

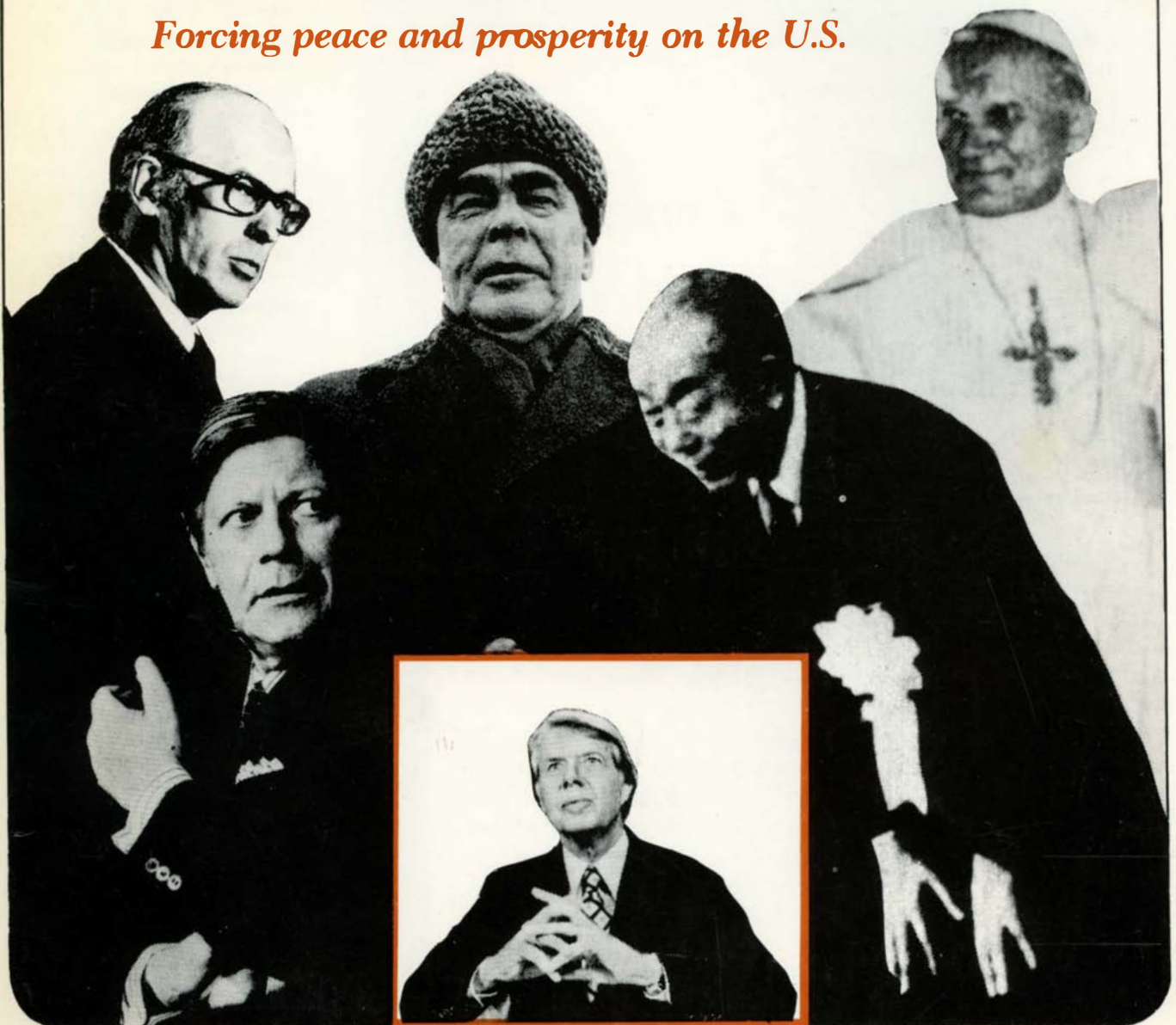
EXECUTIVE INTELLIGENCE REVIEW

Soviet exposé on drugs,
Peking, and JFK's murder

October 21-30, 1978

America's Allies Box Carter In

Forcing peace and prosperity on the U.S.



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EXECUTIVE INTELLIGENCE REVIEW

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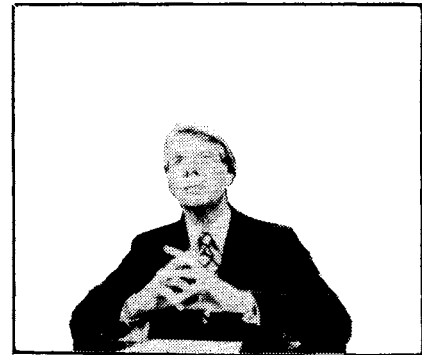
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America's allies box Carter in



Our last issue highlighted the lunacy into which U.S. policy-making has sunk. This week's cover story, in **INTERNATIONAL**, tells what America's friends around the world are doing about it.

Did you know that France's Foreign Minister went to the heart of the rotten Camp David deal with charges that Israel is responsible for the bloodshed in Lebanon, and that French President Giscard warned that the Mideast and the "China card" could both trigger thermonuclear war? Extensive portions of their statements — generally unreported in the rest of the U.S. press — are included in our coverage. Do you know what economic alternatives the recent West German-Japanese communiqué spelled out? What the new Pope is contributing to the effort to save the U.S. from itself? What you can't find out from any other U.S. press is in **INTERNATIONAL** this week, with full documentation from French, German, Soviet, and other sources. page 8

On our cover: Jimmy Carter and the men who are trying to educate him — Valery Giscard d'Estaing, Helmut Schmidt, Leonid Brezhnev, Takeo Fukuda, and John Paul II.

IN THIS ISSUE

Soviets expose Maoism's role in Kennedy assassination

A blockbuster series in the Soviet magazine *Ogonyok* has exposed Chinese Maoist links to the 1963 assassination of President John F. Kennedy. With this issue's COUNTERINTELLIGENCE report, we begin serializing our exclusive English translation of the Soviet exposé. This week: Lee Harvey Oswald's connections with China, Oswald's connections to Jack Ruby, and Ruby's links to the drug trade.

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Does organized crime control voting machines?

A new wrinkle in our ongoing coverage of the underworld's links to vote fraud: some highly suspicious links between crime figures, notorious drug-money bankers, and the tiny handful of companies that produce most of the voting machines that our local, state and national elections are tallied on, in U.S. REPORT. Rigging a voting machine isn't hard to do, this report by investigator Edward Spannaus shows — what U.S. law enforcement authorities must now look into is whether crooks have a hand in building, marketing and servicing the machines from the start. page 28

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The truth about the Egyptian-Israeli talks

In **THIRD WORLD**, the secret Camp David codicils providing for a massive, U.S.-financed military build-up of both Egypt and Israel, and Zbigniew Brzezinski's wild plans for a multinational Mideast shock force to contain "Soviet expansionism." Plus: Sadat captured by Egypt's oligarchist, pharaonic Coptic cult, and depression and IMF austerity in store for Egyptians. page 52

In **ECONOMICS**, a special report by European financial correspondent Laurent Murawiec, exposing the sordid details of the Rothschild and Zionist lobby operation that wrecked Israeli industrial development plans in the early 1970s. page 19

General Singlaub breaks press blackout

A virtually complete press blackout has been slammed shut on Major General Jack Singlaub, who was cashiered by President Carter for his opposition to Administration military policies. Reporting on a recent televised interview with Singlaub in New York City in our **MILITARY STRATEGY** section, Lyndon H. LaRouche warns that the efforts to gag the general are perpetrating a fraud on the U.S. electorate regarding U.S. and NATO defense capabilities, and presents a critical analysis of Singlaub's views. page 35

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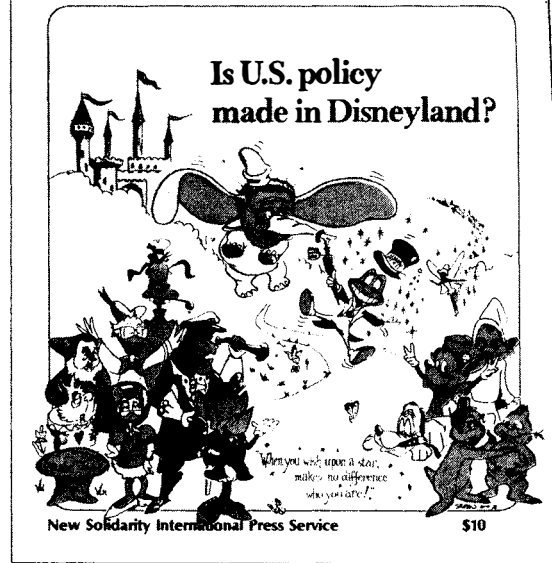
really negotiated at the July 1978 Bremen and Bonn summits of industrialized countries . . . and how the European Monetary System launched at Bremen was *modeled* on a 1975 proposal by the American political economist Lyndon H. LaRouche, Jr. as the "seed-crystal" of a new, development-oriented world monetary system . . . how the United States can get into this system and out of the depression . . .

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fusion energy researchers in the United States achieved the milestone breakthroughs reported in August, 1978 from Princeton, and what other advances are coming in this clean, cheap and virtually unlimited solution to the world energy crisis . . . how and why there was a massive sabotage attempt against the U.S. fusion program, and who's backing fusion now . . . what were Japan's and the Soviet Union's offers in 1978 to the USA for joint fusion R&D.

EXECUTIVE INTELLIGENCE REVIEW

October 17-23, 1978



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what's behind the world outbreak of terrorism . . . the names of the global networks that deployed both "left" and "right" terrorism to kill Juergen Ponto, Hanns-Martin Schleyer, and Aldo Moro—and plan an even bigger terror wave for the United States . . . Executive Intelligence Review provides the first-hand documentation from the world's press, including accurate translations from non-English sources, showing how continental Europe, Japan, the East bloc, the Arabs and developing sector countries are seeing and acting on events.

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A shock wave from the Mideast

Can it jolt the United States back to reality?

If anything can jolt the leadership of the United States back to reality, the latest phase of the "Camp David process" ought to do it. Even as the Egypt-Israeli peace talks in Washington were coming apart, the Camp David accords received another decisive setback from one of America's most trusted moderate Arab allies.

Jordan's Crown Prince Hassan arrived in Moscow for talks on the Middle East with Soviet Prime Minister Kosygin, and the two issued a stinging joint communiqué condemning the Camp David accords for "ignoring the legitimate rights of the Arab people and . . . the Palestine Liberation Organization." The communiqué also affirmed the Geneva conference, chaired by both the U.S. and the Soviets, as the only way to reach a viable overall settlement in the Mideast. Moreover, Hassan declared his gratitude to the Soviets for their support of the Arab world, and announced that Jordanian-Soviet ties in all fields will be expanded.

Hassan's trip leaves no doubt that his brother, King Hussein, will refuse to join the Egypt-Israeli dialogue. Jordanian participation, recognized on all sides as a necessary precondition for extending the accords to the West Bank, had been relied on by Washington because of Jordan's close ties to the U.S.

It should come as a healthy shock for the U.S. leadership that Jordan, one of the leading Arab moderate states and a long-time U.S. ally, is not hesitating to strengthen its ties with the USSR as a result of the

Carter Administration's backing for the bilateral Egyptian-Israeli talks. The fact that Camp David, hailed as sweeping aside Soviet influence in the region, is instead having the opposite effect might tell President Carter something about Henry Kissinger and Zbigniew Brzezinski's competence as policy-makers.

In the face of the threat to Arab unity posed by an Egyptian-Israeli "separate peace," the leaders of the Arab world have put aside their ideological differences to forge a new era of unity. Most striking in this process is the role that erstwhile radical Iraq has taken in organizing a November heads of state summit in Baghdad to which all the Arab capitals, including the conservative Gulf States and Saudi Arabia, have agreed to send representatives. In this connection, the intense and long-standing ideological differences between Iraq and Syria are being

overcome, exemplified by Syrian President Assad's agreement to make his first-ever trip to Baghdad to attend the summit.

The Arab leadership has also agreed to contribute to a fund which will provide Egypt with \$5 billion annually in badly needed development aid if Egyptian President Anwar Sadat agrees to renounce the bilateral negotiations with Israel.

Egypt as yet has not officially responded to the offer. However, the ongoing talks in Washington to finalize an Egyptian-Israeli treaty have now broken down. Informed sources indicate that the Egyptians are now demanding that the treaty concerning the Israeli return of the Sinai include a clause linking it to a resolution of the West Bank problem, which Israel refused to accept. This demand indicates that the Egyptian delegation is having second thoughts. What about Jimmy Carter?

Saving the U.S. from suicide

There is now a consolidated bloc in continental Eurasia, from the Atlantic to the Pacific, that "represents the greatest concentration of economic — and political — power the world has ever seen," writes U.S. Labor Party chairman Lyndon H. LaRouche, Jr. in the Oct. 20 issue of his party's newspaper, *New Solidarity*. This "new, dominant combination of world leadership," says LaRouche, is now "bypassing

the gone-lunatic U.S. government in shaping the policies among nations." The United States, he warns, will either join in that alliance, or face thermonuclear Armageddon.

The Labor Party leader describes the new power bloc as centered "around the spiritual power of the Vatican, around the *Populorum Progressio* doctrine already embedded in the 'constitutional' resolutions of

Vatican II. The temporal leadership of the world at this moment is exemplified by France's President Giscard d'Estaing, West Germany's Chancellor Helmut Schmidt, and Japan's Prime Minister Takeo Fukuda. Although the Soviet leadership is the principal muscle behind this leadership force, the Brezhnev leadership views the possibility of world peace as best served by its own cooperation with forces currently centered around Giscard, Schmidt, and Fukuda.

"At this moment, Schmidt and Fukuda, both in close cooperation with Islamic and other humanist leaderships, represent the leading forces in economic policy. France's Giscard has assumed world leadership in strategic affairs on behalf of the overall forces within whose ranks he is otherwise a peer.

"The industrialized nations represented are complemented by leading forces among developing nations, with the Islamic proponents of a new world economic order and Mexcco's President Lopez Portillo most prominent."

The economic power of this combination, LaRouche explains, is "based on the keystones of the European Monetary Fund, the Arab Monetary Fund, the Mitsubishi-colored policies of forces behind the Tokyo capital market, and the May 1978 Schmidt-Brezhnev treaties." "Let it also be clear," he adds, "that this present configuration is what the U.S. Labor Party program and policy for the 1975-1976 general elections and presidential campaign, and the policy for which the U.S. Labor Party alone has been the consistent spokesman in the USA over this entire period to date."

A new American leadership

The men currently at the helm in the United States are presiding over the lawful disintegration of their initiatives — and proposing still more of the same as the solution. Under these conditions, says LaRouche, "the U.S. Labor Party declares the de facto existence of a new political leadership in the United States. We propose to name this new leadership the *American Whig Policy-Coalition*. The Coalition will include the U.S. Labor Party, of course, but will also include Republicans, Democrats, and independents, which, as a combination, will determine who is President of the U.S. in January 1981"

This grouping will be committed to "the new world monetary system," LaRouche says, "to be based on bringing the U.S. dollar up to 3.00 deutschemarks and pegging the open-market price of gold to 720 deutschemarks an ounce." The policy of a "global, 'dirigist' monetary system" is "in absolute agreement with the Federalist-Whig policies of Presidents Washington, John Adams, James Monroe, John Quincy Adams, and Abraham Lincoln."

This program spells out the alternative to national destruction — "to seize the policies forwarded by Giscard, Schmidt, and Fukuda as our own, and to assume our proper leading place in the shaping of the next hundred years of the world's history according to those principles. The United States can take great pride in the fact that the U.S. Labor Party and its chairman have been among the leading intellectual influences contributing to the emergence of the new world monetary order. The United States

has proven, through the existence and activity of the U.S. Labor Party, that our nation is still capable of producing greatness in the leadership of world affairs."

Those who are bringing this Policy-Coalition together have three principal tasks, according to the Labor Party chairman. First, the U.S. must be brought into the new global monetary system centered around the European Monetary Fund. Second, the drug plague — marijuana and other illegal drugs — destroying the nation's youth must be eradicated. Third, the accelerating destruction of U.S. scientific and engineering resources must be reversed, starting at the secondary school and college level.

Otherwise, Armageddon

If the Carter Administration and the majority of the business community continue on the course of economic rapine and war provocations, LaRouche concludes, then this country is "at most weeks away from being destroyed through the consequences of Hour One of general thermonuclear war." That is one way of settling the policy debate. "If Armageddon occurs, then the state of monetary, drug, and scientific policy in the USA will be of little continuing interest to those 150 to 180 million of us who are dead — or to those survivors who will have little direct authority for making the policies under which they and their posterity crawl out of the radioactive nightmare the USA then becomes.

"If there is no Armageddon, then U.S. policy will change drastically through the formation of an American Whig Policy-Coalition."

Henry Kissinger has a worse idea

Out of the rubble of America's foreign policy something even worse is emerging — a self-styled conservative alternative to present policy that will tremendously increase the already perilous danger of thermonuclear confrontation. The invisible hand behind this new turn is Henry Kissinger, the man who is also the behind-the-scenes inspirator of Camp David and the rest of the Administration's disastrous policy debacles to date.

One signal was a lead article in *Commentary* magazine by Edward Luttwak of the Georgetown Center for Strategic and International Studies (CSIS), known to be close to Kissinger. Zbigniew Brzezinski's anti-Soviet "China card," the proposed solution to all America's international problems, has turned out to be a dud, says Luttwak. A "toned-down" policy toward China should be pursued to continue to counterbalance the Soviet Union, he argues, but accompanied with a U.S. military build-up. The reason: an all-out pro-China policy could mean "un-

containable" political consequences in the USSR and the U.S.

Luttwak's correct perception of the fact that Brzezinski's foreign policy ace has turned out to be a joker has nevertheless led him to the opposite of a sane U.S. policy toward China. (The proper approach would be something on the lines already being pursued by Japan: deruralizing China through industrial development, and thereby removing the basis for the dangerous Han chauvinist policies of Peking.) Moreover, Luttwak's notion of "toning down" the China option overlooks the fact that Peking has already recognized that the Carter policy is doomed, and is prudently preparing to downgrade its own "U.S. card!"

"Guns, not butter"?

Luttwak is not alone in his plans for a swing to a "guns, not butter" tack of direct confrontation. Highly placed sources in Washington report that acceptance of a U.S.-USSR SALT II disarmament agreement is to be part of a

deal that will also include steep rises in U.S. military spending. An address delivered last week by Bernard Rogers, Chief of Staff of the U.S. Army, in fact projected a "steeply rising rate of military procurement" over the next 10 years.

In our last issue we reported Henry Kissinger's personally stated views on U.S.-Soviet relations, given in a Colorado speech that went unreported in the rest of the American press. "The extension of Soviet spheres is a process which must be stopped," Kissinger said. The U.S. "must reconstitute our tactical supremacy, . . . to give the United States better means of intervention" in hot spots around the world.

The chorus of demands from Kissinger's friends on the right for military build-up is thus quite continuous with Kissinger's own policies. But the consolidation of this tendency will push the Soviet Union that much closer to a war-winning, rather than war-avoidance, posture, and thus bring the world dramatically closer to war.

America's allies box

In a series of statements blacked out of the U.S. press, the responsible leaders of Western Europe, Japan, and the Soviet Union have taken the public initiative to stop the process toward World War III which the Carter Administration's Camp David hoax has created.

As of this moment, these governments have stopped short of denouncing the Carter's Administration policy as the wildly lunatic course it is. But they have made it clear that, if the U.S. does not respond to their forceful moves toward isolating the British monarchy's provocateurs in the Middle East, Africa, and the European Community by joining in their march toward detente and the new European Monetary System (EMS), quarantine of the Carter group as certifiable lunatics will be the next step.

These leaders have received a significant ally in their fight with the election of Pope John Paul II. With his opening remarks the new Pope demonstrated that he will continue in the tradition of his close friend Pope Paul VI, a tradition most fully expressed in the Encyclical *Populorum Progressio*, released in 1967. This encyclical outlines the basis for a Third World policy based on technology transfer that would create living conditions "appropriate to the dignity of man." This is the perspective with which John Paul II will be going into a heavy schedule of meetings with all the Western European principals working toward the EMF and world peace, starting with Chancellor Helmut Schmidt on Monday, Oct. 23, President Giscard d'Estaing Oct. 29, and probably Italian Premier Andreotti in between.

The Pope's election has — U.S. and British press coverage to the contrary — been warmly received by the Soviet Union, the Polish government, and the PCI, and foreshadows a deepening of the collaboration formalized in the recent summit discussion between Italian Communist Party head Enrico Berlinguer and Soviet President Leonid Brezhnev in Moscow. The content of the communiqué coming from that summit underlines Paul VI's *Progressio Populorum* policy as the legitimate basis for a continuation of the Communist Party-Christian Democratic alliance that rules Italy, and implicitly for collaboration already underway between the USSR and West Germany, France, and (in the planning stages) Japan.

The Vatican's key role underlines the fact that the basic components of the Grand Design embodied in the EMS have been coming into place over an extended period of time. The last crucial phase of this process occurred in the spring of 1978, when Soviet President Brezhnev and Chancellor Schmidt concluded their historic 25-year treaty as a model for war avoidance through economic development between the East, West, and developing sectors, and then Mexican President Jose Lopez Portillo concluded a similar historic treaty with the Soviet Union. The result of that phase was to provide the muscle for the European Monetary System, adopted at Bremen July 17. The upcoming phase of diplomacy — which includes a Portillo trip to Japan as well as an intensification of discussions between Giscard, Schmidt, and the Soviet Union — holds the seeds of the actual linkup of the EMS to the Japanese, Arabs, Soviets, and Third World into a new world monetary system in fact, if not in name, by Jan. 1979.

The tough alternative

The treatment which the Carter Administration can expect if it does not accept this offer is not hard to see. It is now being meted out to the British government, which is publicly denouncing, whining, and pulling over the EMS threat to the IMF. "Two months is not enough time for any respectable nation to be able to prepare," the British press fretted, as if being invited to a formal tea. In their politer moments they have tried to subvert the dollar-support concept of the system; in their nastier, to spread disinformation about its policies and ability to exist.

Schmidt and Giscard have taken off the kid gloves. While still in the Far East, Schmidt called his press secretary Boelling, ordering him to give a press conference that would refute British lies on a "delayed" EMF. "There is no possible obstacle to realization of the European Monetary System on schedule," Boelling said in a press statement Oct. 17. Schmidt repeated this message to Callaghan personally, when he was in Bonn Oct. 18.

Last week U.S. Treasury official C. Fred Bergsten got a whiff of how the U.S. will be treated if it continues the British line. He arrived in Bonn on Monday, only to find no leading officials there to meet.

Carter in

He sojourned to France, and was snubbed again. The lower-level officials who met with him were themselves forced to show him the door, once he came out with the trade-war ultimatums fed to the U.S. from London.

This is not the preferred way of the French and the Germans, but they know that world war or peace lies in their hands. The U.S. will either follow their lead, or face hideous consequences indeed.

—Nancy Spannaus

1. France gives Carter a foreign-policy lesson

While the government of President Valéry Giscard d'Estaing continues to give its fullest backing to the immediate implementation of the European Monetary System, Giscard and his colleagues are also making an international issue of the evident rottenness of the core of Carter Administration foreign policy, the so-called Camp David process.

In sharply worded statements last week, statements largely unreported by U.S. media, the French President and his Foreign Affairs Minister, Louis de Guiringaud, denounced Israel's pact with the professedly Nazi Christian militias in Lebanon, and warned that continued escalation of tensions in the Mideast is pushing the world dangerously close to thermonuclear war. Without attacking, as yet, Carter and his advisors in so many words, the French charges hit at the guts of the U.S. Administration's disastrous foreign policy.

Both Giscard and Guiringaud were careful to emphasize that the danger of war does not lie in any aggressive intentions of the Soviet Union, nor of the United States. Instead, Giscard stressed that it is China — that is, Zbigniew Brzezinski's favorite geopolitical playing-card — that is actively, brazenly preparing for nuclear holocaust.

Guiringaud blames Chamounists, Israelis for Lebanon war

In an Oct. 16 statement following a meeting with the Anglo-American Press Club, Minister Guiringaud charged that Camille Chamoun's Christian militias, armed and advised by the Israelis, are responsible for the current bloodshed in Lebanon. Guiringaud also denounced the plans to partition Lebanon, part of an anti-Soviet balkanization of the region which is the "secret" side of the deal Carter presided over at Camp David. Significantly, Guiringaud was careful to stress that the Chamoun group does not represent the Lebanese Christians, but only a very particular, and very ugly, geopolitical strategy. Here, excerpts from the French Foreign Minister's statement:

It is the Christian militias who set off the fighting in Lebanon. The militias of Camille Chamoun bear responsibility for the violence of the last two weeks. We have to see where responsibilities lie. I do not want to absolve the Syrians, who reacted very harshly, but we know that the militias were prepared for this fight. We have known this since last September. Their forces were well retrenched in the Ashrafiyeh neighborhood, and by launching his attack, Chamoun took very great risks for the Christians.

Chamoun has behind him 5,000 people, out of a population of 500,000 to 600,000 Christians who disapprove of his crazy clique. Our ambassador has expended great efforts to try to convince him that the future of the Christian community does not lie in an impossible war with Syria, but in an entente between Lebanese.

There is no question of France sending military contingents to Beirut. We have to tell the Christian militias that they cannot count on international support. I fear that Mr. Chamoun has received very bad advice from a neighboring capital. He received Israeli Sherman tanks last September. The Israelis are carrying out combat against many neighbors, and negotiating a treaty with Egypt. They think it's good to have the only other neighbor that counts (Syria — ed.) tied up in Lebanon.

I don't think that Syria wants to annex Lebanon in

its totality or in part. Syria wants a Lebanon in which order would be reestablished. (The militias must give up) the outrageous dream of partition, and they must no longer be encouraged.

We have intervened in Tel Aviv to ask them not to give their encouragement to the militias. The United States has also intervened in this direction.

When the fighting between Lebanese stops, the presence of the Syrians will become obsolete and a national Lebanese army can be reconstituted. If we can get the Christians to give up an unrealizable and suicidal dream, we can bring peace to Lebanon and get the Syrians to pull back part of their troops. But the latter will not pull back as long as the militias manifest their intention to take up combat against them

The very fact that the Soviets voted this resolution (by the U.N. Security Council for a cease-fire — ed.) constitutes a public signal of advice that Mr. Leonid Brezhnev gave to President Assad in Moscow

(The objective of the Beit-El-Dine conference of Foreign Ministers from countries participating in the Syrian-led Arab peace-keeping force in Lebanon — ed.) is to try to find a formula for establishing contact between the Christian militias and slightly more neutral elements — like the Sudanese and the Saudis — with the hope of convincing the Christian militias to moderate their attitude and to renounce a struggle which makes no sense, which is not supported by the Christian population, and which can only lead to partition.

Giscard warns of world war

In a special interview broadcast nationally in France, Oct. 16, President Giscard elaborated the global strategy behind Guiringaud's intervention, a strategy coordinated with and echoed by his European Monetary System partner, West German Chancellor Helmut Schmidt, and Japanese Prime Minister Takeo Fukuda.

Putting his nation forward as one of the three major world nuclear powers and one of the five major industrial powers, Giscard set out an overview of the world strategic situation and its solutions far superior to anything that has come out of the Carter Administration since the joint U.S.-Soviet communiqué on the Middle East a year ago. Although he did not attack Carter, Giscard's orientation was clearly meant to force Carter into acting for world peace.

The transcript from which the following excerpted translation was taken appeared in the Oct. 17 edition of Le Figaro.

Q: There is the problem of nuclear war. As the chief of state ultimately responsible for the nuclear weapon, you are forced to think about risk. Do you envision circumstances in which a nuclear war could be set off

in which France would be implicated?

A: This is a very serious question, a question which all leaders must ask themselves. One of the great events in the history of humanity are wars France was twice devastated, depopulated since the beginning of this century. I recently told the (French) government: at all times, leaders must ask themselves "does there exist the threat of a conflict?" There are two nuclear powers outside of ourselves, the United States and the Soviet Union. France is presently the third nuclear power, far behind the other two, but still third. Before the English. And also before the Chinese, even though it is probable that the scientific and technological progress of China in this area is, in my opinion, beyond what is generally thought

I personally know well the President of the United States, Mr. Carter and the President of the Presidium of the Supreme Soviet, Mr. Brezhnev. I have met them several times and I consider that at the present time neither of these great world leaders is preparing an aggression of the nuclear type. I weigh my words. I say this for Mr. Carter and I say this also for Mr. Brezhnev....

Q: So, the fact that we say that detente is something that depends on the policy of the Americans and the Russians ...

A: (interrupting) From the standpoint of the question you are asking, that is to say of the preparation of a nuclear aggression, this is not of concern. But there are situations of tension or of danger in the world and which could develop in the years to come. We have two great foyers of tension. There is on the one hand the relations between the Soviet Union and China, and on the other the whole of the situation of instability in the Middle East, either as a result of on-going conflicts or because of political instability in such or such part of the region.

Q: I think that at the Rambouillet seminar (of government ministers this summer) you posed the question of knowing what they (the ministers) thought about the possibility of a Sino-Russian conflict.

A: I think that we must always think about big possibilities, you know that the Chinese talk about it. When you meet a high Chinese leader he talks to you about it, whether or not there is a probability of war or not, most of them think that there is such a probability I think that the great leaders of the world are not preparing an aggression of the nuclear type. It is important to know that there are situations of instability, but that these situations can be contained within certain limits. This does not imply a situation of serenity. I think that there will be crises, but everything will be done to contain these crises within a certain level

Q: You speak of a France which must win (economically speaking) over others. That is to say, over the new competitors of the Third World.

A: Not at all. I said that France must win over the

group of comparable countries. Competition for us is not something which we wage with the countries of Southeast Asia or with Latin America. It is a competition which we carry out with the Americans, the Germans, the Japanese

When I was Finance Minister (during the 1960s — ed.) I had set as a personal goal that France, from the economic standpoint, overtake Great Britain. I remember our big debates with the British, and we were always behind. I said to myself that we must overtake them I think that if we do what is necessary, we can be on the same order of economic development and economic power as West Germany within 10 years. This is winning, by catching up with the strong. Looting the weak is not winning.

2. Brezhnev also has a lesson for Carter

French government radio recently characterized Soviet President Leonid Brezhnev's intentions as geared to teaching the United States a lesson in world affairs. The Soviets' Mideast diplomacy and the French Foreign Ministry's dramatic condemnation of the Lebanese fascist "Christians" and support for the moderating role of Syria signal that Paris and Moscow are seeking the same route to stopping the bloodshed in Lebanon, working parallel and in cooperation.

At the same time the efforts of Schmidt and Giscard to fill the policy vacuum left by the Carter Administration both by restoring the world monetary system, as well as by vigorous diplomatic intervention into the worst areas of instability, mesh with the core policies of the Brezhnev leadership in the USSR.

Those policies were affirmed most recently in the communiqué issued by Brezhnev and the leader of the Italian Communist Party, Enrico Berlinguer (see below). Overriding the "ideological" issues, which ostensibly are central to relations between Communist Parties, Brezhnev and Berlinguer situated their agreement on the matter of assisting the solution of the Third World problems of economic development and of peace.

Brezhnev and Soviet Prime Minister Kosygin are taking personal charge of Soviet diplomatic activity vis-à-vis the Middle East. In recent days they have received President Boumediene of Algeria and the brother of Jordan's King Hussein. The Soviet goal is to bring Middle East negotiations back on track towards a Geneva conference, in accordance with the USSR's responsibilities as Geneva cochairman. Brezhnev himself recently cited Soviet resolve to act on these responsibilities.

Endorsement of the European Monetary System

plan for currency stability and economic recovery is yet to be issued from Moscow, and the party daily Pravda remains officially opposed to the EMS. Yet the Soviet economy is already fully geared up to join in by virtue of the extensive economic agreements in effect on a bilateral basis with France and West Germany, and under negotiation with Japan. The Soviet-West German economic commission has held an early fall meeting to chart implementation of the Schmidt-Brezhnev 25-year-cooperation agreement signed between the two country's last May, and the Soviet-French commission has planned a tripling of trade in the next two years. Negotiations with the Japanese are scheduled, including both trade and banking officials.

Moreover, recent attention in Soviet specialized journals on the trend to a gold-based international monetary system (see *Executive Intelligence Review*, Sept. 26 to Oct. 7) reflect the lively support for the EMS which exists within the Soviet policymaking elite.

The Brezhnev-Berlinguer communiqué

From Moscow Oct. 8, the Soviet news agency TASS, issued an English translation of the official joint communiqué signed by Italian Communist Party General Secretary Enrico Berlinguer and Soviet Premier Leonid Brezhnev. Portions are reprinted here.

...As a result of the conversations that took place, the following joint communiqué was adopted.

Representatives of the CPSU and the ICP (Italian Communist Party—ed.) had a wide-ranging exchange of views on key problems of the present-day international situation.

...Noted was a joint concern over the slowing down of detente and international cooperation, the slowing down which was resultant of the activities of certain imperialist, militarist and reactionary circles and which brought about a growing threat of a new spiral of the arms race.

The delegations of the CPSU and the ICP emphasized an urgent necessity to take new and energetic efforts to give a new impulse to the process of detente and international cooperation, consolidate in Europe the constructive results achieved at the European conference in Helsinki, through full implementation of all the provisions of the Final Act.

In this respect, of major importance would be real measures aimed at preventing an intensification of the arms race. The two sides consider that a valuable contribution to attaining this goal would be provided by an earliest completion of the Strategic Arms Limitation Talks, by concrete headway at the Vienna talks on the reduction of the armed forces and armaments in central Europe, by a consistent implementation of the recommendations of the UN General Assembly's special session on disarmament....

A policy of international economic cooperation capable of placing resources and means at the service of the cause of consistent emancipation of billions of men and women from hunger, backwardness and illiteracy, policy capable of creating prerequisites for organizing a new international economic order would be of great benefit to the development of those peoples.

The leaders of the CPSU and the ICP pointed out that the working-class movement of the countries of Western Europe on the basis of cooperation between the communists, the socialists and the social democrats, and other democratic forces, including Christian ones, can make its own contribution to strengthening the processes of detente and cooperation between states with different social systems and to ensuring the success of the struggle for democratization of international relations and development of social progress.

The movement of non-aligned countries can make an important contribution to the attainment of these goals. . . .

The representatives of the CPSU and the ICP exchanged a detailed information on the state of affairs in their countries and the activities of the two parties. In so doing, the delegation of the Italian Communist Party informed the Soviet side of the adventurist activities of criminal groupings with the help of which reactionary forces try, by organizing terrorist acts, to impede the development of the democratic gains of the workers and development of the democratic gains of the workers and the Italian people.

The representatives of the two parties condemned those terrorist activities as utterly contradicting to the interests of the working-class and democratic movement.

3. John Paul II acts as 'the Pope of peace'

The election of Polish Cardinal Karol Wojtyla to the papacy on Oct. 16 promises to be one of the important events of 20th century humanist history. Pope John Paul II, a vigorous man of great philosophical depth and culture, is a worthy successor to the profound and politically sophisticated Paul VI. Understandably, enemies of humanism in the press and supporters of what is in fact a pagan oligarchist movement behind Archbishop Lefebvre have become frankly hysterical at Wojtyla's election.

This faction, including U.S. national Security Advisor Zbigniew Brzezinski, has reacted by generating a disinformation campaign that already rivals the camouflage operation organized against Paul VI and John Paul I. This includes continuous

editorial comments in the London *Times* on Wojtyla's presumed "Mariology" — a code term for the pagan cult of Isis as practiced by the schismatic Archbishop Lefebvre and others — as well as Wojtyla's ideological "anticommunism," and even the short-lived fairy-tale of his supposed warm friendship with Brzezinski.

One of the Inner Elite

The facts as indicated by Wojtyla's own writings and behavior while Cardinal of Krakow demonstrate rather that the new Pope is an "inner elite" of Christian humanism in the tradition of Paul VI, Giovanni Battista Montini. Montini, as the Pope of ecumenicism and "*Ostpolitik*" — the opening of detente with socialist Eastern Europe and the USSR — was of course anathema to Brzezinski, Lefebvre, and the international fascist nobility.

In his first formal speech to the Cardinals on the morning of Oct. 17, John Paul II lost no time in laying out the programmatic basis for his future rule under three major topics: the implementation of the Second Vatican Council, ecumenicism, and peace.

First, he told the Cardinals that Vatican II, as shaped by "the unforgettable Paul VI," had yet to be implemented, characterizing this as *the* problem of internal Church discipline.

The forthrightness with which Wojtyla addressed this problem in his very first address as Pontiff must have made Genoese Cardinal Siri and the other Lefebvre supporters inside the College of Cardinals quake, for it was against the ecumenical principle as laid out in Vatican II that Lefebvre "revolted." Its full implementation has been partially blocked by infiltrators for whom Lefebvre is the contemporary expression.

Vatican II, under Paul VI's guiding hand, represented the modern renewal of Christianity's fundamental principles from its foundation: the Neoplatonic knowledge that man is man through the exercise of his reason for self-perfectibility, and that this is mediated through science and "the transformation of nature by man," to use Wojtyla's words. It is against this worldview that the pagan faction around Lefebvre, including Siri and Benelli, are in revolt, and it is this that Wojtyla promised to reinforce in the Church. As one Italian newspaper rightly said, "Watch out, Lefebvre."

Wojtyla dealt with the issue of world peace by focusing on the Middle East and the situation in Lebanon. Here the continuity with John Paul I is striking: the late Pontiff was reported to be planning a personal visit to Lebanon in an effort to reach peace.

Wojtyla stated: "Allow me to take into my heart directly the very serious problem of the beloved land of Lebanon We must have peace immediately We want social life ordered according to the faith Permanent inequalities and incomprehension are the reason for the conflicts and the dangers of more terrible catastrophes still." On the day of his election,

the Vatican daily *Osservatore Romano* had predicted that the new Pontiff would be "the Pope of peace," working against those who would generate war for their own ends.

Wojtyla's writings and speeches strongly reinforce the personality revealed in his first speech as Pope. His articles for *Rivista di filosofia* (Philosophical Review) on "the universal coherence between man and nature" are the epistemological echo of Pope Paul's 1967 *Populorum Progressio* encyclical, defining true human culture as mediated by man's progressive transformation of nature through science. Other writings on the meaning of love as "the seed of all creative spirit," counterposed to anarchic "freedom without direction" prove the depth of the new pope's understanding of the principles which informed St. Paul, Nicholas of Cusa, St. Augustine, and the rest of the humanist leadership throughout history.

First reactions to the new Pope

Press reactions to the election of the Pope last week varied from improbable prophesies that the new Pope would roll back Godless Communism in Eastern Europe to more realistic analyses. But official statements from those who knew the election's significance for Ostpolitik were far more interesting:

Telegrams and declarations

Erich Honecker, President of the German Democratic Republic and Secretary General of the GDR Communist Party:

"I am convinced that your actions will contribute to the consolidation of peace, and the peaceful cooperation and development among States and peoples."

Helmut Schmidt, Chancellor of the German Federal Republic:

"You have already proven that 'caring for the soul' means striving for peace between the peoples of the world. The hopes of mankind are directed to you and go far beyond the circles of Catholic Christianity itself. I hope your efforts to gain peace, justice, and social equality will be successful. I wish you a long Pontificate."

Wojtyla also comes to the papacy with the political experience and expertise to lead the further realization of Vatican *Ostpolitik*. Far from being the ideological anti-communist which the press has tried to convey, Wojtyla in fact worked with Pope Paul in the implementation of *Ostpolitik* in Poland despite the anticommunist vagaries of Polish Primate Cardinal Wyszynski.

In Poland, the Cardinal of Krakow showed himself to be an implacable defender of the principles we have outlined, without however showing signs of an *ideological* problem with communism as such. Exemplary is the famous case in which Wojtyla sided with Wyszynski publicly when the latter attacked an article by a Polish Catholic leader, then immediately flew to Rome to defend the true case of the article to Pope Paul as calling for dialogue between the Church and the Polish government.

— Vivian Zoakos

Edward Gierek, President of Poland:

"The important decision by the College of Cardinals fills Poland with great joy. For the first time a son of the Polish nation is sitting on the papal throne, a nation which is building the greatness and the welfare of the socialist fatherland in unity and cooperation. A nation which is well known throughout the world for its special love for peaceful ways. A nation which is an enthusiastic advocate of cooperation and friendship among all people. We are convinced that the further development of relations between Poland and the Apostolic See will serve this important purpose."

Damaskinos, spokesman for the Orthodox Church in Constantinople:

"The election of Pope John Paul II shows that there exists the will for an opening to the Eastern countries. The new Pope brings new blood to the Catholic Church and his election constitutes a whole program. Undoubtedly, he is going to continue the Pontificate of John XXIII and Paul VI: the continuation of a policy of ecumenical opening and the continuation of the spirit of the Vatican II council. That continuity will be guaranteed by somebody who comes from Eastern Europe."

Press comment

AFP (French wire service), Oct. 18:

"The new Pope could improve relations between the USSR and the Church, according to Soviet journalist Victor Louis, whose articles often express the Kremlin's point of view. According to Louis, John Paul II could do much to establish good relations between the Kremlin and the Vatican since the new Pope knows the problems that the Church must face in the Eastern countries. Besides his experience in negotiating with Communists, Louis added, his knowledge of the Soviet language, culture, and literature is considerable. Thus, and for the first time in centuries, the Catholics of Eastern Europe will be able to address the Pope with ease."

New York Post, Oct. 17:

"Polish sources at the UN told the *Post* that party chief Edward Gierek should be 'very glad to get this archbishop off his back in Poland.'...And Moscow, too, is said to worry that his election will prompt Poles to demand freedom and trigger Catholics under other Communist regimes, including the Soviet Union, to call for greater religious freedom...."

4. Schmidt, Fukuda allied for the Grand Design

When French President Giscard remarked that "looting the weak is not winning" (above), he knew well that the current economic strategy of the Carter Administration is in essence identical to that of the International Monetary Fund: plundering both the underdeveloped nations and the United States itself. Over the last six months institutionalizing an alternative to the IMF, in the European Monetary System and its European Monetary Fund, has been the primary responsibility of Giscard and his allies, Schmidt of West Germany, Japan's Fukuda, and the as yet silent partners in the East bloc and the Arab world.

This alliance was forcefully presented to the West German population on Oct. 17, when Fukuda made a half-hour presentation on national television there. Fukuda stressed the common interest in science and technology that had united West Germany and Japan from the time of the Meiji restoration of the 1870s and, in elaborating the perspective of economic cooperation and stability Schmidt and he had agreed on in their recent meeting in Tokyo, stressed the fundamental common interest of the United States in joining the West German-Japanese alliance for the Grand Design epitomized in the European Monetary System.

This had also been the theme of talks between Schmidt and Fukuda when the two leaders met in Japan during Schmidt's Oct. 9-12 state visit to that country and to Singapore, undertaken to expand participation in the EMS far beyond Europe. Although the Japanese have not yet formally stated their desire to participate, it is known that Schmidt and Fukuda discussed an informal "Bremen East" agreement (after the Bremen summit of European heads of state that drafted the EMS plan), as the vehicle for integrating the Tokyo capital market into the long-term, low-interest development system that will be the EMS's chief concern. Unofficially, the Japanese are already participating in an EMS-style development fund that aids dollar stability by taking inflationary Eurodollars out of speculation and putting them into long-term development projects in Asia.

The Schmidt-Fukuda communiqué: The EMS, peace, and development

"...4) Chancellor Schmidt and Prime Minister Fukuda had a thoroughgoing exchange of views on questions of international and regional policy, the international economic and monetary situation, the current state of

the North-South Dialogue, and German-Japanese relations. They found that their identical evaluation offers good prospects for future German-Japanese cooperation; both sides confirmed their determination to cooperate for the benefit of the world, towards securing international peace and development of the world economy.

Both agree that it is very desirable to further intensify the trilateral cooperation between Europe, Japan and the United States.

The Prime Minister and the Chancellor emphasized that both countries are determined to bear their great responsibility for peace and stability in the world, and especially in their respective regions.

The Chancellor and the Prime Minister have stressed the vital significance of the further development and unhindered peaceful use of nuclear energy as a reliable alternative energy source, in harmony with the principles of the Non-Proliferation Treaty.

With regard to the combating of international terrorism, both sides emphasized their determination to carry out the declaration made at the Bonn Economic Summit. (Emphasis added— ed.)

The Prime Minister recognizes that the Federal Republic of Germany has made a great contribution to the process of East-West detente in Europe on all levels, in the multilateral as well as in the bilateral framework, and that it also plays an important role in the establishment of a united Europe in the political, economic, and other fields.

Chancellor Schmidt greeted the most recent developments in Asia, including the Japan-China Peace and Friendship Treaty, as a significant contribution to the preservation and consolidation of peace and stability in this region, a contribution which can have beneficial effects worldwide. The government leaders also exchanged views on the problem of establishing peace in the Mideast, and on the situation in Africa. Japan and the Federal Republic of Germany stated their determination to continue to make every effort toward the securing of world peace.

"5) The Prime Minister and the Chancellor confirmed their countries' important role for the world economy and unanimously stressed that the democratic industrial countries must strengthen their efforts in the spirit of the Bonn Economic Summit and intensify their international cooperation, in order to achieve stable development of the world economy, and especially to achieve continuous, inflation-free growth and a better employment situation in the economies of the industrial countries. Both government leaders stressed their determination to counteract protectionism and to expand world trade, and emphasized in this connection the great significance of a successful conclusion of the Tokyo Round by Dec. 15, 1978.

They furthermore agreed that it is indispensable for the goal of the stable development of the world economy, the stability of the international monetary

Two views of the Schmidt-Fukuda talks

From the French Les Echos, Oct. 11:

... The two men do not lack topics for discussion. If one believes the official communiqué, the first talks yesterday were about the role played by the ASEAN states, an organization supported in its efforts by the Japanese government, and the relations of both countries to the Soviet Union, in light, on the one hand, of the Soviet-German economic accord concluded last May and on the other hand, the Japanese difficulties with Moscow after the signing in August of the Peace and Friendship treaty with the People's Republic of China.

But for the Japanese leaders, Helmut Schmidt is a very special visitor: he is the first Western leader in a long time who did not go to Tokyo simply to complain about his trade relations with Japan. Not that they are without problems, but the Bonn authorities are in the community of those who are by far the most considerate to Japan. Japan and Germany thus insist on their common concerns — the international monetary disorder will effect them in a similar way and force them to envision solutions....

From the London Guardian, "Economic 'enfants terribles' in search of a new image," by John Palmer, Oct. 13:

Chancellor Helmut Schmidt of West Germany, on an official visit to Japan, has been telling his hosts how similar the two nations' problems in world affairs are.

All the more reason then, Why Mr. Schmidt will

have been embarrassed by one remark made during a speech of welcome in Tokyo this week by the former Speaker of the Japanese National Assembly, Mr. Shigesaburo Maeo. Toasting Chancellor Schmidt and pointing to some of the similarities between Japan and West Germany, Mr. Maeo said: "It was unfortunate that both our countries were defeated in the last war."

Neither Chancellor Schmidt nor the Japanese Prime Minister, Mr. Takeo Fukuda, need reminding that any formal get-together will cause something of a shudder to those who remember the wartime axis which united Berlin and Tokyo. Both men have repeatedly stressed that such an association of ideas is unfair and wildly inaccurate as a description of the objectives and intentions of either Government today.

Even so, the official visit to Japan of the West German leader does focus attention on the implications of the understanding between the capitalist world's two economic *enfants terribles*.

Replying to Mr. Maeo's somewhat unfortunate comments, Chancellor Schmidt underlined that the West German and Japanese Governments looked at the world from similar viewpoints, but added: "We do not seek to be world powers but we have to work hard to maintain stability."

It seems that both are working on ideas for an "understanding" between very blocks of currencies — for instance those linked to the new European system, those linked to the dollar and the potentially significant number of Far Eastern and rapidly industrialising nations who might want to link to the Japanese yen....

situation and especially of the major currencies, that these countries work to reestablish a balance in international payments balances.

Chancellor Schmidt detailed the current state of the various projects done within the European Community over the past six months under German chairmanship, especially the steps made toward the establishment of a new European Monetary System. Prime Minister Fukuda greeted the fact that such a monetary system would contribute extensively to stability not only of currencies in Europe, but also of international currencies.

"6) The Prime Minister and the Chancellor confirmed their intention to participate in the current North-South Dialogue between the industrial and developing countries, whose function is to promote the economic growth of the developing countries and to fulfill basic human needs, and to make continued efforts toward a just and harmonious economic order.

Both government leaders acknowledged the importance of actively continuing the negotiations on a Common Fund, with the goal of a successful conclusion, and discussed in detail various systems for stabilizing the export income of the developing countries...."

Schmidt on the EMF

One of the high points of Chancellor Schmidt's official visit to Japan was his speech, "Structural Changes Must Not Stop At Our Borders," delivered to the Japanese-German Society in Tokyo on Oct. 11, in which he explained why the European Monetary System must be realized:

... How do we establish world monetary relationships? This can only be done if each country following the

outlines of its responsibility, makes a contribution. The form this would take would be appropriate economic, monetary and credit policies, an appropriate foreign-trade policy, and an energy policy too.

Europe's contribution involves the establishment of the European Monetary System. This System will stabilize monetary relations among the European countries, and in this way support and promote interdependence in the European Common Market ...

We view the European Monetary System as a European contribution to stabilizing the world monetary system. To the extent that the causes of monetary disturbance in recent years comes from Europe, we wish to eliminate them. The new monetary system will facilitate and improve commercial relations of the European Currency Area with those partners in trade who are non-European

"Detente and the North-South conflict"

The speech excerpted here, outlining the Federal Republic of Germany's position on major foreign policy and development issues, was given by Alwin Brueck, Secretary of State in the Ministry for Economic Cooperation, on Oct. 13 in West Berlin. The Carter Administration would do well to study Brueck's remarks.

... In view of worldwide problems, East-West relations today cannot be considered to be nondangerous ... too much is being spent on arms, as opposed to economic development ...

Foreign policy cynics think that they are secure in their opinion that the demands and problems of the Third World do not have to be taken seriously ... But there is the mistake. It is precisely at the moment when the solidarity of the Third World begins to break down under these tensions that detente is affected. Civil war in Angola, but also in Ethiopia and Somalia, has again drawn in the world powers. This has led to problems in East-West detente and made disarmament efforts even more difficult. What do these internal conflicts have to do with the North-South conflict? Allow me the following hypothesis:

Civil wars occur when there is a sharpened struggle for distribution in a situation of scarcity. This is the breeding ground for radical political groups from left and right....

If we want the Third World to become a real partner for creating a world order of peace, then we must contribute to assuring that the material preconditions for their assuming such responsibilities are created We should not attempt to reach special agreements with the weakest members of the Third World in order to break them out of solidarity with the Third World. That leads to no good, and can only unleash chaotic reactions from others.

Whoever wants to retard the cooperation of the Third World among its members to get short-term advantages will be destroying the changes for a real partnership for the future, a partnership in forming world peace. This attempt would also endanger detente over the long term. The hopes for disarmament would be gone, and the greatest waste in the history of mankind would be unstoppable.

5. D-mark hike clearing the path for EMS

After the close of the European Community finance ministers' meeting in Luxembourg Oct. 16, West German Chancellor Schmidt summed up the state of the new European Monetary System, which was inaugurated at last July's Bremen summit: "I have no doubt," Schmidt declared, "that the finance ministers will complete a working system by the end of the month."

This puts the EMS ahead of the official schedule, which anticipates detailed texts to be submitted to Community ministers in mid-November, with a heads-of-state conference in early December to tie up the package.

The Luxembourg finance ministers' meeting reaffirmed the September decision to peg members' currency parities directly to each other in a so-called grid arrangement, rather than to a shifting "basket" of component currencies. In other words, it showed once again the determination of EMS architects Schmidt and French President Giscard to move rapidly toward an international fixed-rate system.

Devaluation to judo London

The second key public implementation move was the preemptive Oct. 15 decision to moderately upvalue the deutschemark against other currencies in the present joint-float European "snake." The revaluation was termed "a good starting point" and "a good omen" for the EMS by West German Bundesbank chief Otmar Emminger and West German Finance Minister Hans Matthoefer. EC finance ministers agreed to raise the mark's value 2 percent against the Dutch, Belgian, and Luxembourg currencies and 4 percent against those of Denmark and Norway.

A spokesman for the Bundesbank told the *Executive Intelligence Review* that the measure was intended to judo speculation-fueling London rumors that the mark would be heftily upvalued across the board as a concession to Britain. The London Exchequer as been haughtily demanding such a move in contradistinction

to the sterling devaluation appropriate as a precondition for British EMS membership.

The realignment also brought the mark closer to the Swiss franc's spot price, a prudent move in preparation for the EMS participation the Swiss announced this month. Austria — also mooted as a candidate member — has just devalued its schilling 1 percent vis-à-vis the mark, while upvaluing slightly against Denmark, Norway, Belgium, and Holland. Present snake member Norway is now being publicly mentioned as another EMS entrant.

Most notable as an expression of West German determination to carry out EMS operations even before all knots are tied within the European Community are Oct. 17-18 reports that there will be a giant increase in the ceiling on bank credits of the type that need not be covered by the bank's own assets: a category of loans vitally important to international trade.

Just looking for a bailout

These are simply some of the nuts-and-bolts advances on the EMS level of an emerging North-South and East-West commitment to global technological development and detente — a commitment which has the unregenerate British utterly on the defensive.

Prime Minister James Callaghan arrived in Bonn to seek permission to join the EMS, permission West German business spokesmen have said over the past couple of weeks ought to be denied. At home the London press staged a beggar's opera of pretensions and demands. After the BBC had cried in alarm that West Germany is trying to impose an economic policy on EMS members, the *London Times* of Oct. 15 and *Financial Times* of Oct. 17 turned around and asserted that not *enough* economic coordination was being demanded of participants — the “locomotive theory” whereby West Germany ought to inflate its domestic economy to “take the sting out of anti-inflationary policies in the weaker countries.”

British spokesmen have also clamored for a “waiting period” and for a “transfer of resources” to Britain.

Not that capital investment in the UK would be a bad idea once overblown sterling and London networks have been taken care of. But what London is demanding with brittle arrogance is a straight bailout.

The Oct. 17 London press claimed in identical phrases that the Luxembourg finance ministers' meeting was “a triumph of sorts for the UK,” reversing Britain's isolation and putting West Germany on the defensive regarding a series of questions on EMS intervention and credit arrangements. The actual upshot of the matter was reported to the French business journal *Les Echos* of Oct. 17 by French economics minister René Monory in Luxembourg. Said Monory, “Britain has undertaken to participate without preconditions, delay, or special conditions . . . without demanding a transitional period and without demanding that the pound have the benefit of widened margins of fluctuation.”

This preliminary commitment will not solve sterling's market problems or London's policy problems. The British themselves assume that EMS entry will mean a devaluation, which will — apart from the Labour Party's electoral fate — raise living costs and inflation, and generally demote London's international standing, such as it is. The other leg of what is widely called Britain's Hobson's choice is “the fear that a refusal to join (the EMS) would be construed as a confession of weakness and provoke an immediate crisis,” as the Oct. 17 *Financial Times* put it.

Britain is hoping to gain quiet concessions in the coming four weeks, however, by way of technical questions it has persistently thumped on. First is who intervenes the most, the fastest, and the most automatically when currency-market interventions are required to keep parities in line. Naturally Britain would like the burden to fall on West Germany, with the least obligations on itself, and has sought to rally the other “weak” European countries to this cause.

Not only is Schmidt confident that an acceptable mechanism is about ready, but the continental leaders have highly sophisticated ideas about how to deal with speculators — who, after all, are concentrated among London's Far Eastern, Swiss, and Persian Gulf satellites. When a journalist complained that West German Finance Minister Matthofer's replies to his technical questions were too vague, Matthofer, according to the Oct. 17 *Le Figaro*, smilingly replied, “I don't wish to be understood; the denser the fog, the harder the speculators' task.”

— Susan Johnson

New York financial press: raising the noise level

The global impetus of the European Monetary System, and the certainty that it will soon be realized, have now forced broad coverage in the New York financial press. Three articles apiece in the *Wall Street Journal* and *Journal of Commerce* of Oct. 17 show both this acknowledgement, and a continued propaganda effort against the program.

'An engine for inflation'

Lindley Clarke, in his "Speaking of Business" op-ed column in the Wall Street Journal, featured the American Enterprise Institute and the Rothschilds' Kredietbank of Brussels growling that the EMS will be inflationary:

"All such schemes of linking together major currencies, either rigidly or in the form of target zones, are entirely utopian. . . ." Mr. Haberler says the arrangement "would require enormous interventions and would be what the Germans call an 'Inflations-gemeinschaft,' an engine for world inflation."

"The odds are very much against the IMF"

The Journal of Commerce editorialized in behalf of the poor, beleaguered IMF and its "sur-

veillance" programs that are threatened by the emergence of the EMS:

Jacques de Larosiere, new managing director of the International Monetary Fund, presides over an organization with greatly augmented resources as a result of agreements reached last month at the annual meetings of the Fund and World Bank. Now he must work hard on restoring morale and maintaining the prestige that could be eroded by the emerging European Monetary System. . . .

The soft-spoken Mr. de Larosiere will have to start carrying a bigger stick if he is to stave off competition from the rival European monetary scheme. The Fund will have even less influence on surplus countries like Germany if the European scheme is successful. One wonders how much influence he will have on the weaker countries once they are firmly under the tutelage of the Germans. . . .

Will Mr. de Larosiere have any more influence on the U.S., now that it has a gaping balance of payments deficit, than other managing directors have had? . . .

Mr. de Larosiere will now have the funds to help the smaller countries if they want to come to the IMF before their problems become too serious. But he will have to fight as hard as his predecessors have done to have any impact on the policies of the surplus or larger countries. The odds remain very much against him.

London: "dead and falling off the slab"

The "Lex" column of the London Financial Times, titled "Casualties of the currency upset," on Oct. 13 summarized the pyramiding problems for Britain of the weakening pound and the rising interest rates London is recommending for the U.S. higher government borrowing costs, panic among brokers of the kind seen in the U.S. stock markets, and zero market for long-term sterling-denominated Eurobonds are the immediate pinch of a crisis London had expected to put off for a month longer.

. . . the discount houses are battenning down the hatches. Until recently it has seemed unlikely that the authorities would come under any serious pressure before, say, the second half of November. . . . But the international currency crisis is now putting the heat on: at today's Treasury bill tender the rate is likely to rise to above 9 1/2 percent which would have led to an increase in minimum lending rate under the only formula. . . .

Nowhere was the impact of the currency crisis more obvious than in the Eurosterling bond market. Already dead to all would-be borrowers since April, it has now fallen off the slab. . . . There is a jaundiced view abroad of the outlook for British inflation and interest rates. . . . (dealers) have seen their short term Eurosterling financing costs go from 12.25 to 13.25 percent over the past four weeks.

'Not an act of war, but of suicide'

The U.S. bankers who brought down the dollar now demand recession

"We will certainly get a recession by 1980 — it's baked in the cake," Citibank Chairman Walter Wriston told a press briefing at the Business Council meeting in Hot Springs, Va., on Oct. 13.

"It's impossible to stop inflation without a recession," Barry Bosworth, director of the Council on Wage and Price Stability told the same briefing.

One after another, leading business figures stood up at the annual meeting of the most prestigious business organization in the U.S. and invited a new recession and mass unemployment.

Such recessionary sentiments, the passage of the energy bill, high U.S. interest rates, and government belt-tightening have been cited time and again as the panacea for the beleaguered U.S. dollar.

Now Congress has passed a version of the energy bill, we have an 8.5 percent discount rate for the first time in U.S. history, and leading business and government spokesmen are calling for the "inflation-dampening" effects of a new recession — and this past week has witnessed the continuing steep fall of the U.S. dollar on international markets.

On Wednesday afternoon the dollar closed at an all-time low of 1.83 deutschemarks, after it had opened the week at a miserable 1.87 marks — a loss of more than 2 percent over three days. The Dow Jones industrial index lost 37 points in the first three days of the week. And the gold price soared to an all-time high of \$229.25 an ounce in Wednesday afternoon trading, precisely the high bid submitted at the U.S. Treasury's Tuesday gold auction by Julius Baer, one of the private Swiss banks.

Collective hara-kiri

The problem is that American bankers' hostility to the European Monetary Fund, viewed by them as "anti-dollar" with considerable prompting from the London financial publications, has for the moment closed off the one avenue for bolstering the dollar and U.S. economy and has set the dollar up for the kill.

As French financial analyst Jean-Gabriel Thomas pointedly observed in *Le Figaro* Oct. 14, the depreciation of the dollar is hardly an act of warlike competition: "It is rather really a suicidal act: the sad thing is not that the Americans are selfish, but that they think they are. Which is much much worse."

The Business Council meeting last week gave every

indication that the U.S. corporate elite is indeed prepared to commit collective hara-kiri — but on one condition. The U.S. government must exhibit leadership in imposing austerity and slashing federal budget expenditures. Only then will the business community abide by the government's forthcoming "anti-inflation" program, threatened DuPont chairman Irving Shapiro at the press briefing.

James T. McIntyre, Bert Lance's replacement as the director of the Office of Management and Budget, was on hand to assure business of the Administration's new gusto. "I can predict there's going to be blood on the carpet in the next few weeks," he promised at the press briefing. In that time President Carter will release his "anti-inflation" program which features a Cabinet-level "productivity" committee centered in OMB under the purview of zero-based budgetor MacIntyre.

19th century weapons

The slaughter of the dollar was given a huge boost when U.S. Federal Reserve Chairman G. William Miller hiked the key "base rate" for credit, the Fed's discount rate, to a record 8.5 percent on Oct. 13. Obsessively promoted as a means of drawing investment into the dollar sector and simultaneously "dampening" inflation, this strategy for fighting inflation also came under fire from *Figaro* analyst Thomas.

Mr. Thomas pointed out that "the interest rate weapon" recently adopted by the U.S. Federal Reserve was "perfected by the Bank of England during the nineteenth century." It might have been efficient under a system of immutable fixed parities, Thomas added, but under floating rates this antidote only aggravates the disease. The interest rate hikes merely "become institutionalized and become incorporated into costs. They feed what they are supposed to reduce: inflation. Provoking what it was to compensate for, it destroys itself."

Gazing at Bank of England "weapons" dredged up from the 19th century, Thomas added, "Even the most obtuse generals were never more than one war behind, not three or four. . . ."

There is a second phase to rising interest rates: at the point when interest rates, and hence business's financing costs, become prohibitively high, they prick

the bubble and we have a recession. In private conversations businessmen are revealing that they are at this moment rescheduling purchase and production plans to carry subnormally low inventories — in view of high financing costs, the accumulation of excess stocks, and as a hedge against a coming deflationary trend.

Involuntary inventory accumulation

Such corporate decisions have not fully shown up in the statistics yet. But in his autumn 1978 "Quarterly Business Conditions Analysis," Manufacturers Hanover economist Irvin Kellner gives some convincing and worrisome evidence. Kellner cites significant involuntary inventory accumulation, especially when trends in industrial output and retail sales — the two ends of the inventory picture — are adjusted for inflation. He notes that inflation-adjusted retail sales have been declining since last May, while the output of consumer goods has continued unabated.

The irony here is that the buildup of now unwanted inventories was itself fueled by rising interest rates. Over last summer, manufacturers continued to build up inventories before financing costs got even higher and as a hedge against inflation. But now rates have reached the point where everything is unraveling.

— Lydia Dittler

America's pundits of collapse hawk hara-kiri

On Aug. 28, when Milton Friedman wrote the following letter to the editor of the Wall Street Journal attacking America's allies for supporting the dollar, the U.S. currency had just slipped below 2 deutschemarks. On Oct. 18, thanks to the influence of Friedman's views in Washington, the dollar closed at 1.83 DM — a loss of 8 percent in less than two months.

. . . The U.S. policy of flooding the country with dollars is wrong — it is wrong internally, because of the inflation it generates; it is wrong externally, because it removes the dollar as a stable anchor of the international financial system.

But the policy of Germany and other foreign countries of supporting the dollar is also wrong. Contrary to your editorial opinion, the United States was not "able to coerce" foreign financing. There was absolutely nothing to have prevented Germany and other countries from letting the dollar find its own value on the marketplace — and that is the policy that I and almost all other advocates of floating exchange rates have consistently recommended as best for them individually, and for the world as a whole. Support of the dollar was simply a reflection of the political pressure for protection, the same pressure that has produced tariffs and other restraints on imports. Have we "coerced" them to impose those restraints on trade?

In "James, Jimmy and intractable labor" (Oct. 16), Washington Star columnist Charles Bartlett cited the views of Friedrich von Hayek, Milton Friedman's co-thinker, on the beneficial effects of recessions.

James and Jimmy (British Prime Minister Callaghan and President Carter) both came to power as candidates of the working classes, but they are both burdened these days with deep concern over the intractability of labor. . . .

Inflation is the issue for both leaders. Callaghan is trying to prolong a tough incomes policy that has brought British inflation down from alpine heights to below 10 percent. Carter is ready to put teeth in a floppy policy which has allowed American inflation to soar towards 10 percent.

Neither leader has at this moment the support of his trade union allies.

Callaghan's bold hopes of capping wage increases at 5 percent were rejected last week at the Labor party conference. Carter's plan to hold wage gains to 7 percent is assailed by labor leaders as a futile venture that may stir a public impression that labor is the mainspring of inflation.

Callaghan tells friends he would rather resign than preside over another wage explosion. He is being realistic. He and Carter will be left with only slim hopes of re-election if labor demands get out of hand because their only option will be to pull levers that tighten the economy, restrain public spending and expand unemployment.

As the architects of recession, they will not be strong candidates.

The British Labor party has kept its grip on popular support through a long grey period of vicissitudes largely because British voters believe the Laborites are their best hope of making 12 million trade unionists behave rationally. . . .

If Carter and Callaghan articulate the inflationary dilemma clearly and firmly, the workers of their countries might get the message. It was well described for the British by Nobel Laureate F.A. Hayek: "The greater we allow the number of those to grow who are maintained in their present employment while producing what the world market will not buy at prices adequate to maintain them at their present level, the greater will be the ultimate catastrophe when the fools' paradise collapses." . . .

In contrast, Le Figaro on America's 'suicidal act'

Writing in Le Figaro Oct. 14, Jean-Gabriel Thomas, Administrator of the Society of French Financial Analysts, dubbed the U.S. Federal Reserve's policy of defending the dollar through high interest rates "A Dull Weapon."

. . . Let us consider the interest rate weapon which the Federal Reserve just resorted to in the summer campaign of the dollar. The tactic was perfected in the 19th Century by the Bank of England. In a system of immutable parities — the pound sterling having kept the same value for two centuries — its efficiency was absolute: a small rate increase sufficed to maintain the allies on the right side. Who would have been crazy enough to refuse to cash in on additional remuneration without taking any risks at all?

The fire power of this weapon significantly decreases in a system of fixed but not immutable parities, such as that established by Bretton Woods. The possibility of a devaluation must be taken into account, with the risk included in the interest rate. One ends up continually upping the dose, as the same Bank of England bitterly experienced up to the drama of 1967.

In a system of floating parities, the risk is daily and the exchange rate fluctuations are very broad. One thus wonders whether the Fed is not getting mixed up as to what century we are in when it increases the

discount rate by half of one percent per year. At the time of this spectacular decision the depreciation of the dollar against the stronger currencies reaches 5% during one day, that is three thousand six hundred times the amount of the Royalty bonus offered to the creditor. Does one have to be a poker player to know that, while anyone might agree to risk one chip for a small chance of winning three thousand, one would less readily agree to risk three thousand to win one? ...But, it will be said, what is at stake for the Fed is to show its intention to fight internal inflation and its tactical move must be understood in this context.

Well, it is hard to see how such a small rate increase can be more of a deterrent for national borrowers than an incentive for foreign lenders. And, when it doesn't achieve its goal, the rate increase becomes institutionalized and becomes incorporated into costs. It feeds what it is supposed to reduce: inflation. Provoking what it was to compensate for, it destroys itself.

. . . The strategy which subordinates the value of the dollar to shifts in the trade balance thus cancels out a tactic which is itself ridiculous. Unfortunately, this contradiction doesn't imply at all that the first has a more solid basis than the second.

. . . One doesn't have to be a genius — or an expert — to understand that an advanced industrial country which practices a "competitive" depreciation of its currency increases the price of its necessary imports of raw materials without being able to reduce their volume. It only reduces its apparent overall costs through an artificial under-estimation of the national surplus. It unloads very cheap exports, sophisticated technological products whose sale depends more upon technical quality or commercial aggressivity than upon price.

...Unfortunately the long term vision of the experts is not directed towards the future, but towards the past. And it is a very long term past: It goes back to the time when Ricardo determined the influence of relative costs and prices on international trade by doing dissertations on the exchange of Manchester sheets for Porto wine.

The depreciation of the dollar is not, as Mr. Michel Debré asserts, "an act of bellicose competition." It is rather really a suicidal act: the sad thing is not that the Americans are selfish, but that they think they are. Which is much much worse.

As for the experts, they can be compared to military men — or at least, to some of them — only to the extent that, placed in front of a problem, they seem to ask themselves only one question: what is the section of the rule book which applies to that situation?

Could we suggest to those modern-day chart strategists that they seek their ideal model in Clausewitz's "Art of War," rather than in Corteline's "Follies of the Squadron"?

Zionist bankers' conspiracy against Israel

How Hesselbach and Rothschild wrecked Israel's industrialization strategy

This report was filed by Laurent Murawiec, EIR's European financial correspondent. Based in Wiesbaden, he has specialized in European and world financial reporting for the past four years.

"I never could understand why Walter Hesselbach, this 'great friend of Israel,' could be so bent on ruining the best chance Israel had to receive credit for industrialization," stated a principal in the early 1970s attempt to establish a link between the large West German credit markets and capital goods industries and Israel during the course of this investigation of the collapse of that attempt in 1974. He was commenting on the seemingly implacable rage and relentless effort applied by Hesselbach, then chairman of the board of the German trade union Bank für Gemeinwirtschaft (BfG) and a leading West German supporter of the Zionist lobby, to bankrupt and break that link, a chain of financial institutions stretching from the Tel Aviv-based Israel Corporation through the large, Geneva-based Banque de Credit International (BCI), to the West German Hessische Landesbank (Helaba).

The results of our investigation show that "Friend of Israel" Hesselbach, together with his patron Edmond de Rothschild, mounted a vast financial-political "black operation" to destroy this promising credit link-up and its accompanying industrial and political potential, an operation which was successfully concluded in 1974 — a part of the international "black aristocracy's" campaign for world fascist austerity which also included the 1973 Yom Kippur War and oil crisis, the Watergate coup against the U.S. Nixon Administration, and the financial warfare operation which bankrupted Vatican-linked financier Michel Sindona. By wiping out the sole existing body of Israeli leadership which was committed to a policy of thoroughgoing industrialization, and hence to a policy of peaceful cooperation with the neighboring Arab nations, the Hesselbach operation has contributed significantly to the current Middle East mess.

The Grand Design

To fully grasp the criminality of Hesselbach's actions, which bankrupted Geneva's BCI and liquidated its Israel Corporation sponsors, the reader must keep in mind the early 1970s international political framework, centered around the "Grand Design" for peace and development of Pope Paul VI and France's General Charles de Gaulle.

Beginning with de Gaulle's 1960 proposal for the United States, the Soviet Union, France and the United Kingdom to create an international development fund for Third World industrial development, and its highly articulated formulation in Pope Paul's 1967 encyclical letter *Populorum Progressio*, humanist forces centered around the Vatican organized a grand political design whose central aims were establishment of a sound, gold-based, fixed-parities monetary system, and through this, the effective political destruction of the power of the London-dominated International Monetary Fund and World Bank, and establishment of an era of global development.

By the early 1970s, these forces had successfully recruited into their Grand Design such formidable forces as the President of the United States, Richard Nixon, and such Nixon associates as Secretary of State William Rogers, Treasury Secretary David Kennedy, and related banking and corporate layers in the U.S.; Vatican financier Michel Sindona, who worked hand-in-hand with the Papacy's "finance minister" Cardinal Marcingus; Italy's Premier Giulio Andreotti and those forces in the Arab world who had worked with postwar Italian industrial strategist Enrico Mattei; plus other top political leaders such as Spain's Premier Carrero Blanco. Significant organizational drive was contributed by the France of General de Gaulle and his successor President Georges Pompidou.

The famous "Rogers Plan" — a nuclear energy-centered Mediterranean development policy which would bring together the Arabs and Israelis — was a key component of the Grand Design as it existed in the early 1970s. In Israel, the powerful faction led by Finance Minister Pinhas Sapir was directly linked up with this global effort in its own attempt to free Israel from underdevelopment, regional ostracism, and — the root of Israel's problems — the stranglehold on Israeli policy of Edmond de Rothschild and the British monarchy's "Zionist lobby."

The three strategies for Israel's economy

There are three conflicting approaches for running the Israeli economy. One, consonant with the "Grand Design," is to use the richly developed skills and culture of Israel's population to develop high-technology industry and agriculture, seeking markets and partners in the Arab nations. This policy implies

an Israeli peace policy towards the Arabs and, by and large, was the approach being pursued by Sapir.

A second option is the development in Israel solely of those industries which contribute to the country's Zionist lobby-assigned geopolitical "battering ram" mission of controlling the Middle East on behalf of the London oligarchy; for this, only such industries as military/aerospace and related sectors (electronics, metals) are promoted — artificially boosted by foreign "diaspora" funds controlled by the Warburg-Bronfman-Rothschild banking networks. No attention is directed toward broadening Israel's markets or developing its industry as a whole.

Option three was developed around the turn of the century by the French and British branches of the Rothschild family, and later given theoretical expression by Fritz Naphtali (the mentor of Ludwig Erhard, whose drafts were used by Warburg-controlled Nazi finance minister Hjalmar Schacht in designing Nazism's primitive "bauarbeit" public works and related Keynesian policies). It is the kibbutzim economy: labor-intensive small-scale agricultural output and exports. For all practical purposes, options two and three are harmoniously blended in the Histadrut, Israel's all-powerful trade union confederation. Not coincidentally, Walter Hesselbach happens to be a founder and member of the board of the Tel Aviv Fritz Naphtali Foundation.

When Pinhas Sapir and his close associate Michael Tzur, a top Israeli civil servant and industrialist, resolved to politically break with Rothschild rule over Israel, and launch a massive agro-industrial development boom in the years following 1968 (symbolized by the rapid development of a modern, capital-intensive agriculture, turning its back on the labor-intensive "kibbutz" ideology), they faced a predicament. In the absence of a central international institution for the issuance of development credit, such as that advocated in Pope Paul's *Populorum Progressio* and embodied in today's European Monetary Fund proposal, the capital and credit indispensable for implementing their plans was sorely lacking: London controlled the strings of the IMF and World Bank purse, and that money was not for the industrial development of Israel.

Circuitous routes had to be found to generate that credit. Using the Israel Corporation, which Tzur ran single-handedly against any Rothschild-Warburg interference and whose official assignment was to

raise foreign capital for Israeli industrialization, Sapir and Tzur turned to an old acquaintance, Geneva banker Tibor Rosenbaum, owner and chairman of the Banque de Credit International. Sapir and Tzur prompted Rosenbaum to employ contacts he had already established with West Germany's Prof. Wilhelm Hankel, when Hankel served as that nation's Undersecretary of Finance. In 1972, Hankel was serving as chairman of the board of the important Hessische Landesbank. Rosenbaum was to associate his BCI with Helaba, one of the top ten banks in Germany, and create a stable credit line from the vast West German credit markets into Israel. Plugging a German "heavyweight" into Israel meant that Sapir could at last break the financial rule of London and the Rothschilds over Israel.

Sapir's strategy

Sapir's choice of Tibor Rosenbaum and BCI for his credit link was at first glance rather outlandish. Rosenbaum had been an associate of Edmond de Rothschild himself, and had a record of involvement in bizarre and sometimes crooked international financial dealings, notably his early 1960s association with Bernie Cornfeld's I.O.S. swindle linked to the Socialist International and the Rothschilds. But, as a wheeler-dealer, Rosenbaum could be hooked by the prospect of a fast buck and a share of the pie in the event of a Sapir factional victory in the World Jewish Congress, which Rosenbaum served as a board member and treasurer.

Lacking better alternatives, Rosenbaum and BCI were the choice. Helaba and its new chairman were attracted to Rosenbaum's offer in 1972, because at that time, 1972, they were trying to diversify the bank's assets into industrial paper and international markets. To fulfill their goal, Hankel and the Helaba board selected two instruments: the Frankfurt Investitions- und Handelsbank (IHB), a bank with a stormy history, and in which Walter Hesselbach held a double job as head of the credit committee and member of the supervisory board; and BCI, which, unlike Helaba, already enjoyed established international banking connections.

Helaba bought over one-third of BCI's stock, with 50 percent voting rights and corresponding positions in the bank's governing bodies. Albert Osswald, the Prime Minister of Hesse and *ex officio* chairman of the Helaba supervisory board, became chairman of

BCI's international advisory council; Hankel became BCI's deputy chairman, etc. Although insiders knew that Rosenbaum had liberally mixed his own affairs with the bank's, and although BCI was known as a discreet middleman for quiet Israeli purchases of European arms and even Arab oil, the deals between BCI and Helaba were closed by a combination of political motivations, and Rosenbaum's promises to clean the bank's books of his personal business.

In association with Helaba, BCI began to fulfill the role planned by Sapir, and became a nexus for international financial operations associated with the Mediterranean grand design advanced by the Vatican and Mattei-centered forces in Italy. Tzur's Israel Corporation maintained large short- and medium-term deposits with BCI and its affiliates, as well as with banks owned by Vatican financier Sindona.

Brute force financial operations had started to break the Israeli monopoly of the Zionist lobby and the British. Until then, Israeli finances had been the preserve of the Quaker side of the British Order of Saint John of Jerusalem, Barclays Bank which owned (through London's Charterhouse Japhet) the Private Bank Japhet of Tel Aviv, the Israeli Discount Bank, and Bank Leumi Le Israel (formerly known as the Bank of Palestine, founded by 1902 by Theodor Herzl, the Zionist high priest, with money contributed by a top British oligarch, Moses Montefiore). Barclays allowed the "Jews" of the Rothschild family to keep one of the four top banks in Israel in their control, Bank Hapoalim, the Histadrut (trade-union) bank.

How and why Hesselbach destroyed BCI

Walter Hesselbach and Edmond de Rothschild were enraged by the developments. According to workers' banker Hesselbach, the slave-labor Histadrut represents the most perfected embodiment of workers' organization, and his own Bank für Gemeinwirtschaft had numerous joint ventures with Hapoalim, through the Israeli Continental Bank and Basel's Handelsbank. All the more alarming to Hesselbach and Edmond de Rothschild, Sapir — who served as both Finance Minister and as chairman of the powerful Jewish Agency — enjoyed broad popularity and a political following in Israel, at the expense of the Dayanesque "hawks" who are committed to the Britain-defined "geopolitical" role for Israel.

Hesselbach and Edmond set out to destroy Sapir and Tzur and bankrupt BCI, their key move in this effort being the removal of Helaba chairman Hankel, who adamantly stuck by his accord with BCI despite increasing signs of the "German Rothschild's" displeasure.

The method used by Hesselbach et al. to mop up both the BCI and Helaba managements is closely parallel to that used by the same forces to wreck the financial empire of the brilliant Vatican financier Michel Sindona.

Hesselbach set out to discover and leverage the

"soft spots" which would allow him to politically recapture the Helaba management, and thus mop up BCI. His first weapon was Helaba's purchase of a majority stake in the Frankfurt IHB. As a leading figure in the IHB, and still a part owner, Hesselbach was well acquainted with the dismal state of IHB's assets. Many IHB investments were hopelessly rotten, and the bank was throwing good money after the bad in an effort to rescue its debtors from a chain of bankruptcies that would have wiped out the lender as well. These facts were kept hidden from Helaba until the takeover of IHB was complete.

Hesselbach first intervened to block efforts to rescue and reorganize IHB debtors. The case of the Meyer Corporation of Dinstlaken (North-Rhine Westphalia) is exemplary. IHB had lent close to DM300,000,000, more than its own capital, to Meyer, and Meyer was in the process of collapsing. At the point that Helaba took over IHB, Meyer was finished, as a rescue plan had not been worked out quickly, and especially as the Bundesaufsichtsamt für das Kreditwesens, the banking regulatory agency, had forbidden IHB to lend any more of its money to Meyer.

Both the management of IHB and its Helaba sponsors were puzzled to discover that the state of North-Rhine Westphalia, its prime minister — Jerusalem Foundation member Heinz Kühn — and its finance minister Wertz, systematically refused to provide state guarantees to aid whatever form of consortium IHB and Helaba proposed to rescue the company. This was all the more incomprehensible because the liquidation, in 1973, of a company employing 2,500 workers, would raise hell on the social front. Why was Social Democratic prime minister Kühn so uncooperative?

Walter Hesselbach, contacted by Hankel in his capacity as BfG chairman, rejected every proposed solution, including a common bailout of IHB by past and present owners. This despite the fact that Hesselbach's personal reputation was heavily involved in the affair, in his role as a high-ranking IHB official whose personal word had counted heavily in defining the risks that Helaba was willing to take in acquiring IHB, which it had fancied was on relatively sounder footing.

Albert Osswald, the Hessian prime minister and *ex officio* chairman of Helaba's supervisory board, vetoed a lawsuit against Hesselbach around the case. Faced with an impossible job, Hankel resigned from Helaba. Weeks later, the state of North-Rhine Westphalia granted full guarantees to another company to take over Meyer. . . . Along with Hesselbach, did Ludwig Poullain, chairman of North-Rhine Westphalia's Westdeutsche Landesbank, a rising star of the German Zionist banking world, Hankel's sworn enemy, and also a member of IHB's credit committee, perhaps have something to do with Heinz Kühn's sudden *volte face*?

Hesselbach was ready for Phase Two. He had poli-

tically recaptured Helaba; now the noose began to tighten around BCI's neck. Given the ambivalent nature of Rosenbaum's operation, Edmond de Rothschild could use his many personal agents within the BCI's councils to gather intelligence to determine the precise timing and course of action. Edmond's personal assistant, Pierre Uri (a controller of French Socialist leader François Mitterrand, research director of the Atlantic Institute, former partner at Lehman Brothers, and the theoretician behind Jean-Jacques Servan-Schreiber, the "sub-Kennedy" of French politics whose 1969 Lorraine electoral campaign had been funded by . . . Hesselbach's BfG) adorned the BCI advisory council, along with Ernest Japhet, a fully owned property of Barclays; Ronald Brown, a British Labour MP and the brother of Prime Minister Harold Wilson's Foreign Secretary Lord George Brown; and Swiss oligarchist-fascist Denis de Rougemont. These were Hesselbach's friends at BCI, in contrast to the prodevelopment Israelis around Sapir.

A run on BCI's deposits was organized; vulnerabilities in Rosenbaum's operations (such as the strange piece of real estate near Rome, the "Roma Marina" tract in Capocotto) were exploited; rumors were soon planted in the press that BCI was in trouble; a flight of capital from Israel weakened both BCI and the Israel Corporation; banks severed their credit lines with BCI. By mid-summer 1974, Rosenbaum knew he was doomed unless Helaba helped. A major hole had been punched in his "pyramided" financial structure, and BCI was in deep trouble. In despair, he turned to Helaba.

Under the "very strong and pressing advice of Walter Hesselbach, who had recovered all his influence, the new Helaba management rejected any help," a witness to the events recalls. Instead, it demanded publicly that Rosenbaum repurchase the 36 percent interest held by Helaba in BCI. For Rosenbaum, forced to swallow paper against cash, the blow was fatal. On Oct. 8, 1974, BCI was shut down. In May 1975, Rosenbaum was jailed.

Target: Israel's Sapir

But BCI had never been the *real* target; Sapir was. As the *New York Times* reported, "In early September 1974, Edmond de Rothschild received a telephone call from a business associate(!) in West Germany, telling him that the Israel Corporation had deposits in the financially troubled BCI, without the authorization of the (Israel Corporation — ed.) board of directors." Hesselbach, the "German Rothschild," did not forget Edmond's phone number; as it was not until the middle of September that the first semi-public rumors surfaced that there was anything wrong with BCI, Hesselbach was giving the green light to Edmond for Phase Three, having himself first made sure that BCI would be in financial trouble.

Phase Three was an emergency board meeting of

Table I: Zionist lobby financial warfare against Israeli and world development

June 1974:	Collapse of Gerling's Herstatt
July 1974:	Collapse of the BCI-connected Wm. Stern Property Group, London
July 1974:	Shutdown of the Sapir-linked Israeli-British Bank of London
August 1974:	Resignation of President Nixon
Early Sept. 1974:	Mysterious phone call from Germany to Edmond de Rothschild concerning shaky condition of BCI.
Mid-Sept. 1974:	First press leak (in the <i>Platow-Brief</i> newsletter) of trouble at BCI.
End of Sept. 1974:	Emergency Board meeting of Israel Corp. Tzur ousted.
End of Sept. 1974:	Collapse of Sindona's Franklin National and Banca Privata Italiana
October 1974:	BCI shuts down
May 1975:	Rosenbaum jailed

the Israel Corporation, held in Paris at the instigation of Edmond de Rothschild, which used "insider" information to show that Tzur had made IC deposit \$23 million with BCI affiliates. On the strength of this — and of the adverse balance of political forces that had developed in the meantime — Tzur was kicked out as chairman of IC. Edmond later initiated a lawsuit against Tzur and Rosenbaum for criminal fraud, which resulted in an incredible 15-year jail sentence being imposed on Tzur, which Tzur is still serving. Sapir was undermined and soon broken as a political power, and the Israeli warhawks recaptured their unchallenged position of rule. Sapir had been destroyed by the Order of St. John and the Zionist Lobby just as the prodevelopment "Mapam" of the late 1940s and early 1950s had been.

Needless to say, Sapir's option for peaceful economic cooperation and peace with the Arabs has been *persona ingratis* with all subsequent Israeli governments. Today's mess triggered by the Camp David "separate peace" accords and the ensuing threat of a global thermonuclear confrontation stemming from a Middle East crisis is to be ascribed in no small degree to the ugly operation described here.

It is parenthetically useful to note that the Gerling-owned I.D. Herstatt Bankhaus was pulled down in the same "dirty" way for the same purpose: destroying a facet of the Vatican-led Grand Design. The German Zionist lobby, the associates of SPDer Kühn, top Christian Democratic Union official and former Thyssen chairman Kurt Birrenbach — an interesting cross-party combination — Walter Hesselbach, Jerusalem Foundation contributor and press baron Axel Springer, et al., could not tolerate positive, pro-industrial, prodevelopment German intervention into Mideast and Israeli affairs. This they saw as their own private *domaine reserve*. Similarly, Michel Sindona's banking empire was deliberately mopped up by the British, American and Italian Black Maltese associates of the Order of Saint John. The sequence of events in Table 1 remarkably illustrates our assertion.

Meanwhile, the concluding phase of Watergate against President Nixon, a significant force in the Vatican-French "Grand Design," marked a decisive shift in the international political atmosphere. Edmond de Rothschild and his German crony Hesselbach could breathe a sigh of relief: the process leading from Kissinger's Black September massacre of 1970 through the October War he engineered in 1973, the ensuing oil embargo, the financial collapses of financial opponents and opportune assassinations (such as that of Spanish Prime Minister Carrero Blanco) had for the time being successfully blocked the Grand Design.

Who is Walter Hesselbach really?

But, if Walter Hesselbach is no real "philosemite," nor the "friend of Israel" he claims to be, what is this powerful and secretive financier really?

Whose friend is he? A clue appears in his definition of "*Gemeinwirtschaft*," a corporatist, Naphtali-inspired conception whose motto, in Hesselbach's own words of a few years ago, is, "we can also live with lesser growth rates," and, more recently in the BfG Annual Report for 1977, that there exist "alternatives to growth policies, which burden the environment and are themselves limited in scope. . . . Labor idled by technological progress(!) must not be re-employed into expanded production, but through the shortening of labor time" and the institution of a "leisure society."

To the reader wondering at the aroma of Herbert Marcuse, it will perhaps come as no surprise to learn that Hesselbach for years chaired the Frankfurt Institute for Social Research. It will come as no surprise that this "socialist Zionist" (according to the description of Hesselbach's friend Shlomo Aronson) entertained, along with IG Metall chairman Otto Brenner, that son of a top Zionist lobby lawyer Daniel "Danny the Red" Cohn-Bendit. Hesselbach also has exclusive political control of the daily *Frankfurter Rundschau*, via Israeli intelligence officer Moshe Hess, a BfG director, and their joint political ownership of journalist Gerhard Löwenthal.

Such is the man who sits on top of the German trade union federation's bank, BfG, and right in the middle of West Germany's trade union apparatus. Hesselbach's loyalties are not to the German workers' movement, nor to the German republic, nor to Israel; body and soul, Hesselbach is Edmond de Rothschild's man.

Hesselbach, as the Christian Democratic Union Bundestag questioned in a rare moment of political courage, represents a formidable concentration of personal political-financial power. Sitting on the boards of no less than 60 banks, insurance companies, leading corporations, foundations and other entities — including his chairmanship of the Deutsche Bundespost — and pooling all the trade union money, Hesselbach represents an invaluable asset for the London-centered Black Guelph oligarchy.

It is no accident that the Hesselbach-chaired Bundespost recently played a major role in the European side of the Order of St. John's financial warfare "dirty operations" against the Labor Parties, in an effort to shut down through bankruptcy the leaders of today's resurrected Grand Design.

German trade union leaders and members should look more closely into the BfG's financial affairs. For one, BfG's name recurs too often in "asset-stripping" operations (for example, the Gloeggler collapse case) conducted against German industry, with one invariable *modus operandi*: a corporation in financial straits is "rescued" and bought at bargain basement prices by BfG. BfG then places its own men at the helm, strips the assets of its corporate victim, and adds to its political-economic might in the process. As BfG proudly says of itself: "It is not profit that matters for us." Indeed, it is political power. BfG is not a bank, but the financial instrument of the "Swedish model" aspects of the Order of St. John's "Fascism with a Democratic face," and increasingly with no democratic face at all, as the murdered banker Jürgen Ponto did not live to know. Also questionable are BfG investments of workers' savings, frequently placed in dubious assets at below the going Frankfurt rate.

Hesselbach's financial policies are feudal, not industrialist. It was Hesselbach, along with Ludwig Poullain, who advised his friend Willy Brandt to float the deutschemark in 1969, a decision vigorously opposed by German industry, and one which has proved ruinous for the country's industrial potential. The same Walter Hesselbach is a leading advocate of the so-called "European Currency Union" of Britain's Roy Jenkins, and Willy Brandt's "Marshall Plan" slave labor schemes for the Third World and southern Europe.

If asked, who really is Walter Hesselbach? Edmond de Rothschild could answer: "The faithful house servant of us, hofjuden bankers and moneyed aristocrats."

— Laurent Murawiec

95th Congress succumbs to depression

A legislative legacy for austerity and collapse

After 30 hours in continuous session, during which it purportedly acted on a dozen major bills, the 95th U.S. Congress committed its final official legislative folly at 6:15 the morning of Oct. 15: it passed the Carson City Silver Dollar Act of 1978.

Attached to this otherwise inconsequential bill was a protectionist amendment barring the Carter Administration from making any concessions on textile duties at the ongoing General Trade and Tariff (GATT) talks with America's trading partners. If implemented, this Act alone would commit the United States to trade war with its allies and certain depression in 1979.

Although it is highly likely that Jimmy Carter will veto the Carson City Silver Dollar Act, it remains a fitting climax to the negative accomplishments of the President and the Congress in the closing days of the session. The *Washington Post* and numerous political pundits sponsored by Rothschild-Lazard Freres investment houses are now hailing Carter for his "reassertion of presidential leadership" in getting his zero-growth energy and tax bills through Congress and enforcing a series of "fiscal austerity" vetoes designed to give him a public relations image as a tough inflation fighter.

But, in fact, congressional bitterness and frustration over lack of real White House leadership on energy and economic policy throughout 1978 produced a mood of cynical disgust and opportunism and a legislative record which leaves the U.S. wide open for the City of London's economic-collapse and takeover scenarios.

The big blow-out

Here is what the 95th accomplished in its waning days and hours:

(1) Passed an energy bill whose "centerpiece," the so-called phased deregulation of natural gas worked out by Energy Secretary Schlesinger and his henchman Sen. Henry Jackson, will raise prices continuously until 1985, meanwhile creating a regulatory labyrinth setting up producers for "corporate watergate" blackmail operations. Although the crude oil tax, an anti-industry utilities pricing policy, "mandatory" conversion of plants from oil to coal use, an additional tax on gasoline

consumption and other hideous features of Schlesinger's original program were not included in the final bill, its grab bag of tax credits for home insulation, coal conversion, solar energy and other wasteful gimmicks, together with the natural gas provision, add up to a package perfectly coherent with Schlesinger's "strategy" of enforcing virtual zero-growth in U.S. energy production and consumption. The bill represents, as the *Washington Post* put it, "a national commitment to conserve." Meanwhile, Congress and Carter conspicuously failed to remove the environmentalist shackles from nuclear power plant construction, failed to enact legislation guaranteeing full-speed-ahead development and construction of nuclear breeder reactors, and despite major reported advances in fusion power development, failed to make fusion the nation's 1990 energy priority. Schlesinger's Energy Department is commonly conceded to be an administrative shambles, arbitrary, disorganized, and demoralized, and Schlesinger himself has been ranked as the "most incompetent" of Carter's major cabinet appointees by congressmen, according to *U.S. News and World Report*.

(2) Passed an \$18 billion plus fiscal-austerity "tax cut" which, when increased Social Security taxes are taken into account, will result in a net personal tax increase for most of the working population. Despite included corporate and capital gains tax cuts ballyhooed as designed to improve industrial productivity, the cuts are "morally neutral," rewarding inflationary speculation equally with actual productive investment in basic industry and R and D, in direct contradiction to principles of sound political economy laid down by Alexander Hamilton. Moreover, Congress set itself up for more "Proposition 13"-style "fiscal conservative" assaults by nearly passing a three-year tax-cut plan mandating a balanced federal budget — part of a drive to strip the federal government of any "dirigist" authority to extend credit for healthy economic activity.

(3) Approved a scaled-down version of the notorious **Humphrey-Hawkins** slave labor bill. Although the legislation as passed does not create the massive federal pick-and-shovel jobs program originally envisaged by the bill's sponsors, it symbolizes commitment to national economic planning for such

labor-intensive methods of relieving unemployment.

(4) Chopped the **CETA public sector jobs program** from 725,000 to 600,000 jobs, limited jobholders to 18 months tenure, and added further restrictive conditions on who may hold CETA jobs. Since CETA has been widely used in urban areas to fund needed trained city service personnel who would otherwise be eliminated in state and local fiscal austerity crackdowns, this is a blow at the nation's city residents. In addition, Congress failed to approve a \$1 billion revenue-sharing program, further throwing local, state, and city budgets out of whack.

(5) Passed Carter's vaunted **Civil Service Reform**, which creates a special category of federal "superbureaucrat" not subject to normal civil service rules and procedures and which encourages interdepartmental "personnel shifts" and outright purge-firings to remove those resisting Brookings Institution master-planners' idea of "effective government" and harebrained schemes emanating from Zbigniew Brzezinski's National Security Council.

(6) Okayed the so-called "**Bert Lance Banking Act**," giving Treasury Secretary Blumenthal and his crew of regulators new powers to conduct "banking watergates," purge bank officers, conduct "Kennedy Justice" antitrust campaigns against proindustrial growth financial institutions, etc. (In one of its few real, if modest, accomplishments, Congress rechartered the U.S. Export-Import Bank for five years, increased its authorization by \$15 billion, and at the behest of Sen. Adlai Stevenson (D-Ill), added language encouraging additional government backing for U.S. exports on the Japanese-European model.)

(7) Passed a **deregulation bill** "deregulating" U.S. airlines by destroying the Civil Aeronautics Board, encouraging rate wars and mergers and promoting a short-term boom in passenger travel and profits for some large lines at the expense of long-term capital investment and overall service in the industry.

(8) Snored through, without realizing its implications, an amendment cutting off all U.S. contributions to the **United Nations technical assistance fund**, an embarrassment to the President and a thumb-in-the-eye to U.S. allies and the developing sector nations.

As a special insult to the Soviet Union and Eastern Europe, Congress granted new most-favored-nation agricultural credits exclusively to China among "communist countries."

At the same time, under Carter's prodding, Congress okayed more than \$1 billion for the International Monetary Fund's "Witteveen Facility" for promoting Nazi economics in Europe and the Third World, while totally ignoring the most important issue now facing the country, U.S. participation in the new European Monetary System designed to rescue the dollar.

— Donald Baier

Crime bosses: do

How the link-ups to dirty money

For many years, only two companies produced voting machines in the U.S.: the Automatic Voting Machine Co. (AVM) of Jamestown, N.Y. and the Shoup Voting Machine Company of New York City. More recently, computerized voting systems have covered about 20 percent of the electorate; the largest producer of computerized systems is the Computer Elections Systems of Berkeley, California. Together these three companies are responsible for a tremendous portion of the votes cast in most American elections.

Now a broad intersection has been uncovered between the circles controlling the voting-machine companies and British-run political-intelligence and drug-money networks.

It is already known that British intelligence and its financier controllers operate the bulk of the world's drug trade, intermingling their approximately \$100 billion of drug money with hot-money flows from gambling and other organized crime enterprises plus more or less legitimate speculative businesses. There is therefore little distinction between British-contaminated sections of the intelligence community and what is usually termed organized crime — as the more serious investigations of the Kennedy and related assassinations have shown. And as this news service has shown (see *Executive Intelligence Review*, Vol. V, No. 39), those organized crime channels are also intimately connected to vote theft and other illegal tampering with U.S. elections.

But in addition, these criminals and their dirty-money financier allies also have a hand in the electoral process at the voting-machine level — and as the following report will show, the implications for free elections in this country are ominous indeed.

Appearing prominently in this investigation of U.S. voting-machine companies have been circles associated directly with now-fugitive drug-runner Robert Vesco, sports investors, convicted stock swindler Louis Wolfson, and the city of Reading, Pa. Only slightly behind the scenes are banks known to be direct conduits for drug money, such as Marine Midland of New York, Kuhn Loeb and its new merger-partner Lehman Brothers, Goldman, Sachs and Co., and the law firms which provide the legal cover for their dirty dealings.

The picture that follows, when combined with evidence in the public domain on the extent of organized crime control of the election apparatus in key cities and states of our nation, provides more than ample grounds for full-scale Justice Department and congressional investigations of the vote-fraud

they control U.S. voting machines?

and British networks work

apparatus that has held the U.S. in its grip since at least the 1960 presidential elections. But if it is to be successful, such investigations must *not* be of the type typically run by the Kennedy-faction sections of the Justice Department, which targets only the factional opponents of the Kennedy and allied Zionist lobby-British networks, perpetuating the myth that street-level "Mafia families" are the ultimate forces behind organized crime, leaving the real controllers totally out of view.

1. Some pieces in the puzzle

Before providing a detailed outline of the control of the two major voting machine companies, let's take a look at a fairly recent financial transaction involving Computer Elections Systems (CES).

In the mid-1960s, when Robert Vesco was in the process of putting together his International Investment Trust, a forerunner to Investors Overseas Services, his financial angels on the West Coast were a group of individuals known as Hale Brothers Associates, an investment group closely tied to the Bank of America. Richard W. Pershing, now president of Hale Brothers, arranged for Vesco to borrow money on the collapsed stock of one of his companies called Cyronetics, and later was instrumental in arranging a \$17 million loan from the Bank of America. Throughout the late 1960s and early 1970s, until Vesco was forced to flee the U.S., Pershing and the Hale Brothers, who also control the Broadway-Hale Stores, were Vesco's close friends and associates.

In August 1977, Hale Brothers Associates became the owners of CES, paying \$11.6 million — for a company with \$1.4 million in annual sales. Lest anyone think the Hale Brothers are simply hard-minded businessmen looking for a solid investment, it should be noted that Hale was also the largest contributor to the prodrug election campaign of George "Marijuana" Moscone for mayor of San Francisco.

Robert Vesco will reappear in the course of our survey of the Shoup Voting Machine Company. In the early 1950s, financier Louis Wolfson took control of the Merritt-Chapman and Scott Company, an old shipbuilding and dredging concern, and turned it into one of the first conglomerates. According to one author, Wolfson "raised thoroughbreds, bankrolled election campaigns, and counted the big names of

politics, sports, and show business among his friends."

He also made voting machines.

One of Merritt-Chapman and Scott's early acquisitions in the 1950s was the Shoup Voting Machine Company. Wolfson moved in some new management, and kept control of the company into the early 1960s. During this period Wolfson was engaging in the stock manipulation of his various companies that was to lead to his conviction in two separate trials in 1967 and 1968.

When Wolfson came under investigation by the Securities and Exchange Commission from 1964 on, he turned to two law firms for advice. Both of them play a significant role in our story. The first was the Washington firm of Arnold, Fortas, and Porter. Wolfson's close friend and legal advisor Abe Fortas possessed long-standing vote-fraud credentials, having assisted Lyndon Johnson in the legal coverup of his 87-vote "victory" in 1948 in the U.S. Senate election in Texas, in a situation where 200 "lost" Johnson votes suddenly appeared in rural counties three days after the election, giving LBJ his slim margin of victory. The participation of Fortas and the Arnold and Porter law firm in this case of flagrant fraud indicates that from 1948 on they were witting participants in the theft of elections.

The second law firm to which Wolfson turned was Shea, Gallop, Gould and Climenko in New York. This firm is headed by William A. Shea, a man who, like Wolfson himself, has considerable financial interests in the sports and horseracing world, including the New York Mets and Shea Stadium. Shea is far more heavily involved in politics than Wolfson; he is described by knowledgeable sources as "the most powerful political power-broker in New York" and is known to be one of the key Zionist bankers' control points for *both* the Democratic and Republican parties.

But by this time Shea was not only a sports investor, political power-broker, and lawyer for Wolfson. He was also chairman of the board of the Shoup Voting Machine Company.

In the early 1960s, the Shoup Company was sold by Wolfson to the General Battery and Ceramic Company, run from New York City but located in Reading, Pa. General Battery is linked to British-dominated zinc mining, and contains on its board at least one member of the British monarchy's "secret society," Venerable Knight of Malta Thomas J. Deegan, Jr., who is otherwise closely linked to British Round Table circles in the U.S. Throughout the 1960s,

the two top officers of General Battery were William Shea and one Edward H. Weitzen, and Shea is still the company's chairman. Shea and Weitzen were also both chairmen of the Shoup Company in the mid-1960s.

In an interview with this news service, Shea (who has been before so many grand juries that poor memory has become habitual to him) had difficulty recalling that he had had any association at all with the Shoup Voting Machine Company, saying "I think we represented them for four or five years." When reminded that he had in fact been chairman of the board of Shoup, he explained that it was simply an "honorary position."

While Shea was in the process of acquiring the Shoup Company, if not owning it already, he negotiated for Shoup a deal with the City of New York whereby the City replaced its old AVM machines with 7,000 new Shoup machines. Many people say that this deal was rigged by Shea.

Beginning in 1967, the stock of the Shoup Company began to be acquired by individuals associated with the Macrodyne-Chattillon Corporation, and in 1969 the company was sold to Macrodyne-Chattillon. In 1972, following a well-publicized series of investigations, indictments, and convictions, Macrodyne wrote off the old Shoup Company and formed a new company called International Elections Systems, Inc. (The Shoup family, which had not owned the company for decades, was completely forced out and formed their own company, R.F. Shoup and Company, not connected to IES.)(1)

Macrodyne was one of the aerospace conglomerates that flourished in the late 1960s among "hot money" circles. Macrodyne's principal bank was Marine Midland, the drug-money bank now in the process of willingly being taken over by the Bank of Hong Kong and Shanghai, whose openly advertised principal business is the Golden Triangle drug trade. Marine Midland is accordingly represented on the Board of Macrodyne. Another director and major stockholder of Macrodyne was C.H. Penneys, who was also the chairman of B. T. Babbitt and Company, now known as the International Banknote Company. We will detail the all-important Banknote connection below; but first, let's look at the federal investigations of voting machine corruption that hit both the Shoup and AVM companies in the 1969-1973 period.

2. What kind of investigation?

From our picture so far, we can see abundant reason for an investigation of the voting-machine industry. And sure enough, the Justice Department's Organized Crime Strike Force did begin such an investigation in 1969. The Strike Force's entré into the Shoup situation was the supposedly Mafia-held gambling debts owed by Irving Meyers, then the president of Shoup. The official story is that Meyers's frequent trips to Las Vegas and his consequent financial difficulties came

to the attention of the Internal Revenue Service, which initiated the first investigation.

It is unclear whether the investigation was a cover-up from the beginning, or a well-intentioned effort by Nixon forces to go after and clean up the nationwide vote fraud apparatus that had cost Richard Nixon the 1960 election. In any case, the probe was quickly derailed and misdirected by Kennedy-linked forces in the Justice Department, and what ensued was a small-change investigation of bribes paid to local public officials in connection with the sale of voting machines. The obvious connections into the hot money-sports-gambling-drug world were never pursued beyond Meyers's Las Vegas connections. Shea, Weitzen, and all the other owners of Shoup came out smelling like a bouquet of roses. Wolfson's name never even figured in the investigation.

Robert Ozer, the head of the Philadelphia Organized Crime Strike Force, quickly "turned" Meyers into a government witness; Meyers then bounced around the country in a traveling road show smearing local

How vote

I. MACHINE RIGGING. According to numerous experts in the elections field, voting machines can be rigged in just about any way desired. As one specialist put it: "Any pinball mechanic could fix a voting machine."

Some of the most common methods include:

- (1) **Adding votes** — by presetting machines, or by running up additional votes during the election or after the polls close (the "Chicago method").
- (2) **Counter tampering** — chip or file a counter tooth so that the counter stops registering at a predetermined number; or chip or file the pointer which activates the next higher column, in which case the counter would keep repeating the numbers 0 to 9 without ever registering 10, or keep repeating 90 to 99 without turning over the 100s column. (Such tampering would be invisible during a routine inspection.)
- (3) **Misprogramming the machine** — failing to set the activating pin so that the candidate's lever actually moves the counters, or (in a more complicated process) programming the machine so that votes cast for one candidate actually register for another.

Note: AVM machines are particularly prone to "accidental" counter failure. During the November 1976 elections in Pinellas County, Florida, an estimated 35,000 of a total of 360,000 votes were lost

election officials in Philadelphia, New Jersey, Chicago, Miami, and elsewhere. Meyers got off with a one-year sentence; today he resides in Florida, living off the real estate investments he holds along with others from the Shea-Weitzen crowd and their Philadelphia law firm, Blank, Rome, Klaus, and Comisky.

Blank, Rome (previously Blank Rudenko) was deeply involved in all the financial and legal manipulations around the Shoup Company. (Meyers was later told that if he had had Blank Rudenko as his lawyers instead of F. Lee Bailey, he would have gotten off scott free.) The Blank law firm showed up again during the 1976 elections, as heavily implicated in the Operation "Big Vote" election fraud in Philadelphia, a significant part of the nationwide fraud which put Carter in the White House.

Ozer, meanwhile, went off to Buffalo where he launched the same type of investigation (bribes and corruption) against the AVM voting machine company. From Buffalo he went on to Detroit, playing

fraud works

due to counter failure; a grand jury investigation found no evidence of deliberate fraud, but blamed AVM for poor workmanship and products.

In many jurisdictions, mechanics work from diagrams prepared by others, so that only a handful of people actually know how the machines are programmed; this is the case in the city of Detroit, for example.

II. COMPUTER FRAUD. Computerized voting is prone to fraud on two counts:

- (1) Misprogramming the system so that votes are dropped, added, or incremented at a slower rate than they are coming in on cards or magnetic tapes.
- (2) Tampering with punch cards so as to invalidate the ballots cast for an opponent, or substituting cards.

III. "TOMBSTONE" VOTING. The third major method is to add fictitious names to the registration rolls, especially through post-card or same-day registrations ("Mondale method"). One variation is to create maximum chaos through post-card registrations so that batches of voters can be herded from one polling place to another on election day. This method was used extensively in New York, Ohio, and elsewhere to steal the 1976 election for Jimmy Carter.

a key role in the coverup of the Hoffa assassination (Ozer put out the line that Tony Provenzano did it); then he returned to Philadelphia to join the law firm of . . . Blank, Rome, Klaus, and Comisky. (This repeats a familiar pattern. When Ozer left Buffalo, a good section of his Strike Force there went into the employ of the Jacobs brothers' SportServices, Inc. And both Resorts International and Intertel are chock full of former "organized crime" investigators from the Justice Department.)

3. The Automatic Voting Machine Company

AVM, the Automatic Voting Machine Company, was founded in 1898 to find a mechanical means of replacing paper ballots and securing honest elections. Or so the story goes.

After being controlled by a combination of Hartford insurance interests and Cleveland banking interests, the AVM company was bought up by the Rockwell family interests in the late 1950s, with Willard Rockwell, Sr. and Jr. becoming the top two officers for a period. In the mid 1960s the Rockwells sold off part of their interests, at which time the Mellon Bank (a thoroughly Anglophile outfit) took up more control, putting its vice-president Spencer Hackett on the AVM board. Harvey Kreuger of the Zionist lobby Kuhn Loeb banking house also joined the AVM board during the mid-1960s. (It is significant that they remained unscathed during the scandals that erupted in 1972-73 around AVM.)

Robert Ozer, now conveniently the head of the Buffalo Organized Crime Strike Force, launched a mammoth fishing expedition into the books and records of the AVM company, finding here and there leads into the same sort of bribery scandals that had wracked the old Shoup Company. AVM then launched the parallel "inside" operation by bringing in the law firm of Arnold and Porter to head up a company housecleaning. Also brought in as a "consultant" was Harold J. Ruttenberg, a labor movement "spook" from the 1930s who had subsequently made his way handsomely in the business world with substantial holdings in both the U.S. and Israel.

One version of the story has it that AVM was trying to obtain the legal services of Abe Fortas by calling in Arnold and Porter. Be that as it may, Arnold and Porter actually deployed Mitchell Rogovin into the AVM situation; Rogovin was at the time the General Counsel to the terrorist Institute for Policy Studies and to Common Cause. (He later became Special Counsel to the CIA.)

When Rogovin came in, AVM had a \$23 million deal pending with the government of Venezuela to provide Venezuela with electronic voting machines. As Rogovin sniffed around in true legal-beagle fashion for any hint of incriminating activity on the part of his

clients, it came to his attention that AVM's sales agent for the Venezuelan deal, one Hans Mangin, had allegedly bribed Venezuelan officials to secure the contract. Rogovin's immediate advice to AVM was to "come clean" and to refuse to pay Mangin his sales commission. Predictably, Mangin sued AVM in federal court in Miami, and when Rogovin offered the "defense" that AVM hadn't paid Mangin his commission because kickbacks were involved, the ceiling blew off the Venezuelan deal and a major government scandal erupted in Caracas.

Most of the participants in the Florida trial — including the trial judge — found Rogovin's legal "strategy" totally inexplicable. He is still referred to as "that s.o.b. Rogovin" by those who believe he was setting them up for criminal charges.

As a result of Ozer's investigations and Rogovin's manipulations, all of the top officers of the AVM voting machine division resigned or were fired, and Ruttenberg became the head of the AVM Corporation.

At this point negotiations were underway between the AVM Corporation and some of the voting-machine officers to have the latter buy the voting-machine division, which reportedly has been in rough financial shape since the 1972-73 period. (One of the principal beneficiaries of the voting machine scandal was CES, which has taken the largest share of the market for new equipment since that time.) The group trying to purchase the company is headed by Tom Huh, the New York-New England sales representative, and includes Keith Spaulding, the AVM official who once told this news service that voting machines can be fixed in any way desired — that all it takes for rigging to occur is a "proper political climate" in which "election officials will look the other way."

4. The Banknote connection

Is there any common link between the companies and investors that have controlled the two voting machine companies over the past two decades?

We have already noted the connection of Robert Vesco to the Hale Brothers who now own CES. During the late 1960s, it is also reliably reported that Robert Vesco was given a late-night, guided tour through the Shoup manufacturing facilities.

A cross-gridding of owners and directors of the voting machine companies leads directly to an entity known as the American Banknote Company and its parent, the International Banknote Company. Both exist in the center of British-Zionist banking, intelligence, and drug networks. Both also link into a curious group of "investors" from Reading, Pa. who controlled key sections of the New York docks during the 1950s and 1960s.

To summarize the links:

Spencer Hackett, of the Mellon Bank and AVM, is on the boards of both International Banknote and

American Banknote.

Edward Weitzen, one-time chairman and president of the Shoup Company, is chairman of International Banknote and president of American Banknote.

Joseph Ponce, of General Battery (owners of Shoup) is on the board of International Banknote.

C.H. Penneys, stockholder and director of Macrodyne, was at one time the chairman of B.T. Babbitt, the company also headed by Weitzen which bought American Banknote in 1969 to become International Banknote.

Overlapping the Banknote connection is the Black Maltese Order of St. John of Jerusalem. The Mellon family includes at least two Knights of Malta, as does the law firm of Sullivan and Cromwell, which controlled American Banknote. Knights of Malta have also appeared in General Battery (Shoup) and Rockwell companies (AVM) — closing the circle, so to speak.

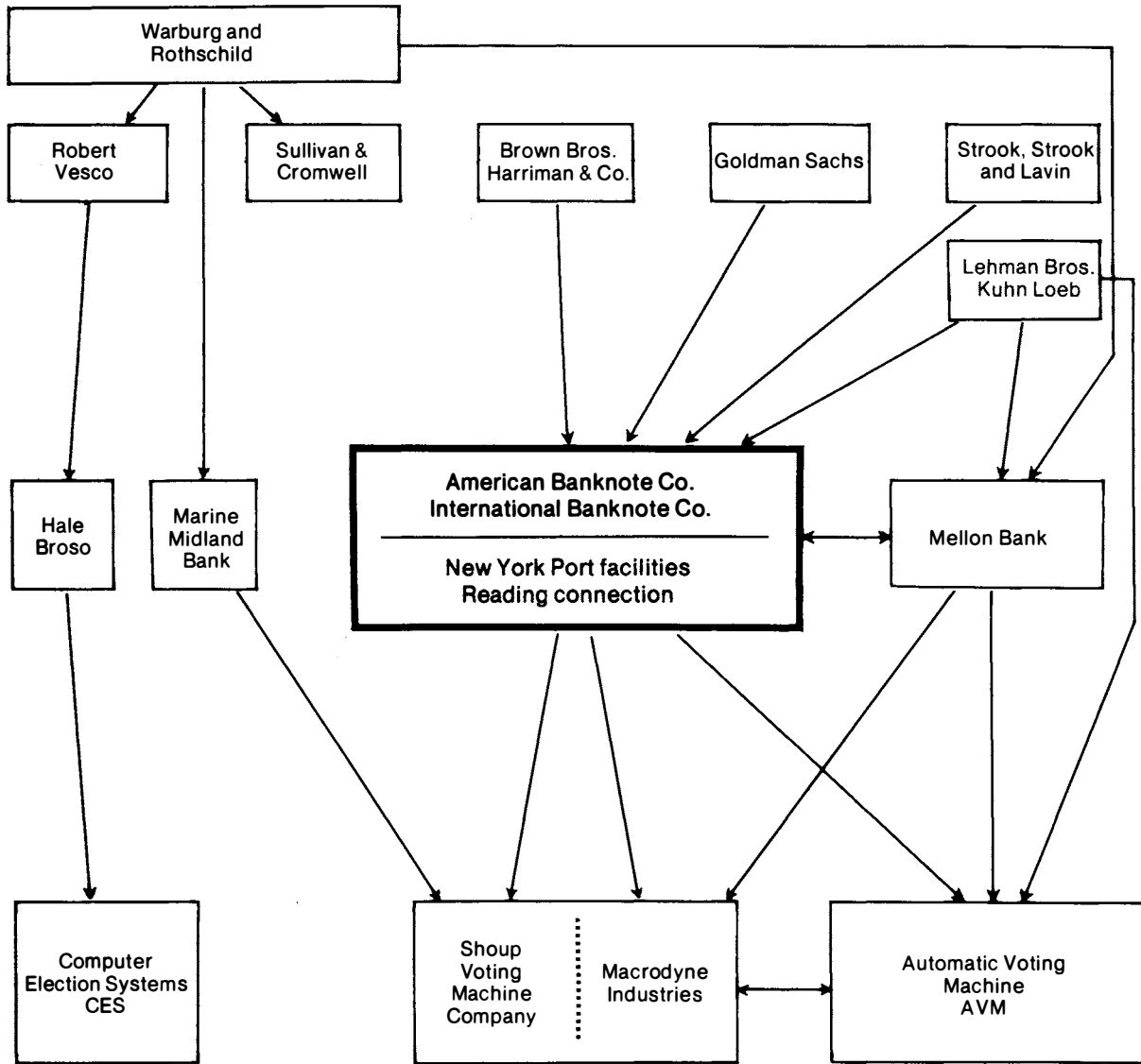
It is a plausible assumption that any company that prints securities and currencies is tailor-made for the conducting of "hot money" and the proceeds of the drug traffic, as well as for financial warfare operations. A search for some such connections during the World War II period revealed the following.

During the 1940s, the American Banknote Company was run by the intelligence and foreign-policy "old boy" network, in particular the law firm of Sullivan and Cromwell from which Allen Dulles set up the CIA in the postwar period. During the 1940s, the directors of Banknote included: John Foster Dulles and William Nelson Cromwell, both of Sullivan and Cromwell; E. Roland Harriman (Brown Brothers Harriman and British-Canadian insurance companies); S. Sloan Colt (Bankers Trust; OSS; British-Canadian insurance interests; later head of the New York Port Authority); and Curtis Calder (Lehman Brothers).

Parenthetically, the reader is advised to dispense with any illusions that the "old boy" network from which the CIA originated represented anything American in character. In general terms, only to the extent that the CIA and the intelligence community has interfaced with the military has it represented a healthy tendency in the U.S. Sullivan and Cromwell, from which Allen Dulles ran the de facto CIA until its official creation in 1947, was the U.S. law firm for the British monarchy's Seligman family and the British-German Schroeder Bank which financed Adolf Hitler. Sullivan and Cromwell is intimately tied to the drug trade financing through its close connections with Marine Midland, Goldman Sachs, etc. During the 1940s the Dulles brothers and other Banknote officials were heavily involved in British-Canadian mining and insurance interests, such as International Nickel of Canada.

One of the most fascinating features of American Banknote is the close ties to Reading, Pa. — known as "Crime City USA," in the 1950s and otherwise identified in the 1960s and 1970s as a center for the

How dirty money oils vote fraud



running of drugs, guns, and explosives to terrorist networks. During the mid-1950s and early 1960s, seven new directors were added to American Banknote: four of them were from Reading.

The Reading group owned a significant section of the New York docks, including the New York Dock Railway (operating on both the New York and New Jersey Ports), Bush Terminal in Brooklyn, and the General Cigar Company. In the words of one member of the Reading group, "we controlled the New York waterfront." In popular mythology, it was the Mafia that controlled the waterfront during this time.

It should also be recalled that the Shea-Weitzen

General Battery Co. was located in Reading, Pa. The Babbitt Company, also headed by Weitzen and by Penneys, bought up American Banknote in 1969, along with its subsidiaries, Wilkinson and Bradbury of London and the Canadian Banknote Company. Weitzen and Penneys were both connected to the Shoup Voting Machine Company as well, Weitzen as a former chairman, and Penneys as a major stockholder and director of Macrodyne.

The Babbitt purchase of American Banknote was financed by the Mellon Bank, which maintains a major degree of control over the AVM company and reportedly tried to gain control of the Shoup company

in the early 1950s. There was clearly no opposition within American Banknote to its purchase by Babbitt.

In summary, the points of intersection between the two principal voting machine companies are the Banknote companies and the closely tied Mellon Bank, and the fact that both were on the receiving end of "organized crime" investigations. The Banknote network, which still maintains significant control over both companies, is in turn centered in the British-controlled intelligence and dirty money networks that run drug trafficking in the world today.

The obvious implication is that during the 1960s and early 1970s a major vote fraud network was put into

place, involving both voting machine rigging and corrupted local election officials. The recent purchase of the Computer Electronics Systems by close associates of the fugitive Robert Vesco only highlights the immediate urgency of busting up this drug-money, vote-fraud machine, which is making a mockery out of the electoral process in the United States.

— *Edward Spannaus*

1. A few months ago, IES was sold to Richard S. Groves, a retired U.S. Army career officer. After leaving the Army (Vietnam was his last overseas tour of duty), Groves became a management consultant for Bell and Howell and for his own consulting company. He is also part owner of Zenith Laboratories, a pharmaceutical house in New Jersey.

General Singlaub aired in New York

LaRouche on U.S. military perceptions and realities

Despite a virtual media gag on Major-General (ret.) John K. Singlaub, Jack Singlaub finally appeared before New York TV viewers on a prerecorded, syndicated feature, "Ruff House," late on the night of Oct. 8.

General Singlaub first came into public prominence through a crisis created by a *Washington Post* reporter early last year. The reporter published key remarks from an off-the-record background briefing by the General, then chief of staff for U.S. forces in Korea. The remarks emphasized the war risk in withdrawal of U.S. forces from Korea. The publication of the remarks prompted the White House to flip out, ordering the General to Washington by the next plane.

Singlaub's induced early resignation earlier this year was precipitated by another journalist-leak of a private, internal military discussion session. Following Singlaub's resignation, he was initially scheduled for extensive news coverage, including nationwide TV appearances. Overnight, the media gates were slammed down. Apart from a series of interviews published in the *Atlanta Journal* a few weeks after the General's resignation, he has been relegated to odd speaking engagements and other local appearances.

Even the Oct. 8 prerecorded interview on New York TV was not without hazard. Through what was announced with apologies as a technical error, the Singlaub interview did not begin at the prescheduled 11:30 pm slot. Instead, an earlier "Ruff House" program was begun. After a time, the mistaken programming was corrected, and the scheduled WOR-TV program began.

Who Singlaub represents

Best information corroborates Jack Singlaub's characterization of his views as coinciding with the estimates of most leading military ranks among both serving and retired officers. Furthermore, it is the general view among appropriate circles that Jack Singlaub is the General officer who has been informally adopted as the man laying himself on the line to get views widely shared among leading ranks out before the general public.

Although Singlaub's political-strategic assessments are often badly informed, or, more exactly, disin-

formed, his views on military aspects as such are eminently competent, and are in contradiction to the nonsense which passes for official estimates pouring out of tightly controlled Pentagon and national intelligence sources. In that respect, gagging Singlaub is nothing less than a fraud upon the U.S. electorate — a fraud both by elements of the Carter Administration and by those curious little folk who set the style for "newsworthiness" in most of the national news media.

If you don't know what Jack Singlaub is saying, you don't know what the majority of our nation's leading military ranks are thinking.

What Singlaub says

Singlaub summarized the principal points of his military-strategic judgment during the too-brief half-hour interview on "Ruff House."

1. Taking total strategic capabilities, "across the board," the Warsaw Pact forces now enjoy a marginal strategic, war-winning advantage over the NATO forces.

2. Although there are different estimates of the size of the Soviet margin among leading U.S. ranks, there is virtually no disagreement on the fact of the existence of some such margin.

3. A crucial element of Soviet war-winning advantage is the post-1962 Soviet Civil Defense program. Singlaub indicated an 80 percent Soviet population survival. (He did not mention official U.S. estimates that

In this section

The politics of our national military posture are analyzed from a new angle — and one that will be surprising to many, especially in the traditionalist military — by contributing editor Lyndon H. LaRouche, Jr. LaRouche, who is the head of the U.S. Labor Party, uses a critique of U.S. military leaders' perceptions of the Soviet Union and its strategic stance to reveal the positive basis for a successful and peace-insuring U.S. defense and security strategy.

upwards of 150 million U.S. citizens would die in thermonuclear war.)

4. The growing margin of strategic Soviet military advantage provides Moscow with an emerging option for bullying the weaker NATO forces into step-by-step "backdown" in selected points of strategic relevance.

5. There is virtually no likelihood of a Soviet provocation in Europe, but rather in various portions of the developing sector.

6. The "China Card" is exaggerated. It exists, whether or not the U.S. does anything or nothing to promote it. However, Peking is in no sense a reliable ally of the USA, and is generally a problematic case.

7. The Carter Administration's strategic posture is permeated with ignorance and even willful fraud, with the complicating feature that leading military ranks are used by the Administration to play back Administration views contrary to independent military-professional judgments.

On all these *negative* points, Jack Singlaub is on the button. He errs, in point of commission and omission combined, where he attempts to develop positive alternatives to the wretched conditions on which he reports. In this respect, he reflects the same errors and inadequacies permeating leading military ranks generally.

Nonetheless, although Singlaub's points are generally negative in their best features, any U.S. strategic estimate or policy which does not take this matter into account is *prima facie* incompetent or even disastrous by implications.

Our military problem

Jack Singlaub's blunders all belong to the domain of *political* analysis and strategy. The military professional usually justifies his or her ignorance of political-strategic matters in reference to the rule that the military profession must be apolitical, a military instrument of the President and Congress. However, in fact, our military professionals are by no means apolitical; they are deeply dedicated to the definition of "state interest" laid down by anglophile Jimmy Brynes' shallow-minded little puppet, Harry S. Truman — who was, therefore, in turn, Winston Churchill's dupe. They adhere to the simplistic doctrine that the Soviet Union is *ipso facto* the USA's primary adversary, and shape all judgments according to that axiomatic premise.

For related reasons, most military professionals are all-day suckers for such Kissinger-Brzezinski-London myths as those Singlaub regurgitated on the "Ruff House" interview. For example: the recent coup in Afghanistan is allegedly a Soviet geopolitical plot. For example: the Soviet-Cuban role in Ethiopia is part of the same Soviet geopolitical plot. For example: SALT is a Soviet plot. Although a childish misinterpretation of some of the evidence might appear to substantiate

the nonsense-conclusions which Singlaub, among many others, has swallowed, no competent political-intelligence estimate indicates anything of the sort.

It is true, in a very special sense, that the developments in the Horn, Afghanistan and SALT might prove to be of marginal strategic advantage to the Soviet Union in case of sharpened NATO-Warsaw Pact confrontations. That aspect is true. However, whenever Singlaub and others attempt to work backward from that secondary implication of the developments to the assumption that these were initiated as part of a Soviet *geopolitical* thrust, a wild fallacy of composition has been introduced — potentially, if continued too far, a fatal fallacy of composition.

A professedly "apolitical" military professional excuses himself from examining the complicated way in which the Horn of Africa crisis was created, with accompanying miscalculations by London, Kissinger and Brzezinski. Moscow, which had rejected the Podgorny policy in favor of Fidel Castro's alternative policy, acted to restabilize a region which London, Kissinger, and Brzezinski worked to destabilize. In that sense, London, Kissinger, and Brzezinski pushed the Horn of Africa into the configuration which Brzezinski so bitterly resents. Soviet-Cuban policy has not aimed at creating "puppets," but enhancing a war-avoidance potential through putting their power on the side of the balance in favor of political stabilization and economic development of Third World nations and regions.

This war-avoidance policy does produce a potential, if marginal, Soviet strategic advantage under the condition London and its Washington dupes might push a confrontationist policy. However, Moscow's and Havana's current main strategic policy is a determination to seek detente with the NATO powers, and not to fight a general war.

The Afghanistan case is parallel. The stable Afghanistan regime was destabilized as part of what was known generically as London's "Baluchistan" project against the entire subcontinent and Middle East. The forces involved were identical to those involved in the coup against Pakistan's Bhutto, Sri Lanka's Bandaranaike, and India's Indira Gandhi: London, the Socialist International, the "Black International," Kissinger, Israeli intelligence, and Peking's heroin-funded intelligence operations. This Afghanistan operation was integral to the projected destabilization of the Shah of Iran and other Bernard Lewis-type wrecking operations throughout the region. A group of officers of the Afghanistan military, acting to save their own hides — and also their nation — pulled a coup, aborting the London-Jerusalem-Peking operation. There were open blessings after the fact from Moscow, and veiled blessings from the Shah of Iran.

The *de facto* alliance among Vietnam, Thailand, and other Southeast Asian nations against the Cambodian horror show and Peking's "imperialist designs"

generally is another illustration of the same point.

Also illustrative is the folly of many leading military ranks in conditionally praising Rhodesia's Ian Smith. Smith, a London puppet, is the key piece in a projected general race-war throughout southern Africa. The alternative is not Moscow, but the Ponto Plan, named after its author, Dresdner Bank's Baader-Meinhof-murdered Jürgen Ponto. Ponto created the seed-crystal for a regional development bank for all of southern Africa. West German policy is broadly supported by France, and enjoys effective, if tacit support from both Moscow and Havana, and implicit support from Japan. Thus, do our military professionals make public fools of themselves in political-strategic matters.

Clausewitz's aphorism is relevant — up to a point. War is the instrument of politics. Foolish conceptions of military policy assume that the politics of war is axiomatically defined by the role of episodic electoral majorities in placing into the White House and Congress persons who arbitrarily determine the political interest of the United States. This cited nonsense-doctrine is the doctrine of *state interest*, which confuses the kaleidoscopic postures of mere governments with the fundamental interests of nations and peoples. The reality of war mocks such foolish self-deceptions. The meatgrinder of war rips away the ephemeral surface posturings of governments, bringing to the surface the in-depth resources and political capacities of nations and their populations. Competent military strategy is not represented in the surface appearances of Napoleon's battles, but in the creation of in-depth instruments of warfare by Lazare Carnot. The military professional who proceeds from the folly of apolitical service of state interest is consequently incompetent to design military strategy appropriate to wars which become meatgrinders.

General Singlaub has not yet understood the lessons of Vietnam. Hence, he understands very well the problem posed in Korea, and also understands to a certain degree the follies of the NATO European posture, but does not understand strategy and warfare for the more complex political realities posed by a Vietnam. The leading military ranks do not yet understand why it was a betrayal of the most vital U.S. strategic interests to become engaged in that CIA operation in Vietnam which escalated into the Vietnam War. It is generally beyond their present, manifest comprehension to understand that the USA's vital strategic error in Southeast Asia was our betrayal of our ally and supporter Ho Chi Minh at the close of World War II.

The "Camp David" fiasco

Let us look at the Camp David fiasco through the eyes of an hypothetical leading strategist in Moscow.

Moscow's current policy is centrally directed to-

ward freeing the U.S. government from the combined grip of the British-Canadian intelligence services and the Zionist lobby. Since, as the British now tearfully concede, the European Monetary Fund is about to become the dominant monetary and economic reality of the world, this also signifies, to Moscow, the virtual certainty of durable world peace over decades to come — on condition that the U.S. does not go psychotic during the short run. The only risk of general war, during either the short term or the medium term, arises through control of the Carter Administration by the combined forces of British intelligence and the Zionist lobby.

This means that the "Munich II" of Camp David must be wrecked quickly — a view shared by leading forces of Western continental Europe, Japan, the Arab world, and the developing sector pretty generally.

This requires a sophisticated, differentiated political, economic, monetary and military deployment by Moscow. The Soviets view the consequences of failure as general thermonuclear war during either the short term or during the medium term. There are two principal scenarios involved. An Israeli strike against Syrian forces represents the short-term danger of war. A defeat of the European Monetary Fund represents the scenarios leading into virtual certainty of general war during the medium term.

This means, taken all together, an absolutely ruthless, warlike, and very sophisticated — and risky — *war-avoidance* deployment by Soviet forces. In this, the fact that the Soviets do command a marginal war-winning capability is an included feature of the overall deployment.

Soviet policy is to crush Camp David without war — if possible, thus gaining time for the consolidation of the European Monetary Fund. The latter is the fundamental war-avoidance policy of Moscow; the former is the unavoidable near-term deployments required to give breathing-space to the development of the EMF.

"Munich II" at Camp David gave London, Kissinger, Schlesinger and Brzezinski a range of options, which we shall designate here as *strategic salients*. One is the Chamounists' fascist rag-tag in Lebanon, another is the prospect of a Libyan thrust by Egyptian forces. The ultimate option is the gamble of an Israeli military adventure against its Arab and Lebanese neighbors.

The short-term options for Moscow are thus defined as follows.

Overall, the included objective is to set into motion a series of developments which oblige Washington to revive the Geneva Conference policy. This is to be accomplished by such means as forcing Washington into the UNO, where a political ambush awaits the Kissinger-Brzezinski Camp David policy. Once Washington goes into the UNO, it is forced either to continue back to the Geneva agreement, or to be strategically discredited.

The whole operation depends upon the fact that the

Soviets have a military alliance with Syria, which they will honor under all circumstances. (However, in each instance, they prefer Western European preemption of problematic developments, so that Soviet Intervention becomes unnecessary.) Since the Soviets command a marginal strategic advantage, by making clear their determination to honor in full the Syrian alliance, they thus place Israel under massive containment.

Will the Soviets risk war over the Middle East? The only rational estimate is "Yes." If they were to back off from a Middle East confrontation, general war during the short term or medium term would be inevitable. It is less risky, therefore, to go to the limit in honoring the Syrian treaty than to back off from a confrontation with the USA over Israel. How they would handle a confrontation — in respect of details of their deployment — is, of course, an open question. They would undoubtedly maneuver politically to gain whatever appeared to them the maximum advantage — but would not avoid confrontation in such a manner as to decrease the credibility of their willingness to act or to honor treaty-agreements.

Under conditions of containment of Israeli threats against Syrian forces, the treatment of the strategic salients embedded in "Munich II" is broadly predeterminable.

The first such action has already occurred. The facts of the matter have been acknowledged — at some tearful length — in the British press, but the reality is so far denied by the leading U.S. press and by both national media and by the U.S. Administration. The Chamounist salient in Lebanon has been virtually neutralized. An examination of this operation indicates how the Libya salient would be exploited.

A glance at the principal points shows why the Camp David "Peace in Our Time" is as monstrous a concoction as the 1938 Munich affair it echoes.

Lebanon operation

In keeping with a war-avoidance policy, the Soviet posture is not one of aggressive initiatives, but of politically, strategically *counterpunching* with an eye to the most vulnerable features of the Camp David configuration.

Israel (i.e., London, Kissinger) activated its Chamounist puppets with the bloodiest sort of threats and massive Israeli logistical support. To this, the Sarkis government of Lebanon counterpunched in cooperation with its Syrian allies, all with the support of Moscow. Syrian forces reacted to an assault with a sophisticated military operation, aimed at concentrating Chamounist forces in a narrow perimeter within which the Chamounists were denied freedom of maneuver and offered an enhanced quality of artillery target. This operation was completed at the point the

UNO Security Council summarily adopted a ceasefire policy.

Washington was faced with two alternatives. Either permit the Israelis to intervene militarily against Soviet military ally Syria, and thus go either to a back-down or a strategic confrontation with the Soviet Union, or go to the Security Council seeking a ceasefire agreement. In the latter case, it was indispensable to seek a ceasefire on Soviet terms. The latter course was followed, to the effect that the issue is now situated within the UNO. Further efforts in that line must go to Geneva.

Since the Camp David agreements violate UNO agreements binding upon the USA, a Geneva process supersedes and largely nullifies existing U.S.-Israeli agreements concerning the West Bank and related issues. Soviet objective is in the process of being achieved on that front.

Libya operation

The Coptic coup d'état forced upon Egypt's President Anwar al-Sadat has placed his government in the vulnerable position of declaring Egypt an anti-Arab, anti-Islamic state. There are two considerations which contribute to giving temporary stability to this quasi-legal coup d'état. First, the Egyptian population does wish to avoid war, and will tolerate much to the purpose of avoiding a new military conflict. Second, the command of military and other governmental command by a minority does neutralize to a large degree the potential for counter-coups by Arab factions within Egypt. Both elements of temporary stabilization of the Coptic coup operate only as long as Egypt is not engulfed in war by either its own forces or a general warfare situation in the region.

The question is, therefore, how to realize the countercoup potential represented by the majority of the Egyptian population and its military forces? A proper response to an Egyptian incursion into the Libyan desert is a means for realizing the counter-coup potential.

Without going into details here, the combined military and intelligence operations required to effect such a counterpunch operation under conditions of an incursion into Libya ought to be obvious. An Egyptian government and military command in exile appears, calling upon the Egyptian troops and population to rid themselves of the Coptic dictatorship — and so on and so forth. Desert warfare helps to realize this process.

The buncombe issuing from various British conduits, to the effect that the Soviets and Arabs are in the process of "accepting the reality of Camp David," is just that.

The deployment of a Coptic, anti-Arab coup d'état in Egypt has the effect of unifying most Arab forces to the extent that they have not been unified since the

Mongol invasions. Arab governments, aware of the Bernard Lewis "particularist" scenarios embedded in the "Munich II" policies, will exploit the "Holy War" potentials of the Islamic population against the Coptic insult. Egypt itself has been Arab in language, religion and culture since the Fatimid creation of the "new city" of Cairo. The effort to assert a Ptolemaic-Pharaonic Isis-cult traditional "roots" is the most ill-conceived "black operation" in postwar history.

The Soviets, fully aware of the implications, will subordinate every other consideration in the region to the cause of Arab-Islamic unity, defense of the honest (anti-Chamounist) Maronite Christians' rights, and stability and integrity of sovereignty of every government of the region, including the government of Lebanon.

No doubt, if all this must occur before Washington deigns to acknowledge the backfiring of Camp David, many of Jack Singlaub's brother officers will howl that all this, too, is another instance of Soviet aggressive geopolitical designs.

The crucial included flaw in that line of argument among leading ranks (and other circles) is that the Soviet leadership has never adopted *the cult of Isis*. To accuse the Soviet leadership of geopolitical designs is like accusing a lion of designs to eat up the contents of a farmer's corn-crib. *It ain't their nature*.

The correlative flaw in Singlaub's thinking is that the perception of the U.S.-Soviet adversary situation is premised on an entirely mythical reading of the nature and motivations of various currents of the Soviet leadership and population. By misjudging the actual and perceived interests of the Soviet Union, every estimate by our military professionals is imbued with a potentially fatal strategic miscalculation.

Soviet policies

The Soviet leadership is composed of currents whose differentiation occasionally surfaces once again in a factional form. The dominant thrust from Lenin into Brezhnev is represented by Lenin's Rapallo policy, a policy formulated in a more-advanced form in the May 1978 agreements between Chancellor Helmut Schmidt and Leonid Brezhnev. At present, the Soviet leadership is committed to the success of the

European Monetary Fund, and to the emergence of a new world monetary system built around the EMF, Arab Monetary Fund, Tokyo capital market and related agreements and institutions. The Soviet leadership is committed to participation in the new monetary system through the aid of a gold-based arm's-length connection and economic cooperation. This cooperation is viewed by the Soviet leadership as the industrialized economies' base-line for massive, high-technology industrial agricultural and infrastructural development of the Third World's nations.

Every feature of this policy is perceived as corresponding to the most vital national interests of the combined Comecon nations. It is viewed as the only durable basis for general peace, and as the optimal approach to more rapid economic development of Comecon nations.

There are currents in and around the Soviet leadership which have different policy-impulses and perceptions. Included are the "Bukharinites" associated with Imemo, and certain strata of "hard-liners" who define the issue as axiomatically a struggle between socialist and capitalist nations. If the Brezhnev policy for detente is nullified through Carter Administration policies and actions, then an adversary posture comes fully into place, with key roles by the ultra-hard-liner-posture forces.

This is broadly the perception of the leading Soviet circles at this time. If the USA adopts an anti-EMF posture, then war becomes probable during either the short term or the medium term. If war occurs under and anti-EMF policy, under the policies of Brzezinski, Kissinger, Schlesinger, et al., then the USA will be conquered during World War II — or, what is left of the USA.

It is because Jack Singlaub and others refuse to face the kind of realities I have indicated, that they are incompetent — thus far — to define a positive correction of U.S. military posture. It is only negatively that they are essentially correct. Nonetheless, I respect their competence and would not act — as President — in such defiance of their competence as the Carter Administration has done to date. To fail to give a broader hearing to such professionals as General Singlaub is sheer lunacy — suicidal lunacy.

—Lyndon H. LaRouche, Jr.

Capriccio Siciliano

Part one of the Soviets' explosive investigation of the JFK assassination

"You better wait or come back later," said Mr. Johnson, "when my wife gets back. She rented the room to Lee Harvey Oswald, she remembers him."

"And you?"

"I?" — He shrugged his shoulders, giving us an extremely guarded look. "I also remember, only I have nothing to say to you."

He closed the door in my face, not allowing me into the apartment where Oswald lived in the weeks before the murder of President Kennedy.

"Shall we move on to the memorial museum for the President?" suggested Jim Bou, my American companion, a former sheriff who is now a private detective. "We have time."

So we left Oak Cliff, a Dallas suburb, for the center, to the house located opposite the schoolbook warehouse from which — according to the official version — the fatal shots rang out which cut short the life of John Fitzgerald Kennedy.

Those villainous shots were preceded by events, which have to be taken into consideration for a full idea of the murder of the President ("to whose benefit," "to whose advantage").

First: Speaking before students at American University on July 10, 1963, Kennedy said that it was necessary to review attitudes to the matter of peace. Too many of us consider it impossible. Too many consider it unrealistic. But this is a dangerous, defeatist conviction. It leads to the conclusion that war is inevitable, that humanity is doomed ... Let us review our position in respect to the Soviet Union. Among the many common features of the peoples of both our countries the most outstanding is a mutual disgust for war. Among the great powers our countries occupy a unique position: we have never fought against each other.

(At that very time Maoist propaganda was shouting with increasing importunity about the "inevitability of a new war.")

Second: On Aug. 5, 1963 a permanent treaty banning nuclear weapons tests in three areas was signed in Moscow.

(The Maoists did not sign this treaty and openly came out against it.)

Third: In October 1963, Kennedy, commenting on the conclusion of a trade agreement between the USA and the USSR, said that "This is a new, reassuring sign that a more peaceful world is not only possible, but is advantageous to us all."

(Almost at this time Maoist propaganda stated that there are attempts to acknowledge "Kennedy's lying" as "recognition of world realities.")

...I entered the small hall of the Kennedy Memorial Museum. Several people, obviously tourists from other states, were invited into the movie hall, and there the whole Dallas scene was depicted. Red dots showed the movement of the presidential cortege, and projected on the wall was a photograph of Kennedy and Jacqueline, and then the schoolbook depository was shown, and the dry clicks of the bullets were heard, and then we saw the funeral in Washington, and Arlington Memorial Cemetery, where the President's body now rests.

In the next hall of the museum were exhibits on the participation of Kennedy in World War II, his rocking chair — he loved it since his spinal injury; a stand devoted to Oswald. What was depicted on this stand? Russian post cards, Russian books, published in Moscow: "Song book", "Fidel Castro", "The Truth About the Second Front." Visitors were pushed toward the thought that Oswald was somehow tied to the Soviet Union and Cuba and to think, "Look who stood behind Oswald," "Remember where this Oswald came from!"

Oswald, the Soviets, and the Chinese

Let us analyze the real relation of Oswald to the Soviet Union and Cuba, using for this the official account of the Warren Commission.

As a youth of 19, Lee Harvey Oswald realized his "life's dream" and entered the U.S. Marine Corps. He served in the Philippines, in Japan and on Taiwan.

"In Japan I became acquainted with several communists. They agitated and interested me, and this was one of the reasons I was impelled to go to Soviet Russia; I wanted to see what they do there."

In this section

With this issue, the *Executive Intelligence Review* begins the English translation of a four-part series of articles from the Soviet youth organization's weekly magazine, *Ogonyok*. Entitled "Capriccio Siciliano" ("Sicilian Caprice") by their author, Julian Semyonov, the articles probe the interconnections of political assassinations and drug-running.

In his series Semyonov has gone after the very networks whose existence and responsibility for crime and terrorism this magazine has also undertaken to uncover: the international networks controlled by noble families and cult-worshippers who trace their lineage back to the time of Aristotle and farther, to the ancient Egyptian cult of the goddess Isis, and today center in the institutions of the British monarchy.

In particular, Semyonov places under his microscope the interlocking activities of the Mafia and of Peking's international operations in the areas of narcotics and murder. Here he begins with the Kennedy assassination, and in subsequent sections will dissect the murder of Italian industrialist Enrico Mattei in the same period.

Semyonov's project is part of a pattern of politically significant exposés of the "Black International" by Soviet publications. Other recent pieces, including several in *Ogonyok* and in the youth organization's daily paper, *Komsomolskaya Pravda*, have focused on the role of Zionist and Israeli intelligence operatives in international gun-running.

These articles, and Semyonov's series especially, are important well beyond the particular connections they uncover and the hypotheses they advance. Some differences may indeed be found between Semyonov's view of the Kennedy assassination and the in our view more precise analysis advanced by this journal's contributing

editor Lyndon H. LaRouche, Jr., the head of the U.S. Labor Party, in his recent pamphlet, "Kennedy Murder Conspiracy Out Into Open." But the two are in the same ballpark. Semyonov is *asking the right questions*.

This is the importance of his articles: the question of method. The thoughtful reader will discover some insights that should be surprising. For example, in writing about the Mattei killing, Semyonov will trace the Mafia back to the 19th century Italian Mazzini — not a secret to historians of the Mafia, but a loaded observation for a Soviet writer. Mazzini, after all, was a close collaborator of Alexander Herzen, a Russian agent of the Rothschild banking family who, in official Soviet historiography, is nevertheless still held to be a "father of Russian socialism"! Semyonov will proceed from these historical references to arrive at a demonstration of *the interchangeability of "left" and "right" assassins and terrorists* under Mafia control.

Asking the right questions (Who would have done this? Whom did this benefit? Who would do it this way, and not that way? How would he think?), Semyonov approximates the detective method of Edgar Allan Poe and his famous Dupin. Look into the mind of the perpetrator and you will know who he is.

We may be sure that the utilization of this method by Soviet investigators is going to yield even more explosive journalism in coming months, and contribute to making operations a lot more difficult for the minions of the "Black International."

Semyonov's series is written as a narrative of his investigation for the *Ogonyok* readership, which includes teenagers as well as adults. The translation is slightly abridged.

— Rachel Berthoff

(Oswald's words, which came out in the testimony of witness J. De Morenschild — and also here and there in reference to the account of the Warren Commission.)

But in conversations with American journalists in Moscow and in discussions after returning from the USSR to the USA, Oswald insisted that "until his visit in the Soviet Union" he "had never met one single communist" and his intention to go there arose entirely on the basis of reading and his own thoughts.

Not a word was said in the Warren Commission report about who were these "communists" in Japan

who influenced Oswald so seriously, transforming the sailor into a "searcher for truth."

During his tour in Otsugu Oswald studied Russian, possibly with the help of one of the officers in his unit Unfortunately, the name of this officer is not on the list of people interrogated by the Warren Commission as witnesses. Who was this officer? From army intelligence or a CIA agent? It is not known.

...After demobilization, with \$1,500 in his pocket, Lee Harvey Oswald arrived in Europe and on a tourist visa he went to Moscow. (The question of how and where he received the \$1,500 is not taken up seriously in the

Warren Commission report. The Commission a priori assumes that Oswald, through his "thriftiness," could save up this sum for a trip to the USSR during his army service. In Moscow he asked the authorities to allow him to become a USSR citizen. When Oswald was refused he slashed his wrist with a razor in the bath. It was set up so that "Intourist" would promptly notice such a dramatic "expression of love for the USSR."...Having written from the hospital at the end of October 1959, Oswald visited the U.S. Embassy and asked to annul his American citizenship. Nevertheless, the American journalist Priscilla Johnson interviewed Oswald in his room at the hotel "Metropole" on Nov. 16, 1959.

"Mrs. Johnson," states the Warren Commission report, "got the impression that Oswald consciously or unconsciously sought to avoid an official rejection of his citizenship, in order to somehow maintain his right to return to the United States."

Why?

Oswald took an apartment in Minsk and began to work in a factory. But already in 1960 he wrote in his diary: "Both systems (having in mind the U.S. and USSR — JS) create imperialist injustice. (Similar to the statements of the Maoists, isn't it?) And here is another excerpt from his "future" program: "It is necessary to establish a pure communist society, but one in which there would be *associations which are communes* (my emphasis — JS), democratic collectivization of production — without the distortion of Marxist communism by means of other forces."

And further: "I detest the Soviet Union, but I still think that the idea of Marxism could be realized under other circumstances."

(At this very time in Peking a slogan was being played up on the creation of communes, at that very time — still in polite form at that time — they started talking about "Soviet imperialism," and precisely at this time the Maoists had begun a campaign for "their road to Marxism.")

Oswald wrote a letter to Texas Senator J. Tower: "I am a citizen of the United States of America (Passport No. 1733242 1959), and I implore you, Senator Tower, to take up the question that the Soviet Union is holding a U.S. citizen against his will and expressed wishes."

The State Department obligingly offered Oswald a loan of \$500 for the return to New York.

Upon his return to the USA Oswald, not concealing his hatred for the Communist Party USA (he wrote about the American Communists like the ultraright and Maoist propagandists do: "It has been turned into a traditional lever of a foreign power for the overthrow of the government of the United States, not in the name of freedom or high ideals, but for enslavement to the desires of the Soviet Union, foreseeing the complete domination by Soviet Russia of the American continent"), nevertheless he asks the workers in the Central Committee apparatus of the Communist Party USA whether he should carry out an

open struggle or go "underground." Furthermore, he sends Gus Hall a fictitious certificate of an honorary member of the "Committee for Fair Play to Cuba."

In this connection, it is striking how Oswald spent the summer of 1963. On June 24, Oswald spreads rumors that he intends to return to the USSR. He writes a letter to the Soviet Embassy. On July 6 he gives a lecture against the USSR at a Jesuit college in the state of Alabama. On Aug. 5 he offers his services for the struggle against Castro to the Cuban counterrevolutionary, Carlos Bringuier, emphasizing that he had been to naval infantry school and had studied the methods of partisan struggle. On Aug. 9 Bringuier sees him on the streets of New Orleans, where Oswald is distributing leaflets reading "Hands Off Cuba." The scuffle between them is broken up by the police. At the police station, Oswald demands that he be interrogated by an FBI agent. After the interrogation, someone vouched for him (who? — JS) and Oswald was let out of jail. On Aug. 21 the director of the "News of Latin America" radio station, W. Stuckey, conducts a *chat* (!) between the "enemies" — Oswald and Bringuier — on his hour and a half radio and TV program.

"After the fact was publicized that Oswald lived in the USSR, the 'Committee for Fair Play for Cuba' in New Orleans was finished," said W. Stuckey.

Not a bad combination, eh? An obvious dry run — a small-scale rehearsal of the big business being prepared for Dallas, prepared well ahead of time.

Who kills by proxy?

Nonetheless, if you ask me whether Oswald was the only one who shot Kennedy, the facts produced by the Warren Commission would make me answer in the negative. Was he a participant in a plot? Evidently yes, he was — knowing little, "blind," not understanding its ultimate political purpose.

After visiting the Kennedy museum, I returned to the Johnson house, the house he went to after Kennedy died, and which he left to perish himself at the hands of Jack Ruby.

"Who are you?" Mrs. Johnson asked me, holding open the door.

"A writer from the Soviet Union," said Jim. "And I am a detective. Here are my documents."

"The conversation will cost you \$5," said Mrs. Johnson, "and you must write your name in a special book; it's quite dangerous to talk about Oswald..."

Once we had signed into the book, entering our addresses, Mrs. Johnson showed us the tiny, four-meter-square room where Oswald lived: the bed and the shoddy bureau — that was all. The door opens out onto the living room: a television, a sofa, and an armchair. Mrs. Johnson's tenants spend their leisure time here.

"Don't tell me Oswald and Ruby didn't know one another," said Mrs. Johnson after a long silence. "Let

naive fools believe that. A week before Oswald was killed, he sat right here, on the sofa, watching television, where they were showing Kennedy. And I came out of the bathroom. He turned around, caught sight of me, and a special kind of smile — or maybe not a smile, but just a special kind of expression — flashed across his face, exactly as it did when he saw Ruby in prison: I saw that broadcast live. I haven't the slightest doubt about this and no matter how much they tell me it isn't true, they don't convince me: he lived here, and I had time to observe him. And no matter how much they try, there's another thing they can't convince me of: I was looking around, and I opened his bureau, where I saw a map of Dallas with an "x" over the place where Kennedy was killed. The museum has everything, but why doesn't it have that map of Kennedy's route through the city, which was made by the FBI ahead of time, in Washington even. Why? To make sure there 'was no plot'?"

"Let's park here," said Jim when we returned to the center of Dallas. "And let's go down to that manhole you told me about."

"Not I, so much as your journalists, old chap."

"Okah," he answered, Texas-style. They say "okah" there instead of the usual "okay," since it's more economic — time, by god, is money!

We went to the manhole on Elm Street opposite the schoolbook depository. Jim threw back the ribbed metallic cover and nodded to me:

"Climb in."

I let myself down into the manhole. Jim closed the cover, and directly before my eyes was an embrasure. The President's car could be in shooting range, either above, from Oswald's window, or from here, below.

"Now you," I asked. "Do you think it would have been possible to shoot at the President's car from here?"

Big Jim jumped down the manhole, asked me to lower the cover, placed some kind of stick in the embrasure, and cried:

"Why, it is even easier to shoot from here than from above, Julian! And it's easier to see from here!"

Whom did it benefit to put Oswald in the role of the murderer of Kennedy? The ultrarightists? Undoubtedly. The hawks could not forgive Kennedy his attempt to begin a dialogue with the Soviet Union, which had consistently and persistently proposed peace to the world. But the ultraleftists too could never forgive this, believing that nuclear war is better than peaceful coexistence. Was not the murder of the 48-year-old President the occasion to sow for all time among the American people the seeds of hatred toward the Russians, if the malefactor is "linked" to Moscow?!

And who in the States knows how to kill by proxy? The Mafia.

What brings the Mafia the most income? Narcotics.

And who supplies narcotics to the Mafia?

... Having returned to Mrs. Johnson's house after the murder of the President, Oswald changed clothes.

The economist Irwin Roberts testifies that during this time a police car slowly drove up and stopped for a minute; the economist heard it signal several times. She says it was car No. 107. The Warren Commission concludes: "Police cars no. 170 and 107 were sold in April 1963, and their numbers were not given to other cars until February 1964." (Remember: Kennedy was killed Nov. 22, 1963.) If there was no plot, everything fits; and if there was a plot, then what?

At 12:30, when the fatal shots rang out, after the first panic swept everyone, after the first rumors and statements that "they pulled a rifle out of the window," at 12:44, that is after 14 minutes, the police issued the following: "Attention all police! The suspect (no longer they, but he) in the shooting at Elm and Houston Streets is described as an unidentified white male, about 30 years old, thin, five to six feet tall (!), weight 165 pounds (!), armed with a 30 caliber rifle." Who could report after 14 minutes such precise data — even the caliber of the rifle?! Who could determine the weight and height of the criminal?!

The Warren Commission believes that this information was given to the police by witness Howard Brennan, who saw a man in the window of the schoolbook warehouse. How could Brennan give Oswald's height and weight — startlingly precise — if he saw only his head?! Oswald "could not have shot standing up, but only on his knees," asserts the same Warren Commission. Is it possible to describe the height and weight of a man if you only see him high in a window, and only his face?! How could Brennan give description of the height, weight and color of the hair, if, on the very same day but a little bit later, he could not identify Oswald at the police station? Who gave the information closer to the data in the police dossier of the suspect who was already arrested? The commission evasively answers the question: "The information for the first radio broadcasts was *evidently* (emphasis mine — JS) from Brennan." But this is hardly serious! There was someone else (or some other people) who *communicated Oswald's distinguishing features to the police*.

But who? The book *The History of the Chinese Secret Service*, published not so long ago in London, contains a curious detail: in 1969, nearly six years after the murder of Kennedy, on the eve of the first round of "ping-pong" diplomacy, the Maoist secret service in Hong Kong gave the CIA a dossier on Lee Harvey Oswald, including details connected to his request for "Soviet citizenship." If Oswald was never in the People's Republic of China, was not connected to Chinese intelligence, then how did the secret service acquire a dossier on him?

I do *not yet* insist that it was the Maoist intelligence service that gave the Dallas police data on Oswald the day of the murder.

Let's review, however, in crudely schematic form, Peking's strategy.

1963-1964. Mao prepares the "cultural revolution"; its goal is to destroy all those who favored friendship

with the Soviet Union, that is to remove the communist-internationalist cadres, those true to the basic idea of Lenin on the possibility and the necessity of the peaceful coexistence of the two systems. "The Cultural Revolution" thus opened the way for anticommunism and hence for anti-Sovietism.

1965. Taiwanese Vice-President Li Tsun-chzen, known for his close ties to the U.S. State Department, goes to Peking.

1969. The beginning of armed provocations of the Maoists on the Ussuri against the Soviet Union and the first round of "ping-pong" diplomacy, the open proclamation of the Great Han chauvinist doctrine, the strengthening of the China lobby in the U.S. Congress — links with which the Maoists set up already in 1944 in Yenan, at a time when a group of American intelligence people from the OSS were working on Mao's staff; a secret plot with people from the military-industrial complex, people guided by hatred for the world's first socialist country, the country of peace in the world; and contacts with the CIA in Hong Kong, drawing on rotten anti-Soviet falsifications, the purest mud-slinging.

The Jack Ruby connection

Let us return to the moment when Oswald left Mrs. Johnson's house. Policeman Tippit was in his car in the Oak Cliff region. He had been directed to be in the center of Oak Cliff, but moved onto quiet 10th Street, near Patton Avenue. Here, witness Helen Markham testifies that she saw "a police car" slowly coming up behind a man and stopping beside him. She saw the man come up to the right window of the police car. He was talking and leaned his arms on the car window. When the policeman calmly opened his car door, got out slowly, and walked toward the front of the car, it seemed to her that the man stepped back. Then he grabbed a revolver. (Then comes a strange thing typical of the Warren Commission report: Markham said by telephone that the murderer was "short, fat, and had thick hair." She subsequently concealed the fact of that telephone conversation and until she was brought in to identify Oswald, repeated the official story that the criminal was 5'8") But now we come to the important question: Where was Tippit murdered? And if the killer was Oswald, then why did he shoot Tippit just a few hundred yards from Jack Ruby's house? Why did his path from Mrs. Johnson's house lead not just anywhere, but precisely towards 500 Marsalis St., where Jack Ruby lived in Apartment 205.

I found that apartment. The house stands near a gas station next to the highway; there are several access roads and cloverleaves to permit maximum acceleration — a very good place for "chance meetings" and getaways. A very carefully refined conspiracy.

It is a small apartment with two doors.

"It is hard to catch a criminal here," said Jim Bou. "He has a time advantage and a good view from all the windows, so that he can maintain defenses if necessary. Uh-huh, Ruby was no simple fellow."

It is now time to look at the personality of Jack Ruby — his attachments, habits and inclinations. Let us analyze where he was and what he was doing when the President was killed and up until he himself shot Oswald.

Despite "ardent love" (in Ruby's words) for Kennedy, he did not go to watch the procession through Dallas and personally greet the president, although he was only five blocks from the place where Kennedy was killed, at the Dallas *Morning Post* offices. When he heard about the murder, "he turned gray." A few minutes later he called Andrew Armstrong, his assistant at the Carousel night club, and said, "If something happens, we will close the club." Then he called Newman: "John, I have to leave Dallas." Then Ruby went away: some think he was at the hospital waiting for official confirmation of the President's death; others reject this. Upon returning to the Carousel, this devotee of the President called Chicago and told one Alex Gruber that, first of all, he would send him a dog (What kind of dog? Why? How would you send a dog from Dallas to Chicago — five thousand kilometers? Or is this Mafia jargon: "to send a dog" meaning to kill?); he asked about a car wash (In what connection? "Wash" in slang means "traces"; was this a coded conversation?); only then did he report Kennedy's death.

Then came his strange call to a newspaper asking to print an announcement that the club would be closed until Sunday (i.e., until the day when he would kill Oswald). Then a night-time trip around the city, and it is still not known where Ruby went and whom he met. After a secret ride around Dallas, he went to the police station. He walked quickly between two reporters with "Press — Kennedy" tags on their lapels, writing something on a scrap of paper as he walked; he "played" the newspaperman.

When Ruby found out that Oswald would be shown to the journalists, he managed to get down into the basement and climbed up on a table to get a better look at Oswald, the Police Chief Jess Kerry and District Attorney Henry Wade. When the DA said that Oswald belonged to the "Free Cuba Committee," Ruby shouted, "No, to the 'Fair Play For Cuba'!" He obviously knew that the "Free Cuba Committee" was a counterrevolutionary organization, while the latter supported the revolution of the Cuban communists. Pretty well informed for an apolitical nightclub owner "who never saw Oswald before"!

A little later, Ruby went up to reporter Russ Knight from radio KLIF and whispered, "Ask whether Oswald is normal or not." After this, at 2:00 a.m., he went to radio KLIF and waited attentively to hear what the DA would answer to Knight's question. The

DA said that Oswald was completely responsible for his actions. Witnesses say that upon this answer, Ruby "became very pale." He waited for Russ Knight to return and handed him the radio bulletin "Heroism," put out by a radio station financed by the ultraright billionaire Hunt — a vile bulletin directed against Kennedy's policy, and against detente and peaceful coexistence. (Where did Ruby get this? Was it to finger the obvious obscurantist Hunt? A clue for the conclusion: "right-wing plot"? I have no wish to whitewash the profit-gangster Hunt, but when he is constantly being pointed to, one gets the impression that someone is by design bringing into the foreground this already odious figure.)

At 4:00 a.m., Ruby came to the newspaper. The radio station, the police press conference, the trip to the newspaper — an action-packed life for a down-and-outer, isn't it? What did Ruby do at the newspaper? He visited the typesetting shop, cursed Oswald, then started showing around a "twist board," a physical exercise device. "Everybody laughed," according to the Warren Commission. In the morning, Ruby made a phone call. He talked about "the transfer of Oswald to the district prison." Witness Hallmark noted that Ruby did not once mention Oswald's name, but said "he." In conclusion, Ruby told his interlocutor, "I'll be there."

(This conversation was preceded by a very important event: Police Chief Kerry spoke. Here is an excerpt from the interview:

(Q: You said today that you have new evidence, completing the investigation ...

(A: I said that this morning ...

(Q: But this is not the same evidence you referred to earlier?

(A: No ...

(Q: Will you say what the evidence is?

(A: No. I do not wish to make it public. This could hurt the investigation.)

After a phone conversation with an unknown person about the police chief's press conference, Ruby disappeared. No one knows where he was from 4:00 until 9:00 p.m. After his arrest, he categorically refused to testify about these five hours. At nine, he went to his sister's, cried about Kennedy, then went to the Carousel and made five long-distance phone calls, about which Ruby also refused to testify either to the police or to the court. In the Pago restaurant, Ruby had a cold drink, then went home and went to sleep at 1:30 a.m., but three reporters from TV station WVAC — W. Ritchie, D. Smith, and A. Walker — testified under oath that they saw Ruby near the police station from 8:00 until 11:00 a.m.

At 11:21, Ruby, with \$2,000, a pistol, and nothing else in his pocket got into the police station by a miracle (if not with outside help), since no one was allowed in without being searched, and shot Oswald. And in the moment before Oswald saw the pistol in Ruby's hand, on his face was that expression which Mrs. Johnson

had tried in vain to imitate when she was talking to me at her house.

Now let us try to analyze the life of Jack Ruby. I would like to single out just one main episode in his confused and dark past: his participation in narcotics trade together with the Chicago mafioso Paul Roland Jones. The drug dealer Paul Jones, according to Sheriff Steve Hatry, often spoke about Ruby: "Jack is going to run a great restaurant, which will be a cover for illegal gambling." "The Bureau for Combatting Narcotics" in its report on Paul Jones's ties with Ruby, stated that since Oct. 29, 1947, Jack had been known under the name of Ruby, although many people, in Dallas knew him as Rubinstein. On Dec. 30 of that year, Jack changed his name from Rubinstein to Ruby: in the narcotics business, you have to be very careful. It was apparently for the same reason that his night club "Singapore" was renamed "Silver Spear." There are no references to ties, not even the name of the den!

The unanswered "whys"

The Warren Commission reported that "two not entirely reliable individuals testified that in order to open a gambling place or *drug dealing*, it was necessary to get *Ruby's permission*."

(Who are these people? Why weren't they trustworthy? And finally, why isn't Paul Jones among the witnesses? Is he alive? If he died, when, where, and under what circumstances?)

Ruby refused to testify where he was before the murder — Sept. 29 and 30, 1963. He was not in Dallas on those days.

Where was he? In Hawaii? For Hawaii is a transshipment base for the Maoist secret services supplying drugs to the U.S. Or in Las Vegas? There are Peking-linked mafiosi there too, dealing in heroin.

Oswald was in Mexico on those days, obeying somebody's will: he visited the Cuban and Soviet embassies and requested entrance visas, which were refused him. Clearly a set up — Oswald was being shown in public, and associated with the Soviet Union and Cuba. Why? Whom did this benefit?

Was Oswald a "loner"? If so, how do you answer the following questions:

(a) Why, upon his return from Mexico on the eve of the President's murder, did Oswald begin to look for an apartment to rent precisely on Marsalis St., just two blocks from Ruby's house?

(b) Why, on his return from Mexico, did Oswald start buying his groceries in the stores where Ruby shopped?

(c) Why on his return from Mexico, did Oswald start breakfasting in the restaurant that Ruby frequented?

(d) Why, on his return from Mexico, did Oswald rent a new post-office box at the same office where Ruby's was?

The question of unanswered "whys" could be continued.

Who will answer?

There was no plot? But who then rubbed out all the witnesses?

When I left Dallas late at night, the window from which Kennedy was shot was lit up: one evil window in the whole dark schoolbook warehouse, which was

rented to new tenants "for temporary use." . . .

"You need to meet the mafiosi face to face," said my American colleagues as we parted. "Really, in this whole affair you sense a foreign hand with a well-known signature."

And I decided to follow this advice. But how? Where could I best meet the Mafia face to face?

Next issue: Semyonov travels to the Mediterranean.

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Advertisement

Police tell Carter: get tough on drugs

A report from the IACP convention in New York City

Several thousand police executives, gathered last week in New York for the International Association of Chiefs of Police (IACP) conference, delivered a mandate to the Carter Administration for a "get tough" policy against the international drug-running machine that is destroying the nation.

The chiefs, coming off five years of intensive "post-Watergate" attack against effective police intelligence and counterintelligence practices, were generally uninformed as to the principle sources of the drug epidemic and related crime problems. But the sense conveyed repeatedly in the speeches, floor discussion and less formal gatherings was that with the slightest show of backup from the Carter White House or from an emergent national policy counter-pole, a crackdown can ensue against the drug criminals.

The IACP delegates showed a scarcely veiled contempt for the Fabian-Zionist Lobby machine behind both the drug trafficking and the legislative and judicial hamstringing of the police. First among the targets of wrath was Sen. Edward Kennedy (D-Mass.)

Kennedy, soon to be sworn in as the chairman of the powerful Senate Judiciary Committee, is the chief Senate sponsor of S1437, a Benthamite overhauling of the Federal Criminal Code that would among other provisions decriminalize the use of marijuana on a federal level.

Kennedy vs. law enforcement

Kennedy spoke before the conference Oct. 8. The speech betrayed his collaboration with Ford Foundation President McGeorge Bundy and Police Foundation head Patrick Murphy in attempting to wreck traditional American law enforcement and replace it with a Nazi-modeled national gestapo force employing Orwellian social control methods.

Murphy and Bundy are behind the Ford Foundation's Police Executive Research Forum, an agency relying on the same funding sources and using the same methods against traditional police organizations as the "Miners for Democracy" and "Teamsters for a Democratic Union" have used against labor organizations.

The Massachusetts Senator told the conference delegates that law enforcement is really powerless to stop the march of crime (see box).

Kennedy's baiting of the conference and his austerity push were followed by a call by Kennedy's Watergate co-conspirator Leon Jaworski for a crack-down against white collar crime among police. Despite their intent to demoralize, these speeches had the reverse effect of catalyzing delegates' outrage at the moral decay of the nation.

In informal polling of delegates leaving the plenary session several chiefs provided unsolicited references to Kennedy's longstanding ties to organized crime and to the British oligarchy. Even more significant were the several hundred chiefs who requested copies of U.S. Labor Party Chairman Lyndon H. LaRouche's "National Strategy for Crime Control," drafted as a policy document for the IACP convention.

At the Oct. 9 final plenary session, outgoing IACP President Chief Howard C. Shook captured the prevalent attitude among the IACP's 12,000 members when he pointedly rebuked the Kennedy-Police Foundation insurgents. (see box).

Terrorism and drugs

The Kennedy-Shook battle line was firmed up on Oct. 10 at the two widely attended workshops on international terrorism and drug enforcement.

The terrorism workshop began with a presentation by Dr. Yonah Alexander, formerly of the State University of New York and recently brought into Georgetown University, the home base of Henry Kissinger. Alexander was the chairman of the 1976 and 1977 Ralph Bunche Institute Conferences on International Terrorism. The 1976 gathering drew together several dozen representatives of the London International Institute of Strategic Studies (IISS) for a preview briefing on the planned international terror wave that culminated with the Israeli intelligence-orchestrated Entebbe raid.

In his presentation, Alexander followed Kennedy's earlier theme that "nothing can be done" to stop the sharp rise of international terrorism — *especially attempts by law enforcement to treat terrorism as a form of organized crime*. Alexander claimed to be able to "predict" that within 12 to 18 months, the United States would be devastated by an uncontrollable wave of terror.

Alexander's effort to terrorize the 500 workshop delegates was undercut when a subsequent speaker,

Louis O. Giufridda, a retired military officer and head of the California Specialized Training Institute reported that terrorism is an integral feature of organized crime networks internationally. It is only from that standpoint, he affirmed, that the bogus issue of "human rights of terrorists" is exposed.

"I could start a terrorist cell very easily," Giufridda continued. "The first thing I would do would be to get a tax exempt status by setting up a nonprofit foundation...I would go to the big foundations and get the liberal money to outfit my cell...And I would probably bring in the Center for Constitutional Rights (William

Kunstler's legal safehouse for Institute for Policy Studies associated terrorist gangs—ed.) as my attorneys...."

When this reporter addressed a question to Dr. Alexander citing recent Italian revelations of Israeli Mossad control over the Baader-Meinhof and Red Brigades terrorists, the professor (who had just returned from several months of consultation in Israel on "antiterrorist" policies), launched into a tirade about the "sources" and "credibility" of NSIPS. Unfortunately for Alexander's "credibility," a third of the delegates had read the LaRouche "Crime Control"

At the IACP: Kennedy vs. law enforcement

Although every speaker at the IACP gathering at least paid lip service to "law and order," the battle lines between the frontmen for organized crime and honest law-enforcement officials were nonetheless clear. Here, a sample of each.

Senator Edward Kennedy, in a speech to the IACP conference:

"In recent years it has become more and more apparent that the police—however effective and capable they may be — can at best have a minimal impact on our crime rate. Recent research has seriously called into question many of the lingering myths surrounding police: that more police on the streets will automatically reduce the volume of street crime, that a visible police presence is a deterrent to crime; that new police technology will reduce the crime rate, or that the rulings of the Warren Court have handcuffed law enforcement...

"As local crime rates soar, as police become the primary target for an increasingly frustrated public, it is easy for the policeman to become hardened and cynical. . . . You see the dark side of the human character — the criminals, the violence, the dishonesty, the corruption. This is the reality. And all the while despite your

best efforts, the crime rate continues to soar . . . In today's Proposition 13 atmosphere, more effective use of existing police manpower is essential...."

Chief Howard C. Shook, outgoing IACP president, to the Conference:

"I have been abroad to talk about terrorism and I have lamented the fact that there are those in this country who would deprive responsible law enforcement the right to gather essential intelligence information. I do not object to guidelines, nor do I object to reasonable law oversight. I do, however, bridle at the thought of denying responsible intelligence gathering — yes, even vital intelligence gathering — based on an isolated incident of abuse...

"Interestingly, when we call for a war on crime, the first thing we hear from the liberals is "vigilante." So many good programs have been scuttled because people have listened to these warnings that we are currently in a state of seige by the criminal element.

"Recently there was a great deal of publicity surrounding the arrest and conviction of a narcotics dealer on the East Coast. He had been referred to as an untouchable and was a kind of folk hero in the neighborhood where he dealt in dope and

death. (This is probably a reference to Harlem crime boss Nicky Barnes — ed.) Police and federal narcotic agents ignored all of the negative aspects and pursued this man until he was safely put away for life. . .

"When I read of the previous charges brought against this man and the reasons that he was either released or acquitted, I was angry. It was almost as though the system was playing games with the authorities. When the man was finally sentenced, it left you with the feeling that the federal and local police had amassed so much information that the system simply couldn't get away with releasing him this time.

"Why does this have to be? Why can't we in this nation say to all of those who want to close prisons and who want to release murderers and who want to open police files and who want to stop us from snooping on criminals, why can't we say *Stop!!?*

"There is no room in this profession for those who would embrace the status quo out of fear of change. We must, however, resist that change which is the result of faulty or irresponsible research and conducted by people and groups with no firm basis in this profession."

statement, and the majority of participants were familiar with the key role of NSIPS in counterterror efforts over several years.

Message to Califano

In the session on narcotic enforcement, the two speakers, Drug Enforcement Agency (DEA) head Peter Bensinger and recently appointed National Institute of Drug Abuse (NIDA) director Karst Besteman, presented diametrically opposite views on the drug crisis. Besteman, an advocate of marijuana decriminalization, argued that "cigarettes, alcohol and marijuana are all equally the three most widely abused teenage drugs...." Bensinger, delivered a powerful appeal for an international war against the drug traffickers, beginning with the offshore and Swiss banking channels that handle what he estimated to be upwards of \$50 billion in USA annual heroin and other drug revenues.

The discussion period was dominated by a clearly preplanned intervention by a half-dozen major city police chiefs. They confronted NIDA director Besteman with a mandate for Health, Education, and Welfare Secretary Joseph Califano in Washington, D.C. Chief Cason of Kansas City, Ka., Chief Pomerlau of Baltimore and others directed Besteman to report to Califano that the IACP demands a mandatory drug education curriculum "with teeth" to be introduced into the nation's high school and junior high schools, in conjunction with fully supported local police crack-downs on the schoolyard drug traffickers.

—Jeffrey Steinberg

PERF wrecks from the inside

A Ford Foundation-funded outfit calling itself the Police Executive Research Forum (PERF) has declared its plans to take over the leadership of the International Association of Chiefs of Police, one of the major resistance points in the United States to Kennedy-sponsored drug legalization.

PERF, operating in tandem with Morton Halperin's outside wrecking operation through the Campaign to Stop Government Spying, was created in 1976 by the Ford Foundation through counterinsurgent Patrick Murphy's Washington, D.C.-based Police Foundation. Its strategy — to break traditional law-enforcement control of the nation's largest professional law enforcement body — was all too apparent during the recent IACP Convention in New York City.

Patrick Murphy's keynote address to the insurgent PERF group on Oct. 10 signaled the terms on which

PERF intends to turn its tiny group of hand-picked operatives into a battering ram against the 14,000-member IACP. "The International Association of Chiefs of Police is today dedicated to preventing most of the reforms that are essential to the improvement of police service," Murphy told the PERF group. "It has become a negative rather than a positive influence. This turn of events has occurred because the freedom of action of a very capable professional staff has been diminished as chiefs of police with fewer than 10 sworn officers have protected their interests while chiefs with 10 or more sworn officers have failed to become sufficiently involved in the IACP."

Murphy then zeroed in on the real target: "A small handful of the state associations have formed an effective political machine which manipulates IACP's secret undemocratic processes."

The PERF operation is simple: launch a "liberal" attack on this political machine, under the slogans of "progressive change" and "democracy" and thereby open the way for a takeover by PERF, the "organized opposition", in particular the contrived "small town versus big city" fight is intended to open the IACP to a flood of "professional" operatives schooled in Ford Foundation-type methodology.

Two days after Murphy's speech, the Kennedy- and London-linked *Christian Science Monitor* boosted the credibility of Murphy's PERF operation in a feature article which claimed that the PERF-IACP "rift" threatens to erode federal funding for local police from the core breeding ground for Kennedyesque "new police," the federal Law Enforcement Assistance Administration.

Who created Perf?

PERF was formed in July 1976 by Patrick Murphy, John Lindsay's police commissioner in New York City and a member of the notorious Knapp Commission, which paved the way for busting up police enforcement in New York using press play-up of various petty corruption scandals.

Aiding Murphy in setting up PERF was **Robert J. diGrazia**, currently police commissioner of Montgomery County, Md. DiGrazia in the 1960's turned St. Louis into a model LEAA-Ford Foundation ghetto counterinsurgency city. He was fired two and a half years ago as Boston's police commissioner, while he was attempting to foment race riots under the cover of LEAA "reforms" in that city.

Other PERF founders include:

Wes Pomeroy, former Berkeley, Calif. police chief who has been on the advisory board of NORML, the promarijuana lobbying group;

Phil Tannian, former Detroit police chief ousted amid changes of laxness in going after organized crime;

Hubert Williams, Newark police commissioner, who was brought in during the period of intense racial confrontation in Newark;

Gary Hayes, PERF's executive director, a former diGrazia henchman who served as his aide in Boston.

Murphy is reliably reported to hold regular meetings with Ford Foundation President McGeorge Bundy, the leading domestic counterinsurgent with intimate links to British Round Table circles. The Ford Foundation, in addition to creating and funding the Police Foundation and its spin-off PERF, used its channels to help create and fund every major national antinuclear environmentalist organization beginning in 1969, the Weatherman terrorist group, and the Institute for Policy Studies. Bundy himself was a top British link in the Kennedy Administration as National Security Advisor in the early 1960s.

The philosophical outlook of this PERF wrecking operation was best summarized by diGrazia himself, when at the time of PERF's creation in 1976, he told an audience in a speech in Boston; "Most of us are not telling the public that there is relatively little the police can do about crime. . . We are not letting the public in on our era's dirty little secret . . ." Not surprisingly, this is exactly what Ted Kennedy told the IACP this month in New York.

Halperin, IPS mobilize against the law

The Institute for Policy Studies' "Campaign to Stop Government Spying," a terrorist-support coalition, has announced intensification of activities to disrupt law enforcement around the nation, in preparation for a severe terrorist offensive against the United States. The Campaign, a "left" front coordinated by British agent Morton Halperin, made this strikingly clear at its annual conference in Ann Arbor, Michigan on Sept. 22-24, which focused on promoting such current "live" terrorist groups as the Baader-Meinhof Red Army Fraction, the American Indian Movement, the George Jackson Brigade, and former leader of the cop-killer Black Liberation Army (BLA) Afeni Shakur.

Their stated aims were the following:

1. Destroy what is left of the Federal Bureau of Investigation (FBI) before that agency has a chance to reorient itself and counterattack against London's drug-and-terror organized-crime apparatus.

2. Break up the interface between public and private law enforcement and intelligence agencies on the local, state and national level. Most emphatically, the Campaign conference oriented toward breaking the links between the private Law Enforcement Intelligence Unit (LEIU) and local and state police departments.

3. Cripple the security systems of the nuclear industry to directly facilitate terrorist strikes.

4. Stop, at all costs, the U.S. Labor Party's efforts to expose and terminate their activities.

All of these stated aims add up to one clear picture: The British want to render U.S. law enforcement unable to exchange or collect intelligence outside the purview of crimes "committed or about to be committed." This state of affairs would render American law enforcement completely impotent to detect and uproot drug and terrorist networks.

The campaign to subvert U.S. law enforcement

The Campaign to Stop Government Spying was created in 1976, although its key IPS personnel have a long history of terrorist and proterrorist activities. Morton H. Halperin, the founder, is a former "national security advisor" to Henry A. Kissinger. The purpose of the new outfit involves broader wrecking operations against federal and local police intelligence units.

The overall policy direction of the Campaign apparatus and its component groupings (see below) is provided by a top London-allied Wall Street law firm — Paul, Weiss, Rifkind, Wharton and Garrison. Paul, Weiss handles all litigation for the investment house of Lazard Freres — a recipient of organized crime "dirty money." One-time Paul, Weiss partner, former Attorney General Ramsey Clark (a member of the London-directed New York Council on Foreign Relations), is fully integrated into the Campaign's component organizations. Clark is presently chairman of the National Advisory Board of the American Civil Liberties Union (ACLU) and the Center for Constitutional Rights (CCR), and controller of a top international terrorist protection center, the International Association for Democratic Lawyers.

The Campaign dossier

Here are the key institutions and personnel who direct the day-to-day operations of the Campaign to Stop Government Spying and its components:

1. *Morton Halperin*, the director of the Campaign, is presently a member of the London Round Table sub-grouping, the International Institute for Strategic Studies (IISS). Halperin is also director of IPS's Center for National Security Studies (CNSS).

2. *Robert Borosage*, a speaker at the Ann Arbor conference, is the present head of the Institute for Policy Studies.

3. *Jerry Berman*, the CNSS's director of the "Project on Domestic Surveillance," is the national liaison to the ACLU, and acts as "co-counsel" with the ACLU on "surveillance litigation." Berman has written draft legislative "formats" for municipal-level "police curbs" used by local Campaign "coalitions" or "committees" around the country.

4. The *American Civil Liberties Union*, centered in Washington, D.C. and New York City, is the major "left lawyer" pool used for litigation against U.S. law enforcement — the current list of legal suits is too long to attempt reproduction here.

Overall ACLU interfacing comes from Advisory Board members Ramsey Clark and Morton Halperin.

5. The *National Lawyers Guild*, like the ACLU, provides a battery of attorneys and researchers for litigation against police and related agencies, and simultaneously provides legal defense for IPS-created terrorists, such as the Symbionese Liberation Army.

NLG "showcase" attorneys are Leonard Weinglas and William Kunstler.

6. *CounterSpy, Covert Action Information Bulletin*, is a specialized dirty tricks unit of the IPS, comprised mostly of former intelligence officers, which engages in covert operations against U.S. intelligence organizations. CounterSpy played a climatization role in Stansfield Turner's latest purge of some 800 CIA intelligence officials, decimating the CIA to the point that the agency is unable to function as an effective intelligence agency. At the Ann Arbor conference, CounterSpy operative Harvey Kahn passed out literature proposing to ensure that "the 800" would not be able to form a "private intelligence capability" outside of London control and manipulation.

7. *Harvey Kahn* is a special dirty tricks operative of the CounterSpy grouping who formed the Repression Information Project (a.k.a. Terrorist Information Project) which is solely devoted to spreading slanders against the U.S. Labor Party and orchestrating physical and other attacks against that political party. At the Ann Arbor conference, Kahn, along with Campaign associate Sheila O'Donnell, Clamshell Alliance activist Robin Read, and others coordinated a workshop entitled "Surveillance of the Anti-Nuclear Movement," which was devoted in large part to discussing how to undermine the U.S. Labor Party.

8. *Margaret Van Houten*, a member of the American Friends Service Committee of Philadelphia as well as a CounterSpy operative, is a major coordinator of anti-LEIU, anti-FBI, operations around the country. During 1978, Van Houten has been at the center of two new "task forces." One is a task force of the Police Crimes National Committee of the NLG, based in Chicago. This unit will focus on entangling the FBI in exposures and litigation over Bureau "involvement" in spying with local police departments. The other is the formation of a clearinghouse to pool information to be used against the LEIU, being run through the American Friends Service Committee and the Political Rights Project.

The Ann Arbor conference

For the three days of the conference proceedings, the attendance varied between 200 and 250 individuals. The focus of the conference, as confirmed in an interview with Campaign chairman Halperin, was to replicate the Campaign's national tactics on the state and local levels.

Halperin focused on two main counterintelligence-intelligence areas of work for the Campaign. He placed emphasis on law enforcement private-public interfaces, and, as a subsumed aspect, federal inter-

face with state and local agencies.

Halperin also stressed that surveillance of the anti-nuclear movement was to be a major focus of the Campaign because the issue is "the best way right now to attack corporate capitalism,"... because nuclear power is "one of the biggest capital movements of the century."

The point of splitting the public and private intelligence capabilities within the U.S. was echoed by an attorney for deceased antinuclear activist Karen Silkwood, who said that he was working on developing a legal theory on how to sue both private corporations and quasi-private entities. Said this attorney, "We are at war with this thing (the intelligence 'establishment'), and we have to dedicate ourselves to actually destroying it."

Terrorism and anti-law enforcement

The fact that the same people who coordinate terrorist groups in this country coordinate anti-law enforcement operations was never clearer than at the Ann Arbor conference.

A former national chairman of the American Indian Movement who presently works for the Leonard Peltier Defense Committee, another component of the Campaign apparatus, addressed the conference, "The landowners and the landlords who wrote the U.S. Constitution disenfranchised the Native American from the beginning....Americans...have made materialistic junkies out of the mass of white people....The FBI is the enemy of the people. We want the FBI's ass — the people deserve it."

Also speaking at the conference was Black Liberation Army founder Afeni Shakur. Shakur attacked surveillance of the "black movement." Shakur's BLA is responsible for the murders of police officers in several major cities around the country.

Other terrorist groups represented at the conference were the Baader-Meinhof R.A.F., and the George Jackson Brigade. Identified Baader-Meinhof terrorist Kristina Berster, seized two months ago attempting to cross from Canada into the U.S., was defended with leaflets at the conference literature tables. In Campaign literature, the George Jackson Brigade terrorists captured this year were also defended. Recently convicted George Jackson Brigade terrorist Mark Cook is also an executive member of the Seattle NLG — the group coordinating Campaign activities against the Seattle Police Department.

Among the major cities targeted for high-profile Campaign activities — notably Detroit, Los Angeles, Seattle, New York City, and Chicago — Seattle appears to be the present main target of the Campaign in order to reestablish the terrorist George Jackson Brigade network, now on the verge of extinction due to sophisticated Seattle Police Department-F.B.I. cooperation and USLP documentation of IPS control.

—Robert Kay

Camp David's Egypt-Israel strike force

The 'secret accords' and what they will mean

Reports broken by the world's press in past days confirm that the context of the Egypt-Israel "peace" now under negotiation is the creation of a working military-and-intelligence axis between the two countries, under the guidance of Zbigniew Brzezinski's British faction in the U.S. Carter Administration. As the Soviet Union has not hesitated to announce, such a "peace" can only be preparation for war.

The foundation of the Egypt-Israel axis was laid in a series of secret accords among the Camp David participants. Apart from the Soviet Press, the Newsweek edition of Oct. 16 is the most explicit about these secret agreements.

According to Newsweek reporter Arnaud de Borchgrave, a "more muscular U.S. foreign policy will be constructed around a series of secret undertakings at Camp David, none of which were committed on paper." De Borchgrave says that President Carter insisted with the other participants that "nothing short of tacit cooperation among the U.S., Egypt, Israel, Iran and Saudi Arabia was needed to contain Moscow's expansionist plans in a vital part of the world."

The key elements in these accords, to quote Newsweek, are as follows:

- The secret cooperation between Egyptian and Israeli intelligence services, started at the time of the Libyan-Soviet buildup against Egypt at the end of 1976, will be expanded.

- The Egyptian Army will be reduced to about 200,000 men, half its present size, and will be restructured to protect Egypt and its friends from inroads by the U.S.S.R. and its surrogates, such as Libya. This new, streamlined army will require large numbers of U.S. armored personnel carriers, self-propelled artillery, anti-aircraft missiles, advanced combat aircraft and ground-to-ground missiles — all to be paid for, presumably, by Saudi Arabia and the U.S.

- Carter and Sadat agreed that hardware deliveries should be linked to progress in carrying out the Camp David accords, including the framework for settling the West Bank issue.

- Once Egypt and Israel begin to implement their peace treaty, U.S. economic and military aid to the

two countries will be roughly equal. This was not a specific commitment, my sources say, but a private statement of Carter's intentions. What was pledged, however, was that any Arab aid to Egypt that is reduced or cut off in retaliation for the Camp David accords will be replaced by a consortium of Western nations organized by the U.S.

- Israel, for its part, will receive U.S. technology to build up its own advanced-armaments industry and thus lessen its dependence on the U.S. Israel will also be allowed to purchase all the F-15 and F-16 jet fighters that it has requested.

Several other sources have corroborated Newsweek's claims. According to a well informed West German, "Most of the Egyptian armed forces are on the western borders. A lot of Egyptian officers have effectively already crossed the border with Libya."

The Christian Science Monitor Oct. 12 reported that U.S. Secretary of Defense Harold Brown will travel to Egypt and Israel early next year to begin a 10-year arms export program to both countries, for Israel, under the "Matmon C" program, and for Egypt, to include 2000 armored personnel carriers to replace Soviet-supplied craft.

A Senate Foreign Relations Committee source now reports that Egyptian intelligence recently "tipped off" Israel on an anticipated "Palestinian terrorism" incident, as a possible model for future collaboration. The source noted that when Egypt invaded Libya in July, 1977, Israel sent notes to Egypt affirming, "Don't worry about us, we won't do anything on your eastern front to trouble your operation."

Soviets: Egypt to be shockforce

When the Newsweek and similar reports broke in the western press, the Soviet Union had already reacted sharply to the "secret agreement" to establish a regional anti-Soviet military axis.

On Oct. 10's Moscow Radio broadcast to the Arab World, commentator Aleksandr Timoshkin delivered Soviet intelligence findings:

"The ruling quarters in the United States intend to

impose their full control over the Egyptian Army. To this end, the United States is prepared to help the Egyptian president in achieving a full complement of command officers and insuring their training. For this task, 5,000 U.S. military experts and advisers will be employed. The United States will then promise to deliver weapons to the Egyptian Army as stated in the secret agreements, assuring its defense capability and enabling it to give assistance to the countries of the Third World, especially those of Africa which find themselves threatened by internal subversion or international communism.

Let us state at once that the secret U.S.-Egyptian agreements speak of the defense capability of the Egyptian Army only for the purpose of presenting some nice terminology. Cairo no longer even needs to be reminded to defend itself against the enemy so long as President al-Sadat intends to sign with him a separate treaty soon. We can not even seriously suppose that any one of the African or Arab states intends to encroach upon the security of Egypt. The opposite is more true, as the actual events have shown.

"The Arab and African countries should very seriously consider the danger posed to them by an Egyptian Army taking its orders from the U.S. command...The Egyptian president has already openly expressed his readiness to assign police functions to his country's army against the struggle of the progressive national liberation movement on the African continent and in the Arab world...

"Reference must also be made to another secret agreement concluded at Camp David. This provides for close cooperation between the United States and Egypt in the field of espionage. In fact the word cooperation is used here merely to coat the bitter pill with sugar. In fact, the CIA and other espionage services in the United States will have to brief al-Sadat regularly on all regional and international happenings which can influence his policy, as the agreement states.

"If we deciphered this phraseology, it would mean that the U.S. espionage services will help Sadat in suppressing every opposition to his separate capitulationist policy and, more importantly, the U.S. espionage services will themselves name the

countries and regions in which the Egyptian Army, commanded by U.S. experts and advisers, should be used in a manner to be suggested by Washington and the Pentagon...

"Lastly, the United States sought to compel the oil-producing Arab states to continue to provide Egypt with \$2 billion annually as payment for its actions against the Arabs and Africans. It may be recalled that none of these countries has supported the Camp David agreements. Could they agree to become a pliant pawn in the Middle East chess game moved by the U.S. imperialists and the Zionists through the Egyptian regime?"

Other commentaries from the Soviets have stressed the nearness of the Middle East to the Soviet borders and have remarked that any anti-Soviet military pact in the region is therefore indefensible.

Kissinger and Pharaoh Anwar I

With the comprehensive political shakeup in Egypt that followed the Camp David summit meeting, the British monarchy has succeeded in one of the major objectives of the 1956 British-French-Israeli invasion of Suez: the destruction of Egyptian independence, the end of Nasserism in Egypt, and the restoration of the pro-Farouk monarchists to power in Cairo's palace.

But, as this report will detail, Britain's coup in Egypt can't last.

Inside the Presidential palace, inside the offices of Egypt's cabinet officers, within the elite of the old Egyptian political establishment, a thoroughgoing coup d'état has begun. The architects of the palace coup in Egypt are long-time collaborators of Henry Kissinger and General Moshe Dayan: Presidential Adviser Tuhaimi, Osman el-Baz of the foreign ministry, Boutros Boutros-Ghali, and the Egyptian intelligence service.

Outside the palace, however, in the army and among Egypt's population, a guillotine for President Sadat is being fashioned by those educated in Nasserism.

Egypt without Islam?

The sudden about-face in Sadat's long-held commitment to a comprehensive peace settlement in favor of a separate pact with Israel is an assault on the Egyptian national character. More than 1,000 years after the founding of Cairo by Islamic humanists, Egypt is being forced through a dramatic transformation aimed at creating a new mythology: namely, that the real Egypt is the Pharaonic-Ptolemaic-Coptic Egypt, the ancient Egypt of the Cult of Isis. Like the spurious Falangist Nazi argument in neighboring Lebanon about that country's Phoenician roots, Egyptian pseudo-intellectuals like Louis Awad, a Copt, are arguing in *Al Ahram* that Egypt "is not an Arab state," mimicking an intelligence report circulated by the British Bank of the Middle East and Britain's SIS that "only 8 percent of Egyptians are actually Arabs."

The threat, however remote in reality, that Egypt might abandon the Arab world — withdrawing fully one-third of the entire Arab population from the bloc of Arab states — has solidified Arab opposition to the Camp David framework, uniting the conservative Saudi Arabians with Iraq and Libya.

An analysis of the new Egyptian Cabinet, put together by our Middle East desk, indicates the depth of the radical turn by Anwar Sadat:

The new Prime Minister Mustafa Khalil, also the first chairman of the fledgling National Democratic Party, has been given the task of steering Egypt out of the Arab bloc. According to the Associated Press, Khalil was the architect of the anti-Soviet tilt by Sadat, beginning with the 1972 expulsion of Soviet military advisers. In the 1960s, Khalil twice resigned from minor government posts in protest against then-President Nasser's cooperation with the USSR. In a commentary on Oct. 2, immediately after Khalil was named Prime Minister, Radio Jerusalem reported that his primary job would be to lessen Egypt's dependence on Saudi Arabia! The Saudis, of course, are the bitterest opponents of both the Zionist establishment and the British.

Khalil's NDP, which was founded in cooperation with the British-Zionist section of the Socialist International, has been invited by West Germany's Willy Brandt to attend the Nov. 3 Vancouver meeting of the International. It was Brandt, of course, who together with Austria's Bruno Kreisky put forward the "Brandt-Kreisky plan" for an Egypt-Israel separate deal during a Vienna meeting between Sadat and Israeli Labour Party Chairman Shimon Peres. It was that plan, worked out in coordination with Kissinger, that became the basis for the Camp David "framework."

The new Deputy Prime Minister, Makram Obeid, a largely unknown figure, is a Copt — the first Copt to hold such a high position in Moslem Egypt.

The new Foreign Minister Boutros Boutros-Ghali, also a Copt, served briefly as Foreign Minister in 1977, after then Foreign Minister Ismail Fahmi resigned in the wake of Sadat's Jerusalem visit. Then, when Foreign Minister Ibrahim Kamel — who was a confidante of West German Chancellor Schmidt — resigned on the eve of the initialling of the Camp David pact, Boutros-Ghali was called on to serve once again. He is reportedly an extremely wealthy man with ties to Europe's Black nobility, and he is married to an Italian Jew.

Kameleddine Hassan Ali, the new Defense Minister, is a long-time veteran of Egypt's secret intelligence and internal security service. A nondescript man, he replaces Gen. Abdel-Ghani Gamassi, the former highly influential Minister of War. Gamassi, who refused to attend the Camp David meeting in a show of opposition to Sadat, was offered a consolation post of "Presidential adviser," but he did not accept.

Also ousted along with Gamassi was Chief of Staff Gen. Mohammed Ali Fahmi, a friend of Gamassi's.

Another key Egyptian official replaced was Education Minister Mustafa Hilmi, a leading humanist-scientist. His replacement, Hassan Mohammed Ismail, is a member of Egypt's "Apollo Club." Along with Tuhaimi, Osman el-Baz, and a handful of others, these are the men who will attempt to break off Egypt's commitment to the Arab world.

—Robert Dreyfuss

The Egyptian nation against Sadat

While the negotiations proceed in Washington, opposition among high-level circles in Egypt to President Anwar Sadat's policies is on the rise. Especially significant is reported unrest within the military, given impetus by last week's refusal of former War Minister Mohammed Gamassi to accept an appointed post as a "special presidential advisor."

A survey of international press on the Egyptian domestic situation reports:

London Guardian, from Cairo, Oct. 11:

...Criticisms of the Camp David agreements and continued Egyptian-Israeli dealings is spreading here.

The Lawyers Syndicate has held a meeting to protest against Camp David and Egypt's unilateral peace with Israel. Three pro-Western members of the 1952

Revolution Command Council wrote to President Sadat denouncing Camp David which, they said, violated the principles of Arab nationalism.

Earlier, the Left-wing Progressive Unionists, attacked the agreements. In their sermons, sheikhs criticised the accords for failing to mention Arab Jerusalem. The Muslim Brotherhood did likewise.

President Nasser's daughter, Hoda Abdel Nasser, submitted a personal statement to the People's Assembly, criticizing the agreements point by point. She can be said to be representative of a large section of Egyptian youth.

The most recent attacks came from three members of the People's Assembly, during a debate on Monday night. All objected to establishing normal relations with Israel before total Israeli evacuation of Sinai, and to the long timetable for evacuation.

They expressed fears also of an Israeli takeover of the Egyptian economy, and demanded that it should be protected

Iraq News Agency, from Beirut (on a memorandum to Sadat by four members of the 1952 Revolutionary Command Council which created the Egyptian republic), Oct. 8:

The memorandum ridiculed As-Sadat's claims of restoring Egyptian sovereignty over Sinai or achieving any breakthrough for the deteriorating Egyptian economy which was the outcome of As-Sadat's policy. It further charged the As-Sadat regime with discarding Egypt's pan-Arab responsibilities. The memorandum was signed by surviving members of the Command Council that led the 23d July Revolution in Egypt, namely Husayn as-Shafi'i, Zakariya Muhyi ad-Din, Kamal ad-Din Husayn and 'Abd al-Latif Baghdad.

Emirates News Agency, Abu Dhabi, Oct. 5:

During his meeting in Abu Dhabi today with members of the Palestinian community, Yasir 'Arafat, chairman of the PLO Executive Committee, revealed that he had received a letter from former Egyptian Foreign Minister Muhammad Ibrahim Kamil explaining what happened at Camp David and affirming that he was not responsible for its results. 'Arafat said that Kamil, who resigned his post immediately after the signing of the two Camp David agreements, explained in the letter the reason which made him resign.

'Arafat also said that he had received a similar letter from former Egyptian chief of Staff Lt. Gen. Muhammad 'Ali Fahmi. 'Arafat said that Lieutenant General Fahmi, who was appointed as military adviser by President Anwar as-Sadat the day before yesterday, has not appeared publicly since President as-Sadat's initiative.

Kuwait Ar-Ra'y Al-'Amm, Oct. 7:

Well-informed diplomatic sources have told *Ar-Ra'y Al-'Amm* that the intelligence service of a foreign

state has informed the Egyptian leadership that a plot was being prepared within the army to overthrow the regime.

The sources said the removal of Gen 'Abd al-Ghani al-Jamasi and Gen Muhammad 'Ali Fahmi from office was connected with the information received by the Egyptian leadership. The sources also said that the Egyptian leadership preferred not to reveal the planned coup so as not to show that there is opposition to its policy in the country. The Egyptian leadership was advised to do so; it was told by the intelligence quarters concerned with the security of the Egyptian regime that they would keep an eye open to protect the regime and help it.

Therefore, the story (of Generals al-Jamasi and Fahmi) was put out as if it was something natural and as if the authorities were confident and not facing any serious opposition.

Camp David's 'IMF conditions'

Informed observers agree that an important feature of the Egypt-Israel separate peace is the swift imposition of the International Monetary Fund's package for Egypt: The public sector is to be dismantled in favor of what the British aristocracy calls "free enterprise"; the economy is to shift towards labor-intensive, low-energy, small-scale programs; and the notions of industrial growth associated with the Nasser presidency are to be abandoned.

The added intention is to use the "economic side" of Camp David as a beacon-example of IMF policy for whole Third World. Last week Senators Jackson, Church, Case, Stone, and Javits — the core of the Capitol Hill Zionist Lobby crowd — called for a "Marshall Plan" development program for Egypt and Israel to underwrite the separate peace negotiations.

A congressional aide close to Sen. Jackson outlined the conception behind this "Marshall Plan" in a discussion Oct. 17:

"We are concerned about the economic situation in Egypt, so we want to channel more U.S. aid into the country, into medium and small-scale technology, and into private enterprise.

"These foci were the bases of last year's Case-Humphrey amendment to channel more aid into Egypt into these types of programs. The thinking was that *big* projects don't go very far in Egypt. Also, since the Nasserists, who like the public sector can, within the bureaucracy, act to slow

down free enterprise in Egypt, the thinking was to go around the bureaucracy, by putting money into medium-small programs, factories hiring 25 or so people. Proliferate these around the country, and you've jobs and industry going, in a more labor-intensive approach, similar to what I once saw on an Israeli kibbutz when *little things* were produced, like eyeglasses, by a handful of people. We can get around this Nasserite, bureaucracy problem by this approach.

"This dynamic sped up earlier this year, as regional development programs began to catch on, among people like Jeremy Stone of the Federation of American Scientists. More recently, Frank Church made an Oct. 5 speech in New York, talking of Egypt-Israel cooperation in irrigation, reclamation, and solar — not nuclear — energy. This led to Jackson's 'Marshall Plan' call.

"One possibility that really interests me is to have Egypt and Israel collaborate, at existing Sinai settlements, on developing *appropriate technologies* for Third World countries. Ideas could be developed useful for the desert in Africa, countries like Chad, where technology shouldn't be too sophisticated. What good is a computer in a backward country, if a part breaks down, and you can't replace it: better to design appropriate items, with easily replacable spare parts.

"We hope these principles and approaches will be adopted by the White House. They are being incorporated into planned legislation, and, hopefully, the White House and-or State Department will soon have Offices of Regional Development to deal with them."

Undoing the state sector

Plans to return Egypt to its subservience under the British from 1882 to 1952 also surfaced at a Sept. 21-22 conference at Georgetown's Center for Strategic and International Studies (CSIS) on "Free Enterprise in Egypt." The conference was coordinated personally by Henry Kissinger and was part of the Georgetown "Future Business Program," which is planning a series of destroy-the-state-sector meetings for various countries — including Argentina, Brazil, Sri Lanka, and France — during the coming months.

The first in the series, earlier this year, focused on Israel.

The conference was attended by all major Egyptian economics and financial officials, including the Governor of the Central Bank, Chairman of the

National Bank of Egypt, and others, and a score of U.S. corporate officials and CSIS personnel. At the request of the Egyptian delegation, the meeting was closed to the press — because, according to one insider, "They'll have to confess that they're not moving fast enough on building up the private sector."

According to a second insider, "The conference, while focused on forcing the private vs. public sector issue, was defined by the antinuclear energy, antigrowth bias that has prevailed in leading Washington circles during recent months."

Following the conference, a Chase Manhattan Egypt expert affirmed that "the less efficient public sector companies will in effect be auctioned off to private interests, probably by selling 49 percent of the stock to private interest while maintaining the rest under state control. This will start happening very soon. And I am sure that Israel will buy into some of the state sector companies; this is part of the peace process."

Bring down aerospace industry ?

One of the more bizarre ways in which this project may work involves subverting the critical Arab Military-Industries Organization, a joint Egypt-Arab Gulf French aerospace program that was initiated in the mid-1970s. Providing for the creation of an aerospace-parts building industry *on Egyptian soil*, and related programs, the AMIO has come to be viewed as the backbone of a potential Egyptian high-technology aerospace-industrial sector that could in turn provide the basis for Egypt's entrance into a technologically centered 21st century.

Last week, however, the powerful head of the AMIO, Ashraf Marwan, a Sadat in-law with close ties to the Saudis and French, was sacked. According to the Oct. 12 West German Frankfurter Allgemeine Zeitung, Marwan was coming under attack from the monarchist Al Akhbar newspaper for having built a "state within a state"! The Zeitung further noted reports in Cairo that *Israel* will now build an aircraft plant in Egypt, and linked this to other reports that the Israeli Bank Leumi was expected to open shop in Cairo soon.

With Israel well under control of "IMF conditions," this infusion of Israeli "capital" into Egypt cannot bode well for the Egyptians. In a statement last week on the post-Camp David economic situation facing Israel, Israeli Manufacturers Association head Savit stressed that "Egyptian cheap labour" may help ease Israel's economic strains.

— Mark Burdman