the President's beam-weapon defense program. Washington sources report a conflict within the cabinet over the results of the Erice, Italy, conference on "The Technological Bases for Peace," held Aug. 20-23, at which physicist Edward Teller's delegation trounced the Soviet scientists in the debate on beam weapons, forcing the Soviets for the first time to agree to discuss the possibilities of mutual defensive-

weapon development. While Teller's close associates say he is pushing Reagan to personally capitalize on this victory, the Erice conference has been almost completely blacked out in the U.S. press, with the exception of *EIR* and other publications associated with Lyndon LaRouche, Jr. (See *EIR*, Sept. 6, "U.S. and Soviets sign accord for beam defense commission.") The reason for this extraordinary blockage, Washington sources report, is that the State Department and its Arms Control and Disarmament Agency have advised the media point blank not to report the Erice developments.

How surprising to American readers then, was the sudden spate of press denunciations of pro-beam participants at the Erice meeting—nearly a month after the conclusion of the unreported conference! Syndicated columnists Flora Lewis and Mary McGrory defended anti-beam IBM Corp. scientist Richard Garwin from former Washington Gov. Dixy Lee Ray, who told Garwin at Erice: "You are a traitor."

That President Reagan can expect backing for a "second March 23 speech" is indicated by two recent developments. One is the discrediting of the "nuclear freeze" movement in Congress since the Soviet downing of the Korean plane. The defeat in the Senate Foreign Relations Committee Sept. 20 of both the "nuclear freeze" resolution and a substitute resolution by Senator Percy defending Kissinger's Scowcroft Commission and the MAD doctrine, is evidence for this. Congressional sources predict that throughout October the defense debate will turn from the MX and Pershing missiles, to the far more crucial question of anti-ballistic missile defense policy.

Another indication of popular support for such a dramatic move by Reagan now is the election victories by candidates of Lyndon LaRouche's National Democratic Policy Committee (NDPC—see article, page 51). The NDPC-backed candidates all made beam-weapon defense the number-one issue of their campaigns, and LaRouche is known nationally for his advocacy of such a program. On the other side, Democratic National Committee Chairman Charles Manatt and his sidekick Averell Harriman came out officially on Sept. 20 in support of the "nuclear freeze" pastoral letter of the U.S. Roman Catholic Bishops and the KGB's "defense" program for the United States. The battle lines are drawn more clearly now than ever within the Democratic Party, and in the country as a whole.

## Press responds to the beam-systems push

Washington Post columnist Mary McGrory, who attended the Aug. 20-23 conference on "The Technological Bases for Peace" at Erice, Italy, published her account of the conference Sept. 18. The following is a paraphrase.

McGrory called President Reagan's adviser Dr. Edward Teller the "Kissinger of science," who was surrounded at the conference by "worshippers" and protégés from Lawrence Livermore Laboratory. McGrory wrote that the conference pivoted around Teller, the "godfather of President Reagan's much-mauled 'Star Wars' concept of a nuclear shield," who derided the press for their "misinterpreted and distorted" coverage of his program.

McGrory reported former Nuclear Regulatory Commission chairman and former Washington State Gov. Dixy Lee Ray's attack on Richard Garwin, the pro-freeze physicist-activist of MIT. Garwin had organized throughout the conference for a conventional defense buildup in Europe, and "then said that if a secret poll of defense system researchers were taken at Livermore, the deepest questions about its feasibility would be uncovered." After a party, "Dixy Lee Ray told Garwin, in front of his wife and two friends, 'I think you are a traitor.' Garwin . . . replied, 'That word has a specific, technical meaning. Shouldn't it be reserved for war-time?' Dixy Lee Ray did not retreat, then or the next day, as word of her charge swept through the seminar. 'I think it applies,' she said tersely. Garwin should not have aired differences about the defense of Europe, or 'doubts that do not exist' about Teller's nuclear shield."

The *Financial Times of London* published a lengthy feature Sept. 19, "Thunderbolts of the Future," which is one of the most detailed assessments of U.S. capabilities to develop beam weapon anti-missile defenses to have appeared in the European press. Written by Science Editor David Fishlock on the basis of direct investigative work in Washington, D.C., the report is an in-depth survey of the seriousness of the Reagan commitment. Excerpts follow.

For the past three months about 40 of America's top defence scientists have been meeting secretly in Washington, trying to hatch a considered response to what is popularly known as President Reagan's "Star Wars" speech. . . .

To come up with some answers the Pentagon picked people from its own laboratories and from those of the Department of Energy, which designs its nuclear weapons, and from the research-based defence companies. Academics are conspicuously absent from the study. . . .

The central question before [the Defense Technology Interdiction Committee] is whether a national programme to build a new defence umbrella makes sense technically at this time. President Reagan himself acknowledged that it was "a formidable technical task, one that may not be accomplished before the end of this century." Unquestionably it is one that will make the \$24bn Apollo moon-landing programme of the 1960s seem modest. . . .

Dr. Robert Cooper, director of the Defense Advanced Research Projects Agency (DARPA), the Pentagon's own

R&D arm, has been involved with beam weapons since the 1960s. Locked in a file in his Arlington office is a copy of a report written in 1959 on ABM defence which, he says, outlines the problem they still face today. In a nutshell, this is how to destroy with a high degree of certainty droves of intercontinental ballistic missiles (ICBMs) that need a scant 1,800 seconds to reach their target. . . .

What has changed in the past quarter-century is the power of beams. The laser had not even been invented in 1959. Bolts of directed energy from beam amplifiers such as lasers and electron accelerators can travel at up to 100,000 times the speed of an ICBM. . . .

But another important pressure for a major national research and development programme comes from a widespread belief that it will help re-establish a technological leadership the U.S. is thought to have lost to Japan and Europe, even to the U.S.S.R. in some areas such as the space station.

A top-level study of U.S. national laboratories has strongly urged that the three nuclear weapon laboratories, diverted into alternative energies during the 1970s, should refocus on their primary task. Increasingly, that task may emerge as the "defensive nuclear weapon." . . .

Dr. Edward Teller . . . believes that all the talk of Star Wars is designed to discredit beam ABM weapons. "Space is all nonsense." The President himself made no reference to space, he points out. Dr. Teller believes that the complex technology of beam ABM weapons with its panoply of associated technologies will have to be installed on the earth's surface, not on space platforms, leaving only the mirrors needed to steer the beams to their targets out in space.

Dr. Teller also believes firmly that the U.S. should not try to do it alone, and so isolate itself from its allies behind a beam umbrella. It should be a NATO project. For such a technologically demanding venture "we are limited more by manpower—by ideas—than we are limited by anything else."

*The editorial excerpted below, titled "Disarmageddon," appeared in the Sept. 18 Indianapolis Star.*

A defensive weapon system that could make nuclear war impossible is a bright prospect that has survived a summer whose closing weeks have been darkened by the Soviet destruction of the Korean superjet. . . .

At a scientific conference in Erice, Sicily, on nuclear war, conferees signed a communiqué calling for the formation of a commission of about 100 persons to study the feasibility of a directed energy beam weapon system and the effects of nuclear war on the biosphere.

In a message sent to the conference, President Reagan reasserted his commitment, first made in his March 23 address, to ending the era of Mutually Assured Destruction by developing new defensive strategies that would make nuclear missiles "impotent and obsolete." . . .

[Dr. Edward Teller] announced that he was working with

Reagan to develop a new defensive system. . . . A delegation of Soviet scientists headed by E. P. Velikov, vice-president of the Soviet Academy of Scientists, at first proposed to ban all weapons in space as "dangerous" [but] American scientists replied that the Soviets already unilaterally had deployed such weapons and that beam weapons . . . would be deployed only on attack by enemy missiles.

Finally, Velikov signed an agreement to set up a joint U.S.-Soviet commission that would study the possibility of creating a new kind of defense against nuclear destruction. The obvious criticism of such an arrangement is that the Soviets cannot be trusted and might well be expected to use information gained from U.S. scientists to design weapons aimed at destroying the U.S. defense. However, in data-sharing, the U.S. would *know* the extent of Soviet knowledge and could act accordingly.

## Laser breakthroughs highlight conference

by Steven Bardwell

Major new breakthroughs in x-ray lasers, announced at a conference in San Francisco Sept. 12-14, move the timetable for deployment of a space-based defense system against nuclear attack forward to three years.

With rumors high in Washington that President Reagan will announce a major new effort in the U.S. anti-missile beam weapon development in early October, scientists from throughout the world gathered at the Fifth International Conference on High Energy Beams to hear announcements of the most recently declassified research in x-ray lasers, free electron lasers, microwave beams, and particle beams.

Conspicuously missing, however, was the invited delegation from the Soviet Union; top scientist L. Rudakov, only days before the opening, wired conference organizers a cryptic message cancelling out.

The optimism that pervaded the 300 scientists in San Francisco is a small reflection of the tremendous progress of these classified programs, only a small part of which could be reported at the meeting.

On the first two days of the conference, x-ray lasers and particle beams were the primary topics of discussion, and major progress was reported in both. One of the few unclassified x-ray laser experiments in the United States, at Physics International (a private laboratory in San Leandro, California), resulted in achievement of a milestone in the production of a Z-pinch x-ray laser. This device uses a very dense, very hot, electronically produced plasma column to create a lasing

medium. By confining the plasma with a strong, self-produced magnetic field (called a Z-pinch), scientists at Physics International were able to create a population of krypton atoms capable of creating laser light in the x-ray region.

In the next 12 months, the researchers expect to extract coherent, monochromatic x-rays from this plasma. The techniques announced here for plasma control are directly applicable to creating the high-intensity, focused beam of x-rays necessary for a space-based x-ray laser satellite capable of destroying ballistic missiles in flight—the device which is the centerpiece of President Reagan's beam defense proposal.

A second component of the President's proposal—ground-based particle beams to destroy incoming nuclear warheads—is being studied at Lawrence Livermore's Experimental Test Accelerator (ETA). This device demonstrated that not only can high-intensity beams of charged particles propagate through the atmosphere, but, in a finding totally unexpected to scientists in the program, the beam is amplified when it does! Experiments with the ETA showed that at pressures between 1/10 and 1/3 that of the atmosphere (that is, the pressure at high altitudes at the edge of the atmosphere), the beam current is doubled by a complex, not-yet-understood, interaction with the atmosphere. This surprising fact not only destroys the fears of critics of particle beams that such beams cannot pass through the atmosphere, but points in the direction of new, higher power beam propagation techniques.

On the last day of the conference, the interactions of high intensity electron beams and magnetic fields were discussed. About 15 years ago, Soviet scientists discovered that these interactions could generate intense bursts of electromagnetic energy with efficiencies of conversion up to 80 percent.

In the short-wavelength regime of this interaction, a device called the Free Electron Laser (FEL) is possible—a laser which uses the electron beam-magnetic field interaction to produce monochromatic, coherent light of variable frequency.

Scientists from the Naval Research Laboratory reported achieving a tunable FEL with a short burst of 75 megawatts of power! This device would, when perfected, be an ideal second-stage defense technology, capable of relaying its light (produced at ground-based stations) off orbiting mirrors to destroy missiles thousands of miles distant.

In the longer, microwave region of this interaction, results from several laboratories showed that it is possible to routinely achieve microwave powers of one gigawatt per square centimeter—the power consumed by a city of one million people—passing through an area one-half inch square!

All of these advances represent, according to scientists at the meeting, only a small unclassified part of the actual research success.

"This experimental progress will," said one scientist attending the conference, "be the basis for President Reagan announcing a major increase in funding and accelerations of our beam weapon timetable when he speaks in October. We are ready to go the rest of the way!"

## 'The U.S. must have a crash program'

*Warren Hamerman, national chairman of the National Democratic Policy Committee (NDPC), announced on Sept. 21 that "LaRouche Democrats" had won 23 elections within the preceding seven days. That included the victory in Democratic primaries of two selectmen candidates in Manchester, New Hampshire—George Pellerin and Rosaire Pepin. Eleven NDPC-endorsed candidates were elected Democratic Party county committeeman in New York County, and in Washington State five NDPC members have qualified in runoffs for city council in several cities; three more have qualified for the November general election for School Board, and one for Water Commissioner. In San Diego nonpartisan primaries, one NDPC-endorsed candidate, Norma Phillips, has qualified for the November city council runoff election. On Aug. 1, 1983, Warren Hamerman had issued a widely circulated call to draft Lyndon H. LaRouche to serve as the 1984 Democratic presidential candidate.*

*Mr. Hamerman's Sept. 21 statement:*

Strengthened by this coast-to-coast success of LaRouche Democrats, from New Hampshire to San Diego, the National Democratic Policy Committee is announcing a full national mobilization to ensure a crash program for U.S. beam-weapons defense systems—a program of which NDPC advisory board chairman Lyndon H. LaRouche is an internationally recognized intellectual author.

The 23 LaRouche Democrats who won victories did so in the first American elections since the Russians committed cold-blooded murder against the passengers of KAL 7. The candidates' victories represent the first signs of a revolt within the Democratic Party against Chuck Manatt and W. Averell Harriman's buttering up to Yuri Andropov. All the LaRouche Democrats ran their campaigns on the basis of opposition to the pro-Andropov leadership of Manatt and Harriman, and to Paul Volcker and the International Monetary Fund's world depression. Let me emphasize for everyone that they ran their campaigns for Lyndon LaRouche's plan for the United States to commit itself to a crash development program of antibalistic beam weapons and to a reorganization of the world monetary system around a return to "American System"

economics.

At this moment of world strategic crisis, we call on every American to tell President Reagan to publicly commit this nation's resources to achieve a fully functioning beam defense system in the immediate future. In addition, we ask Americans to tell their congressmen to oppose the bailout of the International Monetary Fund, which represents a national security threat to this nation and our allies. In this spirit, we mean to mobilize so that President Reagan will do what is necessary to protect the national sovereignty of Lebanon, now threatened by the Soviet Union and its surrogates.

During the coming two weeks, these are the minimum steps necessary to shift the momentum of world events from a course leading inevitably to nuclear war to one providing possibilities of war avoidance. To accomplish this shift, we must deliver a strategic shock to the Soviet leadership before negotiations can achieve anything. If this mobilization is not undertaken, the world has little chance to survive.

The most hopeful sign that war can be avoided is the victory of the NDPC-backed candidates. As LaRouche has stressed, President Reagan's beam-weapons program, if implemented along the lines LaRouche has laid out, provides the basis for a genuine economic recovery. It is fear of an American economic recovery that has led the Russian leadership to call into risk the survival of humanity with their increasing provocations. The present "recovery" is no such challenge to Moscow, because it's all on paper.

Conversely, the recent performance of Charles "Banker" Manatt is of the greatest assistance to the KGB. On the same day the NDPC achieved its electoral victories, Manatt was proclaiming that he speaks for the entire Democratic Party and all seven announced presidential candidates in calling for a nuclear freeze. Mr. Manatt is trying to put the Democratic Party solidly in the tradition of Neville Chamberlain. . . . Manatt likened President Reagan's campaign for the MX missile to the Soviet massacre of 269 passengers aboard unarmed KAL flight 7, and I quote him: "We are not prepared to have one moral outrage used to justify another." This is treason.

Speaking for the fastest-growing political tendency in the United States today, and for our candidates—those elected and those still running—I publicly commit the resources of our organization to eliminate once and for all from active influence on the policy of this nation the Harriman-KGB wing of the Democratic Party and its political allies, the Kissinger Republicans. Through the Pugwash conferences pioneered by Bertrand Russell and Leo Szilard, these political agents have gained control over the strategic policies of this country and steered the world into this present crisis. The cause for our nation's strategic decline and the present war course is the strategic doctrine known as Mutually Assured Destruction with which they have controlled U.S. policy.

With the implementation of the crash beam weapons program, the world will move into the era of Mutually Assured Survival. It is for this great goal that the NDPC has undertaken the present national mobilization.

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## Constitutional Law

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# War Powers compromise

by Edward Spannaus

A compromise reportedly reached on Sept. 20 between the White House and congressional leadership has avoided—for now—a challenge to the fundamental unconstitutionality of the War Powers Resolution. The compromise resolution, which gives congressional approval to the deployment of U.S. troops in Lebanon for 18 months, is almost meaningless: there is very little that Congress could otherwise have done without appearing to be cutting support for U.S. troops while they are under fire from Soviet-backed forces in Lebanon.

According to an unnamed White House official, the President intends to express reservations as to the ultimate constitutionality of the resolution, and "will assert the inherent constitutional power of the Commander-in-Chief" when he actually signs the resolution, thus leaving himself free to challenge the constitutionality of the resolution in court, if necessary. Secretary of State Shultz also stated on Sept. 21 that "the President has no intention of turning over to Congress his constitutional prerogative as Commander-in-Chief." And reportedly the President has been insistent that it is Congress, not he, who is invoking the act.

By leaving himself an "out" while garnering congressional support for his Lebanon policy, President Reagan has deftly avoided becoming the first Republican President to accept the constitutionality of the War Powers Act. The significance of this is that the real issue in the test over Lebanon is known to be Central America, not Lebanon; Congressional Democrats want to establish the Lebanon precedent in order to be able to mount a future challenge on the administration's Central American policy.

When the War Powers Resolution was passed by Congress during the 1973 Watergate assault on the Presidency, Richard Nixon vetoed it as unconstitutional, and it was subsequently enacted with a congressional override of the veto. Although President Ford submitted four reports to Congress regarding the use of U.S. troops abroad, he was careful to state that he did not regard himself legally obligated under the War Powers Act.

The Constitution specifically divides war power authority between the Executive and the Legislative departments. The Constitution provides the Executive with a very broad grant of executive power ("the executive power shall be vested in

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## avoids clash

a President. . .”), plus the President is named Commander-in-Chief of the armed forces and is given the power to conduct foreign policy.

These president powers are subject only to the limitation that Congress is given the power to declare war, to appropriate funds for the armed forces and to regulate them, and to ratify treaties and ambassadorial appointments. The President has the power of Commander-in-Chief at *all* times, not just during wartime. So although the President himself cannot declare war, he obviously can deploy troops in non-declaration of war situations. And historically, this power has been freely exercised. Between 1798 and 1972, there were 199 military engagements abroad *without* a declaration of war. Almost half of these (97) lasted longer than 30 days. And over half (103) were outside the Western Hemisphere.

The notion of an “undeclared war” or limited war is not a modern concept; it was recognized as early as 1798 by the Supreme Court, which said that the hostilities with France constituted an “imperfect war” as opposed to a “solemn” or declared war. In fact, the Constitutional Convention seems to have recognized such a distinction when it substituted the narrower phrase “declare war” for the original “make war” in the draft of Article I.

The 1973 War Powers Resolution requires the President to submit a written report to Congress within 48 hours of the introduction of U.S. forces into hostilities, into situations of imminent involvement in hostilities, or even into a foreign nation if the troops are prepared for combat.

It further requires the President to withdraw the troops within 60 days unless Congress has declared war or authorized continued deployment. But it also says that the troops shall be removed at any time if the Congress so directs by concurrent resolution, even if before the 60-day period. This is the specific “legislative veto” clause. (Under the compromise resolution agreed to on September 20, Congress is still trying to retain this provision. Section 7(a) states in part: “...and nothing in this joint resolution shall preclude the Congress by joint resolution from directing such a withdrawal.”)

The War Powers Resolution was vetoed by President Nixon, who said in his veto message that the restrictions upon

Presidential power were “unconstitutional and dangerous to the best interests of our nation.” In his veto message he called the resolution “clearly unconstitutional” and said it would take away constitutional authority that had been exercised by Presidents for almost 200 years. Nixon also warned that “it would seriously undermine this Nation’s ability to act decisively and convincingly in times of international crisis. . . . A permanent and substantial element of unpredictability would be injected into the world’s assessment of American behavior, further increasing the likelihood of miscalculation and war.”

### The Chadha decision

In *INS v. Chadha* (decided June 23, 1983), the United States Supreme Court held that the legislative veto section of the Immigration and Nationality Act was unconstitutional on the grounds that it violated the constitutional doctrine of separation of powers. The dissenting opinion, moreover, specifically discussed the War Powers Act, and stated that the majority decision “appears to invalidate all legislative vetoes irrespective of form or subject.”

The Reagan administration has not invoked the Chadha decision with respect to the constitutionality of the War Powers Resolution. The only instance in which the administration has invoked this ruling is in connection with a Department of the Interior land sale, which was previously reported to Congress and vetoed by a House committee. Secretary Watt went ahead with the sale on Sept. 14, explicitly defying the legislative veto by the House.

Meanwhile, the Justice Department is apparently advising the President that the Chadha decision does *not* invalidate the War Powers Resolution. On July 18, 1983, Deputy Attorney General Edward Schmults testified before the Subcommittee on Administrative Law and Government Relations of the House Judiciary Committee. While he made a strong attack on the independent regulatory agencies as a “fourth branch of government,” he made no mention of the War Powers Resolution. However, he submitted to the committee a memorandum prepared by the Justice Department’s Office of Legal Counsel which contained an analysis of all legislation affected by the Chadha decision. The DOJ memorandum argues that, although the provision for Congress to order immediate withdrawal of troops by concurrent resolution is invalidated, the reporting and consultation requirements, and the provision for withdrawal of troops after 60 days unless Congress affirmatively authorizes troops to remain, are not affected by Chadha.

However, the Sept. 20 compromise resolution explicitly reserves the right of Congress to direct the withdrawal of troops by joint resolution, despite the fact that this procedure was invalidated by the Chadha decision. The compromise resolution may serve the administration’s purposes in the Lebanon situation, but it sets a precedent which may well have an adverse effect on the executive branch’s ability to deal quickly and decisively with Soviet-backed provocation and aggression in other parts of the world.

## Senators blast Harrimanite appeasers, congressmen demand a strong defense

by Susan Kokinda in Washington, D.C.

*The Senate debate on how to respond to the Soviets' massacre of 269 civilians aboard the Korean Airlines flight 7, a debate which took place on Sept. 15, brought forward three interesting responses. Jesse Helms (R-N.C.) tried to "strengthen" the Senate resolution of condemnation with impotent reprisals, but raised important points about Henry Kissinger and Averell Harriman's roles as "appeasers" of the Soviet Union. Fellow conservatives Orrin Hatch and Jeremiah Denton each eloquently disagreed with Helms' effort to amend the administration's approach, stressing that bipartisan support for the President was the most important signal that could be sent to the Soviets. Hatch had been in Seoul with Helms. Denton, a retired admiral and POW in a Vietnamese prison camp for seven years, carried special weight in his presentation to the Senate.*

*In the House discussion of the defense authorization bill, Democratic members in particular pointed to the importance of beefing up U.S. defense capabilities in order to send more than a rhetorical message to the Soviets.*

*Excerpts from both discussions follow:*

*Sept. 15, 1983, Senate debate on KAL 7 resolution which ultimately passed, unamended, unanimously:*

**Senator Jesse Helms (D-S.C.):** The decade of the 1970s opened with the concept of détente. . . . Détente was Kissinger's instrument to achieve a so-called legitimate international order. Kissinger's paradigm, however, was fundamentally flawed. The Kissinger element is an ethic of a peaceful order which involves more than just an agreement on a set of rules. His system was empty of moral content and therefore is irrelevant to the great issues of our times which center upon values and principles fundamental to the preservation of a way of life basic to our civilization. . . .

Turning to recent months, we find the voices of appeasement rising again to propose another surge toward détente. Innumerable studies and plans and options papers have been drawn up in Washington which call for a summit meeting between President Reagan and Andropov. The agenda of such a summit is no secret. . . . Henry Kissinger called for it in an interview this past April. Mr. Reston of the *New York*

*Times* wrote about it on May 1 of this year. Averell Harriman called for it after his visit to Moscow this June. . . . New voices are being raised that counsel appeasement which will be symbolized in a summit meeting with Andropov whose bloodstained hands will hardly be dry from the Korean airline massacre. A new Munich indeed is stirring in some minds. Or is it a new Yalta that the President is being counseled to negotiate at a summit? . . . [We must reforge] a real national strategy for our great Republic which will insure our continued existence as a people dedicated to the highest values of Western Christian civilization and worthy of the heritage bequeathed to us by the blood, sweat, and lives of generations of American patriots who fought to defend our precious way of life. . . .

The Soviet empire is fundamentally evil and dedicated to the destruction of all that we believe in. . . . Negotiations with the Kremlin, if undertaken, must only proceed from the principles of reciprocal concession and unimpaired security.

**Senator Orrin Hatch (R-Utah):** I know there are many more sanctions we could impose unilaterally on the Soviet Union. . . . I certainly support the spirit behind the Helms amendment and I do support some of the provisions of his amendment. However, they do not adequately match the punishment to the crime. The problem with the Helms proposals is not that on balance they are not worthy proposals, but that I believe our best hope for the future is to seek as widespread international condemnation of and sanctions against the Soviet Union as politically possible.

**Senator Jeremiah Denton (R-Ala.):** There has developed in this country and in the world a prevailing confusion about the distinction between the relative efficacy of our American system and that of the Soviet Union. The latest tragedy has done more than anything else in recent memory to bring into focus that very clear distinction.

For that reason, we have been presented with the opportunity, the first in a very long time, for men and women of diverse views to clasp hands to make a definitive, perceptive common statement of unity. I see it as absolutely essential that we seize this moment to draw together those of different political and ideological perspectives who all share a sense

of justice, of patriotism rooted in governments desirous of peace, justice, and freedom. We should not, we must not spoil or lose that historic opportunity. . . .

From my own perspective on foreign policy, I would rather help nurse Congress into a mature bipartisan body than to try to lead my colleagues to adopt my precise point of view, because I fear the possibility of opening a partisan, divisive, nonproductive debate on this issue now. . . . The most appropriate punishment that we can now inflict upon the Soviet leaders is to unite and to reaffirm our resolve to rebuild and maintain our national defense.

*Sept. 15, 1983, from the House debate on the defense conference report:*

**Representative Melvin Price (D-Ill.)**, chairman, House Armed Services Committee: We cannot rely on the "good will" of the Soviets to help assure a stable world in the future. They look at the world from an entirely different perspective and hold an entirely different set of values. . . .

Who would say—after the events of the last two weeks—that we should take any other stance but dealing from a position of strength? To do anything else would be to say: Trust the Soviets! Trust the Soviets to sign a chemical warfare treaty even when they are achieving a great superiority in that area? Trust the Soviets, who shoot down innocent civilians, to not use a chemical warfare advantage against the Free World? Make no mistake about it: To vote down this conference report because of the provisions for chemical warfare preparedness is to vote to trust the Soviets.

**Representative Marvin Leath (D-Tex.)** [arguing against opponents of U.S. chemical and biological weapons production who seek to preclude further Soviet production with an arms control agreement]: How do we deal with a human being that is devoid of conscience? How can we stand here and try to sell that argument when the argument went up in smoke when KAL 7 went down? You are not going to shame the Soviets into an agreement. They will be forced into an agreement. . . .

Your way has not worked in 14 years. And we have just had dramatic world proof that it is not about to work today.

*Sept. 12, 1983, opening statements:*

**Representative Carl Perkins (D-Ky.)**: Our relations with the Soviet Union are at the most dangerous point since the Cuban missile crisis 20 years ago. Faced with this situation, it is imperative that this Congress look to the defenses of this country and to its interests around the world. If that means more funds and more expenditures, we will just have to dig down and come up with the money. And while we are about it, we might as well give the President some standby authority to deal with the economic crisis upon us, as well as with the military and diplomatic crisis. . . . I think we ought to give the President some standby authority to control the interest rates that are crippling our ability to meet the military threat from abroad.

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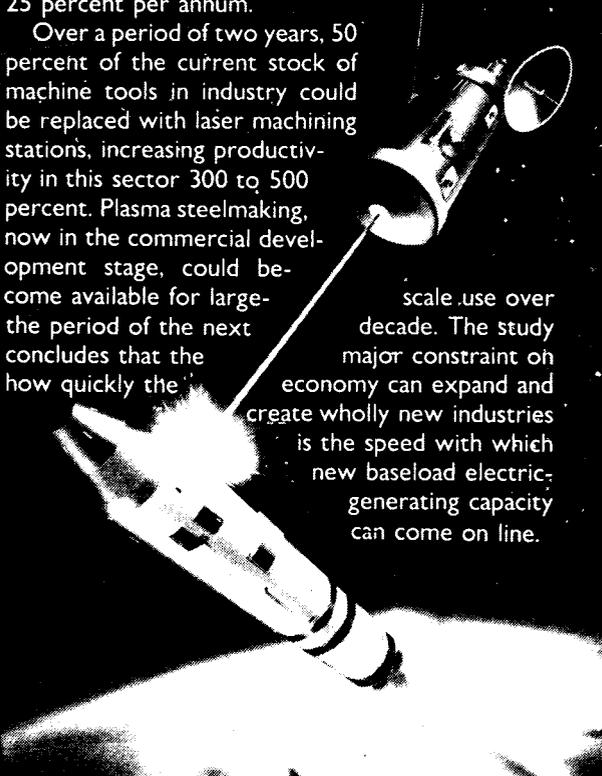
## The Economic Impact of the Relativistic Beam Technology

A unique study of the impact of the new defense-related technologies—high power lasers, particle beams, and fusion—which will become available to basic industrial production as the March 23 defensive strategic doctrine proposed by President Reagan is developed. The report is a computer analysis incorporating the LaRouche-Riemann model, which examines the little-discussed revolutionary civilian economic "spinoff" effects of the new beam weapon development program.

The study reveals that with rapid introduction of new laser and related technologies into the civilian economy, the growth of the economy would be so rapid that:

- an estimated 4 million highly skilled industrial jobs could be added to the economy per year;
- the U.S. trade deficit could be eliminated in two years; and
- the rate of growth of real GNP could approach 25 percent per annum.

Over a period of two years, 50 percent of the current stock of machine tools in industry could be replaced with laser machining stations, increasing productivity in this sector 300 to 500 percent. Plasma steelmaking, now in the commercial development stage, could become available for large-scale use over the period of the next decade. The study concludes that the major constraint on how quickly the economy can expand and create wholly new industries is the speed with which new baseload electric-generating capacity can come on line.



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# FBI lying about terrorist threat to the summer Olympics

by Jeffrey Steinberg

A behind-the-scenes war is raging among U.S. law-enforcement and intelligence officials in the aftermath of Senate Internal Security Committee hearings on Sept. 14-15, at which spokesmen for the Federal Bureau of Investigations pronounced that there is no threat of terrorist attack against the 1984 summer Olympic games in Los Angeles.

The closed hearings, sponsored by Sen. Jeremiah Denton (R-Ala.), heard testimony from representatives of the FBI, the Los Angeles Olympic Organizing Committee, the Los Angeles Police Department, the Los Angeles Sheriff Department, the Immigration and Naturalization Service, the U.S. Customs Service, the U.S. Department of State and the Office of the Governor of California. While precise details on the proceedings are not currently available to *EIR*, sources close to several of the participants reported that the FBI's "we're in charge here" approach and the Bureau's adamant denial that there is a terrorist threat to the United States were greeted by vehement protests from many of the other participants—and a pile of evidence raising serious questions about the FBI's competence and motives.

According to one Washington, D.C. intelligence insider, the FBI rejected out of hand a report commissioned by President Reagan and prepared by a Department of Defense study group directed by Col. Charles Beckwith detailing a significant penetration of foreign terrorist circles and an increase in activities by domestic U.S. terrorist groups, all directed toward the Olympics. Beckwith was the former director of the U.S. Army's special anti-terrorist unit "Blue Light" and commanded the aborted U.S. hostage rescue mission in Iran in 1980. The Beckwith white paper, according to this source, was not even reviewed by FBI officials before it was rejected.

According to sources close to the Los Angeles Police Department, the LAPD representative at the Denton hearings tore the FBI testimony to shreds, focusing on the Bureau's announced plans to initiate the security preparations for the Olympic games a mere 45 days before the scheduled start.

The slapdash arrangements were defended by the FBI spokesman on the grounds that there exists no credible threat to the events, despite the resurfacing of the Weatherunderground in the Brinks-robbery last year and the FBI's own forced admission this spring that a nationwide terrorist infrastructure has been re-established in the United States with concentrations of safehousing in the Southwest and on the West Coast.

## Pattern of coverup

The FBI's dismissal of the threat to the Olympics conforms to a recent pattern of actions that raise even more profound questions about the FBI command than were prompted by either the Cointelpro crimes of the 1960s and 1970s or the Abscam-Brilab Gestapo tactics of the present decade.

Since March 23, 1983, when President Reagan startled the world by announcing a 180-degree turn in U.S. strategic military doctrine, repudiating 25 years of Pugwash Conference-Kissingerian Mutually Assured Destruction in favor of a doctrine of assured survival based on the development and deployment of nuclear-warhead-"killing" laser ABM systems, the FBI's activities have increasingly converged on aiding and abetting the Soviet state policy of "destroying the Reagan administration at all costs." At least two intelligence sources report to *EIR* that FBI Director William Webster has made behind-closed-doors statements since the spring of 1982 calling for the destruction of the Reagan presidency. A Carter appointee, Webster is a member of the steering committee of the Mandalay Club, the semi-secret elite that presides over the goings-on at the Scottish Rite Freemasonic West Coast retreat, Bohemian Grove. Since its founding at the beginning of this century, Bohemian Grove has been a center for treasonous efforts against the American republic.

● In April of this year, the FBI issued an official report in response to a presidential request to evaluate the Soviet role in directing the U.S. "peace" movement. The FBI report

whitewashed Soviet involvement in the American nuclear freeze apparatus at the very moment that Judge Webster's West German counterpart in the Bundesverfassungsschutz was compiling in-depth evidence that the West European peace movement was run from the top down, and massively financed, by the Soviet KGB, by the Russian Orthodox Church Moscow Patriarchate, and by several Eastern European Soviet surrogate intelligence services including the East German Stasi and the Bulgarian secret service.

- In late May, a 26-person Soviet delegation made a tour of the United States, launched by a weeklong parlay with top U.S. "peaceniks" in Minneapolis, Minnesota. *EIR* observers at that Minnesota fest compiled over 15 hours of taped evidence and transcripts proving that the Soviet representatives were giving their U.S. counterparts precise marching orders—to focus all their efforts at wreaking havoc against Reagan's beam weapons policy. Even after the transcripts of the proceedings and detailed biographical profiles of the leading Soviet participants were presented to relevant U.S. government officials, the FBI—which acknowledged having its own on-the-scene observers in Minneapolis—insisted that no evidence existed of Soviet control over the U.S. domestic peace apparatus. According to U.S. government and defense industry security personnel, the FBI went so far as to issue communiqués forbidding U.S. government officials from receiving any reports on the Minneapolis events other than the "sanctioned" FBI coverup.

- Since December 1982, the FBI has repeatedly been caught "red-handed" interfering into local law-enforcement efforts in order to obstruct counter-terrorist actions. According to highly placed sources in the New York City law-enforcement apparatus, FBI informants had provided the Bureau with advance information on a series of planned bombings on New Year's Eve by the FALN (Frente Armada de Liberacion Nacional de Puerto Rico), directed at government buildings in Lower Manhattan. Three such bombs in fact went off, seriously injuring two New York City police officers. Under the pretext of "protecting sources," the FBI had taken no action to prevent the bombings and has made no progress in capturing the bombers.

Now, within days of the FBI pronouncement before the Denton Subcommittee that the United States is "free of terrorist threat," the New York City area has been hit with another serious terrorist incident, calling up images of last year's terrorist attack against synagogues and Jewish establishments in Paris. On Sunday afternoon, Sept. 18, a carload of Yeshiva high-school students traveling on the Cross Bronx Expressway were hit with a bevy of automatic rifle fire from a speeding auto. Several of the students were injured, and a Hispanic woman driving a nearby vehicle was killed instantly when one of the bullets struck her in the head. New York City police have indicated that the rifle used in the attack was identical to a weapon used in June of this year in a series of

similar anti-Semitic attacks against stores and campus buildings at the north Manhattan campus of the Yeshiva. Intelligence sources point to a network of neo-Nazis and Palestinian fanatics linked to Black September leader Abu Nidal, presently visiting Eastern Europe. The FBI has labeled the shootings a "labor dispute."

For the past three years, this publication and its affiliated counterintelligence newsletter *Investigative Leads* has been publishing detailed evidence of a growing terrorist infrastructure inside the United States, an infrastructure which is receiving financial and other material support from Libyan dictator Muammar Qaddafi, from Iran's secret intelligence service Savama, and from other channels abroad linked to the Soviet bloc.

In July 1980, a Washington, D.C. Savama cell assassinated leading anti-Khomeini activist Ali Tabatabai. The assailant, an American Black Muslim, David Belfield, escaped to Iran. His controller, Bahrain Nahidian, is still walking the streets of Washington, D.C. as the result of a protection order reported to have been passed down from the Carter administration State Department to the attorney general to the director of the FBI. The murder of Tabatabai, like the New Year's Eve FALN bombing, occurred after information had been provided to the FBI on the probable attack.

The apparatus subsuming the Nahidian grouping in Washington, D.C. has used what amounts to the national-security umbrella provided by the State Department and the FBI to burrow into communities throughout the United States, Mexico, and Canada. Since April 1983, the American Indian Movement (AIM) has maintained a steady stream of delegations to Tripoli for special consultations with Qaddafi. Similar channels to the Iranian regime have existed since the first days of the Teheran hostage-taking in 1979. Both the AIM and the Mexico based Comité de Defensa Popular (CDP) are official membership organizations in the international separatist group, the Society for Endangered People, linked to such leading Nazi International figures as François Genoud of Lausanne, Switzerland. The CDP, according to U.S. law enforcement officials in the U.S.-Mexican border region and Mexican military sources, are conducting training programs and mock war games, using models of the Los Angeles Olympic villages.

Given these summary facts alone, the FBI's current posture can be said to constitute a serious threat to U.S. national security.

Unless the White House and the National Security Council take independent measures to remove the FBI from any anti-terrorist responsibilities until each of the above identified factors is thoroughly subjected to official inquiry, the country may find itself faced with an unexpected domestic crisis in the midst of the 1984 presidential nominating conventions—and the Soviet Union may find itself the primary beneficiary of the FBI's lapses.

## Eye on Democrats by Anita Gallagher

### Manatt leads U.S. appeasement faction

In a Sept. 20 speech at the Jesuit Order's U.S. strategy center, Georgetown University in Washington, D.C., Democratic National Chairman Chuck "Banker" Manatt announced across-the-board Democratic support for Yuri Andropov's "peace movement."

The leadership of the Democratic Party and every one of the party's seven presidential hopefuls, said Manatt, have reached a "consensus" on the nuclear freeze, and a reduction in nuclear arms. The party's position is "general support" for the Roman Catholic bishops' letter which helped launch the nuclear freeze movement, Manatt affirmed. Manatt also proposed a comprehensive nuclear test ban treaty and new efforts to enforce nuclear non-proliferation.

Policy lightweight Manatt's speech was given significance by Harriman's presence and the fact that it took place on the 20th anniversary of the signing of the first limited test ban treaty between the United States and the U.S.S.R.—a negotiation led by Harriman.

In an interview made available to *EIR*, one of the highest-ranking Democratic arms control officials acknowledged that Harriman—who worked with leading Nazis on racial eugenics in the 1930s—had personally conceptualized and outlined the key features of Manatt's speech.

Yes, the Soviets are on a course of confrontation, the official admitted. Manatt's support for a freeze on the production of nuclear weapons and the

possible cancellation of the MX was designed by Harriman to induce Andropov to moderate the Soviet position. The offer, he said, was designed to show the Soviets that there is "support" for their goals in the United States.

Manatt and Harriman's treason has opened a chasm between the leadership and the ranks of the Democratic Party, especially in Labor. Manatt's "consensus" bombshell surprised Democrats from Maine to Texas, and Manatt failed to preview it even to Democratic presidential hopefuls John Glenn and Rubin Askew. Freeze supporter Glenn didn't mind at all, but opportunist Askew was incensed, because, he as told the press, he doesn't support the freeze, he only "applauds" the freeze movement!

On Sept. 20 as well, every Democrat on the Senate Foreign Relations Committee except Sen. Edward Zorinsky (D-Neb.) voted in support of a nuclear freeze resolution. Instead of throwing it out, the committee voted to send the freeze resolution on to the Senate floor with a recommendation of disapproval "because the freeze has national standing and a nationwide constituency," in the words of Sen. Charles Percy (R-Ill.).

Sen. Ted Kennedy (whom some Democrats still kid themselves about) urged that no one draw any implications from the murder of 269 aboard the KAL civilian airliner: "I reject the view of those who claim that the freeze is on ice [sic] because of the butal attack against the Korean airliner. . . . That tragedy makes it all the more urgent to do all we possibly can to reach a realistic agreement with the Soviet union to halt the nuclear arms race."

### Freeze resolution passed at New Jersey convention

The problem is not confined to Wash-

ington D.C. or Georgetown. At the New Jersey Democratic convention held Sept. 12-13 in Atlantic City, 200 out of 1,500 delegates signed a resolution urging President Reagan to announce a crash program to develop defensive beam weapons in response to the Soviet act of terror on the KAL airliner.

The National Democratic Policy Committee, the political action committee founded by Lyndon LaRouche, was there in force, with signs "Kick the KGB Out of the Democratic Party!" and "If You Still Support the Freeze, You've Been Sleeping for the Last Two Weeks!"

Two NDPC-backed candidates, Ray Fennimore and Dan Barton, who had won primary elections for the Democratic spot in Assembly races in Somerset and Warren Counties, respectively, motivated the beam resolution from the floor.

Yet despite the fact that more than 15 percent of the convention delegates had signed it, when the word came down to pass the freeze, the convention did so overwhelmingly. Fennimore told the squirming delegates, "The Soviets are laughing as they watch the political spectacle in the United States."

The freeze, like the official Manatt-Harriman Democratic Party, is not going to wither just because it is the policy of traitors. Action is required from the mass of Democrats who are disgusted by the party's open proposal to appease Moscow.

As one amazed Midwest state chair commented, "The Russians aren't *trying* to back down the United States—they're *doing* it."

When it came to candidate preference, a full 26 percent of the New Jersey delegates voted "uncommitted." Freeze supporter Glenn, who did not campaign, "won" the presidential straw poll with 36 percent, while the fast-fading Walter Mondale salvaged only 28 percent of the vote.

## Kissinger Watch by M. T. Upharsin



### Business deals spur arms to Peking

Once again the secret trans-Pacific trips of "former" Secretary of State Henry Kissinger are playing an influential role in America's overtures to the mandarins of Peking. Kissinger seems to have used his close ties to George Shultz to step up America's shipment of military-related "dual use" technology to the Chinese.

Last April 2—just weeks before Commerce Secretary Malcolm Baldrige visited China and promised more "dual use" goods—Kissinger made a hushed-up visit to Peking. Kissinger, it turns out, has hired out his services to the Chinese. Though he denies it, reports persist that he is in the pay of a Hong Kong business firm, Everbright Corporation, which has been accused of serving as a "front" for the Peoples' Republic of China (P.R.C.). The firm's apparent mission is to purchase high-technology equipment, including dual-use technologies, for which China might not be able to legitimately obtain import licenses. One of its top officials, P.R.C. "businessman" Wang Guangyin, is the brother-in-law of the late Liu Shaoqi, the mentor of current Chinese strongman Deng Xiaoping.

Kissinger, who reportedly flew to Peking at the request of Chinese Foreign Minister Wu Xueqian, admits that he met Wang there as well as Wu, but says he talked to Wang for free. For those who know Kissinger's habits—including his involvement in the Marc Rich affair (see page 6)—it is hard to believe he gave anyone political advice, never mind influence-peddling, for free.

Kissinger's intrigues have become more than yet another conflict-of-interest scandal since he has resumed a guiding role in China policy after heading up a special briefing session for Shultz just prior to the Secretary's February trip to Peking.

Since Kissinger's visit, and the Baldrige followup, the United States has withdrawn its opposition to selling China several computerized telecommunications systems judged to have potential military value. Negotiations on an agreement on government transfer of U.S. nuclear technology to China are at an advanced stage.

The next test of Kissinger's influence will be whether the Reagan administration allows the sale of the controversial Hyshare-700 computer to a military linked research institute in China, a subject that is sure to come up when Defense Secretary Caspar Weinberger visits China Sept. 25. It is feared that this computer can be used to guide nuclear missile delivery systems. Up to now, Weinberger has allied with National Security Adviser William Clark in opposing selling advanced arms technology to the unreliable Chinese.

Fears are growing that the Kissinger-Shultz team may push a scheme to allow the Reagan administration to circumvent a lingering major irritant in U.S.-China relations—U.S. arms sales to Taiwan—without violating the letter of the law of the Taiwan Relations Act (TRA). Under the TRA, the United States may discontinue arms sales to Taiwan only after Taiwan's

security needs are met. One long-sought-after "face-saving subterfuge" would involve shifting the burden of Taiwan's defense onto other countries. Was Deng Xiaoping hinting at this in a mid-August statement—aimed more at Washington than Taipei—when he declared that Taiwan could continue to purchase arms abroad after reunification with the mainland?

The prime candidate for U.S. surrogate is Israel, which has longstanding ties to Taiwan's defense industry based at the Chungshan Institute of Science and Technology. Their ability to meet Taiwan's needs is being substantially augmented, with the acquisition of advanced Lavie jet fighter technology from the United States—a project in which Kissinger has been intimately involved from the beginning.

The Chinese seem quite happy to let the Israelis play both sides of the street: in July the French weekly *VSD* reported that some 100 Israeli military experts are currently in China "under false names and innocent commercial covers" under an agreement that calls for Israeli help in the construction of the Israeli designed Markava tank and the Kfir jet. This corroborated earlier reports that the Tadiran Company of Israel is helping China with night-time weaponry and electronically guided tanks as well as providing assistance in reconditioning China's Soviet weaponry—an area in which the Israelis have great expertise. A footnote: The Chinese see no reason why accepting U.S. favors should stop them from improving ties with Moscow. Days after the KAL-7 affair, Peking hosted Soviet Deputy Foreign Minister Michael Kapitsa, in the latest of a series of talks aimed at improving state-to-state ties. While points of bilateral conflict remain, the two governments report reaching "points of convergence" regarding the Mideast, Central America, and Southern Africa, presumably in opposition to U.S. policy.

## Gonzalez resolution to probe Kissinger

Rep. Henry Gonzalez (D-Tex.) has submitted a resolution to probe former Secretary of State Henry Kissinger for conflict of interest. Gonzalez cites Kissinger's role as chairman of the bipartisan commission on Central America as potentially inappropriate in view of his business connections, including the fact that Kissinger Associates clients do business in the southern part of the hemisphere.

The resolution, brought to the floor of the House on Sept. 15, resolves that "the President . . . is requested to furnish to the House of Representatives, not later than seven days following the adoption of this resolution, a full and complete information on the following: 1) any payments to Henry Kissinger and Associates by U.S. Government departments and agencies. . . . 2) the listing of individuals and entities that have employed Henry Kissinger and Associates, including dates, amounts paid, and the exact services provided; and 3) a listing of individuals and entities that have employed Henry Kissinger since Jan. 1, 1980."

Gonzalez charged Kissinger with using his own private "State Department" in building up his influence to enhance his business operations (see *EIR* interview with Gonzalez, Sept. 27). Gonzalez said he wanted to know Kissinger's relationship "particularly [to] the Secretary of State."

Also cited was the fact that a member of Kissinger Associates, William D. Rogers, former Assistant Secretary of State for Latin American affairs, "accumulated \$300,000-plus as the agent, of all things, for the Sandinista government to procure arms. . . . What will be the shame when these American boys [in Central America], will be fired upon with the guns pro-

cured by Henry Kissinger and Associates?" Gonzalez demanded.

## Senate committee stalls freeze resolution

After a full day of negotiations on Sept. 20, the Senate Foreign Relations Committee, a body dominated by Kissinger Republicans and Andropov Democrats, failed to reach any consensus on favorably reporting an arms control resolution to the floor of the Senate, and therefore sent two atrocious resolutions to the floor.

The nuclear freeze resolution of Ted Kennedy (D-Mass.), Mark Hatfield (R-Ore.), Paul Tsongas (D-Mass.), and Alan Cranston (D-Calif.), which won Yuri Andropov's approval, was defeated by a 10 to 7 vote.

A substitute resolution, allegedly representing the administration position, introduced by committee chairman Charles Percy (R-Ill.) along with Larry Pressler (R-S.D.) and Rudy Boschwitz (R-Minn.), failed to pass out of committee by a vote of 8 to 8. (Edward Zorinsky (D-Neb.) voted present, thereby ensuring a tie.)

The committee then voted to send both resolutions to the floor of the Senate "in disagreement," thus allowing the full Senate to pass on the issue, despite the committee's position.

Percy's inability to win agreement on a resolution reflects the fluid state of affairs on Capitol Hill in the wake of the Soviets' downing of KAL 7 Sept. 1. The Percy-Pressler-Boschwitz alternative was drafted in recognition of the collapse of open support for the freeze in the U.S. Senate and in an effort to nonetheless keep the administration within the framework of the Scowcroft Commission recommendations based on the Mutually As-

sured Destruction doctrine President Reagan has rejected.

The Percy resolution was a strong reaffirmation of the Scowcroft Commission's Kissingerian outlook, while it pays homage to the administration's START proposals.

As one Senate source said after hearing the content of the Percy resolution, "It's worse than the freeze—the freeze is just rhetoric, this reaffirms Kissinger's doctrine!"

## More attacks on nuclear projects

The Clinch River Breeder Reactor (CRBR) and a financing plan to complete two Washington Public Power Supply System (WPPSS) nuclear plants have come under renewed assault from the alliance of "greenies" and "fiscal conservatives" which *EIR* has identified as a national security threat to the nation's infrastructure.

Despite the importance of both projects to maintain and augment the U.S. power grid, Senate Energy Committee chairman James McClure (R-Ida.) was forced on Sept. 19 by the threat of a filibuster to withdraw his legislation to ensure the completion of the WPPSS plants from the Interior Department authorization bill.

According to one administration source, it was the lack of administration support for the plan which precluded any efforts to fight the filibuster, which was threatened by the Senate's new "odd couple"—liberal freezenik Howard Metzenbaum (D-Ohio) and the Heritage Foundation-linked Gordon Humphrey (R-N.H.), who have also weighed in as the leading opponents of the CRBR.

Humphrey demanded hearings on the much-delayed CRBR, which were held on Sept. 22, in order to launch

further attacks on the new private financing scheme drafted by the Department of Energy in an effort to complete the project. Funding for construction of Clinch River ends with the 1983 fiscal year on Sept. 30, and unless Congress approves the new proposal, construction will cease.

Humphrey was joined by a Taxpayers Coalition Against Clinch River, composed of every environmentalist group in the United States and such "fiscal conservative" outlets as the National Taxpayers Union, the Heritage Foundation, and the radical libertarians. Both the left- and right-wing species of this coalition have been documented by *EIR* as being penetrated by the Soviet KGB.

Supporting Clinch River at the hearing, besides the administration, was the Coalition for Jobs, Environment, and Technology composed of trade-union representatives and pro-growth minority groups. Building Trades President Robert Georgine and United Steel Workers legislation director John Sheehan represented the coalition. The National Democratic Policy Committee (NDPC) also submitted a statement in support of the CRBR Project.

## **D**emocrats introduce emergency farm resolution

Led by the Senate Agriculture Committee's ranking Democrat, Walter Huddleston (D-Ky.), a group of Senate Democrats have introduced a resolution calling for the administration to use emergency assistance capabilities to aid farmers and farm-related businesses affected by the current drought.

Introduced on Sept. 15, the resolution, S.R.220, was co-sponsored by Zorinsky (Neb.), Melcher (Mont.),

Boren (Okla.), Pryor (Ark.), Heflin (Ala.), Dixon (Ill.), Ford (Ky.), Baucus (Mont.), and Hart (Col.). North Dakota's Mark Andrews was the only Republican supporting the resolution.

Huddleston charged that "the Department of Agriculture has failed to develop a comprehensive drought assistance plan. To date, in fact, the Department's response to the devastating drought has been limited to public relations efforts and expressions of sympathy."

Agriculture Secretary John Block, testifying before the Senate and House Agriculture Committees on Sept. 20 and 21 respectively, confirmed the charge by insisting that no emergency actions need be taken. Block claimed that the 1983 crop would be the second largest in history and 1983 reserves would be the second largest in history.

The Huddleston resolution calls for presidential disaster designations in the most acutely affected areas; deployment of special emergency teams to organize assistance efforts; immediate designation of counties for Farmers Home Administration emergency disaster loans; reopening the emergency livestock feed payment program; and making government loans and guarantees available to rural businesses adversely affected by the drought and the Payment In Kind (PIK) program.

## **E**xim guarantees to Brazil, Mexico debated

Advocates and opponents exercised remarkably Jesuitical arguments in a hearing called to discuss the creation of an Export-Import Bank facility to guarantee \$2 billion worth of financing credit to Brazil and Mexico. The new facility has been proposed because businesses are fearful of engaging in trade with either country, given

the instabilities caused by the international financial crisis.

The Exim facility would back up credits extended for trade with those two countries with \$500 million earmarked for Mexico, and \$1.5 billion for Brazil.

William Proxmire (D-Wis.) asked Assistant Secretary of the Treasury Marc Leland at Senate Banking Committee hearings on Sept. 14, "The IMF austerity requirements reduce imports in these countries and here we are trying to increase our exports to them. Aren't we saying to Brazil that you should be austere elsewhere but not with U.S. imports?" Proxmire inquired.

"The IMF doesn't impose austerity, the market does," Leland answered. "If there were no IMF program there would be no adjustment [austerity] process in these countries, there would be no reasonable assurances of repayment to U.S. exporters, and trade would collapse even more. After all, the IMF doesn't tell people to import less, it merely demands adjustments in their exchange rates, which of course has impact on imports."

Leland went on to attempt to explain that the new Exim facility would be closely tied to the IMF austerity programs and that the facility could not be used by either Mexico or Brazil unless each country is in compliance with the IMF austerity programs.

Leland and other administration spokesmen managed to graphically document the collapse in U.S. exports to Mexico and Brazil over the course of the last year and a half of IMF programs. The argument that the IMF will safeguard U.S. exports and jobs to the developing sector by "saving" the latter's economies has been a key claim in the effort to gain congressional approval of the IMF quota increase.

# National News

## Investigate shooting of Rhode Island NDPCer

The leader of the Westerly, Rhode Island National Democratic Policy Committee (NDPC), Bill Brear, was shot in the head on Sept. 12, in an incident that may have been related to his increasingly active role in the work of the Lyndon LaRouche-led political action committee. The NDPC is investigating the matter.

Brear's house was robbed last May. One of those arrested for the robbery was Thomas Wisheart, out on parole after serving 5 years of a 30-year interstate narcotics trafficking conviction. Wisheart is reported to be involved in a major narcotics network which may include members of the Westerly police department.

On the day Brear was issued a subpoena to testify in the house robbery case, he was followed to a bar by Wisheart, who approached Brear demanding that he decline to testify. After Brear insisted that he would, Wisheart shot him in the head, fortunately missing the brain. Wisheart is now in prison for the shooting.

## Kissinger loses his verve at ADL fête

Henry Kissinger's evening seems to have been spoiled when he arrived for his speaking engagement at the national headquarters of B'nai B'rith's Anti-Defamation League in New York City Sept. 19. Posters and bumper stickers reading, "It's Anti-Semitic to Call Kissinger A Jew" greeted him as his car pulled up. "Are you going to tell them about how you murdered Aldo Moro?" Dr. K was asked. Henry's response was a dazed stare directed at a sign which read, "Kissinger—Never Again!"

Inside, Henry had to face the ADL executives and their wives, some of whom were still chuckling over what they had seen outside. At least 40 copies of the bumper

sticker and articles about Fat Henry were brought into the meeting. Outside, as some ADL employees laughed over Kissinger jokes, one Israeli woman admitted: "Confidentially, I feel just as you do. Kissinger is a pig."

It was later reported that the Atlantic Disease Control Center sent a telegram to Kissinger at the Carlyle. The message: "Henry, you have to control yourself. We no longer can."

## Jesse Jackson backs anti-U.S. protesters

While officials of West German Chancellor Helmut Kohl's government were trying to meet with the fanatically anti-Reagan "peace movement" in Bonn, the opposition Social Democrats (SPD) hosted two prominent U.S. Democratic "nuclear freeze" supporters, Jesse Jackson and Ron Dellums, for a round of public and private meetings.

Jackson, who met with SPD party manager Peter Glotz among others, had first visited several U.S. Army bases, and told the press that he was on the side of the anti-missile movement and supported "peaceful occupations of military areas and blockades of U.S. Army bases as a form of protesting against the stationing of the Euromissiles." West German security officials are worried about attacks on U.S. bases in Germany during the movement's "hot week of action" Oct. 15-23.

Jackson and Dellums are said to be collaborating with the Institute for Policy Studies in Washington, whose leading members Richard Barnett and Bill Arkin have already predicted "dead bodies in the hot autumn."

## Will 'Debategate' bash Reagan . . . or Carter?

Rep. Donald Albosta (D-Mich.), chairman of the House Post Office and Civil Service

subcommittee that has been pursuing "Debategate" since this past June, announced at a press conference Sept. 19 that the Reagan campaign was involved in "an organized effort" to obtain Carter briefing materials prior to the Carter-Reagan debate in 1980.

Albosta declined to offer evidence to substantiate his conclusion, emphasizing that it was "important to maintain the secrecy" of the investigation. The counsel for the Republican members of the committee, with access to the same evidence, said he disagreed with Albosta's findings.

While coverage in the *New York Times* and *Washington Post* highlighted Albosta's charge, George Archibald, writing in the *Washington Times*, pointed to the fact that the Carter camp was in fact the focus of the debate probe. He said that a pattern was emerging from the inquiry that more than one Carter employee was responsible for turning over materials. Albosta, asked if the investigation had uncovered any moles in the Carter White House, could only reply, "I don't want you to think we have; and I don't want you to think we haven't."

Public hearings on Debategate will begin in early October with James Baker III, William Casey and Edwin Meese expected to testify. Albosta is reported to have recently concluded an agreement whereby investigators would study the personal files of Meese and retired Adm. Robert Garrick.

The involvement of Garrick brings the probes to the door of Carter's criminal handling of the Iranian hostage crisis. Garrick has admitted monitoring for the Reagan campaign the back-channel machinations of the Carter White House to obtain the release of the American hostages in what is now known as Jimmy Carter's aborted 1980 "October Surprise." Some 75 people have already been interviewed by the committee with 35 more expected to be interviewed in the next round.

On Sept. 20, Rep. William Ford (D-Mich.), who is chairman of Albosta's committee, Rep. Robert Garcia (D-N.Y.), and Rep. Mickey Leland (D-Tex.) asked the Justice Department to review a Government Accounting Office report which "raises questions" about a \$60,000 loan to White House counselor Ed Meese in 1981. Earlier

the same week, the dormant investigation of Labor Secretary Raymond Donovan was revived when a jailed mafia hitman, Salvatore Odierno, confessed to the killing of prosecution witness Nat Masselli to keep him from testifying in the probe of Donovan.

## Probe 'Hinckleys' thrown against NDPC

The Fact-Finding Division of the National Democratic Policy Committee (NDPC) is investigating possible FBI involvement in the cases of several mental patients whom the NDPC has identified as potential "programmed" assassins on the pattern of John W. Hinckley.

The cases in question are mental patients who are being directed against the NDPC. These individuals are fixated on the person of Lyndon LaRouche and his associates, as well as the Kennedy family, and other public officials.

LaRouche warned last year that the outrageous acquittal of brainwashed assassin John W. Hinckley provided a green light for "Manchurian Candidate" terrorism—scripted by a network of Tavistock psychiatrists including the A. K. Rice Institute of Washington—against the President and other public figures. Investigators read an active danger in the Sept. 16 dismissal in Denver federal court of a negligence lawsuit against Hinckley's Denver psychiatrist, John Hopper. The suit brought by three of Hinckley's disabled victims—Jim Brady, Secret Service agent Tim McCarthy, and D. C. police officer Thomas Delehanty—had threatened to open the books to law-enforcement officials of several suspect Denver psychiatrists.

The ruling, which was based on flimsy precedents drawn from state law in the 1980 California case *Thompson vs. the County of Alameda*, will most likely be appealed in six months, according to attorney Paul Kamenar of the Washington Legal Foundation. Also quashed were 140 interrogatories of Hopper which sources believe may have opened investigation of Dr. John McDonald of Denver General Hospital and Dr. Edmund Cas-

per of the Fitzsimmons Army Base Medical Center and the Denver Community Mental Health Services.

Of particular note is evidence revealed in the case of a 38-year-old man calling himself Arthur Jones Bebber, who is reportedly confined at Bethesda Mental Hospital in Aurora, Colorado. Bebber (who also goes by the name Arthur Kennedy) claims that he has operated under the name "Nick Keegan," a fictional character in the book *Winter Kills* by Richard Condon—which book may play the role which *Catcher in the Rye* played for Manchurian killer Mark David Chapman, or *Taxi Driver* for Hinckley.

In interviews, Bebber openly speaks of his obsessions with Lyndon LaRouche and the Kennedy family (he claims to be an illegitimate son of JFK), and claims that he may have been brainwashed and may be "connected to Hinckley." Bebber says that one of his doctors is a Dr. Moelles. While Bebber himself may turn out to be a "false lead" in terms of an active threat potential, the multiplying pattern of "Hinckleys" currently being deployed against the NDPC constitutes a danger that is being monitored closely.

## VA ready to pull the plug on vets

The Veterans Administration has announced a new ruling that eliminates resuscitation and what it calls "extraordinary methods" for terminally ill patients. A spokesman for the VA, Dr. Dorothy Rastinski, said doctors could not just "pull the plug" on the terminally ill, but that the order for such a measure had to be written by doctors at the request of the patient.

The ruling replaces a 1979 policy that required doctors to resuscitate a dying patient, a practice which, a spokesman claimed, appeared to "violate the rights" of patients who wanted to forego lifesaving therapy!

This latest "right-to-die" ruling is tantamount to a death sentence for thousands of citizens who fought for the United States in foreign wars.

# Briefly

● **ZBIGNIEW BRZEZINSKI** wrote an article for the Sept. 18 *New York Times Magazine* recommending that the job of the secretary of state be downgraded to that of coordinating diplomacy. Foreign policy decision-making and advising of the President should be the role of the national security advisor, said Brzezinski.

● **WILLY BRANDT** will be touring the United States Sept. 26-30 to promote the nuclear freeze and disarmament. Brandt is using his credentials as a leader of the Second International and the West German Social Democrats to give credibility to his claim to speak for what Europeans "are really thinking."

● **ATA**, the American Trucking Association, reported Sept. 23 that, according to the latest figures, there was absolutely no increase in freight ton miles for the second quarter of 1983 over the same period last year. This means the industry is operating at less than two-thirds of 1979 capacity. The ATA received calls from both press and government agencies when the figures were released, protesting that they must be wrong, since they do not concur with the "recovery."

● **THE STATE DEPARTMENT** Bureau of Intelligence and Research's leading expert on the Russian Orthodox Church, told *EIR* that the shooting down of KAL flight 7 Sept. 1 was "quite consistent with Soviet philosophy and the law of state borders." The official, who is in the thick of the fight for "religious freedom" for the church, claimed that the shooting was done under standing orders, and that "there was no evidence that it was directed by central authorities." He also contradicted the official Kremlin statements on the incident by asserting that the Soviet authorities "would have had very, very little time to make a decision." Moscow has acknowledged tracking the plane for 2 hours and 20 minutes.

## Editorial

# *Unseating the horsemen of the Apocalypse*

We had the good fortune to attend a panel discussion on "Medical Damage and the Fight Against Genocide" at the Sept. 16 Club of Life conference in Washington, D.C. John Grauerholz, M.D., deputy medical examiner for Passaic County, New Jersey, presented a paper he had co-authored for the Fusion Energy Foundation with Ernest Schapiro, M.D. of New York City, titled "Will AIDS Be Another Bubonic Plague?" which clarified many of our questions about Acquired Immune Deficiency Syndrome and the rise of epidemics in general.

Dr. Grauerholz began by declaring, "Despite all the hysteria on the subject, I think we can confidently answer no, AIDS will not be another bubonic plague—if we only look at this one disease. There are already promising research leads which should help us to bring it under control in the near future. But AIDS is only a symptom of the type of diseases which proliferate in conditions of social collapse. It is this proliferation of disease, which is directly correlated to the growing conditions of famine and social dislocation in Africa and the Mideast, and now in Ibero-America and Asia, which can easily spill over into the advanced sector. Historically, it is precisely these conditions which have always been the breeding ground for global plague."

Dr. Grauerholz went on to stress the strong correlations between malnutrition, chronic infection, and the prevalence of a number of cancers and cancer-like diseases, including Kaposi's sarcoma, which is associated with AIDS. "AIDS," he said, "can be the harbinger of a series of holocaustal epidemics, not only because of social degeneration"—in the case of promiscuous passive homosexuals, the damage to the immune system seems to stem from an overload of multiple foreign proteins in the bloodstream and to the fact that semen acts as an immune suppressant—"but because of the worldwide decline in nutrition and sanitation, the collapse of health facilities, and the growing large-scale dislocation of whole populations who are reduced to living in concentration camps," as in the case of Haitian refugees.

It is well known that malnutrition (particularly lack

of animal protein, the most concentrated form of biological energy potential) puts the human immune system in jeopardy, in the same areas of the world where disease agents are rampant. Generalized immune system suppression, malnutrition, malaria, and a prevalence of viruses associated with cancer all coincide in regions including sub-Saharan Africa, the Caribbean, coastal areas of South America, parts of the southeastern United States, and parts of Japan (researchers believe the Portuguese-Venetian slave trade originally spread such viruses from Africa to other areas).

It is often assumed that cancer is rare in the underdeveloped countries. "Obviously, there is a certain higher incidence of cancer in the advanced sector because of greater life expectancy," commented Dr. Grauerholz, "but it is false to conclude that 'industrialization breeds cancer.' If we adjust for the age profile in Africa, Asia, and so on, we find the same reported incidence of cancer, and the actual rates may exceed those of the advanced sector. Kaposi's sarcoma has been prevalent in Africa for many years; and the same virus which in the advanced sector produces infectious mononucleosis instead gives malaria-weakened African children the deadly cancer known as Burkitt's lymphoma."

Bubonic plague itself is on the rise, he noted. What is to be done? American methods of high-technology agriculture can be exported to feed the world. Malaria, which is sweeping the Third World owing to the environmentalists' ban on DDT, can be conquered with genetic engineering-produced vaccine. Nuclear waste can be used to sterilize water and irradiate food. "I would have to say that civil engineers have saved more lives than doctors, because it is water treatment and sanitation that are the key to halting these major diseases," Dr. Grauerholz declared. "We require a large-scale coordinated effort. What we must not do is seek the immoral and utopian solution of trying to isolate the United States, or the advanced sector as a whole, from a global ecological holocaust." Then, under conditions of economic collapse and lack of medical care, the Black Death would await its triumphal return.

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