

EIR

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An outlaw government rules over Greece
India's challenge to modernize agriculture
Man in space: the legacy of Krafft Ehrlicke

**Soviet war-readiness demands
a revised NATO doctrine**



The Recovery That Never Was

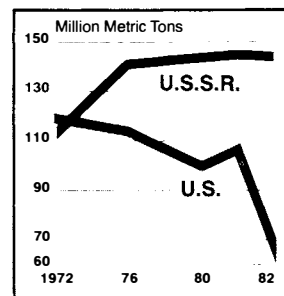
Find out what the White House should know . . . but doesn't

The EIR Quarterly Economic Report, prepared under the personal direction of Lyndon H. LaRouche, Jr., presents a devastating picture of the current economic crisis—a crisis with profound implications for the national security, as Moscow is only too well aware. The study demonstrates:

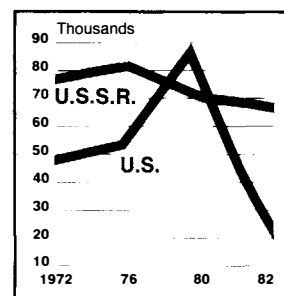
- Unless President Reagan replaces his present, foreign and domestic, monetary and economic policies, the U.S. economy will continue to describe an accelerating downward trend in output of goods and in balance of trade.
- The potential for a 1931-32-style deflationary blow-out or new skyrocketing of dollar exchange-rates, is approaching certainty. Either alternative would be associated with an acceleration of the rate of collapse of goods-output in both the world market and the U.S. economy; under either alternative, the federal budget deficit would soar.

For information about the Quarterly Report and a new feature, EIR's 1985 statistical yearbook, please contact your local EIR representative or Richard Freeman, EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390.

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If you think that the principal reason the southern flank of NATO is about to be lost, and the Western Alliance hangs by a slender thread, is the treason of Henry Kissinger and the State Department, you are wrong. The principal reason for the strategic catastrophe we face, is that President Reagan is foolishly following the policy dictates of the Eastern Liberal Establishment, to carry out the wicked economic doctrines of Adam Smith, the British imperial enemy of the American republic.

We reemphasize the point on the occasion of issuing *EIR's* second *Quarterly Report* of 1985, the June 15 issue, expanded by more than a fourth to over 150 pages in length. The title is "The looming bankruptcy of the United States," and the lead to this week's *Economics* section of *EIR* is adapted from one section of that *Quarterly Report*. The price of the *Quarterly* starts at \$1,000 for an annual subscription of four issues, which has been described by *EIR's* founder Lyndon LaRouche as "dirt cheap," considering the cost and effort of producing the contents of these publications.

LaRouche's two contributions to this issue of *EIR*, on the strategic consequences of the Greek election catastrophe (*International*) and an emergency draft proposal for revision of NATO doctrine (*Strategic Studies*) point up that the time for reversing the administration's wrong economic policies is very short indeed.

We also draw your attention to the *Feature*, on the challenge to India to modernize its agriculture, and to the tribute to the late space pioneer Krafft Ehrlicke (in *Economics*), featuring an interview with SDI director Abrahamson not published before in English. We consider it our job to not only show the way to the right policies, but to make sure that those policies are implemented. Among other things, that means that the second 1985 *Quarterly Report* will have an even wider distribution than the first.

Nora Hamerman

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Banking on disaster: \$2 trillion in bad debt paper

by Kathy Wolfe

The actual bankruptcy of the \$3.1-trillion U.S. banking system, now suddenly breaking into the open with the Ohio and Maryland collapses in a way as to terrify the unsuspecting average citizen, was predicted by *EIR* founder and contributing editor Lyndon H. LaRouche, Jr., in the late 1960s, as he had predicted that the U.S. dollar would have to be taken off the gold standard in 1971.

Behind this was no magic, but rather LaRouche's recognition that the Anglo-American financial oligarchy had adopted a "post-industrial" zero-growth policy for the nation, and that the U.S. banking system, especially the regional bank and savings & loan systems, were set up to *feed a stream of credit into the industrial economy: production, infrastructure, and family formation.*

The U.S. banking system was set up to be totally different from the British or Canadian banking systems, where five or six large banks created a credit-cartel monopoly over allocation of bank loans, to deliberately prevent the Crown's subjects from borrowing at will to found businesses, farms, and homes.

The U.S. banking system was to provide credit for the free play of production. Throughout America, a network of 15,000 regional banks was established to take local deposits and provide credit to farms, factories, transportation, and housing which sprang up everywhere.

Congress, in a moment of wisdom almost inconceivable today, created the Savings & Loan or "protected lender" system, modeled on the German "building societies," which by law had to make 80% of their loans for home and housing

mortgages. To encourage workers' and other productive deposits to flow into these housing funds, savers by law could get an extra .5% interest only at S&Ls. By the 1960s, over 5,000 S&Ls had sprung up, in addition to the 15,000 regional banks, making America the "best-banked" country in the world.

But today, of the U.S. banking system's some \$3 trillion in loan assets, at least \$2 trillion is bankrupt. If an actual competent accounting audit were to be made of the "quality" of these bank assets, under the wording of existing U.S. bank law, "currently being repaid or having a reasonable prospect of being repaid," it would become clear that although some interest is being paid on these loans, there is *no possible repayment of the principal.* Indeed, in dozens of cases, the auditor would find that the assets securing the loans, such as the \$120 billion in U.S. bank loans to heavy industry, are so old and decrepit that the *loans are worth less than half of their book value.*

First, the producers and homebuyers who were the reason for creating this productive sector of the U.S. banking system, have been bankrupted, because their economic activities have been shut down in the name of "zero growth." Directly as a result of this, most of the \$1 trillion productive segment of the U.S. banking system, beginning with the visible S&L crisis, is actually closing its doors in a "rolling" bank panic sweeping from state to state. The figure, as **Table 1** shows, includes at least \$215 billion in bad loans to farms, \$200 billion in bad loans to the collapsing oil industry, \$100 billion in bad loans to the manufacturing, utilities, and transporta-

tion sectors, and perhaps as much as \$500 billion in bankrupt S&L mortgage and other real estate assets.

Most embarrassing is the size of U.S. industrial loans, compared to the rest of the banking system.

Bank loans to industry are almost non-existent as a proportion of total bank lending. Out of a total \$3.1 trillion in bank loans overall, there is a grand total of \$472.4 billion in loans outstanding at end 1984 to the entire non-financial U.S. corporate sector, or only 16%. (This figure, not shown separately in Table 1, includes the loans to manufacturing, plus other loans included under other categories.)

But things get worse. The \$472.4 billion figure includes all non-financial private corporations—not only manufacturing industry, but loans to the oil and energy, mining, transportation, and service industry corporations. Out of this, only \$120 billion was loaned to the *manufacturing* sector per se. This \$120 billion is the total outstanding, not per-year loaned, as of end 1984. “That’s about right,” quipped one Federal Reserve officer when asked by an astonished researcher why the manufacturing loans were so tiny. “Manufacturing is only a quarter of GNP, isn’t it?”

In addition to the some \$1 trillion in bankrupt loans to the productive sector of the economy, there is another \$1 trillion in *non-productive* loans made by the New York-led top 100 “money center” banks, which is bankrupt. Less than \$300 billion of this figure is accounted for by loans from these U.S. banks to Ibero-American and other Third World countries. The rest is \$700 billion or more of rotten domestic loans, including \$200 billion in loans to speculative real estate development, more than half of the \$480 billion outstanding in consumer credit (which consumers are never expected to

repay), more oil loans, and almost \$100 billion in loans to foreign-exchange, commodity, and other financial market speculation.

This second trillion dollars in bad assets is, however, currently being protected from exposure by the conspiracy of federal bank regulators, run by Federal Reserve Chairman Paul Volcker and former Treasury Secretary Donald Regan. They are orchestrating the theft of these savings for the account of the bankrupt money-center banks.

It is no accident that since especially Paul Volcker’s 1979 interest rate shock, and his subsequent bank deregulation reforms, there has been an ongoing “savings crisis” in the United States, a collapse of the S&L system so severe that even the average citizen has been made aware of it. During this time, the number of S&Ls in the United States has shrunk from 5,400 to under 3,500. Savings & loans with deposits and mortgages worth over \$200 billion have gone out of existence.

Starting with the \$20 billion regional bank, Continental Illinois, the nation’s entire 15,000-strong regional commercial banking system is being shut down as well.

The ultimate result, if Volcker has his way, will be “nationalization” of the banking system, one former Carter Treasury official told *EIR* recently, such that *banks make no more loans to the average citizen for citizens to use freely, as they see fit, for housing, business, and commerce*. The top 100 megabanks will scoop up the deposits fleeing the collapsing S&Ls and regional banks, and control most deposits in the United States. Then, under Federal Reserve supervision, the banks which survive will be instructed to make almost no loans to the average Joe. These bankrupt banks intend to take over the government’s tax base. They will mostly buy U.S. Treasury bonds to finance the government debt!

Paul Volcker, said Volcker associate John Mingo in an interview May 17, has been sending federal regulators into local S&Ls and regional banks to “get tough” and force them to write off entire groups of assets, which is the major reason that the Ohio and Maryland state S&L systems were brought down this year, he noted.

Volcker will crack down on state banks until “he has everything that calls itself a bank in the country under his thumb and they are all, in effect, nationalized, and regulated tightly like a public utility,” said Mingo. “This crisis of confidence and runs will continue across the country until the public is taught that only things federally guaranteed are banks, and safe to put your money in.”

“Maryland is the final euthanasia of the state insurance system,” Mingo said. “Volcker has targeted these states for crackdown.”

The purpose, he said, is to strip banks of the power to loan, to forbid any but his New York friends from making independent decisions on which citizens and industries receive credit. “Once they are run by the federal government,

Table 1.
U.S. bank loans outstanding by borrower, end 1984
(million \$)

	Estimated Bad	Total
Total S&L lending for mortgages	500	1,100
Regional commercial banks		
Farm loans	215	215
Oil loans	200	300
Manufacturing	80	100
Other	10	85
Total	505	700
Money center commercial banks		
Third World loans	300	300
Real estate loans	200	200
Consumer credit	200	300
Money market speculation	100	100
Oil loans	100	100
Mortgages	80	280
Corporate/manufacturing	20	20
Total	1,000	1,300
Grand total	2,005	3,100

then the government can insure that they will not fail. The only way to do this, is to ensure that the surviving banks engage only in riskless loans, to make them into economic eunuchs. Banks will eventually have to drop everything but buying up Treasury securities. They will simply act as a Fed-controlled clearing house for the federal debt."

The real U.S. 'deficit' crisis

But things are far worse than the \$2 trillion in bad loans threatening the banking system. Let us consider a series of "deficits" which occur because the nation has not been keeping up its road, rail, and other infrastructure, its housing stock, and the capital equipment of its industry. These deficits represent the "should have been" cost of actually replacing and servicing the country's entire productive plant and working population. The \$2 trillion figure of bad bank debt is one large result of these huge "should have been" deficits, since it was precisely the failure to modernize that has caused manufacturing debt to go bad. The \$2 trillion in bank debt is therefore properly accounted, as included in the deficits.

The frightening thing is that these deficits, which could be "marked off" against the total \$5.8 trillion U.S. domestic debt, added up to \$5-6 trillion by themselves:

1) Infrastructure deficit: \$250 billion per year beginning in 1970, to a total outstanding of \$3.1 trillion. To the extent the costs of covering infrastructure are not met, then the costs of production in capital-goods industry are not met.

2) Annual deficit on capital-goods sector: \$100 billion per year, to a total outstanding of \$1 trillion. These are funds that should have been expended to upgrade machinery, and were not spent, per year. Instead, over 70% of U.S. capital-goods plant and equipment is now over 10 years old and should be scrapped entirely and replaced from scratch. Over the 10 years since 1973, this adds up to another \$1 trillion deficit.

3) Housing deficit: \$1-2 trillion. This last is the most shocking. If the U.S. population were to have been housed properly since 1970, as it was not, there ought to have been built at least 25 million houses above and beyond those actually constructed. At a rational price of \$40,000 per home, this is \$1 trillion of housing that was never built. At the current, inflated price of \$80,000-100,000 per home, the housing deficit would swell to an incredible \$2 trillion.

In sum, the moment the Great Society policies of the Johnson era began the deliberate process of cutting production and living standards in the United States—the "Limits to Growth" program—entire sections of the U.S. banking system were deliberately doomed to wither away with the production processes they served. The same New York financiers who decided to cut U.S. population growth and production, knew this, and devised a plan to "triage first" that segment of the banking sector which is most oriented to the productive U.S. economy, the regional banks and S&Ls.

"America has too much housing anyway. John Mingo told *EIR* in December 1980, while he was still Deputy Treasury Secretary under Carter. "There's no law that says there have to be 5,000 S&Ls and 15,000 commercial banks. It's inefficient, expensive, and uneconomical. . . . These rich little S&L executives sit in their nice oak-paneled offices and enjoy terribly being president of the First Federal S&L of East Podunk. They don't know how to run a bank, and they know it. These CEOs should all be out of a job.

"Do we really need S&Ls? Might we not have too much housing? . . . We have too many houses, and scarce resources, especially scarce capital. We can't afford capital for housing."

Shortly after Mingo spoke, more than 1,000 S&Ls went under during the 1981-82 Volcker depression, and S&Ls have continued to collapse at the rate of several a week ever since.

The Ohio and Maryland collapses this year were important politically, because they created a panic in the population, but did not involve, in and of themselves, huge amounts of money. The Ohio panic closed state-insured S&Ls with \$5 billion in assets; although they will be reopened, they are being taken over by the big New York banks and the Dope, Inc. banks such as Carl Lindner's Hunter Savings Association, and this amount of assets has been "lost" to the S&L industry. During the month of April, S&Ls worth \$10 billion went under in California alone. The Maryland crisis, too, was big, closing state S&Ls with over \$9 billion in assets.

Recently, following the Maryland crisis, Volcker put out the word that the entire U.S. savings and loan industry, and with it Americans' \$1 trillion in home mortgages, are to be shut down. "Some in government say the problems of the overall S&L industry are so severe that within a few years, savings institutions will cease to exist," ran an article planted by Volcker in the May 16 *New York Times*. "The eventual cost to the U.S. government of bailing out the troubled system is expected to be extraordinarily high, perhaps more than \$100 billion. At the end of January, total assets of the nation's savings banks and S&Ls amounted to \$1.1 trillion. The dire outlook was laid out weeks ago by William Isaac, chairman of the FDIC, who predicted that S&Ls would not exist within a few years. 'We have the potential for a very serious S&L crisis,' Chase Manhattan Chairman Willard Butcher said"—an understatement.

Oil and farm debt

The severe deflation of world commodity prices—touched off by British and Soviet dumping of oil and gold during the summer of 1984—has recently been renewed with more Soviet oil dumping during April and May. This new wave of Soviet oil dumping could break the back of the U.S. farm, oil producers, mines, metal smelters, and other hard-commodity producers, already fatally weakened by Volcker's

depression. As they go under, in particular, at least \$200 billion, and perhaps as much as half, of the United States' \$500 billion oil debt, plus almost all of the bankrupt \$215 billion in U.S. farm debt, is set to collapse.

A farm debt crisis could cause a generalized collapse of U.S. regional (small- and middle-sized) commercial banks, which do almost all of the lending to these commodity sectors. The collapse would occur on the Continental Illinois model, which was brought down by the weight of its U.S. farm and oil-producer debt. More than 30 agricultural banks have already collapsed during 1985 alone.

The U.S. oil sector "will be the next big dry spot. Some oil patch banks in Texas are in real trouble," a Commerce Department official told *EIR* recently, "like Texas Commerce Bankshares, the same ones that have been on the Comptroller's 'watch list' for some time" as problem banks. More than nine major U.S. energy companies have run up losses of over \$8 billion in the last four years. Texaco and Philipp Brothers took \$765 million and \$307 million losses, respectively, in the fourth quarter of 1984, and U.S. oil companies are closing refineries at the rate of two a month.

This has happened because U.S. oil prices have fallen below world levels to an average of \$26 per barrel. This drop of 28% since 1980 has totally wrecked the book value of oil companies' reserves, their most important asset. Since bankers to the U.S. oil industry value their loans to the industry at \$500 billion based largely on the old 1983 price of oil, when most loans were made, we know that the real value of the loans, just from the oil price drop, is 28% less or at least as low as \$360 billion only.

The difference between the two figures means that at least \$140 billion of the oil debt is worthless paper valuation. The rate of losses and oil-field closures in the rest of the industry easily brings the total value of worthless oil loans up to the \$200 billion range.

Capital-goods debt

As with oil, most of the book value of U.S. industrial loans is overvalued.

It will be seen from **Table 2** that only about 50% of corporations' total financial requirements come from the U.S. banking system; the rest is stocks and bonds. That may have lead to as much as 30-40% of U.S. corporations' total assets being bought out by foreign financial interests over the last 10 years. Each year's corporate sector financing in bonds and stocks issued, is thus heavily weighted to depend on foreign takeover money.

For the capital-goods industry, there are only some \$40 billion in total bank loans outstanding. That means that the entire capital goods industry has been getting bank credit to the tune of less than \$1 billion per year! As to major sectors of capital-goods producers, *total* bank loans outstanding at end 1984 to primary metals (SIC 33) were \$7.42 billion; to

fabricated metals (SIC 34), \$7.9 billion; to non-electrical machinery (SIC 35), \$11.84 billion; to electrical machinery (SIC 36), \$6.39 billion; and to transportation equipment (SIC 37), \$5.9 billion.

Behind these banking figures, is the actual collapse of the capital stock value of the U.S. corporate sector. The state of the U.S. manufacturing and capital-goods sectors has been horrendous over the past 20 years, but especially in the period 1973-84 (see **Table 3**).

Table 3 compares the "capital stock" of U.S. industry, as reported by the U.S. Department of Commerce, in the first column, with the actual number of machine-tools used in that industry, and with the average age of the machine-tools.

By 1984, the number of machine-tools in use in the United States had stagnated terribly, at the 2.4 million level, then rose briefly to 3 million, and then collapsed in 1984 by a full 33% to 2.1 million tools. The age of this machinery, furthermore, fell to an average where at least 65% of all sectors' machine-tools were more than 10 years old.

This means that these machine-tools should virtually be retired from the factory equipment shelf as useless, and under competent valuation of factory productivity, would have to be discounted as useless. Certainly from a banking standpoint, to the extent that they represent capital against which loan assets are valued, they are worthless, making that proportion of loans bad.

For the U.S. corporate sector as a whole, first of all, **Table 3** shows that against outstanding bank loans to that sector in the range of \$472 billion, with another \$500 billion or so in bond and stock financing, the capital stock of the entire corporate sector, was valued by the Commerce Department at \$550 billion in 1984. However, the real value of this capital stock is actually worth no more than \$117.9 billion, when the collapse of plant and equipment, and all of the equipment 10 or more years old, is discounted.

That is, not only is the capital stock of the United States worth a mere 20% of what it's cracked up to be, but the U.S. banking sector is sitting on \$472 billion worth of loans, and the financial sector sitting on about \$1 trillion in loans, stocks, and bonds, which is all pyramided upon a mere \$118 billion or so in actual hard assets!

EIR took the Department of Commerce's reported "Capital Stock" billions-of-dollars value, which are already "deflated dollars" by Commerce's calculation, and depreciated the stock by two broad factors. First, as **Table 3's** third column shows, *EIR* examined the number of machine-tools used in the sector, and took the catastrophic drop in their number during the period 1973-84 as a rough measure of one real order of magnitude, of the sector's lessened worth.

For example, for total manufacturing, the number of machine-tools as a whole fell from 3.066 million in 1973, to 2.192 million in 1984, a drop of 33%. We applied this 33% drop to the \$200 billion Commerce Department figure for

Table 2.

Overall corporate sector financing

(billion \$)

	1979	1980	1981	1982	1983	1984	Total end 1984
Bank loans	45.9	29.1	42.9	41.5	18.9	70.4	472.4
Bonds	17.3	26.7	21.8	18.7	15.7	40*	300.0
Equity	-7.8	12.9	-11.5	11.4	28.3	20*	200.0

*Estimated

Table 3.

The real value of U.S. capital stock

(deflated billions of U.S. dollars)

Year	Capital stock (\$)*	Machine tools (mn)†	First adjustment	Over 10 years old (%)	Real capital stock (\$)‡	Bank loans (\$)
Total corporate						
1984	550.0	2.192	368.5	68	117.9	472.4
Total manufacturing						
1953	35.9	2.474	35.9	56	15.7	
1958	55.8	2.217	32.1	60	12.8	
1963	69.6	2.809	60.1	62	22.8	
1968	106.3	2.870	60.5	64	23	
1973	149.7	3.066	90.2	70	27.1	
1984	200.0	2.192	133.0	68	42.9	120.0
Total capital goods						
1984	130.0	2.192	87.1	68	27.8	40.0
Of which:						
Primary metals						
1958	8.8	0.246	8.8	60	3.5	
1963	10.5	0.170	10.5	69	3.3	
1968	20.8	0.167	20.8	71	6.0	
1973	22.4	0.163	20.8	73	5.6	
1984	27.0	0.117	19.4	71	5.6	7.4
Fabricated metal machinery						
1958	5.8	0.518	5.8	61	2.3	
1963	6.2	0.634	6.2	65	2.2	
1968	8.1	0.656	8.1	65	2.8	
1973	9.9	0.638	8.1	69	2.5	
1984	15.0	0.518	12.1	71	3.5	7.9
Nonelectric machinery						
1963	7.5	0.952	7.5	67	2.5	
1968	10.6	0.913	10.6	64	3.8	
1973	13.8	1.104	10.6	65	3.7	
1984	25.0	0.805	18.2	65	6.3	11.9
Electrical machinery						
1953	3.2	0.260	3.2	52	1.5	
1958	4.2	0.164	4.2	57	1.8	
1963	5.2	0.328	5.2	54	2.4	
1968	7.9	0.398	7.9	58	3.3	
1973	10.9	0.399	7.9	60	3.2	
1984	18.0	0.245	11.1	65	4.0	6.4
Transport						
1963	6.2	0.450	6.2	66	2.1	
1968	9.5	0.363	9.5	68	3.0	
1973	13.5	0.401	13.5	69	4.2	
1984	45.1	0.303	34.4	71	9.8	5.9

*Capital stock value of all machinery as estimated by the U.S. Department of Commerce.

†Number of machine-tools available in the industry, million units.

‡The actual value of the capital stock of the sector, after deflation for collapse of numbers of units in use, and for age of machine-tool equipment.

capital stock, resulting in a "first depreciation" of \$133 billion only. Then, given the fact that a full 68% of the machine-tools were 10 years old, or older, and therefore useless from the modern standpoint, we removed another 68% of the value, ending up with a figure of \$42.9 billion "real capital stock" value for the manufacturing sector as a whole.

This \$42.9 billion has to be compared with the \$120 billion in bank loans alone (plus stocks and bonds) outstanding to the manufacturing sector. *That means that at least 50% or so of these bank loans are completely worthless, since the assets upon which they are based are, on average, worth only about 50% of the stated value of the loans.*

Data readily available from the National Machine-Tool Builders Association (*Economic Handbook of the Machine Tool Industry*, p. 126) demonstrate that the Association believes there to be even less "real capital stock." Their data show at most a \$34.4 billion worth, compared to our figure of \$42.9 billion worth. This figure is the same order of magnitude.

In Table 3 can be seen the collapse of machine-tool equipment and the aging of each of the major capital-goods-producer sectors of the U.S. economy, from primary metals to transportation. The pattern of drastically low "real capital" worth obtains throughout the U.S. capital-goods industry, which has, as a whole, only some \$27.8 billion in real capital stock, compared with \$40 billion in bank loans on the books.

For example, the huge industry which produces non-electrical machinery claims to have a capital stock value of \$25 billion worth of equipment. In fact, the number of machine-tools collapsed from 1.1 million in 1973 to 805,000 in 1984: Entire chunks of the industry were shut down. That alone brings its capital stock value down to a mere \$18.2 billion. If you junk the equipment 10 years old and older, the sector has only \$6.3 billion worth of real capital. Yet, the industry has \$11.9 billion in bank loans.

'Gandhi summit should be encouraged'

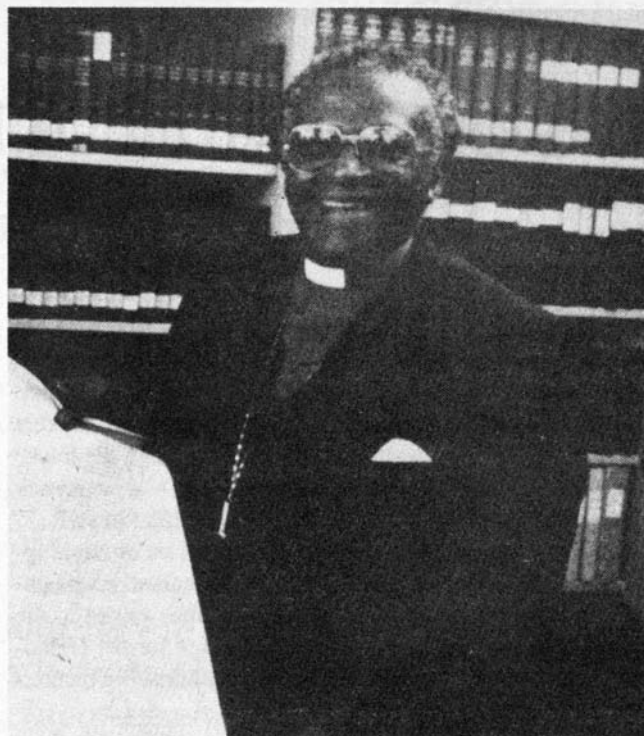
This interview was given by the Right Reverend Bishop of Johannesburg, Desmond Tutu, a Nobel Peace Prize winner, to EIR correspondent Mary Lalevée. The discussion took place on May 30, during Bishop Tutu's two-day visit to Paris, where he attended a colloquium on human rights organized by the French government.

EIR: Bishop Tutu, a few months ago, you signed a Declaration of the Inalienable Rights of Man issued by the Schiller Institute, while you were in Germany. The Institute sees the right to economic development as one of the very important inalienable rights of man, and is fighting for this. What do you think about this?

Bishop Tutu: There is no doubt at all that until we can have a new world economic order, most of what the developing countries are doing, will just disappear like water into sand. Because at the present time, the powerful, developed, affluent countries seem to be able to manipulate what we call "market forces" to their advantage, so that the poor developing countries have their primary products sold at very low prices, and then the manufactured goods of developed countries are sold at exorbitant prices, and that imbalance continues so that the rich grow richer and the poor grow ever poorer, which affects all other development—human development, what can be spent on education, on health, and things of that kind. And on the whole, it is as if they are able, in these developing countries, to keep in power those with whom they are able to deal, who become an elite that wants to remain in power for ever and ever. Consequently, instead of developing a democratic structure, we then have a situation where we have military dictatorships, and within those countries, the rich, repeating the pattern that exists on the macro level on a micro level, the rich in these countries growing richer and the poor growing poorer.

EIR: The founder of the Schiller Institute, Mrs. Helga Zepp-LaRouche, has called for the holding of an international heads of state summit conference, which should be called the Indira Gandhi Memorial Conference, to discuss the implementation of a new world economic order. What do you think about this idea?

Bishop Tutu: That needs to be encouraged as much as pos-



NSIPS

Bishop Tutu holding the Declaration of the Inalienable Rights of Man, which he endorsed in West Germany on Jan. 23.

sible, because I think most talk about bettering relations between the North and the South is just rhetoric, until we address this particular question of economic power, and a more equitable distribution of that economic power. I would say, all power to her! And I hope that she will be successful.

EIR: One last question. What do you think about institutions like the International Monetary Fund and their policies in Africa?

Bishop Tutu: I believe that if they maintain the policies that they are maintaining, that they are really extensions of the kind of thing we have been talking about, I mean, the strong calling the tune, and causing countries to implement policies which are against the best interests of their people, policies which make the governments in these countries unstable. For instance, they will say: You have to reduce subsidies for food, and let market forces take control; and so the price of food goes up and those governments become unstable and the tendency is that they will be overthrown.

I'm not an economist, but from what I know of their operations, they keep wielding the big stick against the weak, and they don't do anything about the fact, for instance, that the United States has such an enormous deficit, and then has high interest rates, which means that it is other countries that are funding that deficit, because funds flow, capital flows where it will attract the most interest, and if it is the United States, well, that is where it is going.

Is Don Regan the banker of choice for Carter-Mondale Democrats?

by Mark Burdman

If current investigations by law enforcement authorities into dirty-money activities of Democratic Party-linked bankers are pursued to their most plausible outcome, then the tracks must inevitably lead to the door of former Merrill Lynch President Donald Regan, now White House chief of staff.

During the past weeks, four separate cases of banking-world chicanery, and ensuing law-enforcement investigation, have involved financial-scam operations linked to the Carter-Mondale era Democratic Party and to former Democratic National Chairman Charlie Manatt, himself a banker-under-suspicion.

These cases have included:

- The engineered collapse of Cincinnati-Alabama-Florida banker Marvin Warner's Home State, because of Warner's illicit siphoning off of funds into his own private accounts. In past years, Warner has funded the campaigns of former President James Earl Carter, current Ohio Gov. Richard Celeste, and Ohio Sen. Howard Metzenbaum, among others.

- The collapse of Livingston, New Jersey's Bevill Bresler Shulman government-securities firm. Two leading BBS officials had formerly been members of the Carter-Mondale era Democratic Party National Finance Committee.

- The jailing on June 3, 1985 of Jimmy Carter's good buddy, Tennessee banker Jake Butcher, ex-director of the now-bankrupt United American Bank, a \$1 billion financial empire, for a maximum twenty-year sentence. The collapse of Butcher's UAB in February 1983, was the third-largest banking collapse, up to that time, in the United States, since the Great Depression.

- The lawsuit filed on May 14, 1985 by the Attorney-General's office of the State of Georgia against approximately 20 New York money-center investment houses, for having fraudulently marketed Single Deferred Premium Annuities (SPDAs) of the Baldwin-United Corporation during the early 1980s, despite the fact, the State of Georgia contends, that these New York houses *knew* that Baldwin-United was going bankrupt, and that, therefore, they were *willfully* swindling purchasers of Baldwin SPDAs.

The two latter cases are most intimately linked:

Jimmy Carter's friend Jake Butcher was a Democratic Party politician, who twice ran for governor of Tennessee.

The director of Baldwin-United in the early 1980s, Morley Thompson, was involved in money-laundering operations tied to the dirty side of the United Auto Workers component of the Democratic Party.

The collapse of Butcher's UAB, in fact, was instrumental in collapsing Baldwin-United in the summer of 1983, since Butcher had elaborate financial ties to Baldwin-United, including owing Baldwin-United \$20 million in cash.

Both cases might, generically, be referred to as part of the financial-story-behind-the-story of "Billygate," the name given to the complex of relations tying Jimmy Carter's brother, Billy, to the Libyans.

Odd as it may seem to some, the Baldwin-United/Thompson-Butcher story is also of direct consequence for the fate, and the loyalties, of White House Chief of Staff Don Regan.

Of Regan, magic, and the mafia

On April 15, 1985, a consolidated case of debtors and debtors in possession, in relation to the Baldwin-United Corporation proceeding, was presented before the U.S. Bankruptcy Court, Southern District of Ohio, Western Division.

A chronology prepared for the case has an entry from Aug. 25, 1980, from Morley Thompson to "Donald Regan, then president of Merrill Lynch, proposing a joint venture between Baldwin-United and Merrill Lynch which would provide each company a tax saving of \$40 million per year as a result of SPDA sales."

An entry from Dec. 18, 1980—while Donald Regan was still chairman of Merrill Lynch—refers to a memorandum "transmitting a reprint of a Merrill Lynch full-page advertisement for SPDA's which appeared in the Wall Street Journal."

A third entry, from Dec. 31, 1980—again, while Don Regan was still president of Merrill Lynch—is in connection with a Colorado bank transaction that Baldwin-United and Thompson were involved in. It says: "B-U obtained the opinion of Merrill Lynch sometime during 1980 as to the value of the partnership interests and used this opinion in stating the value of the class 2 partnership interest."

The documentation available to *EIR* up to this moment says no more about the Baldwin-United case in respect to Don Regan's reign; the relevant court subpoenas, should they be issued, would be most interesting, if we can judge by what

the available evidence shows that Merrill Lynch was doing with Baldwin-United soon after Don Regan's departure, to become U.S. Treasury Secretary in January-February 1981.

By December 1981, for example, the court chronology reports: "Letter of Miller to Merrill Lynch to B-U, Att. Thompson, *confirming that Merrill Lynch will act as financial adviser to B-U for the MGIC acquisition* [emphasis added]." In February 1982, a note reads: "Morley Thompson stated that Merrill Lynch was hired by B-U in connection with the MGIC acquisition." Later: "Morley P. Thompson stated that on 2/2/82 a meeting was held with the banks that were supplying the bridge loan in connection with the MGIC financing."

And so on.

MGIC (sometimes referred to as "Magic"), which stands for Mortgage Guaranty Insurance Corporation, is itself no small matter. Based in Milwaukee, Wisconsin, the company is the core of the financial interests of Max Carl, an individual linked to the Anti-Defamation League mobster crowd around Max Fisher. MGIC was set up in 1959, as a kind of privately licensed Federal Home Administration, pioneering in the mortgage reinsurance market, and making substantial gain, through income-tax writeoffs allowed by the federal government. As a result of cornering this lucrative cash-laundering venture, Carl found himself sitting on enormous sums of cash in the early 1960s.

During the period of the 1981-82 negotiations on Baldwin-United's acquisition of MGIC, MGIC was being advised by Goldman-Sachs, on whose advisory board sits Henry Kissinger. Money for Baldwin-United's buyup was reportedly provided in part by Merrill Lynch and American Express.

As the by-then bankrupt Baldwin-United was put under investigation by the Securities and Exchange Commission in the 1983 period, Morley Thompson was dumped as head of Baldwin-United. Max Carl was made honorary president, and the board of directors appointed Victor Palmieri, of Penn Central, as chairman.

Penn Central, too, has come under organized-crime control in recent years, through its takeover by the Cincinnati-based Carl Lindner, a kingpin of the United Brands/Gulf & Western narcotics-trafficking mafia.

Hence, the "daisy-chain" of events surrounding Butcher, Baldwin-United, MGIC, and so on, potentially implicates Donald Regan in some quite nefarious activities.

Given that the banking collapses in the early 1980s helped trigger recessionary shock-waves in the U.S. economy, Regan would also have to be held responsible for the broader aspects of the ensuing banking crisis.

The Georgia case

Further aspects of the "Don Regan connection" may be surfacing, thanks to the litigation introduced by the Georgia State Attorney-General on May 14.

The case, titled, "State of Georgia v. Merrill Lynch, et

al.," involves proceedings against all those major investment houses (with Merrill Lynch taking the role of *primus inter pares*) reputedly involved in fraudulently marketing Baldwin-United securities in Georgia, at a time when these houses knew Baldwin-United was bankrupt. Aside from Merrill Lynch, other named defendants include E. F. Hutton, Shearson Amex, Kidder Peabody, Prudential-Bache, Drexel Burnham, Smith Barney, Bear Stearns, Robertson-Humphrey, and others.

They are accused of having sold \$60 million in annuities to 2,500 citizens of the State of Georgia, a portion of the \$4.2 billion in annuities that Baldwin-United sold nationally to 163,000 investors in the early 1980s. According to the State of Georgia, in early 1982, Baldwin-United was already siphoning off \$1.5 billion from subsidiaries to prevent the company from going under.

According to a source at the Georgia Attorney-General's office, three potential penalties are being sought:

During the past weeks, four separate cases of banking-world chicanery have involved financial-scam operations linked to the Carter-Mondale era Democratic Party and to former Democratic National Chairman Charlie Manatt, and are also of direct consequence for the fate of the White House Chief of Staff.

1) Confiscation of the brokerage commissions of the New York houses that made a killing off of the Baldwin-United scam;

2) An injunction: "If they do it again, they will be in contempt of court";

3) Revocation of their brokerage licenses to sell in the State of Georgia.

Citing the national dimensions of the Baldwin-United scam, *EIR* asked the official whether the case might not take on *federal*, rather than only state, dimensions. He replied: "I assume that under the federal RICO statutes, there might be actions which could be taken by the U.S. Attorney, or by the Department of Justice, or possibly even by the SEC. We would certainly welcome the attention of federal authorities to our lawsuit. . . . Also, there are other states with RICO statutes, patterned after federal statutes, who could do what we've done."

Asked whether Don Regan would come up in the investigation, the official laughed, and said, "We assume he still has loyalty to his former employers."



Krafft Ehricke, space pioneer

by Marsha Freeman

This tribute to Krafft Ehricke is reprinted by permission of the editors of Fusion magazine, January/February 1985.

In this century there have been few men who combined a richness of creative ideas on how to expand the frontiers of space with the moral commitment to see these ideas implemented. Space pioneer Krafft A. Ehricke, who died of leukemia Dec. 11, 1984, was one of that handful.

Throughout his life, Ehricke was working day-to-day on the frontier technical challenges posed by space flight. At the same time, he was studying and designing the space initiatives for the future to carry man out of the "closed world" tied to the Earth, on to the worlds that could exist beyond it.

Ehricke helped lay the basis for the technical achievements that in 1969 took man to the Moon. He also prepared the groundwork for the colonization and industrialization of the Moon as the stepping-stone for full-scale human exploration and settlement of the solar system. The tremendous scope of Ehricke's scientific and engineering ideas will be able to guide man for decades to come.

In recent years, Ehricke passionately confronted the anti-science ideas of the environmentalists, their cultural pessimism. He also saw first hand the increasing danger of the protofascist Green Party in Germany. In 1981, when he and his wife, Ingeborg, made a tour of European universities with the Fusion Energy Foundation, Ehricke battled to get across the ideas of progress and no limits to growth, despite threats of physical violence from rock-throwing, anti-nuclear Greens.

The classical tradition

Krafft Ehricke brought with him to the United States the great tradition of German science, to which he had access through the Humboldt curriculum during his studies in Berlin. Recently, he joined the advisory board of the Schiller Institute to continue the fight to spread classical culture internationally, creating a renaissance to combat the pessimism and hopelessness of the Malthusians. Throughout his life, he fought to meet the challenge of this task, defeating the voices of despair and moving human civilization off its home planet to a "new open world," as he put it.

As a young man in the 1930s, already fascinated with the idea of conquering space, Ehricke had filed two patents on rockets in Berlin. He had gained his technical foundation

there with Hermann Oberth, the father of German rocketry. When the World War II rocket program at Peenemünde was accelerated, Ehricke was sent to work there with some of the best minds in German science. Under the direction of Walter Thiel, Wernher von Braun, and others, Ehricke worked on solving chemical rocket propulsion problems for the V-2 project and also examined the potential of nuclear energy for space propulsion. He concluded at that time that nuclear power would be required for future space flight.

Ehricke never wavered from his scientific conclusion that nuclear power was necessary, both for civilian energy and propulsion. During the 1970s, this position made Ehricke's work somewhat unpopular with the media and even with that part of the scientific establishment, which bowed to anti-nuclear ideology and its unscientific solar solutions.

At the end of the war, Ehricke and his wife came to the United States and he joined the more than 100 other Peenemünde scientists who were working for the Department of the Army at Ft. Bliss. After a brief stay at the Redstone Arsenal in Huntsville, Alabama, Ehricke joined the staff of Bell Aircraft in upstate New York.

During the 1950s, Ehricke was in the forefront of the technical developments required in the U.S. intercontinental ballistic missile race with the Russians. At the Convair division of the General Dynamics Company, he contributed to the Atlas program—the first U.S. ICBM.

In 1958, still at Convair, Ehricke tackled and solved the problem of taming highly energetic liquid hydrogen for propulsion. The Centaur rocket, placed on top of the Atlas, gave the United States the capability to place payloads into higher orbits, or even to escape the gravitational pull of the Earth.

The Centaur, still used today to launch probes throughout the solar system, laid the basis for the liquid-hydrogen-fueled engines of the Saturn rocket that carried American astronauts to the Moon. To the present day, the United States is the only nation that has an operational liquid-hydrogen rocket.

The philosophical basis for space flight

When Sputnik was launched in 1957, Krafft Ehricke had already outlined why man should go in to space, how he could do it, and when.

As he put it in a November 1957 article, titled "The

Anthropology of Astronautics," in the American Rocket Society magazine, *Astronautics*: "Altogether, in the United States and other countries, billions of dollars are spent on the development of a technology which gives every indication of being or becoming an astronautical technology. This is extremely gratifying to all those who, during the first part of this century, fought for the recognition of space travel as a serious, practical, and worthwhile effort—not at some future time, but right now, in this century and in this age of ours.

"The campaign for technical and scientific recognition of space flight is won. However, the fight for recognition of astronautics as a vital part of man's future, rather than as just an accepted technical or scientific specialty, has hardly begun. Astronautics is the science of operating in space and traveling to other worlds. The implications are such that it now becomes increasingly important to develop the philosophy, as well as the utilitarian aspects, of this new science.

"The concept of space travel carries with it enormous impact, because it challenges man on practically all fronts of his physical and spiritual existence. The idea of traveling to other celestial bodies reflects to the highest degree the independence and agility of the human mind. It lends ultimate dignity to man's technical and scientific endeavors."

Natural Law and 'realism of vision'

In this article, Ehricke establishes three laws, which he calls the "basic tenets in the pioneering of space flight": first, nobody and nothing under the natural laws of this universe impose any limitations on man except man himself; second, not only the Earth, but the entire solar system, and as much of the universe as he can reach under the laws of nature, are man's rightful field of activity; and third, by expanding through the universe, man fulfills his destiny as an element of life, endowed with the power of reason and the wisdom of the moral law within himself.

"We must be realistic," Ehricke says in summary, "but there is a wrong kind of realism, timid and static, which tells man to live for his existence alone and not to rock the boat. The kind of realism we need is the realism of vision—the realism of a Columbus, of our Constitution, of a Benjamin Franklin, of an Albert Einstein, of a Konstantin Ziolkowsky, and of a Hermann Oberth."

Ehricke's realism led him to actively intervene in policy-making to put forward the creative ideas he knew needed to be implemented. In 1957, he was the chairman of the American Rocket Society's Spaceflight Committee, which recommended the formation of a civilian space flight agency to President Eisenhower. In the same year, he was asked to participate in a congressional report, "The Next Ten Years in Space," which contains forecasts by leading authorities in space.

Based on his knowledge of the state of the art and his vision of what technology could accomplish over a decade, Ehricke stated that in the next 10 years (to 1967), we could expect to see: communications and relay satellites in geosyn-

chronous orbit; global weather-monitoring systems; radio-navigation satellites for ships at sea; one or more small manned space stations; nuclear auxiliary power supply systems for satellites and stations; satellites around the Moon and landings with instrumented probes; manned circumnavigation of the Moon, and "probably the first landings by man"; interplanetary probes covering the entire solar system; and close international cooperation.

"Man will have sufficient information to decide for or against a permanent lunar base and will begin to look to the planets Venus and Mars as his goals for the decade to come," Ehricke said.

Throughout the 1960s, Ehricke worked on the advanced space technologies made possible by the Apollo mission to go to the Moon and to probe the planets. At the same time, he was readying his lunar development plan, which he elaborated in the early 1970s. By that time, the opponents of the

In recent years, Ehricke passionately confronted the anti-science ideas of the environmentalists, their cultural pessimism. In 1981, when he and his wife, Ingeborg, made a tour of European universities with the Fusion Energy Foundation, Ehricke battled to get across the ideas of progress and no limits to growth, despite threats of physical violence from rock-throwing, anti-nuclear Greens.

"power of reason" were readying their forces for a head-on collision with Western civilization and the goals Ehricke sought.

In February 1971, Ehricke addressed the National Space Meeting of the Institute of Navigation in Huntsville, summarizing his concept of the development of the Moon as the "seventh continent" of the Earth. Noting the "wave of pessimism" that could "undermine Man's confidence in a soaring future," Ehricke states that "a science policy that places the protection of our environment over Man's overall needs of tomorrow is not realistic, however well-meaning, because preservation of the environment is only a necessary, not a sufficient requirement.

"Space is obviously not a panacea for all of Man's problems," he said. "Neither is Earth, in the long run, because of its sensitive biosphere and its limited resources. We need

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both. Man has needs that will outgrow his planet in time.”

In this brief speech, a summary of a book he and his collaborator Elizabeth Miller had ready for publication on what he called the extraterrestrial imperative, Ehricke outlined what the energy requirements will be for space industrialization and why nuclear power—both fission and fusion—will be the only way to reach these goals. Ehricke describes the new possibilities for using nuclear technologies for extraterrestrial mining and outlines the transport and other capabilities this space manufacturing step will require.

In a 1973 article for *Acta Astronautica*, Ehricke adds detail to the lunar resources available to combat the limits of Earth resources, based on the data from the Apollo missions. Again, he attacks the “closed world,” “limits to growth” ideology:

“The world of modern industrial man is no more closed within the biosphere than it is flat. Preservation cannot be limited to the environment at the expense of human growth. Human growth must aim at nothing less than the achievement of a humane living standard for all. The preservation of both environment and civilization hinges on technology and its translation into industry. Many technologies are needed to overcome the present apparent limits to growth. But the one underlying, ubiquitous technology that makes many other industrial technologies possible (either directly or by spin-off) is space technology.”

There “is no limit to growth, only to multiplication,” he insisted.

His book called *The Extraterrestrial Imperative* was never published, for all the major publishers to whom it was submitted said that the book was too pro-growth, too optimistic, and too pro-nuclear. These ideas, Ehricke was told, were not “popular” in the political environment of the 1970s. And a decade later, upon returning from a European tour sponsored by the Fusion Energy Foundation in November

1981, Ehricke described to a New York audience the frightening political situation in West Germany with the rise of the anti-nuclear Greens:

“It is a little bit disconcerting that the same shock-troop kind of tactics stand at the end of one’s life as I have seen as a very young person in Berlin in 1929, 1930, and 1931.”

Assailing the “back to nature” mentality of the Greens, Ehricke stated, “If 4 or 5 or 6 billion people will fall back on a life-style of a very embryonic mankind, it will destroy mankind by billions, and it will devastate the biosphere. . . . In the ‘Year of the Child’ of the United Nations two years ago [1979], 12 million children did not reach their first birthday. That’s 50% more than all the battle deaths in World War I. And that is an outrage to a species that calls itself civilized,” he said.

In the last few years, Ehricke continued to refine and improve his scientific and technological basis for industrializing the Moon, producing a five-phase evolutionary plan, which includes unmanned orbiters and landers, lunar-orbiting space stations, lunar processing facilities, city building, and finally, a full lunar biosphere, Selenopolis. (Articles by Ehricke on lunar industrialization appear in *Fusion*, Dec. 1981 and May-June 1984.)

One of the totally new fields that Ehricke invented and developed is the science of harenodynamics, which involves the use of the lunar soil as a fluid. (The word comes from *harena*, sand, in Latin.) The soil could then be used in place of liquid fluids on Earth, in applications such as the cooling of nuclear power plants.

Harenodynamic braking has been proposed by Ehricke for a lunar slide lander, a transport vehicle that would land on a sand runway, using small blades to deflect and eject the sand, thus braking the vehicle. Ehricke’s method does not require propellant for retrothrusting, as does conventional braking for landing on the Moon, such as that of the Apollo Lunar Module. Also, the slide lander would not release gas in the lunar environment, which allows the possibility of keeping it gas-free for astronomical observing.

Ehricke developed hundreds of ideas over his career that mankind will need to conquer space—techniques for disposing of highly toxic and long-lived nuclear fuel waste in space; using mirrors in Earth orbit to increase agricultural productivity and modify the weather; and small single-mission space stations that would be in different orbits for specific missions, to name just a few.

At his death, Ehricke was completing a book called *The Seventh Continent: Industrialization and Settlement of the Moon*, which the FEF is now involved in publishing. For the tens of thousands of people who can carry his work further, and for the millions of Americans and others worldwide who do not believe there are limits to growth, either physical or philosophical, Ehricke’s work will be essential in carrying out what he defined as the extraterrestrial imperative—man’s mission to create a more open world to enrich future civilization.



Abrahamson: SDI can help realize Ehricke's projects for space

The following excerpts are from an interview with Lt.-Gen. James Abrahamson, director of the U.S. Strategic Defense Initiative, published in the Rome daily Il Tempo on May 22, and translated from the Italian by EIR.

Over the last few months, the Strategic Defense Initiative (SDI) has been the object of vast attention, and so it will be in the future. A brief overview of what has already been accomplished and is being attempted in this area may be useful, in order to back up my conviction that this program will have a positive catalytic function vis-à-vis the civilian use of space.

The target of the strategic defense program is to conduct research on technologies that will allow the placement of defensive systems to intercept and destroy ballistic missiles after launching, rendering them incapable of striking their targets. In our view, the technologies now under investigation are so promising that, in the future, if we follow through on what we have begun, the new administration and new Congress will have—if they so wish—a very concrete possibility to decide on the projection, construction, and installation of an effective defense against ballistic missiles.

I want to emphasize that this research of ours is not limited to defense from intercontinental ballistic or submarine-launched missiles, but includes also defense from the lower-trajectory missiles which threaten our allies. Our conception is that an effective defense is that which protects our allies as well as the United States. But because the American decision to launch an advanced system of strategic defense is an idea with a view toward the future, we ought to continue to pursue both the modernization of our deterrent forces, as well as equitable and verifiable agreements for arms reduction. Let it be clear, that the Strategic Defense Initiative has in no way modified the commitment of the United States to these two objectives.

With respect to research, we face formidable and exceptional obstacles, but our objectives can be realized. In order to render more comprehensible the defensive technologies we are studying, it is useful to divide schematically the trajectory of a ballistic missile into four phases: the boost phase, the post-launch phase, the mid-trajectory phase, and the terminal phase. Each one of these stages offers different possi-

bilities, and at the same time different problems, for a defensive system. To meet a massive missile attack with the maximum effectiveness, it would be necessary to have a multi-layered defense that would neutralize the enemy missiles at each phase, such that any remaining missiles not thus neutralized would be too few to be militarily useful. This defensive system would have to carry out a series of essential functions at each level, including: surveillance, acquisition of target, tracking, and kill assessment, whose initials in English form the acronymn SATKA; aiming and tracking of the defensive weapons; interception and destruction; battle management. Although our technological capacities in each of these categories are still insufficient to guarantee a valid defense against possible threats and potential countermeasures, our capabilities are increasing rapidly. The technologies currently available offer new possibilities for the realization of an active defense against ballistic missiles, possibilities which 10 or so years ago did not exist.

Our programs in the area of SATKA functions will culminate in a series of technical tests expected for the end of this decade. One of them will serve to test an advanced system for identifying warheads at the initial boost stage. Another test will deal with the identification and discrimination of missiles in the median phase of their trajectory. The capacity of infrared sensors (placed in space) to identify and track objects in the reentry phase will be tested through a system of optical mirrors, also installed in space.

In the area of directed-energy laser weapons, our technological efforts will include research on high-potency excimer lasers (a mixture of noble gases), free-electron lasers, and short-wave chemical lasers. Notable research efforts will deal with critical aspects, such as targeting and tracking functions and the development of light-weight large-scale lenses. One of the most interesting experiments in the field of directed-energy weapons will serve to verify the potential of laser beams situated on Earth (and redirected by mirrors in space) in the interception of objects in the initial boost phase.

Our technologies in the area of kinetic energy will be used to demonstrate the possibility of conducting interceptions in all four phases of a ballistic missile trajectory. We are already studying small endo- and exo-atmospheric self-guided interceptors in the infrared, and very high velocity

rotary cannons.

The technological developments that emerge from the SDI must be flanked by systems analysis; I believe, in fact, that the systems side is the most critical sector at present. Other crucial aspects are combat management and the so-called three Cs: command, control, and communications.

We must create error-proof laboratories, resistant to radiation, such as to be able to survive in a space or hostile nuclear environment, and we must ready the software necessary for an integrated anti-ballistic missile defense.

We are studying the possibility of also solving problems respecting the destruction and hardening of targets. Further, we are paying particular attention to the field of space logistics, which comprises the discovery of carriers suited for transporting space platforms *in situ* and the maintenance of space components.

Grounds for optimism

In short, our progress so far allows us to be optimistic. Furthermore, this summer we received significant encouragement when the Army's Organization for Anti-Ballistic Missile Defense demonstrated the feasibility of defense in

the terminal phase, intercepting and destroying, in simulation, a Minuteman warhead in Kwajalein (in the Marshall islands, Oceania). This test consisted of, so to speak, the destruction of a projectile with another projectile.

We have also experimented successfully with the puncturing of teleguided vehicles by using high-energy lasers. Meanwhile, the work being done at Picatinny Arsenal and the University of Texas on high-velocity rotary cannons, is proceeding satisfactorily, while work on the production of prototypes is moving at a sustained pace. Our requirement for powerful and low-cost reactors is also being determined. Furthermore, we have already picked some candidates for the first phase of our studies on the architecture of the systems.

In brief, the SDI is proceeding well. Our program shows daily that the Fletcher-Thayer Commission was correct when it said that the technologies necessary for the creation of a strategic defense system are realizable, and are even partially already available.

In the coming months we will be informing the country on other technical progress achieved. But this will only be the tip of the iceberg. There is, in fact, a limitless range of benefits that will result, both on the level of defense as well

Accomplishments of the German rocket scientists

1923: Publication of Hermann Oberth's book, *By Rocket to Interplanetary Space*.

1927: Establishment of the German Society for Space Travel, in Breslau.

1929: Release in Berlin of the Fritz Lang film, *The Woman in the Moon*.

1930: First test of the "Mirak" rocket motor by the German Society for Space Travel. This was the first test in Europe of a liquid-fueled rocket motor, in static test stand, not in flight. The "Raketenflugplatz" test facility established by the Society in an abandoned ammunition facility opened, to start testing of liquid-fueled rockets. Wernher von Braun meets rocket pioneer Hermann Oberth, space writer Willy Ley, and other members of the Society.

1931: Johannes Winkler, working on his own, successfully flies Europe's first liquid rocket using liquid methane for fuel.

1932: The second-generation Mirak II is launched in tests

at Raketenflugplatz outside Berlin. Wernher von Braun is hired by Captain Walter Dornberger to establish a liquid-fueled rocket research program for the Army at the Kummersdorf Experimental Station.

1934: Kummersdorf facility is increased to 80 people, who begin testing the A-2 rocket, using liquid oxygen and alcohol fuels. The Germany Society for Space Travel is disbanded due to political tensions and the inability to finance further research due to the worsening depression.

1935: Development of the A-4 rocket, later to be re-named the V-2, is begun at Kummersdorf.

1937: The von Braun Army rocket team is transferred to new facilities in northern Germany, called Peenemünde. First launch of an A-3 rocket without guide rails, achieving stability through rotation of the missile.

1938: Successful launch of the A-5 rocket.

1942: First successful launch of the A-4 rocket, now named the V-2. This is world's first guided rocket, with a range of 200 miles, carrying a one-ton warhead. This event is heralded by the scientists as the beginning of the space age.

1943: Royal Air Force bombing raid on Peenemünde, which led to the V-2 production facilities being moved to an underground factory.

as in the increase of productivity, and the program of strategic defense infuses in all Americans an extraordinary sense of pride, of hope and optimism.

Commercial spin-offs from the SDI

However, technological progress alone is not sufficient to guarantee the success of the SDI program. We are well aware that the essential factors of such success are the greater comprehension and acceptance on the part of public opinion of the very dynamic technologies which we are studying. Connected to this greater comprehension and acceptance, is then the necessity to guarantee the most fruitful and effective use of resources allocated to the SDI program. In other words, we have to continue to make an effort to keep alive the interest and appreciation of public opinion in this initiative, and ensure that it will be realizable from the financial standpoint—as far as possible—making available to everyone the results of our research.

That means essentially to make sure that it offers to the American taxpayer who has invested his money in it, profits that will generate other benefits beyond the strengthening of deterrence.

The reaching of this objective can be facilitated by studying and exploiting the commercial possibilities of the researches undertaken in the framework of the SDI, and taking financial advantage of it for other defensive programs. For example, the realization of tangible secondary and derived products would be very useful to increase comprehension and to single out collateral civilian uses of some of the technologies utilized in the framework of the SDI program. Fundamental in this respect would be to coordinate the present applications of research conducted in the past or still ongoing, with its potential applications, and to make clear the economic advantages which the country could derive from it.

It is certainly not an unusual idea: We have all shared, directly or indirectly, in this process, which has been moving forward already for years. In a vast gamut of sectors (among them electronics, air transport, and data automation), military investments have played a catalyzing role for the most flexible, adaptable, and innovative elements of our industry. The space program produces and will continue to produce substantial advantages for the United States. Its influence has contributed notably to maintain the competitiveness of many sectors of our industry.

1944: After the Allied invasion at Normandy, the first V-2 is successfully launched against London. Before the end of World War II, over 2,000 V-2 rockets are launched.

1945: The German scientists flee from Peenemünde, which is being approached by the Russian Army. Six days before the German capitulation, von Braun, General Dornberger and other members of the rocket team surrender to the Americans. Von Braun comes to the United States, and arranges for the transfer of 118 top rocket scientists to the U.S. under Operation Paperclip.

1946: Testing begins at Ft. Bliss, Texas of V-2 rockets brought to the United States from Germany.

1955: The German rocket team is transferred to the Army Ballistic Missile Agency under the command of General Medaris, in Huntsville, Alabama. Here they develop the Redstone, Jupiter, and Pershing intermediate range ballistic missiles.

1958: The von Braun team launches the free world's first orbital satellite, Explorer I. President Eisenhower sends the proposal to Congress to establish a civilian space Agency, the National Aeronautics and Space Administration. Work on the big booster, the Saturn, is begun for the Army.

1960: The rocket team is transferred to NASA's new Marshall Spaceflight Center, which is directed by von Braun.

With the team, the Saturn rocket program is transferred from the Army to NASA.

1961: Astronaut Alan Shepard makes his suborbital flight on a Mercury/Redstone capsule and rocket. The first Saturn SA-1 rocket, being developed at the Marshall Center, is test flown. President Kennedy announces the program to go to the Moon.

1962: Development of the Saturn V rocket is approved by NASA. John Glenn becomes the first U.S. astronaut to orbit the Earth, on a Mercury/Atlas. The Atlas is built by a team at the General Dynamics Company, which includes German space scientist Krafft Ehrlicke. Ehrlicke also works on developing the world's first liquid hydrogen rocket, the Centaur.

1964: Two-man Gemini flights begin, using the Titan missile to launch manned missions. These missions continue through 1966, demonstrating docking and space walks in orbit.

1968: Unmanned tests of the giant Saturn V booster. After only one manned mission, NASA flies Apollo 8 out of the orbit of the Earth for the first time, as astronauts Borman, Lovell, and Anders orbit the Moon on Christmas Eve.

1969: The first landing of men on the Moon. Conceptual studies are begun on lunar roving vehicles which had been suggested by Hermann Oberth in the 1950s, and on a reusable Space Shuttle.

For their part, computer technologies, communications, propulsion, and lasers can offer interesting derivatives for research into strategic defense systems. That could, in fact, constitute a vehicle for the possible commercial aspects of the SDI and contribute to the solution of technical problems in related sectors.

They could clearly allow the SDI program, and other programs for space defense, to finance itself. In fact the costs relative to other defense programs in space could be sharply reduced, provided the synergism generated by the SDI were exploited in the optimal way. For example, it should be possible to reduce the number of commissions relative to a single type of satellite, with the result of reducing the unit costs and the time for development and production, increasing instead inter-operationality and standardization. This is possible because it is now possible to translate into practice such projects as: the application of serial production techniques to the manufacture of satellites (with the probability of massive cost reductions); the production of multi-use satellites, differentiated and "personalized" via the use of inter-locked modules; the transmission of energy over long distances and at low energy costs by means of laser beams; the production of reactors fed by particle beams; the generation, through solar-cell panels installed in space, of energy destined for remote and underdeveloped regions; the production of miniaturized and parallel computer-processors; the realization of an economic system to eliminate nuclear wastes by transporting them into space, where the Sun would destroy them without danger.

The vision of Krafft Ehrlicke

Another project which will perhaps be possible to realize is that of Krafft Ehrlicke, having do with the illumination of dark regions (including highways), by means of mirrored beams.

Twelve years ago, I had the occasion to hear Bill Price of the Scientific Research Office of the Air Force, who laid out the history of lasers in detail and illustrated what he considered their future applications. Apart from the military uses (research and determination of the target, production of weapons), the applications today of lasers exceed Bill Price's expectations. This technology is today used in supermarkets, in telephone systems, in the electronic and chemical industries, and in construction projects. Laser-aided surgery is spreading enormously, and the use of lasers and scientific instruments or laboratory instruments is very extensive. Research into lasers in the framework of the SDI can be broadened into these applications. We are capable of exploiting such technologies to create lines of communication and with almost unlimited width bands. Nothing can contribute to this process more than the SDI, and in my opinion there are very concrete possibilities for commercial expansion thanks to such technologies; I have in mind the introduction of new projects and services, and an increase in productivity. The prospects are very exciting and, apart from considerations of

national security, the only limit to the applications of the new technologies (as Krafft Ehrlicke would say), is our inventive capacity. In fact, the majority of great innovations in the field of production—those innovations which create new markets and form the basis of new industries—is the fruit of technological victories, more than of any specific market demand. And in the future, technological progress will be the cause of even more powerful changes.

For a renaissance in space

The depth objective of the national space policy, launched on July 4, 1982, involves the strengthening of the security of the United States, the maintenance of American space superiority, and the exploitation of space for economic and scientific ends. The strategic defense program offers the possibility of satisfying some aspects of this objective, imposing the necessary premises for utilizing, in the best way, the contributions which the private sector is in a position to make.

In this sense, I like to think of the SDI as an integral part of a new renaissance in space. The science and technologies in the period of the [Italian 15th century] Renaissance were the instrument which man needed to complete his emancipation from the Middle Ages. In the twentieth century, the space program has created the basis for a new renaissance. Our activities in space have created new opportunities for us to expand our knowledge of the universe and improve the quality of human life. . . .

The SDI could become the nucleus of a new renaissance in space, the renaissance of the twentieth century, and would contribute to the generation of very many new technologies. Around such a program there is being created an alliance with scientific investigators, who form part of both the industrial and academic worlds, and this interdisciplinary quality will remain one of the most notable tendencies we will inherit from the SDI. Far from functioning as an obstacle to civilian use of space, I believe the SDI will strengthen and increase such activity. I maintain that it is obvious that our research program is not only a necessary activity, like the Space Shuttle. It will be seen as an object of national pride; capable of stimulating the national economy to the point of paying for itself.

. . . One hundred and fifty years ago, Alexis de Tocqueville demonstrated that he had intuited well what the state of the world would be in 1980. He wrote: "There are today on the Earth two great peoples who, starting from different standpoints, seem to be advancing toward a common goal: the Russians and the Americans. . . . The American fights against natural obstacles, the Russian against men; the one fights the desert and barbarism, the other fights civilization, armed with all his weapons. That is why the conquests of the American will be made with the ploughshare, while those of the Russian with the sword. Their starting points are different, yet both will someday be called by a secret design of Providence to hold in their hands the destinies of half the world."

Argentina's nuclear program under fire

by Cynthia Rush

With two days of advance publicity, ABC-TV featured on its May 28 nightly news program the claim that it had just learned of "one of the most alarming developments in the nuclear age": Within five years, Argentina would have the capability of building an atomic bomb. Five nations possess the bomb now, ABC warned, and ten will by the end of this century.

The Argentine story is a "chilling" one, ABC reported in conspiratorial tones. Showing film clips of Gen. Juán Perón, the figure who inspired the development of the nuclear program in the early 1950s, the commentator explained that Argentina's government and scientific community had been "driven by national pride," for the last three decades, to produce the most advanced nuclear program on the Ibero-American continent. ABC's racist message is that only greed, and evil political fanaticism, could drive a nation to develop its scientific and technological capabilities in the way that Argentina has.

Worse, ABC shrieked, American and European companies have been "spreading their knowledge" of nuclear technology, by selling reprocessing equipment and microswitches to Argentina! The previous military government had "secretly constructed" the uranium enrichment plant at Pilcaniyeu in southern Argentina, thus giving the country the full nuclear fuel cycle. And the Ezeiza plant in Buenos Aires is producing plutonium which could be used to build "the bomb."

ABC named the Honeywell Corp. in the United States, which has sold microswitches to the Ezeiza plant, and the Italian firm, Techint, as two corporations involved in sales of technology for Argentina's nuclear industry. The moral: Since Argentina is allegedly violating "international controls" which prohibit export of enrichment technology to other countries, these high-technology firms should at once cut off their sales to Argentina. But, ABC complained, no one seems to care about enforcing these controls. Lest anyone miss the point, ABC planned to air a longer documentary on June 6, with further details on the Argentina story, and on the erstwhile "dangers" of allowing Third World nations to develop nuclear industries.

The ABC program did not contain one iota of "news." Argentina's uranium enrichment and reprocessing capabilities are no secret. As a source close to Argentina's National Atomic Energy Commission (CNEA) told *EIR*: "We haven't

built the bomb, because we have made a political decision not to. This [ABC program] is obviously related to our economic difficulties, and to the foreign debt."

Argentina is in the final round of negotiations with the International Monetary Fund and New York banks on the "adjustment" program it must adopt in order to receive new loans. One of the IMF's conditions for granting new money, is the destruction of every vestige of "costly" industrial and technological capability, such as the nuclear industry. The government of President Raul Alfonsín must sign an agreement with the International Monetary Fund by June 10, to avoid having its debts classified as "substandard" by the creditor community. ABC's broadcast is an effort to blackmail Argentina with a cutoff of technology sales from the advanced sector, unless it buckles under to the "adjustment program" demanded by creditors.

Of course, Argentina, and other Ibero-American nations, are to receive no more credit from the international financial institutions for which ABC devises its "news" programs, in any case (see *Banking*, p. 21). The financial oligarchy running the IMF intends a new colonial era—and all modern economic methods and technologies are to be denied to Third World countries, and destroyed where they exist.

Government acceptance of the austerity conditionalities of the IMF and the creditor banks thus far has already dismantled significant sections of the country's nuclear program. According to Raul Boix Amat, who has been president of the Argentine Association of Nuclear Technology since 1981, the budget for the National Atomic Energy Commission has been reduced from \$1.2 billion to \$200 million. As the Buenos Aires correspondent for New York's *Journal of Commerce* gloated in the May 28 edition, "the once prestigious nuclear program" faces serious reverses, "as President Raul Alfonsín presses for ever more spending cuts."

Due to budget cuts made at the behest of the international banks, completion of Argentina's third nuclear power plant, the 698-megawatt Atucha II, will be delayed for at least six months. And the Alfonsín government is reportedly considering scrapping altogether the second half of the nuclear program, which originally envisioned the completion of six nuclear power stations by the end of the century. Since heavy water needs at the functioning plants, and at Atucha II, are already provided for, the government may also convert the heavy water plant under construction at Arroyito, in the south, to partly support fertilizer production.

The current situation in the nuclear sector is "a dramatic one," Boix Amat reports. Within the framework of the current budget, "we will not be able to maintain a reasonable work pace. There are already three paralyzed projects: the heavy water experimental plant, the uranium enrichment plant, and the radio-chemistry laboratories, recycling nuclear fuel. Also, only some of the work at the Atucha II plant is being carried out." Boix Amat called on President Alfonsín to understand that "the nuclear field is about to yield important economic results, and this possibility must not be thwarted."



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How the European Oligarchy Helps Moscow Run Terrorism

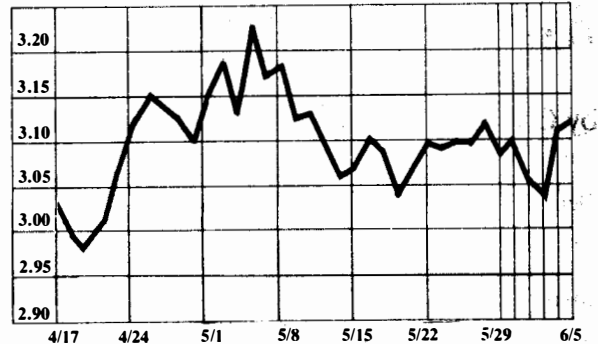
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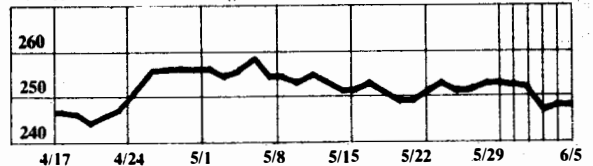
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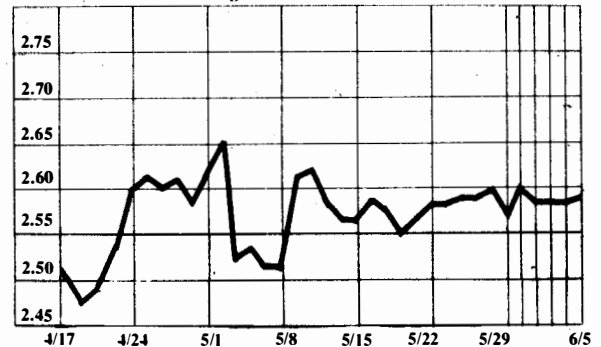
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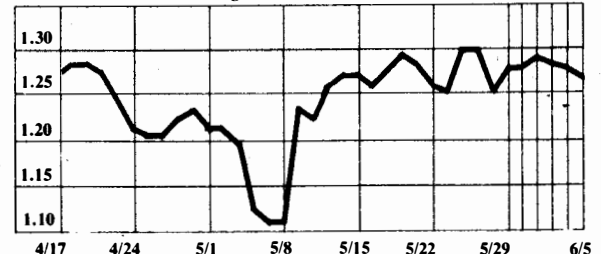
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New York late afternoon fixing



Muons catalyze 'cold' fusion reactions

by Charles B. Stevens

Generating nuclear fusion reactions requires heating hydrogen fuel to tens of millions of degrees Celsius. But by using muons—short-lived, heavy electrons that are produced in charged particle beam accelerators—as a catalyst, “cold” fusion can be produced in molecules at temperatures of less than a few thousand degrees. Scientists from Los Alamos National Lab and EG&G of Idaho Falls, Idaho presented the latest results from experiments with muon-catalyzed fusion at the Washington, D.C. meeting of the American Physical Society April 24-26.

Until a few years ago, it was believed that no more than one fusion reaction could be catalyzed by one muon. But last year, experiments sparked by a new theory developed by Soviet scientists, showed that a single muon would catalyze more than 100 fusion reactions. The latest Los Alamos results have increased this to more than 160, and researchers expect to soon increase this number to more than 300.

More significant, the Los Alamos experimental results are demonstrating new atomic and molecular processes not predicted by currently accepted theory, indicating that the efficiency of muon-catalyzed fusion can be substantially increased above even these levels. Simultaneously, accelerator scientists at Lawrence Livermore National Lab and Los Alamos are developing new technology and techniques that promise to decrease the energy cost of muon generation by as much as a factor of 100. The combined result would produce substantial energy gain for muon-catalyzed fusion.

How the reaction works

When ions are accelerated to extremely high velocities and energies and collide, they disintegrate into a large number of subnuclear entities often misnamed “elementary particles.” These collision-generated entities are usually short-lived. Chief among them are mesons, which rapidly decay into muons, which have lifetimes no more than a few millionths of a second. The muon then decays into a stable electron.

Before it decays, however, the muon acts like a heavy electron, weighing about 200 times more. When the muon takes the place of an electron in an atom, its greater mass makes the atomic orbit hundreds of times smaller. If people

had muons instead of electrons in their atoms, they would be only about half an inch tall.

In the experiments at the Los Alamos Meson Physics Facility, the accelerator-generated muon beam is injected into a metal chamber containing liquid hydrogen fusion fuel; that is, the heavy isotopes of hydrogen, deuterium, and tritium.

The muon replaces an electron in a tritium atom. This small atom then resonantly penetrates a deuterium-deuterium or deuterium-tritium molecule within five billionths of a second. The smaller orbit of the muon causes the two nuclei of the deuterium and tritium in the molecule to come closer together, producing nuclear fusion within a trillionth of a second. The small orbit of the negatively charged muon “shields” the two positively charged nuclei from their large, mutual electrostatic repulsion.

In determining the efficiency of muon-catalyzed fusion—the number of fusion reactions generated per muon—both the dynamics of the formation of muon atoms and molecules, and the various paths by which the muon can leak out of the reacting chamber must be fully explored. It was initially believed that upwards of 1% of the muons would be carried out of the reaction chamber by fusion reaction products in a loss process called alpha sticking. But the Los Alamos experiments now show that the alpha sticking fraction is less than one-third of 1%.

In terms of atomic and molecular processes, the Los Alamos investigations have confirmed the Soviet theory of rapid, resonant molecular formation. It has been found that the rate of molecular formation continues to increase with increasing fuel temperature and density—and with increasing concentration of tritium.

Most significant, Los Alamos scientists have discovered new, beneficial molecular processes that are not predicted by the Soviet theory. It was previously believed that muonized atoms would have to slow down by colliding with other atoms before they could resonantly penetrate hydrogen molecules. This slowing down took up valuable time in the short life of the muon. But Los Alamos results show that muonized atoms do not have to slow down to penetrate molecules.

Although many practical problems must be overcome to attain economical muon-catalyzed fusion energy generation, the Strategic Defense Initiative is already generating technological spinoffs that are making progress toward this goal. Dr. Steve Jones of EG&G reported on efficient, high-current particle beam accelerators like the Los Alamos RFQ, and there are innovative muon-production techniques being investigated by Lawrence Livermore's Dr. George Chapline, the scientist who received the Lawrence Prize for developing the x-ray laser.

It is likely that economic feasibility will first be demonstrated for using muon-catalyzed fusion as part of a fission fuel breeding facility. Both the muon fusion and the accelerator-generated neutrons would be used to “breed” fuel for existing nuclear fission power reactors.

'Rolling' bank crisis: California next?

Bank of America's second quarter losses have prompted Paul Volcker to begin printing money.

The banking crisis which has been rolling from state to state, threatening to destroy President Reagan's defense buildup with a depression crash, may be about to hit California with a vengeance.

The savings & loan crisis which hit Ohio and Maryland this spring was no "isolated incident," and has begun to strike commercial banks as well as S&Ls. Ohio's savings & loans, closed last March, remain closed. Maryland's, closed in May, also remain shut. Pennsylvania and Massachusetts are bracing for a run on their state-insured S&L systems. Meanwhile, seven small farm banks failed May 31 in Nebraska, Minnesota, Arkansas, and Oregon, and had to be taken over by the FDIC.

Now, Bank of America, with \$120 billion in assets, has announced that its second quarter after-tax income will tumble to almost zero, "near the break-even point," as Chairman Samuel Armacost put it on June 5. That means that the nation's second-largest bank is almost in the red.

The losses are being forced by Federal Reserve Chairman Paul Volcker, the Carter holdover who pulled the plug on S&Ls in Ohio and Maryland, in order to sabotage President Reagan's budget, and "Hooverize" him. Fed and U.S. Treasury regulators have been cracking down on S&Ls and banks nationwide, to force them to take big losses now. Bank of America's Armacost reported that Volcker had sent in regulators who were "especially hard-nosed." As a result, Bank of America will be writing off all its bad loans at once instead

of over the year.

This has not happened to a bank this big since the 1930s Depression; the biggest recent collapse on record was the \$20 billion collapse of Continental Illinois last year, which almost brought down Manufacturers Hanover and other giants in New York.

Already, Standard and Poor's has responded by downgrading commercial paper of BankAmerica, the holding company, from A-1-+ to A-1, and Moody's bond service has threatened to lower BankAmerica's bond rating. BOA stock fell \$2.05 to \$19.62 at the news.

Bank of America had to cut officers' salaries by 5%, and take other austerity measures.

Some depositors are already reported withdrawing their savings, but it is not clear when the profit collapse could result in a run on banks in California. Since April, two major S&Ls in California with assets totaling over \$5 billion, Bell and Beverly Hills S&Ls, have failed.

Volcker is engaged in a "selective regulatory crackdown." While seeking to cause significant losses to hurt the President, he is not trying to actually shut down the "megabanks" like Bank of America, but merely to "clean house." He *does* want to shut thousands of S&Ls and smaller banks.

Loans to U.S. farmers, and to real estate are being killed.

Fed and Treasury regulators are taking the meat axe to the megabanks' foreign loans in particular, forcing them into major writeoffs, especially of the Third World, in the March-June quarter. The Fed ruled May 31 that

Citibank may not put its bad foreign loans into a subsidiary, as they have been, but must begin to actually write them off, "in a move which could have wide implications for banks," one banker complained. Many megabanks will now be forced to take losses.

Meanwhile, however, Volcker is massively flooding the megabanks with cash through the other window, by printing money and pumping it into the New York banks at alarming rates, bringing Fed funds down to a seven-year low of 6.75%. The Fed may drop the discount rate again to 7%, and the banks plan to put the prime down from 10% to 9%. The Fed's printed cash transfuses the megabanks to replace the bad blood being leached out.

The net result is that the smaller banks go under, the large banks are "housecleaned" and bailed out—and the defenses of the United States are destroyed.

The big losses for Bank of America and Citibank also mean that Volcker and Treasury are engaged in a new genocide offensive against Bolivia, Mexico, and the rest of the Ibero-American debtors being written off. Killing off Bank of America's loans to Bolivia, just one week after Bolivia, among other of Bank of America's victims, was forced into another massive devaluation of its currency, means the regulatory agencies are now saying that these debts are not being paid, and will not be paid.

Such a shift in the handling of the debt crisis would be of major proportions, signaling that Volcker and his henchmen are battering down for the emerging next phase of crisis in the international credit system. It would augur a further round of intensified genocidal austerity against the debtor nations themselves, on the basis of the hideous debt-for-equity scheme associated with George Shultz and Donald Regan, among others.

USDA gives free food to the cartels

The new bailout scheme will mean millions for Daniel Amstutz's friends at Cargill, but nothing for the American farmer.

The U.S. Department of Agriculture has unveiled a fraudulent new "export enhancement" plan, which will sell up to one million tons of wheat to Algeria at bargain-basement prices, made possible by giveaways of government stocks to the grain cartels that will contract to ship the goods to Algeria. This deal is intended to be the first of many.

The program, billed in the USDA's public relations brochures as a \$2 billion effort to subsidize farm exports, is in fact a subsidy of the cartels. Thanks to the effects of austerity measures at home and abroad, U.S. farm exports have fallen 13% since 1980; the USDA now expects total sales for 1985 to equal 137 million tons, compared to 143.6 million tons in 1980. Wheat sales are set to fall from 42.8 million tons in 1984 to 35.8 million tons this year.

On June 4, Agriculture Secretary John Block held a Washington, D.C. press conference to announce the details of the scheme, on the eve of his trip to Europe for food trade talks. He stressed that the deal with Algeria will combat the European nations' subsidies of their farmers' exports, and that this and future such deals will be "sending a message" to European and other food-exporting nations, that it is time to "reform" trade rules.

Block is visiting the Netherlands, Belgium, and France—countries whose exports are monopolized by the international grain cartels, just as those of the United States are—to the equal detriment of farmers on both sides of the Atlantic.

The Algerian wheat deal will un-

dermine the Western alliance by pitting the United States against Europe on the trade question, as Moscow desires. Cargill, Inc. and the other food cartel companies, operating out of Switzerland, are deliberately promoting this strategy, as part of their perceived détente with the Kremlin.

Block's political controller, Daniel Amstutz—a 25-year Cargill executive, who has been Undersecretary for International Affairs and Commodity Programs in the Agriculture Department since 1983—defended the new export plan to Midwestern governors, at a National Governors' Association conference in Des Moines on May 30. Amstutz, too, stressed the trade war aspect, and kept mum on the giveaway. He said that the export program is "merely a stopgap approach" to retain markets for U.S. exports, and that eventually the slide in exports would bottom out. He said that while the administration generally favors free trade, the new U.S. decision to fight "fire with fire" would scare the Europeans and make them more willing to negotiate to end their export subsidies.

Under the new plan, the U.S. government offered Algeria up to one million tons of wheat this year—over a third of Algeria's annual wheat imports—at the price of about \$117 a ton. This is under the price of \$145 a ton which Cargill and other companies reportedly quote for U.S. wheat. If Algeria accepts, then Cargill and the other cartel companies will go through the motions of presenting bids to Amstutz on how much free Commodity Credit Corporation (CCC) wheat they will require to meet the contracted

amounts for Algeria. The government is prepared to give them 175,000 tons, and the American farmer will gain nothing except the USDA's promise of markets in the future.

The recent precedent for this arrangement was the 1983 wheat flour sale to Egypt. In January 1983, Secretary of State George Shultz made a deal with Egypt for a huge sale of wheat flour at a discount price, to beat out France—a traditional supplier of grain to North Africa. Then the U.S. milling cartels received free CCC wheat stocks in the contracts that ensued, despite the 1983 disastrous drop in the harvest due to acreage set aside under the Payment-in-Kind (PIK) program and the record drought.

The CCC giveaway plan is predicated on the report that there are "bin busting" surpluses in U.S. grain stocks. This is a lie promoted by the USDA on behalf of the cartel interests. The true picture shows that brokers cannot obtain the grain needed from farm and general commercial supply lines, despite the fall in export demand. The grain just isn't there. The only stocks of grain left are held by the government CCC, and these are tied up by law. The new USDA swindle gets around that, in the name of promoting exports.

When the export plan was first announced in May, the immediate result was a fall in grain prices for the farmer, despite the lack of supplies, because of the prospect of the CCC stocks coming on the market for free. Even some of the deluded Midwestern state governors who supported the swindle in the name of helping food exports, have now been attacking the program. Sen. Tom Harkin (D-Iowa) said, "The grain traders and shippers will make money, but no farmer will get a nickel," because taking food stocks out of storage will "depress prices worldwide."

Business Briefs

Labor

BLS retracts figures on loss of industrial jobs

The U.S. Bureau of Labor Statistics has retracted its own data on the loss of manufacturing jobs, attributing the high rates previously listed to "a computer error." *EIR's* April 1985 *Quarterly Economic Report* had cited the hitherto unpublished BLS report on "displaced workers," documenting that since the 1979 Volcker shock, over 11.7 million U.S. workers had lost their jobs in manufacturing, 8 million of them with tenure of three years or more, and that only 5.2 million were re-employed in full-time jobs. BLS commissioner Janet L. Norwood on June 7 issued a "major correction" of the data. Instead of the 8 million jobs lost in manufacturing since 1979, the Bureau now claims it was only 2 million. "It won't happen again," she vowed.

Domestic Credit

Seven more U.S. farm banks go under

On May 31, seven banks collapsed in U.S. agricultural areas, the highest number in one day since the Great Depression. The collapses bring to a total of 43, the number of banks which have gone under this year in the United States. The affected banks are:

- Nebraska: the Bank of Taylor, the Security State Bank of Edgar, the Scroggin and Co. Bank in Oak, and the Fairfield State Bank;
- Oregon: the Bank of Oregon and Woodburn;
- Arkansas: the Bank of Lockesburg;
- Minnesota: First Trust Bank of Lakefield. Most of these banks are being put under the blanket of the Federal Deposit Insurance Corporation, and/or being bought up by other savings and loan institutions. The FDIC is now putting severe restrictions on lending and setting new time limits for extensions of loans, which will further depress the economy in the farm sector.

Organized Crime

Lawsuit filed to stop Ohio bank takeover

A group of Ohio citizens, depositors in the bankrupt Home State Bank of Marvin Warner, has initiated a suit in the Cincinnati Court of Common Pleas to block international mafia kingpin Carl Lindner, his American Financial Corp., and its subsidiary, Hunter Savings and Loans Association, from taking over Home State Bank. Lindner would have completed the takeover by June 10. A hearing on the citizens' action was set for June 12. Lindner's American Financial Corp. was established in 1959, with funds provided by First National Bank of Boston, the bank of convenience of the United Fruit/United Brands mob. Lindner's corporation has effective control over United Brands, a company whose involvement in transshipment of narcotics from Ibero-America into the United States is notorious. American Financial Corp. is also one of the chief financiers of the Jacksonville, Fla. Charter Oil Company, a key company caught up in the "Billygate" complex of U.S.-Libyan dirty deals, which occurred under Carter administration auspices.

Agriculture

FmHA loses court bid to bankrupt farmers

A jury in North Dakota acquitted farmer Lloyd Stewart and his son, of Carson, N.D., of eight counts of "conversion" and one count of conspiracy, in a case brought by the Farmers Home Administration which concluded the first week in June. The case was part of the FmHA's legal strategy of building precedents to convict farmers on conversion charges. The FmHA holds 15-17% of all U.S. farm debt, over half of which is in arrears.

"Conversion" means the sale of livestock, crops, or other such assets, pledged as collateral to the lender.

The case centered around a grain crop

planted by Stewart. The FmHA inspected the crop and decided that it was not worth harvesting, and therefore refused to loan the farmer the money to harvest it. He arranged to harvest it on his own anyway, and gave part of the proceeds to the FmHA, keeping the rest to live on and to continue to operate the farm. The FmHA demanded all the money—and took him to court to try to get it.

Banking

Fed says Bankers Trust can now sell securities

The Federal Reserve on June 4 issued a ruling which allows Bankers Trust of New York to sell securities like a stock brokerage company. This overturns a Supreme Court ruling of June 1984 and reverses the Glass-Steagall Act, which forbids banks to "underwrite." The Act had been used by President Franklin D. Roosevelt, to try to bust the Wall Street "royalists" and divide Morgan's banking and brokerage empires.

The Fed ruled that Bankers Trust may continue to distribute commercial paper, the short-term debt securities of corporations. Commercial paper, a \$238 billion market, has been issued corporation to corporation, via brokerages and investment banks, circumventing commercial banks. In justifying its ruling, the Fed claimed that Bankers Trust is not really "underwriting" the securities, only "acting as agent and adviser in assisting issuers to place their commercial paper."

'The Recovery'

LaRouche: Quick action can avert bank collapse

The National Democratic Policy Committee has issued a mass-circulation pamphlet, titled "Leading Economist LaRouche Proposes Emergency Action Against U.S. Banking Collapse." *EIR* founder LaRouche is a

member of the Advisory Council of the NDPC, a political action committee in the Democratic Party.

"Unless the President uses his emergency powers for sweeping and profound changes in his monetary and economic policies," LaRouche writes, "and unless he does this very, very soon, he will probably be known to future history as 'the last President of the United States.'"

LaRouche proposes the measures summarized here:

- The President must declare a national economic and strategic emergency;
- The President must enact emergency reforms of currency and banking;
- The President must "nationalize" the Federal Reserve System;
- Excepting Federal Reserve Notes remaining in circulation from old issues, the only lawful notes of currency shall be U.S. Treasury Currency Notes, issued only for lending to approved categories of borrowers, through the national banking system. The new issues of U.S. Treasury Notes, shall have a gold reserve value, under agreements of reciprocity with other governments entering into a gold reserve system with the United States;
- The United States must institute foreign-exchange controls for the duration of the crisis;
- Emergency action must be taken to halt collapse of the banks;
- The United States must disassociate itself from, and oppose so-called "International Monetary Fund conditionalities" and kindred policies and measures by supranational agencies.

Petroleum Industry

Britain, U.S.S.R. set oil-price war

Great Britain and the Soviet Union lowered their oil prices at the beginning of June, a move which U.S. analysts say will trigger a new "price war." The U.S.S.R. on June 4 lowered its prices to \$26 for Urals crude, and Britain cut its Brent light by \$1.40 to \$26.50. British "light" oil prices are now a full \$2.15 below the comparable Nigerian

light oil grade, and debt-strapped Nigeria is desperate to sell for ready cash.

Saudi Arabia called OPEC's 13 oil ministers to an emergency meeting in Jeddah on June 3 to deal with the situation, and advanced the date on the semiannual OPEC ministerial conference from July 22 to June 30. Saudi Arabia cannot technically cut its oil production any lower, and can no longer bolster prices by production cuts.

London's *Petroleum Intelligence Weekly* reports that oil markets face "a virtually uninterrupted period of depressed demand for oil over the next 18 months or more," and the OPEC countries will be lucky if they can produce 16 million barrels per day this summer, the current formal OPEC production level.

The Debt Bomb

Castro's offer meets with scant interest

Colombia's three labor federations, the UTC, the CTC, and the CGT, rejected an invitation from Fidel Castro to go to Cuba to participate in a continentwide labor meeting on debt in July, pointing out that "Castro is repeating concepts on the foreign debt that we labor leaders in Colombia have been making repeatedly for four years in different venues, to the government and to labor unions."

In a seven-hour interview published in the Brazilian daily *Folha de São Paulo* on June 2, Castro warned, "The debtor nations will not be able to pay their accounts in 1986, even if things are arranged for them to do so in 1985; the cracks will appear in 1987 and in 1988 the whole house will come down. . . ."

Castro proposed a plan he claimed would save the banks and capitalism: 1) Debtor nations would pay only "just" interest of not more than 8%; 2) creditor governments would accept responsibility for the "illegitimate" part of debts, specifically those resulting from high interest and "unjust" terms of trade; and 3) the governments would pay the banks for this debt, perhaps by cutting defense budgets 10%.

Briefly

● **THAILAND'S** parliament on May 31 passed a proposal for the creation of a 25-man commission charged with studying the feasibility of construction of a canal through the Isthmus of Kra, as proposed by *EIR* and the Fusion Energy Foundation. The commission will hear testimony and submit a report.

● **R. PETER GRACE**, the head of the U.S. branch of the Knights of Malta, is escalating his campaign to cut defense spending, a Washington source reports. The effort is being conducted through an organization called "Citizens Against Waste," co-chaired by columnist Jack Anderson. "Rightwinger" Grace is working closely with institutions connected to the left-KGB Institute for Policy Studies, including Business Executives for National Security and the Defense Budget Project.

● **MARTIN BANGEMANN**, the West German economics minister, met in Bonn on June 6 with Soviet Deputy Prime Minister Ryabov, to discuss intensified economic cooperation between Germany and the U.S.S.R. Bangemann has come out in favor of the creation of a European Currency Zone, which would be partially decoupled from the dollar system. The proposal, which Bangemann said "had also met with Soviet interest," encourages intensified "continental trade between the U.S.S.R., East and West Europe."

● **JACQUES DE LAROSIERE**, the International Monetary Fund's managing director, threatened at the end of May that the United States may face a sudden cut-off of credit. "The effects of fiscal deficits on investment," he said, "cannot be alleviated indefinitely by reliance on inflows of external savings. Continued U.S. current account deficits in excess of \$100 billion a year are not sustainable." De Larosière made his remarks at an international seminar of the Vienna Kreditanstalt bank, the bank whose collapse in 1931 brought down the world banking system.

India's challenge to modernize agriculture

by Susan and Ramtanu Maitra

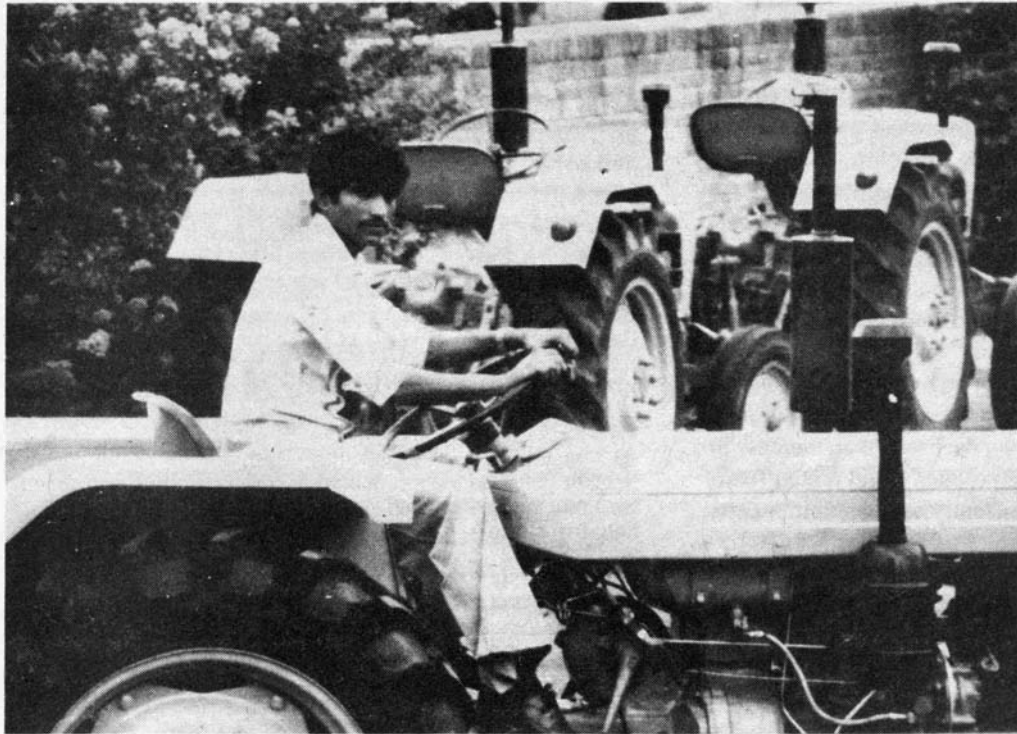
In less than four decades as a sovereign nation, India can meet its basic food requirements. Considering the large population and the devastated condition in which the British left the country's economy in 1947, this is not an insignificant achievement. Moreover, during these 38 years, India has built up a broad industrial base and a scientific capability which, while inconsistent, is admirable for a developing nation. But the appalling poverty in which 80 percent of the country's 700 millions still live, attests to the economic challenge the new Gandhi government faces.

In spite of the achievements of production self-sufficiency, it is precisely agriculture which needs priority attention today to begin to turn the situation around. With the exception of certain pockets where the basic ingredients for modern agriculture, including education of the farmers, have been put in place, Indian agriculture is a low-productivity sector where hundreds of millions—fully 70% of the work force—toil with very little incentive. The agricultural sector as a whole remains the least remunerative and, even in comparison to other developing countries, among the least productive in the world.

The effect on the overall economy is devastating. The huge subsistence agriculture sector sits like a sacred cow, heavy and inert, defying change. Industry, scientific endeavour and high-technology projects bother this immovable object here and there like ticks. The dumb beast eats up large amounts of working capital with no tangible result in terms of profit for reinvestment, for expansion of markets, and for improvement of living standards.

In addition to generating a surplus, raising agricultural productivity will enable (and require) the generation and expansion of agro-industries, creating employment opportunities that are a conveyor belt into the skills and work habits of industry for increasing numbers of the agricultural population. This is the definition of "modernization" for the economy as a whole.

That it can be done has already been demonstrated in the "Green Revolution" push of the late 1960s that created high-productivity agriculture in the Punjab-Haryana-Western Uttar Pradesh region and a few smaller areas. But precisely



NSIPS/Uwe Parpart

Upgrading agricultural technology: a priority for the Gandhi government. India's farming is among the least productive in the world. That this can be achieved, is demonstrated by the Green Revolution of the 1960s, which created high-productivity agriculture in several regions of the country.

because these areas were limited and localized, the effect of the agricultural transformation was lost on the overall economy, and the result instead was economic as well as social distortions. The larger economy and the population has been unable to "cash in" on the breakthroughs.

Today a new push needs to be made to establish agriculture, once and for all, as a productive sector across the length and breadth of the country. To do that, a number of problems will have to be confronted and solved. The only area of agriculture where India has done as much as any other country is in agricultural science, at least for cereals. But water management, fertilizer, pesticides, farm mechanization, and infrastructural backup are all visibly lacking.

The case of edible oil, used for cooking oil, efficiently demonstrates the problem and its implications. At the time of Independence, India was self-sufficient in oilseed production. In 1970, India was importing about \$25 million worth of edible oils. As of today this figure has ballooned to eat up \$1.4 billion worth of foreign exchange annually—the equivalent of importing a turnkey 1400 MW power plant every year!

It is easy to see what went wrong on the ground. In 1955-56 oilseed production averaged 474 kg/hectare. While the population has doubled since then, productivity rose by only 45%. According to Indian agroscientist and one of the key men in India's Green Revolution Dr. M.S. Swaminathan, the main cause of this is the fact that while oilseeds are energy-rich crops, in India they are cultivated largely under conditions of energy starvation. Oilseeds, consisting mainly of groundnuts, rapeseeds and mustard, are grown mostly in

marginal and sub-marginal lands where the producer's capacity to invest in crop production and to bear risk is limited. One study shows that oilseed production never achieves more than 50 percent of the potential yield, and in such states as Maharashtra, Uttar Pradesh, Andhra Pradesh, Karnataka, and Tamil Nadu, it is 30% or less. Nowhere in the country, including Punjab, does more than 28% of the area planted to oilseeds get fertilizer. Similarly, nowhere, with the exception of Punjab, is more than 10% of the land under oilseeds irrigated.

These problems are not unknown to India's economic planners. One can find any number of studies on the various angles and implications of each and every one. They are mentioned ritually and serially in plan after plan. And the technology and industrial-scientific resources to solve them are by and large there. But a lack of concerted effort, or political will, and the failure to concentrate resources to the task over the years has virtually institutionalized the problems.

Today a new cry has been added to the litany of excuses, that of "resource constraints." But as the short survey that follows indicates, the greatest "resource constraint" India faces is the systematic waste and squandering of resources which continue in the name of "the way things are here." No fault of the Indian population, this reflects the combination of a feudal mentality, intellectual dishonesty and cynicism which has come to characterize the Indian elite. The Rajiv Gandhi government's commitment to bring India into the 21st century means tackling this first of all.

It is useful to briefly review the economic history of independent India to focus on the challenge as it confronts

the Indian leadership today. In the first half of the 20th century, under British colonial rule, India remained a strictly agrarian nation with almost no industry at all. What village industries existed were looted and destroyed by the British. The Indian people lived from hand to mouth. The British lived according to the principles of Thomas Malthus: They kept Indian agriculture traditional, backward, and at the mercy of natural vagueries. In the first 40 years of this century, the rate of growth of agriculture was less than 1%. The famine of 1945, which claimed hundreds of thousands of lives, was the result of British colonial policies.

The agricultural sector was not paid much attention immediately after independence. For the first 15 years, it grew at a rate of about 2.5%, largely on the basis of an increase in sown area rather than increased productivity. Annual food-grain output was erratic but consistently below requirements, and imports were an annual feature (see Table 1). In 1965-66, following a devastating drought, India had no other recourse but to import 10 million tons of grain, about 15% of its immediate needs.

Meanwhile, the population, which was around 330 million in the late 1940s, rose to more than 500 million by 1967. The poverty that India had inherited from Britain continued to choke the economy. India became pathetically dependent on food imports; in the five years from 1963-67 food imports totaled more than 38 million tons. The neo-Malthusians and assorted prophets of doom jumped at the crisis. The Paddock brothers declared India a "hopeless case," and urged the food-aid-giving nations to stop wasting their resources. The Club of Rome's "lifeboat theory" was the talking point in Western capitals: "cut India loose, don't let the sinking 500 million drag you down."

But while India's foodgrain production was in deep trouble, something else was happening in other areas of the economy thanks to the determined commitment of India's first prime minister Jawaharlal Nehru to build a modern India by introducing science and technology into economic production. The first three five-year plans, spanning the years from 1951-1966, saw the construction of three large integrated steel plants, a heavy engineering industry which could at least partially meet the demand for machines required in basic industries such as cement, power, small tools, etc., and large-scale dams to generate power, tame the rivers, and provide irrigation to large tracts of arable land. While basic industry development did well, the irrigation projects met with a more limited success. The building blocks for a modern industrial nation were laid, but the binding mortar was still not there.

Between 1956-57, when the First Plan period ended, and 1965-66, at the end of the Third Plan, industrial manufacturing grew by 6.9%, mining by 7.3%, and electricity by 8.9%. This remains the best ten years of growth for these critical sectors (see Table 2). This industrial growth called for large importation of equipment and machinery from abroad, a drain of India's meagre foreign exchange reserves. In the 1960s,

Table 1

Area sown, foodgrains production, and imports

(millions)

Year	Area sown (hectares)		Net production (mn. tons)	Net imports (mn. tons)
	Net	Gross		
1950-51	118.8	131.9	46.43	2.16
1955-56	129.2	147.3	63.81	0.71
1960-61	133.2	152.8	72.04	3.49
1965-66	136.2	155.3	63.30	10.31
1970-71	140.8	165.8	94.87	2.01
1975-76	142.2	170.9	105.90	0.67
1976-77	140.2	167.3	97.27	0.10
1977-78	141.9	172.3	110.61	-0.60
1978-79	143.0	174.7	115.41	-0.20
1979-80	139.0	169.7	95.99	-0.34
1980-81	140.3	173.3	113.39	0.63
1981-82	141.0	173.5	116.63	1.58
1982-83	141.5	172.0	112.31	3.73
1983-84	141.2	173.0	131.04	

Source: Economic Survey, government of India

Table 2

Industrial growth rates

Item	1956-57	1956-57	1956-57	1966-67	1966-67
	to 1965-66	to 1979-80	to 1981-82	to 1979-80	to 1981-82
Total manufacturing	6.9	5.3	5.3	5.5	5.3
Mining	7.3	4.2	4.2	3.0	3.3
Electricity and gas	8.9	9.8	9.6	8.9	8.7

Table 3

Irrigation

(mn. hectares)

Type	Potential	Realized up to 1979-80
Major and medium	58	26.5
Minor irrigation		
Surface water	15	8.0
Ground water	40	22.0
Total	113	56.5

India's defense expenditure, a significant portion of it procurement of foreign-made arms, shot up as India fought defensive wars against both China and Pakistan. Not only could agriculture not produce the surplus to help offset these foreign exchange losses, but the crisis in agriculture itself and the need to massively import foodgrains compounded the foreign exchange woes.

Following Nehru's death, the World Bank sent an economic mission headed by Bernard Bell to evaluate the Indian scene in 1964-65. The Bell Report was a scathing criticism

of Nehru's policy, particularly the heavy industry development program. Malthusian cheerleaders and self-proclaimed experts from the World Bank-IMF descended on the country in an effort to bury Nehru's policy along with his vision of a modern, industrial India. In 1967, the World Bank-IMF forced a drastic devaluation of the Indian rupee, and by 1968 India was plunged into an economic chaos which was unforeseen and, in fact, undreamt of, just a few years earlier.

In the face of this onslaught of busybodies, Indian leadership took a decisive step to solve the crisis: Nehru's policy of applying science and technology to production was applied to the floundering agricultural sector. "Every country which has improved its agriculture has done so only through the introduction of science and technology into farming," Indian Agriculture Minister C. Subramaniam announced. "India cannot be an exception." As a first step, agricultural research was reorganized on a mission-oriented basis and the traditional stranglehold of the bureaucracy was loosened. Breeding and introduction of new high-yielding varieties of seeds were the center of the policy, but to work the new seeds had to be combined with adequate water for irrigation and increased input of fertilizers. The package was pushed forward through the provision of credit to farm producers.

By 1970-71, the "Green Revolution" was securely rooted in the northwestern agricultural belt of India, in Punjab, Haryana, and Western Uttar Pradesh. After years of stagnation, agricultural output began to grow. By the early 1970s a few tractors, along with pumpsets, began to be visible in the farmlands. Fertilizer input, although negligible in comparison to actual soil needs, became a part of farming, and large-scale extension services to educate the farmers in the fields fanned out from the state agricultural universities. The Paddock brothers and their Malthusian cohorts, it became clear, could be put out of business.

The crux of the task now is to *raise productivity*. This requires a concerted effort to not only extend the supply of HYV seeds and modern farming practices across the country, but also to make sure that the necessary energy inputs in the form of fertilizers, irrigation, mechanization, and power are provided to realize the productivity potential of the seeds.

India's total irrigable land is estimated to be 113 million hectares, of which about 50% has been achieved (see Table 3). The target figures are conservative, since in Uttar Pradesh alone, another 20 million hectares which can be irrigated by groundwater have not been taken into account. On average, about 30% of the food crops are irrigated, and about 27% of the non-food crops (see Table 4). Still, it is not that India has not invested in irrigation. Over the years, large sums of money have been poured into building dams, reservoirs, irrigation channels, command area networks, and so on (see Table 5). But not even 20% of the major irrigation projects taken up since Independence have so far been completed. As many as 58 projects started in 1969 still remain to be put to full use. As many as 84 projects are expected to spill over to

Table 4

Irrigated area under food and non-food crops, 1980-81

Crop	Total area (mn. ha)	Irrigated area (mn. ha)	Land irrigated	
			% of total crop area	% of total irrigated area
Food crops	128.0	37.61	29.4	75.8
Rice	40.33	16.34	40.5	33.0
Wheat	22.25	15.52	69.8	31.3
Non-food crops	45.31	11.98	26.4	24.2
Groundnuts	6.92	0.92	13.3	1.9
Cotton	7.86	2.13	27.1	4.3

Table 5

Public expenditures on irrigation

(million U.S. dollars)

Plans	Major and medium irrigation		Minor irrigation	
	Total*	Average annual	Total	Average annual
First Plan	300	138.5	76	35.1
Second Plan	380	150.0	161	74.7
Third Plan	581	180.4	443	174.6
Annual plans	434	168.7	561	290.0
Fourth Plan	1,237	227.6	1,174	210.8
Fifth Plan	2,442	348.3	1,411	201.1
1978-79	977	493.4	1,005	237.0
1979-80	1,079	470.4	1,005	237.0
Sixth Plan	8,448	736.6	3,510	306.0

* Current prices.

† 1970-71 prices

the Seventh Plan (1985-90). Why?

Part of the problem is a lack of understanding of economic science and thus an inadequate grasp of the national interest. Large projects such as the Rajasthan Canal, the Gandak and Kosi projects in Bihar, the Tawa project in Madhya Pradesh, among many others, have been converted into employment safehouses where large numbers of menial laborers can be kept busy for years. In the meantime, project costs multiply; funds are sucked into the project and nothing comes out. A project designed to boost wealth-generation in the economy becomes a net drain on the country's resources instead.

In 1983 a Planning Commission Working Group found that the delay in the formulation of proposals for the Sixth Plan was caused by the proliferation of projects resulting, in turn, in the spreading of financial, managerial, and technical resources too thin. The group also identified delays in taking decisions, difficulties in land acquisition, insufficient availability of essential inputs like steel, cement and explosives, and changes in the scope of projects as problematic features of project implementation. Some irrigation projects have cost six or seven times more than they should have—a luxury

Table 6

Groundwater development and rural electrification (1979-80)

State	Groundwater development (% of potential)	Villages electrified	Pumpset connection (thousands of units)
Northwest			
Punjab	82	100	262
Haryana	80	100	203
Northeast			
Bihar	35	31	152
Orissa	19	38	13
West Bengal	19	36	24

which no developing, or advanced for that matter, country can afford.

There are other problems in the way the irrigation projects are conceived to begin with. There are two principal crop seasons in the Indian subcontinent, the *kharif* (summer) and *rabi* (winter). Kharif crops, mostly rice, depends primarily on monsoon water and the rabi crops on surface and groundwater irrigation. The kharif crops are affected as much by the monsoon's abundance as by its weakness. Problems of flooding and waterlogging are pervasive and serious. A normal monsoon brings enough floodwater through India's major rivers to damage crops to the tune of \$400 million annually in some years, such as 1978.

Most of this water goes unused, through India's river system, into the sea. But while the challenge lies in improving drainage, and preservation and utilization of monsoon water for the dry season, as well as flood control, the major thrust of water policy has always been toward making the limited dry season water flow available to the rabi crop. Rabi production has been boosted considerably by this (see Table 6), but the gains to be realized in harnessing the monsoon waters for productive use are enormous.

This requires taking a broader, more comprehensive view of water management, as opposed to focusing on irrigation, or flood control, per se.

This broader view would have to incorporate domestic water requirements for clean drinking water, sanitation, and sewage treatment, which are now woefully lacking in spite of extensive irrigation works. This requires an integrated program to maximize the country's water resources—the monsoon, the mighty river systems, and the extensive groundwater supplies.

Currently, for example, there is not much consideration given to whether or not a particular water project forms an integral part of a composite scheme involving the entire river basin. As far back as the 1930s, the National Planning Committee of the Indian National Congress had pointed this out. "Our conception must change," Congress planners said. "A

river should be regarded as one natural economic unit for the benefit of the whole community it can serve, in the full development of which political frontiers must not be allowed to influence."

Yet, even now, there does not exist a comprehensive plan to develop the Ganges River basin, one of the most fertile regions of the world which is equal to two Germanys, France, and Belgium put together in size. Today more than 300 million people inhabit the Ganges basin, 70% of them eking out a subsistence living on the land; they could be producing enough food to feed most of the world's population. On the other hand, large irrigation projects are undertaken here and there apparently largely under the impetus of narrow political considerations.

As far as the development of groundwater irrigation is concerned, the principle obstacle for farmers is a shortage of electric power and diesel fuel (see Table 6). The shortage of electric power is so acute, even in areas of the Northwest where electrification is extensive, that farmers have to stay up at night to run their pumps. Although high and broad-based growth in the pumpset industry has provided farmers with choices in the make, size, quality, and cost of equipment, the lack of technical information together with wide variation in the standards of equipment due to lack of quality control in the small-scale manufacturing sector where it is produced, act to sabotage the effectiveness of the equipment. Studies by the government's Agricultural and Rural Development Corporation indicate that, on average, less than 50% of the theoretically attainable technical efficiency is achieved. Improper maintenance and lack of after-sales service also play a major role in keeping efficiency low.

Many studies have proven that the most economical way to irrigate land is through controlled irrigation, namely pumping of groundwater wherever available. One study showed that returns to the economy and returns to the farmer from private investment for drawing groundwater in various states of India range from 15-50% and from 16-129% respectively. And India has a vast store of sweet underground water in both confined and unconfined aquifers. In Uttar Pradesh alone, another 20 million hectares of prime land can be brought under irrigation in this way.

But to exploit this groundwater, measures must be taken to replenish or recharge the aquifers, to educate the farmers on using pumps, to develop compatible pumpsets with motors and other accessories, and to provide electrical power regularly and abundantly.

Not by irrigation alone. . .

It is evident from the performance of India's agricultural sector that it is unbalanced, not only from the standpoint of output but also from the standpoint of inputs and infrastructural support. Irrigation is a perfect example of an overblat-ed sub-sector where a great deal of waste takes place. India as of now has 60 million-plus hectares under irrigation. While

Table 7

Yield levels: national demonstration as against national average

Crop	National demonstration (tons/ha, 1977-78)	National average (tons/ha, 1982-83)
Rice (Unhusked)	5.07	2.07
Wheat	3.55	1.80
Maize	3.36	1.14
Sorghum	3.94	0.67
Millet	2.44	0.47

Table 8

Per hectare yields and fertilizer use of Asian nations

Country	Yields (1982-83) (tons/ha)		Fertilizer use (1982-83) (kg) (per hectare of arable land)
	Paddy	Wheat	
India	2.07	1.80	37.8
Burma	2.66	—	N.A.
Bangladesh	1.98	1.85	43.6
China	4.24	1.95	150.1
Indonesia	3.67	—	N.A.
Republic of Korea	5.75	—	351.3
Japan	5.63	3.1	387.2
Pakistan	2.56	1.65	53.1
World Average	2.86	1.92	78.5

N.A.: Not available

Table 9

Consumption of pesticides

Country	(Grams per hectare)
India	400
Japan	1,047
United States	1,490
Europe (average)	1,870

it is essential that the country bring all possible irrigable land into full use, it must also be understood that 60 million hectares is a lot of land.

If those 60 million hectares were fully utilized, producing yields proven achievable in the 1977-78 National Demonstration (see Table 7), India would be producing upwards of 250 million tons of grain from those 60 million hectares alone. That is nearly double current total grain production. To achieve this, ideal water conditions must be coupled with other energy inputs in the form of fertilizers and pesticides, farm mechanization, and infrastructure backup.

Fertilizer use in India still remains abysmally low (see

Table 8). China, a comparable developing nation because of its size and population, uses four times the amount of fertilizer India uses per hectare of arable land. The Republic of Korea, with a highly developed agricultural sector, uses more than ten times the Indian average. In spite of such low use of fertilizers, India imports as much as 3 million tons—almost 27% of its total demand—annually. Since India does not have any potash, the entire amount is imported.

Indian fertilizer plants, 27 in all, have low capacity utilization—in most, less than 70%. The major reasons for the large loss of production are power shortages and equipment breakdowns, two factors which reinforce each other in a cycle of waste. While most of India's fertilizer plants use naphtha as the feedstock, efforts are being made to use more natural gas and coal, which India has in abundance, for future plants. Though the two coal-based plants that have been installed are not functioning well, it would seem urgent to standardize these coal-based plants and make them a success.

One of the major weaknesses in fertilizer planning is the failure to develop the technology, the machinery, and equipment required for these plants. As a result, India is forced to import turnkey plants. This is not a bad idea in itself, but the failure then to utilize the plants to full capacity has converted a profitable investment into a double drain on the economy. Better in the long run—and considering that India needs to triple fertilizer output to reach a fertilizer use target that is only 75% of that in China today—it is imperative to acquire and master the technology to manufacture fertilizer plants from the bottom up, including the many associated technologies, materials, and control instrumentation involved.

In the meantime, India should upgrade the commitment to the all-India project to develop biofertilizers. These bacteria help in biologically fixing nitrogen for plants. Already bacteria have been developed to effect Biological Nitrogen Fixation in legumes and rice. Some studies show that using blue-green algae in rice cultivation saves about \$30 per hectare in India. Similar studies are available for the use of Azospirillum biofertilizer for millet cultivation and Rhizobial biofertilizer in legume cultivation. All of these studies show that the use of biofertilizers reduces fertilizer intake, provides a substantial savings to the farmers, and can be successfully used by marginal farmers. This is one of the frontier areas in agricultural science which will help slow down the ever-increasing consumption of chemical fertilizers in the near future.

The scope of improvement in herbicide and pesticide use is even greater (see Table 9). Of about 200 herbicides registered for use in the developed countries, only 25 are registered in India, and of these, only 14 are now being used. Currently only 1 million hectares are under herbicide treatment, a figure which may go up to 2.5 or 3 million hectares during the Seventh Plan (1985-90). Overall use of pesticides is limited, about 30% of that used per hectare in the United

Table 10

Farm mechanization

Year	Gross Cropped Area (GCA) (mn. ha.)	Tractors		Oil Engines		Electrical Pumpsets & Tubewells	
		1000s	Per 1000 ha. of GCA	1000s	Per 1000 ha. of GCA	1000s	Per 1000 ha. of GCA
1951	131.9	9	0.07	66	0.50	21	0.16
1956	147.3	21	0.14	123	0.84	56	0.38
1961	152.8	31	0.20	230	1.51	200	1.31
1966	155.3	54	0.34	465	2.95	513	3.30
1971	165.8	143	0.86	N.A.	N.A.	1,620	9.77
1976	170.9	280	1.64	N.A.	N.A.	2,734	16.00
1981	173.3	520	3.00	3,300	17.89	4,324	24.95
1983	172.0	663	3.85	3,500	20.35	4,975	28.92

States. India's present annual capacity to produce pesticides is close to 100,000 tons, but because of power shortages and equipment breakdowns, established production hovers around 65,000 tons.

Farm mechanization too remains exceedingly low (see Table 10), and in this fuel and power shortages have been compounded by arbitrary credit policies. Tractors in the 15-100 horsepower range are manufactured by about 15 units in the organized sector with a total licensed capacity of 149,750 and, of that, an installed capacity of 90,000. In 1983 only 71,543 units were manufactured and sold. Associated power implements are manufactured by seven units in the organized sector, although some heavy-duty implements are allowed to be imported.

Since the success of the Green Revolution was established, tractor use has increased steadily. Between 1951 and 1971 about 134,000 tractors were introduced, and in the following 12 years another 520,000 were added. This figure would have undoubtedly been higher had it not been for a short-sighted tight-credit policy which slashed tractor sales in 1982 by 18%. Since tractor-production capacity had been upgraded by 22% as of 1981, the unsold tractors and a lot of money were left hanging like dead albatrosses. In the name of "resource constraints," valuable resources were wasted.

There is really no excuse for this. The tractor's usefulness even in small plots to raise productivity has been documented in no less than 165 studies conducted in India during the past decade. The findings of these studies are well worth noting: (a) tractors contribute to non-farm employment for repairs, service, and maintenance; (b) farm employment has increased markedly on tractor farms with a notable decline in family labor; (c) tractor owners have by and large recorded higher output from their fields, though percentages vary from state to state; (d) tractors facilitate a change in cropping patterns enabling tractor owners to switch to more profitable

crops, thus increasing the value of their farm produce.

In defiance of conventional wisdom, the studies also found that the *operational cost per hectare of a tractor was very much less than that of a bullock!* So much for the Malthusians arguments for "appropriate technologies."

The infrastructure gap

None of this is fully utilizable in the absence of a strong infrastructure—in particular power and railroad transport. India's infrastructure has been described as a well-planned mess. Since power is perhaps the single most important item besides trained human beings themselves in an economy, it is baffling to see the extent of persistent power shortfalls and the extravagant waste in this sector year after year after year (see Tables 11 and 12).

One can ponder the size of lost GDP as a result of the power waste and power shortage that are a matter of record. Power is squandered first in the failure to utilize installed power production capacity. Capacity utilization has dropped, amounting nowadays to 50% of installed capacity. Second is the massive transmission and distribution losses of generated capacity. In certain regions, such as the southern, northern, and northeastern regions, it amounts to more than 20%. Third is the "crisis management" mentality which has given rise to the proliferation of captive generating plants over the years.

Although substantial investments have been made in the power sector, a systematically irresponsible attitude toward implementation of projects has resulted in slow growth, cost overruns, and, in the end, of the national wealth generation potential. Between 1966-67 the share of electricity, gas, and water of the total public investment was 18.9%, and between 1977-78 and 1980-81 it was 21.6%. Yet, the growth rate during those periods was a meagre 4.2 and 5.6% per annum respectively.

The 1982 Rajadhyaksha Committee Report on Power,

Table 11

Power: plan target and shortfalls

Plan period	Installed Capacity (MW)		Shortfalls (%)
	Target	Achievement	
First Plan (1951-56)	1,300	1,100	15.4
Second Plan (1956-61)	3,500	2,250	35.7
			33.0
Third Plan (1961-66)	7,040	4,715	
Three annual plans (1966-69)	5,430	4,381	19.3
Fourth Plan (1969-74)	9,260	4,681	50.2
Fifth Plan (1974-79)	12,500	10,200	18.4
Sixth Plan (1980-85)	19,666	14,500	26.3

Table 12

Requirements and availability of power

Year	Requirements (mn. KWH)	Availability (mn. KWH)	Deficit in % of requirements
1975-76	83,508	74,909	10.3
1976-77	88,489	83,365	5.8
1977-78	102,180	86,343	15.5
1978-79	108,538	97,349	10.3
1979-80	118,370	99,302	16.1
1980-81	120,118	104,932	12.6
1981-82	129,245	115,274	10.8
1982-83	—	—	9.2
1983-84	155,000	142,500	8.1

commissioned by the government, documented the astonishing cost and time overruns principally responsible for this poor result. While cost overruns of hydropower projects ran as high as 698% (in the case of the Loktak station with three units of 35 MW each), the report showed, thermal power plant projects were only slightly better, every single one registered cost overruns from 40 to 140%. Time overruns for hydro projects averaged from 2 to 9 years. One project, a 240 MW unit, took fully 16 years to complete; another, the Gumti, which would produce 10 MW of electrical power, took ten years to complete! Thermal power plants, again, have a slightly better record, with average time overruns of from 1-1/2 to 2-1/2 years.

If one simply adds up the cost overruns of these power projects, one finds that quite apart from the massive indirect resource waste, billions of dollars were drained out as menial wages to keep the projects going, while the farmers, industrial workers and the nation as a whole sat around waiting for power.

Most striking is the fact that this actually scandalous situation is not a political issue. Nobody made a peep over the fact that one section of the Beas-Sutlej Link, which pro-

duces 240 MW of electrical power, had a cost overrun of more than \$180 million and a time overrun of six years. But when the government introduced some tax exemptions to the corporate sector to stimulate investment into the 1985-86 budget amounting to some \$100 million, the hue and cry was deafening!

India's extensive railroad network presents a similar picture. It is decrepit yet functional. The net ton kilometre per wagon day—a measure of efficient handling of wagons on the rail track—in India is comparable and even better than that of Japan, France, Germany, and Italy, all developed nations. But from the point of future needs the high marks are useless. Since the early 1960s, investment in the railways never exceeded 5% of the total public investment. Today about \$1 billion is spent annually to maintain the railroads and pay wages to the more than 1.8 million-member work force. Meanwhile, more than 85% of the more than 100,000 km of track remains non-electrified.

Now a new bottleneck, a planned bottleneck is emerging. Although Indian began developing nuclear power technology in the early 1960s, to this day it has not been given a sufficiently serious push; bureaucrats and planners continue to rely on coal for power generation. Naturally, the share of coal in total rail traffic is increasing and, along with the increase of average delivery leads, are beginning to paralyse the old railroad system. Furthermore, since Indian coal has a large ash content, its use for power generation is not only doubly taxing on the railroads, but it is inefficient for use in normal furnaces. Still, very little work has been done to develop the furnace that can handle such high-ash-content coal.

Land management

These are the areas that need special attention in any mission-oriented program to raise agricultural productivity in India. It should be stressed that along with building up technology, industry, and infrastructure, the proper use of land is a major factor in developing a strong agro-industrial economy. India has a vast amount of land under cultivation, and while the bulk of it must continue to produce foodgrains and oilseeds, with increased productivity, a significant portion of it can be made available for producing cash crops such as cotton, sugar, tobacco, coffee, etc. These crops will continue to have domestic and international demand, and can be steady foreign exchange earners for the country.

As any other nation, India must be prepared to meet its population's requirements for better housing, new cities, roads, clothing, and schools. In this growth of the country's population and needs, until we master space travel and colonization of other planets there is one thing which will remain a "limited resource": the land area. Proper land management, in terms of optimal land use, is essential. Ensuring maximum agricultural productivity is one of the best ways to accomplish it.

A draft of a proposed revision of NATO doctrine

by Lyndon H. LaRouche, Jr.

1.0 The imminent threat

1.1 According to its own doctrine, the Soviet Union is already in a state of war against the United States of America and its allies: (A) It is in a full-scale war-economy mobilization of a type and degree which Soviet doctrine prescribes to be a state of war; (B) Its military and war-economy mobilizations are consistent with rapid development and deployment of total-warfare capabilities, meeting the specifications of the maximum military option included in the Ogarkov Plan; (C) It is escalating a consistent propaganda-mobilization of its military and civil populations for imminence of a "Holy War" against the United States and its allies; (D) It is already deploying strategic actions, in Scandinavia, the Balkans, the Middle East, and elsewhere; to adjust the strategic correlation of forces in Soviet favor, for the prospective outbreak of warfare; (E) It has begun to deploy escalating assassinations- and sabotage-forces and actions against categories of personalities and institutions of the NATO countries, a spectrum of actions consistent with preparations for war-fighting.

1.2 The known strategic objective of the Soviet command, is to establish Moscow as the capital of a "third and final" form of the Roman Empire. The principal objectives include: (A) The elimination of the United States as a strategic military and economic power; (B) Bringing the Federal Republic of Germany into the Soviet political-economic sphere of strategic influence, and thereby bringing all of Western Europe into the status of semi-autonomous satrapies of the Soviet Empire; (C) To accomplish as much of this as

possible without military action, by aid of developing and deploying the capability for launching, winning, and surviving a general thermonuclear assault against the home territories of the United States and Western Europe; (D) To implement the maximum capability outlined in the Ogarkov Plan, if lesser actions are insufficient to accomplish the objectives by approximately the close of the present decade.

1.3 The Soviet strategic doctrine is essentially the elaboration of principles outlined in Marshal V. D. Sokolovskii's 1962 *Military Strategy*. Marshal Nikolai Ogarkov's War Plan is a concrete application of those principles. Essentially, Thermonuclear War can be survived and won, if the specific problem of strategic ballistic missile defense, coupled with "passive" BMD of the civil population and structure of the home economy, is solved. The character of Soviet war-plans is fairly described as a blend of oriental mysticism and military rationalism, of a sort which might be expected had a modern Fyodor Dostoevsky qualified for the Prussian General Staff. The motivation for warfare is irrational mysticism, blended with military rationalism bearing upon its execution.

1.4 The maximum option of the Ogarkov Plan, features what is fairly described as "intercontinental thermonuclear blitzkrieg, launched from the barracks."

1.41 It begins with an unlimited intercontinental barrage against the territory and military deployments of the United States, and simultaneous barrages of the NATO capabilities in Western Europe, in the Atlantic, in the Pacific, and in the Indian Ocean. The tasks which must be solved by this assault, include: (A) supersaturation of the land-based,

sea-based, and aircraft strategic capabilities of the U.S.A. and its allies, to reduce to the greatest degree the capacity for counterstrike against Soviet territory and military capabilities; (B) elimination of the possibility of U.S. logistical support for military resistance by Western Europe, by destroying U.S. Atlantic seaport cities, and U.S. naval and maritime assets, as well as air-lift capabilities; (C) Maximum neutralization of NATO military potential in Western Europe. This must include preemptive action against the naval ballistic missile capabilities of NATO and France, especially the SLBM capabilities.

1.42 The initial twenty-five to thirty minutes of barrages, intercontinental, intermediate-range, short-range, also prepare the assault through the Federal Republic of Germany, through Baltic sea-borne assault, and land and air-borne assault from Czechoslovakia and the German Democratic Republic. The assault should be expected to reach Bristol, England within about two weeks.

1.43 The prescription for such a blitzkrieg, must be, that the Soviet Union must win the war, and must not endure greater losses than approximately those experienced during World War II. This requires: (A) Neutralization of counterstrike potential of NATO and France within less than thirty minutes of the launch, probably by aid of submarine-launched "pin-down" detonations over U.S. territory within the time-frame estimated to exist between launch and U.S. missile-launch, plus continuing ICBM and other barrages of U.S. territory, to keep the U.S. counterstrike capabilities neutralized to the maximum degree; (B) Combined effects of Soviet strategic BMD and passive defense, to reduce the effectiveness of a U.S. counterstrike with surviving missiles.

1.5 Such a plan of assault prescribes its own principal limitations:

1.51 The command and control capabilities implied must be rehearsed and consolidated.

1.52 The depth of assault-missiles capability required must be deployed, in terms of both launch-installations and reload capacity.

1.53 The ASW capability required, including improved attack submarines, must be deployed.

1.54 Strategic BMD must be deployed.

1.55 Passive strategic defense must be readied, including the accumulation of grain-supplies through imports, and including anti-CBW measures, such as inoculations.

1.56 NATO and French forces must be in a state of zero-growth quantitatively and technologically, to permit the Soviet build-up to achieve absolute superiority.

1.57 The U.S.A.'s Strategic Defense Initiative must be aborted at all costs.

1.58 NATO must be prevented from adopting a "launch on warning" strategic thermonuclear policy.

1.6 If these conditions are met, the U.S.S.R. will be prepared, materially and psychologically, to deploy the maximum option of the Ogarkov Plan by approximately 1988.

2.0 NATO doctrine: war-avoidance

2.1 The general objective of NATO and its allies, must be to avoid war, by postponing the date at which the Ogarkov Plan's maximum option could be implemented. All of the measures taken to this effect center upon providing Moscow a known and assured penalty substantially greater than the maximum level of Soviet losses "acceptable" to the Soviet command, and by deploying rapidly a strategic and tactical ballistic missile defense, and neutron-bomb and related enhancement of counter-measures against naval and armored assaults by Warsaw Pact forces.

2.11 The first measure must be an operational doctrine of "launch on warning": Maximum Deterrence. (A) If more than a few missiles of the types capable of conveying thermonuclear warheads are deployed, a full-scale, "all birds fly," bombardment of all first and second priorities of Soviet and Warsaw Pact targets must occur automatically. (B) NATO will not accept limited nuclear warfare, "theater-limited" or other; the first launch of Soviet missiles in numbers exceeding several, is an automatic trigger for "all birds fly" bombardment of Soviet targets. (C) "Second Strike" is defined as the firing of reloads, plus airborne strategic weapons assaults. (D) This policy must be known and assured to the Soviet command.

2.12 The second measure is complementary to the first. NATO will not accept so-called "conventional" warfare in the European theater. Any assault will be met instantly by deployment of tactical nuclear devices, including enhanced-radiation devices, and such other existing capabilities for neutralizing such assault at the borders of the Federal Republic of Germany, or any other NATO nation whose territory is assaulted. The next phase of escalation is "all birds fly."

2.13 Improved ICBMs and IRBMs must be produced and deployed at rates comparable to Soviet deployment of such launchers and reloads. Mass-production of "cold start," "precision-targeting" missiles, is a priority for making "launch on warning" deterrence credible and efficient.

2.14 Strategic and Tactical missile-defense must be developed and deployed in a "crash program" mode.

2.15 Measures of civil defense, especially in matters of food-supply and medical capabilities, must be launched at the greatest rate possible, with January 1988 target-dates adopted for establishment of a 12-18 month food-supply.



**NATO Secretary General
Lord Peter Carrington
(center)**

2.16 Security measures in port-cities of the United States and Western Europe, including strategic BMD point-defense measures, must be supplied, with January 1988 target-dates for deploying every possible means of point-defense.

2.2 All NATO countries and their allies must commit themselves to immediate and continuing programs of economic mobilization, providing both necessary military means and logistical strength in depth. All otherwise idled capacity of agriculture, basic industry, and the machine-tool industry must be utilized, and those categories technologically upgraded at the most rapid rate possible.

2.3 Tactical capabilities for resisting sea-borne, land, and air-borne assault in the European theater must be increased to the degree that war, if fought, will be carried immediately to Eastern European territory, abandoning withdrawals in the Federal Republic of Germany. Enhanced-radiation devices are presently indicated as leading features of resistance to naval and armored assault. This must be an immediate-response capability, constantly mobilized.

3.0 Strategic and tactical BMD

3.1 The development and deployment of existing "new physical principles" of technology shifts the balance of warfare, from absolute superiority of the offense, toward superiority of the defense. The key to this lies in the fact, that these types of defensive weapons-systems have an order of magnitude or greater superiority in firepower and mobility, and an implicitly realizable order of magnitude of superiority of costs of defense relative to costs of offense.

3.2 Strategic BMD and its "spill-overs" into tactical applications, are based upon primary and secondary technologies. The primary technologies are those which define the firepower and mobility of the weapons-systems; the

secondary technologies are those needed to assist the deployment of the primary technologies.

3.21 The primary technologies are: (A) Controlled fusion of plasmas; (B) Coherent, directed beams of energy; (C) Optical biophysics.

3.22 The secondary, or auxiliary technologies are those required to manufacture primary technologies' devices, or to detect and acquire targets, to aim at those targets, and to position primary systems for their assigned functions. These include improved computer technologies, such as parallel processing and improved analog-digital technologies. These include the supporting role of so-called "biotechnology" as supplementary to optical biophysics.

3.3 The potential gain in cost-advantage for defense, is twofold. Firstly, intrinsically, developed systems of defense, using "new physical principles," require less energy of combined production and deployment to kill a missile, than the combined energy of production and deployment of the missile they kill. Secondly, the "spill-over" of these technologies into civil production, increases the productivity of operatives qualitatively as well as quantitatively. This twofold cheapening of the cost of production of defense, increases the firepower and mobility per-capita of the NATO countries, to the degree that NATO's defense is qualitatively superior to Soviet offense.

3.31 On the first count, it should be standard practice, to compute the average cost of killing a Soviet missile, and compare this with the cost of producing and deploying such a missile.

3.32 In the first phase of the Strategic Defense Initiative, the objective is to turn known varieties of principled capabilities into weapons which work, at any price, and to deploy these as rapidly as workable prototypes are produced.

3.33 In the second phase of SDI, the objective is to realize the gain in cost-effectiveness, such that: Given two powers with equal balance of combined offense and defense, and equal economic potential, the one which emphasizes the more the defense will win the war, because it can buy effectively more defense than its opponent can buy offense.

3.34 It must be NATO strategic doctrine, to deploy SDI-related technologies to effect rapid decreases in the per-capita costs of defense to the NATO countries as a whole. SDI technologies must spill over into the civil economies, to cause rapid increases in the per-capita physical-goods output of the NATO members and their allies. This must be accompanied by measures to steer the flow of investment away from so-called "post-industrial" shifts in the structure of economies, toward very-energy-dense, capital-intensive modes of employment of operatives in production of physical goods.

3.35 NATO's doctrine of strategic technology, must focus upon the fact, that a three-fold to four-fold increase in the energy-flux-density at the point of production, above present modes, means a qualitative advantage in terms of redefining the meaning of the terms "materials" and "natural resources." The combined development of controlled fusion and directed-energy systems, requires and makes possible the production and processing of new kinds of ceramics, signifying a revolutionary transformation in the metallurgical and machine-tool sectors. The transduction of very-high-temperature plasmas into coherently organized, directed-energy systems, must be at the center of policy-targets, by means of which the spectrum of "raw materials" is advantageously redefined, and metallurgy and machine-tool technology advanced by an order of magnitude or more.

3.36 To achieve these indicated objectives, the combined images of Leonardo da Vinci, Leibniz, the 1794-1814 Ecole Polytechnique, Gauss, and such successful "crash programs" of the twentieth century as the Manhattan Project, Peenemünde, and the pre-1967 postwar aerospace research-and-development, must be the adopted conceptual reference-points for development and deployment of both military and civil applications of "new physical principles."

3.4 To accomplish these urgently needed results, the NATO countries must supply preferentially low prices and quantities of credit for military and civil production essential to the development and deployment of military and civil applications of "new physical principles."

4.0 Strategic depth

4.1 Just as civil production is the depth of military capability within nations, the scale and productivity of physical-goods output of developing-nation and other trading-partners are an essential part of the strategic depth of the NATO countries and their allies as a whole. The political, social, and economic stability of these trading-partners, and their technological progress and increase of productivity in

per-capita physical-goods output, is a most vital strategic interest of the NATO alliance.

4.2 It is therefore an essential part of competent strategic doctrine of NATO, that national currencies be pegged to the relative physical-goods purchasing power of those currencies in the internal economy of the national currency, and that stable currencies be established and maintained through such energy-intensive, capital-intensive modes of technological progress as increase the per-capita physical-goods-output of the entire labor-force of each and all nations.

5.0 The question of will

If we do not adopt military, monetary, and economic policies to the effect indicated here, it must be concluded that we are unwilling to adopt policies and measures indispensable for achieving effective strategic depth, and that we are therefore not truly serious about defense of civilization against the Soviet imperial offensive now being positioned for an onslaught as early as approximately 1988.

If we lack the wisdom and will to employ all such means as are necessary to an efficient strategic defense, then it must be judged that our nations, like the Roman Empire before us, will fall prey to the barbarians because we have lost the will to change those strategic, monetary, and economic policies adequate to the continuation of our society.

In this universe, there are laws, which scientific discovery may place increasingly at our advantageous disposal, but which nations may not defy except that such nations be crushed in consequence of such defiance. Against the laws of the universe, the contrary opinions of the mere gods of Olympus are the cause of both death of those gods and also of those credulous nations and peoples which permit themselves to be misled by awe for the Olympians.

The imminently crushing menace of the barbaric pestilence about to launch itself from the east of Europe, is an affliction which could not efficiently menace us, had we not ourselves erred, in adopting and tolerating wrong turns in strategic and related policies over the course of, most emphatically, the recent twenty years.

There is, repeatedly, in the history of nations and empires, the recurring *punctum saliens*, at which point nations either abandon policies in defiance of the laws of the universe, or by choosing to refuse those changes in policies flowing from such laws of scientific and technological progress, such nations choose to be conquered or even swept from the pages of future history.

Such a *punctum saliens* is now. The NATO countries have all but exhausted the possibility of efficient resistance to conquest and enslavement. If we can not change our policies now, we are left with no resorts but either, disgusting surrender, or to make the nobility of our heroism in defeat memorable and inspiring to the cause of some future renaissance.

Papandreou's re-election: the 'Sarajevo' of World War III

by Lyndon H. LaRouche, Jr.

As the result of a series of catastrophic blunders and vacillations by the U.S. government, the Greek general elections of June 2, 1985, have moved Greece effectively out of the NATO alliance, and into the Soviet sphere of strategic influence. Prime Minister Andreas Papandreou is a Soviet puppet, and the country is actually ruled by the Soviet ambassador to Athens, Igor Andropov, the son of the former Soviet KGB chief and president.

Even before the June 2 elections, Prime Minister Andreas Papandreou moved toward imposing a military dictatorship. After one Greek police unit intercepted trucks bringing in loads of forged Greek-election ballots from Bulgaria, Papandreou's government intervened to disarm certain local police forces. By June 1, Papandreou-controlled military forces had seized control of key civilian communications-centers. By June 3, deployment of Papandreou's military forces against the civilian population was stepped up.

Prime Minister Papandreou

The key to Andreas Papandreou, is the shadowy Michel Raptis, aka Michel "Pablo," former leader of the international Trotskyist organization, the "Fourth International." "Pablo" has been closely associated with Papandreou since the present prime minister's association with Trotsky, back during the 1930s. It was "Pablo" who controlled Papandreou during the 1967-74 period. It was "Pablo," whom Prime Minister Papandreou called back to Greece, to supervise the reorganization of the Greek intelligence services.

Pablo, is like Rudolf Hess, Soviet Chekist Henri Curiel, a product of the Levantine exile-community in Egypt. He is, at the same time, a leading Trotskyist, and, together with Ahmed Ben Bella, closely associated with the Lausanne, Switzerland-based Nazi International of François Genoud. He is famous as a gun-runner, broker of forged documents, counterfeiter of U.S. currency, and terrorism-recruiter. While officially Cypriot consul on Algeria, he was appointed minister without portfolio to the Algerian government of Ahmed Ben Bella, and after Ben Bella's ouster, moved into Syrian terrorist operations. He was a key figure in introducing Syrian terrorism into Europe at the point of Yuri Andropov's rise to leadership of the Soviet KGB, and has appeared off and on again in the role of a Soviet Chekist over the years. Inside the Trotskyist Fourth International, "Pablo" was notorious for imitating exactly the organizational methods which Soviet Chekists use to control "front groups." In the trial of confessed Soviet spy Arne Treholt, in Norway, Treholt has disclosed that it was a "New York City cell" of the KGB which initially recruited Treholt to the Soviet KGB; the cell identified is one run by "Pablo" during the 1967-74 period of Papandreou's exile, in conjunction with the exile branch of the Greek Communist Party (KKE).

Ambassador Monteagle Stearns

Another mysterious figure in the Pablo-Papandreou case, is former CIA figure Monteagle Stearns, currently the U.S. ambassador to Athens. Mutually corroborating reports state, that during the period that Andreas Papandreou reputedly

worked for the U.S. Central Intelligence Agency, Stearns was Papandreou's controller. The usual public sources provide no significant background-information on Stearns, but the behavior of the U.S. embassy in Athens causes Ambassador Stearns to be viewed as a dubious figure.

EIR's on-the-ground contacts with high-level circles in Greece and strategic specialists on Greece in other NATO countries, show that the reports on the Greek situation being issued from the U.S. State Department have been wildly falsified. This is not necessarily proof that Ambassador Stearns himself is personally responsible for wildly disinforming the President and the defense department on the Greek situation, except that an ambassador with Mr. Stearns' CIA background and connections should have been able to smuggle truthful reports on the Greece situation back to high levels of the intelligence community, and Stearns, in particular, should have known that Papandreou's election-victory would bring the world close to the threshold of World War III.

Mr. Stearns was in a position, as an experienced intelligence professional, to know exactly who and what Papandreou is, and also to know the implications of KGB control over Papandreou's party (PASOK) and government.

Perhaps Mr. Stearns is not personally responsible for the State Department's almost treasonous role in disinforming the U.S. government. He should have realized that the President urgently needed to know the danger of State Department lying, and should have risked his diplomatic career, if necessary, to see to it that the truth was transmitted through the proper regular and irregular channels. He might, at least, have followed the example of the U.S. ambassador to Romania.

The Kissinger legacy

According to all highly placed Greek and specialist sources consulted, the most visible architect of the Greek tragedy is former Secretary of State Henry A. Kissinger. Kissinger's actions, leading into Soviet takeover of Greece, begin with Kissinger's leading role in toppling the government of the "Greek colonels."

The scenario which Kissinger deployed, to overthrow the Greek colonels, and to bring 40,000-50,000 KGB-trained operatives into Greece, began with orchestrating a series of destabilizations of Cyprus, featuring the same Cypriot official who was "Pablo's" backer, and an upsurge of Turkish-Greek conflict on the island. This Cyprus crisis was used to orchestrate the coup against the colonels in Greece.

The next critical phase in the bringing of Greece under Soviet control was the assassination of CIA Athens station-chief Richard Welch. Facilitated through the left-wing U.S. Institute for Policy Studies, and the Eli Lilly-funded Soviet asset Philip Agee, the assassination of Welch was a key part of eliminating CIA effectiveness in the eastern Mediterranean. This assassination, in the context of Walter Mondale's

and Admiral Stansfield Turner's elimination of most of the CIA "human intelligence" capability, made the Soviet KGB the dominant intelligence-force inside Greece in particular, and the eastern Mediterranean in general.

Beginning 1974, and accelerated under the Carter-Mondale catastrophe, the U.S. relations in the eastern Mediterranean and Greece in particular, began to be reversed, away from the aftermath of the Truman Doctrine, in the direction which has led to the Soviet takeover of Greece now. Although Kissinger was more the errand-boy for these policy-changes, than actually the author of the policy-shifts, Greeks and others are right in judging that the ruin of the U.S. strategic position in the Mediterranean has Kissinger paw-prints all over it.

Next targets: Turkey and Yugoslavia

As of June 2, Greece was already out of the NATO alliance in all but name. No doubt, the Soviet KGB will keep Greece technically in NATO for a short time, in order to use Greek threat of pull-out from NATO to blackmail the Geneva arms-negotiations. Now, Moscow has Greece in the status of an associated partner of the Warsaw Pact almost any time Moscow so chooses. However, rather than consolidating that option immediately, Moscow will tend to exploit the Greek situation in each and every way this might be used as a diplomatic bargaining-chip to negotiate U.S. dropping of the SDI at Geneva. We must expect that Secretary Shultz's State Department and Kissinger, will pull every string needed to assist in having the SDI negotiated away.

Greece's formal pull-out from NATO is not necessarily the most immediate threat. The immediate threat, is that Papandreou's re-election will be used for a Soviet-directed coup d'état in Greece, eliminating the tattered remains of the already shattered Greek constitution, and placing Greece under a Soviet-directed secret-police dictatorship. That coup, if it comes, will be a "night of the long knives," as KGB-trained members of families on the KKE side in the Greek civil war take their long-nourished revenge against next-door neighboring families. At that point, the KGB will control Greece from the inside, without fear of serious opposition.

Beyond such rapid deterioration of the internal situation in Greece, the most obvious target will be Turkey. Moscow and Papandreou's government will seek to provoke Turkey into some state of active military hostilities. An orchestrated flare-up on Cyprus is one of the options to be watched closely. Or, some flare-up concerning the Aegean islands will be used as the trigger. Or, a combination of a Cyprus crisis and some Aegean-islands affair. The Turkish government and military are sensitive to the possibility of such provocations, and will not be easily baited. But, given the performance of the State Department recently, and Kissinger's increasing voice in the Reagan administration's foreign-policy negotiations in the Near East, as well as South America and the Pacific, we can

not rule out an early Greek-Turkey crisis of the sort which Papandreou and his KGB masters desire.

Turkey is now placed in a dangerous position. On the south, Soviet-allied Syria is gobbling up the bloody ground of destroyed Lebanon, with complicity of the Bronfman-Riklis-Kissinger-Sharon cabal's grab for total power in Israel. If Prime Minister Shimon Peres and what he represents in Israel, continues to be weakened by State Department and Kissinger operations, Israel will shift away from the United States, toward "realistic" accommodations with growing Soviet regional power in the eastern Mediterranean. Syria itself, apart from being the center of international terrorism today, has a capable and dangerous Sufist intelligence service, as well as a growing military capability in the region. Syria is the center for separatist and "fundamentalist" insurgencies throughout the Mediterranean.

From the north, Turkey's immediate chief threat comes from Bulgaria, which is already making moves preparatory to occupying most of European Turkey. The drift of Soviet-Bulgarian policy is to squeeze semi-isolated Turkey into a deal under which Turkey keeps Istanbul, but gives up the rest of the region to an emerging resurrection of the old Bulgarian empire.

If both Greece and Turkey are pushed effectively out of the NATO alliance, and if Soviet-controlled Iran topples Saddam Hussein in Iraq, and if Syria-Qaddafi insurgency destabilizes Egypt, the U.S. SLBM "second-strike" capability against the Soviet Union is reduced to a total of seven Trident submarines.

The other major threat flowing from Papandreou's reelection, is the threat of dismemberment of Yugoslavia, among Serbia, Bulgaria, Albania, and Venice-Trieste. The key to this is a simultaneous insurgency among the Kossovo, Macedonian, and Croatian regions of Yugoslavia, which impels Serbia to emerge, under Soviet protection, as a newly autonomous state, while Macedonia goes to Bulgaria, Kossovo to Albania, and Catholic Croatia's autonomy is mediated through Venice-Trieste sponsorship.

That is the end of NATO's entire southern flank. This is coupled with Soviet neutralization of NATO's Scandinavian northern flank. Meanwhile, if Genscher pulls down the coalition government of Chancellor Helmut Kohl, as Genscher is now openly threatening to do, Soviet-allied Willy Brandt's Social Democrats come to power in West Germany, leading to Soviet "Finlandization" of all Western Europe at a rapid rate. Were the State Department's Richard Burt appointed ambassador to Bonn, these events would now be virtually inevitable.

President Reagan's 'Achilles heel'

The key to the wave of pro-Soviet disasters in recent European elections is President Ronald Reagan's continued support of the monetary and economic policies which his

administration inherited from the Carter-Mondale administration.

The unfortunate fact is, that President Reagan has not the slightest knowledge of what is actually happening in the economies in the United States or world-wide. In all probability, he sincerely believes in a 1983-84 "economic recovery," as sincerely as that the Emperor in the famous Hans Christian Anderson fairy-tale ran naked in the streets, believing he was wearing the world's finest suit of clothes.

Recently, immediately following President Reagan's otherwise successful visit to West Germany, the pro-Soviet Social-Democrats won by a landslide in the state of North Rhine-Westphalia, because of the massive unemployment caused in Germany's Ruhr by the President's U.S. economic policies. True, it was chiefly the State Department and Britain's Lord Carrington, Kissinger's business-partner, who enabled Papandreou to carry the June 2 elections; but, it was the economic conditions in Greece, created by Reagan's economic policies, which created the potential for a KGB victory in the first place.

Throughout the world, pro-U.S. governments are falling, because of the President's continued support for the economic policies of the Carter-Mondale administration.

The President says repeatedly, as he said on nationwide television on May 28, 1985, that the United States is in the greatest economic recovery in 30 years. Certainly, the President is sincere; he is sincerely ignorant of the simplest facts. The United States banking-system is bankrupt; the U.S. economy is bankrupt. True, the policy which caused this bankruptcy was the 1972 Azores agreements, the 1975 Rambouillet agreements, organized by George Shultz and Henry Kissinger, and the Volcker policies of the Carter-Mondale administration; but, most of the collapse of the U.S. economy caused by those policies, occurred under the Reagan administration, and the deepest collapse of agriculture and basic industry so far, occurred during the years 1982-85.

President Reagan is a likable person, who has done many good things; but, so far, he doesn't know even the simplest facts about the economy. In performance, his administration has been an economic disaster. It is his economic policy which is delivering the world into the hands of the Soviet empire, perhaps by about 1988.

All Soviet policy is now directed toward destroying the power of the United States, and establishing a Soviet world-empire by the year 1988. On this point, the liberals in the Congress and elsewhere are behaving in exactly the same way Soviet-controlled traitors would behave. But, in economics, the President is his own worst enemy.

The President must clean out the State Department, send Kissinger on a permanent mission to the Galapagos Islands, and clean out the gang of Donald Regan, David Stockman, James Baker III, and Paul Volcker: otherwise, President Reagan will probably be "the last President of the United States."

Papandreou: lawless, tyrant, traitor

by Phocion

Andreas Papandreou, Greece's Socialist prime minister, survived the general elections of Sunday, June 2, 1985. His nation did not. The international strategic issues that were played out in that election were such that it is questionable whether the world, too, will ultimately survive the debacle of Greece's fall into the Soviet sphere of strategic influence on June 2, 1985.

For reasons that will become evident to doubting Thomases, far too late for their own good, the nation of Greece is now a Trojan Horse of Moscow within NATO's citadel. The latter day Trojans in the West who disbelieve this Cassandra's warning are not likely to fare better than King Priam's charges.

The internal and external military circumstances of that election were conspicuous: In nearby Bulgaria, joint Soviet-Bulgarian military maneuvers were taking place on election day, during which both Soviet and Bulgarian combat aircraft took the opportunity to repeatedly violate both neighboring Turkey's and Greece's air space. Within Greece, Papandreou, who is also the defense minister, deployed military units at radio and television stations and relay facilities and troops in civilian attire all across the so-called "political" quarters of Athens, stretching from the Army Mutual Fund building to Parliament building across Constitution Square. Army units were on their traditional low-level alert status as always on election day, except for units deployed along the Greek-Bulgarian border. There, on Papandreou's orders, all conscripts and officers suspected of harboring political allegiances hostile to the prime minister were disarmed, sequestered, and placed under observation.

The extent of Bulgarian penetration in that area cannot be ascertained because of the secrecy shrouding that isolated area of the country. Suffice to report the following two incidents: One Lt.-Col. George Plakantonakis commanded the critical Communications Battalion of Kavalla in northern Greece until a few days before the election. The battalion in question is assigned to secure and cover all military communications in that border area and also to monitor both overt and clandestine communications of nearby Bulgaria. Suddenly, the colonel ended his military service and appeared as the leading candidate on the election lists of the Greek Communist Party in the nearby town of Drama.

A second episode involves the discovery of Bulgarian

trucks importing into Greece Greek election ballot boxes stuffed with pro-Papandreou ballots. Given Papandreou's present control over law enforcement and military institutions, the extent of Bulgarian involvement in the 1985 Greek elections will become known only if his lawless regime is, one day, replaced.

Apart from direct Bulgarian tampering, the election results were "fixed" by a variety of means, both traditional in Greek elections and novel. The novelties included a deal between Papandreou and Greek Communist Party General Secretary Harilaos Florakis, consummated in the latter's Athens residence on Saturday, June 1, during a visit Papandreou paid him that night. In exchange for commitments which will soon become evident, Florakis gave instructions for a certain portion of Communist Party voters to cast their votes for Papandreou's party, the PASOK. It is generally estimated by on-the-ground observers in Greece that, of the 45.8% plurality won by Papandreou, 4.5% is accounted for by Communist Party votes deriving from this agreement.

In addition, in many election districts where tight races were run, inordinate amounts of ballots cast for the conservative opposition New Democracy Party were declared invalid by election judges. Ballot stuffing, ballot "fixing," and vote stealing were compounded by traditional coercion and intimidation of voters—especially farmers dependent on state subsidies, and civil servants.

The effect of these techniques, added to the 4.5% Communist Party votes, produced not a majority but a narrow plurality for Papandreou's party. His opponent New Democracy Party trailed him by exactly five percentage points at 40.8%. He turned his fictitious plurality in popular votes into an absolute majority in parliamentary seats because, right before the election, he changed the election law so as to be able to redistribute votes (and parliament seats), from the parties with the smallest number of votes to the one with the greatest relative plurality.

Recounting these facts is useful for the incredulous: The parliament which rules Greece today is an illegitimate parliament; the bastard child of a fraudulent election. And that bastard is owned, soul and body, by Andreas Papandreou. The deputies filling its chambers were not elected by the people in direct elections. Incredible as it may sound to West-

ern political practitioners, the elections held in Greece on June 2 were not direct parliamentary elections. The voters were not allowed to vote for the deputy candidates of their choice. Mr. Papandreou's reform of the election law eliminated the voter's right to elect legislators. The voters could only vote for parties; Papandreou personally handpicked who the legislators would be. It is as though the next congressional elections in the United States were to be held without state primaries and, when you arrived at the voting booth, you, say a Democrat in Louisiana, had to vote for your congressman, a strange man handpicked by Walter Mondale of Minnesota.

Andreas Papandreou organized a Soviet-style election. He won a Soviet-style election. To win, he employed Soviet-style techniques. And Moscow-directed, Communist votes. Not only is the result of this election, the Parliament and its prime minister, illegal; the election itself is the result of a series of violations of the Greek constitution committed by Papandreou. Therefore, for the record, and for history, we inscribe the fact that both the election of June 2, 1985 and its result, the present Parliament, are, in fact, illegal.

The Papandreou regime is beyond the pale of law.

The Periclean precedent

The international strategic issues which propelled Papandreou to so indulge in his innate proclivity to lawlessness and tyranny are such that the Greek nation, as a nation, may not survive and probably will not survive. A bitter conclusion for this writer to draw.

This particular bitterness pales into insignificance when the loss of the Greek nation is seen in the vastly greater perspective of the imminent disintegration of NATO's European—and thus global—defenses.

In Prime Minister Andreas Papandreou's inner councils, behind the backs of his hapless parliamentary deputies, behind the backs of his "new breed" of manic, self-admiring Foreign Service appointees, in the inner councils where only few tread, such as Agamemnon Koutsogiorgas, "Jerry" Arsenis, Margaret Chadd, Carolos Papoulias, Michael Ziangas, Michel "Pablo," the belief prevails that their little team running Greece is playing a prominent role in reshaping the political and strategic map of Europe. The private rationalization among these persons is that they, in concert with Lord Carrington's "school of thought," are leading Europe into an independent military status, free from the United States and the Soviet Union. Papandreou's collaborators flatter themselves that they are blazing a new trail of history, asserting "Europe's independence" from the United States.

It won't wash. Papandreou and his wife are Soviet agents in precisely the technical sense of the term as it applied to convicted Arne Treholt and Günther Guillaume, his close associates. For us who know, Papandreou's personal life, proclivities, and preferences have for many years provided more opportunities for KGB blackmail than the pathetic Arne

Treholt's known vulnerabilities. Similar stories can be recounted for his circle of immediate collaborators. Both Papandreou and some of his entourage have for years been Soviet-controlled assets, pursuing Soviet foreign policy directives and pretending, mostly to others, occasionally to themselves, that they are simply "renovating NATO" according to Carrington's prescription.

The June 5-7 conference of NATO's foreign ministers is the circumstance which situates the significance of Papandreou's June 2 re-election. In that meeting, Lord Carrington's strategic policy came into full play. Simply put, it is Neville Chamberlain's policy in the nuclear era. Carrington, with assistance from Hans-Dietrich Genscher, (Papandreou's intimate) Roland Dumas, and George Shultz himself, issued a NATO policy which commands the United States to keep its strategic forces within "SALT II levels," in the face of massive Soviet violations, to "observe the 1972 Anti-Ballistic Missile Treaty" after the Soviets have torn it to

Make no mistake: Andreas Papandreou created anti-Americanism in Greece. Contrary to State Department "analyses," Papandreou was not swept into power at the crest of a genuine, spontaneous wave of anti-Americanism. Papandreou, with crafty help from Henry Kissinger, created this pathetic, cowardly, and insolent anti-Americanism.

shreds and, essentially, to repudiate President Reagan's Strategic Defense Initiative—perhaps the only remaining chance to resist global Russian imperial diktat.

There is a background of harsh military realities behind this treacherous appeasement: Since approximately 1977, the United States has fallen into a status of decisive strategic inferiority with respect to the Soviet Union. Ten years after McGeorge Bundy's 1967 doctrine of Flexible Response, the United States found itself not only unable to "defend Europe," but with its own home "deterrent force" thoroughly compromised. Contrary to Papandreou's trite cheap shots at "American imperialism," the only imperial power on earth today, one which is capable of dictating its will even upon the United States, is the Soviet Union.

Lord Carrington's scheme for an "independent" Europe is merely an attempt to sugar-coat the imminent transformation of Europe into a Russian satrapy. Papandreou's and PASOK's brave anti-American rhetoric is a cheap shot. It

doesn't take guts to display anti-Americanism in a Europe already overwhelmed and terrified by Soviet arms. Ignorant Greek youths may imagine anti-Americanism to be a badge of heroic defiance. It is, in fact, the height of docility when, with a Russian pistol at your temple, you scream anti-American slogans and hurl them at an America already half on its knees.

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In two respects, is Papandreou tragically similar to the ancient Athenian politician Pericles, the one of undeserved Golden Age fame: Greece under Papandreou is like Athens under Pericles, according to Thucydides' immortal aphorism: "In name, a democracy; in fact, one man's rule."

Papandreou's tyranny over Greece is similar to Pericles' also in this: Pericles was a traitor who sold all of Greece to the Persian Empire, ruthlessly murdered the Athenian patriot-republican elite, the Areopagos party of Solon and Solon's successors, Aeschylus, Miltiades, the victor of the battle of Marathon, his son Cimon, their generals and their political associates who were following in the tradition of Aristides, "The Just."

Pericles and his party, founded by one Ephialtes, a "Michel Pablo" of his day, destroyed republicanism and Solon's tradition in Athens for the same reason that Papandreou has shredded the present Greek Constitution today: in order to shift the international alliances of Athens and cause a fundamental shift in his state's foreign policy. The Periclean program, as surviving documents show, called for an end to the—successfully prosecuted—war against Persian imperialism, and alliance with the Persian King, an end of the Athenian alliance with the republican-leaning factions of Sparta and a war against Sparta.

The Periclean program was adopted by means of vote fraud and vote "fixing." It led directly to the 30-year Peloponnesian War and the complete destruction of Athens. Athenian republicanism never rose again, with consequences which proved absolutely momentous for the future of world history.

Now Papandreou: His nation, modern Greece, became a sovereign nation-state in the year 1827, as a consequence of a train of events which had been set in motion by the American Revolution of 1776. No sovereign nation-state in the legal/constitutional sense we understand the term had ever existed in the world prior to that American Revolution. Greece's own real founding father, the great Adamantios Coray, knew better than most in what way the modern Greek state owed its existence to America. Papandreou was called upon to preside over this nation's fortunes at a time in which the very existence of this America, fallen in bad times, ex-

hausted, demoralized, with its national purpose almost forgotten by its people and daily betrayed by its corrupted politicians, has come to be doubtful.

Papandreou has aligned his nation with the strong of the day, a Soviet Empire which has inherited the legacies and political ideals of the oriental empires of old. His allies' final success will spell his own nation's demise. Unlike the treacherous Pericles, Papandreou is likely to live long enough to see that demise with his own eyes.

To his Greek patriot friends, this writer can say that his forecasts, so like those of General Phocion of olden times, need not be proven true by future developments. Their nation can yet be, only if they proceed without illusions. The reality they have to face is that Greece is now lost. Its history, its culture, the revered shrines of its antiquity, its people and their institutions, all that which Greece once meant to the world and what it might once again mean in the future, they are all in the hands of Moscow, the Third Rome. Greece's ship of state is a wreck on the craggy promontory of the

The reality to be faced is that Greece is now lost. Its history, its culture, the revered shrines of its antiquity, its people and their institutions, all that which Greece once meant to the world and what it might once again mean in the future, are all in the hands of Moscow, the Third Rome.

Sirens, and the treacherous, foolish Papandreou at the ruined helm. You have lost Greece.

Face this fact and then draw from within you the resources required not for saving a nation, for it is too late for that. Greek patriots' task is to *revive* a nation slain in the hand of the Russian imperial proconsul, Igor Andropov. The world strategic stakes played out on their soil in the June 2 election were no less significant than those over which the Persian Wars of 490 and 480 B.C. were fought. The election was a sort of Thermopylae in which the Persian imperial host won. Unlike in the original Thermopylae, these were bloodless, because the Greeks did not fight. Ephialtes and not Leonidas commanded them this time. From this national calamity to organize a victorious Marathon, many and great sacrifices will be required. Greek patriots will be chastised; they will live with disaster; suffering will purge their folly as though living through an Aeschylean tragedy. All they have left to live by, ironically, is this one exhortation from Aeschylus: *Aelinon, aelinon eipe, to d' eu nikato.* (Utter the funeral dirge, the funeral dirge, yet let Good prevail.)

Ogarkov takes charge of 'secret' maneuvers

by Konstantin George

Two singular developments involving the Soviet military leadership occurred during the first week in June, both of which placed renewed emphasis on the U.S.S.R.'s unremitting drive to perfect and complete all training and hardware preparations necessary to launch and win a war against the United States and NATO by 1988.

The first was noted during the combined maneuvers of the Soviet and Czech armed forces on Czechoslovak soil, near the West German border, from May 25 to May 30. Well-informed West German defense sources have confirmed, and noted with alarm, that these maneuvers were commanded not by the Commander of the Soviet forces stationed in Czechoslovakia, General Yermakov, but by the Commander in Chief for all wartime operations against the United States and NATO, Marshal Nikolai Ogarkov.

The official Warsaw Pact statement marking the end of the maneuvers mentioned a military gathering on May 30, with the following revealing phrase: "Among those present were the Commander of the Central Group of Forces [as the Soviet troops in Czechoslovakia are called], General Yermakov. . . ." Also present were Czech Defense Minister Vaclavik and Soviet Warsaw Pact representative Gen. Ivan Voloshin.

It was clear from these formulations, to West German specialists in such maneuvers, accustomed to reading between the lines of Soviet military bulletins, that if these gentlemen were "among those present," then others—unnamed—were also there, and that one of them was indeed the commander of the maneuvers. That commander was none other than Marshal Ogarkov.

Since assuming his wartime post in September 1984, Marshal Ogarkov has been shuttling among the Soviet Armies in East Germany, Poland, and Czechoslovakia, and the Second Echelon Soviet invasion troops, based in Byelorussia, the Baltic area, and the other Military Districts of the western Soviet Union. Contrary to reports in the Western news media that his transfer from the post of Chief of the General Staff to his current position was a "demotion," he has instead overseen a far-reaching transformation of the Soviet armed forces (see *EIR*, March 5, "Soviet military creates a wartime High Command").

The maneuvers in Czechoslovakia not only had no offi-

cially named commander, but also, no name. They were begun with no visible preparations, or signs that something was about to begin. This will be the case with the majority of Soviet and Warsaw Pact maneuvers that will be held throughout the coming summer and fall, and in the next two years as well. It's all part of what is required to perfect the art of mounting, by 1988, a surprise strike from a standing start, against the United States, and a surprise ground, air, and amphibious attack on Western Europe.

The placing of the Czech maneuvers under control of Marshal Ogarkov, the wartime Commander in Chief, was not a "one-time only" move. Observers expect that Ogarkov will personally direct each of the key upcoming maneuvers in Eastern Europe and the western Soviet Union.

The offensive strategic build-up

The second remarkable development concerned Ogarkov's protégé and successor as Chief of the General Staff, Marshal Sergei Akhromeyev, who wrote a lengthy article for *Pravda* of June 3, announcing that the Soviet Union will increase its strategic offensive weapons (land- and sea-based ICBMs). Akhromeyev lied that the U.S. Strategic Defense Initiative was a violation of the 1972 ABM Treaty, and declared that if the United States persists with the SDI, not only can there be no "reductions" in nuclear arms, but this will lead to "an increase in strategic offensive weapons."

Akhromeyev piously denied Russian violations of the ABM Treaty and ongoing Russian efforts to develop a breakout in ABM technologies. He denied the function of the Krasnoyarsk phased array ABM radar facility, by saying that Krasnoyarsk "is intended for the observation of objects in space. . . . It has no relation whatsoever to a missile attack early warning system." As if a missile, after launch, does not become "an object in space"!

The Soviet announcement that it will increase strategic weaponry, follows the U.S. Congress's vote to unilaterally slash 50 MX missiles from its missile modernization program. To promote further cuts on the American side, and to buttress the position of such modern-day Neville Chamberlains as U.S. Secretary of State George Shultz and West German Foreign Minister Hans-Dietrich Genscher, General Akhromeyev extended an offer for the most sizable "deep cuts" missile reduction yet, if "only" the United States would agree to abandon the SDI.

"The Soviet Union has already suggested that strategic offensive arms be reduced by a quarter," he wrote. "It is possible to make even deeper cuts in the case of the non-militarization of space. There is no other way to resolve this question."

Defense sources in Europe were struck by this formulation. Not only was it in contrast to the non-quantified standard "deep cuts" phrase; it was also significant that the authoritative Soviet military, writing in the Communist Party daily *Pravda*, was upstaging and updating what "the Soviet Union has already suggested."

Fundamentalists plot hot Maghreb summer

by Thierry Lalevée

The Islamic fundamentalist Nazi Ahmed Ben Bella, former Algerian President and a Soviet asset, has been a very busy man in recent weeks, traveling abroad and receiving many guests in his new offices of Montreux, near Lausanne, Switzerland. One guest was radical Black Muslim leader Louis Farrakhan of the "Nation of Islam" in the United States, who on embarking on a 30-day Middle East tour at the beginning of May, stopped by Ben Bella's office to receive letters of introduction to many regional leaders.

Farrakhan, of course, was the recent recipient of up to \$30 million in funds from another fundamentalist Nazi and Soviet asset, Libya's Col. Muammar Qaddafi, who called upon American blacks to revolt in a closed-circuit television message to a Farrakhan-sponsored conference in Chicago.

Another guest was Ali Reza Mo'ayeri, the Iranian chargé d'affaires in Paris who began his diplomatic career in November 1979 by entering the premises of the American embassy in Teheran to take the entire staff hostage. Later that year, he took part in the violent assault on the mosque in Mecca, and afterward went to work for Libyan and Syrian intelligence services, in Teheran, and in the Bekaa Valley in Lebanon.

Between hosting these guests, among others, Ben Bella paid a surprising visit to Saudi Arabia and the Gulf at the invitation of leading Saudi princes who thought it best to pay him blackmail money, for the better security of the kingdom.

For Ben Bella, this is a "reactivation." After last year's creation of his Arab Democratic Movement, which aimed at "liberating" all Muslim lands, Ben Bella was hardly heard from, given the total inability of his followers to mount any successful operations against his arch-enemy, President Chadli Benjedid of Algeria. Ben Bella, a protégé of Nazi International banker François Genoud of Lausanne, was the "most popular Algerian leader . . . outside of Algeria," commented the French daily *Liberation*. His prestige was severely shaken when in early January, some of his close collaborators, including his former intelligence chief, his former justice minister, and his nephew decided to accept Chadli's offer of amnesty and return to Algiers. In the same period, an adventurous attempt at smuggling weapons into Algeria met with failure.

Hinting at what Ben Bella will be up to were the discussions held by Hojatessalam Hadi Gaafari's radical faction of mullahs in Iran May 19-21. While they focused primarily on the upcoming creation of an Islamic Shi'ite Republic in southern Lebanon, some of the radicals demanded massive terrorist operations during the summer months, aimed at provoking the United States into invading Iran. This, according to their vision, would provoke a general Islamic outburst against "Western imperialism."

Plans for such large-scale operations were discussed as early as May 1984 (see *EIR*, May 7, 1984) but as observers remarked, such a plan would only work were it done in close cooperation with Moscow, which would use the Iranian provocation to make its own move into the region. Among other things, the Iranian radicals would need to develop operational capabilities inside the United States.

Enter Farrakhan. Indicative of what is now afoot are reports that a subject of discussions between Farrakhan and Ben Bella was the creation of an "International Islamic Command" headquartered in the six new offices that Ben Bella has at his disposal in Montreux, thanks to a large new influx of financial support. Such financial support has enabled Ben Bella to extend his organization in France and Belgium.

As investigations are showing, it is in the Lausanne-Geneva region, dominated by the activities of Nazi banker Genoud, the direct controller of Ben Bella since the early 1950s, that plots are being hatched against Algeria, Tunisia, and Egypt. Though Ben Bella had no evident hand in it, his followers were ecstatic at the news of riots which rocked the Algerian quarter of the Casbah at the end of April. Spreading the word around, Ben Bella announced that he is planning a spectacular operation against Chadli in coming months—Moscow's revenge for Chadli's successful U.S. visit.

Muslim fundamentalists working against the Tunisian government have been activated, too. The Paris-based leadership of the Islamic Trend Movement (MTI) from Tunisia is known to have received large sums of money through the Iranian ambassador to the Vatican, Hojatessalam Hadi Kosrowshahi. MTI's liaison in Paris is the same Mo'ayeri who visited Ben Bella. The MTI, moreover, has been given a new credibility by the *New York Times* which, in its unmistakable way of preparing for the coming Washington visit of Tunisian President Habib Bourguiba, warned of Tunisia's instability and of the rising power of the fundamentalists.

The *New York Times* is never innocent. Reports now indicate that the MTI may use Bourguiba's absence to unleash a limited military action in Tunis.

In parallel, fundamentalists in Egypt have given June 15 as the deadline for the Mubarak government to implement Islamic Law. Sheikh Hafez Salama, Imam of the fundamentalist Mosk Nur (Light) in Cairo, announced he would otherwise organize marches on the presidential palace, displaying the green banners of Qaddafi's Libya. Iranian propaganda gloated about unconfirmed reports of sabotage of American planes by Egyptian army troops.

President Lusinchi hits EIR's persecutors

by Gretchen Small

The Cisneros family of Venezuela has just been told it does not run the Venezuelan government, and cannot stop the government's war on drugs. It would seem that, in their haste to eradicate *EIR*, and *EIR*'s influence, from Venezuela, the family's private security and judicial networks have overplayed their hand.

On May 25, Venezuelan President Jaime Lusinchi blasted the degenerate condition to which the nation's police forces were reduced by the previous administration of Luis Herrera Campins. He charged that administration with "deliberately" destroying the Judicial Technical Police (PTJ), while giving such exaggerated powers to the Security and Investigative Police (DISIP), that it had reached a state of "hypertrophy." Measures to correct that balance have therefore been taken by his government, the President stated, to order to reconstruct viable national police forces.

Those persons alluded to in the President's statement, immediately identified themselves. On May 28, former Interior Minister Luciano Valero, former Justice Minister Reinaldo Chalbaud Zepa, and former director of the DISIP, Arpad Bango, called a press conference to defend themselves from the President's charges. The three denied the DISIP had been used to intervene in the PTJ under their administration. Of the three, Arpad Bango was "excessively terse," the press reported, although he did deny that his private security agency had been raided by government agencies.

Arpad Bango had reason to be quiet. In some businesses, notoriety is not advantageous. Bango's private security agency works for the Cisneros family, among others, a job which included most recently, running errands related to the Cisneros family's war against *EIR*. Bango was not so quiet then; he boasted all over Caracas that it was he who still ran the DISIP, and had directed DISIP operations against *EIR*. In February, Bango was sent to New York to meet with *EIR* representatives as a messenger boy for Gustavo Cisneros. Fearful of the message that *EIR* gave him to deliver to his boss, Bango preferred to resort to lying—as reported in *EIR* on March 19, 1985.

Infiltrate the anti-drug war

At stake in the exchange between the President and former police officials, is the entirety of Venezuela's narcotics policy. With "Latin Connection" king Carlos Lehder being

driven out of Colombia, the drug mafias are seeking a new base of operations, and Venezuela, where powerful private families have turned the country into a major drug-money-laundering center, is targeted for transformation into a full-scale processing and transshipment center. The mob, therefore, set out to infiltrate the government's anti-narcotics apparatus, as the most efficient path to subvert Lusinchi's declared war on drugs.

When *EIR*, on Jan. 23, 1985, published an updated version of its blockbuster exposé, *Dope, Inc.*, this time in Spanish, the plotters panicked. *Narcotráfico, SA* documents how the \$400 billion a year drug business is controlled, from the very top, by old oligarchical financial interests, who owe allegiance to no nation.

Narcotráfico, SA reports the connections of Venezuela's Cisneros family to international interests who have been publicly implicated in money laundering for the drug trade. Those international bankers kept quiet, but Gustavo Cisneros, the young social climber now heading the family, loudly mobilized every asset in his power against *EIR*, reportedly on the advice of a man dubbed the Godfather's "Councilor," José Rafael Revenga. Judge Ana Luisa Gandica ordered *EIR*'s offices raided; Bango's DISIP arrested and deported four *EIR* correspondents; Cisneros's Venevision TV station launched McCarthyite slanders of *EIR* and its founder, LaRouche; and Judge Alirio Abreu Burelli took the unprecedented step of banning *Narcotráfico, SA* from circulation in Venezuela, at the request of Cisneros and Revenga. Cisneros's legal argument was simply: "Respected" families with power, such as his, are, ipso facto, "above suspicion." And that since the book, he claimed, was "anonymous," a normal slander suit could not be pursued, and that therefore proscription was in order.

EIR was not silenced, of course. On May 6, *EIR* filed suit before the Venezuelan Supreme Court, requesting that the prohibition of *Narcotráfico, SA* be lifted. The book is not "anonymous," *EIR* argued, and if Cisneros found it offensive, he should sue for slander. Otherwise, book-banning is an unconstitutional attack on freedom of expression, which has no place in a democracy such as Venezuela.

Venezuela's Supreme Court, after initially accepting the case for review, then punted, sending it back to *EIR*'s lawyer on May 28, citing a mistake in preparation of *EIR*'s power of attorney committed by a Venezuelan consul in the United States. *EIR* is now refileg.

The Cisneros family has responded in the manner to which they are accustomed. *EIR* lawyer Randolph Rosal Machado began receiving death threats, warning him to "stay away from foreigners." Then, on June 4, Judge Ana Luisa Gandica, the same judge who signed the order for *EIR*'s offices to be raided, filed suit against Rosal Machado in criminal court, charging he had "falsified documents" in another case he is handling. Rosal has counter-sued, citing deliberate false accusations of crimes by Gandica.

Gandica, like Bango, is frank about her employers. Cur-

rently holding the post of Criminal Court Judge of the Sixth Part, in the First Instance, Gandica's long-term employment is as legal counsel for Pepsi-Cola in Venezuela—a family franchise of the Cisneros since its founding. One can't fault Gandica for lack of honesty on the matter; she often explains in private that she was "transferred" to the judicial system by the Cisneros family, because "they wanted someone they could rely on."

National interest, over families

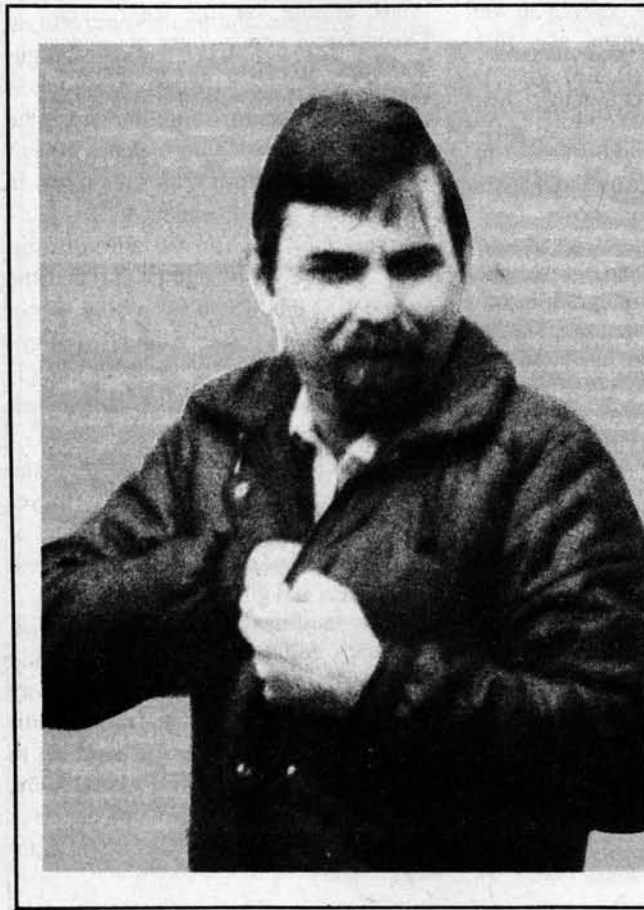
Power blinds some, but not all. President Lusinchi's warning to the police forces, was requested by the head of the government's Commission Against Unlawful Use of Drugs, Bayardo Ramirez Monagas. The Commission centralizes all aspects of the government's anti-narcotics policy and operations, under the provisions of the tough new anti-drug law passed last fall. According to *Diario de Caracas*, Ramirez Monagas requested that the President intercede personally to instruct police forces to adhere to the Law Against Narcotic Substances, which requires that anti-drug information be centralized with the PTJ, and not forwarded directly to judges.

The reference, unnamed but unmistakable, was to that same Judge Ana Luisa Gandica and the DISIP. Great publicity was given to a small drug-bust by DISIP forces in mid-

April, after information on the bust had been handed over to Judge Gandica. Gandica, in turn, convoked a press conference, and demanded that the Law Against Narcotic Substances be modified, to give the DISIP equal weight to the PTJ in the anti-drug war.

Government officials have now begun issuing warnings that a "respectable" family pedigree is not enough to buy permanent immunity from justice. Stated Attorney-General Hector Serpa Arcas on May 30, "One is filled with surprise, when it is proven that apparently honorable people, distant from crime, have been tied to this business [drugs] for some time." Arcas added that his office has been very active in the war on drugs, even if quietly, "although the DISIP takes all the public credit."

The families' hysterical flight-forward has been driven by their fear that the governments of the region are consolidating a joint command of military forces and justice department capabilities, aimed at the highest levels of Dope, Inc. The attorneys general and justice ministers of Venezuela, Mexico, and Colombia met to coordinate policy at the end of May, preparatory to the June 15 summit between the Presidents of Colombia and Venezuela, dedicated to the war on drugs. A number of bankers and other "citizens above suspicion" could end up in jail before they can launder their next million.



Bango defends drug king Lehder

Arpad Bango, pictured here, is the former head of Venezuela's political police (DISIP). He is currently covering for the Nazi-communist alliance behind the Ibero-American drug trade.

Venezuelan drug-runner Lizardo Marquez Perez, an associate of Colombian drug king Carlos Lehder, is now on trial in Florida. Like Lehder, Marquez Perez argues that the continent needs governments like Hitler's Reich, to be established through "liberation struggles." Drug traffic is their major weapon, they say.

Bango, whose participation in the Scotch Rite is a matter of frequent public display, told *EIR* in February 1985 that Lehder was not that important, not warranting further investigation.

Now, Marquez Perez has testified in Florida that weapons were also seized when he was arrested, but Bango's DISIP caused them to "disappear." In response, Bango declared to the press June 2: "Marquez Perez is trying to confuse U.S. justice, claiming the cocaine found in his airplane was to be negotiated for arms because he is idealistic and patriotic . . . The drug-trafficker practices the criminal trade . . . in return for juicy economic gain."

Does Bango fear what may come out of the Marquez Perez trial about the Nazi-communist alliance?

Soviets seek ethnic card in Pacific

Moscow's ethnologists are working on how to use the aborigines and Pacific islanders against Australia and the United States.

The most recent issue of the Soviet magazine *Social Sciences* reports on the results of a recent "15th Scientific Conference on Australia and Oceania Studies" held at the Institute of Oriental Studies in Moscow. Under such rubrics as the "Rebirth of Traditional Cultures in Oceania," the conference signaled Soviet intentions to use the ethnic card against Western economic and military capabilities in the Pacific.

Though increasingly adept in this field, the Soviets do not have to rely only on their own assets. They have at their disposal an entire array of capabilities run by Western anthropologists, minority rights activists, and church networks, backed up by high-powered law firms, the whole mess operating as a fifth column against Western strategic interests.

As *EIR* has pointed out, communism has little or nothing to do with the Russia of today, now in the grip of the Russian Orthodox Church-led imperial drive to make Moscow the Third and Final Rome. Where Karl Marx used to denounce "the idiocy of rural life," the Soviets now wax eloquent over "the struggle of the aborigines for land and human rights." In their feature on the aborigines in *Soviet Ethnography* (Vol. 1, 1985), Moscow concluded that:

1) "The struggle of the aborigines for land rights is a struggle against the multi-national mining monopolies and part of the world struggle against imperialism."

2) "Most important deposits of useful minerals are located in northern Australia where aborigines only recently passed the stage of primitive

society. Strong religious feeling binds them with the land and their struggle is concentrated on preservation of holy places."

3) "Since the adoption of the Act of 1976, the consciousness and degree of organization have achieved a much higher level and promise much for the future," though "the Australian ruling circles very much want to introduce bourgeois ideology into the aborigines."

4) "In the Act of 1976 the betrayal [of the aborigines] was covered up with such demagogic slogans as: 'freehold,' 'preservation of holy places,' 'veto of aborigines over mining rights,' 'mining rights in the national interest,' etc. Such demagoguery is an old, tested method of Australian legislation concerning aborigines."

Clearly, the aborigines, as all men, are endowed with human rights, rights best met by their integration into growing, developing nations. The Soviets' crocodile tears are like those shed by their friends in the Qaddafi-funded, old-Nazi staffed Society of Endangered Peoples, determined to destroy nations.

Beyond Australia and New Zealand, the Soviets laud the "Rebirth of Traditional Cultures" in the Pacific islands as well. Through Cuba, they are aiding Vanuatu's (the former New Hebrides) anti-nuclear, anti-Western offensive under the "independence" banner. In New Caledonia, they are pushing the National Socialist Front for the Liberation of the Kanaks. While they charge the Australian government with injecting "bourgeois ideology" into the aborigines, they argue

that the Kanaks have been "deprived of the blessings of civilization" by New Caledonia. *Izvestia* commentator A. Bovin ends his laudatory May 25 column on the Kanaks: "France will inevitably have to give away what will be taken away."

Soviet helpers in the area are centered around the London-based Survival International and include Cultural Survival (Harvard), the Minority Rights Group (London and New York), the Focus on Micronesia Coalition of the U.S. National Council of Churches, the U.S. Pacific Network (Washington, D.C.), and Greenpeace. Cultural Survival has just sent Rutgers University anthropologist Carmel Schreie to Australia to continue their project on "the effects of uranium mining on the aborigines." Greenpeace, under cover of "peace" activities, is active in espionage via their fleet, which sails throughout the area.

These outfits work with certain prestigious law firms who have taken up various gripes which locals in Oceania have, or can be induced to have. Walden Bello of the U.S. Pacific Network, a key figure in the destabilization of the Philippines, says he works closely with Cadwalader, Wickersham and Taft, which is defending the "landowners" in the Marshall Islands who have already occupied and twice shut down America's most important missile range, on Kwajalein Atoll.

The most recent Cadwalader client is a 17-year-old girl, suing to stop U.S. military facilities in Tinian. Jonathan Weisgall, formerly of the blueblood firm of Covington and Burling, is representing the Bikini islanders; Richard Garry is handling islanders on Rongolap; and David Anderson of the Wilmer, Cutler, and Pickering, D.C. firm is concentrating handling Eniwetok.

Toward a solution for Sri Lanka

A string of "firsts" in regional diplomacy gives substance to Rajiv Gandhi's commitment to stabilizing the region.

In a spontaneous political initiative on June 2, Prime Minister Rajiv Gandhi threw overboard years of cynical stereotyping concerning the nations of the region.

The prime minister announced that he and Sri Lankan President Jayawardene, visiting Delhi for two days of talks on the Sri Lankan crisis, would fly to Dhaka, Bangladesh, together to express their sorrow and solidarity with the government and people of Bangladesh in the wake of the May 27 cyclone disaster.

"We welcome this gesture and it is a matter of great satisfaction to us, since it will encourage the evolution of South Asian regional cooperation," a moved Bangladesh President Ershad told a press conference. Dhaka is host to the summit meeting of the South Asian Regional Commission (SARC) in December. Jayawardene, who had threatened to boycott the recent SARC meeting in Bhutan over Indian politicians' statements on Sri Lanka, said he was looking forward to the summit.

"We reiterate that we stand together for the solidarity of our region," said Rajiv and Jayawardene in a joint statement after their tour of disaster areas with Ershad.

As President Ershad pointed out, the extraordinary gesture was unprecedented in the history of the subcontinent. Such gestures don't necessarily have an immediate "result," but help to dissolve accumulated prejudices and create a new "geometry" for positive relations.

The mini-summit in Dhaka capped

another diplomatic initiative which had already sent the subcontinent's ideologues scurrying back to their drawing boards. Rajiv Gandhi had invited President Jayawardene to New Delhi in the midst of a hectic schedule of important foreign tours, and after months of mistrust between India and Sri Lanka and a rapid worsening of the violence between the Tamil minority and Sinhala majority there.

The initiative, which included nearly an hour of private discussions and hours more of both formal and informal talks with aides, established a working rapport between the two leaders. The Sri Lankan President delayed his departure by an hour on June 3 to have another, unscheduled meeting with Mr. Gandhi.

While the joint statement issued did not spell out any formula the two sides might have agreed upon for the Sri Lankan crisis, developments since the talks give evidence of some breakthroughs.

According to news reports from Colombo, on his return, President Jayawardene stated publicly—for the first time since the ethnic crisis erupted—that he rejects a military solution to the problem. The Sri Lankan President was addressing the parliamentary group of his party, the United National Party. He called on people to be patient and await the new measures he would be taking, based, he said, on the talks with Rajiv Gandhi.

Earlier, at his departure from Delhi, Jayawardene had announced that he would grant amnesty to Tamil ter-

rorists if they laid down their arms. A bid to halt the violence and make way for resumption of negotiations on a political solution to the crisis is known to be part of a set of concrete proposals made by India.

At a press conference in India, Prime Minister Gandhi revealed that Indian authorities had seized \$4 million worth of arms from Tamil extremists. This was the first such announcement. While always emphasizing its stand for Sri Lanka's integrity and general opposition to terrorism, the Indian government has to date stonewalled on any and all references to extremist activity in the state of Tamil Nadu, just across the Palk Straits from Sri Lanka. There are at least 100,000 Tamil refugees in Tamil Nadu, including the entire spectrum of Tamil activist groups.

President Jayawardene told his party members that Rajiv Gandhi had reassured him that India would not support terrorist acts against Sri Lanka from India.

Amid this evidence of progress there is as yet no indication that the toughest nut has been cracked—namely, the formulation of concrete proposals for a political solution to the Sri Lankan crisis. But it is on this that the effectiveness of the Indian initiative, as well as Jayawardene's political future, ultimately rest.

In reaching for India's help and rejecting a military solution, the Sri Lankan President has put himself out on a limb. He will have to move quickly and firmly to organize a consensus—including Mrs. Sirimavo Bandaranaike, the strongest candidate in the coming 1987 elections—around viable proposals, or he will be faced with a Sinhala majority revolt in his party. Sinhala mob attacks on Tamil villages in Trincomalee two days after his return were a reminder.

Communists back bankers' dictatorship

While the central bank demands emergency powers, the PCI is proposing a Federal Reserve-style system for Italy.

If any Americans still doubt that the "free-market economy" is a Soviet plot to destroy the Western economies, the Italian Communists are rushing to supply them evidence of this fact.

The typical Italian Communist leader of the '80s looks and acts very differently from what Americans might imagine: He dresses like a British banker, with only a little, well-combed mustache to remind him of "the good old days." In economics, he's a fan of Milton Friedman, and his best friend is the head of the Italian central bank, the Banca d'Italia.

When central bank chief Carlo Ciampi issued his annual report on the Italian economy on May 31, forecasting dark, looming disasters unless special powers are given to the Bank of Italy, to impose an even more draconian austerity policy than already exists, most Italian politicians attacked him. But not the Communists!

The organ of the Italian Communist Party (PCI), *l'Unità*, was the only daily newspaper to leak in advance—and with approval—the fact that Ciampi would demand a special status for the central bank. And on the day of his proclamation, *l'Unità* published a statement by the economics "expert" of the PCI, Giuseppe D'Alema, proposing a kind of Federal Reserve System for Italy, very similar to the tyrannical regime of Paul Volcker in the United States:

"We need a bill assigning to the head of the Bank of Italy special powers of intervention," D'Alema wrote, "and the Communist parliamentarians

will introduce a bill to this effect. . . . In this situation, we do need not only the decoupling of banks, financial institutions, and firms, but also the independence of the central bank from the political forces who are in the government. It seems to us not coincidental, that in a recent speech, the head of the central bank emphasized that banking independence must be defended day after day."

Whenever the head of the central bank has spoken in the past—whether Ciampi, or his predecessors, Paolo Baffi and Guido Carli (the Italian "Volcker" who started the credit crunch which has destroyed the productive capacity of Italian industry in the last 20 years)—the Communists have always enthusiastically endorsed the Bank of Italy's demand that domestic spending be slashed, on the grounds that "the indebtedness of the Treasury has become a form of 'general assistance' to industry, even more detrimental than the old welfare state," as *l'Unità* wrote on May 31.

It is on the basis of this strong alliance with the monetarists at the Bank of Italy, that the Communists keep demanding to join a "technocratic government," decoupled from the constituent-based political parties, even though their bid to join the government received a clearcut response from the Italian voters during the recent administrative elections on May 12, when the Communist Party lost almost 5%, dropping in strength from 34.5% to 30.2%.

In order to recover from this elec-

toral debacle, which generated endless internal wrangling and "self-criticism" on the part of many Communist leaders, the Central Committee of the PCI decided, after a long night session, to reunite on the issue of the scheduled national referendum on the cost-of-living escalator, one of the cheapest tricks ever used to buy votes.

Despite their full support for the fascist austerity policy of the Bank of Italy, the Communists pretended to be interested in defending the living standards of the workers, and are advocating the June 9 referendum on whether or not to abrogate a bill cutting four points from the cost-of-living escalator, the automatic wage increase mechanism which keeps up with increases in the inflation rate.

The Communists are presently campaigning all over Italy for a "yes" vote in the referendum, which would mean an increase of \$10 in the June wage of workers. In July, new negotiations will start on the cost-of-living adjustment—under the thumb of the Bank of Italy's new austerity demands, and coordinated with the International Monetary Fund.

If the Communists win the referendum on June 9, having bought up votes with a measly \$10, and thanks to the idiotic attitude of the government of Socialist Prime Minister Bettino Craxi, which issues public relations stories about an Italian "recovery" that never was, the workers who vote "yes" will be in for an unpleasant surprise. Instead of an improved standard of living, they will find themselves the victims of an economic dictatorship, under the auspices of the International Monetary Fund, to reduce wages and spending.

For this they will have to thank the unwavering alliance between the Italian Communist Party and the Bank of Italy.

Will Genscher go, or Kohl?

It is not clear if the Chancellor can survive, but unless he kicks out his traitorous foreign minister, he surely won't.

There is a smell of "Kohl-Gate" in Bonn. It does not have anything to do with scandals, bribery, or the like, but with the American Strategic Defense Initiative.

In his support for that program, Christian Democratic Chancellor Helmut Kohl's main problem has been his foreign minister, Hans-Dietrich Genscher, whose Free Democrats met on June 1 to pass a resolution formally rejecting German participation in the SDI. The resolution also attacked "certain currents inside the Christian Democrats who cause problems for the government coalition." This, of course, refers to those who favor the SDI and attack Genscher.

What was striking was that the resolution's verbiage resembled that of the opposition Social Democrats.

On June 1, Genscher thus threw down the gauntlet to Kohl: Should the Chancellor overrule Genscher on the SDI question, the Free Democrats would consider the coalition null and void.

On June 3, Social Democratic Party Chairman Willy Brandt, just back from three days of talks in Moscow, stated in a *Der Spiegel* interview, "Even abroad, people have begun to notice that a certain congruity has emerged between positions taken by the Social Democrats and those the foreign minister of the Federal Republic takes."

The Free Democrats, explaining their anti-SDI resolution to the press on June 3, commented: "There is nothing wrong with a certain congruity of positions between Brandt and

Genscher."

Several ranking spokesmen of the Free Democrats, including Genscher himself, came out in praise of Brandt's trip to Moscow as "useful in the framework of the beginning of a new phase in the East-West dialogue." The code-word "new phase" refers to intensified contacts between Moscow and adversaries of the SDI in the West, in which process, the FDP and SPD are closing ranks. The German media have begun to speculate how long Kohl can stay in power, while a new majority builds before his very eyes.

For years, the Social Democrats headed the West German government—until the Free Democrats, then *their* partners, walked out in October 1982. Brandt himself told *Der Spiegel*: "I recall that in October 1982, I said in the parliament—maybe not to the delight of all of my friends—that I would not take up the term 'treason' [against the Free Democrats], because I know what the laws of domestic politics are—and these aren't always very sympathetic laws."

At that time, Genscher's walk-out on Chancellor Helmut Schmidt heaved Kohl into power. (With his party out of power, Brandt had few problems steering it onto its current pro-Soviet course.)

The chairman of the Free Democrats, Economics Minister Martin Bangemann, has circulated a letter warning that "in case our liberal positions cannot be transformed into political practice inside the government coalition, we will have to leave it to the voters to decide in 1987," the

scheduled time for national elections.

But Bangemann added another, and very revealing statement: "The socialist-liberal coalition of 1969 [when Brandt became Chancellor] was not based on arbitrary considerations, but on consciousness that it was a political necessity to bring the *Ostpolitik* into being. We will try to launch the new phase of dialogue with the East together with our coalition partner in Bonn."

Kohl must face facts: Since this new *Ostpolitik* is aimed at sabotage of the SDI and of European-American defense relations, for the sake of Germany's security, there can be no further cooperation between Christian and Free Democrats. Either Genscher goes, or Kohl himself must go.

The emerging Free Democrat-Social Democrat cooperation extends to other, related areas. The Social Democrats are outspoken in attacking American "imperialism" vis-à-vis Nicaragua. During President Reagan's stay in Germany in early May, Nicaragua's Daniel Ortega arrived in East Germany, accused Reagan of "genocide against the Nicaraguan nation," and attacked Kohl as an "accomplice of Reagan." Kohl responded by freezing all economic and financial aid to Nicaragua.

But Genscher? He invited Nicaraguan Vice-President Sergio Ramirez Mercado to Bonn on May 29 to discuss how to "improve relations." Immediately afterward, he told the European Commission in Brussels that he wanted more economic and financial aid to Managua from European Community funds.

Genscher tries to bypass the Chancellor on every essential question of policy. For Kohl to survive will be difficult in any case, but unless he fires his traitorous foreign minister, he surely won't.

International Intelligence

Rajiv Gandhi reveals FBI covering for terrorists

Indian Prime Minister Rajiv Gandhi attacked the U.S. Federal Bureau of Investigation on June 5, for withholding vital information from the Indian government on Sikh terrorists operating in the United States. The terrorists were planning to assassinate him, Mr. Gandhi revealed, and to destroy nuclear power plants in India.

Referring to the May 6 arrest in New Orleans of five Sikhs who were conspiring to assassinate the prime minister and other Indian officials during their upcoming visit to the United States, Gandhi said: "We were not told of any of it. . . . Even if it was difficult for the FBI to tell us about the assassination attempt and other things which could have compromised their position, they should have told us about the plotting to attack our nuclear plant."

The arrests were not revealed until May 13. According to an article in *India Today*, State Department security officials, New Orleans authorities, and the FBI held two days of meetings in New Orleans to decide whether to arrest the Sikhs planning to assassinate the Chief Minister for the state of Haryana, Bhajan Lal, who was in New Orleans for medical treatment. The Sikhs were carrying out their final reconnaissance of Lal, and the FBI wanted to wait until they were in the process of the murder attempt—which the New Orleans authorities considered ridiculous.

After the arrests, the FBI wanted to let the terrorists go, on the grounds that they would continue to set up a Sikh security training camp at Columbia, N.J., where an FBI informant was to deliver them weapons. The FBI claimed it intended to arrest all the Sikhs involved at once at this camp.

Gandhi noted that since he had filed an official protest, "American security agencies have been much more cooperative." He made clear that he did not believe the United States to be involved in India's destabilization. Asked whether he believed Soviet charges that Mrs. Indira Gandhi was mur-

dered by the CIA, Mr. Gandhi replied: "We have no concrete indication that the United States government is involved in anything."

PAN pushes violence for elections in Mexico

The Nazi-communist National Action Party of Mexico (PAN) continues to provoke violence in the state of Sonora, paving the way for outright civil warfare if the party does not take control of the state in the July 7 elections.

Brigades of PAN members blockaded the highways connecting eight Sonora cities on June 7, to protest the government's refusal to restore ballot status to 18 PAN mayoral candidates declared ineligible. Closed for almost an hour were the roads to and from Hermosillo, Ciudad Obregon, Guaymas, Navojoa, Nogales, Agua Prieta, San Luis Colorado, and Caboraca.

PAN President Pablo Emilio Madero addressed a rally of 2,000 in front of his Hermosillo, Sonora, offices on June 1, to denounce the electoral commission for excluding the candidates, who had not filed proper papers. Madero denounced the Mexican Labor Party (PLM) for its role in knocking the illegal candidates off the ballot. The PLM "is the tool of the government," Madero said.

The next day, Madero gave a press conference in the border city of Nogales, saying that the PAN did not "want violence," but if its candidates did not win, "I presume that there will be a fight."

Andreas Papandreou: deserter, socialist, kook

Newly re-elected Greek Prime Minister Andreas Papandreou, who has announced his readiness to turn Greece over to the Soviets, is getting some bad press in Europe. Papandreou "developed an early taste for Trotskyism" and inherited the "impetuosity of his Polish maternal grandfather—who defected from the Turks to the Greeks," the London

Sunday Times reported June 2. Papandreou "suffers from a skin disease, *lupus erythematosus*, which can affect the psychology and the mood of the patient."

The London *Sunday Telegraph* of June 2 reported how Andreas, a war-time deserter from the Greek army, "spent the war emptying potties in America." He worked as a nurse in a U.S. naval hospital.

Papandreou suffers from the Eastern Orthodox variety of mysticism. At an Athens rally of 40,000, he ranted: "PASOK [the Greek Socialist Party] is something that comes from the 'psyche' of Greeks."

The West German daily *Mainzer Allgemeine Zeitung* described Papandreou as a very special kind of socialist, whose collectivism comes from the Greek Orthodox Church. Said Papandreou: "Rejection of private property is an achievement based on free will. This is being demonstrated by the life in our cloisters. Wherever real socialism exists in the East, collective property is the product of a totalitarian program imposed from above. The only real existing communism, however, is that of Mount Athos." Mount Athos is a wellspring of the Eastern Orthodoxy that is feeding the current Soviet drive for world domination.

Since Papandreou took power in 1981, the Mount Athos cloister has been getting a lot of government support.

Red Army brass elected to the Supreme Soviet

The U.S.S.R.'s Supreme Soviet convenes on July 2, with representation from the military leadership which confirms *EIR*'s reports of the thorough penetration by the Red Army marshals of the civilian government of the country. The current Supreme Soviet, the nominal parliament, was elected in February.

Marshal Nikolai Ogarkov, commander of the Western Theater of War, though an ethnic Russian, was elected a deputy of the "Nationalities" Chamber of the Supreme Soviet, from the District of Kaunas, Lithuania. The choice was symbolic for the com-

mander-in-chief of military operations against the West. The ground and air forces under his command are based in the non-Russian Byelorussian, Ukrainian, and Baltic republics.

Three wartime commanders-in-chief, General Maximov for the Southwest Theater of War, General Gerassimov for the Southern Theater of War, and General Tretyak for the Far East High Command, were all elected to the All-Union Chamber of the Supreme Soviet.

FEF knocks out Soviets at Paris air show

Soviet participants at the prestigious biannual Le Bourget air show in Paris, were dealt a tactical setback by organizers for the Fusion Energy Foundation, the leading international supporters of the Strategic Defense Initiative. The official Soviet government delegation tried repeatedly—unsuccessfully—to have the FEF representatives removed.

The FEF booth displayed signs calling for reinforcement of the Western alliance, and “For the conquest of space.” Prominent was a picture of a laser defense system destroying an attacking nuclear missile. To make the point unmistakable, the FEF added a sign reading: “Better a beam in the air, than an Antonov in the ‘derrière,’” with the translation: “Mieux vaut un laser dans les airs qu’un Antonov dans le popov.”

The Soviets were displaying their giant Antonov 124 aircraft, the biggest in the show.

Soviet retaliation was swift. Soviet officials began heavy surveillance of the FEF booth, and sent correspondents from TASS and the French Communist paper *L’Humanité*, over to gather information.

Forthwith, a Le Bourget official told the FEF members that they had to take down the offending poster, because the Soviet delegation was threatening to walk out of the show, and that the FEF would be expelled if the poster were not removed.

This decision was revoked after FEF organizers discussed the matter forcefully with

the manager of the air show, and told him what a shame it was to see a French official following Soviet orders.

Portuguese government falls after strike wave

The government of Portugal collapsed on June 4, when the two major parties, the Socialists and the Social Democrats, pulled out of the coalition headed by Socialist Prime Minister Mario Soares. The crisis was precipitated by huge strikes and demonstrations earlier in the day led by the Communist-dominated General Confederation of Portuguese Workers, representing two-thirds of the country’s unions.

Long-simmering political and legislative conflicts between the Socialists and Social Democrats have threatened to topple the two-year old coalition for some time. Noticias de Portugal news agency quoted an unidentified Social Democratic source, saying the only way to avoid a “rupture” was for Soares to accept restrictions on agrarian reform and labor laws.

NATO foreign ministers reject ‘space arms race’

A meeting of the 16 NATO foreign ministers in Lisbon, Portugal, concluded on June 7, with a resolution that reflected the effort of the arms-control mafia to sabotage European support for the U.S. Strategic Defense Initiative. Prepared by the chairman of the session, West German Foreign Minister Hans-Dietrich Genscher, and by NATO Secretary-General Lord Peter Carrington, the resolution called for “prevention of an arms race in space and limitation of armaments on earth.”

Genscher told the press afterwards that Germany could not support the SDI as long as France did not: “I think the other foreign ministers understand that good relations between Germany and France are essential for the European situation.”

Briefly

● **RUDOLF AUGSTEIN**, the publisher of the leading German news-and-porno magazine *Der Spiegel*, was finally found guilty of smuggling 40 grams of hashish through customs at the airport in Olbia, Sardinia, several years ago. A dope pusher who tried to take all the blame on himself to get Augstein off the hook, was sentenced to eight months in prison by Sardinian judges on June 5. Augstein was sentenced to a \$1,500 fine and 16 months, suspended sentence.

● **MEHMET ALI AGCA**, on trial in Rome for his assassination attempt against Pope John Paul II, revealed on June 6 that the East bloc is running terrorist training camps in Syria. “In 1977, I was trained—together with French, Italian, Spanish and German terrorists—in a training camp in Syria called Latakia, by Bulgarian and Czechoslovakian trainers,” Agca said.

● **MARGARET THATCHER** has decided to “take action” after receiving a “shock report” on Soviet intelligence operations from the new chief of MI-5 intelligence, Sir Anthony Duff. Whitehall sources disclosed June 2. Duff, now Thatcher’s “closest security adviser,” revealed that the number of Soviet agents in London has already reached a three-digit number. Moscow has received a private warning that the number of spies must be reduced immediately.

● **THOUSANDS OF PEOPLE** gathered in the Soviet city of Chelyabinsk, to watch for a “Flying Babushka,” reports the German Press Agency. The miracle involved an 83-year-old grandmother, who had informed the gossips of the region that she could fly, equipped merely with her broom and potato bucket. Because of the great commotion, the police sealed off the streets, and the authorities were forced to issue official denials of the miracle on state radio. The Babushka was eventually rounded up and brought to a psychiatric clinic.

New phase of Operation PAN launched by Kissinger's CSIS

by Tim Rush

A new phase of the destabilization of Mexico was launched on June 3-4 at an extraordinary private conference of the Georgetown Center for Strategic and International Studies (CSIS), held in Washington, D.C. Entitled "The Future of the Mexican Economy and Implications for the United States," this CSIS conference served as the occasion for intensive discussion and promotion of the role of the National Action Party (PAN) in the upcoming July 7 midterm election. After two years of quietly building up the PAN behind-the-scenes, and one year of building major public exposure, the order was ready to go out: Let everything roll.

The CSIS took the occasion to issue a policy study entitled "The Mexican Midterm Elections," part of its Latin American election studies series. But, as the paper itself notes, Mexican midterm elections are notoriously boring. What is crucial about this one is that the U.S. Eastern Establishment has determined to use it to blow up U.S.-Mexican relations, leading to the removal of U.S. troops from Europe, and eventually the invasion of Mexico itself. The crucial instrument for this policy, which directly serves the Soviet interest in removing the United States from Europe, is the infamous dope-pushers' party of Nazi-communists in Mexico, the PAN.

Susan Kaufman Purcell, Mexican case officer for the Council on Foreign Relations (CFR), put it this way: "The reason the upcoming elections have gained such importance and visibility is because of the role of the U.S. media. . . . These are the first elections where there will be a very large foreign press presence. This reduces the Mexican government's ability to control the portrait of such elections."

This also heightens "the possibility of violence," Purcell

announced, "in part because some of the opposition people see the possibility of using the presence of the media in order to further their cause." She triumphantly observed that "whether the PAN wins or loses, the PRI [the government party] loses, because there is a perception the PAN could win, and there is a perception that the Mexican government has often resorted to fraud."

The accompanying paper by the CSIS staff accepted an explosion on the border as a given, and looked for it to "increase political polarization and violence." "Genuinely competitive elections in Mexico may be an exhilarating prospect, but are not without their risks," the study reads.

Should anyone doubt the policy-making role of such a conference, he or she need only look at the density of U.S. government officials attending. Of 130 participants, 39 came from the U.S. government (15 from the State Department alone, including the entire staff of the Office of Mexican Affairs); 33 from top business circles; 37 from prominent think tank circles; and 9 from leading press.

In addition, the conference brought in several leading PAN supporters from Mexico, who well exemplify the Nazi school of economics of that party. These included leading Mexican Friedmanite Luis Pazos, billed as an "independent Mexican economist," and the head of the Mexican branch of the Mont Pelerin Society, Lic. Agustin Navarro.

The role of economics

The first panel of the conference was chaired by Norman Bailey, former member of the National Security Council and currently a senior associate at a private consulting firm which includes former CIA director William Colby. Bailey was

blunt: A Mexican government official just told me that U.S.-Mexican relations have never been worse, short of a declaration of war, he said. I disagree, he went on; they "are in a state of decomposition," but they can always get worse.

Bailey then introduced Thomas Trebat, the vice-president of Bankers Trust and a key negotiator of Mexico's International Monetary Fund package, who exemplified precisely how relations between the United States and Mexico will be exacerbated. Under the title of "Fruits of Austerity," Trebat demanded a new ratchet of IMF conditions, ranging from the end of all tariff protection, to the opening up of all sectors to foreign capital.

Trebat was followed by Luis Pazos, who went into a tirade about the "socialist" Mexican government, and insisted that austerity had not even begun in Mexico. Pazos had to be cut off by moderator Bailey.

It was up to Gerard Van Heuven, however, the executive vice-president of the U.S.-Mexico Chamber of Commerce, to discuss the relationship between the PAN and the austerity demands of the IMF and the U.S. banks. Van Heuven revealed that three members of the Chamber's former board of directors were running with the PAN, and noted that the PAN pressure is succeeding in making the government "more flexible" in meeting economic demands.

Breeding ground for violence

As the second day of the conference made clear, however, the CSIS has no illusions that it is using the PAN to implement its economic program. What this gang is aiming for is to provoke violence—and ultimately the invasion of Mexico as a tool for destroying not only Mexico, but U.S. global power.

Speaking for the CFR on the topic of "fissures in the political and social fabric" in Mexico, was Susan Kaufman Purcell, a former State Department planner who had just returned from Mexico.

"For the first time, the PAN stands a chance of winning an important governorship, the governorship of Sonora . . . where the PAN is ahead," she predicted, although "not necessarily by a whole lot." Purcell heaped praise on PAN gubernatorial candidate Adalberto Rosas, who has called for the "liberation" of California, Arizona, and various other southwestern states by force. "The PAN candidate is a charismatic person who has been campaigning heavily," she added.

Then, as if she were sending a message down to the 30,000 armed PAN goons stationed across the U.S.-Mexican border, ready to shoot when the green light is given, Purcell predicted massive violence if the PRI "resorts to fraud." Furthermore, she added, the massive presence of U.S. media representatives will guarantee that the PAN will use the opportunity to "further their cause."

What could result from such violence, aside from banner headlines in the U.S. media, is the political and territorial disintegration of the Republic of Mexico. Purcell characterized the PAN and its followers as "separatists," people iden-

tified with the "values and culture" of the United States, and therefore willing to wage a war of secession against the federal government of Mexico City.

Purcell was followed by Sol Sanders, a "journalist" who let loose the whole scenario in lurid detail. The U.S. government has neglected Mexico, Sanders said, and therefore we are going to have to pay.

Reviewing the history of conflicts between the United States and Mexico, Sanders proceeded to *predict* how the next one would occur. With a new period of instability in Mexico, Sanders said, Washington would wake up one morning after the first shots of a new upheaval, to find literally millions of refugees scampering across the poorly defended U.S. southern border. This is the nightmare which Americans have to consider.

Already there is a problem of law and order on the border, he continued, as a belt of increasing criminal activity is created. And, if this continues, the almost universal corruption in Mexican law enforcement "will demand, as it did in the 1970s, direct American intervention in northern Mexico with the obvious infringement of Mexican sovereignty, at a time when Mexico City is already smarting under the constraints of the U.S. banks and the IMF. . . ."

Troops on the border

What Sanders recommends has been outlined at a series of CSIS affairs, including one in mid-May, as well as in the 1984 CSIS publication called *Strategic Requirements for the Army in the year 2000*. No policy guideline drafted in Moscow itself could have stated premises more to the advantage of the Kremlin: "The main thrust of this book is that the existing military balance between NATO and the Warsaw Pact and the U.S. will obviate a Soviet attack in central Europe—that is, World War III—during this century. Thus, any conflict that erupts will emerge in the Third World. The NATO alliance is largely irrelevant in that world."

The CSIS study calls for revamping the U.S. military structure for Rapid Deployment Force (RDF) kinds of interventions into what the CSIS, following British psychological warfare terminology, calls "low-intensity operations." "Perhaps the citizens of the U.S. will have to accept a new definition of 'winning' in military events which would countenance vague and ambiguous results short of a clear-cut victory," is the way CSIS describes these new Vietnams.

Where would these interventions occur? The most likely conflict, *Strategic Requirements for the Army* states, would stem from "an outward spread of communist subversion and main-force military violence from Nicaragua threatening Honduras, El Salvador, Guatemala, Belize, and southern Mexico (and the oil fields of the latter three.)"

On May 15-17, 1985, the CSIS went even further. America must overcome its "fixation on Europe," and redeploy its troops out of Europe. Where they would go would be the much-cited 2,000-mile border between Mexico and the United States. And the Soviets would take over Europe.

'Violence, then U.S. intervention'

We publish below extracts from speeches delivered at the CSIS conference, "The Future of the Mexican Economy and Implications for the United States," held in Washington, D.C. June 3-4.

Sol Sanders, former International Editor of Business Week.

For more than a half century, the U.S. has been able to treat Mexico, to use Senator Moynihan's famous phrase with a different context, "with benign neglect."

That traditional lack of understanding in a world where the interrelationship has become so intense could easily be transformed into confrontation.

Our solid land boundary of 2,000 miles has remained virtually undefended, permitting us to use those military resources elsewhere. . . .

One has only to remember the attempt on the life of the President of Mexico May 1 in Mexico City. If a group of students, possibly supported by the Cubans, had been more successful in their aims of firebombs at the reviewing stands we would have had the Mexico crisis. . . Mexico has no experience for handling an emergency succession. The whole course of Mexican history in relations with the U.S. would have been changed, as is always the case elsewhere by such short-term occurrences.

Franklin Roosevelt's decision not to try to use force to halt Cárdenas's expropriation of the foreign oil companies in Mexico in 1938 marked the end of U.S. attempts to guide Mexican policy through the use of force. . . .

The almost universal corruption of Mexican law enforcement officials arising out of their low salaries and their long tradition of 'mordida' [bribe] and the enormous profit in the drug trade will demand, as it did in the 1970s, direct American intervention in Northern Mexico, with obvious infringement of Mexican sovereignty at a time when Mexico City is already smarting under the constraints of the U.S. banks and the IMF. . . .

Susan Kaufman Purcell, Council on Foreign Relations Mexico analyst and former State Department policy planner.

. . . I would argue that part of the reason the upcoming elections have gained such importance and visibility is because

of the role of the U.S. media. The Mexican government is used to having a fair amount of control over the media. These are the first elections where there will be a very large foreign press presence. This reduces the Mexican government ability to control the portrait of such elections. There is also the possibility of violence in part because some of the opposition people see the possibility of using the presence of the media in order to further their cause.

I was in Mexico last week. The subliminal thing is that if you vote for the PRI, you vote for Mexico. In 20 years that I have been working on and traveling to Mexico, never have I seen the level of anti-Americanism in the sense of paranoia about a U.S. carefully orchestrated [sic] campaign against Mexico.

The PAN is being portrayed as a foreign party, the party with foreign links. The PRI is indigenous to Mexico. And there is a lot of criticism against the U.S. ambassador [John Gavin] for having talked, gone to the north of the country and dealt with the PAN and the Church.

The Introduction from CSIS's Report on Midterm Elections.

Given the predictable nature of election outcomes in Mexico, midterm elections usually do not arouse much excitement. But the July 1985 elections have stirred an unusual degree of interest and Mexican press coverage. Important changes in the dynamics of Mexican politics have given new meaning to the electoral process. . . .

Two developments are responsible for the infusion of new meaning into the Mexican elections. *First*, the 1985 elections are likely to be the most competitive and most contested that Mexico has seen in years. For 55 years, Mexican politics have been dominated by a single political party, the Institutional Revolutionary Party (PRI). However, a series of opposition victories in the 1982 elections breathed life into an electoral system that most had considered moribund. This new competitiveness coincides with a 1985 election schedule that is notable for the breadth of offices to be decided. The possibility exists for the first time that opposition parties might control a substantial power base at the state, local, and national levels.

Second, the 1985 elections are taking place in an atmosphere of heightened social and political discontent. What began as a financial crisis with Mexico's near default on its foreign debt in 1982, has shown signs of developing into a political crisis. Years of corruption, electoral irregularities, economic mismanagement, and deteriorating living standards have undermined confidence not only in the PRI, but in the very foundations of the Mexican political system. Many of these political strains are likely to be expressed in the upcoming elections. The mixture of discontent and democratization, when combined with the scope of the 1985 elections, might presage a changing balance in the Mexican political system in the long term.

End OSI witchhunt against scientists

On June 1, Maj.-Gen. John Bruce Medaris (USA-ret.), who served from 1956 to 1960 as head of the U.S. Army Ballistic Missile Agency at the Redstone Arsenal in Huntsville, Ala., released to the public the text of a letter he had written to President Ronald Reagan on May 24, 1985. The letter urged White House action against the Department of Justice's Office of Special Investigations (OSI), for its witchhunt against German-American rocket scientist Arthur Rudolph.

Dr. Rudolph was recently forced, under intensive black-mail pressure from the OSI, to renounce his U.S. citizenship and flee to the Federal Republic of Germany, despite the fact that he served for nearly 40 years as a leading U.S. scientist and received three government awards—including from the President—for his patriotic contributions to U.S. military and scientific advances.

The Medaris letter was co-signed by 108 members of the Old Timers of the U.S. Rocket and Space Program, attending a recent conference in Huntsville.

Dr. Arthur Rudolph was among a group of leading Peenemünde German scientists who survived the Hitler holocaust and defended the continuity of 19th-century German physics, forming the scientific core of the postwar U.S. rocket and space program—without which the development in the area of rocketry, supersonic transport, nuclear energy, and strategic defense would not have been possible in the required time frame.

After having passed the most rigorous security clearance checks of any postwar German emigré to the United States, Dr. Rudolph was granted U.S. citizenship in the mid-1950s. Following the Carter administration's creation of the Justice Department's Office of Special Investigations—the ostensible “Nazi hunting” unit which in fact was a vehicle for penetration of U.S. judicial agencies by the Soviet KGB and the Israeli Mossad—Dr. Rudolph, the inventor of the Pershing missile during his tenure at Huntsville, was targeted by Soviet forged documents and perjured witnesses, and blackmailed by OSI officials, to the point that he was driven out of the United States.

Suffering from a serious heart condition, threatened with the loss of 40 years of accrued pension benefits for his wife and children, Rudolph was blackmailed by OSI officials into silently leaving his adopted land, renouncing his U.S. citizenship, and returning, amid vicious international media lies, to the Federal Republic.

As Dr. Rudolph's commanding officer during several critical years at the Huntsville Army Ballistic Missile Agency facility, Maj. Gen. Medaris's personal communication to the President called for a reversal of the Rudolph “Star Chamber” ruling.

During a long career with the U.S. Army, including service as an ordnance officer in both world wars, Gen. Medaris directed the Army Ballistic Missile Agency facility during the time that the first U.S. earth orbital satellite, the first U.S. ballistic missile defense system, and numerous other groundbreaking advances were accomplished. Gen. Medaris was an outspoken, courageous critic of the introduction of systems analysis and civilian bureaucratic structures into the general staff responsibilities of the uniformed officers making up the core staff of the Pentagon.

The text of Gen. Medaris's letter follows:

May 24, 1985

The President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

Your resolute dedication to protecting American citizens against willful excesses by their government prompts me to invite your attention to an outrageous violation of the most rudimentary of human rights and of due process perpetrated by the Office of Special Investigations of the Department of Justice.

Following procedures reminiscent of immoral, unjust tyranny, officials of the Office of Special Investigations intimidated and harassed Mr. Arthur Rudolph, a naturalized citizen for nearly 40 years, until he was persuaded to relinquish his United States Citizenship and return to his former country. For 25 of those years, he and his colleagues served their adopted nation with great dedication, talent and skill. They helped create three ballistic missile systems for our defense and that of the North Atlantic Treaty Organization, as well as the mighty Saturn rocket which propelled American astronauts to the Moon. Mr. Rudolph received the nation's highest civilian awards.

As Commanding General, I directed the endeavors of this group during their most productive period. Their joint achievements were of incalculable value to our nation's security and progress. They were and are loyal, patriotic and trustworthy citizens.

I urge you to revise the secretive, deceptive and totally unjust process by which Mr. Rudolph was literally forced to abandon his friends and deny his oath. He deserves nothing less than immediate restoration of citizenship and invitation to return in honor to his country of choice.

Sincerely,
John B. Medaris
Maj. General U.S.

'Concerned Scientists' flip their lids

There was a "falling out among thieves" at a press conference of the KGB-asset Union of Concerned Scientists here on May 30. The IBM Corporation's Dr. Richard Garwin, under pressure of questioning from this reporter, disassociated himself from a UCS national television advertising campaign against the Strategic Defense Initiative.

Two ads have begun to appear on national networks, flagrantly misrepresenting the SDI. The first, portraying a child singing "twinkle, twinkle, little star" to a star, suddenly shows the star blowing up and consuming the child, fraudulently portraying the SDI as an offensive, rather than defensive, system, targeted against civilian populations. The second ad features Victor Weisskopf of MIT saying, "If we put weapons in space, the Russians will put weapons in space." The ad does not mention the fact that the Soviets are already ahead of us in beam defense development, and have been working on it for, as Defense Secretary Caspar Weinberger has said, at least 16 or 17 years.

When confronted on the deliberate distortions contained in the UCS advertising campaign, Dr. Garwin blurted out: "I had nothing to do with those TV ads." Henry Kendall, the president of UCS who shared the podium with Garwin, blanched, then leapt to his feet to attack me for asking the question. One press wire account reported that "reporters asking hostile

questions seemed to panic the UCS officials, who were desperately trying to find journalists who would ask friendly questions. With the officials refusing to answer a hostile questioner at one stage, the conference turned into pandemonium."

Dr. Garwin was also forced to break with the UCS's insistence that the SDI could never work: "I have never said strategic defenses cannot work. If you spend enough money, you can make them work. . . . The problem is countermeasures. Sure, we can make big mirrors and lasers and make them work."

This flatly contradicted the text of a full-page ad the UCS had purchased in the *New York Times* that very morning, which stated, "Star Wars is technologically naive. There is not a shred of scientific evidence that it will work."

Garwin, however, lied that the Department of Defense "doesn't really think the Soviets are putting much effort into a laser defense system of their own."

Weinberger: Garwin is not well-informed

Later that day, I asked Defense Secretary Weinberger during a press conference at the Pentagon to respond to Garwin's claim: "Mr. Secretary, Mr. Garwin this morning at his press conference tried to intimate that the Department of Defense doesn't really believe that the Soviet Union is aggressively pursuing an equivalent of a Strategic Defense Initiative on their own side. He often makes these kinds of remarks in the absence of Department of Defense personnel. Can you set the record straight on your Department's perception on the nature of the Soviets' program?"

Weinberger responded: "Yes, I'm delighted you asked that question, as

they say. We perceive without the slightest equivocation and without the slightest hesitancy or doubt, that the Soviets have been pursuing very vigorously, quietly, and in the way they're able to do in a closed society, active research, looking towards the development and deployment of a Strategic Defense Initiative, that would have the effect of making our missiles impotent and useless."

He went on to specify that the Soviets have been working on such a program "for 16 or 17 years."

As for Garwin, Weinberger said: "The person you quoted either has not had the opportunity to have access to the latest information in recent years, or he has perhaps quoted someone who said or he wanted to have say what he wanted to hear."

Weinberger added, "If you ask for my opinion, as you have, fortunately, we don't have the slightest doubt about it. The Soviets are very busy, very active, spending a lot of money—about as much on defensive activities as on offensive, and that's a very large amount of money in the Soviet Union."

He concluded, "I think it is absolutely incumbent that we pursue as vigorously as possible at the amounts requested by the President, the Strategic Defense research initiative; simply because we cannot afford to have anything like a Soviet breakthrough that we are not prepared to deal with. It would be a very much more dangerous world if the Soviets should get this and we should not."

James J. Kilpatrick, in his syndicated column which appeared in the *Baltimore Sun* on June 5, described this exchange at some length, noting that "Mr. Weinberger's remarks went almost unreported." The press, he said, found that "the Walker spy story and the \$659 ashtrays made for livelier leads."

Kissinger Watch

by M.T. Upharsin

'His friends call him Kissinger'

Throughout the European continent, a cultural shock hit the populations of several nations during the week of May 27, with the televised rampage of Liverpool, England fans at World Soccer games in Belgium. Commentary after commentary on the media, not surprisingly, likened the event, and other prevailing trends in day-to-day life in Europe, to the worst periods of the Roman Empire.

It is therefore also not surprising that one of the special guests at the soccer disaster was none other than Henry Alfred Kissinger, whose great love for things decadent, Oriental-Roman, and pagan, has been a subject of our recent columns, and of Lyndon LaRouche's *EIR* feature (June 4, 1985), "The oriental roots of Henry Kissinger's deep philosophical commitment to socialism."

Kissinger was in attendance in his capacity as a member of the board of directors of the World Soccer Federation, in the company of Gianni Agnelli, the playboy magnate from Turin's Fiat conglomerate.

It is not known, to the public, if Henry triggered the soccer debacle, by making the famous "thumbs down" gesture popular with Tiberius, Nero, and their ilk. But certainly, the events brought out the kind of murderous and bestial behavior that Kissinger glorifies, as in his famous May 1982 speech

before the Royal Institute of International Affairs, where he praised the British worldview for being "Hobbesian," after the 17th century philosopher Thomas Hobbes, who wrote that man was in a perpetual "war of all against all."

An account of the soccer event in *Newsweek* brought the point home, ironically, if not necessarily intentionally. *Newsweek* reported on the activities of a self-described "football thug," from Liverpool, who has been rampaging at soccer games for almost 20 years.

"His friends call him 'Kissinger,'" writes the magazine, "because he's the elder statesman of fighting football wars."

'At least since the Crusades'

Hardly had the Fat One left this scene of devastation and destruction in Europe, than he was caught in the act of extolling the Oriental-Roman imperial model of slaughter in the Levant.

Henry was speaking June 3, before an audience at the Sutton Place Synagogue in New York City, in a panel series on the Nazi Holocaust. Matters turned to the situation in Lebanon, and Dr. K. elaborated on the causes of the violence and devastation there. As bad as the situation was, he counseled, it should not be a cause for great concern, because "Lebanon does not have what it takes to be a nation. Lebanon has not been an integral state for 2,000 years, or, at least, since the Crusades."

To the extent they have not been destroyed, dossiers exist in Lebanon, or among Lebanese abroad, on what is usually referred to as "the Kissinger Plan" for Lebanon. This refers to the process begun in 1974-75, and concretized in the ensuing years, for Le-

banon to be split up into fiefdoms of "Greater Syria," and "Greater Israel," and for tens of thousands of Lebanese to be slaughtered. The architect of that policy was then-Secretary of State Henry Alfred Kissinger.

A cake for Henry

Degenerates from the jet set in New York City felt obliged to honor their favorite policy spokesman.

On the night of June 5, at Le Cirque Restaurant on 65th Street, Henry's 62nd birthday was feted by, among others, ABC-TV's Barbara Walters and Ted Koppel; CBS-TV's Bill Paley; the *Los Angeles Times*' Lally Weymouth (daughter of the *Washington Post*'s Katherine Graham) and her consort, Barry Diller, head of Twentieth Century Fox; Turkish-born mafia figure Ahmed Ertegun of Atlantic Records; and Mr. and Mrs. Rupert Murdoch.

A stir was created when a private New York delivery service brought Dr. K. a special cake, specifically designed to recognize his unusual sexual proclivities. According to reports from the birthday set, the cake was a little too commemorative for certain of the nervous-nellies at the event, and was ungraciously refused.

The story does not end there.

As the birthday event was taking place at a hotel that was being hit by a hotel workers' strike, all entrants were accused of being strike-breakers. Worse for Kissinger, a leaflet has reportedly been circulated among hotel workers, imploring them to come forward with information they may have on what Henry Kissinger really does in hotel rooms. Should angry workers respond to this appeal, revelations may soon be made whose content would make even the madman Tiberius squirm in his grave.

Kennedy, Heinz target Jordan

Senators Edward Kennedy (D-Mass.) and John Heinz (R-Pa.), along with 66 other senators, introduced a resolution on June 4 opposing advanced arms sales to Jordan. Justified as an effort to stop the tilt of military balance against Israel, the resolution puts additional pressure on one of the shrinking number of Mideastern governments not a Soviet client state and not under the sway of Islamic fundamentalists.

Kennedy attacked the Reagan administration for considering sales to Jordan of "F-16 and F-20 fighter planes, Sidewinder air-to-air missiles, Stinger anti-aircraft missiles, mobile I-Hawks, and other state-of-the-art weaponry."

Dole supports terrorist Syria

Senator Robert Dole (R-Kan.) took the point in removing Syria from the official list of countries which support terrorism, with an amendment to the Senate Foreign Aid Bill which passed the Senate by a vote of 75-19 on May 15.

Dole declared, "We have to acknowledge and act on the fact that Syria has a key role to play in the Middle East, especially in Lebanon and in the search for a secure peace with Israel." He added that Syria, a center of Nazi-communist terrorism, "is not Libya or Iran," and warned the Senate that Syria has to be included in "our search for peace in the Middle East."

Senate passes defense budget freeze

The Senate completed action on the Defense Authorization bill for FY86 on June 5, passing a measure which allows for zero growth in the defense budget, by a vote of 92 to 3. The final two days' debate on the bill focused on the Strategic Defense Initiative and the SALT treaty.

The bill allocates \$2.97 billion for the SDI, compared to the \$3.7 billion the Reagan administration had requested. Included in the bill is the provision that any SDI system will have to be specifically approved by Congress before it is deployed, and will have to meet "cost-effectiveness" criteria—being cheaper to deploy than offensive weapons or countermeasures.

Opponents of the SDI also pushed through a measure to create an outside panel of "experts," who will have access to all classified material and will advise the Senate on the effect of the SDI on U.S. "arms control goals and policies and United States compliance with existing arms control treaties."

Panel of 'experts' to monitor the SDI

The SDI program will now be monitored by a group of outside watchdogs, whose composition will be determined by the majority and minority leaders of the Senate Armed Services Committee. The move will create yet another bureaucratic obstacle to progress on the SDI.

Sen. Dale Bumpers (D-Ark.), husband of the Soviet KGB's Betty Bumpers, had proposed instead, a panel of indefinite tenure that would

be appointed by the chairmen and ranking members of the Foreign Relations and Armed Services Committees, and the majority and minority leaders of the Senate. Senator John Warner (R-Va.), who chairs the Armed Services subcommittee with responsibility for SDI, voted for this proposal, as did Senator Nunn. It lost, 49 to 38.

Amendments to wreck the program

Four separate attempts were made to cut the SDI funding even further. First, Sen. John Kerry (D-Mass.) sponsored an amendment to cut the program to \$1.4 billion. This was defeated by a vote of 78 to 21. Kerry argued that the SDI violates the ABM Treaty.

Next, Sen. William Proxmire (D-Wisc.) put forward an amendment to reduce funding to \$1.9 billion and to remove \$1 billion from the "technology demonstration projects" of the program. The amendment was defeated 57 to 38.

Senator Albert Gore (D-Tenn.) then attempted to limit funding to \$2.5 billion and to put a "hold" on three technology demonstration projects which "are nearest in time to execution": the airborne optical sensor, the hypervelocity launcher, and the kinetic kill vehicle. Gore would have had the administration submit to the Congress reports giving "technical justification" for the programs, and establishing their "consistency" with the ABM treaty. Gore's bid was defeated 59 to 36.

Finally, with the Senate session continuing past midnight, Sen. John Glenn (D-Ohio) tried to cut the SDI funds to \$2.8 billion, and was defeated 59 to 36.

Wallop calls for building systems now

Attempting a counteroffensive against the SDI, Sen. Malcolm Wallop (R-Wyo.), then sponsored an amendment to use one-third of the SDI funds "for building actual defenses against ballistic missiles to be deployed within five to seven years." This proposal was intended to counter the effort—by Henry Kissinger, Senator Nunn, and others—to confine the SDI to "research," never actually deploying the defense systems.

Wallop specified three systems for immediate development: "a surface-to-air missile system not inferior in performance to the Soviet SA-12"; "a space-based chemical laser"; and the "Air Force anti-satellite homing vehicle from orbit against missiles."

Wallop's amendment was defeated 62 to 33.

Senate backs extension of SALT II

On June 5, the Senate overwhelmingly adopted (90-5) an amendment sponsored by Senator Bumpers, favoring continued adherence to the SALT II Treaty, which was never ratified by the Senate and has been continuously violated by the Soviet Union.

Opponents of the treaty got a sop: The United States is entitled to violate SALT II, with "proportionate responses," if the Soviet Union does so. It also allows the United States to proceed with the Midgetman missile, which would otherwise be classed a violation of SALT II.

Senator Wallop ridiculed the amendment as "an exercise in self-deception." Referring to the sections that

urged the United States to raise the issue of any Soviet violations through "diplomatic channels" and the "standing Consultative Commission," Wallop charged: "We are going to do it through confidential diplomatic channels, because if we did it out loud, we might inform the public that our world is a little more dangerous than we in the Senate would like to admit."

Senator Ernest Hollings (D-S.C.) attacked suggestions that the Soviets have abided by SALT II as "absolute tommyrot," and pointed out that SALT II did not slow down but speeded up Soviet weapons programs.

House takes up defense authorization

The House Armed Services committee has recommended for consideration by the House the second week of June, a budget that does not account even for inflation over the FY85 budget, and includes \$2.4 billion for the SDI. A House-Senate conference will then be appointed to reconcile differences in funding levels.

In preparation for the House debate, the conservative House Republican Study Committee held a forum on June 5, where SDI supporters, including Secretary of Defense Caspar Weinberger and Dr. Edward Teller, explained why the strategic defense program is vital to the national security. Weinberger charged that congressional cuts in the SDI "are following the program of the Soviet negotiators at Geneva, and that "if Congress underfunds it or stops it, the Soviets would have achieved one of their principal goals at Geneva."

SDI Director Lt.-Gen. James Abrahamson and White House Sci-

ence Adviser George Keyworth said that efforts to prove SDI feasibility will be fruitless, if Congress eliminates or restricts the demonstration and testing components of the program. "We will go nowhere unless progress is demonstrated that the technology can be shown," said Keyworth. "The time frame for the SDI depends on the U.S. Congress and a demonstration of national will. The real threat lies not in our technological capabilities, but our will to use them."

Abrahamson attacked the congressional amendments aimed at eliminating SDI testing demonstrations. "We need demonstrations," he said, "so that it's apparent it can be done."

House hits Turkey

After a heated debate, the House passed House Joint Resolution 192 by a vote of 233 to 180 on June 4, setting up a national day of remembrance for the victims of Ottoman Empire genocide against Armenians 70 years ago. The resolution was sponsored by liberal Democrats such as William Ford (D-Mich.).

Supporters tried to claim that this was not an attack against the Turkish government, one of the key nations on NATO's southern flank, which is now especially vulnerable to Soviet pressure tactics following the victory of KGB asset Andreas Papandreu in the June 2 Greek elections.

Opponents of the resolution blasted it as a slap in the face to Turkey. Rep. William Whitehurst (R-Va.) pointed out that diplomats of the Turkish Republic, not agents of the Ottoman Empire, are today being assassinated by Armenian terrorists.

National News

Has U.S. Attorney Weld gone underground?

The name of U.S. Attorney in Boston William F. Weld has mysteriously disappeared from court proceedings involving grand jury subpoenas to Campaigner Publications and other organizations.

In an unexplained move, Weld's name failed to appear on court papers filed by his office at the end of May, opposing a motion by Campaigner which charged Weld with having a personal conflict of interest and conducting a politically motivated investigation of organizations associated with former presidential candidate Lyndon LaRouche.

It is normal practice in federal courts for the U.S. Attorney's name to appear on all pleadings filed on behalf of the government, even if the pleading is prepared by one of his assistants, and Weld's name has always been typed in on every pleading filed in connection with the current grand jury probe. However, this time, just when a personal response from Weld on the conflict-of-interest charges was required, he seems to have taken a powder. A reply brief to be filed by attorneys for Campaigner argues that Weld's failure to rebut the charges makes the government's opposition arguments "fatally defective."

Post features call to dump Weinberger

The *Washington Post* gave front page coverage June 3 to a call from Democratic Sens. David Pryor (Ark.) and Lawton Chiles (Fla.) that Defense Secretary Caspar Weinberger resign. The senators argued that this was necessary for the Defense Department to "regain credibility."

"Five years into the biggest peacetime military buildup in history," writes the *Post*, "Weinberger and his defense budget appear to have worn out their welcome in Congress," with many congressmen thinking the

secretary of defense has "overstated the Soviet threat."

Pryor, a supporter of the genocide policies of the Club of Rome, is working with the KGB's Common Cause group and the Military Reform Caucus in Congress, in an effort to bring down Weinberger around the issue of "procurement reform" in the defense-contracting industry. According to an aide to Pryor, "We've been working very closely with Les Aspin [D-Wisc.], on the House side, and Senator Grassley [R-Iowa] is doing a lot. In fact, the Senate Republicans are so embarrassed by the procurement issue, that they're making life easy for us liberal Democrats."

Edward Teller hits 'confused scientists'

"The Union of Confused Scientists" is how physicist Edward Teller described the Union of Concerned Scientists during a briefing to the House Republican Study Committee on June 5.

Dr. Teller was referring, in particular, to the national ad campaign launched by the UCS against the Strategic Defense Initiative in late May (see *Congressional Closeup*, p. 60).

Following Teller's characterization, Rep. Richard Arney (R-Tex.) called the UCS ad campaign "professionally irresponsible behavior" and "one of the most powerful pieces of misinformation" about the SDI yet circulated. Rep. Robert Dornan (R-Calif.) called the UCS and other opponents of beam defense "wimps, weirdos, pacifists, and guilt-ridden scientists."

Dr. Teller recommended to the committee that the United States radically revise its classification system in order to allow for the free flow of ideas.

"The Soviets know all our secrets, including those we will discover over the next three years," Teller said. "We are keeping secrets from our own people, which they need to know." Teller stated that excessive classification prevents disclosing information that is vital to building popular support for the SDI.

FBI allowed Soviet spies 18-year-long romp

The Walker family spy scandal may sound the death knell for the Federal Bureau of Investigation. Reports from White House and Justice Department sources the first week in June indicate that President Reagan and Attorney-General Edwin Meese are astonished that, during 18 years of spying for the Soviet Union, John Walker underwent at least a dozen FBI security checks, first as a Navy sailor handling highly classified documents, then as a licensed private security manager with contracts with numerous defense contractors. At one point, Walker was an employee of the Wackenhut Company, known to be a front for the FBI.

At the same time, the FBI supposedly maintains teams of field agents responsible for tracking every Soviet diplomat, beginning with the janitor at the Russian embassy, every time they leave a several-mile-radius of the embassy compound.

The President and Meese are reportedly shocked at the incompetence of the FBI, and distressed at the implications for national security.

KGB mole Rees aids FBI, ADL vs. LaRouche

FBI asset John Rees, whom *EIR* exposed in its May 14 issue as an agent of KGB disinformation ("KGB moles target Lyndon LaRouche at Brookings Institute conference"), issued a slanderous attack against LaRouche at a Washington, D.C. seminar on terrorism and intelligence on June 6. The conference was sponsored by the Nathan Hale Institute, founded in 1983 by Lawrence Sulc, a former CIA operative now with the State Department's Bureau of Intelligence and Research. It featured presentations by a host of "LaRouche watchers," including FBI agent Joel Lisker, Herb Romerstein, the Heritage Foundation's Sam

Francis, several key State Department operatives, and Assistant Attorney General Pompa.

Rees spoke on a panel on "The Nature of the Terrorist Threat," and presented a "case study" devoted entirely to smears against LaRouche and his supporters. The FBI informant, who at one point during his diatribe made a reference to "my friend Irwin Suall" of the Anti-Defamation League of B'nai B'rith (ADL), a long-time LaRouche enemy, charged that LaRouche is a "renegade who cloaks his destructive efforts under the cloak of perverted patriotism," a man who indulges in "character assassination" against Henry Kissinger, Sen. Daniel Patrick Moynihan, and AFL-CIO chief Lane Kirkland, and a specialist in the technique of "attempting to confuse your opponent by arrogating his arguments for distorted ends." LaRouche "is a very serious problem," he stated.

"One of the most alarming things about LaRouche is the acceptance he's found among the Reagan administration," said Rees, adding that *EIR* is read by many "less sophisticated law enforcement" officials.

Richard Burt's office attacks U.S. scientists

Richard Burt's European Affairs Division at the State Department is coordinating with the U.S. Justice Department Office of Special Investigations, in a witch-hunt against German-American scientists, formerly of the Peenemünde rocket program in Germany, *EIR* has learned.

Arthur Rudolf, a former Peenemünde scientist, naturalized American citizen for almost 40 years, and inventor of the Pershing missile, is the latest target of this attack, which has now forced him to renounce his U.S. citizenship and return to Germany (see article, page 57). The *Washington Post* quoted a State Department official June 6: "An argument could be made that 'Rudolph' was never legally a U.S. citizen," since he "concealed his Nazi past," when he came to the United States in the late 1940s.

According to a *Post* source, it is "the European affairs people at State," who work with the OSI, on cases of "former Germans living in the U.S., who are accused of having committed Nazi war crimes."

An official in Burt's office reports: "Several different people in the European division have worked on the Rudolph case at one time or another, especially the people at the German desk."

Immediately after the defeat of Germany in 1945, it was the State Department that most vociferously fought against the entry of Peenemünde scientists into the United States, against the policies of other U.S. agencies, which believed that these scientists—who had upheld the traditions of classical science *against* the Nazis—had a vital contribution to make to U.S. science and the national security.

Gun-runner Hashemi still a fugitive

Cyrus Hashemi, Iranian gun-runner and terrorist financier, is still a fugitive from a U.S. arrest warrant issued last summer. Hashemi was indicted in July 1984 for violations of the U.S. arms embargo restricting weapons and parts shipments to Iran.

Still unindicted, although named in the original indictment for advising Hashemi on the illegal arms deals, is former Assistant U.S. Attorney-General J. Stanley Pottinger. According to federal officials, Pottinger was scheduled to be indicted along with Hashemi last summer, before the tapes of Pottinger's discussions with Hashemi were "lost" by the FBI.

Pottinger is also facing a motion for civil sanctions, as an outgrowth of a libel suit brought by Pottinger and other attorneys on behalf of Hashemi against *EIR*. *EIR*'s lawyers are charging that Hashemi's libel suit was brought in bad faith and in order to prevent *EIR* from publishing exposures of Hashemi's illegal activities. Hashemi's suit was dismissed in 1983 and the dismissal was affirmed by a Federal appeals court last year. Pottinger's response to *EIR*'s motion is expected imminently in federal court in Atlanta.

Briefly

● **REV. LOUIS FARRAKHAN**, at a four-hour "Welcome Back" address June 1, reporting on his 30-day Mideast tour, announced that his meetings throughout the Mideast were set up by Ahmed Ben Bella, with whom Farrakan met in Switzerland. Ben Bella is a protégé of Nazi International leader François Genoud.

● **JESSE JACKSON**, a Farrakan crony, shut down a Washington, D.C. press conference June 6 after *EIR* correspondents questioned him on his ties to Libyan-agent Farrakan, his refusal to attack the IMF, and his support of Soviet ambitions in Asia. Jackson had called the press conference to announce his Rainbow Coalition's solidarity with insurgent South Korean and Philippine groups calling for an end to U.S. military aid to those countries.

● **ROBERT MCNAMARA** released an article to the press June 5, co-authored with Hans Bethe, attacking the SDI and calling on the United States to abide by the ABM Treaty. "If we are unwilling to refrain from the tests," said the former defense secretary, "the Soviets will, with good reason, assume that we are preparing to deploy defenses."

● **NOW CIRCULATING!** A sticker that reads: "George Washington was the first President of the United States: he had excellent, anti-British economic policies which built this nation into a world-power. If President Reagan's pro-British economic policies succeed, President Reagan will be the last President of the United States. Unless the President changes to LaRouche's policies, 'Hello, you Soviet slaves!'"

● **EIR DAILY BRIEFINGS** can be heard live on WUST-AM, 1120 on the dial, in Washington, D.C. from 12:30 to 12:45 P.M.

Editorial

Rajiv Gandhi in the U.S.A.

Immediately upon the death of Mrs. Indira Gandhi and the induction of Rajiv Gandhi to succeed her, the Western press began to express its expectation that Mr. Gandhi would be "different" than his mother. Not the least of this kind of greeting for the new prime minister came from Henry A. Kissinger.

All such prognoses totally miss the point. Such people will understand Mr. Gandhi no better than they understood his mother. For the Eastern Establishment of the United States—from Henry Kissinger to Daniel Moynihan—Mrs. Gandhi was a force to be reckoned with, with extreme irritation. She was reviled as a "pro-Soviet puppet." Under the foreign-policy domination of Henry Kissinger, the United States burned its bridges to India, in 1971, as part of Kissinger's "China Card" policy. Under the Carter administration, the anti-Indian policy reached levels of extreme treachery, when the United States cut off promised shipments of fuel to India's nuclear power plant.

As the world's largest democracy, an achievement won after a long struggle against British colonialism, India is the United States' most natural ally in Asia. The combination of a United States and India both committed to progress is a linchpin alliance for Asia, which would have been extremely difficult for Moscow to outflank. That Moscow appeared to win the game, is not because of Moscow, but because of the continuous U.S. withdrawal from India, beginning 1962 and through to the heydays of Soviet agent-of-influence Henry Kissinger and his like-minded successors in the Carter administration.

To believe that somehow Mr. Gandhi is going to be "different"—more pro-Western than his mother—because he wants to modernize India, is the height of stupidity. Washington has understood, no less than Moscow, that at the very bottom, what characterizes Mr. Gandhi, and his mother and grandfather, Jawaharlal Nehru, India's first prime minister, is that they are Indian nationalists. They have all wanted to modernize India, and have fought hard and perilously to do so.

It is that commitment to building their nation that Henry Kissinger, along with the Third Rome leadership in Moscow, find so abhorrent. And it is because of the

strength that commitment has given India in the world political arena, that Kissinger and his partners in Moscow and London are determined to destroy India as an independent nation.

Unlike many other underdeveloped countries, in its nearly 38 years of independence, India has not succumbed to the neo-colonialism imposed by the International Monetary Fund. India has maintained a strict control on its foreign debt. Last year, when the IMF threatened to impose harsh conditionalities for new loans, the Indian government simply said, "Thanks, but we will pay off the debt we have. We want no more; we do not accept your conditionalities."

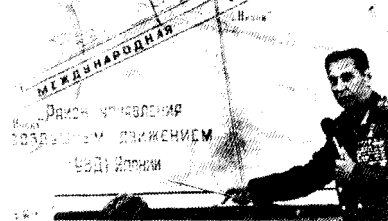
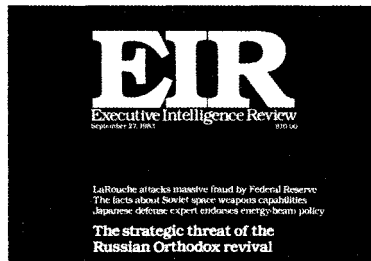
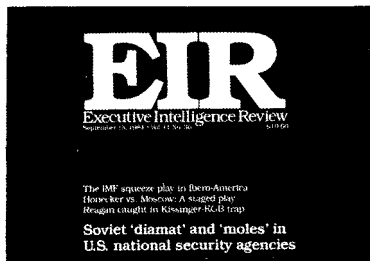
Kissinger and such "friends of India" as the grain cartel's Orville Freeman, or Charles "Mr. Non-Proliferation" Percy, are now trying to use Mr. Gandhi's clear desire to reinvigorate the Indian economy, to get a foot in the door for the international banks, and "hook" India on the debt trap. Meanwhile, the Soviets and the British are pulling the strings on all their long-standing assets to maintain the subcontinent in a state of constant and escalating destabilization.

Within this context, there is really only one item on the agenda in the discussions between President Reagan and Prime Minister Gandhi. That is: Will the United States change its economic policy? Will the United States break with the International Monetary Fund and its murderous policies? Will these two world leaders join together to call for an Indira Gandhi Memorial Summit to End the World Depression? Will they join forces to save *both* of their countries, and the world with it?

Perhaps this issue will not be brought up in this form. But the reality remains that although President Reagan, unlike his recent predecessors, is not an evil man and hence naturally desires to improve relations with this great nation, he will be unable to do this, unless he and Mr. Gandhi put their heads together to bring forth a new world economic order.

And should they do that—they will transform the relations between all sovereign nations, by defeating the oligarchs—in Moscow and Washington—who are seeking to destroy civilization.

Who Really Rules Russia Today?



Since the spring of 1983, when Lyndon LaRouche first laid out his groundbreaking analysis of the “Third Rome” imperialism that forms the Soviet Union’s cultural matrix, the author and his associates from the staff of *Executive Intelligence Review* have developed rich documentation of the thesis. Russia is not a communist state! Marxism there was adapted to the pre-existing Russian ideology, to “agrarian socialism” and the cult of Mother Russia. *EIR*’s material is indispensable for the specialist as well as for the patriotic citizen determined to preserve the values of Western Judeo-Christian civilization. Photocopies of highlights of this coverage are now available for **\$100**.

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