

EIR

Executive Intelligence Review

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EIR

From the Managing Editor

For the past two years *EIR*'s LaRouche-Riemann economic model has put Chase Econometrics, Wharton, Data Resources, and the other conventional forecasters to shame by producing the only accurate forecast of the behavior of the U.S. economy. How? In the first part of a two-part series by Lyndon H. LaRouche, Jr., the *EIR* founder "demystifies," as he puts it, the workings of our model, with special reference to the application of 19th-century mathematical physicist Bernhard Riemann's theory of shock-wave generation to economic processes.

LaRouche explains how his scientific predecessors—including Philo of Alexandria, Nicholas of Cusa, and Georg Cantor—established the basis for political economy. Perhaps most familiar to the layman is the work on non-linear physical phenomena by Leonardo da Vinci, whose profundity has been reconfirmed by physicists only in the past few years.

The rigor and boldness which created the LaRouche-Riemann model also impels Mr. LaRouche's initiative on behalf of high-energy beam-weapons development, an initiative we report further upon in our National section. As we documented in last week's Special Report, this advanced-physics defense mode is the only practical way to "kill" thermonuclear attacks. But the very potential for such a defense has been shrouded in secrecy by the same Anglo-American policy makers and opinion molders who brought you Paul Volcker and the the destruction of the U.S. economy, until this publication and a very few others broke open the issue.

The ill repute in which the U.S. news media are held domestically and internationally is all too well deserved. Now, when the national security of the United States hangs in the balance, the *New York Times* and its co-conspirators in Manhattan District Attorney Robert Morgenthau's office have made an "endgame" attempt to eliminate LaRouche and his associates. Our report below on this legal battle will be followed in coming issues by an exposé of the families and deputies in the *Times* network.

Susan Johnson

EIR Contents

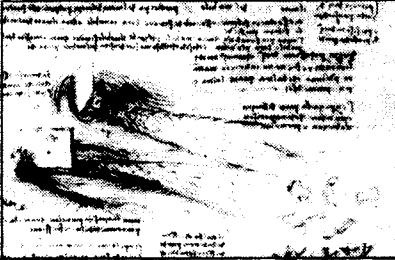
Departments

- 46 Dateline Mexico**
Immigration bandwagon slows down.
- 47 Africa Report**
George Bush: "U.S. policy same as IMF's."
- 48 Report from New Delhi**
Relations with Japan improve.
- 49 Inside Canada**
The Queen's men.
- 61 Science & Technology**
A case of U.S.-Soviet scientific cooperation.
- 64 Editorial**
Mopping up the "Mafia."

Economics

- 4 Argentina wields its \$5 billion debt bomb**
Conversion of part of its obligations into bonds reflects the reality that the wherewithal for Ibero-America's creditors doesn't exist.
- 6 GATT is not only a failure at expanding trade, but a fraud**
A survey of the actual state of world deficits, and their relation to the debt burden.
Documentation: Excerpts from the U.S. proposals for GATT.
- 9 Currency Rates**
- 10 U.K. financial warfare against the Iraqis**
London is aiding Khomeini once more.
- 11 State and city deficits running out of control**
The U.S. picture.
- 12 The Western land grab: Mont Pelerin joins the U.S. environmentalists**
Promoting the sale of public lands—to the "black nobility" of Europe.
- 14 Foreign Exchange**
Flows into the dollar end.
- 15 Trade Review**
- 16 Business Briefs**

Special Report



Water studies by Leonardo da Vinci. "To the best of our knowledge, Leonardo da Vinci was the first to discover and prove experimentally the fundamental principle of hydrodynamics."

18 What is an economic shock wave?

The designer of the LaRouche-Riemann econometric model, Lyndon H. LaRouche, Jr., explains the model's capacity to grasp economic processes in a non-subjective way within the physical universe, subject to the laws of the latter's development—and therefore to grasp the "shock wave" phenomena so crucial in economic phase-changes. The model draws on the heritage of the great German mathematical physicists, who in turn built on the conceptions of Plato, the early Christians, and the Renaissance.

International

32 Soviets set to gain from elimination of China Card

Peking (including its new foreign and defense ministers) recognize the decline of the U.S. as a superpower and are cautiously looking to a "zone of peace" in Asia.

34 Japan's Nakasone: how long will he last?

Tokyo insiders' assessment of the Liberal Democratic Party after the election of the new party leader and prime minister.

35 Fanfani would mean bad news for Italy

36 Fat Henry seems to be on the way out

38 Israel's Labour Party missing its chance for counterattack

In the wake of the *New York Times* scandal.

40 Argentina's nuclear plan: history and perspectives

Part II of the report by the Acting Director of *Energeia* magazine in Buenos Aires.

43 Political amnesty key to economic development

Colombian President Betancur is trying to wean the military from its sponsorship of terrorism.

44 Sri Lanka falls prey to the IMF's policies

50 International Intelligence

National

52 LaRouche: 'Develop beam weapons, or surrender'

EIR's founder addressed a conference in Bonn last month on the urgency of high-energy beam weapons that can destroy thermonuclear attack missiles.

54 FEF proposes two-stage missile defense

Fusion Energy Foundation spokesmen explained Nov. 18 to a Washington, D.C. audience how the beam weapons work.

55 Army and Air Force taken over by the new generation of 'whiz kids'?

Two new documents display all the dangerous silliness of a systems-analysis approach to military questions, and the population-reduction outlook of their authors. **Documentation:** Excerpts from *Airforce 2000* and *Airland Battle 2000*.

58 Morgenthau, New York Times challenged in their new effort to 'get LaRouche'

The Manhattan District Attorney's witchhunt could involve more than he bargained for.

62 National News

Argentina wields its \$5 billion debt bomb

by Christian Curtis

The Argentine central bank on Nov. 18 took \$5.5 billion worth of imminently due debts previously held by local private companies, printed new bonds guaranteed by the central government, and presented them to the country's international creditors, saying Argentina will begin paying off the bonds five years from now—take it or leave it. The banks, having no choice, took it.

Although many developing nations have been forced haphazardly into default by the deepening world financial crisis, Argentina becomes the first country to institutionalize the reality the banks have been trying to avoid: there is no way Argentina or any other Third World nation is going to meet debt payments under the present monetary system.

No matter what anyone says, no matter how elaborate the "scenarios" on how to maintain the system in one piece, reality is asserting itself with a vengeance. The only question remaining is whether the coming rash of non-payments is handled on the terms of the debtors, or exacted on terms dictated by the creditors and their cartel, the International Monetary Fund.

From the IMF's point of view, the danger now is that other governments will follow Argentina's precedent. "If they do this with one category of their debt," one senior U.S. banker commented, "what's to prevent them from doing it with all categories?"

"If this is a portent of things to come, life will be very difficult. You just can't do this to us bankers. What Argentina has done could become commonplace. Mexico is rumored to be doing the same thing."

Such possibilities have not escaped the notice of Buenos Aires observers. The Sunday edition of the daily *Clarín* of Oct. 14, foreseeing the central bank's action, had an entire section devoted to "swaps"—the procedure by which the government bought out a chunk of the private sector's foreign debt and then unilaterally imposed a moratorium on it. On the cover of the pullout section is a nefarious-looking character carrying a bomb with George Washington's face on it—implying a dollar bill. The headline reads: "The Year-End Hiroshima."

Financial Hiroshima

The Argentine "Hiroshima" introduces, on a limited scale, the "debt bomb" policy recommended by American economist and *EIR* founder Lyndon LaRouche three months ago, in a document titled *Operation Juarez*. Ibero-America can't pay its debts, states LaRouche; it's a simple fact of life. It therefore has two choices: either fall into default chaotically, triggering bank collapses around the world, since no alternative sources of credit exist; or deliberately manage the non-payment by reorganizing the debt into long-term instruments as a first step toward creating a new, gold-based international monetary system in which credit flows serve industrial production.

Should the banks refuse to listen, LaRouche concludes, the Ibero-American debtors must bring them to their senses by unilaterally imposing moratoria.

The Argentine case poses this question: Will other nations cooperate to provide an orderly international reorgani-

zation, or will Argentina's action be a signal of an impending avalanche of chaotic defaults and bankruptcies? Either way, the impossibility of carrying these debts is about to rudely impose itself on the international banking system.

There is a faction among Ibero-American leaders that is considering the "debt bomb" option as a means of forcing a breakthrough to a new world economic order. Colombia's leading economic daily, *La República*, editorially noted Nov. 17 that "the debt bomb has joined the arsenal of the world's countries" and is "rapidly taking form in diplomatic circles." *La República* is viewed as the mouthpiece of the Betancur government, perhaps the strongest proponent of joint Ibero-American renegotiation of foreign debt. The editorial also pointed out that debt moratoria were a central plank in the electoral platform of 1970 presidential candidate Gustavo Rojas Pinilla, adding that his "audacious thesis" was proposed at a time when the country's foreign debt was considerably less than it is today.

At the same time, in Quito, Ecuador former Venezuelan president Carlos Andrés Pérez chaired a continental human-rights conference, where he stated that unless Ibero-American states united to jointly renegotiate their debts, the region's "human rights" will not be fulfilled.

Yet, the momentum toward such collaboration has slowed in recent weeks. The call by Bolivian President Hernán Siles Suazo for an Andean Pact heads-of-state meeting in La Paz to work out a joint renegotiation strategy was allowed to fade away. At regional gatherings, such as the Organization of American States, there has been plenty of talk, but no concrete action.

Repudiation 'deterred'

It is the bankers who seem to be taking the situation most seriously. What they fear is that imminent non-payments will force one nation after another to adopt an expanded version of Argentina's "rescheduling," even if the leaders of these nations have cold feet.

The Carnegie Endowment for International Peace recently published a "study," reported in the *Washington Post* Nov. 14, which states that the possibility of Ibero-America dropping the debt bomb must be taken seriously. Since this summer, confirms Carnegie researcher Karen Lissaker, Brazil, Argentina, and Mexico have been on the verge of repudiating their debts outright. The three nations, which together hold more than \$200 billion of the continent's foreign debt, were "deterred" from doing so, she said, only when their international creditors convinced them that European governments and the United States would seize every Ibero-American asset they could get their hands on—bank accounts, real estate, company branch offices, airlines.

Battening down the hatches

Although such threats worked in the short run, it may not be long until Ibero-American governments realize they really

have nothing to lose. Many are already taking initial steps designed to shelter their economies from capital flight, extortion, and international banking collapse. In short, they are battening down the hatches for an expected blowout.

Throughout the continent, private-sector debt is being put under the control of central governments. Argentina started doing this last year, and most recently decreed that no private firms can use foreign exchange to amortize their own debts as long as talks are under way with the IMF for new loans.

In Mexico, where the government has already negotiated limited moratoria on debt principal, a similar process led up to the Sept. 1 nationalization of the banking system. Debts and new loans of autonomous state agencies were centralized under the central bank. The central bank now has a monopoly on supplying dollars to domestic customers—which has led to a curious situation. Because of this monopoly, the central government has set priorities concerning how Mexico's extremely scarce dollars are to be used, and repaying debts is not high on the list. As a result, private firms asking for dollars in order to meet private foreign obligations have not obtained them. It is estimated that between August—the month before the nationalization—and the end of this year, \$1 billion of this private debt will have come due. But with the central bank's clampdown, Mexico's creditors are about to lose \$1 billion, and the government will have prevented another \$1 billion from leaving the country.

The Brazilians and Venezuelans, who pride themselves on good behavior with their creditors, are indicating they may have to use central-government controls in a similar manner. The Venezuelan central bank has caused an uproar by taking over all state sector finances, including those of the sacred cow, the state oil industry. Many officials are toying with the idea of exchange controls, and, as in other countries, the central bank has a monopoly over the sale of dollars to private customers. One official confided recently that it may begin exercising this power in order to stop the capital drain.

Capital flight, of course, is the biggest threat the banks can wield against exchange controls. For example, before they were nationalized, Mexico's private banks collaborated with international creditors to move more than \$50 billion in assets out of the country and into speculative ventures, especially American real estate. President José López Portillo indicated how this problem might be counteracted by submitting legislation two weeks before leaving office that would throw a 3 percent tax on all assets held abroad by Mexican citizens. The measure would put capital smugglers in a bind, since they must either identify themselves as de facto traitors, or else decline to declare such holdings and face the possibility of conviction for tax evasion.

The measure, if enacted, will make capital flight practically illegal for the first time, and will be scrutinized by other governments suffering outflows promoted by the same institutions that lent them their dollars in the first place.

GATT is not only a failure at expanding trade, but a fraud

by David Goldman, Economics Editor

At deadline Nov. 26, ministers attending the first high-level meeting in ten years of the General Organization on Trade and Tariffs (GATT) in Geneva remained sequestered in side negotiations, the plenary session having broken up in a multitude of disagreements. Despite the pious pronouncements of M. Jacques de Larosière and other leaders of international financial institutions and large commercial banks, the GATT ministers will probably produce the same dismal results that their counterparts in finance ministries produced at the annual meeting of the International Monetary Fund in Toronto in early September: general disagreement and spreading pessimism. Bankers commented after the Toronto affair that it would have been better not to have convened the meeting; next week's comments from Geneva will undoubtedly wish that proposals to cancel or postpone the meeting, which circulated in early October, had been adopted.

Worst volume since 1930s

But the great danger is that the chaos in world trading relations emerging from Geneva will obscure the fundamental issue at hand, which has nothing whatever to do with regulation of trade as such. World trade appears to be in the worst volume decline since the 1930s. International Monetary Fund officials privately concede that total world trade volume may fall 10 percent in price terms between 1981 and 1982, with virtually all of the decline registered during the second half of 1982, i.e., a 20 percent per annum rate of contraction during the second half of 1982. It remains to be seen whether industrial nations' exports recover from the immense decline during July and August, which left them a clear 20 percent below the June level. Because the summer collapse occurred during a period of normally slower trade volume, the underlying impetus towards trade contraction, i.e., the unavailability of financing for deficit nations, is hard to separate out in precise terms. Nonetheless, the preliminary data suggest a fall in world trade as bad or worse than at any time since the 1930s.

It is too simple to describe the financial constraints as an exogenous problem with respect to the physical basis of trade itself. It is certainly true that the offshore money markets, the \$1.8 trillion Eurodollar pool, grew during the 1970s seven times faster than international trade, and that the most im-

mediate problems of this market cannot be fairly attributed to trade problems as such. Nonetheless it must be, and is, the case that the system characterized by the GATT and its "Bretton Woods" sister institutions, the IMF and World Bank, was flawed from the outset. The trade distortions which emerged under the IMF were of one fabric. Now this fabric has come undone, and no amount of conciliation between rival national interests will make any difference at all.

If the world is to avoid sinking back into protectionist trading blocs similar to the 1930s—a development that Soviet planners already take for granted—then the leading industrial nations, at five minutes to midnight, must come to grips with the problems that have nearly ruined the world economy.

The Third World's deficits

A crude measure of the magnitude of the distortion—crude because the IMF's statistics are biased—is given in the adjoining table, compiled from data given in the IMF's *World Economic Outlook* publication of June 1982, demonstrate that virtually the whole long-term foreign debt of the developing sector is the result of adverse 1970s terms of trade.

The nominal cumulative trade deficit of the developing nations over the decade 1973-1982 (inclusive) has been \$434.5 billion. The developing nations imported in current dollars \$434.5 billion more than they exported. They accumulated \$505.2 billion in long-term debt to finance these imports (the small excess represents partial refinancing of interest payments on past debt), and paid \$179.5 billion in interest payments on this debt over the decade. Just as interest costs must be figured into the cost of purchasing an auto or home, the interest costs derived from long-term trade financing must be added to the cash cost of imports. The adjusted deficit equals the nominal trade deficit plus the interest charges of financing the deficit: \$614.0 billion.

Against this, the table compares the International Monetary Fund's "volume" index for the imports and exports of the developing nations, which is actually a compilation of national governments' estimates for the costs of their exports at fixed prices and fixed terms of trade (the relative differential between import and export prices). The "real trade balance," based on the volume rather than the nominal-price index, is cumulatively only \$116.2 billion.

That is, had the terms of trade of developing nations remained fixed over the past decade, the cumulative trade deficit of these countries would have been about one-quarter of the nominal trade deficit; in the final year in the series, 1982, the deficit would have amounted to merely 5 percent of the developing nations' imports, a negligible amount. Furthermore, the outstanding debt of the developing sector would also have been negligible.

We calculate the excess cumulative deficit of the developing nations as the difference between their nominal trade deficit adjusted for interest payments, or \$614 billion, less the "real" trade deficit calculated from the volume index, or \$116.2 billion.

The striking conclusion is that the total excess cumulative trade deficit of the developing nations, at \$497.38 billion, is virtually identical to their total outstanding long-term foreign debt, or \$505.2 billion. That is, the entire debt of the developing nations is the result of the deterioration of the terms of trade of those nations during the past decade.

Since the International Monetary Fund assembles indices of individual nations without regard for the differing bases by which the "volume" indices are calculated, it is not possible to draw the full economic conclusions evident in this comparison. Taking into account the long-term undervaluation of developing nations' non-oil raw-materials exports, especially during the past two years, the distortion in their terms of trade would be considerably greater than shown in the IMF's series. The appropriate value for raw materials exports has been a matter of intense debate for years, and the United Nations Council on Trade and Development has ar-

gued for commodity producers' agreements to raise prices, based on arbitrary formulae for export prices of developing nations. However, even the simple requirement that export prices of commodities should be adequate to generate cost plus profit in the production of those commodities would generate higher prices than those used as the base for the different national indices embodied in the IMF series. On this basis, comparable to the "parity price" conception in agriculture, the developing nations would not only be clear of debt to the industrial nations, but would be shown to pay the industrial nations a subsidy in the form of cheap exports!

That financing of developing nations' deficits has collapsed is not surprising, in the light of the above analysis: like loan-shark victims, the developing nations have borrowed the means of paying "vigerish" to the commercial banks of the industrial nations. Anticipation of the end of such means of financing accelerated the payments crisis-in-progress, in the form of an aggregate \$50 billion in flight capital from the Ibero-American nations alone in the past two depression years. Mexico's credit broke as a result. The ensuing financial crisis reduced new medium-term lending to developing nations in the Eurodollar market to an annual rate of only \$15 billion in September 1982, from a rate of \$32 billion during the third quarter as a whole and a rate of \$50 billion during the first half of 1982. This is the immediate cause of the trade collapse noted earlier.

The case of the developing sector's largest and most prominent debtor, Brazil, illustrates best the unraveling of the untenable circumstances of the past decade. Since 1979, Brazil's own terms of trade have declined 50 percent (includ-

Real versus nominal trade deficits of developing nations

(in billions of 1972 dollars)

| | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | Total |
|--|-------|-------|--------|--------|-------|--------|--------|--------|--------|--------|--------|---------|
| All non-oil-exporting nations | | | | | | | | | | | | |
| Export volume | 56.83 | 82.3 | 82.2 | 81.8 | 91.29 | 95.58 | 103.22 | 112.92 | 119.24 | 123.85 | 131.77 | 1024.17 |
| Import volume | 66.47 | 93.0 | 99.97 | 95.58 | 99.21 | 105.95 | 114.42 | 127.00 | 131.95 | 134.85 | 139.16 | 1141.09 |
| Real trade balance . . | — | -10.7 | -17.77 | -13.78 | -7.97 | -10.37 | -11.2 | -14.08 | -12.71 | -11.0 | -7.39 | -116.62 |
| Nominal trade balance in current dollars | — | -10.5 | -32.8 | -40.4 | -25.7 | -23.0 | -33.0 | -47.6 | -70.6 | -75.2 | -75.5 | -434.5 |
| Excess trade deficit due to worse terms of trade | — | -0.2 | 15.03 | 26.62 | 17.78 | 12.63 | 21.8 | 33.52 | 57.89 | 64.2 | 68.31 | 317.88 |
| Interest payments on external debt | — | 4.6 | 5.7 | 7.5 | 8.3 | 10.1 | 14.2 | 20.7 | 30.1 | 37.5 | 40.8 | 179.5 |
| Total excess deficit due to worse terms of trade | — | 4.4 | 20.73 | 34.12 | 26.08 | 22.73 | 36.0 | 54.22 | 87.99 | 101.7 | 109.1 | 497.38 |
| Total outstanding debt (cumulative) | — | 96.8 | 120.1 | 146.8 | 181.4 | 221.8 | 276.4 | 324.4 | 375.4 | 436.9 | 505.2 | — |

Source: International Monetary Fund

ing the increase in interest charges), and 38.5 percent—in terms of relative export and import prices alone. That is, to make the same volume of import and related debt-service payments, Brazil must ship today twice the physical volume of goods that would have been required in 1979. During the first half of 1982 alone, exports fell by 1.4 percent in quantity but by 8.5 percent in price; and imports fell by 14.5 percent in quantity but only by 1 percent in price.

The economic depression, as Brazil's results indicate, has intensified the pressure on developing nations' terms of trade, particularly when the extremely high level of real interest rates is taken into account. Even though oil prices have fallen marginally, the combination of developing-sector currency devaluations, a 30 percent fall in commodity prices (by the IMF index) over two years, and high interest rates have ruined the trade position of the developing nations. Referring back to the table comparing nominal and "real" trade imbalances, it is striking that the difference between the nominal and the "volume" index for developing nations' trade deficits exceeded \$10 billion in no year over the period 1973-1979. With the beginning of the world depression in 1980, however, the developing nations' excess trade deficit rose from

less than \$8 billion in 1979 to over \$26 billion in 1980, over \$23 billion in 1981, and an estimated \$27 billion for 1982. The majority of the cumulative excess trade deficit occurred during the three depression years.

However, the growing intensity of the terms-of-trade distortion during the depression period merely underscores the nature of the problem: the industrial nations, and the United States in particular, have drawn a subsidy from the developing nations. To the extent that the U.S. economy has come under pressure, the requirements for subsidy have increased.

The United States in 1981 absorbed 42 percent of the total manufactured-goods exports of the developing nations. It also registered a trade deficit of \$40 billion, and a deficit on account of industrial-goods trade. The deficit on the manufactures account, which began in 1980, represents a fundamental change; since World War II the United States has never failed to export more manufactured goods than it imported. It also represented a fundamental change in another sense: during all previous post-World War II periods of economic recession, a drop in demand reduced imports and brought the United States into trade surplus. The bouncing-ball decline of the U.S. economy since 1980 has failed to

The U.S. approach to GATT

The November 1982 meeting of the trade ministers of the member nations of the General Agreement on Tariffs and Trade (GATT) will be the first ministerial-level meeting of GATT in close to a decade. The United States has laid out a list of objectives for the Nov. 24-27 meeting demanding not only the upgrading of protectionist measures against competitive imports, but also attacking nation's subsidizing agricultural and other production.

A statement released by the Office of the United States Trade Representative in Washington, D.C., calls completion of the negotiation of a "Safeguards Code" a top U.S. priority for the meeting. "A Safeguards Code would cover all actions that have the effect of protecting domestic producers from injury as a result of competition from imported products." The statement calls the current safeguard measures inadequate, as they apply to only about \$1.7 billion in imports, while \$21.7 billion worth of imports remain outside the jurisdiction of Article XIX.

The second priority of the United States is "the introduction of discipline on the use of subsidies" for agriculture. The statement calls for the freezing of current subsidy levels, followed by their phasing out over the next years. This objective is aimed directly at the price-support programs of the European Community's Common Agricultural Policy, which has enabled European agriculture

to develop to the second most productive in the world. The statement goes on to call subsidies in general "a major irritant in international trade relations."

The current disputed settlement procedures of GATT, which the United States is attempting to utilize in a trade dispute over six agricultural items exported to Japan, are called "less than satisfactory from the U.S. point of view." The statement outlines two problems with the dispute settlement procedures, 1) the "lack of political will" to abide by GATT recommendations over disputes, and 2) "persistent procedural difficulties." The United States recommends greater use of the GATT Secretariat in settling disputes.

The United States is proposing a "GATT round of trade negotiations between the developed and developing countries . . . consisting of the developed countries offering tariff concessions on a preferential basis to all developing countries." The U.S. proposal would offer developing nations tariff rates between those of an MFN and a GSP, to converge on MFN rates over time. However, at the same time developing nations would be required to "undertake agreed liberalizations on an MFN basis."

Addressing an area of trade that has been the subject of major differences with Japan, the U.S. statement calls for a "work program on services . . . designed to achieve a broad understanding of the type of government measures that create barriers to trade in services. . . . including problems of market access and difficulties in doing business in foreign countries once access has been established."

reduce imports at all; indeed, the Commerce Department now expects a \$75 billion trade deficit for 1983, and some private forecasters, e.g., the Institute for International Economics in Washington, claim that the present trend projects to an \$100 billion deficit for next year.

This trade deficit—which would be more than twice as large under the terms of trade that prevailed in 1972—is the ugly secret of America's progress towards the "post-industrial society." Adjusted for terms of trade favorable to the United States, the trade deficit alone accounts for roughly one-tenth of all hard goods produced in the United States. American industry either does not have the capacity to meet demand filled by imports, or cannot meet it at sufficiently low cost to compete with imports, the result of five years of essentially unchanged industrial productivity.

Conclusions

Not only are the GATT negotiations irrelevant to the present breakdown of the world trading system, therefore, but they are fraudulent—most obviously where the American position is concerned. The U.S. administration went into the GATT meeting (see below) emphasizing adjustment procedures for unfair foreign export practices, as if the United States were the party aggrieved by unfair import competition. On the contrary: the underpricing of American imports, and the ability of the U.S. to finance purchases of foreign goods by collecting interest on debt have "financed" the Vicker measures of the past three years. The American central bank, in summary, simultaneously raised the financial cost of production inside the United States to the point of idling 20 percent of U.S. industrial capacity, while raising the cost of interest paid by America's foreign debtors, making it possible for the United States to purchase from abroad a large portion of the lost production. This is a simplification of the past three years' economic history; but this is what appears on the last line of the balance sheet.

As *EIR* documented in its Sept. 16 survey of the West German economy, the Bretton Woods-GATT System of "free trade" turns out, under close analysis, to be "fixed trade." Because the IMF, in its capacity as surrogate for American world economic leadership, has been able to fix the terms under which nations exchange their surplus product, the basic relations of world trade have been distorted by a fundamentally overvalued U.S. dollar for most of the post war period, sustained in the past three depression years by a staggering overcharge on dollar-denominated debt service.

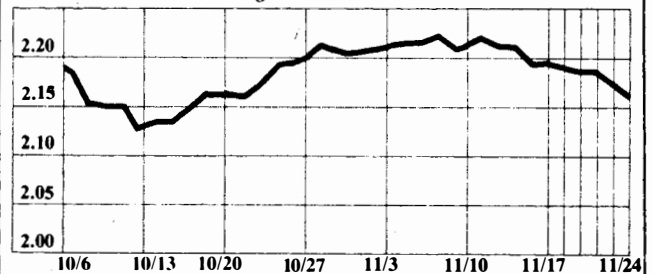
Nations will either establish agreements to finance trade in means of development at appropriate maturities and affordable interest rates—junking the GATT-Bretton Woods structure—or that structure will dissolve in a catastrophic replay of the 1930s. The GATT conference appears to have provided a negative proof that, even in the very short term, noting else will work.

Research for this article was performed by Kathy Burdman and Javier Almario.

Currency Rates

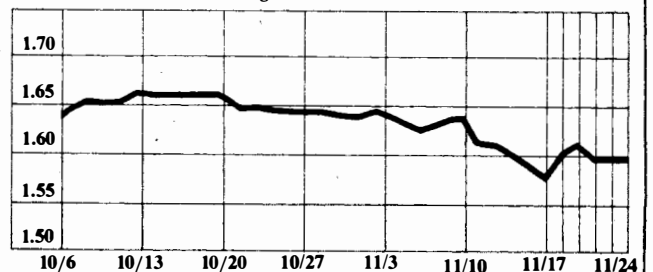
The dollar in Swiss francs

New York late afternoon fixing



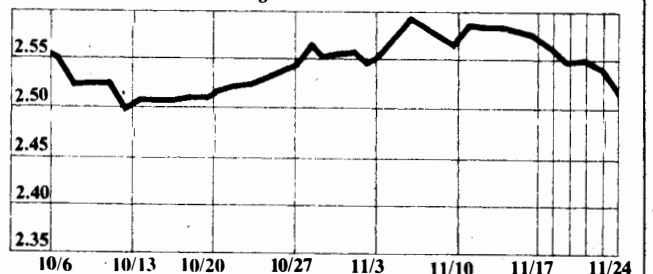
The British pound in dollars

New York late afternoon fixing



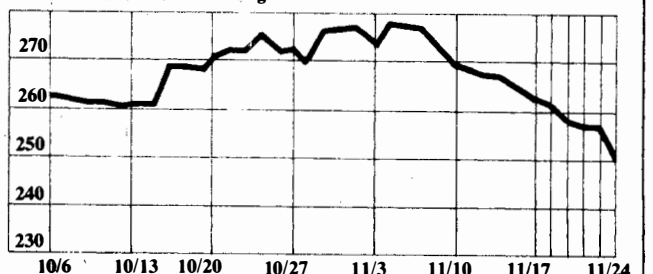
The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing



U.K. financial warfare against the Iraqis

by Judith Wyer

The City of London is waging a financial-warfare campaign against Iraq. According to one Arab source, "Britain has been whispering in the ears of the wealthy Arab regimes of the Persian Gulf to cut off all financial backing of Iraq's war against Khomeini since [Iraq's President] Saddam Hussein is a loser."

Britain may be having some success. Iraq's recent request for a \$500 million Eurodollar loan, its first bid for a foreign credit since 1978, and recent Iraqi requests to reschedule \$5 billion worth of foreign-held debt are good indications Iraq is having cash-flow problems. The Arab-French bank UBAF is reported to be syndicating the loan for Iraq. But the City of London has already put out the word in the international banking community that Iraq is a "bad risk."

After a bitter diplomatic flap with Britain shortly after he came to power in 1978, Saddam Hussein began a policy course based on strengthening economic links with the United States as the basis of Iraq's development. London has never tolerated that policy and is determined to return Iraq to its own sphere of influence as it was under the anglophilic Hashemite dynasty. Working through various conduits, including Carter's National Security Adviser Zbigniew Brzezinski, Britain played on Saddam Hussein's "macho" profile to manipulate him into the war with Iran, calculating that a meat-grinder of attrition would finish off both the President, and Iraq as a developing economy. At the same time, Barclays Bank is apparently involved in destabilizing the domestic situation through its affiliate the Allied Arab Bank, whose board includes Saad Jabar. Jabar is a sponsor of the Movement for the Liberation of Iraq, which aims at overthrowing Hussein and fragmenting the nation ethnically.

Since Iraq's unilateral withdrawal from Iranian territory in June, Hussein has sought a way out of the war, which is costing \$1 billion a month.

Britain builds up Iran

While Iraq attempts to make do with an oil income only one fifth of pre-war levels, Khomeini's theocratic police state, with strong British support, is said to be undergoing an "economic recovery." Iran is selling over 2 million barrels of oil a day of oil at prices far below its Arab neighbors, stealing their markets. Wealthy countries like Saudi Arabia and Kuwait which have seen their oil output drop by nearly half, are no longer able to maintain previous levels of financial support

for Iraq's war effort, which last year was estimated at about \$20 billion.

It is no secret in the oil industry that British Petroleum and its sister Royal Dutch Shell are backing Khomeini's so-called economic recovery by marketing its cheap oil. Earlier this year these two companies signed agreements with Iran re-establishing their pre-revolutionary links. British Petroleum finalized an agreement with the National Iranian Oil Company (NIOC) to sell two oil tankers, enabling Iran to shuttle its crude to buyers outside the war zone and keep its oil sales climbing.

Iran this year will bring in an estimated \$24 billion in oil earnings and Iraq only \$10 billion. Iran is estimated to have rebuilt its reserves to \$12 billion, the level just before the outbreak of war in September 1980.

New York Times reporter R. W. Apple, a British national, reports from Teheran that Britain is playing an increasing role in Iran economically. British-Iranian trade topped \$600 million last year. Last month the *New York Times* and the *Wall Street Journal* suddenly took note of the fact that many Iranian projects that existed before the British puppet Khomeini took power are now being reconstituted. One example cited is the 20-acre Paykan car factory which assembles cars produced by Talbot in Britain.

Just at the point when Iran is reported to be making an economic comeback, it is also expanding the war against Iraq. Iran's new three-pronged war drive, which covers 600 miles of the Iran-Iraq border, is reportedly following a blueprint which originates with British Parliamentarian Julian Amery, the right-hand man to Lord Carrington, and a faction of Israeli intelligence around Foreign Ministry official David Kimche. Iran's latest offensives followed by one week a secret visit to Israel by Amery for talks with the Mossad.

Iran's repeated incursions into Iraq, according to Teheran reports, are aimed at cutting the highways linking Baghdad with Iraq's only port town, Basra, to soften the city for occupation. According to Amery's scheme, Basra must be severed from Iraq and become a Khomeini-allied Shi'ite "Muslim Republic." Without Basra, Iraq becomes a landlocked nation, dependent upon its neighbors for the movement of all its trade, including its vital oil exports.

The *Washington Post* is acting on behalf of London to break the nascent U.S.-Iraqi link. On Nov. 9 the *Post* recirculated a story that recently appeared in the London *Economist* which portrays Saddam Hussein as the protector of Palestinian terrorist Abu Nidal.

The *Post* story was run simply to give the British-allied U.S. State Department ammunition to request that the White House reverse its decision last year to take Iraq off a list of so-called terrorist-supporting nations. That decision was critical to strengthening the U.S.-Iraqi relationship by removing constraints on the growing trade between the two countries. The day after the *Washington Post* story the State Department announced that it was indeed following London's script and was studying whether Iraq should be reclassified.

State and city deficits running out of control

by Stephen Parsons

Federal Reserve Chairman Paul Volcker's depression is creating a fiscal crisis for U.S. state and city governments of such proportions that severe austerity measures and tax increases enacted through 1981-82 have proven of no avail, and governments around the nation are resorting to across-the-board budget cuts of 10 to 15 percent to meet deficits. The accelerating fall-off in tax revenues due to economic collapse, a situation unforeseen by state and city financial planners, has precipitated the crisis.

The two most populous states in the nation—New York and California—are now enacting the most serious cuts, but according to preliminary data from the National Conference of State Legislators, at least 25 states have cut their 1983 fiscal year budgets, and could not even wait until after the November elections to do so. Ohio cut its state budget by 10 percent, after a series of tax increases and budget cuts throughout the year; Arizona still expects an \$81 million deficit despite the governor making cuts of \$70 million to state agencies. Nevada cut its budget by 15 percent, and Oregon, whose legislature cut the budget by 10 percent in a special session in January-March to rectify a \$131 million deficit, made a second round of cuts in June due to a continuing \$101 million shortfall. The deficit continued at \$91 million in September, when further cuts were put through.

The state of California is currently unable to meet its November bills, and is seeking a \$400 million 90-day loan on the New York money markets. News of a massive deficit began to leak out before the Nov. 2 elections, and one week later, the state director of finance issued a report forecasting a budget deficit of at least \$666 million, which could reach \$1.1 billion by June 1983; the state comptroller's office warned that revenue shortfalls may instead bring the deficit up to \$3 billion. Official unemployment in California is now at 10.7 percent, well above the national average. Only a \$5 billion surplus left over from the Reagan administration carried the state through eight years of the Brown administration, and the local budget cuts necessitated by Proposition 13's property tax reductions.

The short-term surge in revenue due to speculative real-estate and office-building spirals and expansion of the "service industries" in the 1970s, has now collapsed. This was the only basis on which states such as California, New York or Texas were able to sustain any kind of budgets when

industrial states such as Ohio and Michigan went into financial collapse.

Inflation threw personal income into higher tax brackets, and office and hotel expansion in the city increased New York City's local revenues by 10 percent in 1980-81. But the real-estate market in New York and Houston has collapsed.

In addition, the bond markets, to which a number of states have resorted for emergency funds, could soon cut off lending to state and city governments. Despite their tax-free advantage, Treasury bills in particular have been the investment preferred to municipal bonds in the recent period. The huge federal deficit and corporate cash needs will absorb that market, leaving states and cities dependent on funds from foreign investors. If the inflow of funds from the Eurodollar market and other sources dry up, states and cities will be unable to meet even minimal costs of government.

The current crisis is far more serious even than the municipal bankruptcies of the 1930s, as the New York situation demonstrates. In 1975, the New York City fiscal crisis nearly precipitated a money market panic—but at that time, the state and federal governments were able to bail out the city. That is no longer the case.

In an unprecedented move, Gov. Hugh Carey, as head of the city's Financial Control Board, announced Nov. 23 that he was rejecting New York City Mayor Ed Koch's announced plans to meet the city's current deficit, because that plan was dependent on state funds. The New York City crisis has been snowballing since the beginning of November. The city faces a deficit of at least \$340 million in this fiscal year, and \$1.3 billion in the next. The Gross City Product has declined for three consecutive quarters, and employment has fallen for the first time since 1977. General corporate tax receipts have declined by 3 percent.

Mayor Koch announced 6 percent across-the-board cuts the first week in November, as well as a hiring freeze. Two weeks later, he proposed a \$222 million tax increase and a \$200 million increase in state aid, with dire warnings of thousands of municipal layoffs if the state were not forthcoming. By the third week in November, an additional 1.5 percent budget cut for city agencies was announced.

The state will not be able to pay. Governor Carey has already proposed a five-day unpaid furlough for state workers, in addition to massive cuts of state aid, merely to maintain already-contracted bailout programs. The 1981 plan to save the Metropolitan Transportation Authority from collapse was based on new state taxes that were to raise \$793 million in new funds. To date, there is a \$250 million shortfall in these revenues. The state now proposes to cut aid to education by \$100 million, to social services by \$80 million, and to cities by \$79 million—to sustain the MTA.

Such a choice will mean 1,500 new policemen will not be hired by the city, and 4,000 teachers will lose their jobs immediately. New York has cut its workforce by 40 percent since 1975, and such cuts can only accelerate the fiscal collapse.

The Western land grab: Mont Pelerin joins the U.S. environmentalists

by Renée Sigerson

The elite, far "right-wing" Mont Pelerin Society of Austrian economist Friedrich von Hayek is working with U.S. environmentalist organizations in an effort to undermine U.S. federal authority over the administration of Western public lands. The initial contacts between the European-dominated Mont Pelerin core and U.S. "liberal" environmentalists date back to 1980. At the September 1982 international conference of the Mont Pelerin Society, these contacts were upgraded and put into the first phase of an "activist" public campaign.

According to various reports, the Mont Pelerin Society has established cooperation with the Wilderness Society, the Environmental Defense Fund, and the Audubon Society in the United States. Cementing these links is part of a secret strategy, launched at the September conference, to take command of "mass" anti-establishment organizations in Western countries.

The Mont Pelerin Society's work with the environmentalists is being channeled through an intermediary, the University of Montana's Center for Political Economy in Bozeman, Montana, directed by John Baden. This section of the University of Montana is one of the most influential private policy groups affecting policy-making for Western lands. A leading economist from the Bozeman center, Richard Stroup, was appointed in 1980 to head the Department of Interior's Policy Planning Division. Over the past two years, the Mont Pelerin Society has essentially succeeded in taking command of the center, where researchers are being rallied to develop a "new economic theory" called "free-market environmentalism."

The Mont Pelerin Society is one of the foremost propaganda instruments of the old, hereditary European oligarchy, who aim to maintain their huge stake in the world economy by forcing a reversion to a system of feudalistic "land-rent." The Society's call for "free enterprise" and its blasts against "big government" is part of an ideology that the motor of economies is individual, hedonistic "greed," not the impulse for industrialization and technological advances which modern nation-states have fostered.

Thus, fundamentally, the "right-wing" hardliners around Mont Pelerin's Friedrich von Hayek have complete agreement with the limits-to-growth goals of environmentalism, and in fact, as *EIR* has repeatedly documented, both environmentalism and "free market"-ism are controlled, on the highest levels, by the same oligarchic interests. But there is a unique danger facing the U.S. economy from the current constellations of alliances the Mont Pelerinists are piecing together in the United States.

Resource-grab versus industrial development

In recent years, wealthy European families have poured billions of dollars in investments into acquisition of U.S. land holdings, acquiring everything from farming and ranchlands to timber and mineral wealth. If foreign shareholdings of major U.S. firms engaged in timber, mining, and energy activity are included in the aggregate estimate of such foreign ownership, the amount of U.S. land and resource wealth in oligarchical possession zooms to the order of many tens of billions of dollars.

These European-based oligarchical families are attempting to "bed down" (financially and even in some cases physically) in the United States to weather what they foresee as the onset of the worst depression in world history. They aim to exercise control over the flow of basic resources within the U.S. economy, on the assumption that once the financial speculative markets have been closed down under full-scale depression conditions, such "ground-rent" will be the only reliable source of return on investment.

The commitments such families have already made are substantial. As far as these politically powerful foreign investors are concerned, such investments must be protected. And the Mont Pelerin Society is one of the oligarchy's more effective "protection rackets."

The greatest potential danger to the "land-grab" investment schemes under way is that Washington, D.C. will use its authority as chief U.S. land administrator and its right of "eminent domain" to open a new era of broadscale economic development of the Western states. Were there a sufficient

level of public support for such a development push, even a depression could not halt the U.S. government from launching such a policy, since the United States has every single financial and industrial resource it would need to launch such programs at any time.

Therefore, it is not surprising to discover that the issue around which the Mont Pelerin Society is building bridges to U.S. environmentalists is a call for "privatization of public lands."

After several months of probing for support for the land privatization platform, the Mont Pelerin-Bozeman center circuit is now beginning a one-year effort to extend this campaign to privatization of water supplies in the Western states. The availability or scarcity of water is the single most important issue which will determine the future economic life of the West. It is a simple matter to document that only the federal government has the resources to engineer supplying desperately needed water to this vast land region, through such development projects as the North American Water and Power Alliance (NAWAPA).

Kooks and bird-watchers

The first occasion on which the Mont Pelerin Society reached out its thorny fingers toward U.S. environmentalists was in 1980, around its international conference held in Stanford, California. The high point of that event was a speech delivered by Central European nobleman Max von Thurn und Taxis, world chairman of the Mont Pelerin Society, in which he defined the legalization of the world's "black economy" (the vast financial flows associated with everything from narcotics pushing to gambling to offshore banking) as the most important economic objective of the 1980s.

This was the first time the Bozeman Center was invited to join the Mont Pelerin circuit. This year three economists from the Bozeman Center were invited to attend Mont Pelerin's West Berlin biannual international conference. The primary subject of discussion was the necessity for the Mont Pelerin Society to develop organizational ties with "mass" agitational organizations, which could make its propaganda a control-point on the economic decision-making of governments around the world.

Acting now as an extension of Mont Pelerin, the Bozeman Center published in its September newsletter: "We have concluded from our studies that there is a potential coalition of fiscal conservatives, conservationists, and individuals who value freedom. . . . It is our hope that we can play a major role in achieving objectives that are consistent with these values." The Bozeman Center's efforts are being coordinated with a U.S. front for the Mont Pelerin Society, the Washington, D.C.-based Cato Institute, which has far-flung foundation financing, and includes Friedrich von Hayek and other Mont Pelerin members on its board.

In November 1982, the Bozeman Center held a joint forum with the Washington, D.C.-based Wilderness Society

on the "land privatization" theme. Both Bozeman and the Cato Institute have been publishing proposals that in addition to putting up government-owned land for sale, the federal government should establish "free-enterprise land trusts" to be owned and administered by environmentalist organizations.

While the proposal would strike many ordinary citizens as quite "kooky," in fact there exist already in the United States about 400 private "land trusts," which are the model on which this proposal is based. Only one of these is managed at present by an environmentalist organization—the Audubon Society. The rest are run by secretive consortia of investors, in many cases acting as fronts for foreigners. In addition to praising the Audubon Society's experimental trust, Bozeman sources are also interested in working more closely with the Environmental Defense Fund.

The Mont Pelerinists are working through these various layers of fronts and cutouts because, on the surface, their stringent "right-wing" outlook would seem to exclude cooperation with "liberally tainted" environmentalists. Yet the "anti-establishment" environmentalist camp, with its hostility to government authority, is a natural ally for the Mont Pelerin movement.

It is highly unlikely that the U.S. federal government would put up for sale the 700 million acres of U.S. public land under its administration. However, as a result of changes in land policy effected when the Reagan administration took office, it is very likely that by 1984, some 10-20 million acres will be scheduled for privatization.

The land-policy issue is a complex one, and oddly, due to the insane fashion in which land was overseen during the Carter administration—when environmentalism succeeded, for example, in cancelling all new leases to mining companies—the current adjustments, including the limited land sales, will not necessarily be detrimental to the U.S. economy.

More interesting is the political maneuvering afoot on this issue. Many observers of the land debate assert that a series of resignations from the Reagan administration which occurred last summer were triggered by disagreements over the land-privatization question. These resignations included Assistant Treasury Secretary Paul Craig Roberts, economics advisers Martin Anderson, and Steven Hanke. When these resignations occurred, they were widely characterized as a pattern of "supply-side ideologue" desertions from the Reagan camp, although the specific issues which provoked the desertions were ambiguous. Among those several sources now insisting that Anderson, Hanke and Roberts favored a much larger land sales program than the administration, and tendered their resignations in protest to being turned down, is the McGraw-Hill energy/mining publications center in Washington, D.C. Roberts is a longstanding member of the Mont Pelerin Society, which certainly strongly suggests that in the same period Mont Pelerin was gearing up its land grab efforts, it pulled its fiscal conservative allies in the administration out with the aim of regrouping its political clout.

Flows into the dollar end

Analysts detect the end of the big inflow into the dollar, and the beginning of dollar weakness.

New York investment bankers who manage portfolios for foreign institutions and individuals report that the wave of inflows into the American markets from abroad has ended.

Although full data are not available, "the basic portfolio adjustments have all been made, and no new funds will be placed in the United States," according to a former Federal Reserve foreign-exchange specialist now in the investment sector.

"Even if there were to be a bull market—and foreign investors think the stock market has been getting ahead of itself—there would simply be a shift from bonds into stocks, rather than a commitment of new funds to the United States," the investment analyst adds.

Chase Manhattan Bank's weekly newsletter *International Finance* raised the question, "Does a weaker current account mean a softer dollar?" in the title article of its Nov. 22 issue. Chase points out that while the United States has already moved into current-account deficit (on exchange of goods, services, and interest payments) the dollar's extraordinary strength since the summer has been based on "shifts in global preference for dollar-denominated assets—relative to assets denominated in other currencies."

In other words, the falling demand for dollars due to the negative commercial account has been outweighed by capital inflows.

However, Chase's comment misconstrues the source of demand for

dollars.

The principal portfolio shifts from abroad into the United States took place in the form of transfers of dollar-denominated deposits in the Eurodollar market, into U.S. Treasury securities (of which \$217 billion were on offer in fiscal year 1982).

This shift had little to do with the comparative attraction of Treasury securities, but reflected, instead, the conviction of a large number of Eurodollar-market depositors that the offshore banking centers might collapse, and that even large banks might "walk away" from the obligations of their foreign branches.

Demand for dollars, on the other hand, has been generated abroad as a spinoff result of the liquidity crisis in the Euromarkets.

The inability of many European and other banks to fund their existing deposits at acceptable interest rates, as a result of the ferocious quality premiums dominating the market since June, forced them to convert local currency into dollars in order to meet their dollar obligations.

It appears that the dollar has reached the peak of a perverse cycle, and that major foreign investors, who funded perhaps \$40 billion of the previous fiscal year's Treasury deficit, are preparing to move to greener pastures.

The principal talk among investment managers is the Tokyo stock exchange, which is expected to benefit from the unwinding of the Wall Street bubble, despite the difficult situation

in Japan's home economy and foreign trade.

In the second week of November, foreign purchases of Japanese stocks reached a record of \$309 million. Japanese securities firms in the United States report an annual surge of buying interest from major institutional investors, including life-insurance companies and pension funds, who earlier showed little interest in Japanese equities.

What is now under intense discussion at the Fed and other central banks is whether the dollar is going to have a hard or soft landing. Paul Volcker's problem, European central bank officials report, is the American dependence on foreign funds to handle the mammoth Treasury borrowing requirements which will certainly continue through next year.

A stabilization or rise in U.S. interest rates would produce a crash on the stock and bond markets—which are dependent on cheaper funds—possibly then persuading foreigners to liquidate en masse.

But an attempt to reflate the economy and to lower interest rates by permitting a surge in credit expansion would, also, persuade foreign investors that the Fed had given up attempts at monetary control, and potentially produce the same result.

The situation is eerily similar to 1929, when the Federal Reserve presented itself with a Hobson's choice between loose money, which would encourage the speculative bubble on Wall Street; or tight money, which would raise interest rates and draw in additional foreign funds. Ultimately the Fed chose the latter, on the counsel of the Bank of England, and blew the bubble out in the October 1929 crash. There is no reason to suspect that the Fed has matters under better control today.

Trade Review

by Mark Sonnenblick

| Cost | Principals | Project/Nature of Deal | Comment |
|------------------|---|---|--|
| NEW DEALS | | | |
| \$20mn. | Colombia from U.S.A. | GE has won contract for electric drive systems for the 170-ton trucks to be used to pull the coal out of Colombia's huge open pit at Cerrejón, scheduled to go on stream in April. This is GE's largest order for truck drive systems. The 1600-hp trucks will be made by Wabco division of Westinghouse Air Brake and Euclid. | Order comes from Colombian govt's joint venture with Exxon, Intercor, which is building Cerrejón near the Caribbean coast of Colombia. |
| \$40mn. | Mexico from Italy | Mexican National Electricity Board has ordered \$40 MW electric plant from Ansaldo, part of Italy's state-run IRI | Plant will be at Lazaro Cárdenas steel plant on Pacific Coast. |
| \$200 mn. | North Yemen from Italy | Yemen General Electricity Corp. awarded contract for four 40 MW electric plants near Mokha on the Red Sea. Turkey basis, including training for crew. | Financed by Italy and World Bank. |
| \$2.7 mn. | China from Italy | Fiat Trattori will set up and equip pilot mechanized rice plantation in cold and wet northern China. | Italian Foreign Ministry is paying for model plantation. |
| \$170 mn. | China from U.S.A. | China's government airlines, CAAC, has signed contract with Boeing for ten 737 jets to be used on internal routes. 5 of them were built for Air Florida, which cancelled order, and will be delivered in February. China already has 707s and 747s. China's own version of the 707, the Yun-10 was tested last December, but has not been seen since. | |
| \$30 mn. | U.S.A. from France | French state-owned Thomson-CSF will join with Raytheon in developing a mine-hunting sonar system for the U.S. Navy. Dual system involves 2 separate sophisticated sonars. The French firm, the exclusive supplier of sonar to French Navy, will have about 25 percent share of prototype development and then receive orders for equipping 31 U.S. minehunters. | |
| \$1 bn. | Japan from Indonesia | 2 obsolete oil refineries in South Sumatra will be modernized and expanded by Japanese consortium led by JGC Corp. | Contract signed. |
| \$278 mn. | U.S.S.R. from West Germany | Salzgitter subsidiary won contract for 106 bn. cu. ft./yr. natural gas processing facility to be installed in Karacaganak gas field. | Will pipe into Siberian-West European pipeline. |
| \$27 mn. | New Zealand from Japan | World's first commercial plant to make methanol for use as automobile fuel from natural gas has been ordered from Hitachi Zosen by Mobil and New Zealand govt. which are partners in project. | |
| \$60 mn. | Norway from West Germany | Norway's govt.-owned Statoil has ordered 6 LPG storage installations from Salzgitter. | |
| \$183 mn. | France from U.S.A. to W. Germany/U.S.A./U.K./South Africa | General Motors is expanding its automatic transmission plant at Strasbourg to make transmissions for GM cars in above countries, including Chevy in U.S.A. | Modernization of plant will raise productivity with same present labor force. |

Business Briefs

Offshore Markets

Did British puncture Kuwaiti stock market?

A \$92 billion speculative bubble has been shut down on the Persian Gulf. The bubble was the Kuwaiti "parallel" stock market, on which unregulated, semilegal trading in the shares of shady international companies had reached this tremendous volume prior to a collapse of values.

The collapse of the market appears to be working to the benefit of Great Britain's gameplan for the region, based on building up the Gulf Coordinating Council (GCC) as a supranational body which will oversee the region's financial and military policies.

According to Switzerland's *Neue Zürcher Zeitung*, the collapse of the parallel market has enhanced the prestige of the GCC, which the British helped to create in an effort to get more top-down control over petrodollar wealth in the region.

Great Britain's leading spokesman in Kuwait, Planning and Finance Minister Abdel Latif Hamad, has announced that he intends to imprison any of the speculators who refuse to meet their commitments. Hamad is a member of the British-created Brandt Commission on Third World issues, and a good friend of British banking houses. His first act upon being appointed minister in 1981 was to remove \$4 billion in Kuwaiti deposits from Citibank and have them re-deposited with Britain's Wall Street outpost, Morgan Guaranty.

The market collapse will help Hamad and his friends to streamline petrodollar investments in a way many Persian Gulf investors have resisted.

Protectionism

U.S. raises further controversy with Japan

The Reagan administration is on the verge of taking its complaints on Japanese trade restrictions to the General Agreement on Tariffs and Trade, Japanese government sources announced Nov. 24 according to the

Japan Economic Daily. The contested restrictions are on some six agricultural products.

Japan, which has made concessions on imports of several U.S. agricultural products when Washington requested import liberalization, "is prepared to accept the U.S. challenge," according to the sources. The government does not intend to lift any of its restrictions on the six cited items, however, even if the United States does go to GATT. It was distinctly noted that the U.S. notification of its intention to complain to GATT came just prior to the formation of a new government in Japan.

The U.S. complaints will be discussed at meetings of U.S. and Japanese sub-cabinet officials the first week of December in Tokyo.

International Credit

Hong Kong bankruptcy to lead offshore collapse

Hongkong and Shanghai Banks, the central bank for the offshore Hong Kong market, announced emergency measures the week of Nov. 15 to bail out an estimated 30 local banks that have failed or are about to fail as a result of the collapse of the Hong Kong property market.

HongShang's intervention, following weeks of falling property prices and rising capital flight out of the British Empire's narcotics colony, is the first public admission that the Hong Kong financial system is in its worst crisis since the colony was founded to accommodate British opium traders in 1837. Since the island has no central bank, the HongShang issues the island's currency and acts as central bank.

The collapse of the speculative property bubble is apparently the result of a surprisingly tough line on the part of the People's Republic of China. The P.R.C. has threatened to refuse to renew the British lease on Hong Kong, which is due to expire in 1997. The crisis erupted into public view a month ago during British Prime Minister Margaret Thatcher's unsuccessful visit to Peking. Banking observers believe that the Soviet-Chinese discussions have led the Chinese to shift options away from the British.

The HongShang lending bought some time for the smaller banks, but the big institution itself has run into trouble raising funds on the market. Starting in August, HongShang began accumulating cash by liquidating its deposits in other international banks and buying U.S. Treasury securities. As the *Wall Street Journal* suggested in a banking-collapse scenario published two weeks ago, the HongShang itself will be subject to a run by its international funders as the crisis continues.

A former Bank of England employee who specializes in offshore centers said, "The whole system is stretched to the breaking point, and Hong Kong is the weak point."

The *London Economist* commented in a survey on Far East finance Nov. 13, "Singapore and Hong Kong are, however, not merely convenient staging posts in a 24-hour market. They also launder money from the opium growers and the pirates who have prospered in the region for centuries."

Asked whether drug-enforcement pressure against Hong Kong was a factor in the present crisis, the former Bank of England official said, "I've just had the monetary authorities of several of the offshore centers through my office, and their immediate worry is not a crackdown; they are going bankrupt."

Third World Debt

Brazil is and is not at the IMF

David Rockefeller may have imagined he was creating a *fait accompli* when he announced in Rio Nov. 19, "Brazil is engaged in active conversations with the IMF."

Brazil's second largest creditor motivated his pressure for Brazil to sign with the IMF by stating, "There are certain unpopular measures which must be taken and which end up being better accepted when they are dictated by the Fund instead of by the government. Since that is precisely what the IMF is there for, it provides a good opportunity for Brazil to solve its economic difficulties."

Finance Minister Ernane Galveas politely suggested that Rockefeller shut up. Such overt violation of sovereignty would only

Briefly

make it more difficult for Brazil's military chiefs, including President João Figueiredo, to put their cash-short country under IMF tutelage.

With elections out of the way, debate is beginning on the expected IMF insistence on wage-gouging, the elimination of subsidies to agriculture, and the scrapping of many of Brazil's vital development projects. Rio Senator Saturnino Braga, reelected on Governor Leonel Brizola's slate, says, "Brazil is a country which cannot stop, and the IMF recipe is to stop the country."

The oligarchic liberal *O Estado de São Paulo* makes only one exception in its demand that heavily centralized government powers be shared with the recently elected legislative body: "It would be wrong to let Congress decide whether or not the country should go to the IMF, since it is a question liable to demagogic manifestations."

Trade Minister Camilo Penna had the last word: "Brazil is and is not at the IMF. Brazil has already adopted those measures which the Fund recommends to countries with balance of payments deficits; is withdrawing what it has the right to; but is not yet subject to the conditionalities they impose on creditors, because that depends on how the economy performs. . . ."

If there is a resurgence of growth in the United States, especially; if interest rates stabilize; if raw material prices recuperate; if tariff barriers to free trade imposed by the industrialized countries are eliminated, then manifestly we will not have to go ahead in the process of negotiating with the Fund to get more money."

Domestic Credit

Congressional fire over Volcker's perspective

Testifying before the Joint Economic Committee Nov. 23, Federal Reserve Chairman Paul Volcker ran into fire from Sen. William Proxmire over Volcker's speech the week before, in which the Fed chairman argued for measures to ensure a continuing flow of loans to the developing-country debtors now

on the verge of default.

"Aren't we just throwing good money after bad?," the Wisconsin Senator asked Volcker, who tried to explain that the stability of the international financial system depends upon continued investment of private resources.

The London *Financial Times* of Nov. 19 editorially attacked Volcker from the opposite standpoint, arguing that his proposals—looser criteria for bank country limits and some more money from the International Monetary Fund—undershot the magnitude of the problem.

In other testimony at the same hearings, Volcker endorsed the proposed gasoline tax for an infrastructure fund. In a long exchange with Rep. Henry Reuss, the former chairman of the House Banking Committee, Volcker agrees with Reuss's prompting to use whatever monetary indicator "works best." Volcker said, "That's more or less what we are doing now."

Trade

New India-Bangladesh economic accords

India and Bangladesh have decided to increase bilateral trade and improve political relations. A joint commission announced at the end of its first meeting on Nov. 18 that India has decided to give Bangladesh a trade credit of \$100 million.

Relations between Bangladesh and India started to improve when Bangladesh President Gen. Ershad visited New Delhi in October for talks with Indian Prime Minister Gandhi. During Ershad's visit to New Delhi, both leaders pledged closer economic ties. Specifically, feasibility studies will be prepared for management of the Brahmaputra River, which would benefit both nations' agricultural development.

India announced that it would import at least 50,000 tons of fertilizer and 20,000 tons of newsprint annually from Bangladesh for the next three years. It will also import 20,000 tons of bitumen, and some coal. This is expected to help Bangladesh's balance of payments problems.

● **U.S. DURABLE GOODS** orders fell 4.9 percent in October, the largest drop in a year, due to declines spread across all basic industries, and despite an 8 percent rise in defense orders. The orders figure and the .8 percent industrial-production fall in October indicate the economy is on precisely the track *EIR* predicted Nov. 2, a 10 percent annual rate of industrial production decline.

● **STEEL** output reached an 11-year low in the United States for the week ended Nov. 19 at 997,500 tons, 4.6 percent off from the previous week.

● **ARMAND HAMMER** is in Moscow hoping to sell the Russians a liquefied coal pipeline that would dwarf the natural-gas project.

● **GEORGE SHULTZ** has made a "tentative" move toward a world recovery program, according to the Nov. 21 London *Observer*. Sources close to Shultz say the "last-chance saloon" will be a Group of 10 meeting Dec. 9, in the context of the OECD's Working Party Three.

● **THE OECD's** Economic Policy group Meeting in Paris on Nov. 19-20 produced no agreement at all among the leading industrial nations, conference sources reported.

● **ETIENNE DAVIGNON**, has called for another cut in EC steel output, this time by 35 million tons, by July 1983.

● **THE JAPANESE YEN** has been rebounding very sharply over the past few weeks. It closed Wednesday, Nov. 24 at 252.9 yen per dollar, up almost 10 percent from the low level of 278 per dollar it had fallen to in August. Japanese traders attribute the rise to the decline in U.S. interest rates, and say the yen will continue to do well unless U.S. rates begin to rise again.

What is an economic shock wave?

by Lyndon H. LaRouche, Jr.

It is now known among governments worldwide, that the LaRouche-Riemann method of economic forecasting has been the only competent forecast for the U.S. economy published during the recent several years. During the same period, since October 1979, other forecasts, including those of the U.S. government, Wharton, Chase Econometrics, and Data Resources, have been consistently wrong to the point of being downright absurd.

The amusing fact is, that in all respects but two, the LaRouche-Riemann method of economic analysis is mathematically the simplest approach to forecasting-analysis in use. Experience has shown that persons trained in physical science and engineering can grasp most of the essential principles of the computer-applications "model" quite rapidly. It has also been demonstrated that an intelligent layman can master most of the principles through study equivalent to a one-semester university course.

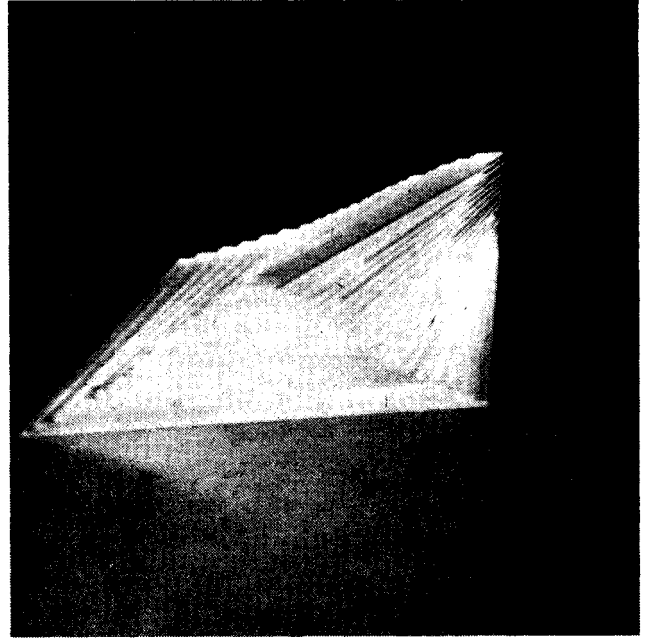
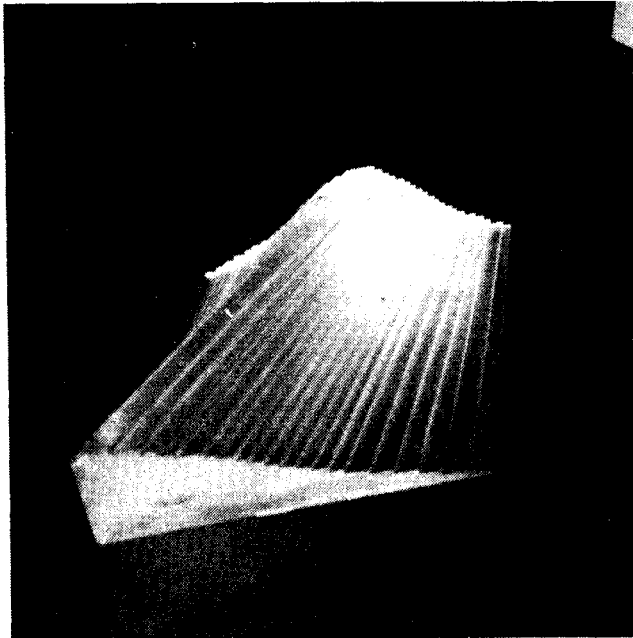
The two included features which may cause difficulty even among trained physicists are, first, the rigorous definition of the mathematical representation of "potential" employed for analytical forecasting, and, second, a widespread mystification, even among many physicists, of the notion of hydrodynamic shock-waves, the second of the ostensibly sophisticated features of the model.

In fact, both of these two, ostensibly sophisticated physics-conceptions can be competently described in layman's language. We illustrate that point here. We begin with a broad description of the nature of "shock-waves." Then, we proceed to outline the ABCs of potential theory. Finally, we integrate the two notions, identifying the kind of role the combined notions perform in the LaRouche-Riemann method of economic forecasting.

The ABCs of shock-waves

My friends and collaborators, Dr. Jonathan Tennenbaum and Ralf Schauerhammer, enlisted the craftsmanship of a friend to construct a simple, plastic, geometric model of hydrodynamic shock-wave generation. This was originally scheduled to be presented to me on my recent 60th birthday, and was presented

Figure 1
Geometric model of hydrodynamic shock-wave generation



only a bit later, to my great delight (**Figure 1**). I requested that Tennenbaum and Schauerhammer present this to the recent conference of the International Caucus of Labor Committees, in aid of my determination to demystify the great Professor Bernhard Riemann's 1859 paper, "On the Propagation of Plane Waves of Finite Amplitude," the paper which is the crucial mathematical feature of the LaRouche-Riemann forecasting method.

Take as an example the simplest kind of hydrodynamic wave, a sine-wave. This can be constructed most usefully by drawing a logarithmic spiral on the exterior of a transparent (e.g., plastic) cylinder, and viewing the resulting construction from the side-view (**Figure 2**).

In schools, it were better that teachers demystify such matters by constructing spirals on transparent cones and cylinders, and that students learn to think about plane waves and plane-surface spirals in terms of plane projections of solid constructions of this sort. By aid of such approaches, based on Jacob Steiner's program for teaching of synthetic geometry, we avoid that mind-deadening mystification of complex functions, which occurs when such functions are presented from a Cartesian or non-geometric, algebraic standpoint of pedagogy.

For purposes of describing shock-wave functions geometrically, we narrow our focus to a half-cycle wave, as Tennenbaum et al. have done with the plastic model of the Riemann function (**Figure 1**).

To the best of our knowledge, Leonardo da Vinci was the first to discover and prove experimentally the fundamental principle of hydrodynamics involved. In first approximation,

in studying wave-motion in hydrodynamics, we begin with the case in which a wave, such as this sine-wave, moves across the surface of the water, but without moving water in the direction of lateral motion of the plane wave. In other words, as the wave passes along the surface of the water laterally, it moves the water up and down, but not forward. *In other words, we recognize the existence of conditions such, that a wave moves hydrodynamically in the universe without moving matter in the direction of lateral movement of the wave.*

Recollect standing at the edge of the sea, watching waves moving toward shore, forming breakers as the shore is approached (for example). In the case that there is motion in the same direction as lateral movement of the wave across the surface of the water (for example), exactly how does this sideways movement within the wave occur? The plastic model constructed by Tennenbaum et al. shows in principle how this occurs.

Let us call this lateral movement, movement "toward the shore." In what part of the wave does the greatest relative movement toward the shore occur? In brief, at the base of the wave, the change of relative movement toward the shore within the wave approximates zero, whereas the maximum increase of movement toward the shore occurs at the peak of the wave. The rate of relative movement toward the shore increases from zero to the maximum rate as we trace our eye's movement upward toward the peak. (**Figure 3**).

See this same argument in terms of the plastic model. (**Figure 1**).

In explaining this to school-children, or others beginning

their acquaintance with such matters, we illustrate our general thought by aid of approximate truths. We say that our introduction of the idea of hydrodynamics begins with observations and experiments using an approximately incompressible fluid, water. Once we have mastered some basic features of hydrodynamic behavior of water, we look around us, to discover cases in which other media behave according to hydrodynamic principles.

In explaining sonic booms to children, for example, we point out that as an object moves through the atmosphere near the speed of sound, the air becomes very much like water in one respect: it becomes a relatively incompressible medium, relative to the movement of the body. We say, that as a result, the air behaves, in some significant respects, as a hydrodynamic medium, generating the shock-wave we identify as the sonic boom caused by a supersonic aircraft's flight or a supersonic bullet's trajectory.

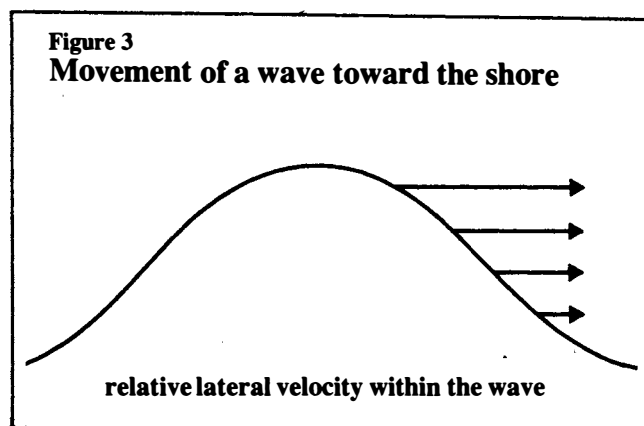
So far, the whole matter might appear quite straightforward. Therefore, why should there have been any controversy among physicists concerning the conclusions projected by Riemann's 1859 paper, in which the generation of such "sonic booms" was first analyzed and predicted?

During the 1890s, Lord Rayleigh, Bertrand Russell, and others, insisted that Riemann's physics was absurd. Rayleigh, in particular, insisted that "sonic booms" could not exist. The reason for that hullabaloo is, that if Riemann's physics is correct, if sonic booms are generated in such a fashion, then there exists a fundamental absurdity in the kinds of mathematical physics associated traditionally with such figures as Descartes, Newton, Cauchy, Maxwell, Helmholtz, Kelvin, et al. The real universe could not be the kind of universe the mathematics of Newton-Cauchy-Maxwell imply.

In other words, the kind of physics Riemann brought to bear upon his 1859 "shock-wave" paper implies a different kind of universe than the Newton-Cauchy-Maxwell school insists to exist. The organization of the universe is not Newtonian, but is, rather, hydrodynamic.

It is my own chief contribution to scientific work to have discovered and demonstrated, beginning 1952, that the ordering of economic processes corresponds uniquely to the implications of Riemannian physics.

The central role of Riemann's 1859 paper in the computer-applications "modeling" for LaRouche-Riemann forecast-



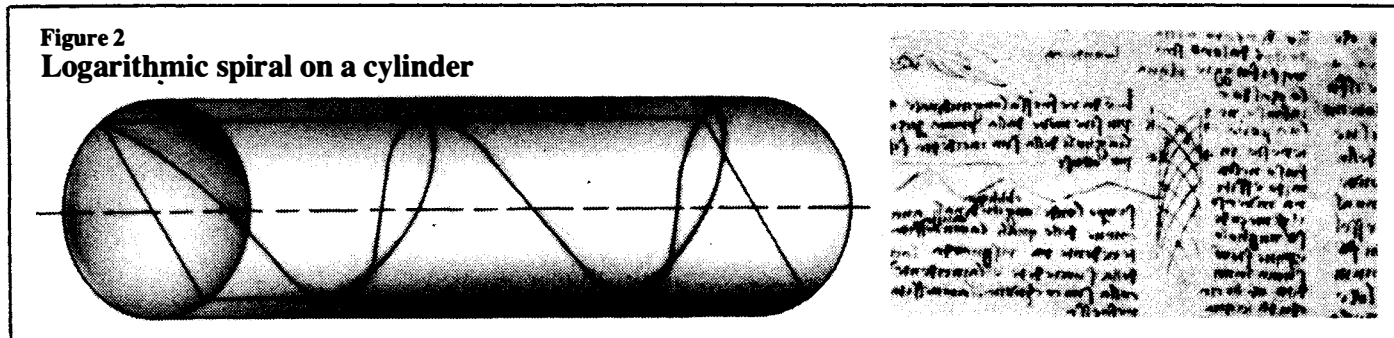
ing is not some clever trick with mathematical analogies. Economic processes are characterized by shock-wave-like transformations, because economic processes are hydrodynamic in their most characteristic features. For appropriate reasons, I have stipulated that an economic process must be thought of by physicists (for example) as a thermohydrodynamic process.

The problem is best understood by a thumbnail outline of the historical background to the Riemann-Maxwell controversy.

Modern science

Modern science begins with the commentaries on the work of Archimedes by the 15th century's Cardinal Nicholas of Cusa. The explicit development of modern science began in Milan, Italy, through the collaboration of Leonardo da Vinci and Luca Pacioli, in the course of which Leonardo assimilated and richly elaborated Cusa's discoveries respecting scientific method.

This work led into the establishment of two interacting schools of French and German science established near the close of the 16th century, typified by Johannes Kepler and Gaspard Desargues, respectively. The work of Kepler and Desargues was brought together chiefly by Gottfried Leibniz, during the 1671-1676 period of Leibniz's initial completion of development of his differential calculus (submitting the discovery of the differential calculus to a Paris printer in 1676). So, we have Kepler leading into Leibniz on the one side, and Desargues, Fermat, and Pascal leading into the



work of Huyghens and Leibniz on the other side. The effort is brought together under the patronage of France's Jean Baptiste Colbert.

This work was continued through the 18th century by Leibniz's followers in Germany, Switzerland, Sweden, and Russia, and by the Oratorian teaching-order in France and Italy. Over the period 1794-1815, the center of scientific and technological progress internationally was the French Ecole Polytechnique under Gaspard Monge and Lazare Carnot, both products of the Oratorian teaching-program.

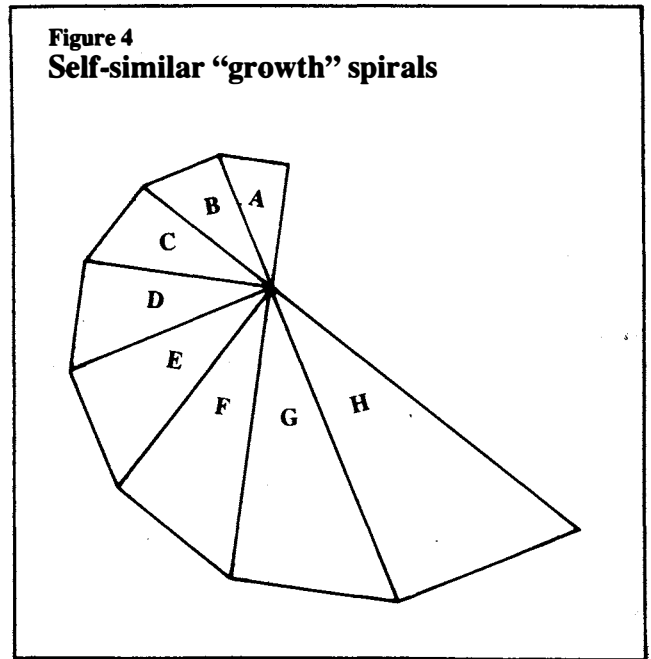
It is a simple matter of historical fact, that every important, fundamental scientific discovery effected into 1815 was accomplished exclusively by the current leading from Cusa into the joint work of Carnot and Leibniz's followers in Germany.

When Laplace and Cauchy combined efforts virtually to outlaw science from France, Alexander von Humboldt and Carnot organized the transfer of French science to Germany, initially chiefly to the University of Berlin and the Prussian Military School, with a simultaneous transfer of French science in large chunks to West Point under Commandant Sylvanus Thayer.

Especially from the early 17th century onward, the teaching and explanation of science has been divided into two irreconcilable factions. The faction typified by Cusa, Leonardo, Kepler, Leibniz, et al., was termed by its British adversaries the school of "continental science." This "continental science" faction was distinguished by its insistence that the laws of the universe were geometric, not algebraic in form. The opposed British, or "reductionist" faction, insisted that the laws of the universe were axiomatically anti-geometric, algebraic in form.

The issue of Kepler's discoveries is at the center of this controversy (not the fraudulent issue of "Copernican man" occupying the arguments of such British agents as Arthur Koestler).

"Continental science" is entirely derived directly from development of a conception first known to have been presented in the *Timaeus* dialogue of Plato, the conception associated with the so-called Five Platonic Solids. Riemann's special significance in modern science is that he was the first to complete a successful method for designing comprehensive experiments by means of which the Platonic character



of the universe's lawful ordering could be rigorously proven in a general way. The 1859 "shock-wave" dissertation is the most typical of the experiments which Riemann designed to prove this fact.

During Plato's lifetime, one of his collaborators, working at the Cyrenaic temple of Ammon, was the first known person to have proven that there are only five types of regular, polyhedral solids which can be constructed in Euclidean space, a proof most rigorously reconstructed by Leonhard Euler during the 18th century, and also reconstructed by Luca Pacioli earlier.

From this demonstrated fact, Plato adduced several inter-related conclusions which are central to the *Timaeus*. These conclusions were later proven for the ordering of the solar orbits by Johannes Kepler, proving an hypothesis earlier developed by Leonardo da Vinci et al. The followers of Kepler and Desargues developed Kepler's discovery, in a pathway of development leading chiefly through the Ecole Polytechnique, and through Humboldt and Göttingen universities during the middle 1850s and 1860s.

The fact that only five Platonic solids could be constructed in visible space proves that visible (Euclidean) space is bounded by limiting geometrical principles. Plato argued, visible space is not a direct representation of the real universe, but is rather a lawful reflection of the real universe, a reflection seen in "distorted" form in a mirror, a mirror everywhere embedded in the real universe. Plato also insisted that the distribution of events in the mirror is governed by harmonic principles, and that we must master those harmonic principles in order to adduce the real, unseen universe reflected to us as visible space.

Using the discoveries of Leonardo et al., Kepler designed an experiment, to test whether or not the ordering of the solar

From the same sheet of drawings at Windsor Castle as the Leonardo drawing on the cover of this issue. Leonardo da Vinci did extensive experimental and theoretical research into the structure of fluid motion. His especially incisive work on wakes and turbulent flow is exemplified here by his drawings of the internal form of the helical motion of what are today called vortex rolls. Leonardo is here depicting the three-dimensional structure of the barber-pole-like structure of the flow, projected onto a two-dimensional plane. Note the decrease in the steepness of the projection as the water moves further from the barrier (whose wake is made up of these vortex rolls) in a phenomena much like a shock wave in reverse. Note the similarity of Leonardo's drawing to Figure 2.

orbits was fully consistent with such harmonic distributions of events. With aid of certain corrections, made possible through development of complex functions, we must say that Kepler's laws uniquely, exclusively account for the fundamental principles of astrophysical phenomena today—whereas the Newton-Cauchy-Maxwell program does not.

The conclusiveness of Kepler's proof was finally confirmed by young Karl Gauss. Kepler specified that if his laws were uniquely correct, and all alternative assumptions necessarily wrong, then there must have existed once an exploded planet in an orbit whose harmonic orbital values he specified. It was later discovered, first by Karl Gauss, that the asteroid belt had precisely the harmonic orbital values prescribed by Kepler.

The sum of the mathematical work flowing from Kepler's discoveries was brought to an intermediate conclusion chiefly by one of the leading figures of the Ecole Polytechnique, Louis Lagrange. Riemann worked to complete the work of Lagrange, aided chiefly by the crucial discoveries of one of Riemann's immediate teachers, Lejeune Dirichlet.

What Riemann accomplished is summed up in preliminary form in his 1854 "On The Hypotheses Which Underlie Geometry." The kernel of that dissertation was a comprehensive, if preliminary set of general specifications for design of what Riemann described as "unique experiments," of which the 1859 "shock-wave" paper is a notable illustration.

The central question of scientific inquiry is, given the fact that the real universe is unseen by us, under what conditions and by what methods can we adduce valid laws for the unseen universe from experimental observations made in terms of reference to phenomena of visible space? Riemann defined visible space, the distorted reflection of the real universe seen by us, as a *discrete manifold*, and the real universe reflected into the mirror as the *continuous manifold*. Under what special experimental conditions can we be assured that certain selected statements about observed relations in the discrete manifold are also true for the continuous manifold?

To summarize as much of the matter as is directly relevant to our discussion here, the kinds of experiments through which we may develop valid statements about the universe, which Riemann named "unique experiments," involve qualitative changes in the lawful ordering of processes observed in the discrete manifold, changes of the sort we often associate with the name "relativistic phenomena."

In other words, to the extent experimental observation focuses only upon the kinds of mathematical formulae which simply repeat themselves over and over, we are able to construct statistically "provable" mathematical descriptions of nature which either may or may not actually correspond to the lawful ordering of the universe. It is only as we conduct experiments in which we appear to change the local laws of the universe, that we are discovering the lawful principles delimiting the kinds of such change the universe permits. The convenient name for the kind of experimental inquiry which focuses directly on those special, unique kinds of cases, is

"relativistic physics." *Only experiments which are immediately focused on relativistic phase-changes in observed processes tell us valid things about the lawful ordering of the universe.*

The paradigm for the anti-scientific view of the universe is not Newton, but Descartes, Newton is merely a degenerate version of Cartesian arguments. Descartes' universe is a "big bang" universe. "God created the universe one day, and thereafter became impotent to change the composition of laws he had created."

For Descartes, the real universe is nothing more nor less than the discrete manifold—empty space, stretched infinitely, in which particles move about, acting upon one another. It was this particular absurdity, this dangerous absurdity, in the scheme of Descartes which was ruthlessly attacked by Pascal, Leibniz, and by the Ecole Polytechnique. Although the Cartesian scheme may appear to some to be geometric in conception, it is really a naive Euclideanism which leads directly to an axiomatically algebraic, or, to use a more ancient name, cabalistic, conception of mathematical physics.

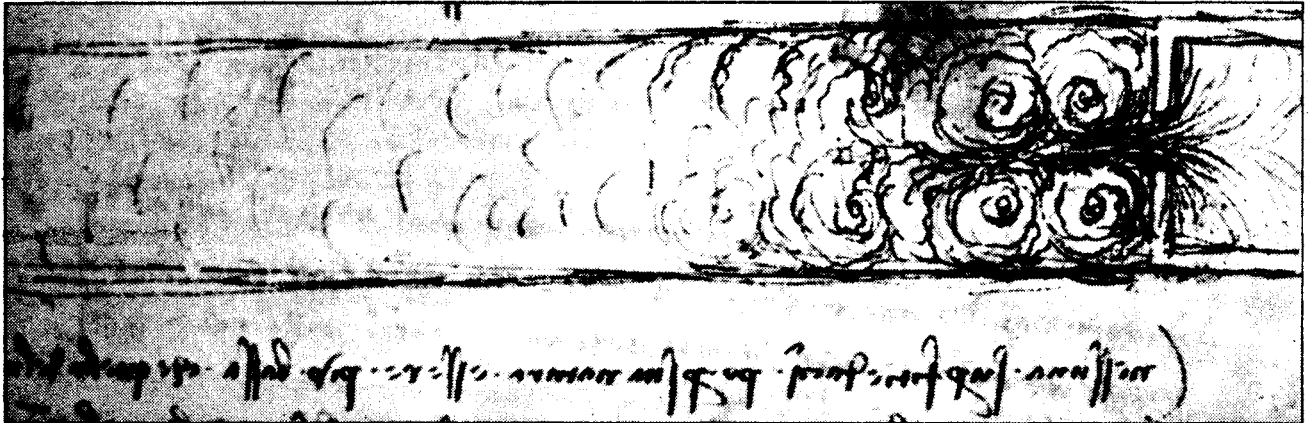
Algebra is essentially a psychologically poisonous Phoenician (Philistine) cult superimposed upon the body of scientific work.

The original curriculum of the Ecole Polytechnique was entirely, pervasively geometric, a feature of the program directed by the great geometer Gaspard Monge. In 1816, when the House of Orleans had subjugated France, Laplace took over direction of the Ecole from the exiled Lazare Carnot. Laplace ripped out the geometrical curriculum from the Ecole's programs, and superimposed his own cabalistic, algebraic scheme. Laplace's fanaticism was complemented by the hoaxster and plagiarist Augustin Cauchy. Their combined efforts created the conditions of inquisition against French science which compelled French science to exile itself in Alexander von Humboldt's Prussia.

Although Professor Felix Klein and his collaborators defended most of the fundamental accomplishments of their French and German forebears, over the past hundred years, the influence and knowledge of the method of "continental science" has been ripped out of university curricula, and reduced to knowledge of a now-near-vanishing portion of the science profession.

In Germany, which was the paradigm for fundamental progress in science into the early 1920s, science was already being systematically destroyed under Weimar. With Hitler's accession to power, Nazi hacks rapidly displaced competent scientists in most key university positions, with only a fragment of competent German science surviving during the Hitler-period. This temporarily revitalized science in the U.S.A., but we have refused to reproduce the reinfusion of scientific excellence these emigré-scientists brought with them.

In Germany today, it is chiefly only a dwindling number of the students of Werner Heisenberg who represent competence in fundamental work. When they retire, scientific competence in Germany will have disappeared.



*These two drawings from Leonardo's studies in hydrodynamics, now in the collection of the Library of the Institut de France, represent vortex formation with the flow of water around an obstacle or through an opening in a partition within a trough. The second figure of symmetric counter-rotating vortices brings to mind Theodore von Karman's vortex street of asymmetric counter-rotating vortices formed in the wake of a circular cylinder moving through a field. In his 1954 **Aerodynamics**, von Karman wrote: "I do not claim to have discovered these vortices: they were known long before I was born. The earliest picture in which I have seen them is one in a church in Bologna, Italy, where St. Christopher is shown carrying the child Jesus across a flowing stream. Behind the saint's naked foot the painter indicated alternating vortices."*

Today, only by exception do we support important varieties of fundamental research and correlated development in physics and related fields, and that chiefly through government-backed science-driver projects such as the pre-1967 NASA effort. Beginning the introduction of the "New Math," we have permitted the destruction of competent pre-science teaching in public schools, and have adjusted university programs to the predominant incompetence public-school graduates have cultivated.

With a diminishing percentile of exceptions, public-school graduates from the class of 1966 onward are less rational, less able to assimilate technological skills, as well as scientific competence, than the classes of the earlier period. Competent teaching of geometry—the foundation of competence in scientific thinking, or skilled use of machine-tools, is vanishing from education.

Fundamental conceptions which might have been rather readily assimilated by earlier generations of secondary-school graduates, seem both very mysterious, and even infuriatingly wrong, to most of the past 15 years of secondary-school graduates. Even among most of those who are broadly qualified professionals, the implications of thermohydrodynamics, as they apply, in particular, to economic processes, appear as either very mystifying or even flatly wrong.

So, the Riemannian conception of a potential function,

or the use of the shock-wave function in economic analysis, must tend to appear a very strange business to most today, where the same point would have been grasped more readily by professionals even less than fifty years ago.

All crucial transformations occurring in the real universe have the mathematical-geometric form otherwise exhibited in shock-wave generation. In each instance the nature of the process being analyzed requires us to recognize such a crucial (e.g., relativistic) kind of transformation as occurring, our analytical task is to apply a mathematical procedure analogous to the shock-wave function, and to determine experimentally the boundary-conditions, and phase-space parameters corresponding to the expression of that function in that case.

Hence, "LaRouche-Riemann method."

Potential function

The existence of mankind can be measured functionally in only one way, as a process of increasing (or decreasing) relative population-density. How many persons per square mile, can be sustained by the labor of society at existing levels of technology of practice?

Our objective is not merely to produce an increase in raw population. Our objective is to produce a population capable of increasing further the relative population-density. What

we must desire to produce is an enlarged population with an increase in per-capita potential relative population-density.

Restated in mathematical-like terms, we are obliged to accept something which is most unsatisfactory from the vantage-point of an axiomatically algebraic world-outlook. Our rigorous statement of the principle involved requires a mathematical notion of the sort some have termed "self-reflexive functions." The radical cabalist-cultist Bertrand Russell and his Cambridge University friends have had public rug-chewing fits over the suggestion that self-reflexive functions exist.

In other words, if we examine human activity by the standard of perpetuation of human existence as a whole, the significant feature of per-capita human activity today is its realized potential to produce an enlarged population with an increased such potential tomorrow.

"The kind of physics Riemann brought to bear upon his 1859 'shock-wave' paper implies a different kind of universe than the Newton-Cauchy-Maxwell school insists to exist. The organization of the universe is not Newtonian, but is, rather, hydrodynamic."

Unfortunately, the usual procedure in economics practice today, is to interpret economic performance from the standpoint of the ordinary bookkeeper or accountant. Economic performance is measured either as the number of things produced, or, worse, as the aggregate net price of total purchases and sales occurring in an economy. Public opinion is so thoroughly conditioned to delude itself that accountants are economists, that mere statistical accounting of things or bookkeeping values is credulously swallowed as economics practice. Such delusions made possible the career of the dangerously incompetent Robert Strange McNamara.

It is true that production of useful things is the visible form of the activity on which human existence depends. It is an easy matter to prove that things have no economic value in and of themselves. The question posed to economic science is: What value do particular things produced have for the perpetuation of society's existence? *Does this production of things increase or decrease the per-capita potential relative population-density of the new generation?*

Let P_i signify a general term for per-capita potential relative population-density. $P_1, P_2, P_3, \dots, P_i, \dots, P_m, \dots$, then describes the rising per-capita potential relative population-density over successive periods of development of an increasing total human population. This series implies a cor-

responding function, $F(P)$, of some kind. The value associated with this function either increases (normatively) continuously over time, or the society becomes sick or even begins to die.

The significance of things produced is the effect of their production and consumption on increasing the value assigned to that potential-function.

That is not yet rigorous enough. In place of a series of successively rising values, we require a special variety of fixed value for our function, a fixed base-line value for the function as a whole statement. This fixed value for the function as a whole subsumes epoch-to-epoch increases in per-capita potential relative population-density. This value for the function as a whole has the significance of what we might sometimes wish to name "a world-line." This value implies the pathway of self-development of society which is the minimal rate of improvement of per-capita potential relative population-density required to sustain human existence indefinitely.

Consequently, in economic science properly elaborated, we define potential as the power to produce increased potential of the same kind.

I appreciate the initial difficulties experienced even among professionally trained persons. I wrestled long with this sort of notion from my first attempt to master some of Leibniz's work, at the age of 12, and did not begin to reach a satisfactory overview of the matter until the age of 30, after nearly a year of grappling with the implications of Georg Cantor's notion of the transfinite. Without recognizing, finally, the significance of Cantor's work, I would not have grasped independently the significance of Riemann's methodological approach. Thirty years after that, I may hope I have become sufficiently a master of this conception that I might put myself forward to make it accessible to others more generally, to reduce the issue involved to experimentally demonstrable terms of reference without compromising anything fundamental.

I indicate the significance of "transfinite," and then restate the point which I have just cited.

The bare-bones idea of a "transfinite" magnitude may be developed as follows.

The simplest approximation of a transfinite number is the counting of integers. In first approximation, this may be stated that for the case that N identifies the largest integer we have counted by this method so far, the next integer is identified as $N + 1$, or $N - 1$. By stating as an idea the procedure of counting by which all members of a class may be counted, one introduces the substituting of the state of such an idea for the detailed counting of each and every number of the class.

For example, we ask ourselves how we count in a rigorously orderly fashion all of the fractional numbers (including integers), otherwise called rational numbers? By thinking about the construction of the Sieve of Eratosthenes, we have reduced all rational numbers to a single idea.

We may do the same for the class of irrational numbers (e.g., roots which are not otherwise rational numbers). We

may do the same for the class of algebraic numbers. And, so on and so forth.

The generalization of such ideas in modern science begins, as a significant development, with the work of Fermat and Pascal during the middle of the 17th century. Pascal elaborated the principle that meaningful series of ordinary numbers are defined from the standpoint of geometry, not arithmetic. This established the arithmetic features of the differential calculus, which Leibniz combined with Kepler's specifications for such a calculus, to develop the first generalized form of the modern differential calculus by 1676.

Leibniz's treatment led into Leonhard Euler's related work in defining the basic formulations for topology, and related matters.

The notion that arithmetic series, and algebraic functions are merely by-products of purely-geometric functions is an ancient idea of uncertain age, and is the kernel of competent varieties of modern treatment of algebraic functions. The development of the notion of the transfinite by Cantor during the period 1871-1883, is essentially a continuation of, and generalization of that point.

"The existence of mankind can be measured functionally in only one way, as a process of increasing (or decreasing) relative population-density. How many persons per square mile, can be sustained by the labor of society at existing levels of technology of practice?"

Since all arithmetic and algebraic functions can be reduced implicitly to a statement in geometry, we are able to "handle" large, unlimited arrays of numbers, etc., as in a single act of thought, by discovering the appropriate geometrical idea which generates the array as a well-defined collection.

Among the most interesting of such ideas, as it occurs within the limited bounds of arithmetic as such, is the determination of the number of primes in any counting-interval between 0 and some chosen integer N . Fermat reported he had discovered a solution for this—and might well have been correct in that report. Leonhard Euler tackled the problem afresh during the 18th century, and Riemann reworked Euler's conception approximately a century later. Analytically, this discovery of the Riemann-Euler function for primes has never been analytically disproven, though a full appreciation is still wanting. The idea of substituting the Riemann-Euler

function for an actual counting-out of those prime numbers within the interval, belongs to the general kind of thinking-behavior associated with the notion of transfinities.

This Riemann-Euler function is most fascinating not merely because of the popularity of the determination of prime numbers. It says implicitly that the only real numbers in the universe are what we term complex numbers, or, rather, complex functions: e.g., transcendental numbers, and that the integers, and all so-called "real numbers," are merely sigilarities within the continuous domain identified with complex functions.

From the standpoint of Riemann's work (most emphatically), such statements have a precise and fundamental significance. The point is illustrated by our summary description of wave-functions earlier. We derived a sine-wave function on a plane from a spiral on the cylinder enclosing that plane, showing how the number π and the natural-logarithmic base e enter into the trigonometric function by way of simple geometric construction.

Look now at **Figure 4**, Self-Similar "Growth" Spirals. We shall refer again to this figure at a later point in our presentation. This is a conception we owe originally (to the best of our present knowledge), to Archimedes, and to later work of Luca Pacioli and Leonardo da Vinci.

We used the hypotenuse of right-triangle A as the long leg of the similar right-triangle B, and used the same procedure to develop successively C, D, E, F, G, and H. The result approximates the growth of a snail's, conch's or nautilus's shell, approximately an Archimedean spiral.

Two things must be said about this immediately. First, the Archimedean spiral is a spiral whose relative proportions are those of the Golden Section (sometimes misleadingly named the Golden Mean). This Golden Section arises in the construction of the Five Platonic Solids in constructing the pentagon, and corresponds to the crucial harmonic proportion of the fifth in music and in astrophysics (as elsewhere). This ratio is characteristic of two things in our universe's discrete manifold: the morphology of living processes and the universe's ordering as a whole.

It is approximated in arithmetic by what is called Fibonacci's series, the hypothetical calculation of the growth of populations of rabbits. As the Fibonacci series becomes relatively large in numerical magnitude, that series converges upon the Golden-Section determined geometric growth-pattern.

This spiral is properly generated in synthetic geometry by constructing a self-similar logarithmic spiral on a cone. The image of the spiral projected from the side to the base of the cone is the Archimedean spiral. Construct a hexagon inscribed in the circle of the cone's base. Derive a regular twelve-sided polygon, inscribed in the circle, from that hexagon. Divide the circular base of the cone, in this manner, into twelve equal, circular sectors. The radii will then intersect the Archimedean spiral in precisely the proportions of the length of the spiral corresponding to the well-tempered scale. This was presented by Dr. Tennenbaum in 1981.

Now, proceed to the next step in Dr. Tennenbaum's constructions of the well-tempered scale. Using a procedure like Euler's inscription of the Five Platonic Solids within a single sphere: The Keplerian intervals—inscribed within a cylinder, from point to point of a logarithmic spiral, yield the proper musical progressions.

Now, go a step further. Treat the cylinder as a very elongated cone, and project the result upon the cone's base. This portrays the significance of differences of musical register as well as the self-similar proportions of the well-tempered scale throughout the span of registers.

Let the result of any such projection be treated as a reflection of the continuous manifold projected into the discrete manifold of Euclidean space. The geometrical notion of the generative continuous manifold's images, accounts for the projected images as a class.

Such pedagogical ruses demystify complex functions in a preliminary fashion, helping the student to think rationally about the connections between continuous and discrete manifolds. This kind of thinking underlies the deeper significance of the notion of transfinite.

Generally, transfinite "numbers" are geometrical conceptions which compact thinking about a complex extension of a definite class of determined particular things into a single action of thought. It is thinking directly about the universals which lawfully determine large arrays of particular things. Ontologically, it is the way in which we can recognize, in a rational way, the reality that reality is located with universals, and that particular things (singularities) are relatively ephemerals determined by such universals' self-elaboration.

This approach enables us to proceed to study of the interaction among universals as universals. Our function, $F(P)$, is such a transfinite.

It is the popular persuasion, that grasp of fundamental principles of scientific work depends upon working one's way through years of apprenticeship, successively mastering ever-more-complicated constructions in mathematics. Perhaps, after 30 years of graduate studies and assistant-professorship's research-activities, one's head might be sufficiently stuffed with refined knowledge that one might be able to begin to attack fundamental questions. I exaggerate to make the point.

On the contrary, the really fundamental questions of scientific method are those typified by Plato's appreciation of the implications of the Five Platonic Solids. Most of the important errors in scientific work are not the sort of errors one associates with correcting an algebraic formulation (or, some spy's stealing a "secret formula"). All of the important errors in scientific work are elementary errors. The important errors are those assimilated, or left uncorrected at the age of 6 to 16. These errors of assumption become embedded, as by an "hereditary principle," in the elaboration of mathematical and other constructions all the way to the status of professor emeritus. Truly accomplished professors emeritus are of the sort who recognize that a major problem of science

today might be the ingenuous acceptance of a wild error asserted by Michael Faraday, for example.

This is the history of scientific progress, in which all truly fundamental achievements were exactly a rigorous criticism of one or more of the most commonplace, "elementary" assumptions which, proverbially, every educated professional passively accepted as true.

The enemy of scientific progress is the popular myth that something profound must necessarily be very complicated, as requiring blackboards strewn with densely-packed analytical treatments of algebraic functions. Contrary to this, insight proximate to fundamental discovery is illustrated by the insolent fellow who goes to the messy blackboard, erases some of the chalky fustian thereon, to make a single, simple geometric diagram, which goes directly to the crucial, elementary issue of the entire matter.

*" 'Continental science' is entirely derived directly from development of a conception first known to have been presented in the **Timaeus** dialogue of Plato, the conception associated with the so-called Five Platonic Solids."*

For example, to the best of my knowledge, Cusa was the first to discover the fundamental principle of rigorous topology: that the circle is the only self-evident figure in geometry, and that points and lines have no axiomatic existence. One constructs a "straight line" by folding a circle against itself—any other definition of "straight line" leads to wild absurdities in the physics of multiply-connected manifolds. Similarly, one constructs a point by folding a semi-circle against itself. Lines and points are determined (constructable) singularities of circles. Once that correction to popular mythology is made, mountains of elaborate algebraic rubbish fall more or less immediately from the corpus of mathematical physics.

"But," the attempted rebuttal is heard, "we construct a circle by rotating a line around a point." An understandable blunder is embedded in that argument, a blunder whose character is a lack of sufficiently rigorous attention to fundamentals. The significance of the circle is that it represents, first, closure in the discrete manifold. In elementary topology, the student is introduced to the proof that the circle is the closed curve which circumscribes the relatively largest area. That is

necessary pedagogy, but is not yet at the bottom of the problem. What is the physical significance of enclosing the relatively largest area? What are the crucial implications of such a statement? It is the student whose mind is troubled by scent of such implications who will probably become the great scientific discoverer of tomorrow. "True, we construct circles with a compass, but what is it we have constructed? What previously existing form of existence in the universe have we copied? What is the nature of our universe, that circles might be constructed in such a fashion?"

This sort of rigorous scientific thinking was associated with 15th-century and later reexamination of the implications of the Five Platonic Solids. By choosing, primarily, the regular polygons corresponding to the facets of the Five Platonic Solids, and by inscribing those in a circle, Kepler reproduced Plato's notion of harmonic intervals. This has been, in historical fact, the procedure upon which all competent varieties of modern mathematical science have been constructed. Is one's mind not properly fascinated to understand why that is the case, how the universe is constructed to the effect that this has been the case? All rigorous mathematics begins with the topological principle, that the circle is the only self-evident geometric form existing in the discrete manifold. Through the initial singularities, the "point" and "straight line," derived by construction from the circle, every possible geometric form existing in the discrete manifold is rigorously derived, as a product of the circle. That is the first mathematical law governing all phenomena of the discrete manifold. Therefore, the essential, elementary feature of all competent varieties of mathematical proof is a synthetic-geometrical demonstration that the specific geometrical form examined is coherent with its lawful derivation from the circle or sphere. Consequently, no mathematical formulation is acceptable in competent mathematical-physics discipline, unless the proponent of the formulation first constructs the geometric model which an algebraic formulation purports to describe. If a mathematician can not indicate the geometric model, then we must say of his algebraic formulation, that he does not yet understand what he is talking about. We examine the geometric model of the function according to principles adduced from the principle of synthetic geometry, that all geometrical existences in a discrete manifold must be proven with respect to circular or spherical derivation: closure.

Most of the formal mathematical fallacies encountered in scientific work can be reduced to the matter of failure to adhere to the rigors of geometrical closure.

The same state of mind, the same focus on rigorous examination of elementary notions, is central to the notion of per-capita potential relative population-density in the LaRouche-Riemann method. From the outside, the argument employed to develop the formulations for per-capita potential relative population-density is easy to follow. Yet, this easy-to-follow argument leads us to clear and readily understood conclusions which are violently contradictory not only to differing approaches to political-economy, but sharply offen-

sive to numerous among physics and mathematics professionals. Wherever such an experience arises in scientific work, we know that there exists some extremely clever and resourceful fallacy embedded in the presentation of simple, elementary conceptions. The fallacy of this elementary nature exists either in the offending doctrine being offered, or in the contrary doctrines which the presented material sharply offends. It is so here. The conception we employ is clear and simple to follow, elementary, and yet in that elementarity lurks one of the most profound issues in scientific work in general.

At this moment, we turn to focus upon the embedded, elementary conception underlying the LaRouche-Riemann method of defining per-capita potential relative population-density. In this way, we bring forward the key issue of method which the mathematical-physics professional must suspect to exist. Once this issue is clear, the implications of the LaRouche-Riemann notion are no longer obscure.

Science's roots in Judeo-Christian Neoplatonism

Since the work of Philo of Alexandria and the early Christian Apostles, "Neoplatonism" has meant, in its proper usage, a kind of superimposition of Judeo-Christian principles upon the methodological world-outlook reflected most emphatically in the *Timaeus* dialogue of Plato. This superimposition is not of the form of an encasing of Platonism within a Judeo-Christian theological confinement. Rather, Judeo-Christian Neoplatonism goes directly to the heart of Plato's conception, and makes an explicit statement of policy respecting that conception.

All fundamental achievements in modern science have been adduced directly from that root. So, it is not properly astonishing that the greatest theologian and law-giver of the modern era, Cardinal Nicholas of Cusa, should have been in essence also the founder of modern science.

In Philo's exposition of Judaism, and in the work of Christian Apostles and leading patristics, beginning with the opening passages of the Gospel of St. John, Neoplatonism has these chief, summary distinctions.

First, Christianity (in particular) attacks directly and without compromise or toleration, all pagan cults of the Hesioidic, Phoenician, and other "Great Mother" varieties. "Great Mother," whether in the guise of Cybele, Mithra cultism, Sakti, Isis, is for Christianity "the Whore of Babylon." The worship of Lucifer-Apollo-Horus, etc., and of Satan-Osiris-Dionysos-Siva, is correctly appreciated as a subfeature of the worship of the "Great Mother," Isis or the "Whore of Babylon."

Second, Judeo-Christian Neoplatonism rejects all population-equilibrium doctrines, including those attributed to ancient Platonism. This is chiefly identified with the injunction of the Book of Genesis, that mankind must "Be fruitful and multiply, and fill the earth and subdue it." This injunction translates directly and necessarily into the form of per-capita

potential relative population-density.

Third, the power of mankind to perfect its mastery of nature, as through scientific-technological advances in the productive powers of labor, is implicit in the creation *Filioque* doctrine of the Latin liturgy. This goes beyond the Composer-Logos consubstantiality of the *Timaeus*, although agreeing fully with Plato's notion of the principle of consubstantiality. In Christianity, the creation of Christ to be a consubstantial part of God the Composer is God's enlargement of Himself. Man, through his embedded divine potential, must imitate Christ, to become an instrument of the process of continuing creation, to develop further the universe in a creative manner, to the Glory of God.

Fourthly, Judeo-Christian principles reject absolutely the "big bang" version of one-time creation typified by the doctrine of Aristotle. Philo, for example, is explicit on this point. The universe is an unfolding composition, a process of continuing creation. The lawfulness of the universe's composition is not confined to fixed laws of a mechanical (e.g., Cartesian or Newtonian) variety. The lawful principles of the universe are rules governing the unfolding of continuing creation, a process of continuing creation in which fixed, mechanical-type laws are successively transformed.

This has been the standpoint, inclusively, of the fundamental contributions to science by Cusa, da Vinci, Kepler, Leibniz, and Riemann. Riemann, for example, is most explicit in this, as in his treatment of Herbartian antinomies. Friedrich Schiller was also directly explicit on this point, in his criticism of the fundamental methodological fallacy in the work of Immanuel Kant.

Man must fulfill the injunction to exert increasing dominion over the universe, by discovering more perfectly those higher laws of continuing creation (as distinct from ephemeral, mechanical kinds of consistency in a discrete manifold). This perfected adducing of the lawful ordering of continuing creation is the proper content of science.

Although this is the explicit content of Judeo-Christian Neoplatonism, it is an outlook not unique to such Neoplatonism. The establishment of Israel and the reestablishment of Athens occurred not accidentally within approximately ten years of one another. In the case of the refounding of Athens, it was the sponsorship by the temple of Ammon which was critical, and there are strong internal indications that this affects the case of Moses, who led the chosen group who became the Israelites, to overcome the power of the Philistines. (Knowledge of the evil represented by Cadmus, and by Thebes, informs our view of the ancient Philistines in this matter.) The view of God, man, and nature associated with the adversaries of Hesiodic dogma in Greece—Solon, Aeschylus, Plato, et al., is known to have developed under the patronage of the temple of Ammon, in opposition to the Isis-cult within Egypt.

It is a matter of work in progress, that this writer and his collaborators are working with Brahmin and related scholars to sort out a like current within Vedic philosophy-theology,

in which the principle of *life-continuing creation* represents the leading positive current. Correlated with this aspect of that inquiry is a study of the astronomy reflected in Vedic and related sources, as earlier examined by Kepler and as studied in German circles including Karl Gauss and August Boeckh. This latter matter is referenced substantially in the writer's recent book, *The Toynbee Factor in British Grand Strategy*. Dr. Uwe v. Parpart has provided an appendix for that book, in which exemplary cases of ancient astronomical cycles-knowledge are provided for the reader's reference.

"Modern science begins with the commentaries on the work of Archimedes by the 15th century's Cardinal Nicholas of Cusa. The explicit development of modern science began in Milan, Italy, through the collaboration of Leonardo da Vinci and Luca Pacioli, in the course of which Leonardo assimilated and richly elaborated Cusa's discoveries respecting scientific method."

Contrary to British doctrine on the ice-age phenomenon, scholarly research in Germany has shown that the entry of the Gulf Stream into the Arctic region during the second part of the past million years must have shifted the ice cap from the Arctic to the adjoining continents, to effects coinciding with the findings of Bal Gangadhar Tilak. The Arctic astronomy reflected in the ancient Vedas, including an immensely great long-wave cycle verified first by Kepler, and accurate cycles for migration of both the geographic and magnetic north poles, is conclusive evidence bearing on the theses included in both Tilak's work and in the recent *The Toynbee Factor*.

Long before the evil cult of astrology appeared, there existed a rigorous, empirically grounded science of astronomy-navigation. Science and the forerunners of Judeo-Christian Neoplatonism emerged in tandem, as man lifted his eyes from the bestiality of groveling in the moral muck of blood and soil, and turned his eyes to the heavens, to discover his proper and meaningful place in the unfolding of continuing creation.

So, although our primary reference here is Judeo-Christian Neoplatonism, our view of the matter is also much

broaden.

This is key to Georg Cantor's notion of the transfinite, the standpoint from which Riemann's work is properly to be assessed. Cantor's notion was not essentially original to him. Rather, the work of both Riemann and of Cantor's immediate predecessor, Karl Weierstrass, afforded the most advanced view of the combined work of two leading figures of Carnot's Ecole Polytechnique, Fourier and Lagrange. This advancement enabled Cantor to reformulate the pre-existing notion of transfiniteness on a new mathematical-geometric basis.

By transfinite, we mean that reality, substance, ontology, exists only in the continuous manifold, rather than in the reflected images of the discrete manifold. Transfinite existence is not a mere construct adduced from algebraic orderings of phenomena of the discrete manifold. Transfiniteness is not merely a superior method of mental construction for conceiving of the ordering within a discrete manifold.

This is illustrated by examining the equivalence of Weierstrass's treatment of ordered discontinuities and Riemann's geometrical treatment of discontinuities in such harmonically ordered forms as shock-wave generation. The continuous manifold is uniquely the ontologically real. It is comprehension of the reasons, the proofs, that this is necessarily the case, which locates the deep roots of the elementary notions of the LaRouche-Riemann method of economic forecasting.

For example, A. Einstein's $E = MC^2$ is not consistently Riemannian relativism, even though Einstein did in fact owe most of his own approach to relativistic physics to the Kepler-Riemann notion of relativism. Between Riemann and Einstein there intervened the corrupting influence of Helmholtz and his circle of de facto Isis-cultists, allied to the Isis-cultism dominating scientific discussions and policy of Britain's Cambridge University during and following the period of Clifford's work. The corrupted notion of "energy" associated with Helmholtz and his circle, plus the pernicious influence of L. Kronecker and the delphic Richard Dedekind, introduced a reductionist, mechanistic misdefinition of "energy," to the effect that the E of Einstein's $E = MC^2$ is an intrinsic obstacle to coherent relativism within Einstein's doctrine.

This Helmholtzian notion of "energy" shifts the location of ontological reality from the continuous manifold back to the Cartesian discrete manifold, to the effect of attempting to reverse absolutely everything earlier accomplished in the development of modern science, from Cusa, through Kepler and Riemann. Hence, in the kind of modified relativistic view associated with Einstein's work, transfiniteness becomes almost merely a method of developing more directly plausible explanations of phenomena situated ontologically within a Cartesian sort of discrete manifold.

This is not an issue merely parallel to the work of the LaRouche-Riemann method in economic science. That difference with Einstein is the crux of the LaRouche-Riemann method.

Those bench-mark observations identified, we focus directly on the fundamental issue of human knowledge. What

is man capable of knowing about the lawful composition of his universe, and by what method can such knowledge be adduced with certainty?

Man's existence, first of all, depends entirely on meeting the requirement for increase of per-capita potential relative population-density.

In any fixed technology of productive practice, man's existence is associated with the development and exploitation of a rather well-defined range of natural resources. The development of the raw materials required for human existence on the existing scale, requires some portion of the total available labor of society. If the per-capita such labor required to meet per-capita human needs rises, then the level of human existence must fall. This fall, associated with the depletion of those kinds of natural resources practically accessible to existing levels of technology, means a collapse of the per-capita potential relative population-density. As that potential falls below the existing level of population, the society must collapse.

For example, a hunting-and-gathering mode of human existence can not sustain a population-density of habitable areas much above one person for each 10 to 15 square kilometers, a worldwide human population in the order of about ten millions individuals.

As I have indicated in *The Toynbee Factor*, the take-off point for development of culture above the approximate level of hunting-and-gathering modes of existence begins with fishing in the vicinity of mouths of river-systems. Some of the implications are obvious to anyone who has actually struggled to move about in a raw jungle or forest. The development of boats, and the development of shore settlements near mouths of rivers, is virtually the precondition for development of human culture. This is the best condition for development of agriculture in original form, and diffusion up along river-systems into the interior removed from the coast.

Such maritime-riparian developments, of the sort which tend to produce astronomical-navigational science in its earliest rigorous forms, is virtually the indispensable precondition for advancement of the world's human population above the range of a few millions individuals. If a maritime, fishing culture did exist in the Arctic region in such a period as the Ice Age development implies, this would have been the perfect forcing-condition for development of astronomy, and creating a center for diffusion of culture by maritime colonization into other regions of the world, as the account of Diodorus Siculus, of Manetho, and of references to accounts of the temple of Ammon argue.

Once that transition to a culture sustaining above approximately 10 millions potentially occurs, technological progress in the development of the productive powers of labor becomes the precondition for avoiding cultural-population collapse. From this standpoint, the injunction of the Book of Genesis, to "Be fruitful and multiply, and fill the earth and subdue it," is not to be viewed as a whim of the composer of the Book, but as a statement of the most fundamental scien-

tific principle, the precondition for successful continuation of human existence.

The advancement of technology has two effects upon per-capita potential relative population-density. First, the increase in per-capita productivity offsets the affects of depletion of richest, most accessible forms of natural resources in use. Second, more fundamentally, technological progress ultimately, successively, enlarges the range of usable natural resources economically available to society.

From this point of reference, we despise the assertion that human knowledge is typified by perfecting an existing technological mode of repeated, unchanging practice. To the extent that we merely repeat, more rigorously, the same technology, mankind dies. A zero-technological growth policy of guild-like practice, is the practice of a society which lacks the moral fitness to survive. We must despise notions respecting knowledge which bear upon measurement of repeatable actions.

Human knowledge must be situated with regard to means by which improved technology is developed. What we must adduce, are principles proven to guide us to successful revolutions in technology. What we require are principles of hypothesis, principles which are characteristically common to successful, successive scientific revolutions in the productive powers of labor. In other words, we require principles of hypothesis which correspond to the synthetic powers of necessary reason.

Refer now again to the series P_i cited earlier. Let each level of per-capita potential relative population-density— $P_1, P_2, P_3, \dots, P_i, \dots, P_m$ —define a range of technology. Let us associate each such range of technology with a corresponding set of analytical “laws” of the Cartesian form. What we must examine, to adduce the required generalized form of potential-function, is the transformation insets of analytical laws associated with successions of the order P_1, P_2, \dots . It is the characteristic transformation subsuming such successive P_i 's which implies the required potential-function.

If the practice of a society which meets such a generalized requirement, satisfies such a potential-function, we measure resulting success as an increase in per-capita potential relative population-density. The “world-line” associated with such a process of increasing potential signifies people producing an increased population of people of increasing per-capita power to accelerate the rate of increase of such potential. Again, the kind of self-reflexive potential-function as we defined the point earlier. The increase of population according to this requirement, is therefore the fundamental empirical measurement for all human scientific knowledge. The transfinite ordering of scientific progress which subsumes such a potential-function, becomes uniquely the empirical basis for determining what does and what does not represent human scientific knowledge.

This brings us to the crucial point of elementary rigor.

Man demonstrates his knowledge of the lawful composition of the universe to the extent man willfully increases his power over the universe. So, the form and content of scien-

tific knowledge can be nothing else but the kind of practice which directly correlates with that increase of power, with the production of those kinds of discovery, those scientific revolutions, by means of which per-capita potential is increased.

This signifies, additionally, that the degree to which man's knowledge subsumes such successive scientific revolutions, is the expression of the agreement between man's willful practice and the actual ordering of the universe. Those principles of hypothesis—of synthetic necessary reason—which correlate with, and express this connection, this agreement, are the substance of science, and the proper definition of science. Such a notion of science corresponds directly to Plato's notion of the hypothesis of the higher hypothesis, and corresponds in practice to that insight into the Five Platonic Solids from which all modern science's fundamental achievements have sprung over the course of the recent five centuries.

Man must prove in practice that his ideas about the observed universe correspond to the way in which the universe is ordered in fact. One must convert man's judgment of the observed phenomena into the form of a purposeful, willful action upon the universe. Scientific knowledge must never be degraded merely to a plausible explanation, description of observed phenomena. Any purported “explanation” must be elaborated in the form of a statement which guides mankind to increase its power over the universe. The increase of man's power over the universe is the conditional proof of the “explanation” developed in that active, non-contemplative form.

The only durable measurement of increase of man's power over the universe is increase in per-capita potential relative population-density of society. Since what we must test is not merely individual discoveries, but a “repeatable” method for effecting the kinds of scientific revolutions leading to such increases in per-capita potential, a statement is scientific only to the extent it is a statement of principles of hypothesis of the higher hypothesis.

It is valid statements, so proven, of that higher form, which correlate with the lawful composition of the universe, and which address directly the efficient, ontological reality of the universe.

In this given sense, an economic science based on per-capita potential is the-mother of all science, and is the authority to which all other aspects of scientific inquiry must appeal on behalf of their own conditional authority.

The notion of the Logos, the hypothesis of the higher hypothesis is a notion of universal transfiniteness, a notion to the effect that the real universe (the Self-Composer) is ontologically transfinite. It is the continuous manifold, corresponding to that ontological transfiniteness which is the real universe in which the action of cause and effect is immediately situated.

We shall refer to the implications of what we have just developed here at appropriate later locations in this report.

To be continued.

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Soviets set to gain from elimination of China Card

by Peter Ennis

The collapse of Henry Kissinger's decade-old "China Card" alliance between Washington and Peking has set the stage in Asia for a major shift in the relative strategic weight of the United States and the Soviet Union.

For the past 10 years U.S. policy in Asia has been based on allied efforts by Washington and Peking to forge a militant bloc of nations in the area against the Soviet Union. China's decision to abandon that policy, typified by ongoing Sino-Soviet reconciliation talks and Chinese attacks on the United States as an "imperialist" country, has exposed the United States as a proverbial "emperor with no clothes," since Washington has failed to formulate an alternative policy to the illusory "China Card" alliance.

Moscow, not failing to note that the United States and Western Europe have entered a severe depression under the direction of Milton Friedman and the International Monetary Fund, is now seeking a realignment of the Asian nations into a "zone of peace," through the creation of parallel long-term economic cooperation agreements between the Soviet Union and the three biggest Asian powers, India, Japan, and China. Such agreements would inevitably set the tone for political and economic relations in the entire area, including South Asia, Southeast Asia, and Korea, in effect creating a Soviet-influenced "zone" comprising two-thirds of the world's population. That zone would promote stability and development while economic and political dislocations continue to grow in the West.

Ironically, the break up of the Chinese-American alliance has created for the United States its best opportunity since the end of the Vietnam War to revitalize its ties with Asia. Most countries in the region were never happy with Washington's "China Card" policy, which they viewed as an effort

by Washington to promote their arch-rival China as a regional superpower while a weakening America withdrew.

Were Washington now to promote economic cooperation accords with the Asian countries as the basis for regional stability, American influence would rapidly rise. However, the Reagan administration has thus far shown no such inclination, having instead dispatched Defense Secretary Caspar Weinberger to the region in mid-November to make tough speeches against the Soviet Union that reassured no one. The very existence of the Sino-Soviet talks alongside America's weakness has led many Asian countries traditionally friendly with the United States to consider if they have any option but to deal with "the new guy on the block."

The trend reaffirmed

Events took place in both Moscow and Peking toward the end of November which should boost the shift. In Moscow, the new Soviet leader Yuri Andropov reaffirmed that Soviet policy is to seek a "zone of peace" in Asia, in a speech delivered to the Soviet Communist Party Central Committee. In Peking, changes in the important foreign and defense ministry posts strengthen the factions that support Chinese non-alignment in foreign policy while seeking some degree of reconciliation with the Soviet Union.

In his speech, Andropov stated that Moscow's policy will continue to be guided by the principles outlined by the late Soviet leader Leonid Brezhnev in a March speech delivered at the Soviet Asian city of Tashkent. At that time Brezhnev presented a comprehensive Soviet policy toward Asia, and made new overtures to improve relations with both Japan and China, suggesting that the cooperation between Moscow and India become the model for ties with those countries.

Referring to China, Andropov spoke of "the ideas formulated by Leonid Ilyich Brezhnev in his speeches in Tashkent and Baku, the emphasis he put on common sense, on the need to overcome the inertia of prejudices, to look ahead. We pay great attention to every positive response to this from the Chinese side." Andropov also pointedly addressed Soviet relations with India, as the best example of Soviet ties to "the group of states that created the Non-Aligned movement."

In China, Foreign Minister Huang Hua, a protégé of the late Premier Chou En-lai who has long been associated with China's opening to Henry Kissinger and the West, was replaced by Wu Xueqian. Wu has often represented China in dealings with developing countries, a background which serves to facilitate China's stated goal of expanding such relations. Wu also spent much of the 1950s and 1960s with the youth wing of the Chinese Communist Party, and then with the CCP International Liaison Department, during which times he had extensive ties with the Soviet and East European communist parties. One expert has noted that Wu embodies the Chinese foreign policy of the late 1950s, when Peking professed support for the newly formed Non-Aligned movement, while maintaining ties with Moscow.

The second Chinese leadership change was at the Defense Ministry, where Zhang Aiping replaced Geng Biao, a compromise choice for the defense post in 1981. The Army did not like Geng. Zhang, on the other hand, is allied with factions in the army opposed to China's embattled top leader Deng Xiaoping, and he is a big supporter of modern technology and heavy industry. Zhang's most recent post was chief of the military's science and technology committee, from which he helped develop China's submarine-based nuclear missile capability. The political and military factions in China which favor high technology and heavy-industry development stand in opposition to Deng Xiaoping's proposed "Hong Kong model" economic policies, and are believed to be the Chinese leaders that most favor relaxation of relations with the Soviet Union.

Regional tensions still high

China's new foreign policy stance has been the factor opening the way for a realignment in Asia, since it removed the decade-old pressure of Washington and Peking for each country there to "declare their allegiances" and adopt a pro-China and anti-Soviet stand. For the Chinese, the economic weakness of the United States was a weighty consideration in their decision to adopt a new non-aligned stance and abandon the alliance with Washington. In Peking's view, a weak United States is useless to China; it can't deliver the products China requires for its modernization, and it does not measure up as a suitable adversary to the Soviet Union in China's scheme to set "the two tigers" to fight while the Peking leadership watches from the "mountaintop." Chinese acceptance of a "zone of peace" in Asia in the midst of a world depression is fully in line with the traditional "Middle Kingdom" chauvinism which dictates that other countries come

and go but China always remains.

That said, it does not follow that a "zone of peace" will emerge in the very near future. Border conflicts, age-old ethnic and national animosities, and other regional factors that became embroiled in the Sino-Soviet conflict remain to be settled.

Overall, the Sino-Soviet reconciliation efforts are thought to be focusing on three main areas, all of which Peking is said to be insistent upon discussing: Soviet troop presence in Afghanistan, Vietnamese troops in Cambodia, and Soviet troop deployments on the Chinese border.

Diplomatic activity on the Afghan question is now intensive, including discussions under the auspices of the United Nations, a discussion held in Moscow two weeks ago between Pakistan's Zia and Soviet leader Andropov, and a rumored meeting in Moscow (denied by Zia) between Zia and Afghanistan President Babrak Karmal. Last week, Soviet Communist Party daily editor Viktor Afanasyev told Japanese journalists that the Soviet Union intends to eventually withdraw its troops from Afghanistan, that Moscow wants to see a non-aligned Afghanistan, and that a "senior Soviet official" is now negotiating with all the parties involved.

Diplomatic activity aside, many long-time observers of the Afghanistan region believe that the Soviets have no intention of withdrawing in the near future. Diplomatic sources close to the Soviet Union report that Moscow has argued to Peking that Afghanistan is a security issue for the Soviet Union because of the proximity of the two countries, and that because of this the Chinese should cut off military aid to the rebels opposing the Kabul government. The sources say that Moscow has offered in return to lower its troop deployments on the Chinese border, since Peking views those deployments as a security issue for China.

Pravda's Afanasyev said that "it is possible that the two sides might promise each other a reduction of military forces in border areas." Japan's JJI wire service recently quoted Japanese Foreign Ministry sources as saying the Soviets had already significantly reduced troop deployments on the Chinese border as a unilateral gesture to Peking.

Cambodia is likely to be the most intractable of the four issues raised by Peking. Chinese sources have told *EIR* that Peking is maintaining full support for the rebel forces of genocidalist Pol Pot, who is trying to overthrow the Vietnamese-backed government of Heng Samrin in Cambodia. Vietnam insists that China will never withdraw support for Pol Pot because that would signal defeat for China's age-old imperial goal of dominating Southeast Asia. However, other diplomatic sources report that this attitude could soon cause trouble for China, because the trend in Southeast Asia is to negotiate a settlement of the Cambodia controversy. One source says that leaders in Southeast Asia are thinking of splitting the coalition of rebels opposing the Heng Samrin government, in this fashion isolating Chinese puppet Pol Pot while promoting talks between the Heng Samrin government and Prince Sihanouk.

Japan's Nakasone: how long will he last?

Richard Katz

No sooner did Yasuhiro Nakasone become the new Prime Minister of Japan than certain Tokyo insiders began predicting that his reign will be very short-lived. They suggest that the problems that brought down Nakasone's predecessor, Zenko Suzuki—economic decline, unmanageable budget deficits, and worsening political-economic relations with the United States—will cause an early demise for Nakasone, perhaps as early as mid-1983.

On the surface, Nakasone's electoral victory was a landslide of stupendous proportions. Out of the approximately 1 million dues-paying members of the ruling Liberal Democratic Party (LDP), 560,000 voted for Nakasone, 265,000 for his leading rival, Toshio Komoto.

Since the LDP holds a stable majority in the Diet, Nakasone automatically became prime minister as has been the case with the LDP candidate for well over 30 years.

Far from representing any independent popularity contest in favor of Nakasone, the LDP primary simply pitted the powerful electoral patronage machine of former Prime Minister Kakuei Tanaka against the efforts of other leaders in the party, particularly former Prime Minister Takeo Fukuda. The primary did not include the millions of voters in Japan who vote for the LDP in general elections, but only the million dues-paying members who had been signed up by various faction leaders. Since Komoto had recruited the largest number of members, it was assumed he would do the best. However, say Tokyo sources, Tanaka somehow managed to get hold of the list of members recruited by Komoto's group. Tanaka's powerful machine went to work on businessmen, local community leaders, construction contractors, and other "vote brokers" dependent on government patronage and "convinced" them to switch from Komoto to Nakasone.

As a result, for now, Lockheed bribery case defendant Tanaka has just elected his third Prime Minister in a row, and Tanaka's main rival, Fukuda, has suffered a serious defeat.

In the meantime, under the slogan of "party unity" Nakasone will enjoy a honeymoon and seem to be a powerful Prime Minister. Nakasone's new cabinet includes all of the personality-led factions in the LDP. Naturally, the Tanaka faction garnered the most positions, 6 out of 20. But Fukuda's faction was also granted three posts, including the powerful

foreign minister's post for Fukuda's top lieutenant, Shintaro Abe (the third-place contender in the primary).

There are two major factors which portend early problems for Nakasone: 1) Nakasone now faces the most difficult policy choices of any post-war prime minister; all of the options he has are likely to hurt his popularity; and 2) as the verdict in the Lockheed trial approaches in mid-1983 (Tanaka is expected to be found guilty), Tanaka's power will begin to erode. All of the piranhas who have long sought Tanaka's political death will begin to swarm.

The most important problem Nakasone faces is the economy. Suzuki's downfall was caused by the fact that he had postponed decisions that he was unwilling or unable to make. Now Nakasone must make the difficult choices. Suzuki had promised to balance the budget—now running a 30 percent deficit—by 1984 *without* raising taxes. Virtually everyone agrees that goal is impossible. The question is whether Nakasone will raise taxes with an election for the Upper House of the Diet scheduled for April. The LDP well remembers the huge setback it suffered in the 1979 Diet elections when then-Prime Minister Ohira simply said he would have to raise taxes in the future. Related to this issue is the decision by the Suzuki administration to freeze the wages of government workers, along with private employers' anticipated insistence on holding down wage increases. Since the 1973 oil crisis, Japanese labor has been exceedingly moderate in its wage demands and, since they were promised that diminished wage hikes were only a temporary sacrifice. Without the hope of economic recovery in 1983 it is not clear whether Nakasone can succeed in imposing a wage freeze without sparking labor turmoil. Nakasone cannot evade this problem, as past administrations have, by boosting the economy with an export drive. World trade decline and tensions with the United States and Europe preclude this option.

Aside from the export issue, Nakasone faces delicate policy decisions on foreign policy, particularly defense. A nationalist and a "hawk" by inclination, Nakasone is disposed to go along with U.S. demands for a defense buildup—though he might want to carry out the buildup with a certain "Japanese Gaullist" independence from Washington. However, such a buildup is precisely what the Southeast Asian nations have raised a hue and cry about, as witness the private discussions with President Reagan by Philippines President Marcos and Indonesian President Suharto. Japan must take Southeast Asian concerns into account, since this region is Japan's biggest trading partner other than the United States. How Nakasone steers between competing trade and security issues pressures will be a big test for his regime.

In the Lockheed trial, the prosecution is expected to sum up by February; a verdict will come before summer, and Tanaka could be sentenced to prison then. At that point, Tanaka's enemies will insist that, if the LDP is trying to impose austerity on the Japanese people, it must win their trust by "cleaning up its image." That means getting rid of Tanaka, and the man Tanaka just made Prime Minister.

Fanfani would mean bad news for Italy

by Nora Hamerman, Editor

The news that 74-year-old Amintore Fanfani has been designated to become the new Prime Minister of Italy, coming only days after Fanfani's ally Henry Kissinger was named in an Italian court as having threatened the late Aldo Moro before his assassination, is not good news.

It is bad news for Italy, because Fanfani's British oligarchical controllers expect him to function as the "enforcer" for a literally fascist economic regime to be administered by the designated Super-Minister of Economics, Bruno Visentini.

It is bad news for the United States, because Fanfani is the agent of the same international oligarchical network that runs Kissinger, a network dedicated to the destruction of all sovereign nation-states—and Italy's transformation will be a "dry run" for similar constitutional overhauls in other countries, including the United States.

It is bad news for the developing sector, particularly Ibero-America, because Fanfani's return to the Italian prime ministry would reinforce the network he runs through his Istituto Latino Americano, comprising the dirty side of the Catholic Church in Ibero-America and coinciding precisely with the groups around former Mexican President and Kissinger crony Miguel Alemán, which are trying to overthrow the government of Mexico.

Fanfani and the Moro murder

In late 1978, after the atrocious kidnaping and murder of Christian Democratic Party President Aldo Moro by the Red Brigades that spring, the European Labor Party issued a dossier in Italy titled, "Who Killed Moro." The dossier documented the outlines of an international conspiracy centered on the British crown to overthrow the Italian republic, returning the deposed Savoy monarchy to power and destroying the mass-based Communist and Christian Democratic Party political machines. It named as the politician ready to seize power in the wake of Italy's destabilization: Amintore Fanfani.

The dossier reported that Fanfani's personal international networks include Eastern European intelligence ties, through his wife, Maria Pia Vecchi, who has been described as a Romanian agent, and through "religious" organizations with affiliates in the East bloc. Fanfani's assets in the mass media include control of a large slice of Italian national radio-TV,

the RAI, and the journalist Indro Montanelli, who runs the Milan paper *Il Giornale* and Radio Monte Carlo. Montanelli's was the only paper in Italy that defended Kissinger from courtroom testimony that he had "threatened" Aldo Moro; Montanelli recently suggested in print that Moro's widow, who had testified of an international plot against her husband, should die soon herself.

In the fall of 1977, Montanelli's Radio Monte Carlo broadcast a scenario predicting that Italian President Giovanni Leone would fall after a series of scandals, leading to a national emergency. The "strong man" who could assume the reins of power, as Kissinger had in the Watergate crisis, was obviously Fanfani, the President of the Italian Senate.

It was not long after that, that Aldo Moro was kidnaped and killed by the Red Brigades. A month after Moro died in May 1978, the Lockheed scandal—which testimony in the trial of Moro's killers recently indicated to have been orchestrated out of Kissinger's State Department—forced the resignation of President Leone. But Fanfani's ambitions to succeed Leone were thwarted.

Fanfani traveled to Mexico in August 1978 to visit Princess Beatrice of Savoy, the daughter of the royal pretender "King" Umberto; the Mayor of Mexico City Hank González; and his other latifundist friends. From there, he issued repeated calls for the end of Andreotti's government.

A 'model fascist'

Fanfani's intimates include Eugenio Cefis, the former head of the national oil company ENI. Cefis fled to Montreal and sought Canadian citizenship after his slush funds and illegal real estate dealings made things too hot in Italy. Cefis's real estate deals were financed from Canada via the same Bronfman family networks that have been linked to Dope, Inc. and the international assassination bureau known as "Permindex," which figured in both the JFK killing and repeated attempts on the life of French President de Gaulle.

Should he succeed in putting a cabinet together, Amintore Fanfani will preside over what is in effect a government headed by the leader of the Republican Party and former President of the industrialists' association, Bruno Visentini. Visentini has long urged a reform of Italy's constitutional system to remove the cabinet's economic decision-making from the pressure of the constituencies represented by the various ministers. Under the Visentini Plan, the dictates of the International Monetary Fund and the Bank for International Settlements will be rubber-stamped by "technocrats" not owing loyalty to any party—particularly not to any mass-based party like the Christian Democrats or the Communists, with their trade union base.

It is the old "corporatist" swindle of Mussolini in new, Aquarian Age guise, and Fanfani was groomed in that brand of "economics." But he has been chosen today for his enforcement capability, also learned in the Mussolini epoch. A "model fascist" student in the 1930s at Milan Catholic University, he acquired a reputation as a thug. He became an

expert in "corporatist economics," the swindle by which the Mussolini regime forced labor and industry to undersign austerity after their independent institutions were destroyed. Miraculously transformed during the war into an "anti-Fascist," Fanfani's 1950s career as leader of the radical anti-industrial wing of the Christian Democracy was fostered by Clare Boothe Luce, then U.S. Ambassador to Italy.

The newly "anti-Fascist" Amintore Fanfani became a member of the Dossetti wing of the Christian Democracy, the dominant political party, which quickly emerged as the major opposition to the mainstream current led by postwar Prime Minister Alcide DeGasperi. The Dossettians postured as "Christian" ascetics, and on the basis of sacrifice offered a common front, from time to time, with the Italian Communist Party. In 1949, Pope Pius XII ordered Dossetti out of politics, and the leadership of his faction was taken over by Fanfani. It was Fanfani who in the mid-1950s became prime minister to lead the transition away from DeGasperi's pro-industrial reconstruction policies into the alliance with the Italian Socialist Party which gave birth to the first center-left coalition in 1963.

Fanfani's profile is that of a Catholic "integralist." Fanfani is closely linked to the oligarchic faction of the College of Cardinals; his major protector was the recently deceased Cardinal Benelli. He is also close to the Lefebvrist anti-Vatican movement, headed in Italy by Fanfani's protector, Princess Elvira Pallavicini. This powerful faction has never accepted the concept of the *Populorum Progressio*, Pope Paul VI's mandate that "development is the new name for peace."

Put diplomatically but incisively, French President Charles de Gaulle's evaluation of Amintore Fanfani as a British deputy holds true today. Fanfani is a member of the Sovereign Military Order of Malta, which provides ex-King Umberto of Italy with his passport. In its document titled *Who Killed Aldo Moro*, the European Labor Party in 1978 documented that Fanfani was deeply involved in a plot to return the British-backed Savoy monarchy to power.

Fanfani is also a member of the Mont Pelerin Society, the secretive oligarchist "economics" groups which conspires to impose neo-Fascist economics in the name of British liberalism. Mont Pelerin's model project is the Chile of Pinochet, now on the brink of total financial as well as economic collapse.

Two of Fanfani's other assets include his connections to the Mafia through the notorious mayor of Palermo, Vito Ciancimino, head of the Sicilian Fanfanians, and the backing of the Jesuits internationally. In the early 1970s, Fanfani worked closely with the Society of Jesus to force the Christian Democratic Party into all-out opposition against a bill authorizing civil divorce in Italy. It was a typical "integralist" attempt to force the social teachings of the Catholic Church on Italian society as a whole, and it led to a major weakening of the Christian Democratic party itself, as activists left the party in droves.

But then, Amintore Fanfani was never a party man.

Fat Henry seems to be on the way out

by Mark Burdman

It was another rough week for Henry Kissinger—so rough that the Venetian-London oligarchy that controls him is beginning to consider its creation a liability which will soon have to be dumped.

They especially cannot tolerate that Fat Henry is showing signs of clinical paranoia. This threatens to upset many of the oligarchy's own plans at this highly sensitive moment of history.

Count Volpi di Misurata, the self-identified "Doge" of Venice, stated this week that indeed "it was possible" that Henry Kissinger's career is about to end. Publicly, the cautious Count, artful in the Venetian methods of intrigue and manipulation, would say no more. But the message was clear.

Similarly, Mrs. Elma Dangerfield, the artful London gossip who runs the influential Euro-Atlantic group, stated that "Henry Kissinger has become too expensive for us." Informed of reports that Kissinger's career is about to come crashing down, she chirped, "I'm sure, I'm sure. I've gathered that." Mrs. Dangerfield is in constant touch with London's influentials.

These influentials are trying to ride the current world depression in the direction of a fascist order, in the face of growing international obstacles. Kissinger has up to now been their up-front hit man for putting this order into effect. But Kissinger is cracking. This may jeopardize the whole operation. Kissinger cannot be tolerated.

Following the scandals in the international press earlier this month implicating Fat Henry in mafia real estate scams in the West Bank and in the murder of Aldo Moro, former Italian Prime Minister kidnapped by the Red Brigades in 1978, the pace of attacks on the homicidal pederast have stepped up.

The unthinkable has also begun happening. The international press is identifying American politician Lyndon La-

Rouche as Kissinger's main opponent. This reality is something the Venetian-London crowd never wanted to get out.

On Nov. 14, the major news media of Venezuela ran banner-headline stories stating that the recent Moro trial testimony in Rome implicating Kissinger in the murder of Moro "confirmed the charges of Lyndon LaRouche that Henry Kissinger was the intellectual author" of the murder of Moro. The popular daily *El Mundo* covered the Kissinger story on their criminal page—next to photos of scurrilous common criminals!

Not surprisingly, the international press began to smell blood. The leading Italian daily *Il Giorno* ran a Nov. 14 story revealing the shocking news that Yuri Andropov, former KGB chief and now General-Secretary of the Soviet Communist Party, has a secret file on Kissinger's "nocturnal sexual escapades" that could be brought out at any moment to "blackmail" Fat Henry. The article then reported that Andropov maintains an international school of "homosexuals and prostitutes" who collect files and dossiers from famous people.

Kissinger-watchers will draw the appropriate conclusions.

Kissinger vs. LaRouche in the press

By Nov. 16, Kissinger's state of clinical paranoia about the wave of revelations was reaching the public eye. Italy's *La Repubblica* newspaper, in a story datelined New York, quoted Kissinger calling the testimony of Corrado Guerzoni, an associate of Moro, against him in the Moro trial "an atrocious and repugnant lie." The article continued: "In circles close to Kissinger, it is maintained that Guerzoni's 'lie' could have originated with a campaign against the ex-Secretary of State, orchestrated for some time by an American political group, the so-called Labor Party of Lyndon LaRouche, who accuse Kissinger of being at the center of many 'international conspiracies', not excluding the kidnapping of Moro."

Kissinger was now attributing to LaRouche the power to float a witness against him in an Italian court! The battle had been joined in a way the London-Venice crowd never wanted!

The Kissinger-LaRouche fight became a hot story in all the Italian press by Nov. 17. The most forthright account was in *Il Giorno*, which reported that "according to the magazine *Executive Intelligence Review* [founded by LaRouche], published in New York and linked to the Partito Operaio Europeo, Kissinger is involved in a sordid gang involving a 'homosexual international' that is a sort of 'gay' brotherhood. Neither Kissinger, nor the British Secret Services, nor the KGB are strangers to this."

Il Giorno reported that the POE's brief on Kissinger's responsibility for the murder of Moro was being studied by an Italian magistrate in Rome. With that, the "homintern" issue was out of the bag.

Yet more worrisome for Kissinger is that the story of his crimes is being reported in places where the fat homosexual thought he had a full black-out.

In the United States, the widely-listened-to radio station

KPFK in California ran a midweek item reporting the evidence surfacing in Italy that Kissinger, while U. S. Secretary of State, "made cruel and brutal remarks which made Moro physically ill."

In Israel, the 40,000 circulation anti-crime monthly *Meir* hit the newstands on Nov. 19 with a bombshell story quoting from *EIR* about Kissinger's responsibility for the targeting of Moro. More revelations about Kissinger are likely to appear in Israel in the next days.

"Who are you going to murder next?"

Kissinger's appearances at events in New York and Washington have become the subject of intense controversy. On Nov. 16, Kissinger appeared at the podium at the World Council of Churches' so-called Family of Man Awards. The 1,000-person audience was thrown into an uproar by an impromptu speech documenting Kissinger's murderous activities and homosexual exploits, delivered by the noted New York politician Fernando Oliver, a leader of the National Democratic Policy Committee (NDPC), the mass-based political action committee founded and headed by LaRouche.

Following this, an NDPC spokesman took Kissinger aside and asked him confidentially, "these stories on the murder of Aldo Moro are a terrible way to end a career, aren't they?" A second NDPC representative called out to Fat Henry, who turned around smiling. She demanded, "you murdered Moro, you murdered Bhutto [former leader of Pakistan]. Who are you going to murder next?"

Two days later, Kissinger was due to speak at a conference of the American Jewish Congress in New York. With passersby in the street outside fascinated by a giant sign reading, "LaRouche says: Kissinger is a faggot," and with much anti-Kissinger sentiment being expressed by New Yorkers, Kissinger decided to show up three hours later than expected.

One day later, in Washington, D.C., a planned secret meeting of bankers at Georgetown University was greeted by a boisterous anti-Kissinger demonstration. One passer-by, a doctor, exclaimed: "If I call Kissinger a faggot, will his wife strangle me?" The attendees at the Georgetown meeting were highly embarrassed to be in the same room with Fat Henry.

German press haven't gotten the word

There are still some uninformed people who haven't grasped the lesson of the demise of Kissinger.

Documenting that the West German press is every bit as bad as the American press, the Munich-based *Sueddeutsche Zeitung* Nov. 12 ran a story from Rome claiming that the stories about Kissinger at the Moro trial were "nonsensical".

Really nonsensical was the U.S. Secretary of State George Shultz. When asked recently whether he had reevaluated his chummy relations with the proven-murderer Kissinger, Shultz mumbled at a State Department briefing: "Dr. Kissinger is a man of tremendous capability and proven intellect. I am privileged to call him a friend."

Israel's Labour Party missing its chance for counterattack

by Mark Burdman

The leadership of the Israeli Labour Party is playing with fire, by stonewalling on a counterattack against the *New York Times's* recent assaults against the party.

On Nov. 16 *Times* senior editor Max Frankel wrote a feature story claiming that leaders of "the opposition" in Israel were trying to enlist the United States in a plan to reduce American aid to Israel and to "topple" Prime Minister Menachem Begin. This blatant effort to discredit Labour within Israel, *EIR* investigators have learned, was a critical component of a plan by British intelligence to hand Israel over to the international Mafia and to the pro-Nazi "Friedmanite" economics crowd around the University of Chicago, and to open a new era of fundamentalist religious warfare in the Middle East (see *EIR*, Nov. 30).

EIR's ongoing findings, based on investigations in the Middle East, Europe, and the United States, have been made available to a wide spectrum of Labour leaders. Nonetheless, Labour's leaders think they can still play by the old rules. Events are proving them wrong. Certain influential figures in the Labour machine are aware of this fact, and may intervene to save the party from suicide.

On Nov. 24, Labour initiated a "no-confidence" vote against the Likud government, claiming that Likud Justice Minister Moshe Missim had "slandered" the party by exploiting the Frankel slur maliciously. The lead Labour speaker was parliamentary whip Moshe Shahal. One day earlier, Shahal had taken under advisement the evaluation that only a public blast at the *Times* in the Knesset (Israel's parliament), and not a show of partisan politics, could save the situation. Despite this, Shahal took the floor to deliver a lachrymose speech defending the "patriotism" of the Labour Party and its mass base, and quoting from an earlier Frankel piece attacking the Likud! As one Labour official stated defensively in a private discussion, "We need the *New York Times* for our own purposes as well." This is more or less like needing arsenic to cure influenza.

In the same vein, the Labour leadership has refused to give support to two Labour parliamentarians, Avraham Katz-Oz and Rafi Suissa, who had the courage to call for the initiation of legal action against the *New York Times* and Max Frankel for libel and defamation. This lack of support could abort the parliamentarians' initiative.

What makes things more unnerving is that certain Labour leaders, like former foreign minister Abba Eban, have been kept informed for years about the policy directions of the crowd who runs the *New York Times*.

Max Frankel and the *Times's* editorial board are wholly owned assets of the British Royal Family and the British intelligence crowd centered around Morgan Grenfell Bank. This explains why the *Times* editorially backed Adolf Hitler and Benito Mussolini in the 1930s, and why the *Times* wants to smash the Israeli Labour Party as an institution at this time.

The Church of England, which owns *Times* editorial guru Cyrus Vance, has a plan to create "Northern Irelands" throughout the Middle East, according to information passed to *EIR* by a top Church source. Using cut-outs like top Freemason member of the British parliament Julian Amery, and sections of the American "evangelical" Christian movement, the Church of England is aiming to bring about an internal transformation of Israel, to install a new more fundamentalist Israeli government, at least temporarily under the direction of current housing minister David Levy. This is the immediate purpose of the "Israel task force" of the New York Council on Foreign Relations, the American branch of the anti-Semitic London Royal Institute of International Affairs.

Morgan Grenfell, which directs the *Times's* economic policy views, is sponsoring the installation of Schachtian austerity regimes across the globe, as the world enters a new phase of depression. This project requires the elimination of mass-based political constituency forces. In Israeli terms, this means the Labour Party and its Histadrut national labor confederation component.

Morgan Grenfell's policy is channeled into Israel through the Friedmanites at the University of Chicago. According to official Israeli sources, the "Chicago School" is now hegemonic in Israeli economic policy making. The top Chicago agent is Treasury Ministry Director-General Ezra Sedan, described by one Israeli source as "a close friend of Milton Friedman." Sedan is the architect of the current treasury strategy of wage negotiations with the unions, which are so provocative that a wave of strikes has been breaking out across the country.

Another "Chicago boy," Hebrew University of Jerusalem economics department head Dan Patinkin, is the featured

speaker at a Nov. 23-24 conference at the Van Leer Jerusalem Foundation on the British intelligence-authored theme, 'The unseen revolution: where is Israel heading as a post-industrial society?' This conference is regarded as a major planning session for implementing the fascist reorganization of Israel dictated by the Morgan Grenfell/*New York Times* mafia. A second featured speaker is Gen. Dan Tolkovsky, the only Israeli member of the genocidalist Club of Rome International. Tolkovsky is currently director of the Israeli branch of Israel Discount Bank, the bank of the crime-connected Recanati family.

Intense interest has also been aroused in Israel over the possibility that the sudden Nov. 24 liquidation of the nationally-owned El Al Airlines presages a British intelligence-assisted Mafia takeover of Israel's airline industry.

Israeli sources report that at least two top Israeli mafiosi, hotel chain owner Haim Schiff, and Mexico-based gun-runner David Marcus Katz, are preparing financial bids for control of the new airline that is to be created.

An Israeli source in Europe reports that the "privatization" of the Israeli airline industry is being intensely opposed by top echelons of the Histadrut Labor Confederation and by various factional blocs associated with traditional military and intelligence networks across country. "If these people were to get wind that the reason for the unprecedented decision to de-nationalize El Al is to turn the airlines over to the Mafia, this would have enormous internal and worldwide repercussions," the source asserted. "Minimally, the government would collapse as a result of the scandal involved in this. And probably, the process of de-nationalization could then be reversed."

El Al was softened up for liquidation by a "reorganization" scheme devised by the McKinsey Consulting Corporation, a top arm of the British royal family's intelligence apparatus. McKinsey, whose directorship interfaces the leadership of the World Wildlife Fund, is famous for doing all over the world what Robert McNamara did at Ford Motors: ruin productive industries and constituency coalitions. In West Germany, McKinsey has been responsible for coordinating the de-industrialization of large segments of the industry-rich Ruhr region, and the Neue Heimat homebuilding-company scandal that targeted old power blocs in the West German Social Democratic Party and trade unions.

El Al was also softened up by the ayatollahs of Israel's Agudat Yisrael Party, who maintain longstanding ties with U.S. mobster Meyer Lansky. These bearded cultists blackmailed the Begin government months ago into mandating that El Al would not be allowed to fly on Saturday. This went a long way toward bankrupting the airline and preparing the way for the in-process Mafia takeover.

British intelligence and its Israeli Mafia friends are also believed to be responsible for a cheap-shot slander of *EIR* founder Lyndon LaRouche in the Nov. 18 *Jerusalem Post*. This grouping is apoplectic that LaRouche's influence in Israel has zoomed, particularly as a result of the ongoing *EIR* exposures of the real-estate scams going on in the West Bank.

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Argentina's nuclear plan: history and perspectives

by Lic. Luís Fernando Calviño

EIR is pleased to present the concluding section of the article on the history of Argentina's nuclear program, written by the interim director of the Buenos Aires-based Energia magazine, Lic. Luis Fernando Calviño. In Part I, published in EIR Nov. 23, Mr. Calviño described Argentina's efforts, beginning in the late 1940s, to develop a nuclear industry that could function independently of the whims of anti-industrial forces in the advanced sector and simultaneously guarantee the overall scientific and technological progress of the nation. It proceeded to develop the first operational nuclear program in Ibero-America, despite obstacles placed in its path by the "anti-proliferation" government of Pierre Trudeau in Canada.

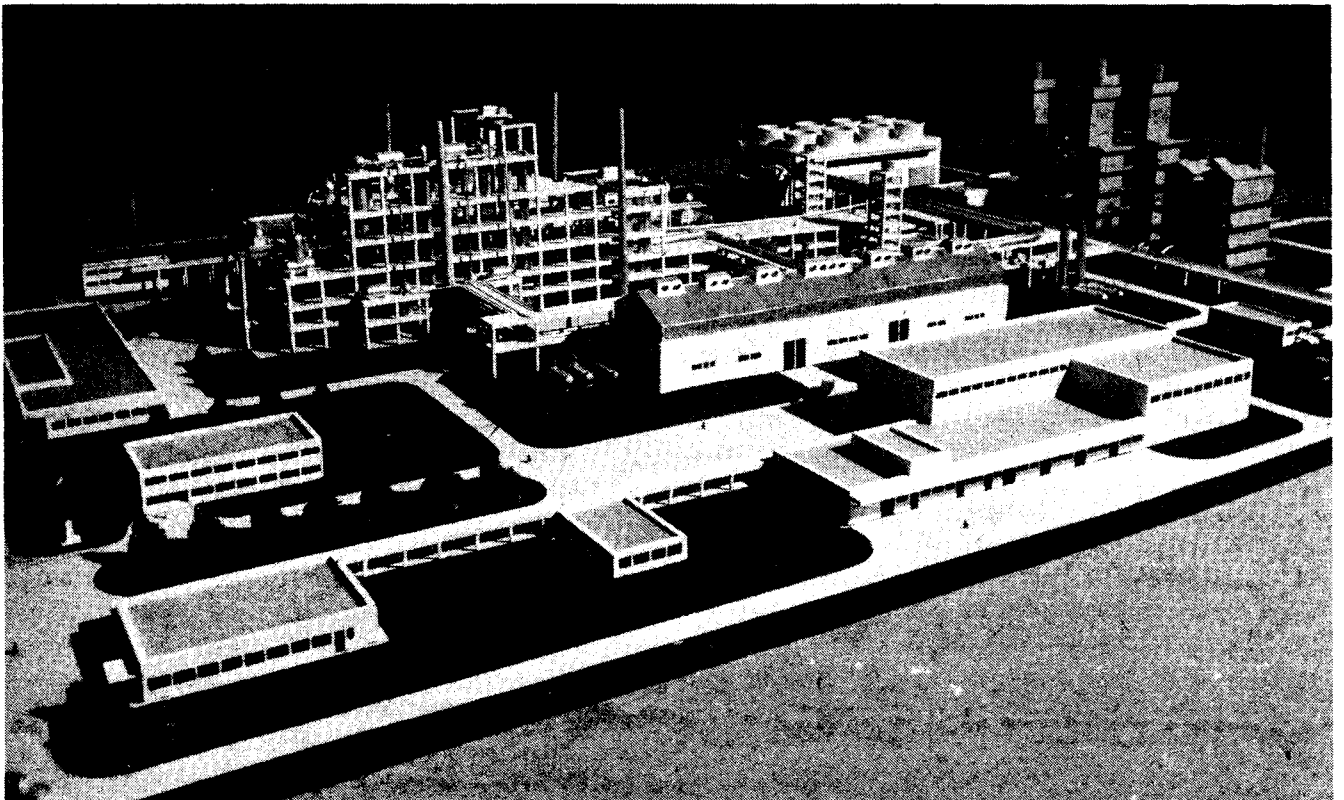
In the concluding section of his article, Mr. Calviño describes the conjuncture at which the Argentine nuclear

program finds itself today. He particularly poses the question of whether the nuclear sector can overcome the effects of the monetarist policies applied between 1976-81 by Finance Minister José Martínez de Hoz which have slowed the overall progress of the Nuclear Plan and shut down part of it.

The period of expansion

The stage begun in 1976 is characterized by three basic principles: on the local level, by nuclear "democratization"; in the international arena, by the affirmation of the equality of states; and on the technological level, by nuclear autonomy.

Undoubtedly, the most important milestone for the CNEA (National Atomic Energy Commission) in this period was the approval through Decree No. 3183 of the National Objectives



A mock-up of a heavy-water plant at Arroyito, now nearing construction.

and Policies on nuclear energy in 1977, and the definition in Decree No. 302 of the Argentine Nuclear Plan in 1979, which projected the construction of four nuclear reactors and accompanying infrastructure, including a heavy water reactor, before the year 1997.

At the end of 1979, following extensive analysis of the proposals, KWU Siemens was awarded the contract to build the third nuclear reactor, Atucha II. At the close of bidding on April 23, 1979, the following proposals were received: a) AECL (Atomic Energy of Canada, Ltd.) and its partners (Canatom and General Electric on one side and Nira on the other); and b) KWU Siemens' offer—\$1 billion versus \$1.5 billion—the difficulties previously mentioned with AECL tipped the balance in favor of the German offer. At the same time, a license was issued for the construction of a heavy water production facility, at the level of 250 tons per year, and the contract awarded to Sulzer Brothers of Switzerland, Ltd.

KWU also offered the CNEA 75 percent participation in an engineering company, which was agreed upon in 1980. Among the functions of this company were especially the basic engineering of future nuclear plants and the supervision of their construction, assembly and operation. Upon the creation of this company, called ENACE (Argentine Nuclear Company for Electrical Plants), it was agreed that KWU's participation would gradually decrease, leaving CNEA as the sole stockholder.

In November of that same year, the CNEA and AECL-Italmimpianti concluded a round of negotiations giving the Argentine nuclear agency the role of principal construction contractor in the nuclear area, thus obviating interference which would have slowed the progress of the projects.

Returning briefly to the principles cited in the first paragraph of this section, I would say that the CNEA complied with the first by providing information and publicizing its activities. Through its president, the CNEA constantly details to the press its objectives and accomplishments, without sidestepping apparently controversial issues. This is especially important, in that dealing with the issue of nuclear energy openly leads to the creation of a dynamic (but for now informal) system, which will crystalize into an authentic nuclear community and undercut the preachings of the anti-nuclear movement.

With regard to the equality among states, the Argentine position rejecting the Non-Proliferation Treaty is final and unequivocal. This legal instrument, as revealed on numerous occasions by nuclear authorities, is discriminatory and restricts the capability and autonomy of nations that do not possess nuclear arms in the nuclear field. The statements made before the International Atomic Energy Commission by the president of the CNEA, Vice-Admiral Carlos Castro Madero, commenting on the Club of London document, illustrates this point. Castro Madero noted:

"Ethical and religious principles, and legitimate convictions about the danger to the world derived from the prolifer-

ation of nuclear arms are shared by all of us who look with faith to the future of humanity. But when these principles and standards are used to not comply with agreements and contracts, thus arbitrarily affecting bilateral relations and the progress and development of the nation, then they become our worst enemy and favor those who, intentionally or not, desire their definitive collapse."

Intimately linked to this principle is the affirmation of technological independence, toward which the projects of the CNEA tend, in [defense of] the national interests. It should be noted that the incipient Argentine nuclear community solidly supports the positions taken by the CNEA. For example, in referencing the problems of technology transfer during the 1979 conference of the International Nuclear Law Association, held in Buenos Aires, Dr. Alfred Carella noted that:

"To adhere to the theory of non-proliferation, as posed by the United States, would be to endorse the division of the world into responsible states, namely the nuclear powers, and the irresponsible ones, that is, those that aim toward peaceful nuclear programs or are well situated to develop them. The London cartel emerges, then, as a sort of Holy Alliance based on legitimizing the monopoly of military nuclear power destined to thwart the right of states to fully exercise self-determination."

Conclusions

1. In the framework of the state's monopoly over Argentina's nuclear activity, the CNEA has been the sole and principal adviser to the National Executive in this field, subject to sometimes useful and sometimes harmful intervention from other government agencies, particularly from the Secretary of Energy.

2. The stability of the CNEA's leadership is a unique example in Argentina's institutional history, which has resulted in a homogenous attitude capable of adjusting to changes on the local or international level.

3. Upon entering a period of expansion, the CNEA suffered the consequences of the monetarist economic policy inspired by the teachings of Milton Friedman, led by transnational interests and implemented by an elite steeped in ultraliberalism. The results of six years of monetarism in Argentina [1976-81—ed.] are in plain view and require no further elaboration. I will say however that under an economic leadership desirous of reinstating in this country the scheme of an international division of labor such as conceived by David Ricardo, the place allotted to nuclear development is very small. Only the closest coordination among the sector's authorities prevented the Nuclear Plan's dismemberment altogether.

In any case its timetable has suffered serious delays due to budget cutbacks, and many of the planned achievements are now paralyzed with no scheduled completion date.

4. The antinuclear movement, dependent in large part on those transnational interests previously alluded to, will take

advantage of this situation. The effectiveness of its activities, limited to be sure by the CNEA's efforts to "popularize" nuclear energy, thus shaping a public opinion resistant [to the antinuclear movement], must be evaluated by those pursuing the definitive industrialization of the nation. Taking into account the fact that the nefarious "green wave" has not yet unleashed its full power in Argentina, but that it possesses abundant resources and tools with which to do so, and that it is favored by a political conjuncture of broadening participation, one of the favorite arguments of the international ecology movement is identification of nuclear development with authoritarian forms of government.

5. A good indication that the fears expressed in the previous point are not unfounded can be seen in the succession of statements opposing the CNEA's decision to build a nuclear waste disposal facility in the south of the country. From the moment Castro Madero announced the selected site, voices began to be heard doubting the effectiveness of the chosen method, or the site conditions, or in most cases, attacking the decision-making process and demanding a more open discussion of the matter. What we are really seeing here are attacks on the Nuclear Plan itself, which barely survived the anti-industrial experience of the post-1976 period.

In sum, there is little question that the majority of the sectors of our national life openly or tacitly share the strategic outlines defined by successive nuclear authorities, and conceive of nuclear development as a "vanguard" alternative with vast multiplier effects in the socio-economic structure. The future of Argentina as a nuclear state will depend on the vigor with which these positions are defended in the face of the designs of a genocidalist, liberal elite.

'Nuclear power a sovereign right'

The following are excerpts of the inaugural speech delivered at the Second International Conference on Transfer of Nuclear Technology by Vice-Admiral (Ret.) Carlos Castro Madero, president of the Argentine National Atomic Energy Commission. The conference was held in Buenos Aires on Nov. 1-2, 1982.

The conference we open here today is of fundamental importance for international co-existence because it will analyze the conditions by which all countries may have equal access to nuclear technology, one of the primary tools for the progress of states today.

It is well known that unequal scientific-technological advance has created a gap between living standards of nations which accentuates trade relations that are decidedly unfavorable for developing countries. This characteristic of current international trade has created a type of neocolonialism

through dependence on critical materials, machinery, spare parts, and specialized services, which aggravates these unbalanced trade relations and affects each state's exercise of its sovereignty. . . .

For Argentina, as for many countries, sovereignty is not a limited or anachronistic concept, based only on the notion of territory. It is a live, dynamic, indivisible concept that is integrated into the power of national decision-making on the use of one's own resources and intellectual capabilities in accordance with the fundamental interests of each country.

The need to reverse the growing inequality in trade relations has led to diverse actions, one of which is what we generically term technology-transfer agreements. In most cases, however, these technology-transfer agreements tend primarily to increase the economic burden on those nations attempting to create the conditions for self-sufficiency in the production of priority goods and services for their development. In other words, the transfer of technology . . . really does not contribute to the incorporation of a new productive attitude, and basically does not create local capabilities for generating innovation.

While such avarice in the control of technology is evident in all areas of international trade, it is particularly accentuated in the nuclear field, with the addition of specific conflictive elements. In effect, the legitimate desire, shared by us all, to avoid the use of nuclear energy for destructive means, ends up endorsing policies and measures opposed to the unquestionable right of all states to develop independent nuclear programs for peaceful means. We must therefore undertake actions that eliminate unacceptable and undue demands and restrictions, so as to permit access to the mastery of nuclear technology within a framework of reciprocal confidence and responsibility. My country, in its efforts to achieve self-sufficiency, has gained valuable experience in all aspects of technology transfer.

For this reason, Argentina today can proudly point to collaborative agreements and projects underway with other Latin American nations in which we demonstrate, by our acts, our vocation for transferring technology with no pretensions at domination. We openly collaborate in the training of local personnel . . . because just as important as the vocation for transferring technology is the willingness to receive, apply, and develop it. For the same reason we provide technical assistance to the local industry and engineering community of those countries to promote their maximum participation. . . .

I trust that the countries that generate nuclear technology will translate into acts their understanding of the aspirations of the developing nations to increasingly participate in a dynamic process of growth that will benefit us all.

The crisis of the contemporary world makes it imperative that this conference be not only a forum for enlightening us, but for generating those actions that can contribute to a more just access for all states and all men to the benefits of the development of nuclear technology.

Political amnesty key to economic success

by Valerie Rush

When Colombian President Belisario Betancur signed into law Nov. 19 the long-awaited "political amnesty," he was not granting official forgiveness to the country's various armed guerrilla forces. He was moving against a shadow government of drug mafiosi and financiers—and the military factions who have run protection for them—which has controlled and looted Colombia for at least a decade.

"We need peace," said Betancur at the signing ceremony at the presidential palace. "We need complete peace, security, tranquility every day to encourage health, cultivate the spirit, promote savings, increase capitalization, invest and generate employment. . . . Terrorism will not be a barrier against our proposals for national development. I invite my compatriots to join in this task, the highest endeavor entrusted us by our predecessors and by our descendents."

To succeed in his ambitious development plan, President Betancur must first demilitarize the country and regain control of a vast countryside which has existed as an occupied war zone for decades.

In a speech to the Air Force in November, Betancur declared his intention to redeploy the armed forces out of the rural areas where they have struck an alliance with the local drug czars, and into a new role of opening up and developing the extensive unexplored regions of the Colombian Amazon. "We need our armed forces . . . to be a counterpoint of the activity the government wants to develop in its vast territorial zones," said Betancur, defining a new concept of national sovereignty for the military.

While promising the gradual demilitarization of the countryside, Betancur has also decreed an ambitious aid package designed to bring electrification, housing, industry and health and training services to the neglected peasant areas which have long been focal points of guerrilla unrest. An initial \$840 million has been slated in land, jobs and business credits for amnestied guerrillas.

Speaking in Urabá, a potentially rich agricultural region in northwestern Colombia which has been converted into a devastated battleground among the drug mafias, a defiant peasantry, and the Communist Party-allied Colombian Revolutionary Armed Forces (FARC), Betancur pledged to make the region an exemplary development project. "This is a fundamental question," declared the President, "for if we do not accomplish this, we will simply end up going from bad

to worse."

Challenging the drug banks

Perhaps most importantly, Betancur has begun to challenge the powerful banking sector which, totally integrated with Dope, Inc., has stolen billions from the national economy. In two executive decrees announced the same week as the amnesty was passed, Betancur undertook to shut down the legal loopholes through which the narcotics operatives have captured the banking system. A limit on the loan amount any financial entity can make to a person or corporation was set at 7 percent of total available lending capital, while lending to relatives less than five bloodlines removed was strictly prohibited. A limit on how much of a bank or financial entity can be owned by any one person, family or allied "group" was set at 20 percent. Colombia's leading banks are presently controlled by individuals or families holding anywhere from 51 to 95 percent of total stock.

An 'historic compromise'

The success of the amnesty rests with the "historic compromise" Betancur hopes to construct among nationalist factions in the country's three major political parties: the ruling Conservatives, the Liberals, and the Communist Party. The amnesty proposal Betancur chose to endorse was formulated by Gerardo Molina, a prominent politician and also the 1982 presidential candidate of the Colombian Communist Party.

The support of the Catholic Church is also vital to the success of the amnesty initiative. Betancur unveiled his amnesty aid package to the public with the declaration that "peace is the new name for development," a phrase that echoes Pope Paul VI's *Populorum Progressio*.

The biggest threat to the amnesty is the resistance of hard-line sections of the military determined to perpetuate social unrest, and thus the influence of the military—and the drug Mafias—over government policymaking.

The control the military exercises over both left and right terror squads in the country was evident in the weeks that preceded congressional approval of the amnesty. On the day the amnesty was voted up, a 60-man guerrilla squad battled troops in the southern rural city of Villavicencio, leaving more than 15 dead. On the day the amnesty was signed into law, a mortar attack on the Defense Ministry by "unknown guerrilla forces" reportedly claimed 20 lives. In the past months, the rightist MAS death squad murdered at least 10 prominent labor leaders.

Defense Minister Fernando Landazábal, an outspoken opponent of the amnesty, revealed his strategy in an editorial in the armed forces journal released earlier this month: "The government and the democratic institutions want peace. . . . But if part of the armed groups don't accept it, the government and the armed forces will be forced to exercise authority. . . ."

Landazábal denounced amnesties as nothing but "periods of oxygenation for subversion."

Sri Lanka falls prey to the IMF's policies

by Ramtanu Maitra

Facing an economic crisis precipitated by his World Bank-instigated policies, President Jayawardene of Sri Lanka has unleashed measures to dismantle the last vestiges of the democratic process that existed in his South Asian nation.

A day after his re-election as President on Oct. 20, Jayawardene declared a national emergency to silence his opposition who charged him with election fraud and inciting violence. In the month of November, he arrested his electoral opponent Hector Kobbekaduwa, the Sri Lanka Freedom Party (SLFP) candidate who polled 39 percent in the recent election, and Kobbekaduwa's associate Vijaya Kumartunge, the son-in-law of former premier Sirimavo Bandaranaike. Jayawardene accused the two of being involved in "plotting his murder."

In doing this Jayawardene is fulfilling the mandate of the World Bank and IMF, who removed Mrs. Bandaranaike and put him in power in 1977. This occurred only a year after the Non-Aligned summit held in Colombo, Sri Lanka under Mrs. Bandaranaike's chairmanship had called for the first time for a complete restructuring of the existing international economic relations, in order to solve the world economic problem of the developing nations. The battle lines were drawn. Within the next two years, three leading participants—Indian Prime Minister Indira Gandhi, Pakistan's Prime Minister Z. A. Bhutto and Mrs. Bandaranaike herself—were removed from office through coups or mass destabilizations.

Repression

Jayawardene's dictatorial proclivities obtruded soon after he assumed power in 1977. In 1978, he passed a law prohibiting public service strikes, and two years later, when a strike began in a railway shop, Jayawardene moved against trade union members involved in the strike, dismissing several thousand workers. No previous government had ever responded this way to a strike, and his action gave hints of things to come.

In 1980, Jayawardene instituted a government commis-

sion which charged Mrs. Bandaranaike, who heads the Sri Lanka Freedom Party, with abuse of power during her tenure in office. A few months later, with the help of Parliament where he enjoys a substantial majority, Jayawardene stripped Mrs. Bandaranaike of her civil rights for six years.

By this single act the Sri Lankan dictator immobilized his most formidable opponent and created internal strife within the SLFP to break up the party. While reviewing these acts of the president recently, Dr. Colvin De Silva, leader of the Lanka Sama Samaj Party, said: "Manifestly, the president is placed in a near-dictator position. Very little change is needed for the president to formalize himself into a fullfledged dictator in law and in fact."

This month, Jayawardene moved closer to fulfill De Silva's prediction when he abruptly closed down all newspapers critical of his policies.

It is widely recognized that Jayawardene held the Oct. 20 election more than a year before it was scheduled—amending the constitution to it—at the request of the World Bank and International Monetary Fund. The supranational banking institutions had reportedly advised the Sri Lanka government that foreign investors and financial institutions—on whom Jayawardene's government depends heavily—would have confidence to continue their support only if Jayawardene would continue for another term. It is also for this reason that Jayawardene, after the Oct. 20 election, called for a referendum on his recommendation that the coming general elections, which will elect all parliamentary members, be cancelled and the life of the present Parliament be prolonged for another six years.

Economic policy

Jayawardene has invited such Wall Street investors as Lehman Brothers to oversee foreign investments in Sri Lanka. Calling for a Singapore "free-market" model, Jayawardene removed import and price controls, reduced food subsidies and revalued the currency by 46 percent. Jayawardene set up Investment Promotion Zones (IPZs) along the west coast, and now there is talk of turning the natural harbor Trincomalee into a playground for the U.S. troops stationed in the Indian Ocean.

Sri Lanka's imports for 1981 were \$2.05 billion while its exports, commodities such as tea, coffee, and rubber and electronic consumer products—assembled in Sri Lanka, but bearing such brand names as Motorola, Hoover, Sony, Sanyo and Gillette—brought in only \$1.05 billion. The deficit in balance of payments in 1981 stood at \$800 million.

Meanwhile, the short-term economic benefits have been wiped away by a galloping inflation which is running at 20 percent and promising a higher number in the future.

Recently, when asked if he was under pressure from the World Bank to devalue the currency, Jayawardene said: "All countries are. All of Sri Lanka's revenue goes for current expenditure. I have no money for development."

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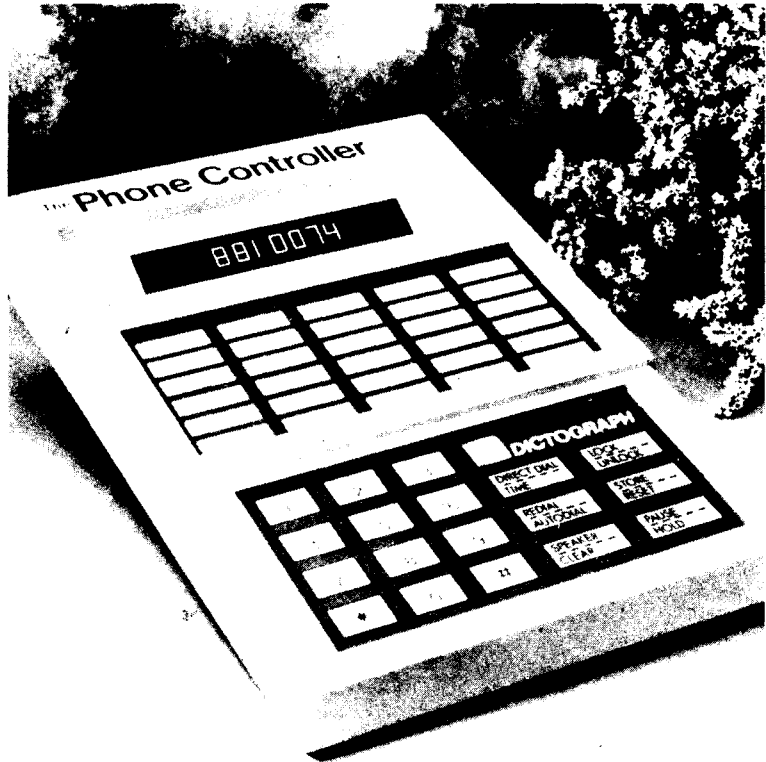
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Immigration bandwagon slows down

The Simpson-Mazzoli bill, once a sure shot, is now in trouble—a hopeful sign for U.S.-Mexico relations.

There is suddenly hope here and among sane forces in Washington that the Simpson-Mazzoli immigration bill, once thought to be assured of passage in this U.S. Congress, may yet fail.

The bill is a violent Malthusian assault on American growth potential and relations with Mexico. It only gained support in Congress based on careful seeding of anti-Mexican hysteria in the media, and because the economic depression allowed Malthusian labor honchos like Lane Kirkland to sell such an anti-labor bill as "protection of jobs."

The bill sailed through the Senate in late August. But the fall election recess caught it before it got through the House, although it squeaked by a crucial Judiciary Committee vote of 15-12.

This has only left the three-week special session of the Congress, convening Nov. 29, to act on the bill from the House side. The powerful head of the Judiciary Committee, Peter Rodino (D-N.J.), is committed to bringing it to the floor. But my Washington office informs me that House majority leader Jim Wright is firmly opposed to its coming to a vote, as is the chairman of the Democratic Congressional Campaign Committee, Tony Coelho (D-Calif.).

According to lobbyists for the bill, administration support is ebbing as well. "You couldn't say they have a full-court press on," said one.

Eyes are on Sen. Kennedy, who until now has put up a front of public

opposition to the bill, while refraining from exercising the power he has to stop it. Will he finally stop play-acting? Kennedy has a lot of say-so over his Massachusetts drinking companion, Tip O'Neill, who ultimately puts the bill on the floor or doesn't.

The factor which may come to bear most in these countdown days is Mexico. The bill mandates a cut in legal immigration by half, sharp increase in border interception, and an amnesty program which leaves up to 2 million people subject to deportation—the overwhelming majority, Mexicans. This is a prescription for major unrest in Mexico, of proportions which overshadow anything the proponents of the bill advance on its behalf.

The Mexican debt crisis, which intervened between the Senate consideration of the bill and its arrival in the House, intensifies concern in responsible layers.

One signal of this is a Sept. 8 study prepared by the U.S. embassy in Mexico City, which has circulated privately, but in unclassified form, since then. The study carries John Gavin's signature on the cover letter. As summarized in a Nov. 21 New York Times article, the study warns that "business and political leaders in Mexico have told the U.S. that passage of a comprehensive immigration bill now . . . would seriously harm relations between the two countries and 'foster political unrest' if it was effectively enforced." "With the Mexican economy in distress, the peso in turmoil, and a new President set to take office

on Dec. 1," Mr. Gavin said, "many Mexicans believe this would be a particularly inauspicious time for the U.S. to tighten its immigration law."

The Gavin report further notes Mexico's view that "effective enforcement of this measure is seen to require authoritarian measures amounting to a militarization of the border." Furthermore, "lower remittance incomes [from Mexican workers in the United States] would deplete the Bank of Mexico's dollar reserves and aggravate mounting debt payment difficulties."

The Federation for American Immigration Reform (FAIR), a pro-genocide lobbying arm in Washington, has become sufficiently alarmed that the bill may not pass, to plan full-page anti-immigrant scare ads in several major newspapers for Nov. 29.

FAIR was founded in 1979 by William Paddock, the State Department-linked agronomist who has stated that the best way to deal with Mexico is to "seal the border and watch them scream." He insists thirty million Mexicans will have to fall to "pestilence, famine and war" to return the country to a population level he finds satisfactory.

Now the Richard Viguerie apparatus, the reigning mass-mail scam operation in the New Right, has begun a hate-mail campaign to defend Simpson-Mazzoli. This has its sponsors very nervous. "It could break the whole aura of bi-partisan consensus we have nurtured," said one.

The real weight behind the bill has now been reduced to Lane Kirkland and his coterie at the top of the AFL-CIO. FAIR reports it has the signature of the UAW's Doug Fraser on its national newspaper ad, along with other labor leaders—a scandal of major proportions for those familiar with Paddock's background.

Bush: 'U.S. policy same as IMF's

The Vice-President offered the continent nothing substantial but a return to colonial raw-materials exporter status.

Vice-President George Bush made it unmistakably clear during his recent seven-nation tour of Africa, which is in its worst economic crisis since independence was granted in the early 1960s, that the United States intends to enforce precisely the same nation-destroying policies there which are presently being imposed by the International Monetary Fund (IMF) and its soft-cop counterpart, the World Bank.

I described the destructive effects of these policies, as well as the World Bank blueprint for depopulation of Africa—the infamous Berg Report—in detail last week.

Bush was one of the earliest population-control activists in Congress, and is close to pro-eugenicist Averell Harriman.

Beginning Nov. 10, Bush visited Senegal, Nigeria, Zambia, Zimbabwe, Kenya, Zaire, and Cape Verde, and the main focus on his tour was economic policy. He delivered a statement in Nairobi Nov. 19, which was simultaneously released across the continent, entitled "A New Partnership with Africa."

While his language was vague and pleasant, the Vice-President left no doubt that U.S. policy in Africa is the same as that put forward by the Berg Report.

The report, taking advantage of the world economic crisis, presents a blueprint for forcing African nations to abandon any goals of industrialization and infrastructural development which would support a growing population density.

Instead the World Bank report lays out a plan for forcing African nations to become a collection of what will amount to self-ruling colonies providing minerals, along with cash crops produced by small-scale labor-intensive farms.

The report admits that the cause of the African crisis is the international economic depression, but then proceeds to avoid all discussion of the bankrupt Bretton Woods system which it is defending.

Under the guise of opposing corruption of government agencies in Africa, the Berg Report proposes eliminating the role of government altogether, thus eliminating the nation-state as a vehicle to the regional economy.

The Berg Report uses the catchphrase "economic restructuring"; Bush adopted the same approach in his statement and throughout his trip: "We are prepared to help give African governments the wherewithal, and the international political and financial backing, to take the steps . . . to restructure their economies."

Thus Bush offered assistance on condition that African nations consent to return their economies to the colonial model.

The Bush statement was carefully vetted by the State Department, the National Security Council, AID and other governmental agencies. During the trip Bush coordinated with the AID staff in each country he visited.

Under the direction of M. Peter McPherson, AID is committed to the

neo-colonial outlook of the Berg Report, instead of transmitting the original American model of high-technology development to the Southern Hemisphere.

In a November 1982 press conference, McPherson termed the Berg Report "excellent," called for still more stringent conditionalities from the IMF and World Bank, and declared that in the developing sector: "Universities don't contribute much, but they take a huge chunk of the budget."

McPherson then turned around and justified reducing capital inputs to the Third world because of lack of education.

"We have too often put in capital that a country wasn't able or didn't have the know-how to use [it] . . . this is true in Africa where people didn't have enough training to use what people can give them."

Throughout the trip Bush unequivocally supported South Africa's demand that the independence of Namibia, illegally controlled by South Africa, be made to hinge on the departure of the Cuban presence in Angola. Angola borders on Namibia, and part of Angola is occupied by South African troops.

Bush also said South Africa had a role to play in shaping security in southern Africa, siding with South Africa to provide a stick to "convince" Africans to accept his economic package.

Assistant Secretary of State for African Affairs Chester Crocker, a proponent of the South African position in southern Africa, left the tour to go to Pretoria to meet South African Foreign Minister Roelof Botha. Botha is coming to Washington Nov. 26 for talks with George Shultz, who is playing a decisive role these days on questions of the Reagan Administration's international economic policy.

Relations with Japan improve

A visit to Mrs. Gandhi from the founder of the Mitsubishi Research Institute pointed up the potential.

During the past year there have been encouraging developments in the improvement of relations between India and Japan, the two great Asian nations. The visit of Prime Minister Indira Gandhi to Japan, the visit of Japanese Foreign Minister Sakarauchi to India, and the meeting of the Indo-Japan Study Council in New Delhi on Nov. 9 are all steps toward increased cooperation. One of the participants in the Indo-Japan Study Council Meeting, Masaki Nakajima, represents a small but influential grouping amongst Japanese leadership circles who are enthusiastically encouraging the Japanese government—and business circles—to step up their interest in and attention to India.

Relations between Japan and India could become the most crucial bilateral question in Asia, one which might determine the region's political stability and development potential in the 1980s. The two nations combined represent the largest concentration of industrial capacity and skilled manpower in a region that comprises two-thirds of the world's population. Both nations have close relations with Southeast Asia, especially Indonesia. Southeast Asia would be a natural area for Japan and India to collaborate in aiding economic development.

Up to now, numerous factors have combined to create a political gap between Japan and India, including diverging bilateral relations with the superpowers and a not-insignificant fear on the part of many Japanese that India could emerge in future years as Asia's

economic superpower supplanting Japan.

In recent years, however, as East-West tensions have grown, a large degree of respect has emerged in Japan for India's non-aligned foreign policy as an important factor in maintaining world peace. The common perception in both countries that economic cooperation among nations is the foundation for world peace has helped catalyze the recent trend toward increased cooperation.

Mr. Nakajima, who met Prime Minister Indira Gandhi during his visit to New Delhi, is the founder of Mitsubishi Research Institute (the largest private think tank in Japan), and the author of a grand plan for North-South relations. He has called on the advanced countries to create a new independent fund, the Global Infrastructure Fund (GIF), to carry out "super-projects" in the developing sector.

Mr. Nakajima spoke in Delhi at the Indian International Center about his plan and about his views of India, and talked later to Indian journalists.

He told his New Delhi audience that "a few weeks ago I had an opportunity of talking to a few internationally minded persons who are all leaders in Japanese industry, and I asked them what country would be the best judge and moderator of the West and East of the world—and got a unanimous conclusion. The answer was India. . . ."

"For the establishment of the GIF, we asked the world to take up peaceful

construction instead of wars. That means the transfer of armament monies to peaceful construction. It means some sort of disarmament policy, but it is not simple disarmament; it is substantial disarmament for peace."

Nakajima is also a former head of Mitsubishi Bank and Mitsubishi Steel Corporation. Over the period of two decades, his GIF would spend \$25 billion a year outside the World Bank-IMF system, which he calls "money-oriented" in their approach, to finance giant infrastructure projects, mainly in the power, transportation and irrigation areas. He has suggested 12 project ideas, including a major hydroelectric project in the Himalayas at the headwaters of the Brahmaputra River. Nakajima, who has been promoting this plan since 1977-78, has substantial backing from Japanese industrialists, intellectuals and economists, as well as certain politicians like former Prime Minister Fukuda. Nakajima expressed a deep appreciation of India and Indian culture. Nakajima speaks of his admiration of Indian civilization, and his heroes Asoka and Akbar, and how he read when he was young the dialogues of the Upanishad. In his New Delhi lecture, he recalled that, "About 50 years ago I was a student at the University of Tokyo studying political economy. In those days the Indian nation was struggling to acquire independence, Mahatma Gandhi, Jawaharlal Nehru, Rabindranath Tagore were favorite names admired by young Japanese. The independence of new India was really an historical issue of mankind. You were the leadership of the newly-born countries. You condemned the colonial days of the old system."

This column was adapted from an article that first appeared in the Indian weekly New Wave.

The Queen's men

Parliament and the prime ministry are snugly under the control of the royal family's mandarins

Most persons are under two delusions when it comes to Canada. One is that Canada is a nation—in the same sense that, say, the United States, France, or the Soviet Union are nations. It is not. Canada is a colony, that colony most directly ruled by Britain today.

The second delusion is that Canada is ruled by a prime minister and a parliament. Just as in the case of Britain, which is ruled by the same oligarchical families that ruled her five centuries ago—with “the best parliament money can buy” as a side-show—so Canada is ruled by an oligarchical elite, a kind of extension of the British oligarchy concentrated in the Queen's household. The principal institution of Canada's government is the Queen's Privy Council, or P.C. Prime Ministers come and go; the Queen's men remain.

I want to take a look at the British-trained cabal which makes this real political and administrative decisions in Ottawa, controlling every Prime Minister in office since the last depression. As an article of the now-defunct *La Patrie* newspaper put it in July of 1965, this “system is fundamentally the same today as it was in the 16th century at the time of William Cecil, with the nuance that today, it is the establishment rather than the Queen in person that perpetuates it. This establishment, this caste behind the Power is thus named after the official Anglican Church, the Established Church of England.”

It was in 1930 that this caste was

officially created as a direct agency above the different federal government ministries under then Prime Minister Richard B. Bennett. When in 1935, Mackenzie King became Prime Minister, the Queen's men had become the “permanent government.”

An example of how powerful these men are is the case of Arnold Heeney. According to a recently published book, *The Ottawa Men*, by J. L. Granastein, civil servant Heeney wrote a memorandum to King in July 1939, telling him he, Heeney, should become Clerk of the Privy Council and that necessitated a “reorganization of the P.M.'s Office.” On March 22, Heeney drafted an Order in Council for his own appointment. The order went through, appointing him Clerk of the P.C. and Secretary of the Cabinet. British Intelligence's Gen. Maurice Pope reported at the time, “Arnold came into the P.M.'s office as a Crown Prince.”

Since 1867, under the constitution, the P.C. has been the executive power of Canada, answerable only to the Queen, who must approve all decisions of Parliament. The British North America Acts, as the constitution is called, states:

“Where a Bill passed by the Houses of the Parliament is presented to the Governor General for the Queen's Assent, he shall declare, according to his Discretion, but subject to the Provisions of this Act and to Her Majesty's Instructions, either that he assents thereto in the Queen's Name, or that he withholds the Queen's Assent, or

that he reserves the Bill for the Signification of the Queen's Pleasure.”

Today's mandarins are Jim Coumts, Tom Axeworthy, Sen. Keith Davey, Michael Pitfield, and Gordon Osbaldeston.

When John Diefenbaker became P.M. in 1957, he was a total captive of the civil servants. Not one of his own men became part of the Privy Council caste during his mandate.

In 1958, it was the mandarin caste under a British national, Tom Kent, that put Lester B. Pearson in power. Pearson immediately made him his political secretary. Kent was then branded by Diefenbaker as “the Chief of the Chief.”

As *La Patrie* put it, “One does not accede to the caste if he is of French origin or is a Catholic; if his ancestors are not *all* of the white race, if his ancestors are not of British origin.” Kent was educated at Corpus Christi College, Oxford, England and became a Canadian in 1957. He served in the Intelligence Service for the U.K. War Office and was an editor of the *Guardian* and the *Economist*. He held the critical post of Director of Special Planning Secretariat of the P.C. under Pearson. He is currently a Patron of the Lester B. Pearson College of the Pacific, a United World College presided over by Prince Charles. (Osbaldeston and Coumts are patrons of the Canadian United World College and of the Niagara Institute, a post-industrial think tank.)

The main function of the Planning Secretariat is to act as an “inner cabinet” in charge of policing any differences of view between ministers or departments, and to brief the Queen on the day-to-day conduct of ministers. It is essentially a spying operation that has no papers or records, supervising discussions by ministers in all the Cabinet committees.

International Intelligence

France intensifies anti-terror moves

Heinrich Boge, the head of the West German security organization, the BKA, told European newspapers Nov. 23 that cooperation between France and his country on anti-terrorism matters has "again reached satisfactory levels."

The West German statement was made after France, over a period of about one month, began to reserve the policy that had been in effect since the Socialists took office. During the last month, France has arrested numerous top French, Italian, and other terrorist leaders; signed a treaty on extradition of terrorists with Egypt; and joined President Reagan in his declared war on terrorism and organized crime, an effort that was launched in cooperation with now former Italian premier Spadolini.

President Mitterrand has also reportedly sent members of the elite unit that are responsible for his own personal security into West Germany to assist in tracking down members of the Baader-Meinhof gang.

French police arrested another five members of the Action Directe group in late November, and have moved to get the Corsican terrorism situation under control.

Thai Premier Prem's China tilt under fire

Thailand's Prime Minister Prem Tinsulanond's visit to China from Nov. 17-20 has drawn strong criticism of his foreign policy within Thailand. Prem, who is the first top-level Southeast Asian leader to travel to Peking this year, has been reportedly given messages by both the Indonesian and Malaysian Governments to carry to the Chinese leaders. Indonesia and Malaysia have, over the years, spoken out strongly against China's consistent supplying of arms to the guerrillas, who are actively involved in trying to overthrow elected governments in the region.

The Bangkok Post, a daily which had consistently supported the U.S.-China axis, reversed its tracks in a Nov. 17 editorial.

The editorial supported Thai Foreign Minister Sitthi's statement made in Jakarta following his meeting with the Indonesian leaders recently, that "the door should be kept open to dialogue with the Vietnamese." The newspaper *Matichon* on Nov. 17 carried an editorial that accused Prem of creating hostility towards the Soviet Union. Pointing to the Thai non-response at Brezhnev's death, Matichon said: "It is not necessary for Thailand to show its closeness to China to such a degree while remaining hostile toward the Soviet Union."

Internal political instability in Thailand is growing. In the last six months, Prem, whose term ends next June, has twice escaped bomb explosions near his home. In October, Prem announced that he would not seek another term as premier.

Brazil's 'democratic opening' on track

In his role as chief of state, Brazilian president Joao Figueiredo was the winner in the Nov. 15 elections, since he overcame strong military resistance to the direct election of governors, after almost 20 years of a closed system. The PDS party, which supports the regime, performed poorly however, losing 10 of the 22 governorships at stake to the opposition. Although counting of the paper ballots is far from finished, the opposition won or leads in São Paulo, Rio, and Minas Gerais, the states which concentrate almost all Brazilian industry, and in several frontier states.

Firebrand Rio governor-elect Leonel Brizola, who plans to form a socialist party in Brazil aligned with the Socialist International of Willy Brandt, almost upset the apocryphal when he proclaimed that a fraud operation was being run against him. But, on Nov. 21, Brizola and Figueiredo exchanged conciliatory statements. Brazilian politicians are still amazed that Brizola helped split the opposition vote in the state of Rio Grande do Sul, aiding a rather corrupt regime figure in winning the governorship with 40 percent of the vote.

From now on, "negotiations" is the watchword of Brazilian politics. The gov-

ernment will seek to involve the new state governors and the opposition-run lower house in sharing responsibility for a severe austerity policy. Those members of the opposition who cooperate on the economic front will undoubtedly be granted political rewards, while there is no doubt that state power remains in the hands of the President and his planning minister, Delfim Netto.

Haughey links opponent to British espionage

Irish Prime Minister Charles Haughey has charged his opponent in the recent national elections, Garret FitzGerald, with associating with "a trained British spy." Haughey was referring to the meeting this summer between FitzGerald and the Duke of Norfolk. The Duke, Earl Marshal of England and Britain's leading lay Catholic, is acknowledged to have been director of army intelligence until 1967.

Earlier in November, word began circulating that FitzGerald, who is a close associate of Henry Kissinger, was one of the prominent figures involved in a consortium put together by Henry Kissinger to run a West Bank real-estate swindle which has since gained great notoriety.

The British press has been giving noisy backing to FitzGerald, following a government crisis involving one of his ministers whose private affairs were used to attempt to force Haughey's resignation.

Thatcher boils over new Argentine Exocets

When the news arrived in London that the French government was resuming delivery of Exocet missiles to Argentina, Margaret Thatcher went into a "furious" state, according to the British press, which at least in minor matters puts malicious glee before national pride. A number of British warships were destroyed by the missile during the Malvinas War.

By Nov. 20, however, the *London Times* felt obliged to report the Iron Lady's official

dignified response: "We will be deeply hurt if armaments of our allies were used against us." The *Times* added that the press's earlier characterizations of the Prime Minister were "lurid, to say the least."

But the storm has not abated. At a meeting of NATO parliamentarians the same day, Conservative British M.P. Robert Banks screamed at his French counterpart that the business was "a stab in our backs, an action of the highest irresponsibility," and the French ambassador received an unpleasant, if more diplomatic, letter.

Meanwhile the British press is putting out that four Special Air Services commandos have been sent to Argentina to ensure that the Exocets are not used against Britain.

Permindex's Cubans threaten Reagan

The Omega 7 Cuban exile terrorists issued a call for violence against the Reagan administration in the pages of the Nov. 22 *Noticias del Mundo*, the Spanish-language New York daily controlled by Rev. Sun Myung Moon. Cuban exile networks are putting out the word that Reagan is "selling out Cuba" in a deal with the Soviets. They cite Reagan's Nov. 22 defense policy speech as "proof."

Omega 7 is an arm of Permindex, the company-shell through which the assassination of John Kennedy, and the attempted assassinations of Charles de Gaulle were run. The threat to Reagan is not over relations with Cuba, but is the response of the British oligarchy to a shift in Reagan policy towards support for an independent defense strategy, including the possible development of beam-weapon anti-missile defense systems. Omega 7 has carried out bombings throughout the United States and Ibero-America since its founding in 1976, and represents a specific threat to President Reagan on his visits to Costa Rica and Honduras in early December.

Noticias del Mundo ran the Omega 7 communiqué, which took responsibility for the September bombings of the Venezuelan and Nicaraguan consulates, in full in their "Free Cuba" column. The communiqué

"warns the present administration, the 'dialoguers,' . . . that we will not permit the liberty of our country to be negotiated, nor secret pacts between the great powers, nor talks . . . therefore, the commandos of the Omega 7 are on the alert so that the traitors suffer the consequences of their acts."

Begum Bhutto arrives in West Germany

Begum Nusrat Bhutto arrived safely in West Germany on Nov. 21, one week after Pakistan's Martial Law Administrator Zia ul-Haq was forced to grant her permission to leave under the pressure of an international mobilization. Mrs. Bhutto, the leader of the Pakistan People's Party (PPP), travelled to Europe for urgent medical treatment of suspected lung cancer. The PPP was founded by her husband, Premier Z. A. Bhutto, who was overthrown in a coup and then judicially murdered by Zia ul-Haq in 1979.

Mrs. Bhutto was greeted at the Munich airport by hundreds of PPP members, supporters, and others. Elke Fimmen presented Mrs. Bhutto with flowers and greetings from Helga and Lyndon LaRouche and the Club of Life.

Mrs. Bhutto's release was won after three months of Zia stalling, by a fight that culminated in a series of simultaneous demonstrations around the world organized by the Club of Life and the Pakistan People's Party. In Bonn, West Germany PPP Secretary General Ghulam Hussein, who recently became a member of the Club of Life, joined Club of Life organizers in a spirited demonstration at the Embassy of Pakistan. In five other West German cities, as well as Copenhagen, Denmark, Stockholm, Sweden, and Rome, Italy in Europe, and on the East and West Coasts of the U.S., demonstrators demanded from Pakistani consulates or other representatives that Begum Bhutto be freed.

Observers attribute the impact of the demonstrations in part to the fact that they spotlighted Gen. Zia's role as executioner for Henry Kissinger.

Mrs. Bhutto will be resting and initiating a new treatment regime for several weeks in Bavaria.

Briefly

● **BETTINO CRAXI** met last month with French Abbé Pierre—a World Federalist whose niece runs the terrorist safehouse Hyperion School in Paris—and was thanked by the Abbé for denying the charges made both by the press and Italian judicial authorities that Hyperion is a center for the international terrorist movement.

● **SWEDEN'S** *Sydsvenska Dagbladet* newspaper editorialized Nov. 16: "Should both the East and West develop electron-beam weapons which can 'knock out' nuclear weapons, it shouldn't be too long before both sides become willing to discuss the latter."

● **ENSCHEDÉ**, Holland's youth center, has ceased its legal hashish-dispensing after protests from authorities across the nearby West German border.

● **DAN SNEIDER**, *EIR's* Asia editor, and Contributing Editor Uwe Parpart made a one-week tour of Indonesia, during which they presented to the country's leading scientific institutions the concepts of the LaRouche-Riemann economic model, at the invitation of the Indonesian Institute of Science.

● **MEXICO'S** José López Portillo stated Nov. 23 during his presidential terms, "William Shakespeare was my companion on tours and sleepless nights, the book I kept on my nighttable."

● **CHAMBER MUSIC** of Beethoven, Schubert, Schumann, and Brahms was performed at a unique concert in Paris on Nov. 20 by pianist Carlo Levi-Minzi and violinist Adalberto Murari. Since the concert was designed to revive the idea of chamber music as a dialogue between equal voices, many of the professionals in the audience were outraged by something which did not conform to their virtuoso-molded conceptions. The performers held a seminar after the concert.

LaRouche: 'Develop beam weapons, or surrender'

by Steven Bardwell and Donald Baier

U.S. Democratic Party leader Lyndon H. LaRouche, Jr. took his campaign for an overhaul of U.S. defense policy to the capital of West Germany late last month. He appeared as the featured speaker at a Nov. 22 seminar in the city of Bonn on how the development of relativistic beam technologies, capable of destroying nuclear warheads in the stratosphere, will change the global strategic equation and provide the impetus for economic revitalization of the depression-strapped industrial nations of the West.

LaRouche's policy presentation in Bonn came only hours after a Nov. 21 national defense-policy statement by President Reagan, and days after Yuri Andropov's first speech as Soviet party chairman. Both statements gave serious indications of a growing momentum toward the development of major new defensive weapons using beam technologies, a superpower strategy which LaRouche first proposed to a Washington, D.C. audience in February 1982 as the only means to remove the decades-long threat of thermonuclear war, and to resolve the economic crisis now propelling the world toward war.

These first tentative signs of interest in the next major development in strategic weapons reflects the cumulative impact of the campaign for beam-weapons development coordinated by LaRouche's political action committee, the National Democratic Policy Committee. LaRouche's Nov. 22 Bonn seminar speech, the latest in a series of strategic policy seminars taking place in capitals of the major industrial nations, elaborated the only implementable strategy for the

construction and deployment of this vital revolutionary technology.

Shock effect in Bonn

LaRouche insisted to the audience, which included diplomats from 17 nations, as well as military, industrial and scientific professionals, that only U.S. and Soviet development of defensive weapons capable of shooting down nuclear-armed missiles in mid-flight, could neutralize the threat of nuclear war. Nor was this exclusively a military question, LaRouche insisted: beam weaponry is exactly the sort of necessary "science driver" undertaking in the tradition of the Manhattan and Apollo Projects that has the capability to generate "economic shock waves" through high technology spinoffs, without which the economies of the United States and Western Europe cannot recover.

Challenged by a military attaché of a major NATO nation, who argued that beam weapons would open the door for the employment of offensive weapons in space, and increase the danger of war, LaRouche delivered his bluntest warning yet on the defense question to the governments of the U.S.A. and Western Europe.

"The Soviet Union is close to perfection of such a system in any case," he said. "What will you do then? Why not write a letter of surrender to Andropov now and get the agony over with?"

"Beam weapons have two implications," LaRouche continued. "If one side gets the advantage first, the other has lost

World War III. If both in parallel proceed to develop effective beam defense systems, then they will negotiate an entirely new set of rules to replace Mutually Assured Destruction.”

It was perhaps symptomatic of the problem in Western strategic thinking that although a representative from the U.S.S.R. was present for his address, no one from the U.S. government was in attendance. The United States and Britain were the countries conspicuous by their absence from an audience that included embassy representatives from Japan, the People's Republic of China, Korea, Brazil, Peru, Chile, Argentina, Austria, France, Belgium, Spain, Bulgaria, Czechoslovakia, Hungary, Canada, and Madagascar, as well as military representatives from the West German Bundeswehr and the Julich Nuclear Research Center, and the leading German newspaper *Die Welt*.

Economic essentials

“We cannot separate the political and the economic aspect of the strategic problem today,” LaRouche began. He reminded the audience of the fundamental shift in the strategic balance in the Soviets' favor during the past 20 years, a development directly related to the Johnson administration's post-1966 decision to dismantle the scientific and technological momentum of the NASA space effort in favor of a post-industrial “Great Society.” Through deindustrialization, LaRouche said, the United States has lost its in-depth strategic war-fighting capability, leaving it with little to fall back on except a dangerous nuclear blackmail capability its own weakness is putting it under increasing pressure to use.

This decay has sharply accelerated since the 1979-80 advent of U.S. Federal Reserve Chairman Paul Volcker's high-interest-rate shock. LaRouche told his Bonn audience that after examining the catastrophic affect of the Volcker measures on the United States, it was quite likely that West Germany could have 5 million unemployed by this summer, as militarily vital industry is shut down.

LaRouche demonstrated that under such policies as Volcker's an economy or group of economies reaches a point of such structural collapse that they cannot be automatically restarted, “and we have reached this point already in the United States and perhaps also in the Federal Republic. Only the selective introduction of qualitative new technologies into the overall economy can revive the economic process,” he contended. The U.S. economy has been driven through a series of devastating downward phase changes. Now it can only be brought back up by concentrating the margin of new capital investment in areas of the highest available technology, instead of spreading out investment and dissipating its impact on productivity.

From this standpoint, LaRouche blasted the “conventional buildup” policy of Maxwell Taylor and others as “pure parasitical waste” which will destroy remaining economic productivity if put into effect. By contrast, concentration of massive Manhattan Project-style investment in defensive

beam technologies on the frontiers of science, if allowed to spill over into the civilian economy as during the NASA effort, will actually increase overall productivity at no net social cost, despite a seemingly high initial dollar outlay to install the beam systems. “This is the way historically that technological advances create economic shock waves,” LaRouche emphasized [see Special Report].

“Finally and happily, Edward Teller and I are agreed that the only way to seek a durable and lasting peace . . . for the coming decades is to commit ourselves as outpourers of high technology, to transmit this to developing nations,” said LaRouche. “If we see this task as the great central task of the next 50 years and enlist the Soviets to join with us in this, this will be the basis of a durable peace.” Beam weapons in themselves will not end the danger of war, LaRouche stressed, but will restore balance and a crucial element of rationality to strategic thinking. “Beam weapons are not perfect; they are only good.”

Speaking with LaRouche was Dr. Jonathan Tennenbaum, who reviewed the scientific grounding for beam technology laid by the 1859 paper by German mathematical physicist Bernhard Riemann, “On the Propagation of Plane Waves of Finite Amplitude.” LaRouche has many times credited his study of Riemann 30 years ago as the genesis of his successful economic method.

Changes in Washington

A similar meeting was held for a U.S. audience two days before the Bonn meeting in the Rayburn House Office Building in Washington, D.C., chaired by Dr. Steven Bardwell and Paul Gallagher, two of LaRouche's American collaborators from the Fusion Energy Foundation.

Gallagher and Bardwell presented a two-hour outline of the LaRouche assessment of the impact of beam weapons to a standing-room audience of 65 congressional staff members, diplomats, Executive branch representatives, and members of the press.

Most remarkable was the contrast with a similar seminar held in Washington six months before. According to Bardwell, “the atmosphere in Washington has changed dramatically over the past six months—all layers in Washington are now looking at the beam issue from the standpoint of having to make policy, not merely out of academic interest.”

The seriousness of the questions posed by the congressional staff representatives, as well as the intense interest shown by the 17 members of the diplomatic corps, are indicative of an ongoing shift in Washington. Gallagher summarized the effect of the seminar on the audience: “Most Congressmen have yet to make up their minds on the question of defense weapons and their development, but they all know that the time has come at which they must make up their minds. In the seminar we posed the problem of the danger of nuclear war, as well as a means of dealing with that threat—no one else has done that.”

FEF proposes two-stage missile defense

by Marsha Freeman

A first-generation anti-missile defense system capable of knocking down hostile ICBMs in mid-flight could be operational within five years, Fusion Energy Foundation physicist Dr. Steven Bardwell told a packed meeting room in the Sam Rayburn Senate Office building in Washington, D.C. on Nov. 18.

Bardwell told 65 congressional office representatives, the press, diplomats, and military personnel that the technology exists to deploy a system which would protect the United States from an accidental launching by one of the two superpowers, or a small-scale attack by a third country. This first stage of protection against nuclear-armed intercontinental ballistic missiles (ICBMs) would be a hybrid system partly based on Earth and partly in Earth orbit, which could destroy a small number of incoming ICBMs.

On Earth would be a large, high-energy laser system, with its power supply and supporting equipment. The beam produced by this system would be directed toward a series of orbiting mirrors which would concentrate and focus the beam of laser light and point it at the missile. This would provide continuous protection against the most likely kinds of nuclear attacks.

By the middle of the next decade, Bardwell reported, the United States could be protected from full-scale nuclear war by a totally orbiting, space-based system which would rely on advanced beam weapons, including short wavelength and x-ray lasers.

The advantage of the x-ray laser is that it relies for power, not on huge power supply systems, but on a small neutron bomb in the satellite which through an advanced nuclear reaction, turns x-rays and neutron energy into concentrated bursts of x-rays. X-ray lasers would be small and compact, making them defensible in space, as no large mirrors or power conversion systems are necessary.

With this kind of development program, scientific and technological resources of the military are directed toward defensive weapons, Bardwell told his audience. "This is the kind of arms race you want to have," Bardwell stated. You do not have to be concerned about "verification" since it is in

the interest of all parties to build *as many* of these defensive systems as is possible, he said.

Technical readiness

Dr. Bardwell, a plasma physicist and editor of *Fusion* magazine, described the strategic situation of the last 25 years as "inherently unstable" because since the intercontinental nuclear-tipped ballistic missile is an offensive weapon for which we have had no defense, "you can never make a mistake." Now, for the first time with the deployment of beam weapons there is the potential to put the initiative in the hands of the defense.

Due to important scientific and technological developments in the past 18 months to two years, Bardwell reported, we can talk realistically about these systems. "The technological arguments against beam weapons are based on outdated information and do not take into account developments in five critical areas," he said.

First, advances in sensing technology now provide the ability to discriminate real nuclear warheads as targets from background noise and decoys. Long-wave infrared sensors base detection on the heat-transfer properties of rockets due to weight which can discriminate real warheads from lighter decoys.

Second, advances in gyroscope and computing techniques allow for accuracy in pointing the beam and tracking the target which have not before existed. Some of this technology has been demonstrated already in high-precision civilian scientific astronomical satellites.

Third, advances in computer circuit integration and new algorithms in programming allow the rapid processing of data from the sensors which is necessary to make very rapid decisions. The in-coming missiles must be destroyed 5-10 minutes before they release their warheads, and while they are still in a boost phase.

Fourth, production of high-powered lasers, which will be the first generation of beam weapons, has been demonstrated. Megawatt-level laser beams have been produced and engineering problems are being solved.

Finally, the first generation of optical capabilities that would be required to focus and concentrate a laser beam over a distance of 1,000 to 2,000 miles can be fabricated. This will require Earth-orbiting mirrors that may be fifteen to thirty feet in diameter which are essentially perfect. Such mirrors, where the shape and curvature are computer controlled once the mirror is in space, benefit from the Space Telescope program managed by the civilian space agency, NASA.

"The cumulative impact of these developments," Bardwell stated, "is that it is possible in the next five years to prevent the accidental detonation of a missile or the detonation of a missile of a third party." In 12-15 years, the second and third generation systems, using advanced x-ray lasers, would provide complete protection against full-scale attack.

Such a system would be fully orbiting and finally would end 25 years of nuclear terror.

Army and Air Force taken over by the new generation of 'whiz kids'?

by Lonnie Wolfe

The Air Force and the Army recently released two planning documents, titled *Airforce 2000* and *Airland Battle 2000*, recommending that the United States prepare for British-style colonial warfare in the developing sector.

The two documents, written by separate staffs, demonstrate the stranglehold the partisans of former Defense Secretary Robert McNamara have over military planning. They are statements of a new group of McNamara "whiz kids," advocating the same incompetent policies that destroyed the U.S. military in the 1960s, mired the nation in the Vietnam slaughterhouse, and produced McNamara's current advocacy of a "nuclear freeze."

The Air Force document includes among its recommendations and findings:

- By the end of this century or sooner, the superpower system will collapse, to be replaced by a global proliferation of powers armed with sophisticated weapons, in some case nuclear weapons.
- The major theatre of warfare is the developing sector, which requires mobile, conventional capability, anchored by bases in the developing sector and capable of guerrilla activities.
- There will be a significant number of regional wars which will not necessarily involve superpowers, but which will require police actions to prevent them from getting out of hand.
- The proliferation of worldwide terrorism will require special capabilities, as well as clandestine counterforces.
- Continued economic recession will require a scale-back of the Reagan defense program and an overall cut in defense spending. Cuts should be made without threatening the above conventional and regional war-fighting capabilities.
- The United States should spend its scarce research and development funds on computer gadgetry and Buck Rogers-like space weapons with battlefield applicability.

Military futurology

The McNamara thinking that went into such conclusions is best summarized by McNamara's former chairman of the Joint Chiefs of Staff, Gen. Maxwell Taylor. Taylor's view—like McNamara's—is that the nuclear balance of terror makes strategic warfare between the superpowers impossible. This stalemate achieved, the U.S. must look to the "overpopulat-

ed" developing sector as the most likely theatre of conflict. U.S. forces must be structured to carry out Vietnam-style meatgrinder warfare against Third World populations, or, in a preferred scenario, to police wars in which those populations butcher themselves. Such warfare entails a diminished emphasis on strategic weapons systems, and a greater emphasis on battlefield gadgets to improve ratios of human destruction.

McNamara and Taylor have always had a fascination with gadgets; they devised such inane weapons systems as the Davy Crockett "nuclear rifle," which Taylor reluctantly gave up only after it was shown that its nuclear bullets killed the soldiers who fired them as well as enemy targets.

Taylor and McNamara refuse to think about the possibility of strategic nuclear conflict. They have resisted the development of ballistic-missile defense systems and directed-energy beam ABM weapons, precisely because that strategy supersedes the alleged balance of nuclear terror.

'Consensus' methods

The Air Force reported that its study, of which only a 17-page summary was declassified, was the product of months of work involving hundreds of outside scholars, aerospace analysts, and Defense Department officials. The Air Force team shaped their opinions into a "consensus" and published them as policy recommendations.

This is pure McNamara methodology, typical of the systems analysis McNamara used to justify his policies during the 1960s. The trick is to use sophisticated brainwashing techniques to "cook" a consensus of policy options based on absurd data. The findings can then be pre-rigged to say anything that McNamara whiz kids want.

In the case of the Air Force study, the data base was provided from the Carter administration's *Global 2000 Report* data. That report concluded that the elimination of 2 billion people over the next two decades was necessary and desirable, ruling out the technological advancement of society.

Once such a data base is accepted, defining resources as limited and population as a drain on wealth instead of a creator of wealth, any subsequent scenario will play out *Global 2000*. That is what the McNamara boys in the Air Force planning group did.

The Army document, entitled *Airland Battle 2000*, is

premised on the same data base and reaches much the same conclusions about the content and form of future warfare. There is a heavy emphasis on McNamara-type gadgetry to increase the battlefield kill potential:

"The environmental trends show that major world problems are mostly distribution and control of resources. These problems are not easily solved since there are so many different nations and interests involved. . . . We must be able to fight anywhere or have specialized forces capable of fight on all types of terrain and under any type of condition."

It has been 20 years since McNamara introduced systems analysis scenario planning into the Pentagon. Many of our prominent military figures have forgotten the principles of republican military doctrine on which such institutions as West Point were founded. Military figures such as former West Point commandant General Thayer committed the United States to economic and scientific development as a principle for devising a war winning military doctrine. McNamara and his systems analysts reversed these commitments, shared in this century by American General of the Army Douglas McArthur. They substituted numerics for policy—adding up bullets, missiles, etc., to produce an illusion of strength. It led ultimately to McNamara's infamous Vietnam "body counts" to determine which side was winning a "no-win" meatgrinder war that a general like McArthur or Washington would have never fought.

While there is a great deal of recognition, especially among middle-level military officers, of how Robert McNamara typifies military incompetence, the planning principles he used are still generally accepted. While the Air Force document is controversial, the same arguments retailed through "more sober" channels in the *Airland Battle 2000* report are favorably received, even at the highest levels of the Joint Chiefs of Staff. One general who hates McNamara and who should know better, reported that he was certain that the new chairman of the Joint Chiefs of Staff, General Vescey, would want the proposals of *Airland Battle 2000*, with all its computer whiz-bangs, immediately put into effect.

One might believe that two decades of McNamara-ism have brainwashed the American military establishment to such an extent that thinking is now impossible. Yet a debate now raging through these circles on the need for the United States to develop beam weapons technology is awakening a sense that there is more to competent strategic thinking than the so-called balance of terror, systems analysis, and Global 2000. Enough hatred of the whiz kids exists to expel them from the military establishment. But for the time being, they continue to multiply and produce documents like *Air Force 2000* and *Airland Battle 2000*.

"The Whiz Kids are all around us," said an Air Force officer who stressed that both documents are only policy guides and still remain to be translated into actual policy. "We are not about to let McNamara and his whiz kids wreck the country and its defense again. Once was more than enough."

Documentation

The Global 2000 approach

The following are excerpts from a declassified summary of the summer 1982 report entitled Airland Battle 2000, prepared by the U.S. Army Training and Doctrine Command.

Headquarters, U.S. Army Training and Doctrine Command is charged with the mission of examining futuristic ideas regarding the nature of warfare. AirLand Battle 2000 is a future concept that tries to picture what warfare will be like in the 21st century. . . .

History has a great influence on future planning. The problems of the past are still with us. Today, as with Napoleon, our potential enemies have larger forces. Since we are not capable or willing to match them in the numbers of tanks, airplanes, soldiers, and artillery, we must make up our deficiencies in numbers by devising tactics that take advantage of his weaknesses, by using technology. *If we can't always be stronger, then we must be smarter* [emphasis added].

AirLand Battle 2000 is the implementation of the Concept Based Requirements System. . . .

One of the most significant trends since the 1950s has been the changing economic and political complexity of the world. We are no longer a bipolar world with 2 major competing superpowers. By the year 2000, third world nations, industrial cartels, and regional blocks of nations will play an even larger role. The Soviets will continue to seek control in certain areas—both political and economic, and the opportunities for conflict will increase. The different levels of conflict that are likely, will require that a force be prepared for more than one type of warfare.

Scarcity of resources cuts across all national boundaries. Cobalt, for example, of which the U.S. imports 93 percent, is essential for production of jet engines. We can be held hostage for much more than just oil. We are approaching a truly international economic and resource world. Dwindling U.S. heavy production capability is no secret. Today more people work for McDonald's than for U.S. Steel.

Mass media and interest groups have placed more emphasis on dissenting opinions. There is less agreement, less unity of opinion on national issues and more individualism and self interest. The implication for the military may be that we will never achieve complete agreement from all parts of our country on our policies and priorities. We may have to seek our own solutions and expect more resistance. . . .

World demography has very definite implications for the military. In both the Soviet Union and the United States, the average age of the population is getting older. There will be less people under 40 in the year 2000 in both countries. This means there are several options for the military. One is to develop a high technology, less manpower intensive force. Other ways include making better use of people over 40,

recruiting more women, or reinstating the draft. The first choice must be made now to have an impact on the year 2000. The other options, such as the draft, have a shorter lead time and could be used to enhance a high technology force, that will eventually be less manpower intensive.

Another trend which impacts on military planning is worldwide urbanization. This has resulted in more diversified lifestyles and many nations becoming an information based society. Populations living in cities have more ready access to issues and can be influenced in mass more easily. Social values which result from a rural environment are more traditional, patriotic, and conservative than those of an urban environment. City dwellers are more adapted to technology, isolation, violence, and stress.

In summary, the environmental trends show that major world problems are mostly distribution and control of resources. These problems are not easily solved since there are so many different nations and interests involved.

We must be able to fight anywhere or have specialized forces capable of fighting on all types of terrain under any type of conditions. All units now have some sort of winter, jungle, and desert training but not to the required levels, nor in adequate numbers. We must truly be prepared to win the land battle in order to be in position to negotiate a favorable settlement. . . .

The capability to project power abroad faster will be a necessity by the year 2000. The opportunities for warfare almost anywhere in the world will continue to increase and our reaction times will increase. Currently there are several areas of potential conflict where we cannot project power without great difficulty. Forces of the future will have to be light, self-sustaining, and capable of rapid deployment. . . .

The human aspects of Airland Battle 2000 are of genuine concern for which we have far more questions than answers. Will soldiers be able to exist on the battlefield of year 2000? Or are we imagining such a technologically hostile environment that soldiers themselves will not be accommodated? We expect, in addition to more and more physical wounds, more psychological stress casualties. Whole battle staffs of professional officers may collapse; commanders may have to be replaced or dual commands instituted. Human engineering to immunize our soldiers against stress may be required just as we immunize now against disease. Military equipment will have to take into account this aspect of human technology and conditioning. Our younger population especially is becoming more adapted to a video display and computer game environment. Weapon systems of the future must take advantage of this trend. . . .

The following are excerpts of a declassified official briefing on the report, Air Force 2000: Air Power Entering the 21st Century, prepared by the Air Staff's Directorate of Plans.

We in the Long Range Planning business are well aware of the skepticism towards predicting the future. The future is

not preordained and the right or logical course of action is not self-evident. We must cope with the present to reach the future, but to survive over time, we must discern broad future trends and issues and adjust current actions accordingly. It is in this vein that I present to you a briefing on Project Air Force 2000, an Air Force Chief of Staff-directed initiative to investigate the operational environment which will confront the Air Force at the turn of the century. . . .

While many past studies were restricted to an examination of future technological possibilities, this study takes a broader view by addressing economic, demographic, and environmental issues, as well as technological matters, to provide a more comprehensive picture of the operational context in which the Air Force of the future will carry out its missions. . . .

The world's population will grow from the present 5 billion to 6 billion. The fastest growing areas will continue to be those that can least afford it—Asia, Africa and Latin America. Over-population and hunger in these areas will lead to low productivity, migration, and demographic imbalances.

Deliverable nuclear weapons, which only a handful of nations currently have, could be possessed by many major powers and several minor powers by the year 2000. Further complicating the global environment, many Third World countries could have large quantities of military hardware embodying late 1970's and 1980's technology. Tensions in less-developed countries could increase because of economic problems, political differences, and increasing internal involvement with outside powers. With the Soviet Union and some other nations attempting to undermine American influence throughout the world, the possibility of a peaceful global environment in the future seems remote. . . .

Low level conflict

Low level conflict ranges from political unrest to small-scale regional conflict. The responsibility for deterring and defeating organized terrorism or insurgency will rest heavily on the nations involved. The current strategy of coalition-building, combined with a tailored, rapid-response capability, is well-suited for the year 2000. Above all, the Air Force must remain flexible. Peacetime support and training for friendly air forces, counter-terrorist/insurgency operations, crisis augmentation of friendly air forces, and special operations will be required capabilities.

This strategy can be best attained through the development of well-organized, high- and low-visibility military pre-conflict programs. These programs should be designed to counter anti-U.S. influence and may also be the foundation for greater Air Force presence. Once conflict begins, the primary goal is to properly supplement the above initiatives with a well-conceived strategy for supporting indigenous efforts through the application of conventional and special operations forces. . . .

In addition, low level conflict deserves far greater emphasis than it currently receives. . . .

Morgenthau, New York Times challenged in their new effort to 'get LaRouche'

by Vin Berg

Justice Geoffrey Atlas of the New York State Supreme Court refused a motion by attorneys for the PMR Printing Company of New York Nov. 22, to open the record on a search-warrant that led to a police raid on the company's premises Nov. 17. The raid was conducted under the auspices of Manhattan District Attorney Robert Morgenthau, using 17 New York City police officers, ostensibly in a quest for "evidence" linking the company, which is associated with Democratic Party figure Lyndon LaRouche, to a spurious supplement allegedly inserted into the Sunday, Oct. 31 *New York Times*.

Today's Supreme Court action means that although Morgenthau claims he has "evidence" justifying the search-warrant, the raid, and the accompanying 26 subpoenas issued to company employees and others requiring them to appear before a state grand jury, what that "evidence" might be is being kept in dark secrecy.

"Everything we need," said a member of the company's legal team, "as we move to quash the subpoenas and draft civil legal action, is being kept from us. This is a typical fishing expedition by the D.A. We naturally suspect that the 'evidence' Morgenthau purports to possess is as bogus as any Sunday New York Times supplement."

In the opinion of attorneys studying New York law concerning the particular *Times* supplement in question, whoever published it might be charged with a Class A misdemeanor, not a hanging offense, and even this charge involves a completely novel application of the penal statutes. The massive resources already expended by D.A. Morgenthau at the bidding of the *Times* and its masters, shows the rank political motivation behind the case and the depth and breadth of the "get LaRouche" effort.

Counterattack

The legal counterattack will focus on four areas, according to spokesmen for the defense team:

1) Abuse of the grand jury process by Morgenthau, reported by multiple sources. The current grand jury investigation is part of a seven-month plan to shut down and destroy the U.S.-based organizations associated with Lyndon LaRouche.

2) The specific unconstitutionality of the Nov. 16 search and seizure at PMR.

3) A constitutional attack on the grand jury process itself, as dictated by the statutes of the State of New York, as violative of rights guaranteed to American citizens under the First, Fourth, Fifth, and Sixth Amendments to the U.S. Constitution.

4) Civil action under the Federal Civil Rights statutes against the *New York Times* and Robert Morgenthau.

Morgan and Morgenthau

The PMR Printing Company was set up several years ago by associates of Lyndon H. LaRouche, a 1980 Democratic presidential-primary candidate. LaRouche has been the subject of repeated slanderous attacks by the *New York Times* over the past eight years, but his influence on policy-issues ranging from an unmanageable international debt overhang to strategic military questions has steadily increased. Morgenthau, whose wife Lucinda Franks is a *Times* "investigative reporter," and who is connected to the Morgan banking families that control the *Times*, appears to have been told that, evidence or no evidence, supplement or no supplement, now is the time LaRouche must be stopped. So, he raided PMR Printing on a "fishing expedition."

Before the court

Attorney Lawrence Hochheiser, representing PMR, argued before Justice Atlas that his clients were drafting civil legal action and contemplating other legal avenues against the DA's actions, but needed the underlying affidavits Morgenthau will not reveal, in order to discover the factual and legal basis claimed for the raid and search.

Manhattan Assistant District Attorney Harold Wilson, representing Morgenthau's office, moved to close the entire hearings and remove to the judge's chambers. Justice Atlas refused. But he then said that the PMR attorneys' request for disclosure of the evidentiary basis for the search warrant must be rejected as premature.

According to the Court, investigative materials from the ongoing grand jury investigations of persons associated with the allegedly bogus *Times*' supplement were contained in Morgenthau's application for a search-warrant. Any disclosure of those materials would compromise and potentially frustrate the grand jury's probe.

Grand jury or star chamber?

Grand juries in New York State are notorious rubber-stamp machines for prosecutors seeking indictments, even on the flimsiest of legal grounds. As Abscam revealed, this facet of a grand jury's contemporary character makes grand juries quick and easy vehicles for politically motivated attacks on public figures. Even where no conviction could ever possibly result from a prosecutor's case, the fact of a grand jury handing down an indictment has been frequently sufficient to destroy a victim's political career or public reputation.

Grand juries in New York, by law, must extend immunity from state prosecution to persons subpoenaed to testify before them. For that reason, a person must testify, or go to jail. However, the immunity does not extend to federal prosecution, and an individual may therefore be called before a federal grand jury, with no immunity, on the basis of testimony delivered before the state body.

For such reasons, grand jury subpoenas can be the first phase of an endless campaign of legal harassment that, whatever the legal outcome, buries the victim under a mountain of investigative expenses and attorneys' fees.

"This is simply part of the continuing war between Lyndon LaRouche and the *New York Times*," stated a spokesman for LaRouche, who charged that the Manhattan District Attorney is placing the demands of the *New York Times* above his responsibilities to the citizens of New York. "It should be noted that his wife is a paid *Times*' employee, and he is doing the *Times*' political bidding as part of a campaign to destroy Mr. LaRouche and his growing international influence."

Legal actions now planned by PMR attorneys to end the secrecy and prevent what resembles the beginnings of a Star Chamber proceeding, must be backed by an international political mobilization to be effective, the spokesman stressed. "Above all, this is a political fight—a fight to the finish," he said. "If Mr. and Mrs. LaRouche's physical security is compromised, as the ultimate sponsors of this operation wish it to be, current trends of British-U.S. intelligence warfare suggest that fact could have serious implications for the national security of the U.S.A."

The *Times* versus LaRouche

The *New York Times* has been engaged in a slander campaign against Lyndon LaRouche and his National Caucus of Labor Committees (NCLC) since January 1974. At that time, the newspaper published a libelous front-page article that characterized the NCLC as a "savagely violent" organization.

In July 1979, two *New York Times* correspondents, Howard Blum and Paul Montgomery, admitted to an NCLC investigator that they were preparing a series of libels aimed at provoking the U.S. Justice Department to investigate and prosecute LaRouche. The reporters boasted that the *New York Times* was "more powerful than the Justice Department." For that reason, they argued, anything that appeared on the *Times*' front page would be sufficient grounds for a

federal investigation. Nothing they wrote necessarily had to be true. It had only to appear on the *Times*' front page.

Those admissions were widely publicized by LaRouche and his associates. As a result, the *Times* shifted its strategy. Instead of publishing the planned series themselves, they "farmed out" the series to a give-away community tabloid called *Our Town*, where it appeared under the by-line of one Dennis King, a small-time stringer for some unsavory elements of the FBI.

The *Times* subsequently published several articles "congratulating" *Our Town* for the series on LaRouche, and repeating the same libelous material "based on" the throw-away tabloid's version. The *Times*' version culminated with a leading editorial, calling for the Justice Department investigation reporters Blum and Montgomery had indicated was their goal.

A virtual word-for-word reprint of the *Times* libels subsequently appeared in the Paris-based *International Herald Tribune*. A French judge ruled them outrageously libelous and unsubstantiated. The *Tribune* editors were ordered to publish a retraction and pay a heavy fine. He noted in his decision, that, appearance of false and defamatory material on the front page of the *New York Times* does not alter that material's false and defamatory character. The *Tribune* had no other defense than the *New York Times* as source.

The Morgenthau connection

In August 1978, Robert Morgenthau's office was involved in a "security stripping" operating against Lyndon LaRouche. One of LaRouche's colleagues, Paul Gallagher was the victim of an armed attack. In the subsequent court action, LaRouche was subpoenaed as a witness—on grounds that mystified attorneys. The subpoena in the Gallagher case occurred only weeks after an attempt on LaRouche's life had occurred in Detroit, Michigan. LaRouche security advisers traced that attempt to the circles of Max Fisher, a reputed organized-crime figure tied to the Lansky mob. Morgenthau and Fisher know each other through the Jerusalem Foundation, which upon investigation, proves to be operating in the interests of British intelligence. In connection with LaRouche's subpoena in the Gallagher case, Morgenthau's office refused to provide any cooperation on security during his court appearance, although every law-enforcement agency in the country was aware that LaRouche's life was in jeopardy.

In the spring of 1981, LaRouche's security advisors received a memo from the U.S. Attorney for the Southern District of New York, acknowledging massive evidence that physical attacks and death threats against LaRouche and his associates constituted a pattern indicating criminal acts on the part of groups including the Jewish Defense League and the Yippies. The memo indicated that jurisdiction lay with the office of Manhattan District Attorney Morgenthau, and recommended its formal presentation to Morgenthau.

Eighteen months have now elapsed, without Morgenthau's office so much as acknowledging the evidence's receipt.

The Morgenthau story

by Vin Berg

Upon investigation, it appears that the reason Manhattan District Attorney Robert Morgenthau would conduct no investigation of the networks attacking Mr. LaRouche and his associates is that, in any such probe, Morgenthau would end up investigating himself.

Robert Morgenthau is a member of the national committee of the Anti-Defamation League, a nominally Jewish organization that was created, and is still controlled by the British-American Morgan banking interests which also control the *New York Times*. The ADL has issued many diatribes against LaRouche, the most recent in the last three months, "The LaRouche Network: A Political Cult."

Morgenthau is also honorary chairman of an organization called PEACE, or "Preventing the Emergence of Another Arab Country in Eretz-Israel (Judea, Samaria, and Gaza)." This affiliation places the New York District Attorney in the middle of the circles that run the Jewish Defense League—those accused of plotting against LaRouche.

Morgenthau joined PEACE as honorary chairman at the request of a long-time friend, Ariel Sharon, the Israeli Defense Minister.

Sitting on PEACE's board under Morgenthau are:

Meir Jolawitz, the current national chairman of the Jewish Defense League. Jolawitz admitted to an NCLC investigator that the JDL has received large sums of money from an undisclosed source for operations against LaRouche.

Yu' uval Ne' eman, reputed "father of the Israeli bomb," current Minister of Research and Development in Israel. Ne'eman and his followers are described as the closest thing to Israeli Nazis since Vladimir Jabotinsky.

Harold Jacobs, President of Young Israel, and author of a libelous election-eve attack on New York senatorial candidate Melvin Klenetsky, whom LaRouche had endorsed.

Arnold Forster, a Morgenthau associate on the National Committee of the ADL, who was once arrested in New York for painting swastikas on Jewish property.

Geula Cohen, head of Israel's Gush Emunim sect, which claims all of Jordan and much of Syria and Lebanon for "Ersatz Israel."

Joseph Churba, long time collaborator of Jewish Defense League founder Meir Kahane.

Ron Milo, Israeli Prime Minister Begin's son-in-law, and attorney for the "Jumbo" real estate combine. Jumbo and the Gal Company, are engaged in a massive land-grab on the West Bank in anticipation of heavy profits should Israeli

annexation occur. Gal is headed by one General Ze'evi, purged from the Israeli Defense Force for involvement with mafia figures engaged in arms smuggling and drug traffic.

Sources in Israel told *EIR* that a secret spring meeting at Sharon's ranch in Israel, attended by Sharon, Ze'evi, Meir Kahane, New York real-estate speculator Meshulam Riklis, and Canadian liquor-magnate Edgar Bronfman, discussed two matters: the West Bank real-estate scheme, and elimination of Lyndon LaRouche.

Since that time, three assassination attempts have occurred against LaRouche's West German wife, Helga Zepp-LaRouche, herself a leading political figure in Europe. An attempt on both their lives was so clearly in preparation in Rome for the period Oct. 20-21 that they were forced to cancel their scheduled appearance at the founding conference of the Club of Life there.

Lucinda Franks

In 1977, Robert Morgenthau married Lucinda Franks, now an "investigative reporter" for the *New York Times*. Franks for years has been part of an intelligence network sometimes called the "Left CIA." In truth, it is controlled by British intelligence. Through this network, Ms. Franks was personally involved in deployments against LaRouche and his associates during the 1972-74 period.

At that time, she was employed by UPI, cover for an intelligence team that included Thomas Powers, the official biographer of former CIA director Richard Helms. She established contact with several terrorist organizations in the United States. In October 1974, an article by Franks in *Ms. Magazine* reported her meetings with pot-smoking Weather-underground terrorists, whose "life-style" she admittedly admired. She received communiques from the Weathermen, which she withheld from the FBI.

The article was also a counter-attack on documentation by LaRouche and the NCLC that Patricia Hearst had not been "politically won over" by her Symbionese Liberation Army captors, but had been clinically brainwashed by methods of aversive behavior modification. Making no mention of the hideous tortures Ms. Hearst is known to have suffered, Franks wrote: "To devise elaborate theories as to brainwashing, protective identification with potential killers, or sustained state of shock, would be to ignore what seems to me to be the simple truth. Patricia Hearst had told us that she felt betrayed."

On assignment in London, Franks established links with the Swedish-based American Deserters Movement, run by British-intelligence stringer Michael Vale. Vale attempted to penetrate LaRouche's International Caucus of Labor Committees during that 1971-73 period, an effort focused first on Sweden and West Germany, where Lucinda Franks was his close collaborator. The project then shifted to New York, where preparations for LaRouche's assassination were put in place. Discovery aborted the attempt—and immediately, the first *New York Times*' slander of LaRouche appeared. Lucinda Franks left UPI and joined the *New York Times*.

A case of U.S.-Soviet scientific cooperation

by Marsha Freeman

In an unusual and informal ceremony this past summer held in Fairbanks, Alaska, Robert W. Freyman, formerly of the Los Alamos National Laboratory, was given a medal honoring his work in radio-wave research by the Polar Geophysics Institute in Murmank, U.S.S.R.

For the past three years, Freyman, who retired from Los Alamos last February, has been conducting experiments in Alaska on the mysterious phenomenon of long-delayed radio signals. This research has also been of interest to Soviet scientists, and the experimental results found by Freyman were recognized by the Soviets as confirming their own theoretical calculations of this phenomenon.

The parallel efforts of the scientists is a good illustration of how basic science can benefit from East-West collaboration, though such collaboration has been waning since the clampdown on U.S.-Soviet exchange in effect since the Afghanistan affair.

Solar plasma effects

Normally when radio signals are transmitted from a point on the Earth, it takes one-seventh of a second for them to circle the globe, rarely making more than two orbits. As early as 1927, however, a Scandinavian engineer discovered that some radio signals generated were followed by echoes at three-second intervals. Since then, 30-second delays have been identified.

Freyman postulated that this delay of radio signals indicated interference in the Earth's magnetosphere region as a result of plasma thrown off from the Sun. The charged solar plasma particles are trapped in the field lines produced by the Earth's magnetic field, Freyman posits, and at times when there is a solar flare or burst of plasma discharge, ducts or channels are formed that transport plasma and the radio waves back out toward the Sun.

When these ducts collapse, at varying times, Freyman believes, the radio signals bounce back toward the Earth,

accounting for the delays and echoes.

The Earth's magnetosphere, the region extending from our planet's surface to about 45,000 miles into space which contains the magnetic field energy extended out from the Earth, changes its shape and configuration of field lines depending upon the flow of solar material and its position relative to the strong solar wind push from the Sun.

Freyman and his assistants expected to observe these delayed radio waves only during the night in Alaska, when the magnetotail is elongated away from the Sun and the magnetic field lines are open. To their shock, Freyman reported in a phone interview, they also observed the delayed phenomenon at 10:30 in the morning when the magnetic field lines are supposed to be closed!

It was this anomalous observation which led him to believe that the merging of daytime magnetic fields from the Earth with the incoming solar wind produces these ducts that temporarily trap radio waves, pull them away from the Earth, and then release them as these short-lived structures collapse.

Scientists in the near-polar Soviet Union and in the northern Scandinavian countries have long been interested in anomalous activities in the upper atmospheric regions of the Earth and the outer magnetosphere because they are near the polar region which experiences the aurora borealis, or Northern Lights.

Though this phenomenon is in itself interesting and quite beautiful, the streams of solar plasma particles that cause them also disturb radio and other wave transmissions from these regions, so scientists from these countries have been anxious to understand their origin.

In 1979 the Soviets, Scandinavians, West Germans and Austrians sent up a high altitude balloon with scientific instruments to measure distortions in signals transmitted from the balloon to the ground. When the balloon drifted over the Soviet Union, Freyman reports, the telemetry signals from the balloon became garbled.

While investigating the possible causes of this disturbance, Soviet scientists became aware of Freyman's work.

The award was presented to Freyman by the head of the Polar Geophysics Institute, N. A. Gorokhov, for significant polar radiowave research, after he had been nominated for the medal by three Soviet scientists who had read his work. The medal was inscribed "To the Glory of Soviet Science" and is the first time it has been presented to anyone outside the Soviet Union.

Gorokhov presented Freyman also with three books from Moscow; one written by himself on radiowave research, and two others on ionospheric experiments in the U.S.S.R.

Freyman explains that his ground-based experiments near the polar region are an important supplement to experimental data NASA hopes to gather "in situ" through the launching of satellites into the ionospheric and magnetospheric regions of the Earth. Freyman was assisted in his research by his wife, Marilyn Freyman, also of Los Alamos, and Al Koelle from the Laboratory's Electronics Division.

Seminar discusses space nuclear power

The National Academy of Sciences held a symposium Nov. 15-17 on the long-neglected subject of nuclear power systems in space. This program, which would deliver electric power to in-space satellites and other systems, was ended in 1972 but is now being resurrected as NASA and the military see a need for meeting large power requirements in the next 10 years.

The symposium reviewed the state of research and past testing of nuclear reactors in space, and also discussed innovative ideas developed recently. The Department of Energy is currently conducting a program to flight-test a 100 KW reactor in the early 1990s, but systems up to 100 MW will be needed for advanced missions.

The military will need large power supplies to provide protection for conventional satellites, and for a beam-weapon defensive system in space. NASA wants large space stations and planetary missions (manned and unmanned) to be able to sustain long duration and long distances. Funding is being increased for this program.

MIT professor attacks beam-weapon plans

Professor Kostas Tsipis of Massachusetts Institute of Technology, associate director of the division of Science and Technology for International Security, called Edward Teller's assertion that anti-nuclear beam weapons can and should be developed "pure fantasy," and stated that President Reagan and his advisors were "dumb" for taking Teller's advice, in an interview the week of Nov. 15. Professor Tsipis is the leading opponent of the development of beam weapons in the United States, and is an associate of the group at MIT promoting the nuclear freeze movement.

Tsipis was particularly concerned with the U.S. population's propensity to support

technological development, as was shown for the NASA programs. "Unless there is a countervailing movement," Tsipis told the interviewer, "the American people can be won over to Teller's perspective. Why not? They don't know anything about space. They like the idea! It's a very fecund area for propaganda."

Beam weapons, which would prevent nuclear missiles from detonating by destroying the triggering mechanisms, "are not scientifically feasible, no matter what Teller says," according to Tsipis. Edward Teller was the scientist who led the development of the hydrogen bomb in World War II's Manhattan Project.

Asked why President Reagan and his advisers would consider taking Teller's advice on so important an issue, Tsipis insisted: "Because they're dumb! Just plain dumb."

A counteroffensive to beam-weapon development is "definitely in the works," according to Tsipis. One of the forces in this counteroffensive will be "those people pushing conventional weapons."

House unit hears new charges against Abscam

The House Judiciary Subcommittee on Civil and Constitutional Rights heard explosive testimony Nov. 23 that will aid in calling to account the government perpetrators of the FBI-Abscam frame-ups, led by New York Eastern District prosecutor Thomas Puccio. One witness, former U.S. Attorney for the district of New Jersey, William Robertson, charged that "there has not been an uncovering in Abscam. Abscam has not yet seen the light of day. I would urge the committee to get all the facts out on the table for the American people. This has not yet been done."

Robertson told the Judiciary Subcommittee that he had "never during the course of my career as a prosecutor [been] exposed to such institutional resistance and an intentional attempt to thwart the discovery of facts that were relevant to a criminal investigation."

Rep. Harold Washington (D-Ill.) concluded after hearing the testimony that it would be a fair characterization that there was occurring a "horrible breakdown in the system, one might surmise a conspiracy to put Abscam through on greased skids." Rep. Dan Lungren (R-Cal.) commented that "we can have all the internal protections we want but if someone chooses to ignore these [safeguards], then they're no use to us." And Rep. Bill Hughes (D-N.J.) indicated his desire for the impaneling of a grand jury to look at malfeasance in office.

Witnesses before the committee charged that government officials, including prosecutor Thomas Puccio and Abscam prosecution witnesses, committed perjury, overreached proper prosecutorial bounds, committed the intentional fabrication of relevant facts, covered up wrongdoing, and trampled the constitutional rights of those never charged.

Mario Cuomo fills Criminal Justice post

New York State Governor-elect Mario Cuomo announced the appointment of Lawrence Kurlander to the newly created cabinet position of Criminal Justice Coordinator for the state Nov. 23. The week before, the *New York Post* had printed the rumor that the position would go to Thomas Puccio, the former prosecutor of the FBI's Abscam frame-up operations in the Eastern District. The National Democratic Policy Committee led a campaign against any appointment of Puccio.

Kurlander was District Attorney in Rochester, New York in 1976-80. During that period, Kurlander's office conducted a series of investigations against the Monroe County Sheriff's Office, which had been successfully prosecuting a number of organized-crime figures in the region. As a result of the investigations, several indictments of Mafia figures were overturned and several sheriff's deputies were jailed for perjury.

Kurlander is also associated with New York's Center for Research on Social Policy and Institutions, chaired by Harold Tyler, a

partner in New York D.A. Robert Morgenthau's former law firm.

Kurlander is proposing, among other things, the creation of a "scab" police force through a campus program in which students would be given scholarships for three years of service at half the wages urban police officers receive. The graduates of this state-controlled program would be encouraged to form auxiliary police forces after graduation, rather than enlisting in urban police forces.

Localities challenge McNamara study

The Greater Washington Research Center (GWRC) released a study on Nov. 15 predicting that local governments in the Washington, D.C. metropolitan area will be running deficits on the order of \$600 million larger than projected over the next five years, and pointed to Felix Rohatyn's New York City "Big MAC" as a model of fiscal management. Robert McNamara, a member of the Committee on the Year 2000, was brought in to run the study and to endeavor to do to local government jurisdictions what he has already done to the Ford Motor Company, the Defense Department, and the people of Vietnam.

The deployment of McNamara into the study, reflects the underlying approach of the GWRC. Funded primarily by the Meyer Foundation (established by Katherine Meyer Graham's family interests), the GWRC has released studies which predict that the Greater Washington area will develop along post-industrial lines and have many of the characteristics of the capital of a Third World country.

The McNamara study makes very generalized recommendations about the need for better long-term management, modeled on Big MAC, but as one county official confirmed, the report is clearly heading in the direction of more all-inclusive regional government, which could manage the transition into a post-industrial economy.

The study has come under immediate attack from at least one local government

official, Fairfax County Executive Jack Herrity, who told *EIR* that the GWRC report had no relationship to his county's fiscal situation. Herrity agreed that the prediction of unexpected budget deficits for his county, a prediction based on spurious data, could become self-fulfilling if it damages the county's excellent bond rating. "Wall Street looks at these kind of reports. I'm sure Kate Graham would be furious if someone came out with a study like this about the *Washington Post*," Herrity stated, adding that he has challenged McNamara to a debate.

Eagleton proposes constitutional amendment

Senator Thomas Eagleton (D-Mo.) announced Nov. 24 that he intends to propose an amendment to the Constitution that would allow naturalized citizens to become President of the United States. Only native Americans are currently eligible for the presidency.

Senator Eagleton, who attempted to be George McGovern's Democratic running mate in the 1972 presidential election, stated that he was inspired to propose the amendment by his "unbounded admiration for the intellect and skills of Felix Rohatyn," who was born in Austria. Rohatyn was the author of the "Big MAC" financial plan that has stripped New York City of over 40 percent of its workforce since its near-bankruptcy in 1975. Due to these massive austerity measures, and the overall collapse of the economy, New York is again facing bankruptcy.

Other foreign-born figures Eagleton suggests for the presidency are Henry A. Kissinger, recently named in the Red Brigades trials in Italy as the man who threatened the life of murdered former Italian Prime Minister Aldo Moro; outgoing president of the United Auto Workers Douglas Fraser, a leader of the Socialist International and chosen successor of Leonard Woodcock; Keynesian economist John Kenneth Galbraith of Harvard, author of *The Post-Industrial Society*; and former Treasury Secretary of the Carter administration W. Michael Blumenthal, a Trilateral Commission member.

Briefly

● **CYRUS VANCE**, Lloyd Cutler, former Treasury Secretary William Simon, and Milton Eisenhower are members of the newly formed Committee for a Single Six-Year Presidential Term. The motivation would be to put the President "above" the pressure of constituency demands—something Cutler cited as necessary to enforce austerity measures in a period of economic decline in his fall 1980 article in *Foreign Affairs*.

● **FELIX ROHATYN**, who is a member of New York State Governor-elect Mario Cuomo's transition team, called for a national four-point program of massive economic austerity Nov. 21. The widely publicized program calls for slashing Social Security, taxing consumption "as we have never done before," reducing military spending, and a "social compact" between management and labor to enforce wage reductions.

● **THE CBO** released a report Nov. 19 claiming that the United States would have to spend some \$63 billion to build up its non-nuclear NATO forces in Western Europe to the point where they could resist a Warsaw Pact invasion. President Reagan has proposed spending \$37.6 billion on conventional arms buildup.

● **GERALD ROSE**, Midwest Coordinator of the National Democratic Policy Committee, who made a speaking tour of North Dakota, Kansas, and Nebraska to promote the development of beam weapons as the only way to stop nuclear war, was presented on ABC and CBS news in Omaha, Nebraska as part of the lead item Nov. 22, directly following film clips of President Reagan's speech on MX missile development, and comments from Defense Secretary Weinberger.

● **MAXWELL RABB**, ambassador to Italy, is rumored to be slated for an early replacement.

Editorial

Mopping up the 'Mafia'

On Nov. 24, 1982, in a maneuver reminiscent of the rout of the Jesuits by Charles III of Spain more than 200 years ago, the Italian government scored a direct hit against the strategic opponents of Lyndon LaRouche. Italian police and magistrates, with collaboration of the American DEA, CIA, FBI, the German BKA, and other allied agencies, swept down on the core of the underworld. Warrants for the arrest of 200 of the top figures in the East-to-West-and-back traffic in arms and narcotics—figures not intimately related to exactly those names now feverishly attempting to destroy *EIR* founder Lyndon LaRouche and his collaborators—were handed down. More than 40 have already been arrested. The entire Italian Army was placed on alert. As the Italian magistrates responsible have acknowledged, the very heart of the heroin supply for the entire West, and a major trunk line of the arms traffic, have been hit. It is "the world's largest illegal arms trafficking organization," he said.

Provided that Reagan, the Pope, and others who have been known to compromise in the past do not flinch in pursuing this evil all the way to its origins, the just-completed arrests together with other, less-reported developments could herald a breakthrough. Last January, a knowing European intelligence source told us, "The common conception of the Mafia is backwards. Most people think the Mafia is primarily a money-making operation which gets involved in politics. The Mafia is first and foremost political."

As the successful rescue of U.S. Gen. James Dozier proved, the Mafia is one unit in the army of terror deployed by the international oligarchy to enforce its will—in a division of labor with "left" and "right" terrorists, dirty banking networks, corrupt courts and corrupt media. At its higher level the "Mafia" is run by what an Italian paper recently dubbed the Homintern, reporting on *EIR*'s exposé of the homosexual Anglo-Soviet espionage network with which former U.S. Secretary of State Henry Kissinger is associated.

In fact, the best guarantee of defeating the organized evil hit in the Nov. 24 roundup would be for the Reagan administration to cut Henry Kissinger publicly

loose from all influence and facilitate his extradition, if need be, to countries like Italy and Pakistan where he may soon be wanted to answer charges in connection with the violent deaths of former Prime Ministers Aldo Moro and Ali Bhutto. Secondly, it would behoove the Reagan administration—and the Vatican—to immediately sever ties with all associates of New York mob lawyer Roy M. Cohn, who among other things represents the Gambino crime family, the U.S. end of the massive heroin running network under attack in Italy, as we will elaborate next week.

In a press conference in Milan, the Italian official in charge of the Varese bust stated that the targeted gun-running band, allegedly led by a Syrian named Henri Arsan, "was both East and West" in its supply sources and trafficked with terrorists of "all political colors." The description tallies precisely with our 1981-82 identification of the international network that deployed and sheltered the would-be killer of the Pope, Ali Agca, and Dozier's captors.

Moreover, some of the Kissinger-Cohn allies we named last February as Italian protectors of the dope-terror networks have now come under criminal charges. In November, Rome Judge Ferdinando Imposimato handed down indictments of Giacomo Mancini, the former Secretary-General of the Italian Socialist Party, and two close associates, for collusion with the subversive Red Brigades, precisely the charges *EIR* made. Mancini, the "boss" of the Calabrian Ndrangheta crime families, used his control of the Milan Socialist Party to groom current PSI leader Bettino Craxi, whom Kissinger has backed.

Don't expect to read about this in the American print media, which even blacked out Ronald Reagan's late-November Miami speech calling for an all-out war on the Mafia. But Henry Kissinger is the cover feature in the Italian weekly *Europeo*'s latest issue, not as the "Soviet expert" played in the fawning U.S. newsweeklies, but as the figure named by witness Corrado Guerzoni for having threatened Aldo Moro before he was murdered by the Red Brigades. A new era may have begun.

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