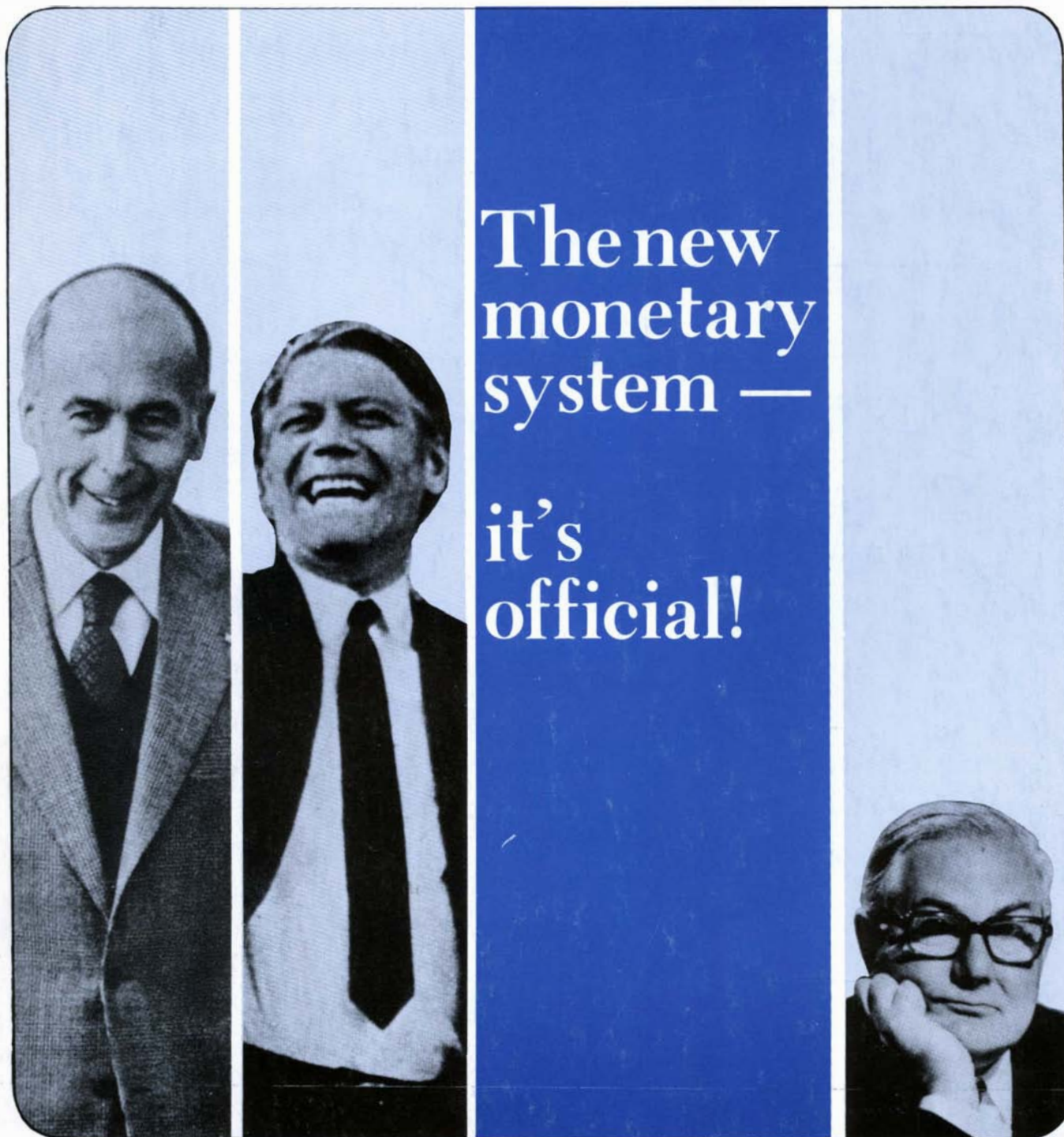


EXECUTIVE INTELLIGENCE REVIEW

December 12-18, 1978



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EXECUTIVE INTELLIGENCE REVIEW

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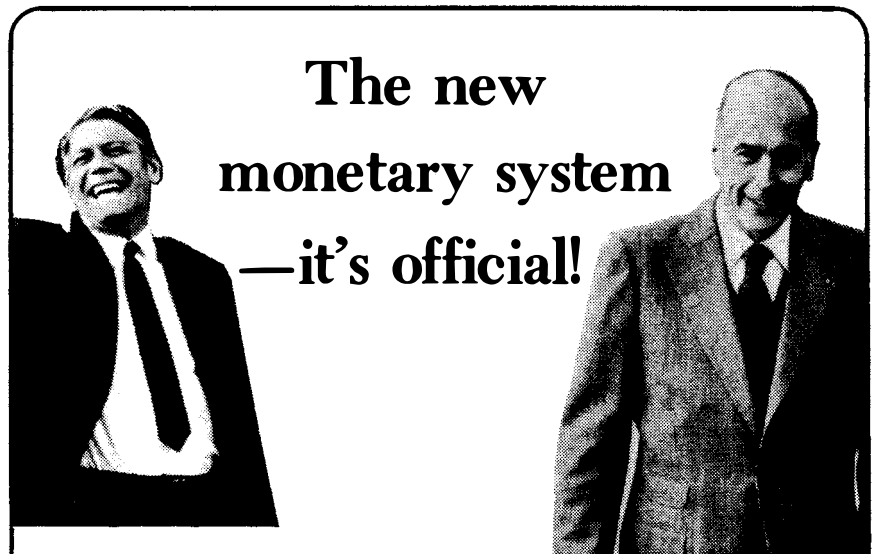
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As expected, the new European Monetary System was officially approved at the European Community summit in Brussels Dec. 4 and 5. Is it still-born, as the British and elements of the U.S. media proclaimed? Or has the machinery been put in place for a new era of industrial prosperity and monetary stability? Our story on the historic summit, featured in our ECONOMICS section, features an analysis by economics specialist Renee Sigerson on what to expect, both in terms of the steps by which the EMS is going into operation, and the frantic opposition from Britain and her allies. Our package also features the story behind Italy's abrupt postponement of her decision on whether to join the EMS, plus a retrospective based on our coverage over the past six months, of the steps which led from the Schmidt-Brezhnev agreements in May to the historic Brussels summit. page 8

On the cover (left to right): French President Valery Giscard d'Estaing, West German Chancellor Helmut Schmidt, and British Prime Minister James Callaghan.

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THE "KOOL-AID" APPROACH TO HEALTH CARE

Will Senator Ted Kennedy's proposal for "National Health Insurance" transform the U.S. health care system into a vehicle for hospice-style "easing the passage" of the aged and seriously ill? It sounds extreme, but you'll get a horrifying new insight into the reasons for doctors' opposition to the Kennedy plan when you read Kathleen Murphy's report on Kennedy and HEW Secretary Joseph Califano's commitment to the hospice cult, and the rhetoric about "useless eaters" creeping into the terminology of the Kennedy plan's supporters. Featured in our U.S. REPORT, together with a policy statement by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr., which recasts the often-demagogic debate about "rising health costs," and presents a plan for defeating the Kennedy approach. **page 38**

IRAN: WHO'S DESTABILIZING WHOM?

If the Shah of Iran survives the current wave of destabilizations, he will almost certainly organize a new civilian government with members of the National Front and others. But the immediate question is, will he survive? The destabilizations, as our INTERNATIONAL Section this week shows, are being sponsored as a pretext for a confrontation with the Soviets and a new oil hoax. In the same section, a Soviet commentary provided to this news service by Novosti, warning of the dangers of a U.S. military intervention, contrasted with Henry Kissinger's demands for confrontation in the Persian Gulf. **page 27**

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Note to our readers: We apologize for the inconsistency in the typeface in this issue of our journal, which was caused by mechanical difficulties.

LEGALIZING ORGANIZED CRIME?

Legalized gambling, legalized drugs — do such measures rein in organized crime, or encourage it? In COUNTERINTELLIGENCE, a report that bares the truth about organized crime, using the case of New Jersey to trace the linkup from gangsters to state government, Washington, and the powerful international financiers who run the world's multibillion dollar illicit economy — and to explain why their favored tactic is "going legal." Highlighting a new official investigation on Resorts International and its Atlantic City casino, our coverage tells what the investigation has already uncovered — and the shocking full story of crime's takeover in New Jersey that officials still have to investigate. page 21

COMING SOON

*An exclusive interview with the president of Brazil's state-owned oil company Petrobras, General Araken da Oliveira, as he completed a tour of Venezuela, Mexico, Houston, and New York. General Oliveira's comments on Brazil's energy and trade policies, particularly in light of Mexico's vast new oil finds, and his discussion of the role he expects nuclear energy to play in Brazil, will interest all who are concerned about Latin America's development proposals, and about the future of the United States' beleaguered energy industries.

*What ever happened to the China card? Our next issue will feature a fully documented report on the dramatic changes now occurring inside China, and what they mean for America's relations with Asia, the Soviets, and the world.

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the intelligence you need to be making policy whether your responsibilities are in government, the labor movement, business, education, or elsewhere.

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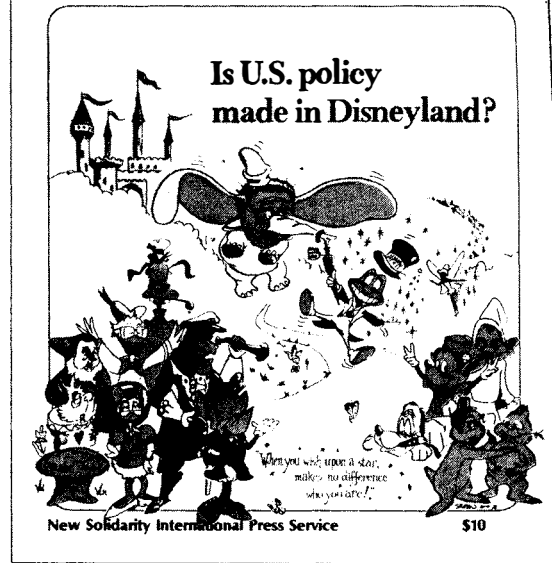
really negotiated at the July 1978 Bremen and Bonn summits of industrialized countries . . . and how the European Monetary System launched at Bremen was *modeled* on a 1975 proposal by the American political economist Lyndon H. LaRouche, Jr. as the "seed-crystal" of a new, development-oriented world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

... REPORTED HOW

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



... DOCUMENTED

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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Now the U.S. must decide

With the formal decision this week to institutionalize the European Monetary System, the process of reorganizing the world economy for vastly expanded production, trade, and Third World development has entered into a new phase.

France's Giscard and West Germany's Schmidt have made clear that their new system is a political, and not simply a monetary instrument. It is intended to polarize the world's industrialized nations behind the détente and economic growth perspective which first came clearly into view at the May summit where Schmidt and Soviet President Brezhnev concluded \$20 billion in trade and cooperation agreements.

The institutionalization of the EMS has already provoked some revealing public alignments on Western Europe's new policy. Radio Jerusalem announced Dec. 4 as its lead news item that Israel opposes the EMS as a mortal threat to its economy. There is now every reason to expect that nations who have previously indicated their support for the EMS — the nations of the southern rim of Europe, Mexico, and the Arab world — will reassert their commitment at this point, leaving Israel, the satellite state of the City of London, and other British-run countries, as London's only allies against the new world economic order.

Where, then will the U.S. stand? Every element of U.S. government foreign policy is now being dictated by British intelligence and the Israeli Mossad — from Camp David, to NATO, to Southeast Asia. The same is true of domestic policy: the prescription of budget

cuts, arms buildup, and tourniquet-like interest rates, and above all the drug and cult proliferation.

Moves to turn the United States away from national suicide and toward the EMS must come within days and weeks. The U.S. Labor Party, whose chairman, Lyndon H. LaRouche is one of the intellectual authors of the EMS, greeted its endorsement by the European heads of state with a call for immediate U.S. alliance with the new system. Such an orientation must be at the center of a coalition effort to bring the U.S. industrial giant out of recession and back onto its rightful world leadership course, the Labor Party stressed. However, both the Republican and Democratic Party leaderships are foolishly angling toward the 1980 elections, and ignoring the national

economic and political crisis now before the U.S.

Perhaps it is this donkey-like fixation on politics as usual that provoked Illinois Senator Adlai Stevenson to call this week for the formation of a new, third political party based on American ingenuity to return the USA to world leadership in fostering global high-technology economic development. Stevenson's call came in an interview with the *Chicago Sun Times*, and reprised the ideas he had laid out during an early November speech in Abraham Lincoln's hometown of Springfield, Illinois. There, speaking to the Center for the Study of the Presidency, Stevenson proposed that the "presidency may again require a new party to sustain it."

Bhutto's fate in the balance

The fate of Pakistani Prime Minister Zulfikar Ali Bhutto hangs in the balance this week. Bhutto, overthrown by a military coup in July 1977 and arrested and tried for an alleged "criminal conspiracy" to murder a political opponent, has been held in prison for the past year and a half. He was sentenced to death by a Pakistani court in November of 1977. He has been appealing that conviction before the Supreme Court of Pakistan since then. The appeal is reaching an end, with Bhutto's lawyer Yahya Baktiar now finishing his final summation before the court.

The case of Mr. Bhutto, the foremost civilian political leader in Pakistan's history, carries great

implications. The military junta that deposed him is determined to get Bhutto permanently out of the way, fearing that the stability of its rule depends on that. While the junta continues to claim that this is merely a "criminal case," its real motivations are not hard to see.

The regime's desperation threatens not only the life of Bhutto but the stability of Pakistan itself, and with that the stability of the entire region from Iran and the Persian Gulf to India. It is predicted that the junta's scant credibility will evaporate if Bhutto is killed, leading to the unleashing of disintegrating forces in the country which would spread into Iran and India. Bhutto himself has made

this point and cited forces in Washington, London, and elsewhere who desire precisely that outcome, in tandem with the destabilization of Iran and heightened tensions and Cold War confrontation in the region.

At this moment there is no clear indication of what will happen when the Supreme Court begins its final deliberations. Bhutto's lawyer said last week that he and his client have "confidence in the judgement of the Court," a statement which reflects repeated rumors that in fact some of the judges are leaning toward an acquittal of Bhutto. However, everyone, especially the Court, is aware of the junta's strong desire to see Bhutto hanged as quickly as possible.

The stepped-up junta offensive against its opponents makes this clear. Most prominently reported was the arrest of the editor of the respected independent Pakistani weekly *Viewpoint*. The editor, Mazhar Ali Khan, is known to favor Bhutto and was a strong supporter of detente in the region, including friendly relations with the Soviet Union and India. This was backed up by the announcement of General Zia ul Haq, the junta chief, of the formation of special "Shariat" Islamic courts which would examine all legal rulings according to "Islamic law."

There is very little in the Western press on the reality of events in Pakistan. The *Executive Intelligence Review* is taking a special responsibility to fill the void. Several weeks ago the *EIR* received important papers smuggled out of Pakistan, including a 319-page document written by Bhutto in jail, a lengthy appeal to the court refuting the allegations made against him by the government in a special White Paper issued earlier this year.

The document has been banned in Pakistan and little covered outside of the country. After the *Financial Times* of London pub-

lished a tiny article claiming that the Bhutto document was incoherent, both Jack Anderson and the *Washington Post* obtained the document but refused to print a word about it or Bhutto's perilous situation. The document is a detailed account of the events leading up to and surrounding the coup,

including the role of "foreign" elements typified by Henry Kissinger. The *Executive Intelligence Review* will soon release an abridged version of the document, as a special supplement, hopefully before the jury tries to silence Mr. Bhutto forever.

—Daniel Sneider

Japan's new government: 'low quality'

Japan's new Prime Minister, Masayoshi Ohira, announced his cabinet last week, and the new cabinet members are an extremely undistinguished lot. The new government includes political hacks from every major faction inside the ruling Liberal Democratic Party, many of whom have been waiting 20 years or more for a cabinet post. Not surprisingly, Ohira made one of his own faction members head of the powerful Ministry of Finance position, while the other key bureaucratic post, that of head of the Ministry of International Trade and Industry, went to a follower of former Prime Minister Kakuei Tanaka, Ohira's major factional ally.

According to a top Japanese political expert in Washington, the reason for what he termed the obvious "low quality" of the new cabinet was that the struggle for the "balance of power" inside the LDP itself had not yet been resolved. According to the source, the two major interparty rivals are Takeo Fukuda and former Prime Minister Kakuei Tanaka, whose unity is an absolute necessity if Japan is to be put back into its active position as the Asian organizer for the European Monetary System. Fukuda is enraged at Tanaka for his role in funneling in "dirty money" to Ohira's camp-

aign to virtually buy the election for Ohira, while Tanaka hates Fukuda for what Tanaka believes is the role Fukuda played in earlier helping to watergate Tanaka himself out of office in 1974.

The intense battle between Fukuda and Tanaka has been heightened by charges of China's role in funding the Ohira campaign. The Bank of China, according to rumors now circulating in the Japanese business community, used the Hong Kong and Shanghai Bank as a funnel to launder money to Ohira.

Ohira's own limitations as a leader were described in graphic detail in a column in the Dec. 3 *Yomiuri Evening News*. The article quoted a Foreign Ministry official who said that when Ohira was Foreign Minister, "to brief Mr. Ohira we have to explain the same thing again and again. It's a lot of fuss to make him understand anything. When he was going to talk with a ranking foreign official he used to say 'I understand nothing. Please pass me a memo when I falter.' He was outspoken. But he used to be irresolute when he had to decide." The *Yomiuri* article also comments that when Ohira was Foreign Minister, "It is said that Kissinger in particular liked him."

Crack in the cult coverup

Evidence has come to light indicating that the Peoples Temple of Reverend Jim Jones was involved in the illegal channeling of mercenaries into Angola to fight against the MPLA during 1975 and 1976. This puts a new light on the already alarming indications that top officials in the U.S. Administration are engaged in a gigantic coverup of the grisly facts of the Jonestown massacre.

The overall command of the mercenary deployment into the FNLA and UNITA "movements" opposed to the Popular Movement for the Liberation of Angola — now the government of that country — was coordinated by Henry Kissinger and British intelligence. As our last issue documented in detail, the same forces were behind the creation of Jones and the Peoples Temple and their establishment in Guyana. Now what might be termed the Kissingerians in the White House, in particular Kissinger

protégé Zbigniew Brzezinski, are clamping down on any investigation of the Jones cult in particular and the whole business of cult creation in general.

Important indications of an "Angola angle" on the Jones cult appeared in a front-page feature in the *New York Times* Dec. 4, on the background of the Laytons, a family involved in the American Friends Service Committee and subsequently sent into the Peoples Temple.

The *Times* article relates that when Debra Layton was sent to Britain during the late 1960s to study at the British Friends School, she became acquainted with a British national, Philip Blakey. Blakey, also a member of the Friends, and Layton returned to the U.S., according to the *Times*, and both became members of the Peoples Temple. In 1974, Blakey was sent to Guyana to prepare Jones's operations there.

But according to highly reliable sources in the Caribbean, Blakey was in Angola from 1975 to 1976, functioning as a mercenary against the Popular Movement — while still a member of the Peoples Temple.

Blakey was not among the Jones Cultists who perished in Guyana last month. He is presently in Barbados, having captained the Peoples Temple trawler Albatros III on a Caribbean-wide tour during the mass human sacrifice ritual. Albatros III, registered in Panama, is believed to be involved in large-scale drug and weapons running, likely linked to known Israeli intelligence operations of the same nature in the Caribbean, going into the U.S. via both East and West Coasts.

The cover story of our last issue provided abundant leads for investigation into those who created the Jones cult and those who protected and deployed it. The Blakey story is just one of what can be confidently predicted to be a series of new revelations and "leaks" on the cult operations that will make Brzezinski et al.'s stonewalling increasingly difficult.

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• December 14 •

'Saving the dollar — the facts behind the European Monetary System'

featuring Costas Kalimtgis, Contributing Editor and David Goldman, Economics Editor, Executive Intelligence Review
• Thursday, Dec. 14, 2:00 PM, Detroit, Michigan
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• January 11 and January 30 •

'Doing business in 1979 — the European Monetary System and Mexican oil'

featuring Fernando Quijano, Editor-in-Chief and Criton Zoakos, Contributing Editor, Executive Intelligence Review
• Thursday, Jan. 11, 2:00 PM, New York, N.Y.
Madison Room, N.Y. Hilton Hotel
• Wednesday, Jan. 30, 2:00 PM, Washington, D.C.
Dolly Madison Room, Madison Hotel

The new monetary system — it's official!

Following a stormy, two-day session of the Common Market Heads of State in Brussels Dec. 4-5, a new European Monetary System has been officially launched. It will go into effect on Jan. 2, 1979, with a six-member core of the EEC countries participating. Italy and the Republic of Ireland have been given one and two weeks, respectively, to make a final decision on whether to enter. Great Britain, whose strident demands for preferential membership conditions were rejected, has decided not to join.

The EMS, as designed by cofounders Helmut Schmidt and French President Giscard d'Estaing, will redirect huge portions of Europe's presently unproductive monetary assets into credits for industrial development, trade and economic expansion, geared toward modernizing the advanced sector countries so that they can, in turn, meet the Third World's need for high-technology growth.

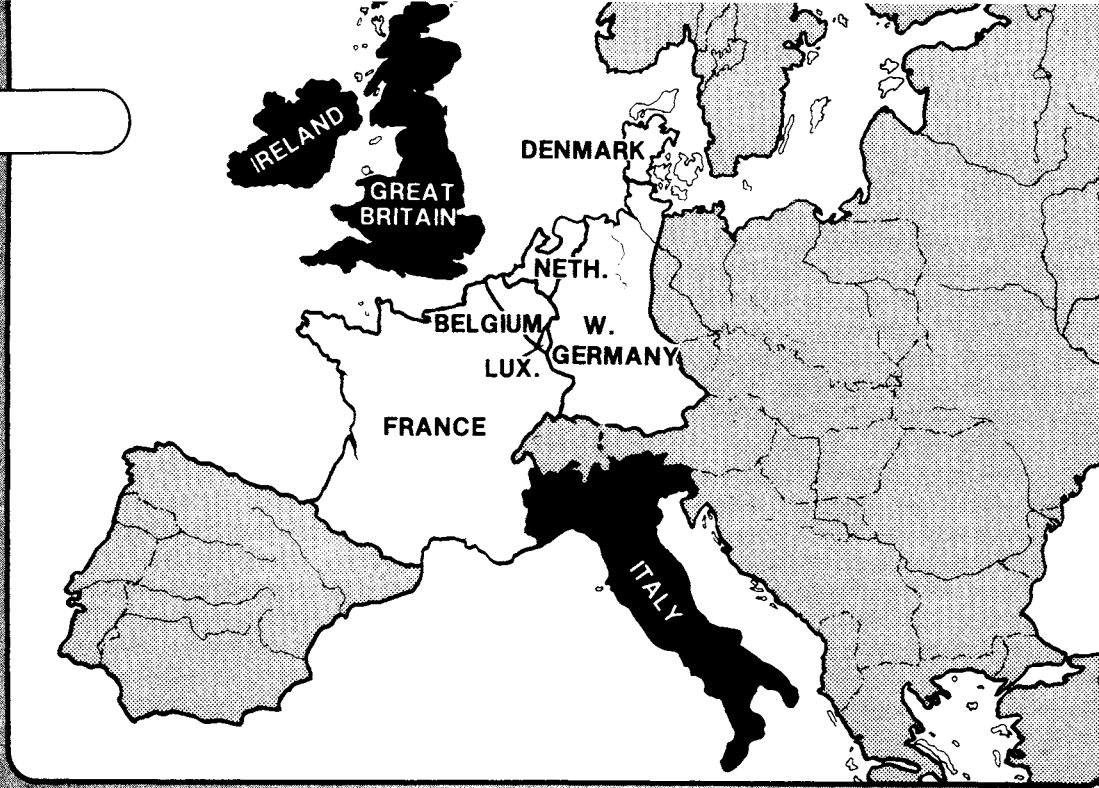
The monetary system will go into effect beginning the new year, when members deposit 20 percent of their gold and dollar reserves in a central pool. This allots the fund over \$30 billion off the bat, with an equal amount of national currencies to be pooled as negotiations on the European Monetary Fund proceed. This is not only a formidable weapon to back up stabilizing foreign exchange market interventions — it is the basis of a new world monetary system. Speaking at a businessmen's dinner in Brussels following the heads of state meeting, Schmidt said as much as he declared that the EMS had been made necessary by the collapse of the Bretton Woods System. It is this system — the present international monetary system — which the EMS will replace, the

Chancellor continued, emphasizing his point by adding that EMS membership will be open to non-EEC countries.

At a press conference following the summit, French President Giscard d'Estaing declared that the "agreement reached in Brussels is the beginning of a truly European monetary system." He lauded the system as completely "viable," despite the reluctance of Italy, Ireland, and Great Britain to join at the present time, and stressed that from the standpoint of economics and trade, the EMS "already constitutes a very important group inside Europe." Elaborating the broader significance of the EMS, Giscard stated that the new monetary arrangements "will create confidence and with confidence there will be investment and growth."

West German Chancellor Helmut Schmidt, the second principal architect of the new system, stressed in a radio interview that the stabilizing effects of the EMS would go far beyond the confines of the Common Market. Reports in the British press confirm that Schmidt and Giscard intend to use the EMS as a launching pad from which to draw the United States and Japan into a program for global monetary stabilization. Schmidt and his Finance Minister, Hans Matthofer, will begin this process by briefing U.S. Treasury Secretary Blumenthal and Assistant Secretary Anthony Solomon on the summit results when they visit Bonn this week.

The U.S. has already implicitly recognized the significance of the EMS's creation, although press coverage in the *New York Times* and *Wall Street Journal* belies this fact. A joint State Department-



Treasury communique issued on Dec. 6 welcomed the EMS as "an important step toward the economic integration of Europe," a goal which the U.S. "has long supported . . . (and) which will contribute to sustainable growth in the world economy." Promising U.S. cooperation to maximize the potential of the new system, the statement as released to the press by Hodding Carter, said that the U.S., along with Germany, Switzerland and Japan would "continue to cooperate in a forceful and coordinated way to ensure stability in the exchange markets" and that the Carter Administration looked forward to continued collaboration with its European trading partners as the new monetary arrangements evolve.

Despite reports in the pro-British press here and abroad that the EMS has been established on shaky foundations and is doomed to failure, the summit results make clear that Giscard and Schmidt are on the offensive and are waging the kind of fight not seen since the late General de Gaulle's successful, no-holds-barred battle to keep Britain out of the Common Market. The two flatly refused to compromise with Irish Prime Minister Jack Lynch and Italian Prime Minister Giulio Andreotti when they unexpectedly proclaimed that their two countries were not yet "satisfied" with the arrangements and bogged the summit down in protracted wrangling. Giscard met this challenge publicly and with categorical bluntness in a press conference exhorting them to reconsider. Emphasizing that the EMS "is not a bartering issue, but a political issue" and warning that "selfish financial interest" must not be allowed to cloud the decision of Ireland and Italy to join the system, Giscard gave

Andreotti and Lynch two weeks to "reflect" on the long-term implications of the new system for their economies and give a firm "yes" or "no" answer.

British Prime Minister Callaghan removed any lingering doubts about British intentions by announcing that he could not recommend British participation in the system. Callaghan's decision was expected, since Britain had practically been thrown out of the summit for demanding a role in the management of the EMS, without having to face the implications of the system for its weak pound sterling. According to Agence France Presse, Callaghan had angrily stormed out of the meeting, only to return sulkily in the hopes of forging a bloc of "second tier" members.

Whatever the decisions made in Rome and Dublin, the EMS will scarcely be affected as a financial giant with a commitment to rescuing the dollar and the world economy. The West German central bank has already received a mandate to negotiate the associate membership of non-EEC members Switzerland, Austria, Sweden, and Norway. With American cooperation, Japanese backing, and eventual Comecon participation along the lines of the multi-billion dollar economic agreement for peaceful mutual development signed in May by West Germany and the USSR, a new world economic order is coming into being which will enable public and private sector industry to cooperate fully for human development in the advanced sector and the developing world.

—Marla Minnicino

1. What's next on the agenda

The announcement of official endorsement by six European heads of state for membership in the European Monetary System (EMS) launches a new era in international monetary affairs. "A new epoch of prosperity," the description offered by French President Giscard d'Estaing on national television Dec. 6, is about to begin, and its effects will be felt throughout the world.

The EMS will begin implementation first through a series of dramatic "innovations" in monetary relations. Important among these steps will be 1) an increased role for government-held gold reserves as a medium for stabilizing monetary relations, and 2) EMS intervention on foreign currency markets through a huge, \$70 billion central intervention apparatus, which is specifically aimed not only at maintaining stability in internal European monetary transactions, but more importantly, in effectively propping up the U.S. dollar.

These innovations will pave the way during 1979 for the issuance by the European Monetary Fund (EMF), the EMS "central bank," of multibillion dollar development loans to especially Third World borrowers. To encourage the Fund's effective implementa-

tion at an early date, Giscard has launched a French diplomatic offensive into West Africa, which, French diplomats have pointed out, will include high profile tours by French officials in "former British colonies."

British wreckers

In sum, the EMS program is a foundation, created by Giscard and West German Chancellor Schmidt, for a new, world monetary system.

Leading British circles — which means not only the City of London, but in addition, the British monarchy, British think-tanks, and the many-faceted tendrils of British intelligence operations worldwide — have accurately understood that revamping the Bretton Woods international monetary system — set up under Britain's tutelage by Lord Keynes — is the purpose of the EMS. For that reason, they have been frantically committed to wrecking, delaying, or subverting the scheme since its announcement on July 8 of this year. On Dec. 5, the British not only voted against the EMS program, but armtwisted Italian Prime Minister Giulio Andreotti and Irish Prime Minister Jack Lynch into forming a block of "poor countries" of Europe in opposition to the plan.

Giscard on those who stayed out

On Dec. 6, following the conclusion of the Brussels summit, Agence France Presse issued the following dispatch on French President Giscard d'Estaing's press conference on the evening of Dec. 5:

Despite the absence of Great Britain, Italy and Ireland, President Giscard d'Estaing said he thought the agreement reached in Brussels was the beginning of a truly European monetary system. Following 31 hours of discussion, the French President expressed the wish that the three member countries which did not yet wish to join the European Monetary System acknowledge the efforts made and the advantages for all of the broadest possible zone of monetary stability in Europe.

The French President indicated

that Great Britain will not take part in the monetary system as far as intervention mechanisms are concerned, but that the pound sterling will continue to contribute to the basket of European currencies, with a frozen value Regarding Italy and Ireland Giscard d'Estaing stated that these countries should give a definite reply, in the case of Italy within eight days and for Ireland within 15 days ... (He) also evoked the case of Norway and other European countries who could themselves also join the EMS

European leaders who met in Brussels yesterday also discussed the transfer of funds to the less prosperous members of the Community, notably Italy and Ireland. On this subject, Mr. Giscard d'Estaing said, "It is inadmissible

that the economic equilibrium of the community be threatened by the exaggerated demands of certain of their partners. If one wants the Common Market to be endowed with a new monetary system, one must think more of the economic and political advantages one may eventually gain than be clouded by selfish financial interests.

A question of political will

The following are excerpts of an editorial by Serge Maffert titled "Political Will," published in Le Figaro Dec. 4, that is, before the conclusion of the Brussels summit:

The construction of Europe is accomplishing, in the beginning of this week, a stage of exceptional importance. The monetary Europe which France has been asking for since 1969 will finally see the light of day.

The blackmailing of Andreotti cast a shadow over the Brussels summit. Nevertheless, British Prime Minister Callaghan's post-summit comment that, "it was a bold effort" that failed, and accompanying British press cries that Brussels was a "setback" for the EMS, are gross exaggerations.

Andreotti may still reverse his negative decision. More importantly, Schmidt and Giscard have frequently underlined their commitment to bringing Spain, Portugal and Greece — NATO's "southern tier" countries also subject to extensive British destabilization scenarios — into both the EEC and EMS at the earliest possible date.

At the same time, the ability of EMS networks to clean out British financial and political networks will largely depend on the outcome of the next immediate phase of political organizing in behalf of the EMS: a diplomatic drive to bring the U.S. and Japan into collaboration with, or even "associate membership" in, the system.

U.S. monetary debates

Leading U.S. circles have been strongly influenced until now by British distortions of the EMS, for instance the claim that the EMS constitutes a threat to the U.S. dollar. In what may represent a major shift in official U.S. attitudes toward the system, on Dec. 6, the State Department and Treasury issued a press release which stated that "the new arrangements will

be implemented in a way which will contribute to substantial growth in the world economy and a stable monetary system. . . . The U.S. looks forward to continued close cooperation with its European trading partners as these arrangements evolve."

Simultaneously, observers are carefully monitoring U.S. business and official reactions to Europe's decision to effectively remonetize gold. In early November, Thomas Wolf, a former U.S. Treasury official under President Nixon, delivered a speech in which he pointed out that the effect of EMS gold remonetization will be to set a new world price for gold, most likely in the \$200 range.

In the coming weeks, France and Germany will announce a joint decision on what the official gold price will be in the EMS. Presently, the disparity in Europe on official gold pricing ranges between the "established" price of \$42.22 and the open market price of \$200 an ounce. If West Germany agrees to peg its gold reserves to the open market, French level, this will force central banks to orient to the new level, and will quickly establish the \$200 level as the price for all world reserves.

A series of high level deliberations have been ongoing since early November between U.S. and West German officials on implementation of President Carter's Nov. 1 dollar support package. During these talks, West German central bank officials have been taking the lead in guiding the U.S. Treasury on pro-

Since the institution of the Common Agricultural Policy, this will be the most determining event the Community has lived through.

Let us thus appropriately salute the European tenacity of French policy and the success of Giscard d'Estaing, principal European artisan of this monetary construction

The United Kingdom, which only entered the EEC to make it evolve in the direction of strict English interests, will remain outside the European monetary system. Italy and Ireland are asking for special aid

Today, like yesterday, Europe is pulled forward by the determination of the Six, then of the Nine, to increase solidarity and the work in common by the member states; and, at the same time, it is pulled backwards by the resistance of often legitimate national interests, or by hidden political afterthoughts.

Now more than ever, Europe is a question of political will ...

Where the EMS is headed

On the eve of a visit to Africa which is to take him to Guinea to meet with President Sekou-Touré, French President Giscard was interviewed in the weekly magazine Jeune Afrique Dec. 6. In this interview, which coincided with the Brussels conference, Giscard noted that the process of organizing Europe will enable Europe to more effectively participate in the economic development of the African continent and the rest of the world.

The principles which determine the attitude of France vis-à-vis the African states lead her to affirm on the political level that the fate of Africa must be decided by the Africans, and on the economic level

that the development of the continent is a priority

France wants Africa to be constituted by strong and stable states, with uncontested borders and in good economic health I intend to have France appear to Africa as a faithful, certain and disinterested friend, or more exactly, a friend who is only interested in the peace and the economic and social progress of the continent

The organization of Europe will play a positive role in this evolution. There seems to me, in effect, to be a convergence between the destinies of Europe and Africa, who want to be able to determine their own futures, outside of the influence of the States-continent of America and Asia. This solidarity already exists between us. France can, I think, claim the honor of having been its principal promoter within the European Economic Community

cedures for marketing \$10 billion worth of deutschmark denominated bonds on the West German market, a key feature of the Carter program. There is little doubt that these talks have also been used for informal exchanges on the EMS.

The most important of these exchanges is occurring Dec. 7 and 8 in Bonn, between Schmidt and U.S. Treasury Secretary Blumenthal. The Dec. 4 London *Guardian* leaked that at this meeting, Schmidt will begin to sound out Blumenthal on how the EMS can be used to reform the entire international monetary system.

Observers are also carefully monitoring the recent moves of Chase Manhattan Bank Chairman David Rockefeller, who is now completing a lengthy tour abroad. While Rockefeller has issued no public statements yet on the EMS, his comment in London this week that "U.S. interest rates are probably now at their peak," has been interpreted as an important signal of a shift in U.S. business community perceptions of the dollar crisis.

The steady hike in U.S. interest rates since September was the direct result of British warnings, channeled through Federal Reserve Chairman Miller, that the U.S. dollar would fall through the floor unless

the U.S. were committed to implementing an engineered recession in business activity. British networks' determination to sell this policy to U.S. business was directly connected to British desires to use a depressed U.S. economy as a bludgeon to collapse the EMS at an early date. Rockefeller's release, which sent the New York Stock Exchange's Dow Jones industrials average climbing 13 points Dec. 6, may indicate a thoroughgoing reassessment on his circle's part of the prospects for a U.S. recovery.

City of London forces are no less committed to creating a deep wedge between the EMS and Japan. The word has gone out that unless Japan ceases its policy of developing Asia's economy through massive, low-interest trade and industrial loans, Japan will be isolated as an enemy as it was during World War II. The Japanese policy of issuing low-interest, dollar-denominated loans on the Tokyo Capital Market was evolved under the recently deposed Administration of Takeo Fukuda, in closest collaboration with Schmidt and Giscard.

On Dec. 2, Mont Pelerin Society economist Milton Friedman intoned during an interview with Swedish television, "Before World War II, Japan embarked on building a greater East Asia co-prosperity sphere . . . you can now see the outlines" of this same policy "emerging through trade. . . . If Japan continues along its present course . . . this will once again lead to trouble."

Another free-enterpriser who has surfaced in Britain's anti-EMS drive is the ubiquitous Henry Kissinger. In Europe during the summit for an Aspen Institute Conference in West Berlin Dec. 2 and 3, Kissinger was quoted in the *International Herald Tribune* as warning that "the basis for economic development is the free market economy," and that "collaboration between the West and Comecon countries on development of Third World countries" cannot head off an East-West confrontation.

Pursuing the same line, James Reston of the *New York Times* headed a Dec. 6 column, "30 Years After Pearl Harbor." The effectiveness of British attacks on Japan — which have also included direct British network collaboration in massive corruption of the recent Japanese elections — is largely based on the continuing, short-sighted hostility of major U.S. banks to Japanese low-interest lending policies. Several New York banks recently revealed that they had turned down Japanese offers of joining in on major consortia to finance Asian development, because the lower Japanese interest rates would undermine the U.S. Federal Reserve's commitment to sustaining high U.S. domestic interest rates.

— Renee Sigerson

U.S. welcomes EMS

A joint statement by the U.S. State Department and Treasury yesterday welcomed the European Monetary System. Somewhat surprising in view of previous Administration reluctance to make any comments on the EMS, and in view of Britain's bitter opposition, the full statement reads as follows:

"The United States believes the new monetary arrangements announced December 5 represent closer monetary cooperation within the European community which is an important step to economic collaboration of Europe which we have long supported. We believe the new arrangements will be implemented in a way which will contribute to substantial growth in the world economy and a stable international monetary system. The U.S., Germany, Switzerland and Japan will continue to cooperate in a forceful and coordinated way to ensure stability in the exchange markets. The U.S. looks forward to continued close cooperation with its European trading partners as these arrangements evolve."

2. Britain's 'grand delusion' shattered

One of the clearest outcomes of the Dec. 4-5 Common Market summit was the rejection of Britain's pleas for "special status," i.e., that she be recognized as a founding member of the European Monetary System, participating in the "management team," without having to bear the consequences or responsibilities of membership. When this "half-way house" status was rejected by Britain's European partners, British Prime Minister Callaghan picked up his papers and almost walked out of the meeting, according to Agence France Presse.

The shattering of Britain's illusions has not been lost on the London press, as the following excerpts show:

Guardian, Dec. 5, "Joining the Poker Game Without Any Cards," by Peter Jenkins:

The great error of the Chinese in the 19th century was to believe themselves to live at the center of the world. . . . There is a touch of similar unreality about the present British attitude towards Europe. What may seem eminently reasonable to us, as no doubt it did to the Chinese, strikes our partners as a grand or even pathetic delusion.

. . . (London is attempting) to persuade the world that Britain is ready and eager to join the EMS in every regard but one small detail; namely, that she will not participate in its currency stabilization mechanism. That is a bit like saying we are ready to join the poker game except we don't want any cards or chips at this stage.

Who do we think we are fooling?

The idea that the British have uniquely perceived the fatal flaws of the EMS, are uniquely qualified to play the pivotal role between the United States and Europe or are uniquely unable to take a step apparently within the capacity of the Italians or the Irish strikes the continental observer as scarcely less ludicrous than the ethnocentric delusions of the 19th century Chinese.

. . . I have the impression that for once our European partners do not feel quite the same sense of urgency about the "British question." They are thoroughly sick of the "British question." . . .

Guardian, Dec. 4, "Britain in the Dock," by John Palmer: Although no one in Brussels would dream of admitting it, Britain will go on trial at the summit meeting of the Common Market leaders. . . . There will be no formal charges brought against the defendants, the Prime Minister, James Callaghan, and the Foreign Secretary, Dr. Owen. But if there was one, it would be likely to read: "The accused are charged with behavior over many months and years such as to call

into question their government's sincere desire to be a disciplined and cooperative member of the European Community."

. . . Nothing short of a clear and unqualified declaration of British support for the objectives of EEC policy will do, above all in the monetary area.

. . . The "trial" of the U.K. in Brussels is likely to be inconclusive. The defendant will be let out on bail on the promise of future good behavior. But in the view of some EEC diplomats, this will only postpone the day of reckoning between the Community and its obstreperous offshore island partner.

The Sunday Telegraph, Dec. 3, "This other Eden," by Economics Editor Patrick Hutter:

Anthony Eden's unforgiveable mistake was not the Suez campaign. . . . It was his attitude to Europe, his complete underestimating of the political will of the original Six, and his refusal to join the Treaty of Rome negotiations, which he could, if he had chosen, have dominated. . . .

This week in Brussels, we will see James Callaghan . . . repeat Eden's tragic mistake. . . .

And so one can see the whole tragic, humiliating process unfold itself. Britain will stand back with certain sections of the Treasury waiting for the EMS to fail. . . . Our position in Europe will be immensely weakened; the French will secretly rejoice; and Irish nationalism will be given a fillip. . . . Then after a greater or lesser length of time, we will have to crawl along and ask to be taken in, on terms, I fear, far less favourable than we could get this week.

The irony is that just as Eden was the supposed expert in foreign affairs, it is in international finance that Callaghan's especial expertise is reputed to reside.

Kissinger, Friedman: EMS means war

Two prominent spokesmen for the pro-British "free enterprise" viewpoint in the U.S., the Mont Pelerin Society's Milton Friedman and Henry Kissinger, just happened to be in Europe coincident with the Brussels summit, and both, while not expressing themselves on the EMS directly, made statements touching on the basic issues raised by the new system. While Friedman, on Swedish television, threatened trade war with Japan, and cited drug-infested Hong Kong as the world's most dynamic "free market" economy, Henry Kissinger appeared at the "Perspectives '79" confer-

ence held by the Aspen Institute in West Berlin Dec. 2-3 to state that industrial development would neither help the Third World nor head off East-West confrontation. Some excerpts:

Friedman:

. . . Before World War II, Japan embarked on building a greater East Asia coprosperity sphere. It sought to build that sphere by force, by military power. The result was disastrous, for Japan and this whole part of the world — and for the rest of the world as well. I might say, what is most fascinating is that you can now see the outlines of a new greater East Asia coprosperity sphere emerging . . . through trade. . . .

To get to my point, if Japan continues along its present lines of government intervention into foreign and domestic trade, then these signs of emergence of a greater East Asia coprosperity sphere will once again lead to trouble. They will once again lead to political conflict and confusion. . . .

The most remarkable performance that has been achieved in the whole Far East, I think, has been by Hong Kong. Hong Kong is the freest market in the world. It has no tariffs, it has no quotas, it has no central bank, it has no government direction of industry, it has one of the lowest ratios of government taxes to income in the world . . . Hong Kong has the second highest average income throughout Asia, exceeded only by Japan. What is even more surprising: the average income in Hong Kong is beginning to approach the average income in Great Britain and other countries . . . Taiwan and Japan have been growing *despite* their government plan and not *because* of it. The result is that they haven't been growing as fast as Hong Kong.

Kissinger:

Do not think that a confrontation between East and West can be avoided by setting up collaboration between the West and Comecon countries on development of Third World countries or by furthering of the North-South dialogue. . . .

The Soviets are committed to confrontation with the West, and if you try to cooperate with them in particular sectors of the world, they will use that to blackmail the West. . . .

Before, one used to say that economic development leads to political stability: this is no longer the case, and now it leads to political instability, as the case of Iran demonstrates. What is important now is not just economic advancement as such, but also its political legitimacy — the best basis for economic development is the free market economy. . . .

Take the example of Iran — there economic development has had the effect of destroying the old political and economic institutions. In such a situation the U.S. has a political obligation to deal with the political dislocations caused by economic success which it has itself set in motion.

3. Italy: from the pan

The extraordinary political difficulties and internal pressures behind Italian Prime Minister Giulio Andreotti's unexpected Dec. 5 repudiation of the highly favorable terms for Italian EMS membership to which he had earlier agreed are well-known and understood. But the consensus among informed observers is that Andreotti's last-minute Brussels "balk" in response to those pressures has removed him from the political frying pan into the fire. In the judgment of one high-level Vatican observer, whose views are not unique, if Italy does not join the EMS, she faces an alternative of internal chaos and possible civil war.

All indications leading up to the Brussels summit, including repeated public statements of Andreotti himself, pointed to a firm decision already made by the Italian government in favor of Italian participation in the new monetary system. Two days before the summit started, Economics Minister Pandolfi published a long article in the Milan daily *Corriere della Sera* explaining the system in detail and pointing out that the economic results of Italian entry, in terms of the Italian economy, were in fact the same preconditions laid out in his (Pandolfi's) three-year plan for cleaning up the Italian economy: controlling the rates of inflation and unemployment.

Instead of following through on this commitment, however, Andreotti at the last minute raised a new set of unacceptable "conditions" for Italian membership at the Brussels summit. Upon their rejection, he returned home proclaiming that the decision on Italian EMS membership was too important for him to make alone, and that broader consultations and consensus were required. Giscard has given Italy a week to make up her mind.

Immediately behind Andreotti's sudden failure of will is a nasty situation in the Italian Communist Party, whose support is the basis for Andreotti's Christian Democratic government, and without which the Andreotti government would fall. Giorgio Amendola, the ancient leader of the party's right wing, has suddenly re-emerged from several years of enforced semiretirement. This coincides with the failure to publicly endorse the EMS by party secretary Enrico Berlinguer, which facilitated the virtual takeover of economic policy making by the party's "economics bureau" led by Amendola's ally, PCI chief economist Luciano Barca. Barca and other PCI economic experts are now dominating the party's press with an anti-EMS line which bears a close resemblance to the British version: the weak countries must stick together, the EMS will mean West German hegemony over Europe, and the conditions of Italian adherence must include "resources transfer" and the reform of the EEC's agricultural policy.

into the fire

Berlinguer has failed to formulate a clear and firm answer to this misinformation. He has in recent weeks given some good indications that he knows what the potential of the EMS is: in a speech to agricultural workers in Rome on Dec. 2, Berlinguer spoke of the need to vastly expand agricultural production and employment, on the basis of improved technological inputs, and indicated the EMS should play a part in this. In an interview on Nov. 24 in the party newspaper *L'Unità*, Berlinguer demanded a new world economic order that would involve the development of the African continent on the basis of economic cooperation with Western Europe; he did not, however, explain the role of the EMS in this.

Amendola, a British agent of documented pedigree going back to his parents, has moved in to fill this leadership vacuum. He appears to have completely dominated the latest PCI Central Committee meeting with a speech on the elections for the European Parliament next June. While not openly pushing the British line against the EMS, he did dwell on the zero-growth concept of resource transfer, and devoted most of his time to a demagogic discussion of the supranational European working class taking power away from dirigist heads of state: an approach which is the opposite of the philosophy behind the EMS. Amendola's comments on the EMS itself were cautious but nonetheless revealing: "We hope that prudence will guide the work of the Italian delegation at Brussels, as appears to be the case from Andreotti's first declarations. It is not necessary to say yes or no immediately, but to examine the conclusions of the meeting without preconceptions..."

PCI favors Great Britain's position

Italian Communist Party economist Luciano Barca called on Italy to bloc with Great Britain in opposition to the European Monetary System in a Dec. 3 article in the PCI paper L'Unità, titled, "The 'Snake' is not Europe and Must be Negotiated." The key excerpts:

...The central fact is that in the last years... West Germany, Holland, Belgium and Luxembourg have seen the profits of their export

industries diminish because of the revaluations imposed on their respective currencies by the dollar; in the same period, on the other hand, Italy, the United Kingdom and France have seen their firms' margins of profit grow because of devaluations to the advantage of exports.

When France modified its own economic policy, adopting with the Barre plan a policy of deflation, the conditions were created for breaking the front of the countries outside the snake and attempting to link them all up to the mark, putting an end to the situation that gave privileges to some (the more

It is not from the PCI itself, however, that the dangers of internal breakdown or civil war emanate. Amendola, who in effect is threatening to bring down the Andreotti government if Italy does enter the EMS, is closely connected to the Socialist Party of Bettino Craxi. It is Craxi who controls the left-wing terrorists infesting Italy. At the same time, Ugo La Malfa, the aging leader of the right-wing Republican Party, a bitter foe of Andreotti whose links to both British intelligence and his "political opponent" Amendola date back to at least World War II, is using his leverage within layers of the Christian Democratic Party to threaten a government collapse if Italy does not enter the EMS. These layers are typified by such figures as Senator Massimo De Carolis, who like La Malfa is well connected to terrorist networks. In a recent interview with *Executive Intelligence Review* (see Vol. V, No. 46, Nov. 28-Dec. 4, 1978), De Carolis hinted that a left-right crisis in Italy could trigger a civil war scenario similar to the crisis in Iran. The networks around Craxi and La Malfa are capable of this, given the political opportunity, and *L'Espresso*, a leading monetarist linked paper, has already published a scenario of crisis followed by terrorism, special elections, and finally a coup d'état.

It may be, as several Italian sources report, that Andreotti is moving to deal with these pressures through Byzantine, "Machiavellian" maneuverings. The fact remains that his best course of action was and is to move decisively and publicly in support of the EMS, with a view to rallying the slumbering Berlinguer forces in the PCI, and thus isolating Amendola and his allies such as La Malfa.

—Mary Sonnenblick

weak, in fact), and hurt others. From this, the relaunching of the snake.

...The position taken by Great Britain has created favorable conditions for reopening a real negotiation and has made it evident that the alternatives are not simply two: to join or remain outside. There are also two other possibilities: The first is to convince the other countries —always free, obviously, to adhere to the snake — to put off for some months the definition of a "general accord," in order to find technical and political solutions capable of starting up a really European sys-

tem, an expression of common choices and commitments of all the countries of the EEC to common objectives for growth. This would undoubtedly be the best solution.

The second is that of postponing Italy's entry together with Great Britain, continuing to negotiate on the basis of a unilateral or plural political commitment, whichever would carry out the conditions laid out by the government so many times before Parliament, which could bring together the entire (Italian government) majority and perhaps strengthen it in the face of difficult tasks that await it....

Pandolfi: We can't miss the EEC boat

Italian Finance Minister Filippo Maria Pandolfi declared that Italy adhered "in principle" to the EMS,

in a Dec. 3 article in the daily Corriere della Sera, entitled "We Can't Miss the EEC Boat."

...The Italian position in the course of the (EMS) negotiations is oriented towards a configuration of the new monetary system to reflect the following fundamental requisites: to result, above all, in a realistic and long-lasting system, in as much as its failure would have serious repercussions on the functioning of the international monetary system, on the future and on the possibility of advancing with the economic construction of Europe and on the conditions in the individual countries; to include all the EEC currencies, in order to avoid accentuating the differences in the working of the various economies;... to be supported, finally, by financial accords that are broad enough to create a real European Monetary Fund...

We must remember that the last condition for Italy's successful participation in the European monetary integration is the same condition that holds for reaching the internal objective of stable growth. If we don't improve the conditions of our economy, we will not reduce the difference in increase of prices and the cost of labor between us and the other EEC countries — conditions on which we can reach a greater strictness of exchange.

The European appointment raises the stakes in this challenge. If we fail in our internal objectives, we add to inflation and unemployment the economic, political and cultural injury of relations with Europe that are precarious to the point of disappearing. If, on the other hand, we are successful, our position will be reinforced and ultimately guaranteed.

4. How the EMS was built

For regular readers of Executive Intelligence Review, the European Monetary System was well understood long before its formal establishment on Dec. 5. Over the past six months, our coverage of the EMS has been the most comprehensive in the world, with our regular news coverage and press surveys backed by exclusive interviews with leaders in the formation of the new system and regular analyses by Lyndon H. LaRouche, Jr., whose 1975 International Development Bank proposal is widely credited with helping inspire the EMS.

In the following we present a summary recap of the evolution of the EMS, as we documented the process, that will be a useful refresher and reference for regular readers, and an invaluable eye-opener to all those who just got the news.

MAY 6: THE BONN-MOSCOW PACT 'The Deal of the Century'

The cornerstone of the initiative, and the first major benchmark in its realization was the historic set of

agreements signed May 6 by Chancellor Schmidt and Soviet President Brezhnev.

The 25-year treaty between West Germany and the Soviet Union provides for cooperation between the two countries in industry, mining, science and technology, and nuclear power and energy research and development of an unprecedented scale and depth, including the highly significant stipulation for joint cooperation in all these areas in third countries. The huge scope of the accords implies the necessity of participation of Western Europe, Japan and the U.S. in carrying out the provisions. The commitment to long-term state credits for trade at Most Favored Nation status between the two nations makes the pact a springboard for a broad effort of the industrialized nations as a whole to undertake massive technology transfers to the Third World, and move to fashion a new monetary system based on that commitment.

The strategic significance of the pact and its importance as the key foundation-stone for the EMS and broader "Grand Design" effort is its explicit premise that economic and scientific cooperation and growth is the only serious war-avoidance policy. Chancellor Schmidt and President Brezhnev both emphasized in

their joint communiqué of May 6 that "the lessons of history and responsibility for peace" confirm their common conviction that only the road of detente can secure humanity's future.

With the conclusion of the Bonn-Moscow Treaty the "Grand Design" process guiding the EMS was launched. A flurry of diplomatic activity ensued, highlighted by the state visit beginning May 17 of Mexican President Lopez Portillo to the Soviet Union, and the conclusion of far-reaching accords for scientific cooperation, trade and nuclear and oil technology transfer between the leading Third World government and the Soviet Union.

Similarly, at a May 22-24 conference of African heads of state in Paris, French President Giscard d'Estaing elaborated a perspective for the industrialization of Africa in cooperation with the East bloc.

MAY 22-26: INTERNATIONAL MONETARY CONFERENCE 'The Counterthrust'

The counterthrust to the sweeping East-West, North-South peace and development drive was mobilized immediately under the direction of former Secretary of State Henry Kissinger and a handful of his consorts among City of London bankers. Fresh from the antics in Zaire's Shaba Province, Kissinger led the charge with a broadside against U.S. participation in East-West trade and Third World industrialization at the annual private-sector International Monetary Conference in Mexico City.

Anglophile U.S. Treasury Secretary Blumenthal's keynote address to the same conference baldly counterposed IMF "surveillance" of national economies — what he called, the "cornerstone of a new system" — to the detente and development orientation of Schmidt, Giscard, and Brezhnev. Blumenthal, flanked by Lloyds Bank chairman Sir Jeremy Morse, attacked Germany and Japan and demanded their capitulation to the demands of British Chancellor of the Exchequer Denis Healey to cut back exports and reflate, threatening a further dollar devaluation as the penalty for resistance.

JULY 6-9: BREMEN AND BONN SUMMITS 'Schmidt Takes Charge'

A fierce battle raged throughout the month of June in anticipation of the July 16 Bonn meeting of Western heads of state, during which time Chancellor Schmidt and President Giscard collaborated to successfully defeat the British demands for trade cutbacks, reflation, dollar-dumping and austerity and lay the

basis for their own EMS proposal.

Carrying a Saudi Arabian mandate and other weighty support Schmidt and Giscard took charge at the pre-Bonn Bremen meeting July 6 of European heads of state where they won agreement to their plan for a European Monetary System, "the seed crystal for an institution that will replace the World Bank and International Monetary Fund," as one West German official put it at the time.

The London *Times* was left to complain ruefully on July 20, after the success of Bremen had broken open the controlled environment of austerity and trade war of the Bonn meeting, that "the Schmidt-Callaghan Grand Design was hijacked on the way to Bremen and became the Schmidt-Giscard Grand Design."

To the dismay of British Chancellor of the Exchequer Denis Healey and the American Anglophiles, Bremen shaped the Bonn Summit to produce two highly significant results that further shaped the Grand Design initiative. The final communiqué stated unequivocally that "the further development of nuclear energy is indispensable and the slippage in the execution of nuclear power programs must be reversed," significant at a time when both the Soviet Union and Japan already have large-scale proposals on the table for nuclear fusion and other advanced energy process collaboration, and marking an important victory for Schmidt-Giscard over the Anglo-American "nonproliferation" policy.

Equally significant was the unanimous adoption of an emergency resolution presented by Chancellor Helmut Schmidt to "combat international terrorism" by cutting off all air traffic to and from countries which fail to act against airline hijackers or refuse to extradite terrorists, a direct challenge to the brazen British use of the terror weapon against prodevelopment, prodetente forces.

AUG. 10: EMS IS IDB

As the momentum built around the Schmidt-Giscard initiative, drawing in firm political and financial cooperation of the Arab nations and others, it became increasingly apparent, as *EIR* had reported, that the EMS was no mere technical arrangement, that it was indeed the kernel of a new world economic order.

That order was to be based on rapid industrialization of the Third World and East-West trade, a strong dollar bolstered by the corraling of the Eurodollar market into productive long-term investments, a return to the gold-exchange standard and fixed rates, and a commitment to nuclear energy development.

On Aug. 10, *To the Point International* stated publicly what had become the buzzword of financial and political circuits: the EMS was modeled along the lines of U.S. Labor Party Chairman Lyndon

LaRouche's International Development Bank proposal.

By late August German officials were stating openly that the EMS was intended to "out-dimension the International Monetary Fund," in the words of West German Finance Minister Hans Matthoefer.

SEPT. 14-15: THE AACHEN MEETING 'In the Tradition of Charlemagne'

"There is now no chance of the system being watered down or postponed," a frustrated London *Sunday Times* admitted, following the Schmidt-Giscard meeting at Aachen. "The Franco-German partnership has virtually taken over the running of Europe." Held to work out final details of the EMS plan and cement the Franco-German entente basis for collaboration, the Aachen meeting settled the Jan. 1 implementation date once and for all. More importantly, for a meeting held at the seat of Charlemagne's empire which turned Europe into a force for progress in an earlier age, France and Germany showed the world the scientific, industrial, and energy policy for which the EMS is about to provide the monetary and financial underpinnings. Three new Franco-German programs were announced at Aachen: 1) a new university for scientific, technical and economic studies to be located on the border; 2) a joint undertaking in space exploration, and 3) a series of nuclear fission power plants which will, both leaders said, epitomize both nations' commitment to nuclear energy.

This is the essence of the EMS policy as Schmidt and Giscard have shaped it. In calling for a world "offensive against Malthusianism," the French press has made explicit the global intent of the EMS otherwise manifest in the web of North-South and East-West trade and investment arrangements and plans that are the sinews of the EMS initiative.

OCT. 9-11: SCHMIDT-FUKUDA TALKS 'Bremen East'

"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, toward securing international peace and development of the world economy...."

Chancellor Schmidt's state visit to Japan on Oct. 9 was returned by former Japanese Prime Minister Fukuda on Oct. 17. As reflected in the communique from Tokyo, the extended talks centered on world economic leadership, and the maintenance of peace and economic growth. Japan has already implemented what can be a model for the EMS "clearing house" operations for footloose Eurodollars. The Tokyo capital market has been set up to channel inflationary Eurodollars out of speculation and put them into long-term development projects in Asia. Both nations' outspoken commitment to the development of nuclear energy sources was spelled out in their communique, as was their common commitment to uproot terrorism, and an explicit determination to work to expand world trade. Fukuda greeted the fact that "such a (European) monetary system would contribute extensively to stability not only of currencies in Europe, but also of international currencies."

NOV. 1: THE SIENNA DISCUSSIONS 'Italy Announces It's Joining'

Following discussions of Prime Minister Andreotti and Chancellor Schmidt in Sienna, Italy on Nov. 1, Italy announced it would join the EMS.

The Chancellor's official economics spokesman Armin Grünwald spoke frankly with *EIR* correspondent Muriel Mirak at this time on the theory of the new economic organization.

Ridiculing the Hobson's choice of "inflation or deflation" as incompetent economics, Grünwald vigorously stressed the benefits the system would yield for the entire world community, and took particular aim at the nonsense claim that the EMS was an "antidollar bloc":

"The EMF was not intended by President Giscard and Chancellor Schmidt to bring the dollar down. It would be silly if that were the case. For months, and even years, they have been trying to make clear that the devaluation of the dollar, even though it might appear profitable for economic growth within the USA, is a danger for world trade and for economic development — in the advanced economies, not to mention the developing countries. Now, it would be wholly contradictory if Chancellor Schmidt, who has been trying to make clear to responsible U.S. officials that a devaluating dollar is a danger to the Western World, should invent a system which would perpetuate this dollar devaluation."

Soviets view Schmidt's key EMS role

But this Novosti commentary reflects Soviet policy dilemma

Since the new European Monetary System was first formulated last summer, the Soviet Union has maintained two, opposite public policies toward the new institution. The following article was provided to this newsservice by the Soviet news agency Novosti on the eve of the Brussels summit's final session, and is as far as we know the first official Soviet statement on the EMS's formal establishment. Moreover, the Novosti article is the first Soviet commentary to depict the EMS as the central world political issue it is — yet at the same time it exemplifies the Soviet dilemma by reflecting both contradictory Soviet policies.

Reviewing the clashes surrounding the formation of the EMS,

commentator Alexander Tankov recognizes that the push behind the EMS comes from West German Chancellor Schmidt and French President Giscard d'Estaing, the Western heads of state with which the USSR has the best relations. For the first time ever in Soviet coverage, Tankov points to Schmidt's repeated statements that the EMS is *not* anti-dollar — and he contrasts this to the spurious claim of anti-EMS England to be the dollar's chief supporter.

As Tankov accurately notes, the opponents of the EMS in the United States do not want to see the dollar stabilized, and fear that the EMS will undermine the power of the International Monetary Fund — an institution whose austerity policies

come under frequent attack in Soviet publications.

But Tankov concludes — interestingly enough, in a series of passages introduced by the phrase, "in my opinion" — that the EMS is doomed to failure because of the "sharpening contradictions" between the Western powers, and in any case it will only mean austerity for the population of Europe. Ignoring the logic of his own argument, he denies that global economic expansion in a context of detente is the purpose of the new system — and thus relegates the USSR to the status of "outsider" in a situation which in fact it did much to help create!

Here is Tankov's commentary in full.

Even up to a year ago, people were rejecting as quixotic the idea that the European Economic Community could take an independent initiative in monetary affairs. And this was due not least to the conduct of the Federal Republic of Germany, whose government considered close coordination of the domestic economic, monetary, credit and financial policies of EEC members as the indispensable precondition for any step on the road to a monetary union. It was precisely a year ago that the Federal Republic of Germany delegation to the EEC finance ministers' conference blocked new initiatives which had as their purpose the pooling of part of the gold and currency reserves of the Nine and the creation of a European currency.

The devaluation of the American currency, which, since the beginning of 1978, has occurred to a degree never before known in post war history, has permitted Chancellor Helmut Schmidt to become the main advocate of the idea of an EEC monetary union. The President of France, Valery Giscard d'Estaing,

agreed on the plan for the European Monetary System.

The USA's cautious position toward the project of the creation of the EMS can be totally traced back to its deep fear, which in my opinion, can be explained as coming from three principal sources. First, the creation of a "zone of currency stability" in Europe can essentially restrict the USA's ability to manipulate the rate of exchange. In order to reassure the USA, Helmut Schmidt has repeated again and again, publicly, that a unified European monetary front would protect the value of the dollar from decreasing. But does the USA want this itself? Carter's Administration would rather be certain that such protection would not prevent an increase in value in those currencies that have a tendency towards revaluation, for example the deutschemark.

Secondly, the USA fears that greater independence by Western European countries in monetary affairs would have the consequence of weakening the control held over them by the International Monetary Fund, in which the USA occupies the key position. Third, the

perspective that has obviously created unhappiness in the Carter Administration is that a common credit fund will be created from a portion of the gold reserves of the EEC countries that will serve as the backing for issuance of the European Currency Unit — the ECU. This unit will probably replace the dollar as the medium that will be used most frequently in the official settlement of accounts among the EEC countries.

The British role

The period since the Bremen summit conference has clearly shown that there exist deep-seated disagreements concerning the goals and the mechanism of the EMS, with the front line of this fight running between West Germany and France on one side, and England on the other side.

England's conduct, which Valery Giscard d'Estaing diplomatically described as "discussion, but not membership" can be explained above all by the interest in maintaining the conditions that encourage the devaluation of the British pound. For this leads to strengthening the competitiveness of British industry and stops, to a certain extent, the further increase in the number of unemployed.

But at the same time, the British government, which fears the prospect of isolation in the Common Market, attempted to maneuver in the last couple of months and, on the advice of experts and finance ministers, to negotiate concessions in exchange for entry into the EMS. These efforts were discredited toward getting the largest possible amount of the credits from the program for the transfer of resources to the most backward regions of the Common Market as well as bringing about a connection between the establishment of the EMS and the revision of the EEC's agricultural policy, which is forcing England to transfer considerable sums to the EEC's Agricultural Fund.

The English representatives even attempted to represent themselves as the main defenders of the interests of the USA and the dollar in Europe, obviously in the hope of getting certain political dividends. It cannot be overlooked that England's position has certain definite points of contact with that of France. As the discussions in the last couple of months have shown, a number of English arguments have been supported by Italy and Ireland.

The disagreement among the EEC countries has been the greatest in fixing the ceiling for the rate of exchange fluctuations. The documents from Bremen specify that "respecting the fixing of the rate of exchange, the EMS will not be softer than the 'snake'."

The BRD is sticking to this firmly. Of course, it is provided for that in the initial period, the values of a couple of the "weak" currencies will be allowed to fluctuate widely. But, as experience has shown from the fluctuation of the "snake," the countries with the weak currencies ultimately have to come up with a greater share of the money spent to support the rate of

exchange on the market. They were forced to exhaust their reserves of hard currencies and to accept large credits from the countries with the "stronger" currencies, above all from the BRD, in order to have their index of inflation and their balance of payments "catch up" with the BRD's condition, and they have very often had to pay for this by decreasing their rate of economic growth and by increasing the number of unemployed.

It appears to me that the projected mechanism of the EMS will be unable to change this situation essentially. In the event that their economic situation worsens, the participating countries will be forced to carry out a policy of "economic discipline" according to the BRD's formula and this will require victims, above all from the working class and from other layers of the working population.

During the negotiations, England, Italy and France tried to place the obligation of providing the largest amount of the money used to fix the exchange rate onto the "strong" currencies (those of the BRD and Holland).

At the Finance Ministers' conference of Sept. 18, a proposal by Belgium was accepted as a compromise which nevertheless, in my opinion, allows the BRD and Holland to bear an insignificant portion of the cost. Therefore it is no accident that the differences between France and the Federal Republic have come to a head on the question of the practical implementation of the Belgium scheme.

England has altogether rejected this scheme. This is understandable, too, for behind every disputed detail, which on first glance appears to play a purely technical role, there are millions of francs, marks and pounds in EMS expenditures, as well as the attempt to safeguard one's own interests at the cost of one's partner.

In the absence of any precise indications of obligations respecting the coordination of the member countries' domestic monetary, credit and financial policies, or the execution of collective measures against inflation, or the realization of steps leading to the goal of overcoming the deep-seated discrepancy between the most important economic indicators, the prospects for the EMS appear to be quite doubtful.

There are already sharp disagreements in connection with the question of which countries have to bear the main burden of the EMS's "stability policy." There is also a confrontation among the "Nine" in working out the conditions through which the common credit fund's medium-term credits will be granted.

The political unification of the West European countries threatens to become a house with no firm economic foundation.

The results of the last couple of years have confirmed that the integration of Western countries does not diminish the discrepancy in the economic development of its participants. On the contrary, the differences are increasing, and the contradictions are becoming sharper.

Organized crime goes legit

How Kennedy 'reformers', the mob and drug bankers took over New Jersey

The fight over casino gambling in New Jersey has started to break open the real story on organized crime in the United States. A state report just issued on Resorts International and its gambling operation in Atlantic City has uncovered the edges of a vast network of drug trafficking and dirty money which, when fully traced out, leads from lowly mobsters and thugs to the Kennedy machine in the Justice Department, international intelligence services, and some of the world's top financial institutions.

On Dec. 4 the New Jersey Division of Gaming Enforcement issued a recommendation that Resorts International be denied a permanent gambling license for its Atlantic City casino. The 115-page report, which sources say was in the making for months amid tremendous pressure from both pro- and anticasinio forces, concentrates on documenting in detail the complete domination of Resorts' financing and operations by well-known mob figures, particularly Meyer Lansky and Robert Vesco. However, the Gaming Enforcement Division promises shortly to make public a report which should delve into a much more sensitive and vital area that the present document touches only peripherally: Intertel, the private police force composed of former U.S., Canada and United Kingdom intelligence and law enforcement officials and owned by Resorts.

As a private investigative agency, with unusual access to confidential government documents and investigations, including wiretap material, Intertel, and its predecessor, a collection of similar employees directly under the aegis of Resorts, was in the perfect position to redraw the political map in favor of the Kennedy family, the factional grouping commonly termed the Zionist lobby, and associated circles in British and Israeli intelligence.

The case of Resorts International, and its history in New Jersey, is in fact a model example of how such political "remapping" is carried out. Since organized crime — the hundreds of billions of dollars in international receipts from illegal drug and other trade — is at the core of this political faction's power-base the essential point is to make organized crime legal. While publicly justified under slogans such as "take the profit out of organized crime," schemes to legitimize gambling, drugs, and so forth have actually

served to place the mob — the real mob — and its activities even further beyond the reach of the law.

The story of New Jersey Governor Brendan Byrne, "the man the mob couldn't buy" according to his PR handouts, illustrates nicely how these bogus "reform" movements operate.

First as Essex County (N.J.) Prosecutor until 1967, then as state commissioner of public utilities, as a judge, and finally as governor, Brendan Byrne has been instrumental in giving Kennedy and British-linked crime networks a foothold in the United States. Through his participation in "cleaning out" the old-line political machines in the state and in making Atlantic City a legal gambling town, Byrne has introduced into the United States the "new model" organized crime that had previously been confined to former British colonies and banana republics.

The 'new model' was created in the Bahamas with the collaboration of British and Canadian banking interests, Kennedy men in the U.S. Justice Department, gangster Meyer Lansky, and international swindlers and drug pushers including fugitive Robert Vesco. The Kennedy Justice "clean sweep" method was instrumental in pulling the plug on traditional organized crime operations, reorganizing the political structure of the state, and then using a slick "reformer" image to legalize gambling and to put sophisticated drug-running operations in place.

The Kennedy Justice methods were developed by Robert F. Kennedy during his tenure as chief counsel to the Kefauver Committee, ostensibly investigating racketeering in the late 1950s. In fact Kennedy devoted himself to an all-out drive against the Teamsters Union, employing a team composed of law enforcement investigators, accountants, and lawyers. This team approach is institutionalized in the Justice Department in the Organized Crime Task Forces and in the Organized Crime and Racketeering Section of the Criminal Division of Justice. When Kennedy became Attorney General of the U.S. in 1961 he staffed those sections top to bottom with his own people. Every Justice Department official named in this report owes his career and methods of investigation to Robert F. Kennedy, and maintains a strong political connection to the Kennedy family political machine.

1. Intertel and the Bahama beginnings

In the Bahamas Resorts International provided the basis for the operation. In 1965, Resorts, then known as the Mary Carter Paint Company, targeted Paradise Island in the Bahamas for the development of a huge gambling casino-resort complex. From the beginning, organized crime was in on the deal. The president of Mary Carter (now president of Resorts International), Robert Crosby, secured a gambling license and constructed a toll bridge to the island from Nassau with the assistance of Sir Stafford Sands, who was later exiled from the Bahamas in disgrace for his organized crime connections and dirty-money operations. In exchange for the gambling license, Crosby gave the Lansky-dominated Lucayan Beach Hotel and Casino, on Grand Bahama Island, four-ninths of the take from the Paradise casino.

Resorts also thoroughly swindled the man who must be the United States' most credulous millionaire, Huntington Hartford, who had the original rights to Paradise Island and had vowed to build a resort "free of organized crime and gambling interests." After an initial campaign in which Hartford accumulated still unreleased files on British intelligence and organized crime links to Resorts — files still not made public — Hartford sold his interests for 10 percent of the Resorts stock, and a \$1 million bank loan guaranteed by Resorts International. When Hartford ran low on liquidity, Resorts cancelled the guarantee for the note and Hartford was forced to part with his 10 percent interest in the operation.

Drug trafficking was also involved from the start. Crosby's brother Peter, a convicted stock swindler, is a close associate of Dino Cellini — known to be Lansky's right-hand man in skimming casino profits and collecting gambling debts. Dino Cellini is a close associate of Canadian heroin traffic kingpin Giuseppe Cotroni. Dino's brother Eddie was hired to "manage" the Paradise Island casino.

The first major investor in Resorts — to the tune of \$10 million — was William Mellon Hitchcock. Hitchcock had earlier picked up Timothy Leary's tab in creating the LSD drug cult in the United States, and then singlehandedly financed the manufacture and distribution of that drug. Hitchcock's interest in Paradise Island was, initially, to use it as a center for offshore, large-scale LSD manufacturing and as a bank to launder his drug money. The latter service was provided by the Bahamas-based Fiduciary Trust Co., a subsidiary of the Vesco-owned Investors Overseas Services (IOS). IOS itself invested at least \$4 million in the Paradise Island development.

What Hitchcock and some of the local organized crime interests like Sir Stafford Sands didn't know was that Crosby's deal in setting up the Paradise Island casino was accompanied by a plan, using the U.S. Department of Justice and the Internal Revenue Service, to investigate them, to expose their organized

Mob at work:

U.S. Labor Party organizer Max Sawicky has won a continuation of bail while he is appealing a conviction for assault stemming from a police riot in the Newark City Council chambers in 1973. Labor Party organizers had distributed 100,000 leaflets in Newark last week denouncing the original trial as a sham and attacking Gov. Brendan Byrne for attempting to revenge himself on the Labor Party through Sawicky.

The charges stemmed from the Labor Party's 1973 effort to dismantle Leroi Jones's Kawaida cult, which the party identified as the culmination of an effort growing out of the 1967 riots. It was after those riots that the Essex County prosecutor's office, alleging that "political corruption" was at the root of the rioters' grievances, began a "clean-out" prosecution of the old political machine. The clean-out involved the jailing of Newark Mayor Addonizio and the takeover of Essex County by the Resorts International gambling mob. Brendan Byrne was

crime connections — and to steal their investment out from under them.

In 1965, the Internal Revenue Service initiated Operation Tradewinds, an investigation of "hot money" activities in the Bahamas including secret bank accounts, laundering of organized crime proceeds, tax evasion. Coordinating Operation Tradewinds were William Kolar, IRS Chief of Intelligence, and Robert Peloquin of the Organized Crime and Racketeering Section of the Justice Department. Peloquin and his boss, Henry Petersen, worked under the direction of Criminal Division chief William Hundley.

Immediate casualties of the investigation were Sir Stafford Sands and his "Bay Street Boys," who had run the Bahamian government, and Billy Mellon Hitchcock. Also smeared for their organized crime connections were a group of American investors who had financed the political opposition spokesman to the Bay Street Boys, Lynden Pindling, hoping to cash in with their own casino.

The investigators then turned in their badges and cashed themselves in on the Paradise Island loot. The law firm of Peloquin and Hundley, formed in 1967, was retained within weeks to manage the Paradise Island casino, and both men became vice presidents of the Resorts subsidiary that owned the island.

By 1970, Resorts had created a wholly owned subsidiary, International Intelligence, Inc. (Intertel), run by Peloquin and Hundley and recruited almost entirely from the Operation Tradewinds personnel, including William Kolar. Intertel was to provide

the Sawicky case

then Essex County Prosecutor and used the Jones cult to oust the old-liners.

Labor Party interference with the plan to take over New Jersey ultimately provoked then-Essex County prosecutor Joe Lordi to move against the party. Six Labor Party leaders were arrested by Lordi's operation on a variety of bogus charges, including the Newark City Council affair, when police went on a rampage through the crowd in the chamber.

Lordi lost five of the six cases. In Sawicky's case, although they won a conviction, the New Jersey courts held an appeal in limbo until recently, when troubled Resorts International apparently felt driven to act.

Sawicky's defense, including a writ of certiorari to the New Jersey Court of Appeals, will include reopening of the Byrne machine's involvement in the affair.

"security" for the casino and similar services to business.

This included approving Robert Vesco's Investors Overseas Service \$60-million bid to buy outright the Paradise Island operation. The man who put the deal together was Pellegrino Loia (also known as Jimmy Neal), an associate of Giuseppe Cotroni. Loia received a \$50,000 finder's fee. Vesco made his proposal less than four and a half months before he was indicted for stock fraud by the Securities and Exchange Commission and fled to Costa Rica. Intertel claimed no knowledge of Vesco's shady connections and impending indictment.

The activities of Lansky, Vesco, Resorts International, and the Kennedy Justice Department firmly established the Bahamas as a center for the transshipment of drugs to the U.S., the laundering of organized crime loot, and for rapacious casino operations backed by organized crime collection squads.

2. The move to New Jersey

Its Bahama operation a success, the same machine went to work on the state of New Jersey.

The invasion began on a major scale in 1966 when William Hundley deployed Herbert Stern of the Organized Crime and Racketeering Section of the Justice Department to New Jersey to break up the existing political and organized crime structures. By 1973, Stern, first with the Organized Crime and Racketeering Section, then as assistant U.S. Attorney

under Sen. Clifford Case's protégé Frederick Lacey, and finally as U.S. Attorney himself, indicted or put in jail 79 top state officials.

"Only a handful of those who've gone to trial have escaped conviction, and only a few of those convicted escaped stiff prison sentences," Playboy Press's book *Tiger in the Court* commented on Stern's success. "In addition to Congressman Gallagher (ranking Democrat on the House International Relations Committee), the roster includes two successive secretaries of state, two successive state treasurers, a former speaker of the state assembly, a state senator, two commissioners of the Port of New York Authority, the executive director of the Garden State Parkway, plus the mayors and a significant part of municipal administrations of New Jersey's largest cities, Newark and Jersey City, and a half-dozen lesser communities, a handful of judges, the state's most powerful Democratic boss and its most influential Republican Party leader."

Knowledgeable Jersey sources believe that Stern and Lacey's high conviction rate is not surprising. They were both appointed federal judges and heard argument on some of the cases they were said to have originally investigated!

Other Kennedy cothinkers moved into the state and provided the environment for the current takeover. A team of State Department and Ford Foundation operatives were appointed to high state positions. Paul Ylvisaker, head of the Ford Foundation's Grey Areas urban counterinsurgency program, became head of the Department of Community Affairs. Joel Sterns, formerly with the Agency for International Development in Brazil at the time of the 1964 generals' coup, became Ylvisaker's assistant. Ralph Dungan, U.S. Ambassador to Chile during John F. Kennedy's Administration and CIA "bagman" for dirty operations there, became head of the New Jersey Department of Higher Education. Joel Jacobson, currently New Jersey energy commissioner — whose energy program is based on the burning of garbage, solar and hydroelectric power — was in the middle of the operation through his connections with the Ford Foundation-funded Center for Community Change. And the "New Left" Institute for Policy Studies of Washington, D.C. sent SDS leader Tom Hayden into Newark with a group of "left-wing" radicals to begin organizing riots.

On July 14, 1967 the Newark riots exploded. A panel appointed by then Governor Hughes to examine the causes found "a pervasive feeling of corruption" the single most important cause. This led to grand jury investigations by Essex County Prosecutor Brendan Byrne, which were continued by his successor, former OSS counterintelligence specialist Joseph Lordi. Byrne and Lordi also collaborated with federal prosecutors Herbert Stern and Frederick Lacey in breaking up old-line political machines. They were assisted in this by an unlikely ally — Meyer Lansky.

Organized crime in New Jersey, including the tolerant relationship of many politicians to the mob, was managed and overseen by long-time Lansky associate and Atlantic City boardwalk owner Abner "Longy" Zwillman. Stern and the Internal Revenue Service targeted Zwillman for a tax evasion indictment; Lansky ordered him to commit suicide. Eliminating Zwillman pulled the plug on mobsters and politicians alike, while the Newark riots had signaled the go-ahead for breaking up Newark Mayor Hugh Addonizio's machine in a joint Essex County-federal project. Ironically, one of the major charges against Addonizio and his police director Dominick Spina was involvement with gambling!

The next significant problem faced by the Kennedy and British-organized crime elements was the almost certain re-election of Republican governor Cahill in 1973. Since 1970, Cahill and state Attorney General Kugler had been the most vociferous opponents of legalized casino gambling.

Two weeks before the gubernatorial primary, former top Robert Kennedy aide Lewis Kaden came to Herbert Stern with "evidence" of campaign financing irregularities in Cahill's 1969 election campaign. Stern leaked the story to the press, leading to Cahill's defeat in the primary by Charles Sandman. The Kennedy machine dragged out their candidate, "the man the mob couldn't buy," Brendan Byrne, and won the election.

Although Byrne's successor as Essex County prosecutor, Joe Lordi, was a known associate of the organized crime family of Vito Genovese through his own and his brother's association with Genovese underling Gerardo Catena, Byrne had a "clean" reputation. That reputation was established by FBI tapes of conversations of Simone Rizzo "Sam the Plumber" de Cavalcante and Angelo "Gyp" DeCarlo describing their difficulties with Byrne. As DeCarlo probably never understood, "the man the mob couldn't buy" had already been bought, *but by a different mob* — the Kennedy-British organized crime machine, a machine committed to making organized crime "legit."

3. Once Byrne was installed

While governor, Byrne moved ahead rapidly with plans for legalizing organized crime activity. As head of the Law Enforcement Assistance Administration's National Governors Commission on Criminal Justice Standards and Goals, Byrne called for the decriminalization of marijuana. He also began arm-twisting to force the state legislature to authorize a referendum for legalized gambling. The bill was sponsored by two legislators, Assemblyman Steve Perskie and Senator Joe McGahn; Perskie's uncle and McGahn's brother were on the payroll of Resorts International and Intertel. But opposition from law enforcement and church groups was so overwhelming that the referendum was defeated two to one.

Resorts International then put together a \$1.3 million war chest and bought off, for between \$800 and \$25,000, many of the politicians and public figures in the state. Victor Lownes, president of Playboy International, Inc. and manager of four English casinos, became Byrne's top advisor on the casino question. Lownes understood Atlantic City as the Normandy beachhead for a full-scale invasion of the U.S. by legalized casino gambling. "Aside from the profits," Lownes said, "which of course are substantial, the most important concern is what a good operation here in Atlantic City can mean for the future of licensed casino gambling in the U.S. We have a chance to establish respectability of the sort that has existed in Britain for a long time, where the Queen's bookmaker breakfasts at Buckingham Palace on occasion as a token of his honored post."

The total "walking war chest" that Resorts used to get the Casino referendum through the New Jersey legislature was \$300,000, distributed in bribes to various legislators, through an organization called "The Committee to Rebuild Atlantic City." The money for this operation came from the Bank of Nova Scotia in the Bahamas, passed through the Bank of Nova Scotia and Banker's Trust in New York and then to the "Committee." A complaint is on file with the Securities and Exchange Commission, charging that Resorts lied in its SEC and annual reports for that year by stating emphatically that "Resorts made no political contributions in the U.S." The SEC's response to the complaint was that the money definitely was paid by Resorts, but did not represent political contributions. According to the SEC — so relentless in going after Nixon campaign contributors on Intertel's behalf during Watergate — the money paid to buy the New Jersey Legislature merely represented "lobbying expenses."

With the sweetener of heavy payoffs, tremendous coercion and certainly a heavy margin of vote fraud, the casino referendum passed in November 1976. In the next election, when Byrne was virtually certain to lose to Republican Ray Bateman, the attorney heading Bateman's \$100,000 ballot security-vote fraud prevention campaign was Richard Weinroth, an employee of Resorts International. Weinroth participated in suppressing massive evidence of vote fraud accumulated by Republicans, and Byrne was returned to office. Weinroth's partner is Joel Sterns, the top legal counsel for Resorts, who worked in the state Department of Community Affairs after the 1967 Watergate-style cleanup of old-line organized crime.

Other applicants for casino gambling licenses in Atlantic City were equally contaminated. Rocky Aoki, owner of the Benihana restaurant chain and connected to Japanese gangster figures, has applied for a casino license in Atlantic City. Aoki has done this through the Hardwicke Company, whose chairman of the board is the Duke of Bedford, a member of the (Bertrand) Russell family and a high-ranking British oligarch. The Hardwicke Corporation was bailed out of recent

financial problems by Castle Bank and Trust Company of the Bahamas, the main source of information used by the IRS Operation Tradewinds in setting up the Resorts operation on Paradise Island.

Bally Manufacturing Co. has also applied for a casino license. Bally has been indicted for violating Nevada gaming laws which prohibit corporate connections to known organized crime figures. Bally's "godfather" is Sam Klein, formerly of Ohio and a close associate of the Jacobs family and the Canadian Bronfman family — both heavily implicated in the international drug traffic.

The agency presumably responsible for weeding out such undesirables is the state Casino Control Commission, headed by former mob-associated Essex County prosecutor Joe Lordi! Also on the CCC is Albert Merck, head of Merck Pharmaceuticals, one of the three firms in the U.S. licensed to import cocaine

and opium-morphine base for medical purposes. Honest law enforcement officials have been justifiably suspicious for some time of "leakage" of cocaine and other drugs from New Jersey pharmaceutical companies. The independence of the Casino Control Commission is further brought into question by the presence of Intertel's security service at the Atlantic City Resorts International casino. Since Intertel executives Hundley, Peloquin, and James Jesus Angleton (long-time head of CIA counterintelligence) are themselves ranking figures in the Kennedy mob, does the CCC oversee Intertel or vice versa?

The answer may be forthcoming as the Division of Gaming Enforcement, in its upcoming Intertel report, decides whether or not to bite the bullet and expose the entire filthy operation.

— Felice Merrit and
Al Douglas

Report names Lansky, Intertel, and Scotia bank

The New Jersey Division of Gambling Enforcement report on Resorts International was put together by a task force of investigators initially assembled and directed by Nevada Gambling Commission investigator Ennis Gomes. Gomes and most of his original investigative forces resigned as the investigation ran into fierce opposition.

Apparently Governor Brendan Byrne and his Attorney General John Degnan found particularly objectionable Gomes's efforts to substantiate charges that Resorts was instrumental in buying votes and legislators to insure that the casino gambling referendum would pass in the state, and would be structured favorably for Resorts. (The enabling legislation drawn up insured that *only* Resorts would be able to open a casino without having to construct a new building.)

On Gomes's departure, the investigation came under the direct control of Byrne operative Robert Martinez, who provided the cleaned-up version now being presented to the public and the Casino Control Commission for further hearings and testimony. Byrne, it is rumored by such impeccable sources as Rupert Murdoch's *New York Post*, hopes to use the report as a credential in his ongoing campaign to replace U.S. Attorney General Griffin Bell.

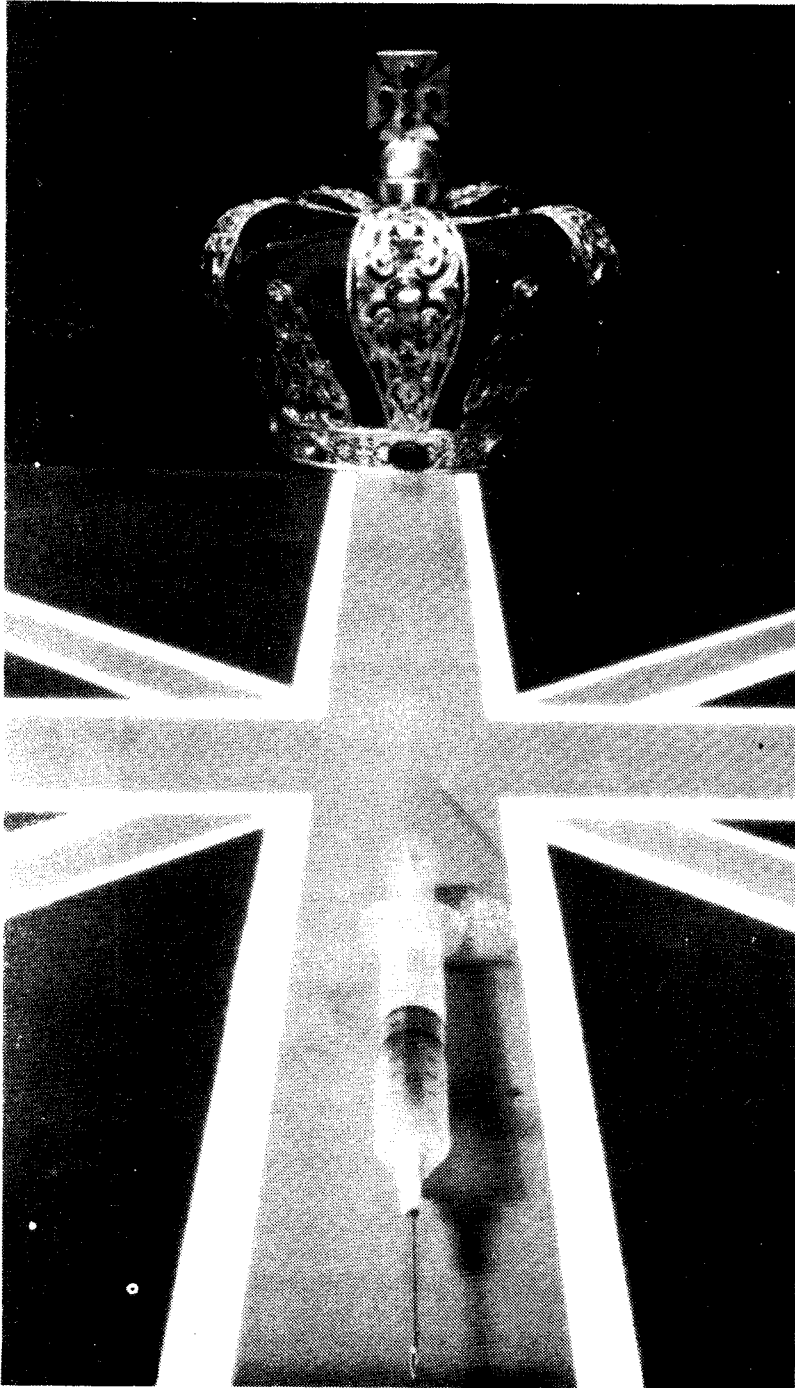
However, the report does provide the astute observer with numerous clues as to the actual nature of Resorts' activities. Resorts Bahamas casino, Paradise Island, and all the early acquisitions of the Mary Carter Paint Company

(later transformed into Resorts International) were financed in their entirety by Meyer Lansky-associated mobsters fleeing Cuba and the collapse of their casino operations on that island. They placed themselves under the protection of the British governors of the Bahamas and set up shop, according to the DGE report.

The report also notes that most of the original financing for Resorts Paradise Island was provided by the Bank of Nova Scotia, which an investigation by the U.S. Labor Party, reported in previous issues of this journal, has shown is British-intelligence controlled. The second major financing bank was the Fiduciary Trust Company, which DGE places as jointly owned by Lansky and a group of known stock swindlers.

On the interesting question of Intertel, the private intelligence agency of Resorts, the report notes that Robert Peloquin, president of Intertel, directly interceded with the Bahamian and British governments on behalf of two notorious Meyer Lansky associates, attempting to have them "cleared" to work in gambling casinos.

As well, the report says, Intertel has demonstrated access to Canadian wiretap materials (in this case material concerning Pellegrino Loia, a.k.a. James Neal, a Resorts employee who is also associated with Canadian heroin kingpin Giuseppe Cotroni). Intertel used its access to government investigative material to judiciously cover up the relationships between Resorts and the mob.



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What's at stake in Iran

NATO, Kissinger moot regional chaos, oil crisis and World War III

The continuing crisis in Iran has become the keystone of a major destabilization scheme choreographed by NATO to plunge the entire northern tier, from the eastern Mediterranean to the Indian subcontinent, into chaos.

Should the Shah fall, or be forced to abdicate, the delicate balance of the region will be thrown askew, setting the stage for parallel reactionary upsurges in neighboring Turkey and Pakistan and leading to heightened tensions in Saudi Arabia and the strategic Persian Gulf.

In pushing the Iran crisis to the brink, NATO is flirting with transforming the region into a flashpoint for confrontation with the Soviets in a Cuban-style missile crisis, precisely along the lines called for by top British strategists and, most recently, by Henry Kissinger. With Strategic Arms Limitation Talks (SALT) in the home stretch, the Soviets are less than willing to tolerate such provocations, and are letting that fact be known. In a Novosti release provided exclusively to this news service, the Soviets have underlined the need to maintain stability in Iran and the Middle East. The Soviet statement, following a similar tough message from Soviet President Leonid Brezhnev, represents a firm warning to Kissinger, who last week issued a provocative call for U.S. or NATO intervention into Iran to stop "Soviet expansion" there, and his allies in NATO and the U.S. government.

And in signing a 20-year friendship and cooperation treaty with Afghanistan last week, the Soviet leadership likewise made it clear that they will not back down in any confrontation growing out of the Iran crisis, that they have regional interests that cannot be compromised.

Staging U.S.-Soviet showdown

With such high strategic stakes hanging over Iran's situation, various cold warriors have begun to press the U.S. for a military intervention "to save the Shah." One variant of the scenario involves a massive U.S. military intervention, Santo-Domingo-style, to "evacuate Americans." The Carter Administration has attempted to keep the question of a U.S. evacuation quiet in order not to suggest any loss of U.S. confidence in the Shah. According to the *New York Times*, the Defense Department has called on all

dependents of military personnel to remain in Iran and for all other companies with large numbers of U.S. nationals to comply with this call. But the Middle Eastern magazine *Events* this week writes that the U.S. naval facility at Bahrain could be used for such an armed intervention, and the Greek Communist Party daily *Rizospastis* reported two weeks ago that there has been a discreet U.S. military buildup on Cyprus in light of the Iranian crisis. And NATO Secretary General Luns is calling for a major strategic debate within the Alliance over the question of Iran.

In addition to fueling a U.S.-Soviet crisis, any move like that could trigger a new "oil shortage" hoax. With oil production in Iran once again down, the West German daily *Sueddeutsche Zeitung* of Dec. 3 favorably recalled the 1974 "invade-the-oilfields" scenario of then-Defense Secretary, now Energy Secretary James Schlesinger, as a still-live option for activation today. Schlesinger has already made public his hopes that a world oil crisis will result from Iran's troubles.

The Turkish tinderbox

Turkish officials fear that the situation in Iran will spill over into Turkey, setting off a wave of tribal unrest among Turkey's large Kurdish populations in southeast Turkey. The activation of separatist tribal movements to weaken the control of central governments has been the time-tested method for manipulating régimes, such as the independent-minded Turkish government of Bulent Ecevit, into implementing unpopular policy dictates put forth by the International Monetary Fund and allied institutions. Turkey is already besieged by a wave of sectarian violence that has killed more than 700 people since the beginning of this year.

Similarly, repercussions from Iran threaten to surface in Pakistan, where Baluchistan separatists are prepared to rev up their breakaway strategy. The Soviets have reported that British-linked Chinese tribal agents are behind the separatist tribal movements throughout the region, a revelation that makes it clear that they view such operations as direct provocations against the integrity of the Soviet state and its regional interests.

The Shah is ready for a fight

Former Secretary of State Henry Kissinger has sounded the battlecry for a U.S.-Soviet showdown over strife-torn Iran.

In a Dec. 11 interview with *Newsweek* magazine's Arnaud de Borchgrave, Kissinger declared that the "West is experiencing a geopolitical decline" in the area from Afghanistan to Angola. "We must stop the USSR" decreed Kissinger, "by defending the Shah and our strategic position."

But the proindustrial government of Iranian ruler Shah Reza Pahlevi has denounced the British Broadcasting Corporation, hardly a tool of Soviet propaganda, as the major instigator of violence against the regime, and European intelligence sources have identified Ayatollah Khomeini, the extreme opposition leader currently wearing out his

welcome in Paris, as a tool of the Israeli Mossad. Kissinger's line that the Shah's government which he pretends to support is "threatened by the USSR" covers up those who actually are threatening the Shah and his policies — the old feudal families of Iran and their British and Israeli underwriters.

Domestically, the Shah's government stiffened its position last week when the new Premier General Gholam Reza Azhari, issued a strong warning to powerful exiled Ayatollah Ruhallah Khomeini. It was the first time the Iranian government has ever attacked a prominent Islamic Shi'ite leader. Azhari denounced the reactionary opposition as not Muslim at all but "atheists" and "saboteurs."

The general made clear that the military would take a hard line on attempts to transform the upcoming religious celebrations of Dec. 11 into mass anti-Shah actions. Dec. 11 is the high point of the religious season known as Moharram, and Shi'ite provocateur elements are pushing for a showdown. It is widely anticipated that the outcome of mass demonstrations on that date will determine the future of the Pahlavi dynasty.

Azhari also laid to rest any hope that the Shah would abdicate the throne to his 18-year old son, a proposal floated both by the British Broadcasting Corporation and the *London Times*. Only the day before the Iranian Information Ministry also issued a declaration denying that the Shah would abdicate. The general made it clear that the Iranian military holds a strong allegiance to the Shah and would take orders from no one else.

The totality of the Premier's statements indicate that the Shah, while willing to negotiate a coalition government with more moderate members of the opposition, is in no mood to appease the demands of Khomeini and Co. What Azhari does not state outright but what high-level French sources have indicated is that Khomeini is a dupe of Israel foreign intelligence, Mossad; and British secret intelligence services which are waging a full campaign to oust the Shah and preserve long standing interests in Iran attached to the influential royalist families.

The BBC's dirty work

The last two weeks have seen four blistering interchanges between Tehran and London over the continued provocative Persian language broadcasting from the BBC. Last month Azhari's government temporarily jammed BBC broadcasts. But when broadcasts were resumed the BBC began broadcasting sermons from Khomeini — a move which prompted the Tehran government to again complain

Iranian leader: 'Reveal Britain's plundering designs'

The lower house of Iran's parliament, the Majlis, held a debate on Nov. 30 on the provocative Persian-language broadcast coming from the British Broadcasting Corporation. Gholam Hoseyn Daneshi, a deputy from the oil-rich Abadan region, made the following remarks regarding the BBC and the British government:

"A glance at the events and developments throughout the world over the past year demonstrate a diabolical plan aimed at the disintegration of Iran. It should not surprise you if you hear Radio Aden has established a Persian section and makes Iran a target of dastardly attacks for half an hour each evening. You should not be surprised if you see that the BBC prepares programs and during its three Persian programs thinks of nothing but to make provocations, create disturbances and chaos. This old fox, no longer able to secure good for itself, is looking for a prey in this chaotic situation, when Iran is the target of devastating attacks. . . .

"My question for the government is: why does it not clarify political facts and why does it not inform the people about the political developments in the world which have been launched against Iran? Why does not the government unveil Britain's designs as it is still tasting the flavor of its plunderings?"

to London's Foreign Office. According to the *Washington Post*, the Iranian government considers the BBC "public enemy number one," and the military government has reportedly resumed jamming of the BBC.

Among the declarations which Khomeini has made are a call for the Iranian people to die in battles with the military in order to succeed in the overthrow of the Shah. The Paris daily *Le Figaro* reports that Khomeini's followers are planning a massive demonstration in which the protesters will wrap themselves in white shrouds — traditionally used within the Moslem faith for burial of the dead. The demonstrators plan to defy the troops and be shot down, says *Le Figaro*, in a tactic calculated to put maximum pressure on the military to break with the Shah and join the dissidents. At the same time that Khomeini told the London *Financial Times* that Iranians must be prepared to die, a band of well-armed terrorists known as the "suicide squad" was uncovered in Meshed in eastern Iran.

According to European press sources, the first few days of Moharram, which began Dec. 2, did not produce the anti-government violence that Khomeini had hoped for. *Le Figaro* reports that as a result, the extremist Shi'ite leaders have placed loudspeakers outside the mosques playing tapes of gun battle and screams after curfew hours. In turn various press, including the BBC, would then report the "sounds of violence" throughout the cities.

There has been a marked increase of terrorist provocations against Westerners in Iran. Many foreigners have received threatening phone calls and three homes of U.S. nationals were firebombed last week. These developments coincide with the reemergence of the Mujaheddine ("the people's strugglers"), which was ousted from Iran in 1975. The Mujaheddine interfaces with international terror networks which in turn connect into various Arab terrorist groups. The Mujaheddine was named as responsible for a bloody machinegun attack on a Tehran police station this week which left one officer dead. It is these terrorist networks that will be provoking the participants of the emotional Dec. 11 religious processions into mayhem.

Economic disaster

The net economic toll of Iran's crisis runs into the billions. Following last month's strike which nearly brought Iran's oil output to a near halt, the military government was able to force the workers back to work in part through considerable pay raises and other increased benefits so that Iran's output of crude reach its near 6 million barrels a day average. This was reversed this week by new labor strikes bringing oil output down to less than 4 million barrels a day.

This figures heavily into the Shah's furious diplomatic efforts to reach an agreement with moderate opposition figures to form a civilian pro-

visional government that would rule until elections in June 1979.

It is widely agreed that many figures associated with the National Front — founded by the revolutionary Mossadegh in 1953 — are willing to create a new coalition government. But the precondition will be the silencing of Khomeini, who still wields sufficient power within Iran to threaten and blackmail many figure amenable to a new government. Even the more moderate Shi'ite religious leaders such as the Ayatollah Shariat-Madari recognize this fact and have kept their own discreet channels open to the Shah.

Azhari at his Dec. 6 press conference invited Khomeini to return from his exile in Paris. What prompted the offer is not entirely clear. Whether this means that the Shah has succeeded in putting together a coalition which leaves Khomeini out in the cold is too early to say. If the Shah survives through the December days of mourning and still holds his absolute rule, his next step will almost have to be the formation of a new civilian government.

— Judith Wyer

The Soviets warn of U.S. military intervention

Novosti, the Soviet press agency, dispatched the article excerpted here to NSIPS on Dec. 6. It was titled "American interests in Iran."

According to Soviet officials, the danger of an American military intervention into the situation in Iran is not to be ignored. Corroboration of this appraisal is not lacking either in Iran or the United States.

Soviet experts in military-political problems point not only to the number of Americans now in Iran — over 50,000 — but also to the U.S. Army's military equipment now stationed in that country. . . .

The USA's efforts to influence developments there are also indicated by other facts. The Americans not long ago opened an "information center" in Tehran, which American citizens can call at any time. This measure would seem at first glance to be an effort to maintain closer contact with the United States' fellow countrymen in Iran. It should be noted in this connection, as Soviet experts have confirmed, that recently about 400 CIA agents have come to Iran, and not to help American citizens there, but to support the military regime by fighting the opposition to the Shah. It is obviously not easy to maintain a dependable link-up with such a quantity of secret service agents.

Therefore a special information center was necessary.

As for the evacuation of 50,000 Americans, there are also, as the American press says, special plans worked out for the deployment of the armed forces of the USA. Not coincidentally, a special team is working day and night in the U.S. State Department, registering every slightest change in the situation. This heightened "watchfulness" is to be explained not only by the investment which runs to 12 billions in arming the army of the Shah, and the 10 percent contribution that Iran makes to the USA's oil imports, but also by the wide-reaching political-strategic plans in which the Pentagon and NATO are interested.

The *Washington Post* remarked at the beginning of November in its commentary on events in Iran that the President's advisors regretted that the CIA had such a bad reputation. In this connection, Soviet experts underline the fact that the secret agency's "FM 30-31" plan, which is still in effect today, provides for an entire series of special operations in a "friendly country" in case the danger should arise there of a radical change in the political situation.

The goal of the above-mentioned measures to "destabilize" or "stabilize" a country's regime, according to its political and social orientation, is to keep in power, at any price, that circle which is acceptable to the USA and which follows policies friendly to

America. The plan also provides for an active and illegal intervention by the U.S. Army into that country's secret service, its police, and armed forces as well as into its civil and administrative organs, with the goal of influencing the policies of the host country's government.

The Soviet experts emphasized that the U.S. Army, Navy, and Air Force have their representatives in Iran and that there is also an extensive group of CIA operatives there. Only the naive would assume that this contingent is staying off to the side of those events that have developed in Iran in the last couple of months. In President Carter's message to the Shah, which Brzezinski passed on by telephone, Carter guaranteed the Shah his total support. When he received the Crown Prince Reza Cyrus, the President of the USA affirmed that "our friendship and our alliance with Iran is one of the most important points, on which our entire foreign policy is based."

When one takes into consideration that, according to the agreement signed between the USA and Iran in Ankara in 1959, the U.S. is allowed to march its troops into Iran in order to protect American citizens, then it is understandable that the Soviet Union's warning is totally well-founded, stating that an arbitrary intervention into the affairs of Iran, and even more, a military intervention, affects the security interests of the USSR as one of the states bordering on Iran.

Kissinger demands a showdown

In his interview with Newsweek's Arnaud de Borchgrave, Henry Kissinger pushed hard for a confrontation with the Soviets and all but accused the Carter Administration of a policy of "appeasement." The following is excerpted from that interview, which appeared in Newsweek's most recent issue.

The Iranian situation is a tragedy for the West. The Shah is a leader who on every critical foreign-policy issue has been totally on the side of the West and who has been a stabilizing factor in every crisis in the area. . . . (But) the Shah is paying the price of modernization: he is being attacked by those who think he moves too fast and by those for whom he is not moving fast enough. Brezhnev's statement occurred when there had been no

U.S. military move of any kind. It was gratuitous and provocative.

In this context, our own answer was not very strong. I don't think it came across as a ringing affirmation of a commitment to a country that is so vital to us or as a warning to the Soviets not to meddle in Iranian affairs. It almost sounded as if we were declaring Iran an area of neutrality. . . .

In the context of (U.S.) weakness, some challenge was inevitable. It happened in Angola. That could and should have been contained. When it was not, Ethiopia followed as the next step. That sequence shook confidence in us not only in Africa but also in the Middle East. So I think the Soviet Union will certainly press to the limits of its geopolitical strength. That is its nature as a great power and as a Communist power. It's our responsibility to create the necessary counterweights. . . .

For the greater part of the post-World War II period we could defend most threatened areas by our nuclear superiority. . . . For a

variety of reasons, that superiority has eroded. . . . That means that we and our allies must have a capacity for regional defense inside and outside the NATO area. If we don't develop this, then in the '80s we're going to pay a very serious price. The first installments are already visible. . . .

There is to me inexplicable self-hatred (in some Carter Administration officials) that denigrates everything we attempt and despises those who associate with us. This was compounded by the President's Notre Dame speech, for example, when he said he would free our policy from the inordinate fear of Communism which had characterized it in the past. What were allies of the U.S., who had worked with us for a generation, to think? Had they become dispensable? Did our new attitude toward Communism weaken our previous commitment? These uncertainties account for some of the strains of the past year. . . .

Another U.S. fiasco in Indochina

Peking lures the Administration into embracing Cambodia

Washington's obsession with the China card has led to another travesty in American foreign policy. Last week the Carter Administration went on record as supporting the barbarous regime in Cambodia in its Chinese-provoked conflict with Vietnam.

This is the same Cambodian government that President Carter himself denounced only several months ago as the "worst violator" of human rights in the world. Administration officials now acknowledge to reporters a "pro-China tilt" in American policy on the Vietnam-Cambodia conflict, and justify the Administration's remarkable about-face toward the government of Prime Minister Pol Pot as necessary to maintain an unspecified "equilibrium" of power in Southeast Asia.

The "equilibrium" of course, is the Henry Kissinger scheme of giving tacit backing to China's known desire to be the dominant power in Southeast Asia, and cooperating with the Peking leaders on military matters as part of a NATO "second front" strategy in Asia against the Soviet Union.

The decision to "tilt" toward the monstrosity in Phnom Penh shows how much the pursuit of Chinese favors has become the *idée fixe* of Asia policy-makers in and around the Carter Administration. Led by National Security Council Director Zbigniew Brzezinski and Assistant Secretary of State for East Asia Richard Holbrooke, the Administration is driving for a "strategic" relationship with China in Asia, with all other policy considerations secondary to that objective.

However the Chinese have shown themselves vastly Brzezinski's superiors at playing big-power politics. Chinese Deputy Premier Teng Hsiao-ping is cynically, and adroitly, playing his "American Card." With the Cambodian affair, he has managed to get the Carter Administration on its hands and knees, sacrificing self-respect as well as long-term policy.

The announcement by the State Department of official American support for Cambodia was made in part as a response to the formation last week of the Kampuchean (Cambodian) United Front for National Salvation in the areas of Cambodia now occupied by Vietnam and its anti-Pol Pot Cambodian allies. As reported by Radio Hanoi, the Front has called on the Cambodian people to "rise up for the struggle to overthrow the Pol Pot-Ieng Sary clique," referring to the Phnom Penh regime's top two leaders. The Front

denounced them as "dictatorial, militarist, and fascist." The Front (KUFNS), led by Hen Somrim, a former commander in the Cambodian Army, is also charging the "Chinese authorities" with backing a regime that violates human rights by herding its people into "camouflaged concentration camps."

'Freedom of residence' and an economic recovery program

Significantly, the KUFNS, in its own radio broadcasts, has emphasized its economic and political program to

'A dictatorial, militarist, and fascist regime'

The following are excerpts from the political program of the newly formed Cambodian United Front for National Salvation (KUFNS), announced in a radio broadcast Dec. 4. Beyond its denunciation of the Phnom Penh regime, the program called for "freedom of residence, movement, association and religion ... a planned economy, with markets, banks and a currency, and an end to forced labor."

The reactionary Pol Pot-Ieng Sary gang and their families have totally usurped power, sought by all means to betray the country and harm the people, causing innumerable suffering and mourning to our fellow Kampuchean and threatening our people with extermination. It is the Chinese authorities who have encouraged and backed to the hilt these traitors and tyrants. In fact, they have herded our compatriots into camouflaged concentration camps, robbed our people of all means of production and consumer goods, forced them to overwork, while giving them the minimum of food and clothes, forcing all strata of the population to live in misery as slaves.

Everywhere our people have witnessed massacres more atrocious, more barbarous than those committed in the Middle Ages or perpetrated by the Hitlerite fascists. They spare not even fetuses inside mothers' wombs.

revive the small country, which has been horribly devastated by the death cult-style mass extermination and social regimentation policies of the present regime. Western press reports say the program includes "freedom of residence, movement, association and religion ... a planned economy, with markets, banks and a currency, and an end to forced labor."

Analysts of the region have placed great significance on the formation of the United Front, and see it as evidence of the intention of Cambodian nationalists and the allied government of Vietnam to pursue a military overthrow of the Pol Pot regime. The joint Cambodian-Vietnamese military forces already control major portions of the eastern region of Cambodia, and have begun a dry-season military offensive.

Opposing them are the dwindling forces of Pol Pot, who is being kept in power by a Chinese "advisor" corps, estimated by some press sources at 20,000 and by Vietnamese sources at up to 100,000. Chinese arms, particularly jet fighters, have been flowing into the country in an attempt to shore up the regime's fighting capability, but battlefield reports are clear that these efforts have been almost completely unsuccessful.

Manipulated by Peking

The Carter Administration has decided to ignore these battlefield trends and the character of the Cambodian regime, setting the stage for another American fiasco

in Indochina. The U.S.'s consistent backing of losers in Southeast Asia — first the French, then an assortment of minor puppets, and now the Pol Pot horror — stems from its consistent lack of any real policy, except "stopping" somebody else.

Peking is aware of this and has moved to manipulate every shade of American political opinion for its own designs. Last week Chinese Deputy Premier Teng told syndicated columnist Robert Novak that the United States should drop negotiations with the Soviet Union for a SALT II treaty and instead normalize relations with China to "contain" Moscow.

Americans, said Teng, need not fear that China will doublecross them and normalize relations with the Soviet Union after the U.S. makes its move toward China — a possibility entertained by many "traditionalists" in the State Department opposed to the Brzezinski-Holbrooke policy. To entice U.S. conservatives, Teng proposed that Taiwan could still maintain its own system of economy and government while united with China.

The *New York Times* reported on its front page Dec. 6 that the Administration is "seriously concerned" about the conflict between Vietnam and Cambodia and the Treaty of Peace and Friendship recently signed between Vietnam and the Soviet Union. China has denounced the treaty, which Vietnam signed to help bolster its national security, as evidence of Vietnam's "puppet" status of the Soviet Union, a

The USSR-Vietnam treaty

Here is the official translation of the articles of the "Treaty of Friendship and Cooperation" signed by the Soviet Union and the Socialist Republic of Vietnam in Moscow Nov. 4.

Article 1: In accordance with the principles of socialist internationalism the High Contracting Parties will go on strengthening relations of unbreakable friendship, solidarity and fraternal mutual aid. They will steadfastly develop political relations and deepen all-round cooperation, will give each other all-out support based on reciprocal respect for state sovereignty and independence, equality and noninterference in each other's internal affairs.

Article 2: The High Contracting Parties will join efforts for strengthening and expanding reciprocally advantageous economic, scientific and technical cooperation with the purpose of accelerating socialist and communist construction, of steadily raising the material, cultural and living standards of the peoples of their countries.

The Sides will continue long-term coordination of their national-economic plans, will correlate forward-looking measures towards developing crucial branches of the economy, science and engineering, will exchange knowledge and experience accumulated in socialist and communist construction.

Article 3: The High Contracting Parties will facilitate cooperation between organs of state power and public organizations, will promote broad ties in the spheres of science

and culture, education, literature and the arts, the press, radio and television, public health, environmental protection, tourism, physical culture and sports, and in other fields. They will stimulate the development of contacts between working people of the two countries.

Article 4: The High Contracting Parties will pursue an all-out and consistent struggle for the further strengthening of fraternal relations, of unity and solidarity among socialist countries on the basis of Marxism-Leninism and socialist internationalism.

They will bend every effort towards the consolidation of the world socialist system, will make a vigorous contribution to the development and protection of socialist gains.

position the Administration has now adopted.

The *Times* article followed by one day similar statements by Holbrooke, who told the *Washington Post* in an interview that the Carter Administration has not normalized relations with Vietnam because of the Vietnam-Cambodia conflict. Later, a State Department press spokesman labeled the Cambodian United Front an "instrument" of Vietnam, while the *Post* quoted an unnamed Administration official as saying the normalization of relations with Vietnam is being considered only within the "strategic" context of United States relations with China and the Soviet Union.

U.S. business stymied

Aside from the strategic disaster of the Administration's current "policy," the concern voiced by the State Department over Vietnam's relations with the Soviet Union is a blatant fraud. Hundreds of American corporations are known to be itching to begin full economic and trade relations with Vietnam, but are being blocked by the refusal of the State Department and the National Security Council to normalize relations with Hanoi.

Officials of the newly formed U.S.-Vietnam Trade Council report that Vietnam is offering extensive trade and other arrangements to American firms, arrangements these officials argue could reduce Vietnam's overwhelming dependence on the Soviet

Union for economic aid. One American businessman who recently visited Hanoi for three weeks was shocked when he returned and tried to brief State Department officials on the extensive information he had gathered during his stay. The State Department wasn't interested.

To internationalize the real issues in the Indochinese conflict, the Vietnamese have sent a letter to the United Nations Security Council laying the blame for the present situation on "the Peking authorities' expansionist policy in Southeast Asia" whose aim "is to exclusively occupy the East Sea, to pit the three Indochinese countries against one another, and to push the Association of Southeast Asian Nations into opposing Vietnam and Laos." They are pursuing a "policy to divide Southeast Asian countries in an attempt to carry out Chinese hegemony in the region," the letter charged. (The full text accompanies this report.)

Most of the region's leaders share this assessment of the situation, despite the delusions entertained by Holbrooke that the U.S. "shares" with Southeast Asia the suspicions of Vietnamese intentions in signing the treaty with the Soviet Union. The Indian weekly *New Wave* reports that the Indonesian Foreign Minister, on a recent trip to New Delhi, told Indian officials that "Chinese aggressiveness" left the Vietnamese no option but to seek such a treaty with the Soviets.

—Dean Andromidas

Article 5: The High Contracting Parties will go on bending every effort for protecting international peace and the security of the peoples, will vigorously counteract all the designs and machinations of imperialism and reactionary forces, will support the just struggle for the final eradication of colonialism and racism in all its forms and manifestations, will support the struggle of the non-aligned countries, the struggle of the peoples of Asia, Africa and Latin America against imperialism, colonialism and neo-colonialism, for strengthening independence, in defence of sovereignty, for the right to freely dispose of their natural resources, for the establishment of new international economic relations free from inequality, diktat and exploitation, will support the striving of the peoples of Southeast Asia for peace, independence and cooperation among them.

They will unwaveringly come out for the development of relations between countries with different social systems on the basis of the principles of peaceful coexistence, for expanding and deepening the detente process in international relations, for the final exclusion of aggression and annexionist wars from the life of the peoples, in the name of peace, national independence, democracy and socialism.

Article 6: The High Contracting Parties will consult each other on all important international issues affecting the interests of the two countries. In case one of the parties becomes the object of attack or of threats of attack, the High Contracting Parties will immediately begin mutual consultations for the purpose of removing that threat and taking appropriate effective measures to ensure the peace and security of their countries.

Article 7: The present Treaty does not affect the rights and obligations of the Parties under bilateral and multilateral agreements now in force, concluded with their participation, nor is it directed against any third country.

Article 8: The present Treaty is subject to ratification and will come into force on the date of exchange of the instruments of ratification which shall take place in the city of Hanoi at the earliest date.

Article 9: The present Treaty is concluded for the period of 25 years and will be automatically prolonged every time for another 10-year period, unless either of the High Contracting Parties gives notice of its wish to terminate it twelve months before the expiration of the respective period.

In Southeast Asia, doubts about China's intentions

The following are excerpts from an article entitled "Doubts Over Peking Trip," which appeared in the Indian weekly paper New Wave Nov. 26, 1978. The article focuses on relations between India and China, but contains insights on the situation in Southeast Asia. Particularly appropriate are the comments cited in the article that were made by the Indonesian Foreign Minister during his recent trip to India, which stand in stark contradiction to comments by U.S. Assistant Secretary of State for East Asia, Richard Holbrooke last week.

The Indonesian Foreign Minister, Mochtar Kusumaatmadja, had come to New Delhi (last week — ed.) straight from Hanoi, and had first hand knowledge of what is happening there. It is true that the Indonesians still persist in their "once bitten, twice shy" attitude towards the Chinese, but they are no lovers of the Vietnamese and the Soviets either. His view that Chinese aggressiveness has left no option for the Vietnamese except to seek a treaty of friendship and cooperation with the Soviet Union, should therefore carry conviction in New Delhi.

The Indonesian Foreign Minister is fully convinced that the Vietnamese would neither invoke the treaty in their dispute with Kampuchea (Cambodia — ed.) nor allow their nonalignment to be compromised. There is therefore no reason why our foreign policy makers should have any doubts about the treaty signed between the Vietnamese and the Soviet Union. The Indonesian Foreign Minister was not speaking for himself alone when he said that before signing the treaty the Vietnamese had taken steps to remove whatever doubts lingered among their neighbors about their intentions.

Indeed, the treaty which Vietnam has signed with the Soviet Union is on the same lines as the Indo-Soviet treaty, and the clauses of the two documents which lay down that in the event of aggression or threat of aggression against either contracting party the two sides would hold consultations for effective steps to end the threat and eliminate aggression, are identical. It seems that the Vietnamese as also the Soviet Union deliberately took the Indo-Soviet treaty as the model for their draft instead of the treaties which the Soviet Union has signed with some other countries like Angola and Ethiopia.

With our own experience of the Indo-Soviet treaty, our Foreign Minister does not need any assurance that the Vietnamese treaty would not result in Soviet intervention in Southeast Asian affairs, contrary to what the Chinese allege. But the Indonesian Foreign Minister seemed to feel that the Chinese have failed to remove the suspicions in these countries about their own intentions. These doubts have in fact, been strengthened by Chinese involvement in Kampuchea, their pressures on Laos, and their aggressive attitude against Vietnam.

Third World battles

At the UN, heated debate over the role

Nonaligned nations around the globe have been steadily pursuing an effort stemming from before the Colombo Non-Aligned Nations' meeting in 1976 to rescue news control from the mouths of British-sponsored propaganda outlets which systematically "filter, mutilate, and distort", developments of vital interest to these nations. The largest press agencies of the West, notably Reuters (British) and Associated Press and United Press International (U.S.) are among the major targets.

At the center of this battle is the controversial Tunisia-Group of 77 (Third World nations) study entitled "The New World Order of Information." The study asserts that "in the absence of adequate regulations, one must expect a veritable invasion of television programs and broadcasts constituting a violation of national territory and individual homes and

Free expression ...

Third World diplomats and journalists have numerous cases where Western journalists' exercise of "free expression" passed over into disinformation and outright falsehood. Some examples:

- At the height of the recent demonstrations against the Shah of Iran, UPI reported from Teheran that the Shah had been assassinated, causing panic on Iranian financial markets. Iran expelled the UPI correspondent responsible.
- The British Broadcasting Corporation (BBC) broadcast appeals from exiled Shi'ite leader Ayatollah Khomeini to strike, demonstrate and blow up the oil fields; the government responded by jamming BBC Persian language broadcasts and expelling BBC correspondents.
- Maltese Prime Minister Dom Mintoff addressed the European Commission last month regarding consistent British press falsification of matters relating to him personally and to his government's policies. Malta over the past two years named the BBC, the *Daily Telegraph*, and the *Daily Mail* as failing to retract stories as they had agreed, and was forced to take court action to receive retraction and civil penalties.

for press responsibility

of the media

the rape of men's minds. This threat cannot be too strongly denounced."

And the study calls for the right of any nation to receive news that is not "filtered, mutilated, or distorted"; the right to equality in the use of the world's airwaves; the right to a code of ethics for reporters to ensure fair and honest reports and the right of reporters to be free from reprisals from their employers; the "right of correction" to distorted, false or misleading news stories; and the right to break the Western monopoly of news agencies which the developing sector views as a colonial holdover.

The Tunisian study, which was supported by the Soviet bloc, further points out that the five largest international agencies control 80 percent of news circulating in the developing sector and maintain 4,300 foreign correspondents and over 500 news bureaus,

with virtually all telecommunications and satellite services in Western hands.

The study has been the target of a bitter and intense opposition campaign by Western media led by the British press and such U.S. outlets as the *New York Times* and CBS's Walter Cronkite, who charge that the study's effort to impose standards of professional accountability on newsmen amount to censorship of their right to "freedom of expression."

But the underlying issue is the fact that too many Western news gatherers — far more than what was suggested in the Church Committee report in 1977 — have become tools of Western intelligence and economic agencies. They regularly, almost instinctively, Third World spokesmen charge, slant their coverage in favor of their own government's foreign policies (to the point of encouraging coups and government

or disinformation and lies?

- The Belga Press Agency (Belgium) released the story of the French rescue operation in Shaba Province, Zaire, four hours before it took place, precipitating the massacre of Western medical and mining personnel.
- On July 3, 1977, UPI correspondent Van Benniker announced that President Alfonso Lopez Michelsen of Colombia had been assassinated by terrorists. Van Benniker was expelled from Colombia, as he had been expelled previously from Peru for asking President Poveda if he ran drugs. Van Benniker is still employed by UPI — now in Nicaragua.
- The Church Committee of the U.S. Senate exposed the CIA-fed story carried by UPI just before the Chilean coup in 1973, announcing that the coup was going to take place. This destabilization from without was run by 970 press outlets in the next three days.
- CBS's "60 Minutes" program, Sunday, Feb. 26, 1978 accused Cuban President Fidel Castro of running cocaine into the U.S. and laundering drug money.
- The *New York Times*, on March 19, 1978, during the Colombian presidential campaign, ran a story entitled "Drugs, the New Treasure," blaming Colombian government officials for drug running.
- The March 22 *New York Post*, in a story titled "Cocaine still pouring in," claimed that Julio Caesar Turbay, then running for President of Colombia, was involved in drug trafficking.
- CBS's "60 Minutes" program claimed that Rosalyn Carter had handed Colombian President Michelsen a list of names of drug runners which included Turbay as one high government official who "possibly" ran drugs. This was two weeks after CBS had agreed to, but had not aired, a retraction of earlier slanders.
- UPI's Juan Tamayo, just hours before the deadline for agreement on the tense Beagle Islands dispute between Argentina and Chile, ran a lengthy dispatch, "War Noises in the Southern Cone," asserting that war between Peru and Equador was inevitable because Peru had no oil. This war never occurred, and Peru certainly has oil.

destabilizations, as some Third World spokesmen note, angrily pointing to the example of the BBC's recent egging on of anti-Shah rioters in Iran) and belittle developing nations' efforts to industrialize (e.g., the low-key coverage of recent Mexican oil discoveries in the *New York Times* and *Washington Post*). Says one Third World diplomat at the UN: "They (the Western news agencies) are used against us like a robber uses his knife."

The battlefield recently shifted from UNESCO to the Special Political Committee, preparatory to reaching the floor of the General Assembly. Although Britain, it is widely conceded, would be most affected by the Tunisian-Group of 77 proposal, it is the United States which has taken up the cudgels against the Third World draft. Applying intense pressure, the United States forced UNESCO to replace the Tunisian draft with a Mass Media Declaration which completely

ignored the issue of the media's responsibility for truthful reporting. This declaration was sent to the Special Political Committee on Nov. 29 for full UN sanction.

There, just before a Dec. 5 vote, the French delegation, reportedly with support from the Soviets and Indians, suddenly asked for consultations with other delegations — effectively blocking the vote.

The U.S. is saying that it will not tolerate any attempt to "curtail the freedom of the press." In a declaration to the UNESCO Plenary on Nov. 20, U.S. Delegate William G. Harley said that the U.S. "would not accept any language" that imposed "any restriction upon journalists seeking in their professional duties to gain needed access to sources of information, any harassment of professional media personnel, any suspension or blocking of the entry or exit of information across national borders, and any suppression

U.S.: Freedom of expression vital

From the Mass Media Declaration, UNESCO, Paris, Nov. 29, 1978:

The exercise of freedom of opinion, expression and information, recognized as an integral part of human rights and fundamental freedoms, is a vital factor in the strengthening of peace and international understanding It is essential that journalists and other agents of the mass media, in their own country and abroad, be assured of protection guaranteeing them the best conditions for the exercise of their profession.

U.S. Delegate George A. Dalley to the Special Political Committee, Dec. 4, 1978:

(Dalley) recalls the incipient spirit of cooperation which is coming to prevail in the world community with respect to information and communication. In an atmosphere of tolerance, forbearance and mutual respect, we overcame some very difficult obstacles to cooperation

The Delegate of Ecuador to the Special Political Committee, Dec. 5, 1978, in support of the Declaration:

We are totally opposed to any restriction on the freedom of the press by any government. In my part of the world the government doesn't control the press; it is just the other way around. The press makes suggestions that usually are taken up and made into legislations.

Third World: disinformation retards development

From the Tunisian Group of 77 Study:

(The Western press agencies present the Third World) in the most unfavorable light, emphasizing crises, strikes, street demonstrations and coups d'etat.

The protection of journalists is a basic element of the world communication and information system. Such protection should be extended to include the journalists' relations with their employers and should enable them to retain freedom of thought and analysis Journalists are disloyal to their profession if they provide erroneous, tendentious or truncated information, or information dictated by their own particular concerns, criteria or choices.

In that case, the state involved has the right to issue a correction in which it may add to incomplete information which has already been disseminated the elements needed to give an accurate picture of the facts and restore them to their proper context.

Non-Aligned Nations Declaration, August 16, 1976, Colombo, Sri Lanka:

The Non-Aligned countries noted with concern the vast and ever-growing gap between communication capacities in Non-Aligned countries and in the advanced countries, which is a legacy of their colonial past. This has created a situation of dependence and domination in which the majority of countries are reduced to being passive recipients of biased, inadequate and distorted information

of the fundamental human right of individuals to express themselves. . . ."

In place of the Tunisian study, Harley has offered a plan to assist in training developing nations' journalists and share Intelsat time with other nations. He proposed a Consultative Group sponsored jointly by UNESCO, the World Bank, and the UN Development Program (which funds low capital "appropriate technologies") to create an Advisory Committee of Experts to deal with "specific communications problems."

A respected Asian journalist commented, "When developing countries use government resources to set up press services, the West claims this is not 'free.' Do they think we don't know who these correspondents are — like Jack Anderson for example?"

Another correspondent said, "What will we do with the satellite time? That is really the problem; we must develop personnel. It's easier to pay ten rupees for a James Reston column than to develop a worldwide journalist corps. A press pool was agreed to at the Colombo Summit (of Non-Aligned nations —ed.) in 1976 and is now run by Tanjug (Yugoslav Press Agency) but it's just a collection of random articles. My paper almost never uses it."

Background of the controversy

The controversy goes back to 1974 and 1975 when officials from India, Guyana, and Cuba, spurred by the need for what one high level Non-Aligned nation diplomat described as "development oriented" news and not the "garbage about Liz Taylor or riots in Africa," attempted to set up a Third World press pool that would guarantee the delivery of news and reduce dependence on Western media. But there was a split in the developing countries themselves, and Tunisia went ahead with a January 1975 Information Conference before the Non-Aligned foreign ministers met in New Delhi in July 1976 in preparation for that year's Non-Aligned Summit in Colombo, Sri Lanka.

Two programs were presented, with the central controversy being whether UNESCO (as in Tunisia's proposal) or the Third World should fund and control the press pool. The significance of this issue can now be clearly understood: even if the UN General Assembly defeats the Mass Media Declaration, UNESCO will continue to implement it in its International Commission for the Study of Communication Problems. The Commission is headed by Sean MacBride, a founder of Amnesty International, a worldwide British spy network specializing in "human rights" destabilizations of governments.

The difficulty of developing Third World journalists to break the Reuters-British Intelligence control of world news is glaringly shown at the UN. In a press corps numbering 200, there are no more than a dozen genuine "prodevelopment" working journalists. Of the remainder the majority pump out tunnel-vision copy about "their" country or bloc, and devote con-

siderable attention to the UN social whirl.

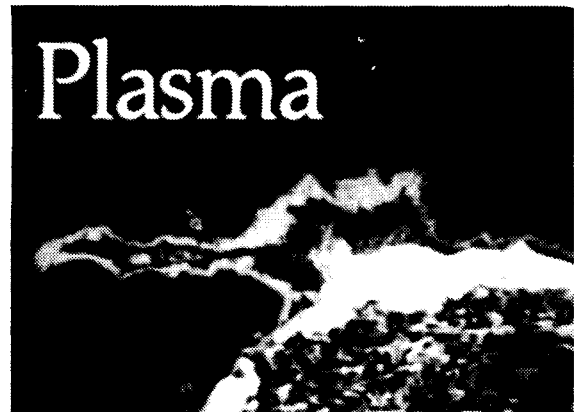
A substantial minority, however, are known to be stringers for intelligence networks interfaced with Reuters/BBC/MI-6 and related Canadian and U.S. intelligence/press networks.

Despite the massive in-place capabilities of the British Intelligence-run press networks, and the political support that the U.S. continues to lend to them, the issue of providing honest news is coming to a head. The Shah of Iran responded to the BBC's month-long saturation of that country's airwaves with calls to revolt by Mossad agent Ayatollah Khomeini by jamming BBC broadcasts and kicking the BBC "reporters" out of the country.

—Leif Johnson
United Nations, New York

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Ted Kennedy's deadly health hoax

A right-to-die plan for America's 'useless eaters'

Senator Ted Kennedy, Patricia Robert Harris, Secretary of Housing and Urban Development (HUD), and Joseph Califano, Health, Education and Welfare (HEW) Secretary, are moving with all deliberate speed to get a slew of "right to die" measures off the drawing boards and onto the federal statute books. Counting on the psychological shock effects of the Jonestown massacre to acclimatize the American population to genocide, the trio is pushing the Kennedy-sponsored "national health insurance" bill and

a series of vicious cutbacks in federal welfare and jobs programs.

At the same time, the Kennedy faction is making a major bid for power in the Carter Administration under cover of a Brookings Institution-inspired government reorganization plan. If approved by President Carter, this plan will give the Kennedyites the leverage to guarantee that their policy package is implemented and will bring Ted Kennedy a giant step closer to the oval office.

In this section

Many people find the rhetoric of the "right to die" movement — "easing the passage," "getting comfortable with death," "pulling the plug" — ghoulish and disturbing. The reality is even grislier. Under the guidance of some recent recruits, Senator Edward Kennedy and Health, Education and Welfare Secretary Joseph Califano, "right to die" has become the war cry of the supporters of the "Kennedy health bill," a movement to slash U.S. health care expenditures which will decrease health care not only for the terminally ill but in such categories as infants and the aged with years of potential productive lifetime remaining.

Our report on the Kennedy health bill and the "right to die" cult is in three sections: First, correspondent Kathleen Murphy reports on Kennedy and Co.'s embrace of the death cults, and their rapid movement toward the Nazi German rhetoric of eliminating "useless eaters." Second, U.S. Labor Party Chairman Lyndon H. LaRouche, Jr. presents a policy statement outlining how the American Medical Association and other supporters of health care can act to block the Kennedy movement. Finally, Anita Gallagher reports on the campaign being waged by one of the U.S.'s less well-known major denominations, the World Community of Islam, against the infestation of death cults and drugs in the United States.

Socially useless Americans?

A taste of what the Kennedy networks are planning for the general population came Nov. 27 with the announcement that, acting on Califano's advice, the Carter Administration will slash its proposed increase in the welfare budget from \$17 billion to \$6 billion and impose stringent "workfare" requirements on welfare recipients. Echoing almost verbatim the "useless eaters" argument adopted by the Hitler regime to justify the murders of millions of children, elderly, infirm and otherwise "undesirable" sections of the German population, an HEW spokesman defended the cutbacks on the grounds that "It is no longer the federal government's responsibility to maintain a socially useless population. . . ."

In similar terms, Califano told the National League of Cities annual convention Nov. 28 that "the liberals and progressives of our society (must) match their compassion and generosity with competence and efficiency," adding that any cutbacks in the HEW budget will be deducted directly from benefits payments to HEW program beneficiaries.

It should be stressed that the workfare requirement which the Carter Administration is adopting in its welfare "reform" package is a cruel joke, since huge cutbacks in federally funded jobs programs are also being planned. With no jobs available, welfare recipients forced off the rolls will become increasingly lumpenized and consequently much more vulnerable to recruitment into People's Temple-type cults.

National death insurance

While Califano was presenting his "cost-cutting" justifications for welfare cutbacks, Ted Kennedy was

'Death, Dying and Decision-Making': Cutting Hospital Costs to the Bone

How to get the population to accept the fundamentally anti-human notion that death is just another phase of life was the topic of discussion as 400 thanatologists, right-to-die advocates, "medical ethics experts" and various others gathered in San Francisco for a conference on "Death, Dying and Decision-Making." The conference, which was cosponsored by the Bioethics Group of the University of California San Francisco School of Medicine and a New York-based group which calls itself "Concern for Dying," took place on the same weekend as the People's Temple mass suicides in Jonestown, Guyana.

The conference agenda featured such highlights as a film entitled "Death by Request," an address on "Medical Dilemmas in Clinical Decision-Making for Terminally Ill Persons" by Dr. Urs Peter Haemmerli, M.D., of Zurich, recently acquitted on

manslaughter charges incurred for letting a patient die unnecessarily, and broad discussion of specific measures for organizing a death cult in the United States.

The most important of these, according to conference participants, is the so-called living will. Now on the law books in eight states and under consideration in 27 others, the living will is a document popularized by Concern for Dying and its legislative arm, The Society for the Right to Die. The wills, which are legal documents to be signed by individuals, state that should "the situation ... arise in which there is no reasonable expectation of my recovery from extreme physical or mental disability, I direct that I be allowed to die and not be kept alive by medications, artificial means or 'heroic measures.' I do, however, ask that medication be mercifully administered to me to alleviate suffering even though this may shorten my remaining life."

Concern for Dying — which this year changed its name from the Euthanasia Educational Council because, as a spokesman put it, "we realized that euthanasia is a dirty word" — has distributed millions of copies of the living will and has been instrumental in securing its passage on the state level. Now, the group is itching to get the living will — the ultimate hospital cost-containment measure — incorporated into federal law. According to George J. Annas, a member of Concern for Dying's Board of Directors and a member of the Boston University School of Medicine's faculty, this will be achieved by making the signing of such a living will a prerequisite for participating in Kennedy's national health insurance program. "Of course," Annas said in an interview, "you don't *have* to say you want them to pull the plug."

pushing the same line on hospital costs in a series of public hearings he held this week in Chicago, Los Angeles and Denver to publicize his national health insurance bill. Kennedy plans to introduce the bill into Congress within eight weeks.

While the final draft of the legislation remains a closely guarded secret, an outline released by Kennedy's office confirms that its primary concern is to slash, under the guise of "cost-containment," the quality and quantity of medical services available nationwide.

Kennedy himself proclaimed in a statement dated Oct. 2 that his "national health insurance is a system that will provide incentives for alternatives, less costly delivery models (such as health maintenance organizations — HMOs — and hospices — ed.); it is a system which will enable through progressive reimbursement policies, an emphasis on prevention of disease, of increasing individual responsibility for maintaining health. . . ."

In addition to legislating a dramatic deterioration in medical care standards nationwide — a deterioration which will contribute directly to the deaths of untold numbers of people — the Kennedy bill will also provide a multibillion dollar payoff to the insurance industry, which is significantly under the control of

the London-based international drug trade. (This swindle will be fully documented in an upcoming *Executive Intelligence Review* feature — ed.)

The story on the health insurance bill does not end here, however. According to informed sources, once Kennedy manages to win congressional approval for his health bill, HEW will mandate that every participant, as a condition for receiving insurance coverage, be required to sign a so-called living will indicating whether or not he wants the "plug pulled" during the "dying process."

Despite Califano's ostensible opposition to the Kennedy bill, sources report that the HEW Secretary secretly favors it, and sees it as the key means for getting his own hospital cost-containment proposals off the ground.

Kennedy power play

The Kennedy machine is so determined to see that these programs become the cornerstone of U.S. domestic policy that they have launched an ambitious campaign to consolidate control over government departments which will have primary responsibility for administering them. The most visible indication of this push is the proposal cooked up by the Brookings Institution and now under consideration by President

Carter, to dissolve the Commerce Department and place its largest unit, the Economic Development Administration, under HUD, which in turn will be transformed into a Department of Economic Development.

Under this plan, HUD Secretary Harris — a former member of a Washington law firm with strong links to British intelligence — will have at her disposal huge amounts of money to dispense on the kind of “community counterinsurgency” programs for which HUD is becoming notorious.

Kennedy is building up his own power base on the chairmanship of the influential Judiciary Committee. Kennedy is also conducting negotiations for a seat on the powerful Budget Committee where, as an aide put it, “He’ll be able to exercise fiscal restraint over every government program.”

Though Kennedy’s commitment to austerity is as ironclad as anyone’s, there are indications that the Senator is simultaneously attempting to position himself at the head of the developing opposition to the Administration’s austerity policies — obviously boosting his own presidential ambitions. According to Leon Shull, executive secretary of the Americans for Democratic Action, “Kennedy will lead the liberal forces against Carter this coming year.” Shull also said that Kennedy will be “the silent collaborator” of the liberal-fascist groupings led by United Auto Workers head Doug Fraser and original poverty-pimp Michael Harrington which are expected to protest Carter’s policies and boost the Kennedy health insurance bill, in particular, at the Democratic Party’s mid-term convention in Memphis Dec. 8-10. A source close to Shull confided that the so-called debate on health insurance between Kennedy and Califano which is a “highlight” of the convention is “just for show,” since “Kennedy and Califano see eye-to-eye on the whole hospital cost thing.”

— Kathleen Murphy

Defeating Kennedy’s

How to fight the ‘Kool-aid approach’ to

The following is a policy statement submitted by Lyndon H. LaRouche, Jr., Chairman, U.S. Labor Party.

It is of the utmost urgency that the medical profession quickly develop and present a comprehensive alternate to the evil legislative concoction known as “The Kennedy Health Bill.” The stress must be laid on the most evil feature of Senator Kennedy’s proposals, proposals which may be fairly described in the aftermath of the Jonestown tragedy as the “Kool-Aid for the Aging” approach to slashing medical assistance to the senior citizens.

The model for this feature of the Kennedy bill is the pilot conducted at St. Christopher’s Hospice in London. Yet, the more appropriate precedent is those features of Nazi Germany’s medical practices during the 1930s which became the subject of the postwar Nuremberg Tribunal proceedings. The Nazi precedent shows that it is but one step from “Brompton Mix,” as a medical cost-cutting measure, to the “cost-benefit” dictum of quickly terminating the existence of “useless eaters.” The relevant provisions of the Kennedy proposal represent the wedge-end for such Nazi-like practices.

By emphasizing the hideous immorality of this included choice of policy-direction in the Kennedy proposal, we are able to draw public attention to the other dangerous and deplorable features of the whole body of this legislation. The inclusion of the blatantly immoral, evil feature aptly betrays the quality of philosophical outlook which has governed the design of the bill in all principal features.

Such an assault on the unspeakable evil of that proposed legislation could not be adequately effective by itself. The American voter must be given an acceptable alternative to the evil proposed legislation. It is not indispensable that an alternative comprehensive bill be presented. It is indispensable that a clearly articulated, factually grounded alternative *national medical policy* be elaborated for popular understanding.

It is my recommendation that a “Blue Ribbon Commission” be constituted, preferably by resolution of the assembled representatives of the medical profession.

I most strongly urge that the divisive issue of public and private health insurance not be the primary focus of the work of the Commission. Consideration of those matters should not be excluded, but should be included in a commission report as appended findings. The primary focus of the Commission’s work should be the

Health Bill

health care for the dying

service of those ethical principles for which all honorable professionals stand in essential agreement, despite secondary divergences among them on the issue of financing the delivery of a quality of professional service on which all honorable professionals are generally agreed.

It should be stressed that the general public is divided on the issue of financing the delivery of professional health services. As long as the medical profession is drawn into making the financing of delivery the most prominent feature of the policy debate, the proponents of evil policies, such as the proponents of the Kennedy proposals, will demagogically exploit the issue of modes of financing delivery to obscure the deepest issues from public attention. The issue to be emphasized at this moment must be made the issue of *what is to be delivered*. After that fight for the *quality* of health services is won, we can settle the issue of financing delivery properly. Once we agree on the quality of what is to be delivered, we can judge financing of delivery by the standard of realizing the required quality.

The objective must be to mobilize the majority of trade unionists, farmers and others for the cause of maintaining and continuing to improve health services. Once that constituency for a basic national health policy is consolidated, the basis is established for resolving the subsumed policy-issues. *The object is to win.*

We know that there is a coherent connection between the modes of financing health services and quality of health services. At this point, the majority of the electorate does not. By winning a majority to a quality health services policy, we have laid the basis for promoting intelligent understanding of the economic problems, of producing qualified professionals and maintaining quality through appropriate modes of financing delivery. *The object is to win.*

The economics of health

It would be wrong to exclude the question of the economics of professional health services from the main body of the Commission's report. The matter of the cost of providing adequate, per capita health services is not directly the same issue as financing payment for delivery of those services to households and persons. I propose only to exclude the latter point merely from the main body of the Commission's report, not to exclude it from the separate recommendations on means of payment which I propose be appended to the

main text as a part of the Commission's report as a whole.

What I contribute to this general purpose in the remainder of this proposal for a "Blue Ribbon Commission" is, and properly so, the advantage of my own special expertise: the economics aspect of medical cost trends.

I shall summarize the character of the economic disease responsible for inflation generally and for the explosion in services' costs, especially since the 1957-1960 period. By exploding popularized myths, I aim to draw the attention of medical professionals to those features of their own experience which corroborate my analysis.

AMA assails Kennedy health plan

This week's issue of the *American Medical News*, the official publication of the American Medical Association, devoted a front-page article to an attack on Senator Edward Kennedy's national health insurance plan, including quotes from a recently released U.S. Labor Party leaflet to tie Kennedy to the Jonestown murder-suicide cult.

Under the headline "Another Installment in Kennedy National Health Insurance Show," the AMA reported on hearings held by Kennedy on his National Health Insurance plan in Chicago. "Handed out" at the hearings, the article reported, was "a release from the U.S. Labor Party charging that Senator Kennedy and Henry Kissinger are behind the Guyana suicide cult, which, the release charges, is really nothing more than a 'right to die' campaign to promote the hospice concept."

Kennedy, charged the AMA, attempted to push the "Canadian health system," a program of "socialized medicine" premised on the reduction of health services nationwide. The Illinois Medical Society took issue with Kennedy, blasting the Canadian system as an attack on the American high-technology approach. The Canadian system is vastly inferior to the American, concurred the AMA publication. The journal quoted a Canadian physician who urged: "Do not bring American medicine down to the Canadian level."

I shall show that, apart from some considerations specific to health professions and institutions, the general, deeper reason for the explosion in apparent costs of health services per capita have nothing to do with the medical profession as such. Rather, the explosion in health-care costs is a conspicuous reflection and by-product of a dangerously wrong-headed national monetary and economic policy. The explosion in medical-care costs is but one much emphasized facet of a much broader general problem of economic policy.

I shall also show that, happily, a cure for the economic disease is now being brought within reach.

The most efficient point on which to focus attention initially, to understand the destructive fallacies of U.S. economic policy, is the imbecilities integral to our present National Income Accounting system, the so-called GNP system. I illustrate the point by pointing out that the legalization of dangerous drugs, such as marijuana, heroin, methadone, and other psychotropics for uncontrolled use on demand would automatically increase the reported GNP by more than \$100 billion annually — without any other change but that legislative action. The legalization of present levels of illegal gambling would increase the reported GNP in a similar fashion. The legalization of muggings and burglaries, the legalization of hired assassination, and of other income-linked crimes would have identical benefits for the GNP estimates.

In brief, the present methods and standards of National Income Accounting make no distinction between useless or even destructive paid activity and those forms of production, distribution and services which augment our tangible national wealth and contribute to the well-being — and, hence, productivity — of our citizens.

For example, if General Motors Corporation were to cease all production, but received a Health, Education and Welfare, or HUD grant to keep all its employees on the payroll for purposes of digging and refilling holes in the waters of Lake Huron, the idiot statisticians in Washington would prompt the White House to report with confidence that General Motors' shutting down tangible goods production had not caused any direct fall in its GNP contribution nor led to any increase in unemployment among its employees.

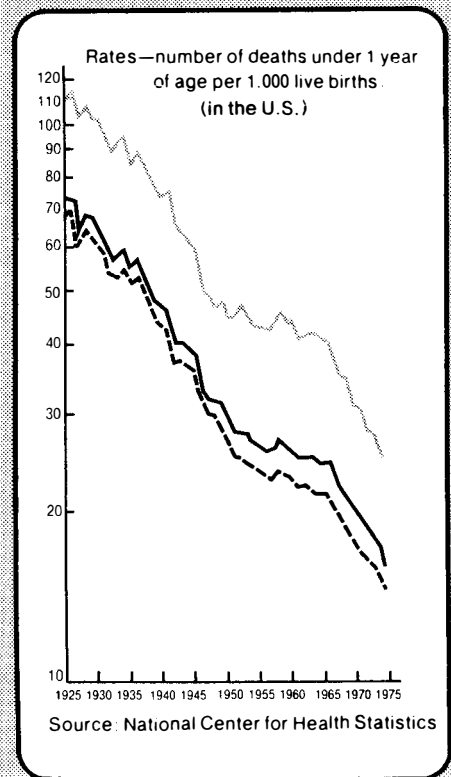
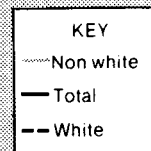
Admittedly, in the ordinary course of professional practice, neither educators nor physicians contribute anything directly to the gross tangible output of the United States' economy. Rather, those professions are essential to developing and maintaining the productive powers of our national labor force. Looking merely at this point of emphasis for the moment, let us consider the way in which education and medical services contribute in the most obvious ways to maintaining and improving our nation's potential productivity.

The educator's connection to improvement of the potential productivity of the labor force is direct and

obvious. To begin to identify the physician's connection we need only consider the effects of lowering the mean level of life expectancy. This is not, of course, the whole picture; it is a point of reference through which we can bring the whole picture into focus.

The maintenance of a developing labor force correlates with an increasing number of years devoted predominantly to education. Granting that the number of years required to develop a qualified professional would be significantly reduced by better secondary-school education, a modern culture requires that the first 18 to 30 years of life be occupied principally with preparation for adult careers ranging

Infant mortality rates by color, 1925-74



from semi-skilled, technologically modern forms of employment to advanced forms of professional employment. This training represents two kinds of cost to the society as a whole. First, those under 18 to 30 years, as the case may be, must be sustained throughout that period through production by persons of more mature years. Furthermore, as the society develops, the content of education and other training must be intensified in respect of its technological components. This also correlates with the need for a higher standard of household and individual life in homes and communities, improved qualities of leisure, all as background prerequisites for advances in educability.

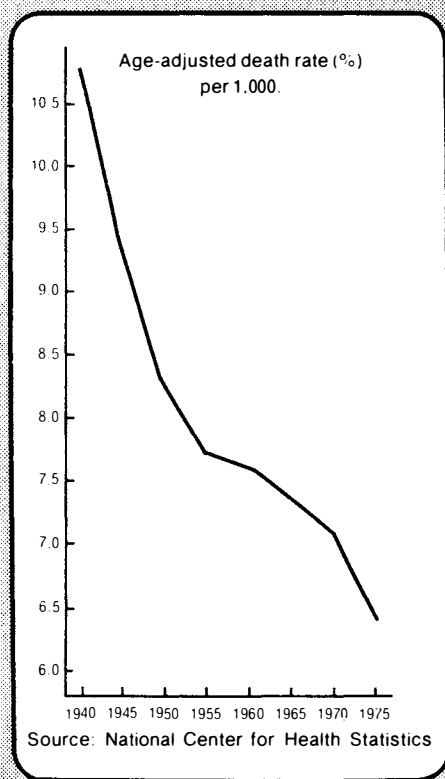
All of this must be paid for out of the production contributed by the maturer layers of the population.

Imagine a modern United States trying to maintain its per capita output and technology under conditions in which the mean life expectancy fell into the forties or even the fifties! (Not so incidentally, we have identified one of the most critical problems of development in the Third World.) The longer the mean life expectancy, the more successfully medical science masters those diseases of aging, beginning with cancer and senility factors, the lower the per capita cost of maintaining each citizen in higher quality of life. It is to be emphasized that a gifted individual only

pens that scientific progress, education, medical services increase as social costs per capita, but less rapidly than social productivity potentials of populations are increased through such services. Therefore, in a well-run economy the social costs of maintaining a constantly improving health service become increasingly less burdensome to the population, even though the relative share of total costs represented by health services must tend to rise.

This happy connection breaks down only if the benefits of health services are not being realized. That is, if a diminishing proportion of the total potential labor force of a society is actually being employed in useful

U.S. mortality 1940-75



Advanced health care works

Senator Ted Kennedy and other proponents of national health care legislation claim that the use of expensive, advanced technology in health care has gotten out of hand, with costs far outstripping benefits. They claim that health care should reorient toward improving diets, the environment, etc.

But the results of Medicaid and Medicare (which Kennedy wants to eliminate) provide a test of the effects of introducing advanced medical technology into segments of the population which contradicts Kennedy's claim. Following the passage of Medicaid in 1965, infant mortality plunged, as a combined result of better prenatal care and neonatal facilities, including the development and widespread use of neonatal intensive care hospital units. Included in the drop in infant mortality is the remarkable drop in low-birth-weight mortality, which is directly correlated with the most advanced hospital technology, including monitoring equipment, incubators, and respirators.

Equally impressive is the fall in overall death rates of the aged population associated with Medicare. The increased health care expenditures for the over-65 population included a 47 percent increase in real hospital services from 1965 to 1975. Mortality figures show a significant drop off in overall mortality between 1970 and 1975, 9.9 percent, which was greater than the total mortality decrease for the fifteen year period 1955-1970, 8.0 percent. For the aged category, the changes in mortality are even more marked. The death rate for the aged during 1965-1975 fell 11.2 percent, compared to only a 2.4 percent decrease during 1950-1965.

Moreover, the life expectancy for 65-year-olds increased dramatically after Medicare. In 1900 the life expectancy of a 65-year-old was 12 years; in 1950 it was 14 years. In the ten Medicare years, 1965-1975, it increased by 1.4 years to total of 16.1, an increase of more than 50 percent of the total increase during the entire period 1900-1965.

begins to realize his matured mental potentialities during his forties and fifties.

Education and medical services are a more or less well-defined, socially necessary cost per capita of the general population, for each qualitative level of advancement in the course of generalized scientific and technological advancement of social productive and other practice — without yet considering the exceptional, traumatic occurrences, such as wars — which impose increased burdens on medical practice.

For reason of fundamental theoretical-economic principles which I have outlined in summary in my *The Theory of the European Monetary Fund*, it hap-

production at levels of technology consistent with the population's technological potentialities. In the case of failure, the burden of maintaining quality medical services must appear to increase, becoming increasingly unaffordable. This crisis of medical costs does not originate within the practices of the health profession, but in the decay of the economy to which health services are provided.

Let us turn our attention back to the early 1960s, to the period in which such monstrosities as Robert Hutchins's "Triple Revolution" buncombe was being popularized. Recall those numerous foolish voices who insisted that the U.S. shift from emphasis on industrial

expansion toward a "services economy" was a praiseworthy and hopeful development. Recall the November 1967 collapse of the British pound, and the first official collapse of the dollar and Bretton Woods system during February and March of 1968. Recall the continuation of the "services economy" policy and developments into the August 1971 collapse of the dollar and the Bretton Woods agreements. Consider the way in which this downward spiral of basic economic decay in the U.S. economy has been covered over through White House and Congressional emphasis on the growth of GNP.

The worse the U.S. economy becomes, the more the GNP seems to expand. The imbecility of the cult-like worship of the existing National Income Accounting frauds is reflected into reality by galloping inflation. Since an ever smaller portion of the total labor force is actually engaged in high-technology progress in productive employment of tangible output, the social cost of producing an average material standard of living is spiraling upward. The result is reflected into the monetary realm as inflationary deterioration of the standard of living.

This inflationary process must affect the education and medical professions most severely. Both professions are not only labor-intensive forms of services, but both require the relatively highest amount and intensity of training of the qualified professional. The cause of the rising relative cost of the professional hour is not generated within the medical profession. It is the result of an inflationary decay of the general economy, a result which must be most greatly amplified in those forms of services which reflect the highest intensity of training and training costs.

As the medical profession attempts to combat this problem, a further complication of general inflation is introduced. Improvement of the productivity of medical professionals involves the same principles as improvement of the productivity of skilled labor in the plant, advances in the per hectare and per capita productivity of farmers, and so forth. Not only do we concentrate on advances in medical-scientific knowledge. We require various products of scientific research and high-technology manufacture as tools of the medical profession.

These improved tools of diagnostics and therapeutic practice are cost-reducing in reality. The unit-hour of mean professional medical service is accelerated in the intensity of benefits delivered to the patient during that hour. Yet, according to misguided accounting practices and other dubious services of information, it is these improvements which are being blamed largely for the inflation in medical costs.

Let us consider the accounting absurdities first. By what demented kind of argument is it proposed that it is cheaper *in net social cost* to construct a clinic with a low level of supporting services than to add the equivalent patient capacity to a modern general hospital? It is past time that physicians ceased permitting them-

selves to be diagnosed by idiot savants of the accounting profession, and perhaps donated a few words of clinical advice to relevant elements of the accounting profession. What are these imbecilic fictional assumptions of accountants which lead to such clearly absurd results?

The point is that high-technology facilities and supporting services are a resource for the entire population of the serviced municipality or county. To deliver these essential means to that community, we must locate these facilities somewhere in that community. So, some progressive hospital or clinic assumes the burden of this on behalf of the entire community. This cost is properly defrayed by applying it to all the hospital beds, outpatient facilities and so forth which are involved. The fact that the clinic which does not utilize such facilities has an apparent lower capital amortization per patient-day does not, by any stretch of the imagination, prove that the high-technology general hospital or advanced clinic is "overcharging," or driving up medical costs with "excess equipment."

More directly to the point of inflation, the institutional and equipment costs of medical services are monstrously inflated by effects of inflation on real estate speculation, by financing costs generally, and by skyrocketing medical-insurance costs — whose actuarial fictions are sometimes the extreme of monstrous illogic. They are also increased through the high costs of producing too small an amount of high-technology equipment. For example, if U.S. health facilities had an adequate number of body scanners in use, body scanners would be much cheaper, and improvements in them would come faster and more cheaply.

The duty of the medical profession — and of national policy-makers — is to encourage the medical profession to promote high rates of expansion of services and high rates of improvement in basic research and in high-technology equipment. It is the economy which is sick, not the medical profession. With a return to emphasis on generalized scientific and technological progress, and emphasis on high-technology forms of employment in production of useful tangible goods, the economy will begin to be cured of its own disease, and with that development the *burden* of medical services will begin to evaporate.

What is threatening to produce a biological holocaust in this nation is the "services-oriented," "environmentalist"-oriented policy of Senator Edward Kennedy and his friends. Since the anti-industry, anti-capital formation policies of Senator Kennedy and his friends have wrecked our economy for the moment, Mr. Kennedy and his friends purport to discover that it is the "useless eaters" among the critically ill and the aging who must be triaged. It would appear that the greatest single contribution Mr. Kennedy could make to reducing medical-cost ratios of real national income would be to resign from political life.

The context for solution

One step toward solving the problem before us would be to junk the present National Income Accounting system and the doctrines associated with it. As a subordinate measure, existing standard medical and related accounting practices demand fundamental revisions.

The basic feasible solution to the economics of health services lies entirely outside the medical profession. We must treat the sick economy, rather than focusing on the symptomatic reflections of a sick economy into a medical profession. The symptomatic treatment proposed by the "fiscal austerity" fetishists must be seen as akin to eliminating diseases by killing the patients afflicted with those diseases.

The key to the cure of a "sick economy" is now being presented to the United States by the authors of the European Monetary System. The new system, to begin the first, two-year phase of initial, institutionalized operations on Jan. 1, 1979, is designed to be more than a new monetary system of the nations of western continental Europe. It is designed to be the seed crystal for a new world monetary system, a system to replace the bankrupt vestiges of the old Bretton Woods System. On condition that the United States enters into increasing cooperation with this new system, the dollar will be brought back over a period toward a 3.00 deutschemark level, and levels of U.S. high-technology exports will be expanded in the order of more than \$100 billions annually.

The key to the new system is its emphasis on increasing the rates of high-technology capital formation in the industrialized nations through developing high levels of high-technology exports into the developing sector. The program for the North-South economic cooperation proposed covers an initial 25-year period, followed by a second period. By the close

of the second period — approximately 50 years — the accumulated effects of high-technology improvements of agriculture and development of nuclear energy-centered industrial development will have brought the southern hemisphere into approximate parity in levels and rates of economic development with the presently industrialized sector.

I outline the principles which make this entirely feasible in my *The Theory of the European Monetary Fund*.

By repealing those legislations and administration policies which are currently reducing annual U.S. industrial exports by several tens of billions annually, and by making use of low-interest (5 to 7 percent) credit available to U.S. investors and exporters through the new monetary system, the increased exports in the order of \$100 billion or more annually are rather quickly reached over the next two years. This export boom is the basis for a boom in internal capital-formation rates. This is the level needed to shift the emphasis in employment away from services and waste toward skilled employment in production of tangible wealth.

With increased ratios of the labor force employed in high-technology tangible output production, and with an accompanying emphasis on increased rates of capital-formation and technological advances, the conditions are provided for straightening out the internal economy.

The medical profession should consider identifying itself with the European Monetary System's policies on behalf of vital U.S. interests. Meanwhile, the "Kool-Aid" aspects of the Kennedy Health Bill should be emphasized to the point of mobilizing popular rage against the bill. Meanwhile, the medical profession would be well-advised to establish a "Blue Ribbon Commission" for the purposes indicated above.

—Dec. 4, 1978

Nation of Islam attacks the death cults

Although by no means a majority of U.S. religious denominations and clergymen support drugs and death cults, there has been no shortage of "official" religious spokesmen to come forward in the weeks following the Jonestown mass murder-suicide to defend the "rights" of the kook cults, while such denominations as the Episcopalians and elements of the Society of Friends have for some time been associated with the rock-drug counterculture and various "right-to-die" doctrines.

With heavy media attention focused on these and similar religious developments, it is easy to overlook the emergence of one of the nation's less well-known major denominations as a significant force in the struggle against the death cults and the drug trade.

The World Community of al-Islam in the West has strongly attacked the death cult of the Rev. Jim Jones as the work of the same "organized conspiracy of evil" responsible for drug-running in the U.S. Attacks on the Jonestown cult have appeared in the Dec. 8 *Bilalian News* and in speeches given by Imam Faiz, head of the Hartford Connecticut Community of Islam and Imam Nas Inram, head of the Seattle, Washington Community of Islam in the past week.

Long vigorous opponents of drug trafficking, the community of Islam has begun to incorporate a campaign against the death cults into its antidrug efforts.

The Dec. 8 issue of the *Bilalian News*, in its brief report of the Jonestown holocaust as it went to press, put the term "mass suicide" in quotes, and promised that its next issue will pursue "Some of the many lingering questions surrounding this bizarre incident."

At a "Save the Children" dinner sponsored by the Community of Islam in Hartford on Nov. 26, Imam Faiz of the Hartford Community of Islam denounced the Jones cult in the course of a powerful attack on the drug culture. The Imam stated: "Drugs are creating a climate of death. . . . They are poisoning our youth. We have a fixation on death in the U.S., as this cult in Jonestown exemplifies. . . ." The same dinner of the Hartford Community of Islam also announced the formation of an antidrug coalition to end the flow of drugs into the schools and the community.

On Dec. 3, Imam Nas Inram, head of the Community of Islam in Seattle, Wash., told an audience of 65 persons at a U.S. Labor Party-sponsored forum on drugs that the Jones cult was the work of organized conspirators of evil: "Look at the society; the trend is there, the suicidal trend. The Cult, Jim Jones. Don't think that was an accident. The conspirators recognize that there is a movement toward religion. They recognize that. People are beginning again to move

towards religion, and if religion can gain its rightful place it will begin the salvation of society. So we get a cult, a great big cult."

Religion vs. cultism

The World Community of Islam locates the distinction between religion and cultism in religion's commitment to develop the human mind. This is why drugs and the counterculture are closely associated with the cults. Said Imam Inram: "There is very little that happens in our world, in our society, that happens by coincidence. . . . Why do you think that there is dope in this society. . . . To keep us sedated. Dope is not just the physical dope; that is just the physical manifestation of something that is happening on three or four planes, higher planes. . . . They (also) have educational dope for the intellectuals in the college . . . then we have the spiritually inclined, so for him they've got the spiritual dope. They put a whole bunch of spiritual fanaticism in the religion, then they use these people to control the masses. . . ."

"They come up with all kinds of weird lifestyles, like the idea of gays being a natural and normal thing. You think that just came out? It's a plan; it's a scheme in order to keep people in control. . . . Someone is trying to take control, and in their effort to do that they have learned how to control people through manipulation. To gain control of religion, gain control of the material world, gain control of your or my personal life. They come right into your home through the radio, through the music — they have orgasms to the music. It's an abomination.

"If you read the scriptures, you will find that when societies reach that point they are on the verge of destruction. They don't even recognize it. They pass legislation to legalize marijuana; they will legalize anything."

A recent speech by the chief spokesman of the World Community of al-Islam in the West, Wallace Deen Muhammed, to the American Academy of Religion developed the positive teachings of the denomination. The invitation of Wallace Deen Muhammed to be the featured speaker at its session on Nov. 19 in New Orleans represented the first time that this body publicly recognized the coming of the great religion of Islam to the United States. The American Academy of Religion is a society of college and university professors engaged in teaching and research in religion.

"I don't see how any human being can want to be anything but a human being," Wallace Muhammed said. "I don't want to be a prophet, because actually I know nothing to extend the scripture. All that I have gotten has been an understanding of the scripture that has already been revealed." Imam Muhammed's re-

marks were in the context of explaining the "mysterious" teaching of a Professor Fard, who claims to have first brought Islam to the United States in Detroit, Michigan in 1930. "If he (Prof. Fard) had been dealing with a higher level of knowledge (among the population — ed.) he would have come to us with a more sensible, a more rational and a more humane doctrine. But definitely he (Prof. Fard) did not come to us with al-Islam. He came to us with the label of al-Islam," said Imam Muhammed, as he described some of the strange teachings which were formerly associated with the Muslims in the United States, such as the idea of the white population as a "devil" race. Wallace Muhammed stated that this doctrine was the doctrine of Prof. Fard, and not al-Islam: "I believe that if Dr. Fard had been dealing with a higher level of knowledge or education in the community or among the people that he had to preach to, he would have approached it quite differently."

In a statement carried in the Dec. 8 *Bilalian News*, Imam Muhammed developed the Islamic commitment to the process of perfection of human nature to approach the nature of God, which is the principle which defines the common, Neoplatonic humanist content of Christianity, Islam and Judaism: "Aren't we to be like Allah? If Allah is merciful, aren't we to be merciful? If Allah is wise, aren't we to seek wisdom? If Allah is just, aren't we to be a just people? Yes.

"The Muslim strives to be like his God on a human

level. He wants the attributes of his God to shine in his life. . . . He can idolize his God, is that right? Yes. Meaning we can take on some of the attributes of Almighty God. In fact, we are born with them. We are born with kindness in our nature, we are born with truthfulness in our nature. . . . So we should strive always to be the best person and never accept a speck of sin, no matter how small it is — to be something that we can wear honorably. No man can wear any amount of wrongdoing honorably. We can only wear good deeds honorably. And, Allah calls us to good deeds and carries us to good deeds."

In view of its campaign against drugs and the death cults, it is not surprising that the World Community of Islam is being attacked as a cult itself by the very British intelligence outlets which themselves — as last week's *Executive Intelligence Review* reported — are closely linked to the kook cult madness.

Almost as soon as the Jonestown suicides had occurred, a coordinated campaign to tar the Muslims as a "cult" was begun by anglophile Alex Cockburn in a recent issue of the Rupert Murdoch-owned New York *Village Voice*. Another version of the same line appeared in the *Baltimore Sun*, which varied the slander to the effect that the Black Muslims are a cult, but a good one. The same cult charge was made against the U.S. Labor Party in the *Village Voice*.

— Anita Gallagher

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