

# EXECUTIVE INTELLIGENCE REVIEW

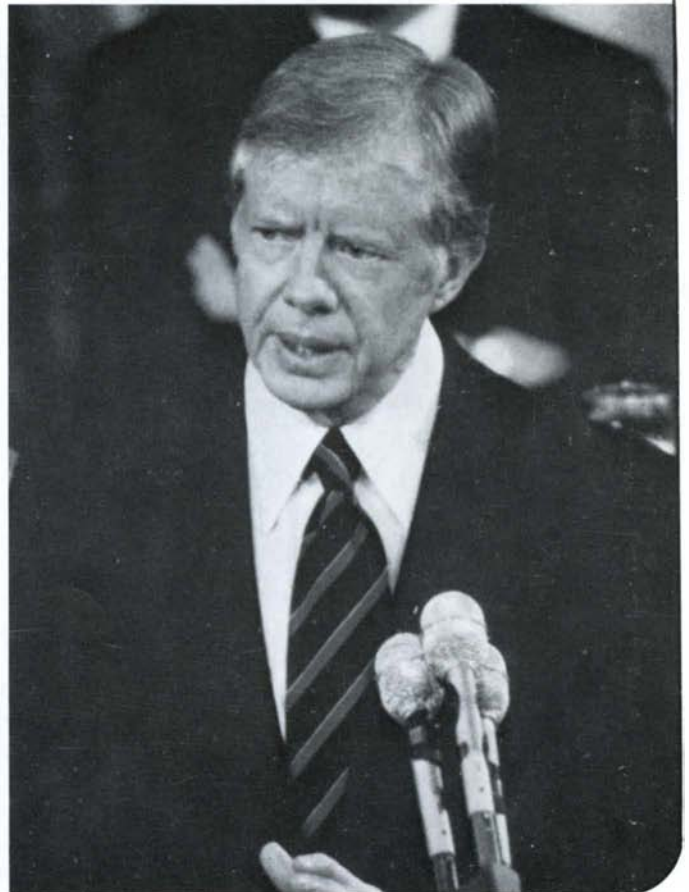
February 20-26, 1979

A theory  
for development  
of African Labor

## A new Cuban Missile Crisis

October 1962

February 1979



New Solidarity International Press Service

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# EXECUTIVE INTELLIGENCE REVIEW

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## **A new Cuban Missile Crisis today**

The escalating rhetoric of the Carter Administration and its Chinese allies is increasingly taking the form of the 1962 Cuban Missile Crisis confrontation, when a team of advisors headed by McGeorge Bundy and Robert McNamara took the world to the brink in an effort to humiliate the Soviet Union. Our cover story this week documents step by step the interchanges between Carter officials and the Soviets, focusing on the implications of Defense Secretary Harold Brown's declaration that the U.S. has officially moved to a "counterforce" first strike posture. Included in our report: a thumbnail profile of the 1962 Missile Crisis, a report on Chinese moves against Vietnam, the European response to the crisis, and, exclusive to Executive Intelligence Review, an interview with noted French Catholic intellectual Dr. Emmanuel Tremblay, author of the controversial "Grow or Die," on the Carter Administration and its leading foreign policy opponent, U.S. Labor Party chairman Lyndon H. LaRouche.

**page 8**

## IN THIS ISSUE

### **A theory for the development of African labor**

Teeming with natural resources and manpower, the continent of Africa is ripe to become the world's next industrial "boom" sector. One major bottleneck: the pervasive illiteracy and lack of technological skills among black Africans which is the legacy of British imperial rule in Africa. In our ECONOMIC SURVEY this week, noted economist Lyndon H. LaRouche, Jr. sets forth his plan for developing the African labor pool to meet the technological challenges of coming decades. Plus:

Nigeria, one of Africa's leading potential industrial powers. **page 38**

### **Sen. Adlai Stevenson blasts Carter**

U.S. politics may be on the way to being dubbed the next "vast wasteland," as both the Carter Administration and the Republican National Committee continue taking their foreign and domestic policy cues from Henry Kissinger and London. One U.S. Senator, however, Adlai Stevenson III of Illinois, is speaking out. At a press conference last week, Stevenson — who mooted but then ruled out formation of a new political party in 1980— declared that he shares Lyndon LaRouche's concern over the establishment of a new monetary system. In our U.S. REPORT, together with Stevenson's speech to Illinois manufacturers calling for a reorientation of the U.S. economy toward industrial and technological innovation.

# EXECUTIVE INTELLIGENCE REVIEW

## THIS WEEK

Mexico, BRD warn U.S. ....	5
<i>Nation told to wake up to Carter's insanity</i>	
Persian Gulf chaos builds toward superpower conflict .....	5
Pakistani Supreme Court grants Bhutto 10-day stay .....	6
Italians want U.S. ambassador out .....	7

## INTERNATIONAL

A new Cuban Missile Crisis today .....	8
<i>Like 1962, U.S. is playing a 'chicken game' with USSR</i>	
Brown gives Saudis the royal treatment .....	10
China threatens war against Vietnam .....	10
Soviets counter drive for war .....	12
<i>USSR, Vietnam warn of China card threat to world peace</i>	
Europeans attack Carter provocations .....	14
France's Tremblay on Carter, LaRouche .....	14
<i>An exclusive interview with noted French intellectual Dr. Emmanuel Tremblay</i>	

## ECONOMICS

The oil crisis: how real is it? .....	16
<i>IEA head dispels fears of an oil shortage</i>	
Oil: there is plenty of it .....	18
Schlesinger pumps U.S. energy crisis .....	19

## ECONOMIC OUTLOOK

Foreign Exchange .....	20	Credit Markets .....	24
Trade .....	20	Commodities .....	24
Gold .....	22	Corporate Strategy .....	25
Britain .....	22	Competition .....	26

---

**U.S. REPORT**

- Stevenson: Carter's policy is incompetent** ..... 27  
*In a special report from Chicago Sen. Stevenson says he and LaRouche agree on monetary system*

---

**COUNTERINTELLIGENCE**

- Who toppled Iran's Shah** ..... 29

---

**THIRD WORLD**

- Colombia to be a pot plantation** ..... 33  
*EIR's Dennis Small reports back from Latin America, plus organizational denunciations of continued military repression*
- Who's pushing Colombian drugs?** ..... 35  
*What the drug pushers and their front groups are saying and who's trying to stop them*

---

**ECONOMIC SURVEY**

- A theory for the development of African labor** ..... 38  
*Lyndon LaRouche maps out a comprehensive approach to modernization*
- Battle shaping up for Nigerian election contest** ..... 50
- Development is Nigeria's future** ..... 53

**Colombian drugs —  
the real story**

Our Latin America desk chief Dennis Small just returned from a tour of Venezuela and Colombia where he investigated various aspects of politics and economics in the Andean region. This week, in the first of a series of reports based on his trip, Small presents the side of the Colombia drug-cultivation story that you haven't heard about: the powerful oligarchist and right-wing military interests within Colombia who are promoting a right-wing coup — complete with repressive police measures typical of Chile and Brazil — in order to expand and protect Colombia's drug trade. Plus, a report by Laurence Hecht on how the U.S. has so far failed to give the government of Colombian President Turbay the help it needs to finish off Colombia's drug pushers. **page 33**

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**COMING NEXT WEEK**

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Next week, a report on the world diplomacy of Pope John Paul II, together with the real story of the Vatican's chief church opponent, Archbishop Lefebvre; a first-hand report on the London Financial Times's economic seminar in Frankfurt; the spy scandal in Italy that may lead to the expulsion of U.S. ambassador Richard Gardner; and a critical look at President Carter's science and R&D policies. Plus a feature report on Britain's "New Dark Ages" strategy and its application in Iran.

# EXECUTIVE INTELLIGENCE REVIEW

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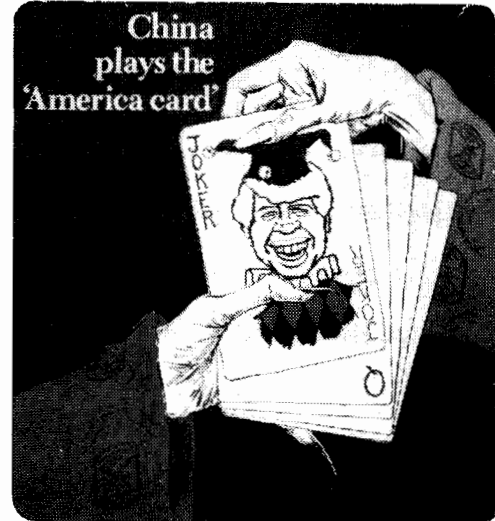
really negotiated at the July 1978 Bremen and Bonn summits of industrialized countries . . . and how the European Monetary System launched at Bremen was *modeled* on a 1975 proposal by the American political economist Lyndon H. LaRouche, Jr. as the "seed-crystal" of a new, development-oriented world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

December 26-January 8, 1979



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

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# Mexico, BRD warn U.S.

*Nation told to wake up to Carter's insanity*

On Feb. 13 Mexican President Jose Lopez Portillo issued a sharp alarm to the world about the Carter Administration's drift into strategic insanity and war. "The United States has not yet established its energy policy," President Lopez Portillo told interviewer Joseph Kraft on the eve of Carter's three-day trip to Mexico. "We could generalize from the energy area to other areas. I believe that the United States is living at the zero hour..."

Four days earlier, the Mexican President had used a press conference in Mexico City to emphasize the lunacy now reigning in Washington: further U.S. errors in international politics, Lopez warned, would be "madness or violence." One day later, Mexican Foreign Minister Santiago Roel drove the point home by denouncing the "paranoid mysticism" and "territorial ambitions" from which certain "other countries" suffer. Roel concluded his remarks with a direct message to the American people designed to jolt the nation back into sanity: "I think the best thing you can do is wake up."

It is clear that the Carter Administration's blundering has already served to wake up America's Atlantic allies to the aggravated danger of war. Secretary of Defense Harold Brown's announcement that the U.S. has adopted James Schlesinger's counterforce doctrine, complete with its possible use of first nuclear strike against the Soviet Union, was delivered officially to the West German government this week. The response was an expanded session cabinet meeting on Feb. 14 to discuss not only Brown's announcement, but the Iran crisis and recent panic-mongering of an international oil shortage. Social Democratic Party caucus leader Herbert Wehner, who has recently made European-wide

headlines with his stinging criticisms of NATO, was called into attendance. West German Defense Minister Hans Apel, also a severe critic of what he has characterized as NATO provocations against the Warsaw Pact, attended as well and will soon leave for Washington, D.C.

Meanwhile the West German daily *Handelsblatt* reported that the Carter Administration is in disarray, lacking "coordination between the hands, the feet and the head."

Taken together, these Mexican and

European characterizations of Washington policy as insane and rudderless are tantamount to endorsements of the assessment of U.S. Labor Party Chairman Lyndon H. LaRouche. As LaRouche first alerted the nation in early February, Carter's criminal war alliance with China and the ongoing successful destabilization of Iran and other Middle East oil producers, has brought the world closer to the brink of nuclear war than the 1962 Cuban Missile Crisis.

## Persian Gulf chaos builds toward superpower conflict

The Feb. 14 raids on American embassies in Iran and Afghanistan by "Marxist-Leninist" and Moslem Brotherhood fanatics respectively have set the stage for a U.S.-Soviet showdown over the Persian Gulf during the days ahead. Combined with escalating British and Israeli intelligence destabilizations in Iran, the continuing tension around the planned Bhutto execution in Pakistan, and the regional shock waves created by the recent U.S. visit of Chinese Deputy Premier Teng Hsiao-ping, these incidents have created a far worse danger of thermonuclear war than existed at the peak of the 1962 Cuban Missile Crisis.

This danger is a direct by-product of the astounding American government response to the two embassy takeovers. The "provisional government" of Ayatollah Khomeini was effusively praised for rescuing Amer-

icans from "communists." Soviet advisors in Afghanistan, however, who helped coordinate a government rescue team against the Muslim Brotherhood kidnapers of American Ambassador Adolph Dubs were denounced for "callous disregard" for American lives when the terrorists assassinated the ambassador. Warren Christopher both blasted the Soviets, with Carter "expressing in the strongest terms the shock of the U.S. government over the role played by Soviet advisors to the police of Kabul."

### **Moslem Brotherhood connection**

U.S. anger would be better directed at London, China, and the Ziaul Haq clique in Pakistan. The Afghani terrorists are, according to the most reliable information available, members of the fanatic Jamaati Afghani, the Afghani branch of the same Jamaati Islam that runs Zia in

Pakistan and that is committed to the overthrow of the Taraki regime in Afghanistan. Taraki has repeatedly identified the threat to his regime as coming from both the rightist Moslem Brotherhood and the "ultra-left." It is widely known in intelligence circles that both extremes of the Afghani political spectrum are under the complete control of British and-or Chinese intelligence.

It is evident in British and U.S. press coverage of the "radical Shiite threat" to established governments in the oil-rich Persian-Arabian Gulf area and to the Soviet Union itself how these extremists will be deployed in the future. The Feb. 15 New York Times ran a special feature profiling the potentialities of rebellion among the Muslims within Soviet borders. This is the updated version of a decades-old British Foreign Office strategy to use "Islamic counterinsurgency" as a means of carving up the Soviet republic.

The pulse-center for Persian Gulf unrest is post-Shah Iran. Throughout the week, since the Feb. 11 "surrender" of the armed forces to the Khomeini-

centered rebels, the country has been in extreme turmoil. No less than 25 armed guerrilla bands are roaming the country ignoring appeals by the newly appointed Bazargan government to turn in their arms. A Feb. 12 news article in France's *Le Figaro* described the situation as "worse than Beirut in 1975" during Lebanon's civil war.

The same *Figaro* piece strongly intimated that an army "conspiracy" had been responsible for the sudden "surrender" which turned upwards of 100,000 rifles over to a disorganized population. More exactly, the conspiracy centered in the Israeli-connected Air Force leadership, which, according to Feb. 13 New York Times accounts, defected to the revolution immediately after Air Force "rebels" under their control had drawn the armed forces into a losing and demoralizing combat on an air force base near Teheran.

The treason by the Air Force leadership, in particular Lt. Gen. Rabii, was designed to prevent a deal to stabilize Iran that was growing out of negotiations last week between former Prime Minister Shahpur Bakhtiar

and Bazargan. With that deal demolished and Iran in chaos, the same Air Force circles can use Iran as a base to deploy "Shiite" terrorists against neighboring regimes, possibly disrupting the region's strategically crucial oil resources in the process.

A related goal of Rabii and his cohorts is to create the conditions for a bloody military coup. An unnamed "senior Iraqi official" cited in the Feb. 1 Arabic-language *Al-Mustaqbal* journal stressed that the situation in Iran "awaits the emergence of another General Zahedi" — a reference to the Iranian general who crushed the nationalist Mossadegh government of Iran in 1953 — "who can quickly settle the issue. This will only take place after the streets of Iran are flooded with blood and after the country has gone through the woes of a civil war."

This analysis is coherent with Soviet press accusations of Chinese and American joint planning for a military coup in Iran, coordinated out of the two countries' embassies in Teheran.

—Mark Burdman

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## Pakistani Supreme Court grants Bhutto 10-day stay

The Pakistani Supreme Court ordered an 11th hour stay on the execution of ousted Prime Minister Zulfikar Ali Bhutto on Feb. 14. As the case now stands, Bhutto's defense attorneys are permitted to use this ten-day period to prepare an argument requesting a judicial review, and the Supreme Court will consider whether to hear their argument on Feb. 24. The same court last week ruled by a 4-3 margin to uphold a legally flimsy lower court verdict to hang Bhutto for alleged conspiracy to murder a political opponent.

Observers now view the 10-day period as critical for the ruling military junta, which is already under considerable international pressure to

grant Bhutto clemency. However, it is considered very unlikely that the judiciary will overturn its own verdict.

Following the long-delayed verdict against Bhutto last week, and Bhutto's own absolute refusal to ask Chief Martial Law Administrator Gen. Ziaul Haq for clemency, both supporters and opponents of the still-popular leader expected his hanging this week. International messages urging Gen. Zia to spare Bhutto's life came from virtually every world leader: Soviet President Leonid Brezhnev, U.S. President Jimmy Carter, Pope John Paul II, French President Giscard d'Estaing, to name only a handful.

But to date, Gen. Zia, the only of-

ficial who can exercise executive clemency, has rejected the overwhelming opinion that Bhutto's hanging is unjust, and ignored growing indications that the death of the former chief of state would trigger the disintegration of Pakistan into civil strife.

### Former president speaks out

Late last week, the junta suffered an unexpected political setback inside Pakistan itself. Former President Fazal Elahi Chaudhury, the man who retired last September to permit Gen. Zia to become head of state, told the press in Islamabad that he had tried unsuccessfully to reach Gen. Zia to give him a statement on the dangers of executing Bhutto. Chaudhury reported that since he failed, he would release his statement to the media. In part it read: "With the situation in the neighboring countries being what it is, Pakistan is in danger of being engulfed in a very unhappy predicament. Any



# Italians want U.S. ambassador out

While Italian Prime Minister-designate Giulio Andreotti has still not presented a proposal for a new government, the Italian press has broken a scandal that may result in the recall of U.S. Ambassador to Rome, Richard Gardner.

The Rome daily *La Repubblica* on Feb. 13 published part of an alleged secret report to the U.S. State Department prepared by the U.S. Embassy in Rome, on the security, intelligence and antiterrorist operations apparatus in Italy. Singled out for special attention is Carabinieri General Carlo Alberto Dalla Chiesa, who, according to the report, has taken over the country's counterespionage apparatus with his antiterrorist activity. The general is presented in the embassy report as ambitious and not overly concerned with legality in his operations. He has also been the object of attacks by the Italian Socialist Party (PSI) because he is not accountable to any of the country's democratic institutions in

the exercise of his plenipotentiary powers.

*L'Unita*, the newspaper of the Italian Communist Party, responded to the report with a front-page story under the headline "This Country Is Not Latin America." *L'Unita* demanded an immediate reaction from the Italian government: "Imagine what would have happened if ... such a thing were discovered in Paris or Bonn. The least that would happen is that the Ambassador would be called before the President or Chancellor and told that he is *persona non grata*."

The ruling Christian Democratic Party responded today with a Feb. 14 article in their daily paper *Il Popolo*. The U.S. interference, says *Popolo*, "must be seen not only as an obscure operation to discredit the Italian Secret Services, but it must be seen in the context of an overall destabilization of the country."

The European Labor Party first called for Gardner's ouster from Italy

in January, 1978, when the ambassador was part of a successful destabilization of the government. Reliable sources report that high government circles are now considering acting on the ELP's demand; and the author of the document, Dominic Perrone, left Rome shortly before Andreotti officially requested his departure as *persona non grata*.

General Dalla Chiesa, who was appointed to head a special operations task force against terrorism following the Aldo Moro kidnapping last summer, has in the past month captured approximately 40 terrorists and terrorist supporters, including 27 attendees of a terrorist-support conference in Rome. His team has also discovered half a dozen Red Brigades or Prima Linea (Front Line) hideouts containing printing presses, arms, false identification and hit lists with dossiers of victims.

event with some political and emotional content can trigger off the process. The execution of Zulfikar Ali Bhutto can provide much more than a detonation. The subdued reaction can become vocal and ultimately turn militantly violent. The resultant chaos will certainly fulfill the wishes of national enemies." To Gen. Zia Chaudhury he stated directly: "A head of state who is the symbol of unity of the country must take note of it, and it is for him to reconcile both points of view to some extent by tempering justice with mercy, in the exercise of his constitutional prerogatives."

Informed sources suggest that Zia intentionally made himself unavailable to receive Chaudhury's statement because his mind is set on the hanging, and he is not willing to be swayed. One military source described his predicament to the *London Guardian*: "It is dangerous to hang Bhutto, it is more dangerous not to."

## *What Jack Anderson and Katharine Graham Wouldn't Print*



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by Pakistani Prime Minister  
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# A new Cuban Missile Crisis

*As in 1962, U.S. is playing a 'chicken game' with the USSR*

At this very moment, the United States is committed to a confrontation with the Soviet Union. The Persian Gulf, the threat of a Chinese invasion of Vietnam, and the official response of the U.S. to anyone who lived through October 1962 of the Cuban Missile Crisis that nearly brought the world then to thermonuclear World War III.

All too few Americans have adequately grasped the situation.

Hsiao-ping and with even more haste after Teng's departure, the British agent hierarchy of the Carter Administration have, in their collective insanity, steered a course as vivid and ominous in real terms as the staged escalation that preceded the Cuban Missile Crisis.

Today, as in the summer and fall of 1962, the United States is locked into a day-by-day pattern of escalation-counterescalation with the Soviet Union — a Rand Corporation scripted thermonuclear chicken game.

U.S.

Appropriations Subcommittee on Feb.

rogate wars throughout the world against the Soviet Union. The nation's military strategic policy has shifted to a "countervailing" strategy of "limited nuclear war" against the Soviet Union.

surrogate forces, but to force a Soviet military intervention in any one of a number of hot spots around the Soviet border — like Iran, Afghanistan, Pakistan, and Vietnam — as the pretext for launching a "limited" nuclear strike against the USSR.

This is National Security Advisor Zbigniew Brzezinski's scenario for an "arc of crisis" around the southern rim of the Soviet Union.

doctrine for a limited first strike against Soviet missile sites — a doctrine which has received an official Administration policy endorsement.

Now look back at 1962 when the nuclear chicken game began by the signal of a British-loving Secretary of Defense Robert McNamara publicly espousing the same counterforce doctrine as Kennedy Administration policy. McNamara's infamous Ann Arbor speech of June 1962 set

into motion the response-counterresponse pattern that culminated in the Cuban Missile Crisis.

The U.S. crisis.

—Konstantin George

## The countdown

**Tuesday, Feb. 6:** from Moscow, Soviet Premier Alexei Kosygin meets with Carter's Science and Technology Advisor Frank Press and says that the Soviet Union views as a "declaration of war" the "outrageous statements of Chinese Vice-Premier Teng in the United States." Press presses "surprise and disappointment that the U.S. commented on or refuted" Teng's statements on world peace that the U.S. makes, says Kosygin.

**Wednesday, Feb. 7:** from Moscow, Carter's advisor Frank Press responds to Kosygin with a point-blank rejection: "We cannot muzzle foreign leaders."

**Wednesday, Feb. 7:** in Washington, D.C. Secretary of Defense James Brown testifies before the Defense Appropriations Subcommittee that "we have to find a way to help other countries fight off surrogate Soviet forces, like the Cubans in Africa."

States had made a \$200 million arms pact with Saudi Arabia to assist North Yemen against the government of South Yemen.

countries in the so-called arc of crisis, Brown said: "You're right. But we lose some."

**Thursday, Feb. 8:** from Washington, D.C. Secretary of Defense James Brown says, according to Richard Burt of the New York Times, that the United States has shifted its military strategic posture to a countervailing strategy of "limited nuclear war" against the Soviet Union.

**Friday, Feb. 9:** from Washington, D.C.

# today

TV commentary by John Scali, who played a major mediating role in the 1962 Cuban Missile Crisis, declares that Soviet troop movements have begun along the Sino-Soviet border and the CIA satellite analysis indicates that this is not a traditional type of maneuver. The Soviets, he says, are in a position to strike China should the Chinese make a move against Vietnam.

**Friday, Feb. 9:** from the Soviet Union and Poland, the foreign ministries issue a joint statement warning against "Peking's attempts to interfere in the internal affairs of Vietnam and Cambodia."

**Friday, Feb. 9:** from the Soviet Union, the foreign newsweekly *New Times* (No. 6 for 1979) hits the newsstands with a warning to China not to "overstep the forbidden line" into Cambodia or Vietnam. *New Times* calls upon "international opinion" to issue a "timely warning to Peking."

**Late Friday, Feb. 9:** in Washington, D.C., Harold Brown makes a statement to the press prior to his departure for the Middle East that "Soviet control of the vital oil-producing regions of the Persian Gulf, in particular, could destroy the cohesion of NATO and perhaps NATO's ability to defend itself... If the Soviets were to move to an attack ... their intervention could include a U.S. response."

**Saturday, Feb. 10:** from the United States, the press, through its correspondents who are in contact with "high State Department officials," leaks that "the Administration feels a Chinese attack on Vietnam is probable within the next weeks."

**Saturday, Feb. 10:** from Washington, D.C., President Carter officially endorses Harold Brown's (and Schlesinger's) "counterforce" doctrine.

**Saturday, Feb. 10:** from Riyadh, Saudi Arabia, the first stop of a 10-day tour of the Middle East, Defense Secretary Brown addresses Saudi Arabian ministers, officers, and

## How it was in 1962

The current escalation of provocations being directed against the Soviets by the Carter Administration has a close parallel in the escalation steps that led to the 1962 Kennedy-Khrushchev showdown over Soviet missiles in Cuba in October 1962. In repudiating his administration's 1962 policy in July 1963, nine months later, a more mature President John Kennedy reflected: "And above all, while defending our own vital interests, nuclear powers must avert those confrontations which bring an adversary to a choice of either a humiliated retreat or a nuclear war. To adopt that kind of course in the Nuclear Age would be evidence only of the bankruptcy of our policy — or of a collective death wish of the world."

### The missile crisis

**U.S.:** Following a U.S. announcement that it had achieved a four to one superiority in intercontinental ballistic missiles, Defense Secretary Robert McNamara declared on June 16, 1962 in Ann Arbor that the U.S. had adopted a counterforce policy against the Soviet Union, claiming the U.S. would maintain the option of "controlled thermonuclear war" — in effect, a declaration of a U.S. "first strike" policy.

**USSR:** On July 10 at the World Conference on General Disarmament and Peace, Nikita Khrushchev responded: "The U.S. press says that McNamara's statement had the approval of the White House, and interprets it as a sort of proposal to the Soviet Union on 'rules of conduct' for a nuclear war... It is a monstrous proposal filled from beginning to end with a misanthropic disdain for mankind, because it seeks to legalize nuclear war and thereby the murder of millions upon millions of people." He accused the U.S. of plotting "preventive war" under the cover of "taking the initiative."

In the summer of 1962, the Soviet Union sent SAM antiaircraft missiles to Cuba.

**U.S.:** The CIA assessment was that the SAMs presented no threat to U.S. national security.

On [redacted] bamboozled by Bundy and McNamara, Kennedy went on national television to announce the existence of the ground-to-ground missiles in Cuba, imposing an immediate "quarantine" on the island. He had, however, rejected an NSC plan for a "surgical strike" against Cuba.

**USSR:** The Soviet government released a statement warning of "catastrophic consequences for all mankind" if war should break out, promising to "frustrate the aggressive purposes of the American imperialist circles."

An Oct. 26 Red Star editorial declared that "the ruling circles of the United States, having decided to go for broke, are taking practical measures that could plunge the world into an atomic catastrophe... The policy of appeasing the aggressors has always led to tragic consequences for the people."

cadets, promising U. if necessary — to help Saudi Arabia resist an external military threat... ment in the world,” and “we will do so... faces the possibility of aggression from outside the region, probably supported by the Soviet Union....” Brown warns the Saudis against making even peaceful overtures to the Soviets, saying that “in Afghanistan, a government already friendly to the Soviets was overturned by an even more avidly pro-Moscow regime.... Soviet line is no protection against a Soviet-backed coup.”

**Sunday, Feb. 11:** in the United States, Senator Henry Jackson (D-Wa) says on CBS’s “Face The Nation” that the sole purpose of Brown’s trip to the Mideast is to “lay the foundation for a mutual defense pact between Egypt, Saudi Arabia, and Israel which would be backed 100 percent by American financial aid and arms.” the Saudis that it would be “very easy” for an “armed force of only 250 men” to “disrupt the Saudi oil fields.” “Anyone who knows the area knows that.”

**Monday, Feb. 12:** in Washington, D.C., in response to a question at his press conference, refuses to repudiate the Chinese statements about the Soviet Union. Carter also endorses the new Iranian government of Ayatollah Khomeini and then predicts a worsening economic situation in the U.

**Monday, Feb. 12:** in Washington, D.C. gives a State Department briefing echoing Harold Brown’s statement of Feb. 9: “The Soviet Union has lost China. The Kremlin is now debating exactly who lost China.”

**Monday, Feb. 12:** from Amman, Jordan, Harold Brown demands the establishment of a “Persian Gulf Joint Command,” the expansion of the U.S. Diego Garcia in the Indian Ocean, and the creation of an American airborne strike force for the Persian Gulf region.

**Monday, Feb. 12:** from the Soviet Union, in a broadcast on Iran, Radio Moscow states that “there are reports that the U.S. alert, although this has been denied by the Pentagon . . alert.”

**Monday, Feb. 12:** in Kuwait, Britain’s Queen Elizabeth arrives on the first leg of a three-week trip to six states on the Arabian Peninsula. This is the first trip to the region by a British sovereign. “Like Harold Brown during his current visit to the region,” says New York Times Mideast correspondent R.W. Owen, who is accompanying the Queen) is expected to urge the Arab countries to maintain their decidedly pro-Western attitudes and not to conclude from the Iranian experience that the U. crisis. He will also emphasize the finer points of British weapons. .

## Brown gives Saudis the royal treatment

In strategically coordinated trips, Defense Secretary Harold Brown and Queen Elizabeth II descended on the Middle East last week to consolidate a regional anti-Soviet, NATO-style military pact. To blackmail moderate Arab nations into this scheme, both Brown and the Queen are further provoking the crisis in Iran. backed” Muslim “revolutions” spreading throughout the region.

Their target is Saudi Arabia. tried to pressure the Saudis into dropping their opposition to Camp David and to instead throw their weight behind a regional defense pact, known by insiders as METO, the Middle East Treaty Organization. The core of METO would be Israel, and, should the Camp David accords be realized, Egypt as well.

The Saudis expressed little interest in getting involved in such a scheme. talks with Saudi officials notwithstanding, Brown’s mission was a flop, reported Radio Moscow.

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## China threatens war against Vietnam

Chinese Vice Premier Teng Hsiao-ping’s warning that China would “punish” Vietnam are proving to be more than just tough words. A materiel along their border with Vietnam has begun with reports of new armed incursions on a battalion scale by Chinese troops into Vietnam. region, on Feb. 8 a side the Vietnamese border and fortified it, prompting a quick Vietnamese demand that China withdraw “all its occupationist troops.”

The Vietnamese charged that the Chinese incursion was a “serious, dangerous, and premeditated step by the Chinese authorities in their criminal hostility toward Vietnam which, if continued, undeniably proves the correctness and urgency” of a strong Vietnamese appeal to the United Nations (see below).

The tense situation in Indochina represents a grave threat to world peace, with the prospect of a Chinese attack on Vietnam leading to Soviet action in support of their Vietnamese allies with whom they have a treaty. Sun this past week quoted an anonymous military analyst in Hong Kong saying “a misstep now could mean the start of World War III.” Vietnamese Communist Party daily Nhan Dan (excerpted below) and in their message to the United Nations, warned

had agreed to act as a surrogate U.S. force in the region and be part of the Israel-Egypt camp. But, as the Soviet daily *Izvestia* made a point of quoting, Saudi Defense Minister Sultan has called on Israel to withdraw from the occupied territories.

An article in the Feb. 7 *Jordan Times* attacked "geopolitical tacticians" like Brown who are trying to foment crisis in the Middle East in order to rope the Saudis into an anti-Soviet axis. The Saudis will not buy this, the article charged, and cited as evidence the growing cooperation between Saudi Arabia and Iraq. On Feb. 5, the two countries concluded a mutual security pact allowing for extensive cooperation in meeting one another's internal security needs. Such an arrangement has the potential for expanding into region-wide cooperation.

Within days of Brown's arrival in the Middle East, Queen Elizabeth landed in Kuwait on the first stop of a six-state tour of the Middle East. According to the British Foreign Office, the Queen, like Brown, "is to try to settle the nerves of the Arab rulers, who have been badly disturbed by the earthquake just across the gulf" in Iran.

The Israelis are up to their own brand of dirty tricks to push the Arabs in line. Last week, Israel's Foreign Minister Moshe Dayan made what is being reported as a major concession to the Arabs, indicating that Israel was ready to recognize the Palestine Liberation Organization — a sly

move to try to get the Saudis to back a Camp David bilateral settlement in exchange for some cosmetic arrangement for the thorny Palestinian question.

At the same time, Israeli Defense Minister Ezer Weizman took the occasion of Harold Brown's visit to Israel to announce that Israel is willing to cut its defense expenditures by 25 percent over the next 10 years if a peace accord with Egypt is signed.

Both statements are being floated for the edification of those factions in Saudi Arabia around Prince Abdullah, the head of the British and Mossad-linked National Guard, who are trying to gain leverage against the anti-Camp David faction around Crown Prince Fahd.

Israel is the centerpiece of METO, Weizman is making clear. He told Brown that Israel is "an island of peace, stability, and democracy in a world wracked by demoralization." New York Times military correspondent Drew Middleton, citing numerous U.S. military sources, wrote on Feb. 13 that Israel is the only stable country in the Middle East that the U.S. can depend on.

—Nancy Parsons

of the threat "to world peace" posed by the Chinese military provocations.

The Chinese troops (10 divisions) have been placed on the border with a backup of heavy artillery, tank units, and logistics. Several airfields have been rapidly constructed in the Chinese province of Kwangsi bordering Vietnam. Western analysts report a third of the Chinese airforce, including units deployed across from Taiwan, has been deployed into the region. Chinese overflights of Vietnamese border areas are reported. It is also reported that a new Chinese commander for the region, General Yang Teh-chih, a veteran of the Korean War, has been appointed.

The question is whether the Chinese are willing to take the huge risk involved in an attack on Vietnam, not only militarily, but politically. So far, Southeast Asian reaction has been muted, stopping at calls for stability and adopting a wait-and-see attitude toward the situation in Cambodia. The Thai Prime Minister Kriangsak visited Washington last week looking for American security guarantees and military hardware. Whatever guarantees they did get were obviously not enough as the Thai government announced on Kriangsak's return that he would be off to Moscow on March 14.

The view of the Vietnamese, according to one diplomat, is that "two humiliated powers" — are seeking "revenge." In this view the Chinese have been frustrated in their attempt to bring Southeast Asia as a whole into a position of informal subordination. Observers see that situation as the prime objective of Kissinger's Vietnam policy once it became clear that the U.S. could no longer maintain a

strong military presence of its own in the region. This view is reinforced by information from high level sources that, from 1975 on, the Chinese made numerous offers to supply Vietnam if only they would cut all ties with the Soviet Union. Teng himself is reported to have first made this "offer" in a 1965 visit to Hanoi shortly after the large-scale U.S. entry into the war.

The failure of the Chinese to defend their client regime in Cambodia is the key event that set the stage for the present danger of large-scale war. The complete collapse of the barbaric Pol Pot regime in the face of the rebel Cambodian forces of the National United Front for National Salvation, backed by the Vietnamese, was far more rapid than anyone, including Peking, anticipated. While Chinese radio, calling itself "Voice of Democratic Kampuchea" yet broadcasting from southern China on Radio Peking's frequency, is claiming continued resistance from Pol Pot forces, the situation seems to be rapidly calming down.

The Chinese have been humiliated indeed and the well-known intense Chinese chauvinist hatred of Vietnam is evident. The Chinese know something that extremely well-informed intelligence sources have informed this reporter of — when the Pol Pot regime collapsed some 10,100 Chinese prisoners were taken by the victorious forces. The victors seized, in addition, a huge quantity of materiel including 10,000 guns, 400 anti-aircraft guns, 190 tanks, 40 intact fighter aircraft (20 were destroyed by the Chinese before capture), 50 ships, and huge quantities of ammunition.

— Daniel Sneider

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# Soviets counter drive for war

*With increasing public statements and detente diplomacy, the Soviet Union is bluntly warning the United States and China against pursuing strategies in the Persian Gulf and Southeast Asian theaters that will lead to war. As in the weeks preceding the 1962 Cuban Missile Crisis, the Soviets are viewing these "irresponsible strategists" as "every day becoming more dangerous for mankind."*

## Soviets comment on China's war threat

*On Feb.10, the Soviet Party daily Pravda ran an article "On the Chinese Provocations Against the Socialist Republic of Vietnam," under the byline of I. Aleksandrov. It is widely suspected that that particular byline is a pseudonym for an official Politburo statement. Excerpts from the article follow.*

In the recent period, the provocational actions of Peking on the border of the Socialist Republic of Vietnam are causing more and more concern for the world public. For many months, China has been systematically and deliberately creating tension on the Chinese-Vietnamese border and inspiring armed incidents in which the peaceful citizens and the border guards of Vietnam have perished. Chinese planes and ships are constantly violating the air space and the territorial waters of the Socialist Republic of Vietnam. In the last few days, the scale of these provocations has grown markedly. It is now practically a question of attacks by groups of Chinese troops on the border areas of Vietnam.

These demonstrative military preparations by Peking on the Chinese-Vietnamese border clearly have the aim of exerting unconcealed military pressure on the Socialist Republic of Vietnam and launching aggressions against the Vietnamese people. The Chinese leaders are trying to mask their military preparations with a smoke screen of disinformation and slanders against the Socialist Republic of Vietnam and the USSR ... to mask their true aggressive plans.

What can be said in this respect? Naked armed incursions into the territory of socialist Vietnam and other hostile actions by the Peking expansionists are the logical result of the policy of provocation, which the present Chinese leaders, heirs of the great power course of Mao Tse-tung, have conducted over a period of many years toward Southeast Asia in general and Vietnam in particular...The murderous raids of the Chinese military against the

Socialist Republic of Vietnam show once more that Peking views Southeast Asia as a zone in which Chinese rule should ultimately be established as a bridgehead for the subsequent domination of all Asia ... .

Peking did not want to see the creation of a united socialist Vietnam. The war in Indochina was not yet over, and the Chinese leadership began to take steps toward weakening Vietnam's positions...Peking resorted to crude pressure in order to try and force its course on Vietnam. When it became clear that the Vietnamese people had no intention of being the instrument of Chinese policy, but rather were turning into a powerful obstacle in the path of Peking's expansion into Southeast Asia, the Chinese authorities began to interfere in the socialist transformation of the Socialist Republic of Vietnam, tried to exert pressure on Vietnam, completely broke economic and other ties, and tried to create a hostile encirclement around Vietnam. They chose as their tool the antipeople Pol Pot-Ieng Sary clique in Cambodia and used it to wage an undeclared border war. The Vietnamese people, who had so recently repulsed imperialist intervention, were forced again to take up arms to defend the independence and protect the security of their country.

The Chinese leaders were extremely embittered by the swift collapse of the Pol Pot-Ieng Sary regime, hated by the Cambodian people, as it fell apart like a house of cards under the blows of the Khmer patriots led by the United Front for the National Salvation of Kampuchea ....

All honest people in the world heard with satisfaction the news of the liberation of the Khmer people from oppression by the reactionary clique imposed on them from outside and inflicting huge suffering and innumerable casualties among them.

Only the Peking leaders are trying in every way to justify and save these criminal political bankrupts, who established in Cambodia the Chinese model of political structure and assiduously transplanted into Cambodia soil the Chinese "Cultural Revolution." In vain, the Chinese leaders are seeking to find the reasons for the collapse of the Pol Pot-Ieng Sary regime in the action of Vietnam and the Soviet Union. They should be sought in Cambodia itself and in China, since they are to be found in the antipeople policy of that regime and in the actions of its Chinese protectors.

The question arises why and with what purpose Peking is taking military measures on the China-Vietnam border. After all, the whole world knows very well that the Socialist Republic of Vietnam has never been preparing to threaten China. These demonstrative preparations by Peking are clearly intended to ignite a hot spot on the border with Vietnam and, if possible, to expand the scale of military

provocations—while accusing Vietnam of premeditated aggression against China.

What sane person could believe this slander—a charge against the Socialist Republic of Vietnam of “preparing and launching aggression” against China? Nobody! The Vietnamese people have proven that they have acted and are acting for their national independence, and for peace, and that acts of aggression against their homeland are doomed to fail.

## Vietnam: UN must intervene for peace

*Foreign Minister and Vice Premier Nguyen Duy Trinh of the Socialist Republic of Vietnam sent the following urgent message to UN Security Council President Abdella Yaccoub Bishara and to UN Secretary General Kurt Waldheim on Feb. 12, urging them to intervene to stop the Peking government in its military preparations for war against Vietnam. He called these acts of armed aggression a “serious challenge to the peace and justice-loving peoples and countries in the world.”*

The Chinese authorities have recently intensified their armed activities at the Vietnamese border and carried out feverish war preparations against Vietnam.

They have deployed 20 divisions, hundreds of fighter planes, numerous tanks and other war materiel close to the China-Vietnam border. They have carried out daily armed activities in violation of Vietnam’s territory, thus creating an extremely dangerous situation all along the border between China and Vietnam.

Along with these hostile acts, there have been reports — openly confirmed by Chinese Vice Premier Teng Hsiao-ping during his visits to the United States and Japan — on the massive concentration of Chinese troops near the Vietnamese border and his brazen threats of war against the Socialist Republic of Vietnam. Such a situation has aroused deep anxiety among the governments of many countries and world public opinion.

The above acts stem from the Chinese authorities’ anti-Vietnam policy and their expansionist schemes in Southeast Asia. Already in the early 1970’s, they militarily occupied the Hoang Sa Islands (Paracels), made absurd

claims for other Vietnamese islands in the Eastern Sea (South of the China Sea) and provoked border disputes between the two countries. They have incited the Hoa in Vietnam to cause disturbances. Taking advantage of the difficulties caused to Vietnam by natural calamities, they stopped their aid and withdrew their specialists in an attempt to bring the Vietnamese to their knees. They asked other countries to cease aid to Vietnam in contravention of the resolution of the United Nations General Assembly concerning aid to Vietnam’s reconstruction. They used the Pol Pot-Ieng Sary clique as a tool to wage war against the Vietnamese people and to provoke conflicts with other neighboring countries, thus threatening peace and stability in Southeast Asia. They have at the same time sought to alienate Vietnam from the ASEAN countries and to oppose one South Asian country to another.

The Vietnamese people and the Government of the Socialist Republic of Vietnam energetically denounce the Chinese authorities’ acts of war intimidation which are adventurous acts likely to lead to unforeseeable dangerous consequences to peace and security in Southeast Asia and the rest of the world. By their deeds and words, the Chinese authorities have acted contrary to the United Nations Charter, trampled underfoot the elementary principles of international law. That is a serious challenge to the peace and justice-loving peoples and countries in the world.

Always true to the traditional friendship between Vietnam and China, the Vietnamese people persist in their policy of negotiated settlement of the disputes, but they are determined to defend the independence, sovereignty and sacred territorial integrity of their Motherland and the fruits of their peaceful labor. The Vietnamese people are firmly convinced that the peoples and governments of the peace and justice-loving countries in the world will do all in their power to check in time the Chinese authorities’ adventurous and bellicose acts and will strengthen their solidarity with the Vietnamese people for the defense of Vietnam.

### **Vietnam warns U.S.: China card doomed to failure**

*On Feb. 8 the Vietnamese newspaper, Hanoi Vna, denounced the United States’ alliance with the People’s Republic of China as a threat to world peace and the interests of nations. Here is a brief excerpt of the article titled “Anti-Vietnamese Agitators are Doomed to Failure.”*

Public opinion is following closely how far Washington is ready to go along with China in their joint venture against world peace and the interests of nations. The Vietnamese people cannot but remain alert to what the U.S. has agreed with Peking following the Carter-Teng Hsiao-ping discussions on the situation in East Asia and the Pacific, including the Kampuchea problem and Sino-Vietnamese relations.

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# Germans denounce provocations

*Herbert Wehner, member of the Presidium of the Social Democratic Party of West Germany, Chairman of the Social Democratic caucus in the Federal Parliament, and a close associate of Chancellor Helmut Schmidt, has been the most outspoken European critic of President Carter's dangerous confrontationist actions toward the Soviet Union. Wehner's vehement objections to current NATO activity in Europe, last week prompted him to make public a secret NATO maneuver, Wintex.*

*While Wehner has been the most up-front anti-NATO spokesman, government spokesmen have made it clear that his views are those of the government itself. Presented here are excerpts of statements, including those of Wehner and Schmidt, that appeared in West German publications. They demonstrate West Germany's acute concern with U.S. foreign policy.*

**Herbert Wehner, NDR radio network, Feb. 6:**

... This peaceful security could not only crack, but could also collapse. And who really wants this? In whose interest can it be that here in the heart of Europe another very acute crisis point pops up? Of course, there is a philosophy, for example, in connection with this Wintex exercise in 1979, as

if the Soviet Union was threatening something, and I dispute that. What they have there, that is what one must dispute, and that is what one must judge and calculate. But it is defensive and not aggressive.

**Suddeutsche Zeitung, "Schmidt: Moscow comes first for us," Feb. 7:**

... According to Washington's view, the aspect of cooperation appears to predominate in relation to Peking, while in relation to Moscow it is the aspect of competition between the powers and the balance of power.

... The Chancellor views further developments skeptically: "The Carter government is attempting to keep its relations to Moscow and Peking in balance, a balancing act that appears to have succeeded for this visit and for the time period of this visit. But the question, however, as to whether and how the United States of America can maintain this delicate balancing act in the future too, also decisively depends on Peking's conduct."

... Bonn, "due to geopolitical reasons," would have to give precedence to relations with the Soviet Union. "As for the rest, and this I also stated at that time, all four participants at Guadeloupe were of the view that relations with

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## France's Tremblay on Carter, LaRouche

Within the United States itself, opposition to Carter's confrontation course — albeit muzzled by the national news media — centers around the person of Lyndon H. LaRouche, Jr., chairman of the U.S. Labor Party, author of international economic proposals which significantly contributed to the formation of the European Monetary

activities. Congressional testimony on Carter's China policy by a spokesman for LaRouche's U.S. Labor Party received prominent coverage in the prestigious *Neue Zürcher Zeitung* last week, while the Vatican's *L'Osservatore Romano* reported on the activities of the LaRouche-connected Humanist Academy in Italy.

In France, a noted Catholic intellectual, Dr. Emmanuel Tremblay, author of the controversial book "Grow or Die," professor of demography at the *Ecole des Hautes Etudes Sociales de Paris*, General Secretary of "Laissez-les-Vivre — SOS Futures Meres," President of the *Cartels Français et Européens pour le Respect de la Vie*, and President and Founder of the *Union pour une Politique Nouvelle*, was interviewed by *Executive Intelligence Review* this week, and talked about LaRouche and Carter's policies. Following is the text of the interview.

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### EXCLUSIVE INTERVIEW

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System, and the man who catalyzed U.S. and international opposition to Carter's pre-election "Committee on the Present Danger" circle of advisors in a nationwide television broadcast on Nov. 1, 1976 warning of the threat to peace posed by Carter's policies. A "Fund for Reason" has been established to raise money for a repeat broadcast by LaRouche, and in Europe, there are increasing signs of public recognition of LaRouche, even in the face of efforts by the U.S. State Department and U.S. and British media to black out the controversial economist-politician's ac-

**EIR: What do you think of the Carter Administration's current policy?**

**Tremblay:** The French are deeply worried by the behavior of the Carter Administration. Carter's policy is unworthy of



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# in NATO

China would not go on at the cost of the policy of detente with the Soviet Union."

In the Federal Republic people are of the opinion that German-Soviet relations are developing well after Brezhnev's visit. Through diplomatic channels the government has given the Soviets the understanding that they do not want to endanger this relation by playing a Chinese card....

## **Die Welt, Feb. 8:**

... Wehner spoke about the question of the possible stationing of new atomic weapons in Western Europe: "And then finally the same thing will happen with this as happened with the neutron bomb: because all the others do not join in, this new weapon will define an American-West German axis." But Wehner holds this to be impossible, because this way "the treaty relationships that have been laboriously created" with Moscow and the other states of the East bloc, including with the German Democratic Republic, would be ruined. And so "once again" in Europe, "a crisis point would develop, and this along with the critical developments in Iran...could conjure up a confrontation between both superpowers."

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the greatest country on earth; it is not governed by any of those superior principles that are necessary in times of crisis; Malthusianism pervades all its aspects and endangers the world economy, Western Europe and the human species. When we see what the American leaders have made of U.S. youth, or have allowed it to become, when we see drugs spreading, young couples not wanting any kids, old people threatened with euthanasia, and general educational and moral levels sinking, we think it is time for the U.S. to get back on its feet.

## **EIR: In this perspective, how do you see the 1981 presidential elections in the U.S.?**

**Tremblay:** Without interfering into specifically American issues, I feel entitled to say that America needs a new policy, a policy capable of pulling the world economy out of its crisis and of thus safeguarding peace in the world. Now, the Democratic and Republican leaders, with their current conceptions, are not the ones who can implement this new policy. The Kennedys, the Haigs or the Carters are not leaders as we understand the word or as the majority of the Europeans understand it. They are the creatures of the Council on Foreign Relations and of the Trilateral Commission, themselves the expression of the most baneful finan-

... Wehner spoke about the "fraud" of blaming the Russians alone for there being no progress reached in Vienna. The Soviets do not have their tanks, said Wehner, "in order to suddenly conduct an aggressive war here, but — no matter how disagreeable this sounds — in order to hold onto those countries which came into the USSR's sphere of influence after the war."...

Wehner emphasized: "I find it improper to want to put the Soviets alone in the defendant's dock about this question of armament and disarmament."

## **Herbert Wehner, Harburger Anzeigen und Nachrichten, Feb. 7:**

... As of this hour, the "security organs" have not yet taken the opportunity of putting me under lock and key. Perhaps they want to "observe" who still has "contacts" to Herbert Wehner after he has been called a "security risk"....

In all seriousness: Federal Chancellor Helmut Schmidt ended his State of the Nation address for the eighth legislative period on Dec. 16, 1976 with an outline of seven major points: "First, we want to continue to secure the peace — by the continuation of our foreign policy up to now, by the continuation of our policy up to now of good neighborly relations and partnership." He concluded his speech with the encouragement: "Ladies and gentlemen, in addition, we need a sense of reality. Distorted pictures of reality cloud one's vision. Fear is a very poor counselor. We should use hope much more instead of it, and we should have the courage to use reason and mankind's sense of justice."

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cial interests which have lost sight of the fundamental interests of the Western world and of the United States to begin with. America needs new men capable of charting a new course.

## **EIR: What do you think of Mr. Lyndon LaRouche, presidential candidate and chairman of the U.S. Labor Party?**

**Tremblay:** We hear more and more of him in Europe. And the more we hear from him, the more we think that the U.S. needs a third party of national dimension which, by advocating measures suited to relaunch the economy, will change the rules of the political game and redefine it on a sound basis.

## **EIR: What do you think of his program?**

**Tremblay:** This is emphatically a stimulating and positive program. The LaRouche program is inspired by values which extol human creativity and provide the only economic basis upon which we can solve the main contemporary problems. Those are values I share and values that are diametrically opposed to those advocated by the CFR-linked personalities in the Republican and Democratic parties and Trilateral Commission.

# The oil crisis: how real is it?

*IEA head dispels fears of an oil shortage*

The executive director of the International Energy Agency (IEA) has confirmed that the much touted "imminent oil crisis" is a hoax — just as in 1973-74. Dr. Ulf Lantzke, whose IEA is charged with supervising world oil supplies and stockpiles, told the London Financial Times in a Feb. 12 interview, "You cannot move from a glut to a crisis situation in such a short time."

Lantzke pointed out that stocks of crude and oil products of IEA members, now standing at 390 million tons, are marginally higher than assumed in January 1978, when no "oil crisis" existed. He did, however, single out certain forces for creating an artificial panic and particularly cited the Royal Dutch Shell group, which last week said the cut in world oil supplies was as bad as that stemming from the Middle East oil embargo of 1973-74.

Lantzke's remarks reflect the thinking of most of continental Western Europe. West German Labor Minister Herbert Ehrenberg stated Feb. 10 that his nation foresaw no immediate oil shortage problems. This view was echoed by respected Italian economic journalist Vitangeli, who

wrote in the Feb. 11 Rome daily *Il Fiorino* that the "oil crisis is a hoax" and laid part of the blame on U.S. Secretary of Energy James Schlesinger, as well as Royal Dutch Shell and British Petroleum.

The evidence in hand confirms the Europeans' cautious judgments — as our report will show. Reliable sources say that world oil production is down by only a net 2 million barrels below world consumption levels. Yet, a stream of press stories, exemplified by the cover story of the Feb. 19 *Newsweek*, have taken up the theme of "The Coming Oil Crunch."

*Newsweek's* scare article opens with, "The last tankers loaded with Iranian crude were steaming toward Western ports last week — and suddenly the world was on red alert. U.S. Energy Secretary James Schlesinger," adds *Newsweek*, "shocked the nation with a warning that the shutdown of the world's second-largest oil exporter is 'prospectively more serious' than the traumatic oil embargo and oil price quadrupling of 1973-74."

With such warnings echoing on the financial wires,

## What they are saying about the oil hoax

**Financial Times, Feb. 12: "IEA Director Sees No Need for Oil 'Panic'"**

Reports about an impending world oil crisis are unduly alarmist and are causing unjustified panic reactions, Dr. Ulf Lantzke, executive director of the International Energy Agency (IEA), said this weekend.

In an interview.... Dr. Lantzke took issue with a reported statement by the Royal Dutch Shell group last week that the cut in world oil supplies was as bad as that caused in 1973-74 by the Arab oil embargo.

Stocks of crude and oil products in the IEA member countries now stand at 390 million tons, marginally higher than the level assumed last January, he (Lantzke) said. These stocks correspond to about 120 days' net imports and 70 days' consumption. In the majority of member countries, stocks are still well above the official legal level of 70 days' imports.

**Il Fiorino (Rome), Feb. 10, article by reporter Vitangeli**

The current world oil shortage is not real but is a scenario. If one looks closely one will find the influence of U.S. Energy Secretary James Schlesinger, as well as the Royal Dutch Shell and British Petroleum oil companies aiding this scenario along.

**New York Times, Feb. 10: "B.P., Shell Gain as Oil Prices Rise"**

Surging oil prices may prove to be a bonanza for at least two giant oil companies....

The British Petroleum Company and the Royal Dutch Shell Group, two of the "seven sisters" at the top of the world industry, are said to be raking in much higher profits despite a total cutoff of the oil they had been getting from Iran.

Unlike American-based companies, BP and Shell are less affected by the strict price controls imposed by the United States, although both companies have significant American interests.

speculators had a field day in the spot market for light crude, pushing the spot rate in Amsterdam this week to levels of \$24 or \$25 per barrel, or \$10 above the current international benchmark price.

### **Cui bono?**

The killing Royal Dutch Shell and BP stand to make speculating on oil supplies gives one good clue as to why the discrepancy between the steadily escalating press scare and the reality of available world supplies. Another is provided by the fact that an oil hoax now would permit Energy Czar Schlesinger to go beyond the back-door imposition of his no-growth, no-energy program and directly implement the "war time measures" of fuel rationing he has advocated since he took office.

But the real key to the oil hoax is Britain's vendetta against the European Monetary System — the thriving infant launched this year by West Germany and France to sop up speculative liquidity and redirect it toward high-technology industrial investment, especially financing development projects in the Third World. The EMS threatens to displace Shell, BP, and the City of London financial network behind them as the seed-crystal of a new world monetary system. A massive world oil shortage would hit especially hard Western Europe, Japan, and the developing sector — precisely the protagonists in this emerging replacement for the International Monetary Fund and World Bank — and fully sabotage the EMS.

In a recent speech Sir George Boulton, and advisor to the Bank of England which has spearheaded opposition to the EMS, came close to openly relishing the effects an oil scarcity might have on France, West Germany, and the other six European Community countries (all save Great Britain) participating in the new monetary system. Europe, according to Boulton, is included among "certain areas of the world which are incapable of further growth." The Bank of England advisor noted that Europe does not control raw materials supplies and is energy-dependent on the rest of the world.

### **Making it a reality**

Far more ominous than the media barrage was evidence last week that British-linked political forces in the United States and elsewhere were prepared to knock out Arab oil fields and make the oil crisis a self-fulfilling prophecy.

Senator Henry Jackson (D-Wash), known as an advocate of the "Middle East Treaty Organization" extension of NATO along the southern flank of the USSR, predicted in Congressional Energy Committee hearings that "it would only take 200 terrorists to blow up the Arab oil fields." On Feb. 13, the leading Italian daily, *Corriere della Sera*, carried maps and instructions on "how terrorists could blow up the oil fields."

Such scenarios and threats are given credibility by the fact that BP and Shell were heavily involved in the strike waves and terrorism deployed against the Shah of Iran, and now being threatened against Saudi Arabia. Furthermore the state of Israel, to which Senator Jackson has long-standing and well known ties, has a publicly enunciated policy of delivering a preemptive nuclear strike against the Saudi oil fields in the event of certain "contingencies."

So far, the oil shortage hoax and the accompanying skyrocketing of fuel prices on the spot market have had little effect on world industrial production or trade. But if the press buildup works, or if sabotage of Middle East oilfields turns the hoax into reality, oil prices could rise between 50 and 300 percent, what the London press is predicting. In terms of production shutdown and unemployment, the economic results — and their political consequences — would be catastrophic. The Third World, targeted in the EMS scheme of things as a massive capital-goods market, would suffer economic losses and a large-scale depopulation.

Is the "coming oil crunch" inevitable? Below, we array the facts that make an answer to that question possible: the authorities who say there is no shortage, and the press that insists there is; the sources of immediate potential increases in oil production, and the story behind BP and Shell's manipulation of oil price hysteria — including, especially, an assessment of the political variables in Saudi Arabia's oil production agenda. Finally, Executive Intelligence Review brings you a few facts about Energy Secretary Schlesinger, the major U.S. harbinger of a long, cold winter — and suggests you judge for yourself whether he is credible or, in the on-the-record opinion of the Mexican government, a "liar." What the picture adds up to, we would suggest, is that whether Britain gets its oil hoax or is stopped by pro-industry forces is a political, not a technical question.

— Richard Freeman

# Oil: there is plenty of it

Talk of the new oil crisis precipitated by the halt in oil production in Iran has neglected several crucial facts. At present consumption levels of the advanced sector nations which make up the Organization for Economic Cooperation and Development (OECD), Iran supplies 15.8 percent of their crude oil imports. Overall, Iran supplies 10.8 percent of those countries' oil supplies.

Even should Iran not resume production in the near future, it is highly likely that other sources could supply part of the needed oil on a short-term basis. Such possible sources include: the removal of environmental restrictions in the U.S., resulting in an increase of 400,000 barrels of oil a day; an increase in Alaskan production for 800,000 barrels a day; an increase in Kuwaiti production to generate an additional 2,000,000 barrels a day; an increase in North Sea production by 400,000 barrels a day; a raise in United Arab Emirates production for an additional 600,000 barrels a day; Libya upping its levels 500,000 barrels a day; and Iraq increasing production by 1,000,000 barrels a day. Other OPEC members are said to be able to generate a hike in production which would equal 1,500,000 barrels a day.

In other words, 7 million barrels a day of oil could be brought on line to offset any perceived emergency.

In fact, Saudi Arabian oil production, which was down in January, has bounced back to nearly 10 million barrels a day (mbd) after having fallen to 8 mbd. The decrease was, sources say, the result of a decision made in mid-January by the Saudi Arabian Supreme Council and had been prompted by a proposal submitted by Saudi Oil Minister Zaki Yamani to impose a production ceiling of 9.5 mbd. In recent days, Yamani's proposal has been countermanded by powerful elements in the royal family around Crown Prince Fahd, who favor hoding Saudi production to at least 10.5 mbd to compensate for Iran's collapsed exports.

However, certain forces — among them British Petroleum and Royal Dutch Shell along with their collaborators in OPEC — see the oil shortage hoax as a way of adversely affecting the economies of West Germany and Japan.

## **Oil spot markets gone wild**

Since the beginning of January, the spot markets in both crude oil and petroleum products have climbed astronomically. According to Platt's Oilgram Price Report of Feb. 12, a number of OPEC producers were auctioning crude at \$20.00 a barrel. In January, Petroleum Intelligence Weekly reported that the producers of North Sea crude were one of the instigators of the current speculative bubble in the spot markets. Since then numerous press sources have named both Royal Dutch Shell and British Petroleum, which jointly control half of the North Sea crude output, as the source of the bidding-up process of prices on the spot market.

According to one New York oil analyst, unlike the U.S. multinational companies, neither BP nor Shell is subjected to any restrictions in the use of their inventories of crude and petroleum products. This means that these two companies can sell petroleum purchased for inventories at low prices, at any price whatsoever. In the current market situation large inventories held by these companies can be dumped into the spot market at whatever price will bring in the highest profit.

Since the 1973 oil crisis, legislation passed in the U.S. has restricted U.S. companies from such price hedging with inventories. Moreover, according to official figures, U.S. company inventories are down significantly from a year ago this time.

According to the French daily *Les Echos*, spot market prices for petroleum products such as gasoline and heating oil have taken a massive leap. Heating oil has climbed from \$120 a ton on the Rotterdam spot markets to \$250 a ton. In the last week alone gasoline in European spot markets has jumped by 50 percent from \$200 to \$300 a ton. While the petroleum products spot market only represents 2 to 3 percent of the total European market it does set trends for long-term contracts. And considering that many refineries are producing less due to cutbacks in crude deliveries resulting from the Iranian shutdown, the spot market becomes a last resort to hard-up vendors of products.

Like the spot markets in the U.S., European spot markets are nearly dried up with respect to additional marketable crude and refined products.

## **OPEC members feed price hysteria**

As a result of this upward trend in prices, certain of the producing nations of OPEC have begun to auction oil at the spot market level. According to *Les Echos*, Feb. 13, there is a growing coalition within the cartel which is calling for a special meeting to discuss raising OPEC's official price. The reasoning behind such a move is that the oil companies are raking off mammoth profits on oil which comes from OPEC wellheads, and therefore, the developing nations producing the crude should enjoy the revenues.

*Les Echos* says that Kuwait, Libya, Nigeria, and Algeria are united in pushing for higher OPEC prices. According to informed sources, the United Arab Emirates, a traditional ally of the Saudis on pricing matters, is also joining this coalition. In this connection, UAE Oil Minister Oteiba this week attacked the multinational oil companies for profiteering.

Sources on the inside of OPEC affairs indicate that Saudi Oil Minister Yamani is pushing the high price posture behind the scenes. A recent statement given by Yamani to the Jan. 29 Middle East Economic Survey would tend to confirm Yamani's complicity. In the interview Yamani defended the right of OPEC nations that are harder-pressed, such as Algeria, to raise the price of their oil to compensate for the decline of the dollar and the inflated cost of imports. Yamani's actions, sources say, are a product of a simmering factional struggle within the Saudi royal family in which Yamani has opposed Prince Fahd and

Fahd's policy of keeping oil prices down and Saudi production high.

Now with Iran out of the picture as a key ally of Fahd in enforcing this strategy, Yamani has taken an aggressive position to see his more militant anti-U.S. policy come into being.

### **The outlook in Iran**

Although State Department and oil industry sources now estimate that the new Iranian Premier, Mehdi Bazargan, will make every effort to bring Iran's oil production to capacity as soon as possible, the continued violence makes that prediction uncertain. Conservative estimates are that without any foreign technical assistance, the National Iranian Oil Company (NIOC) could increase crude oil output from the present 700,000 barrels a day to about 3.5 mbd within a month. Department of Energy sources state that even if Iran were to produce sufficient crude to export one mbd, it would have a mollifying effect on the constricted oil markets and in turn bring down spot (open) market prices which have seen the price of high-demand low-sulphur crude go as high as \$26.00 a barrel — a full \$12.00 over the OPEC benchmark crude price.

However, continued political chaos in Iran does not bode well for this forecast. Within the camp of Iranian opposition leader Ayatollah Khomeini, there are known divisions on future Iranian oil policy which are reflected in the new government of Premier Mehdi Bazargan. Moreover, there are still many unknown elements to the plan worked out last month by Abdullah Entem, the head of the National Iranian Oil Company, to fully take over Iran's oil industry from the British Petroleum-led consortium of multinational oil companies.

Both government and private oil industry sources agree that NIOC alone could market at least 2 mbd independently on a state-to-state basis with Japan being a key purchaser.

—Judith Wyer

## **Schlesinger pumps U.S. energy crisis**

"Schlesinger is a liar, and you can quote me on that," Mexican Foreign Minister Santiago Roel told a reporter, apropos of U.S. Energy Secretary James Schlesinger's role in Mexico's thus-far futile oil and natural gas negotiations with the United States. It appears, in the wake of the secretary's repeated warnings of a U.S. oil crunch as a result of the Iranian crisis, that many Americans are coming to share that view.

Following his publicized statement to the Senate Energy Committee last week that the current Iranian situation is more serious than the 1973-74 oil embargo, Schlesinger told the House Energy Committee this week that the Iran crisis may trigger the emergency oil-sharing agreements of the 19-nation International Energy Agency. This, despite the

fact that only three days earlier the IEA's director had stated that the impact of the Iranian shutoff was being exaggerated, and that it was presently inconceivable that the emergency agreements would be invoked.

Said one analyst bluntly: "Schlesinger is exaggerating the Iran situation to push through emergency legislation and price increases he would otherwise not be able to sell politically." In the view of this analyst, and many others, there is little reason why the loss of the 900,000 barrels per day of Iranian crude the U.S. normally imports should cause a crunch. That is only 5 percent of U.S. oil imports, and the difference could easily be made up from other sources, many within the United States itself such as increased flow of Alaskan oil and eased antipollution restrictions on types of oil that power companies and industry can burn.

### **Schlesinger's plans**

The danger of an oil crunch, therefore, arises not from any present shortage, but from the possibility that Schlesinger, compulsively committed to the 1977 Carter "energy program" which he authored and which was, for the most part, rejected by the Congress, industry and the public as incompetent and unnecessary, may take advantage of an uninformed atmosphere of crisis to push through price increases and mandatory conservation measures for both industry and consumers which could be avoided by a stronger emphasis on new production.

By Feb. 26, Schlesinger has promised to send Congress a set of legislative proposals which would be a first step in such a program of cutbacks. They are likely to include plans for forced closing of gasoline stations one or more days per week, forced reduction of commercial heating levels, and cutbacks in parking spaces. In addition, the energy secretary has for the first time publicly raised the specter of \$1 per gallon gasoline prices.

Moreover, quiet congressional approval was granted last month to the Standby Allocation Authority, which, under conditions of a shortage, gives Schlesinger sweeping powers to allocate all U.S. consumption of crude oil, both imported and domestic, to utilities, refineries, and industry. According to one industry spokesman, by April the impact of the loss of oil to small refiners who normally purchase their oil on the now scarce and prohibitively expensive spot market, could produce conditions under which these standby rules can be invoked — placing powers amounting to rationing in the hands of Schlesinger and his Economic Regulatory Administrator, David Bardin.

Predictably, other government agencies are not moving to mitigate the threat of a shortage either. The Environmental Protection Agency this week refused to postpone rules requiring the nation's gasoline refiners to lower the lead content of gasoline to meet EPA antipollution standards. The EPA decision portends a major shortage of gasoline next fall (the regulations go into effect in October), because refiners are refusing to add the new refinery capacity required to meet the regulations, as they cannot do so profitably.

— William Engdahl

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## FOREIGN EXCHANGE

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### Dollar's stability is deceptive

At deadline on Feb. 15, the U.S. dollar remained stable within the DM 1.85 to 1.86 band which had characterized the entire week's markets. In contrast to last week, when traders were surprised at the dollar's instability, the New York and Frankfurt markets were dumbfounded at the American currency's failure to react to the seizure of an American embassy in Iran, the murder of an American ambassador in Afghanistan, the announcement of a 7 percent oil price

rise by two Persian Gulf states, and reports of conflict on the Sino-Vietnamese borders. However, several of the large London foreign exchange dealers calmly reversed their forecasts of sharp dollar decline, and projected a buoyant dollar for the immediate period ahead.

Traps lie in that direction. All the factors keeping the dollar up — and central bank intervention was the least of them last week — are by-products of the destabilized inter-

national situation itself, to the point that the dollar's stability is a sort of perverse effect.

1) The rise in oil spot market prices and the threat to supplies potentially hurt Western Europe and Japan, and implicitly their currencies, more than the dollar or, for that matter, the British pound. The British view on the matter received an apt summary from Bank of England advisor Sir George Boulton, who argued in a recent speech that Britain, Canada, and Mexico would be the world's growth areas, while Europe would decline, due to its dependence on imported energy and raw materials.

2) Any rise in oil prices produces an immediate technical benefit to the dollar. As long as oil trade is denominated in dollars, any increase in the price of oil automatically increases demand for dollars and net sales of other currencies. The additional cost of oil due to the spot market increases registered thus far adds up to \$50 to \$100 million per day — more than the average daily foreign exchange market

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## TRADE

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### White House threatens Japan with trade war

The Carter Administration is demanding that Japan "reduce its trade surplus" and adopt a package of economic "alternatives" to exports whose only effect can be quick eruption of depression in Japan's heavily export-weighted economy. To back these demands up, Washington issued two heavy-handed threats this week: 1) unless a redress of the surplus is visible immediately, Carter might not attend the crucial June Tokyo Economic Summit of Western heads of state, and 2) the U.S. might allow 15 percent tariffs to be slapped on Japanese imports, now that the waiver

provisions of the 1974 Trade Law have expired.

Washington asserts it is acting on behalf of U.S. exporters. On Feb. 11, the New York Times gave heavy coverage to alleged "grass-roots" support for such moves coming from unionists and business leaders in the suffering textiles and steel industries. Nevertheless, the Carter Administration has shown no real commitment to expanding U.S. trade. Its recent attacks on Japan are part of its adoption of the "China card" policy, which also prescribes a very specific role for Japan — drop its industrial

development orientation throughout Southeast Asia, in favor of "remilitarization" and Chinese-style agricultural backwardness for the region.

On Feb. 10, the New York Times "leaked" that last December, Carter sent a letter to newly-elected Japanese Prime Minister Ohira, threatening that if the Japanese didn't reduce their trade surplus, Carter might boycott the Tokyo summit. Midweek, the White House continued to refuse to answer reporters' inquiries as to the accuracy of the report.

On Feb. 12, West Germany's conservative Frankfurter Allgemeine Zeitung covered the "leak," adding that Carter — on advice from House Ways and Means Trade subcommittee head Charles Vanik (D-Ohio) — was threatening not to renew the 1974 import tariff waivers. Vanik has been publicly adding fuel to these threats by issuing public statements asserting he expects a "big fight" in Congress over this issue.

Similarly, during a conference in

intervention by central banks during the past two months.

3) The instability of the credit markets following the collapse of the Bakhtiar government in Iran is, possibly, the most significant factor temporarily weighing in the dollar's favor. The Dow Banking Corp. of Switzerland has already successfully enjoined a small Irani private bank from withdrawing its deposits held at New York's Chase Manhattan Bank and at various London banks, claiming default on interest on Dow's deposits at the bank. The London Financial Times of Feb. 14 projected a wave of activations of default clauses on commercial bank loans to Iran. Almost certainly, the Financial Times report is premature; one New York lending officer qualified the report as "panic-mongering." There has been widespread speculation since early January that commercial banks might exploit the occasional dysfunction of the Irani central bank, largely due to strikes, to seize Iranian deposits. No such action has been taken from the

New York side. The West German Economic Ministry released a statement Feb. 13 insisting that there would be no moratorium on DM 12 billion on outstanding West German debts to Iran.

However, exaggerations aside, the Eurocurrency market situation is potentially serious enough to make what is usually called a "surplus liquidity" situation look barely comfortable. Apart from Iran's own \$12 billion foreign debt, the current account balances of non-oil LDC's look considerably worse in the light of another oil price rise — a point emphasized by Bundesbank chief Otmar Emminger in a press statement Tuesday. The reduction in the flow of crude knocked the bottom out of an already saggy tanker market, pushing the Worldscale index from about 28 — what is considered the breakeven rate for operation of a VLCC — to about 20 at the beginning of last week. The implication is that the weakest borrowers in the market, including those who had stabilized their posi-

tions over the past year, including tanker operators, are now significant short-term borrowers. The slight firming of Eurodollar three-month rates (at roughly 11¼ percent at deadline) probably has more to do with this than with the opening of new short positions against the dollar.

All of these factors, although they act to temporarily firm the dollar, belong to a pattern that adds up to grave danger for the dollar credit system generally. Europe's central bankers, who saved the dollar on several occasions — from the jaws of Michael Blumenthal and James Schlesinger — are not hiding their frustration at American policy. At a Feb. 14 conference in Frankfurt sponsored by the London Financial Times, both West Germany's central bank head Emminger and Danish central bank governor Erik Hoffmeyer told the EIR that they did not believe it possible to create a stable currency relationship to the dollar unless something basic changed.

—David Goldman

Washington, D.C. sponsored by the Japanese newspaper Nikkei last week, U.S. spokesmen attacked Japanese international and lending policies. In coordination with West European bankers and political leaders, Japanese banks have been issuing multibillion-dollar, dollar-denominated loans in Tokyo to finance important industrialization projects throughout Asia. These loans, created by the enormous pool of surplus dollars held by both private and public financial institutions in Japan, are being given, to the horror of U.S. and British banks, at interest rates well below prevailing Eurodollar interest rates.

During the Washington conference, Brookings Institution "Japan watcher" Philip Trezise proposed that the Japanese use their surplus reserves to back up a new printing of yen, and create a yen-loan market, or "bloc" in Asia. Just like the West Germans, the Japanese have firmly rejected "internationalization" of their currency, on the grounds that it would fuel inflation, and that the emergence

of competing "currency blocs" would cause massive disruption of trade worldwide. In proposing the yen bloc, Brookings also foresees the Japanese deemphasizing their financing of industrial development, in favor of funneling loans in Asian "hot-money" markets — ranging from the Hong Kong stock market to Singapore real estate.

In a private discussion, however, Trezise admitted that Carter's recent resumption of a "gloves-off" posture toward Japan has not borne out successfully for Washington.

The Japanese, he predicts, will simply strengthen their ties with West Germany, in preparation for forming a front against "the UK, U.S. and Canada" at the Tokyo summit.

Other reports indicate that indeed the Japanese are getting hopping mad about these U.S. efforts at blackmail. The Feb. 12 Frankfurter Allgemeine Zeitung also reported that a leading Japanese think tank has prepared a special "still confidential" proposal for the government to present at the sum-

mit gathering. As described by the Frankfurter Allgemeine Zeitung, it calls for a new international monetary system to be founded on the model of the just-created European Monetary System (EMS). The EMS, often mischaracterized as strictly an internal European "currency stabilization" mechanism, is an ambitious program for the founding of a European-wide bank which can issue massive, dollar-denominated loans, particularly to Third World countries, for industrial imports and technological advancement.

Observers have also seen it as a sign of Japanese hardening towards the U.S., that on Feb. 13, Prime Minister Ohira publicly asked his opponent, former Prime Minister Fukuda, to go to Washington as a special emissary to negotiate problems of trade. Fukuda is recognized as a spokesman for Japanese industrial interests which are in closest contact with West Germany and France on the EMS monetary reform moves.

— Renee Sigerson

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## GOLD

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### Struggle for control of world gold markets

The international gold market has been shaped by two contradictory forces in recent weeks: On the one hand, the major British bullion dealers and mining interests have played on international investors' fears concerning the war danger in Iran (and, more recently, in Southeast Asia) to drum up a speculative stampede into gold as part of a generalized "flight from paper." On the other hand, Arab,

African and other Third World central banks have been quietly accumulating gold reserves, often through the mediation of West German commercial banks. The aim in this latter case is not to undermine the dollar but to extend the fledgling European Monetary System (EMS) into a new global gold-dollar exchange standard. Unlike the London speculators, the European (EMS member) and allied

Third World governments' interest in gold is not to bid the price up into the stratosphere but to stabilize it (with a targeted price range of \$230-\$240 an ounce, according to well-informed European sources.)

To the extent that the threat of a superpower confrontation persists, the speculators will tend to get the upper hand. Thus, the events in Iran helped spur last week's \$15 surge in the gold price to a record high of \$254 on Feb. 8. The market then retreated based on impressions that "the worst had already happened in Iran," reaching \$237.60 at the Feb. 14 morning fixing in London — only to rebound to \$249 in late New York trading the same day as news of a Vietnamese-Chinese border clash broke in the U.S. news media.

In the meantime, evidence has accumulated pointing to a possible European plan to integrate the South African government into the EMS. According to the Feb. 19 issue of *Business Week*, a major Saudi Arabian-South

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## BRITAIN

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### Will China bail out Britain's industry?

Will the Chinese save British industry from decline? This is the question which shop stewards from the ailing Vickers shipyard and engineering firm in Newcastle are asking. They have sent a delegation to the Chinese embassy in London to discuss a possible joint rescue operation from Peking and the British government's National Enterprise Board to bail out the Newcastle plant which would otherwise be closed down.

Other industries in Britain may soon face a similar choice. The combined effects of the transport workers

strike, stagnant trade, and rising raw materials costs has plunged British industry into an acute liquidity crisis, and the Government has no intention of alleviating the situation. In fact, the Treasury announced last Friday that the Bank of England's Minimum Lending Rate, which determines the rates for bank loans and industrial credit, will be raised a full 2.5 points.

The abandonment of economic growth is now government policy in Britain. The goals of industrial expansion set out by Britain's Labour Government in its 1975 strategy for

the "Regeneration of British Industry" have been all but officially abandoned. Working parties in 20 sub-sectors of the manufacturing industry have reported to the Government on progress made since 1975, when overall growth objectives of 4 percent per year were set. According to the *Financial Times*, in the third yearly review of the "Industrial Strategy," overall objectives, both in terms of increasing exports and domestic production, have had to be revised downward. Growth rates in the industrial sector barely reached 3.5 percent, while public expenditure on new projects was only between 2 and 3.5 percent per year. The volume of imports in 1975-80 grew by just under 1 percent in some manufacturing sectors and in others not at all. "The outlook reflects our continuing inability to match our industrial performance and rate of inflation to those of our major competitors," wrote Chancellor of the Exchequer Healey in a recent White Paper on government spending.

Admits the *Financial Times's* Eco-



African oil-for-gold swap is being negotiated by Deutsche Bank, West Germany's largest commercial bank. The German banks have also just completed a DM 20 million private placement loan to the South African Oil Fund, the agency which manages government oil purchases. Both the Saudi and South African governments have denied that the oil-for-gold deal is in the works, but traders have tended to ignore these denials as "pro forma." Other sources report that South Africa has approached an entire range of Arab and other oil producers, including Nigeria, to discuss oil purchases with or without the "gold angle."

The South African government may have, in fact, already linked its currency, the rand, to the EMS currencies. On Feb. 8, the South African central bank revalued the rand slightly against the U.S. dollar, from \$1.15 to \$1.17, following several days in which the European currencies rose strongly against the dollar. Since South Africa

has extensive trade relationships with the European continent, the central bank may have decided that it made more sense to "peg" to the EMS until such time as the dollar is brought under control. In January, South African Finance Minister Owen Horwood announced that his government was watching the creation of a European "zone of monetary stability" very carefully and was considering whether to link up to the EMS.

Any further steps to bring South Africa into the new monetary system will, however, require a major factional battle within the country, which is still largely a pawn of the British-run mining companies Anglo-American Corp. and DeBeers. Following the government's decision to liberalize foreign exchange controls in late January in an effort to attract foreign capital, the Financial Times and other British organs have complained that the currency reforms did not go "far enough." The British mining interests are pressing for (1) a ma-

ior devaluation of the South African rand to boost the export earnings of gold and diamond mining sectors, (2) greater freedom for private (ie. British-controlled) banks to move capital in and out of the country and conduct foreign exchange operations without supervision by the central banks, and (3) a gradual dismantling of state-run (non-mining) industry in favor of "free enterprise." The South African central bank governor Bob de Jongh has so far put up a strong fight against this "liberalization" push, although Horwood is reportedly much more inclined to go along.

The success of German plans to incorporate South Africa into the EMS will depend on building a government faction which will 1) break the Anglo-American stranglehold on the economy by nationalizing the mines, 2) launch a full-scale industrialization program, and 3) phase-out apartheid as a necessary prerequisite for developing skilled black labor-power.

— Alice Shepard

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nomics correspondent Peter Riddell: "One of the most curious casualties of the five years of Labour Government has been the abandonment of any specific economic growth or unemployment targets ... It is not only growth expectations that have been downgraded but also more significantly, there has been a decline in any real belief in the Government's ability to boost the growth rate, at least through direct fiscal action or intervention. The existence of the Industrial Strategy does not contradict this since the strategy does not even claim to involve a commitment to faster short-term growth."

As the West German magazine *Der Spiegel* described it, Britain has made a "breathtaking descent" from being the mightiest empire on earth to a near-bankrupt "tiny dot on the map."

#### **Britain and the Mexico oil dream**

A team of British industrialists was angrily shown the door when they arrived in Mexico last week to sign large orders with the Mexican national

oil company, Pemex, which Dickson Mabon, Britain's Minister of State for Energy, had claimed were in the works. Mabon had told the press after his recent visit to Mexico that deals worth "many hundreds of millions of pounds," including British involvement in Pemex's development program, were on the table. The agreement supposedly involved not only large potential orders for British industries, but also included a swap of North Sea light crude oil for the heavier product expected out of Mexico's newly confirmed large offshore reserves.

Dr. Mabon was quoted as saying there had been talks about the use of British technology to help Mexico develop its large uranium reserves as well.

According to officials of both Pemex and the Mexican government, not a word of Dr. Mabon's claims is true.

Sources within the British banking and diplomatic community now confirm that the Mabon visit produced no

firm agreement on either oil or uranium development and that the "light for heavy" oil swap is out of the question.

Within a week of Dr. Mabon's visit, a delegation of 35 British industrialists, members of UK and European oil technology groups, arrived in Mexico expecting to begin talks on sizeable orders for British oil tools, equipment and engineering services. Yet, when the team leader went in for a private visit with Pemex head Jorge Diaz Serrano, they received not contracts, but a stream of abuse about Dr. Mabon's fantastic lies. Delegation members were only allowed to meet with low-level Pemex technical staff and no deals were discussed.

Moreover, Serrano and other Pemex officials drilled the point home to the British group that Pemex is more interested in dealing with companies willing to build factories inside Mexico using Mexican partners and participating in the industrialization process, and has never made any secret of this fact.

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## CREDIT MARKETS

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### Fed Chairman attacks American 'cult of growth'

Sounding more like the late Chairman Mao Tse-tung than the Chairman of the U.S. Federal Reserve, G. William Miller attacked the American "cult of growth" and called for self imposed austerity and a "long war" against inflation in a speech in New York, Feb. 13. "We are going to have to settle for dampened activity, slower swings in the business cycle, more stability, more austerity," Miller told a Conference Board luncheon.

Miller's remarks echoed an interview he gave which appeared in the

West German economics weekly *Wirtschaftswoche* Feb. 12. There, Miller demonstrated that he and the Fed remain strongly committed to higher interest rates and deliberate recession. Miller promised economic slow-downs, saying "We are willing to pay the price of higher unemployment." He added, "Carter is committed to taking any political risk in fighting inflation — including the risk of not being reelected."

The gameplan on which Miller is operating, to maintain the dollar's

value through high interest rates, is closely modeled on the International Monetary Fund-directed "stabilization" of the British economy in 1977 — a package of high interest rates, credit controls and wage and profit austerity which gave rise to a short-lived speculative boom in the London markets and the recovery of the pound. The results of this policy are currently attested to by the weeks long strikes by British grave diggers, garbage collectors and other workers. In line with Miller's long-standing policy of high interest rates, the package, given prevailing tendencies among some large banks, could portend a leveling off in the decline in the prime rate forced through by the Europeans and Midwestern banks last week.

The New York money center banks are merrily adapting to the Miller scenario. A decline in real economic activity necessarily means a decline in real banking profits, but rather than fighting the situation, the money center banks are seeking out new opportunities for pure arbitrage.

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## COMMODITIES

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### Behind the surge in beef prices

On Feb. 9 the U.S. Department of Labor reported that wholesale prices in January rose 1.3 percent, the largest monthly rise since November 1974, and an annual rate of increase of 15.6 percent. The most prominent component of the price rises was the 13 percent January rise in beef prices.

Behind the surge in beef prices is the working of an eight to ten year

"livestock cycle" that remains undisturbed by science or technology.

At the moment, the total U.S. livestock herd is at a record low of 111 million head, having undergone a steady liquidation for five full years, a liquidation that was precipitated when feed prices went through the speculative roof in 1973. Since feed costs are central to what is otherwise a

relatively long-term and expensive investment, cattlemen put a brake on herd-building and an outright liquidation process gathered momentum. The cattle industry has been looking for a favorable cost-price spread ever since.

At first the liquidation fed the price collapse. Now, with a doubling of meat animal prices over the year, cattlemen are finally beginning to think in terms of herd rebuilding.

The recent livestock price leaps attest to that. The decision to provide greater meat supplies will drastically shrink the supplies in the short term, creating further meat price increases, as cattle are withheld from slaughter to breed. Agriculture Department officials estimate that beef supplies in the U.S. will not begin to be ample again until 1982 or 1983 — beef cattle take about a year to gestate and, once born, several years to reach maturity.

The crux of the problem is that apart from the lengthy gestation and maturation period, cattle have only single births. There is a possible solu-

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## CORPORATE STRATEGY

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### What's behind the Amexco-McGraw-Hill fight

The last remaining area of bank profitability in the U.S. economy — loan demand from small and medium sized businesses at the regional banks — is being killed by high interest rates. Several months ago regional banks reported that they had begun to make loans to long-standing customers at rates significantly below the prime rate, rather than see them go bankrupt.

The fourth quarter 1978 earnings reports of the money center banks showed that the increase in their operating profits derived solely from speculation against the dollar and spreads between the escalating prime rate and their cost of funds. Narrowing spreads in the Eurodollar market have now just about caught up with the multinational banks; the commercial paper market (excess funds corporations lend one another) has replaced their lending activities; and the money center banks are now looking for more exotic forms of arbitrage.

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tion to this problem: the technology of controlled twinning, for effecting multiple cattle births, could break the cycle — price and supply-wise — and make a new leap in industry productivity.

As former American Meat Institute President Herrell DeGraff of Cornell University told the Southern Beef Conference in early January, the only opportunity for more beef production will be more cows. DeGraff outlined the tremendous leaps in meat production since 1950 when a changing composition of herds, together with the development of the intensive "feedlot" sector, sharply increased national beef output in relation to the size of the cow herd. The key to the next boost in productivity, he stressed, would be realization of the technology of "controlled twinning." While in DeGraff's view the technology has not yet progressed far enough to affect the now-emerging cattle cycle, many believe that this question hinges on a policy decision.

Is a major battle erupting over corporate communications, data and word processing and data base market? Two recent events point up the fact that the corporate communications and intelligence field is becoming very sensitive — especially as corporate takeovers step up.

The first indicator was the skillful rebuff by McGraw-Hill, the trade publishing giant of the American Express Company (Amexco) takeover bid. The second was a New York Times front page eye-opener two weeks ago that revealed the National Security Agency has shaped the private electronics and communications field since the 1950's, which included handing RCA, IBM, and the Massachusetts Institute of Technology large sums to develop computers, reversing an FCC decision on the seventh transatlantic cable, and suppressing private encryption by corporations.

This expose followed by two weeks a notable speech by National Security Administration head, Admiral Bobby Inman to the Armed Forces Communications and Electronics Association, warning that private communications and encryption were approaching the sophistication of NSA techniques. The implication was that technology in the private sector must be halted to preserve NSA secrets.

While it is true that Amexco had a fistful of cash — why McGraw-Hill?

A clue is seen in McGraw-Hill's intention to invest \$200 million in a broad corporate information and communication system using McGraw-Hill's extensive data base gained through its contact with the subscribers to its 26 trade magazines, 29 newsletters and 300 trade book titles turned out yearly. Probably McGraw-Hill's only rival is the National Bureau of Economic Research, whose data

base was purchased two years ago by Citibank.

Even electronics analysts have been impressed by the extraordinary flurry of mergers and acquisitions over the past year. The year's most outstanding has been Northern Telecommunication's takeover of Sycor, Danray, and Cooke Electric. Northern Telecom is Canada's largest and the Hemisphere's second largest communications corporation, while the acquisitions are all American. Then ATT created its Advanced Telecommunications System, ITT acquired Courier Terminal Systems (Arizona) and Courier Terminals from Courier Boothe of Canada, NCR is still pursuing Compten, and GTE has absorbed Telenet. IBM announced its Satellite Business Systems and Fairchild (American Satellite) is acquiring 20 percent of Bunker-Ramo, a manufacturer of terminals.

The most interesting of the mergers, perhaps, is Xerox and Western Union International. Xerox, which just created the Xerox Telecommunications Network to go big in the vertically integrated field, is attempting to recreate the Western Union/WUI network — and then some — which was broken up by the Justice Department. As one well-informed analyst explained, not only will Xerox probably get away with the merger, but the electronic mail system will replace the Post Office.

The emerging pattern is clear. A handful of giants, whose number Amexco may still join, are vertically integrating the very sensitive corporate communications and information industry, while the NSA is going public in its market shaping and surveillance. Corporations might well ask some pertinent questions — and watch who's opening their mail.

— Leif Johnson

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# FROM OUR COMPETITION...

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## Keeping tabs of the Economist

*Long regarded as the acme of financial and economic reporting in the English-speaking world, the venerable, London-based Economist is today filled with distortions, inaccuracies, and misstatements of fact — sometimes deliberate. All too frequently, the Economist's inaccuracies and misstatements of fact appear in contexts in which they slip past the reader who does not have independent sources of information. To assist these readers in separating the wheat from the chaff, EIR's intelligence staff, which regularly crosschecks the Economist mis- and disinformation, has developed the following column to provide regular correction to the inaccuracies of the London publication.*

### What the Economist said (Feb. 10-16, 1979)

### The Facts

"Anything but equities" (lead business feature): "...capitalists have been fleeing from securities ... investors were treating last week's tentative cuts in prime rates as an aberration.... Investors (and speculators) were not simply withdrawing from equities. They were switching, sometimes indiscriminately, into anything that promised some shelter.... And not just into gold and other precious metals ... this week's rise is part of the general defection from paper (currencies and securities)."

Readers of the Economist who took such advice by buying gold on Friday, Feb. 9, when it hit the newsstands, would have lost 5 percent of their investment by Wednesday, Feb. 13 during which time gold had fallen from \$254 to \$240 an ounce.

Prime rates have not gone back up yet; in fact Citibank, the second biggest bank in the U.S., also lowered its widely watched prime rate as the Economist hit the newsstands.

The first paragraph of "A greying fog over Germany" (the magazine's lead "Europe" section article) claims West German Parliamentary leader Herbert Wehner attacked the West German Foreign Office.

Wehner attacked only Foreign Secretary Hans Genscher. Wehner is in accord with the State Secretary of the Foreign Office, Klaus von Dohnanyi, among others.

"The last thing Mr. Schmidt and his Defense Minister, Mr. Hans Apel, wanted was an emotional public debate like the one Mr. Wehner has now stirred up. They, and Mr. Genscher, believe that the Soviet Union's arms buildup exceeds its legitimate defense needs."

Acting as Chancellor Schmidt's Foreign Office emissary to Moscow at the Bergerdorfer Gespraechskreis, State Minister Klaus von Dohnanyi stated on Jan. 22: "We recognize the psychologically and historically understandable security needs of the Soviet people and the thus explainable Soviet defense and strategic considerations. We presume that the Soviet Union has created and maintains its rapidly growing military potential for defensive purposes." This Foreign Office statement is similar to Wehner's own recent statements regarding Soviet motivations.

"...nuclear weapons which could reach Soviet soil have never yet been stationed on West German territory."

This is a lie. As was revealed during the early 1960s "Starfighter" crisis when Franz Josef Strauss was West German Defense Minister, West German-stationed Starfighters had been modified and nuclear weapons installed in them.

— compiled by Richard Schulman

# Carter's policy is incompetent

*Stevenson says he and LaRouche agree on monetary system*

On Feb. 9 before a host of stunned reporters at a press conference at the Illinois Manufacturers Association meeting in Chicago, Sen. Adlai Stevenson III (D-Ill) disassociated himself from the policies of the Carter Administration and indicated he favors efforts to build a new monetary system. By so doing, Stevenson indicated that he was in agreement with the efforts of such European leaders as French President Giscard d'Estaing and West German Chancellor Helmut Schmidt to implement the European Monetary System. At the same time, he indicated that he had "shared areas of concern" with the U.S. Labor Party Chairman and 1980 presidential candidate Lyndon H. LaRouche, whose economic proposals played a significant role in shaping the EMS.

Calling for the U.S. to develop "export fever" to renew its commitment to America's traditional leadership in scientific, technological and economic growth worldwide, the senior Illinois Senator said he is "keeping all options open for a challenge to Carter in 1980."

Stevenson made his extraordinary statement in a televised news conference here Feb. 9 before addressing a conference on Technical Innovation and Economic Growth, sponsored by the Illinois Manufacturers Association. Stevenson's remarks signal the first of a wave of political shocks expected to reshape the context for the 1980 presidential campaign since Lyndon LaRouche announced his candidacy in Washington, D.C. Jan. 15.

As LaRouche predicted, the old rule books of American politics are in the process of being torn up as his presidential bid focuses national and international pressure on realigning U.S. policy — to break the "special relationship" to London and orient to the European Monetary System powers in Paris and Bonn. The LaRouche candidacy, countering the blatant lunacy of Carter's "China Card," has forced this first jolt to the U.S. political scene.

In recent weeks, Stevenson has issued increasingly strong denunciations of Carter Administration foreign and domestic policies. The Senator stated several times that there is a growing "constituency in America for a new national direction in keeping with our Founding Fathers' principles" and that a "new major third party" may be on the horizon "that will reshape American politics and policies."

Earlier, Stevenson had indicated that he himself might join or run on a third party presidential ticket for 1980. But today he said that he does not intend to head such a ticket

although his mail has been running 5 to 1 in favor of a third party presidency.

He warned, however, that the danger of "a continuing failure on the part not only of the current President and Administration but also the leadership of both Democratic and Republican parties" could force him to consider challenging Carter in the Democratic primaries, a decision he would make by April 1.

## **"Need to build a new monetary system"**

At his news conference today, Stevenson was asked by EIR's Mitch Hirsch to join with the U.S. Labor Party's LaRouche and others to "alert the American people to the danger to our nation represented by the dangerous incompetence of Jimmy Carter" and to seek new ways of mobilizing the population behind the new monetary and economic policies required to ensure a peaceful and prosperous future.

Stevenson replied that "Of course I shall continue to try to alert the nation and to change the course of our policies... Although I may not be fully informed of Mr. LaRouche's entire program, and so there may be some significant differences between myself and Mr. LaRouche... I know there are several areas of shared concern. For example, of the concern shared by Mr. LaRouche, myself, and others for our monetary system; yes, we agree here on the definite need to build a new monetary system..."

Senator Stevenson further added that "historically, when major political parties fail to see the world around us as it really is, when they fail to provide the nation with competent and innovative leadership, then new parties emerge: such was the case with President Lincoln and the early Republican Party." He noted that "if the two major parties continue to fail us... then we will have to see such a new party emerge... It will have a major impact that will change the shape of American politics... This is important, because, to me, politics is not a game, as it is unfortunately to most politicians. Especially presidential politics must be a process by which capable leadership emerges to help reach for new directions and decisions to shape the future course of the nation and the world for our posterity. This is what a presidential campaign should achieve."

The role of LaRouche and the USLP in shaping the reorientation of American policies was evident in other comments Stevenson made at today's press conference. He

called for a restoration of U.S. commitment to the "advancement of science and the application of new technologies," and announced that he will soon introduce legislation to spur this commitment, including removing the Jackson-Vanik amendment to trade legislation to facilitate vastly expanded trade with the Soviet Union. Echoing proposals of LaRouche's party, Stevenson said that the key to overcoming the U.S. trade deficit is to create "an export fever" based on high-technology exports.

## Stevenson on growth and innovation

Returning to the question of how to reach these goals identified by LaRouche, Stevenson said, "There is nothing fundamentally wrong with our country or our economy.... Our problems stem solely from a failure of leadership."

*Following are excerpts of Senator Adlai Stevenson's speech to the Illinois Manufacturers Association Feb. 9:*

Last year the U.S. trade deficit reached \$28.5 billion. The dollar declined. The international monetary system collapsed. The nation continued to suffer from inflation and unemployment.

Conventional wisdom assigns the trade deficit to oil imports. But nearly 40 percent of that deficit is with Japan and Japan is not an oil exporting country. It is more dependent on foreign oil than the United States . . . Instead of facing up to the challenges of a new era, Washington is serving up prescriptions better suited to the behavior of markets and nations in the 18th century. Instead of revitalizing the U.S. economy by reviving our flagging productivity and competitiveness, it proposes to depress the economy further . . .

Instead of stimulating U.S. exports, there is talk of restraining demand for imports, reducing trade and commerce around the world as well as at home. This is economic and political folly. World economic growth, trade expansion, technical assistance and financing for developing economies are not the stuff of charity. They are elements of a realistic approach to economic interdependence in an unstable world.

In the decades after the Civil War, industrialization and the opening of the West soaked up the "greenbacks" printed to finance it. Inflation is an invention of recent times. We did not suffer escalating prices until we lost some of our vision and self-confidence. And I daresay we won't defeat inflation until we again become a nation of builders, producers and inventors. (The Administration) is killing in-

vestment with 13 percent interest rates and suppressed demand for goods and services — even though excessive demand is not the source of inflation.... This is a rich and resourceful country, but it is not well led. Our spirit of adventure and invention may be drying up. Nations fail when that happens. If all we can offer ourselves by way of inspiration is a balanced budget in 1981, then surely the decline has set in.

The United States must arouse itself. If it is to prosper, restore its authority in the world and rise to high endeavors, it must maintain a preeminent capacity to push ahead the frontiers of knowledge and apply the results. It has the intellectual capacity to advance science and technology. It has the financial resources for productive investment. It has the entrepreneurial and marketing skills for world trade. But the will may be sapped by the outdated orthodoxies of economics and politics, inadequate financial incentives, excessive regulation, and all the pressures to cope with the immediate at the expense of posterity.

After two years of hearings and studies by the Senate Subcommittee on International Finance, I will soon issue a report that documents the erosions of our competitive position. I will also introduce legislation to establish a strong export policy for the United States. I want to generate an export fever....

The growth industries in our country are law, accounting, consulting and of course government itself. The U.S. manufacturing sector, once the most vital in the world, languishes. In steel and other sectors, American companies have failed to adopt technologies whose feasibility and payoffs have been clearly demonstrated by the Japanese and West Germans. High risk ventures that over a long term lead to new markets and new industries have been discouraged. Industry is shifting investment from basic research and innovation to minor product and process development. Executives plan for the next year's profit and loss statement and neglect the next decade.

... The time has come to put the adversarial relationship between government and industry behind us. Other nations are not so fastidious about cooperation. They coordinate industrial research and development activities so that companies can share information and avoid duplication of effort in order to push ahead.... Imagine what we might accomplish if we set our minds to developing technologies not alone for military and other government objectives, but for our commercial and industrial might. I will propose institutes to bring industry, government, and universities together in a new cooperative effort to identify markets, develop the processes and products to exploit them and create new enterprises.

This notion of cooperation for private and public gain is at odds with the laissez faire attitudes of the right and left. It may fall victim to the prevailing tendency to cast every issue in black or white.

... What is needed are some new approaches. The time has come for political leaders to see the world around us as it really is, and to speak to these truths. Only then can we hope to recapture the spirit and courage that built America.

# Who toppled Iran's Shah

With the seizure of power by his followers in Iran, the Ayatollah Ruhollah Khomeini is being hailed in the British press as "Iran's Savonarola" — the man who will destroy what remains of Shah Mohammed Rezi Pahlavi's program to lead Iran into the 21st century as a major world industrial power. The process to which Iran is now being subjected is identical to that which the fanatic Al Ghazali employed in the 10th century to destroy Persia's contribution to the brilliant Islamic culture that, at the time, was the world's most advanced.

Behind the Islamic "fundamentalism" which Khomeini has led to victory over the Shah lies no morally unblemished religious fervor, but — as the Shah charged in the weeks prior to his departure from Iran — the forces of the British monarchy and the British Secret Intelligence Service. In the following report, we answer the question of **who**, **how**, and **why** the British moved to overthrow the government of the Shah.

## Background to the operation

To understand fully the reason for the decision to launch the attack on the Shah, some history is required.

The goal of the final phase of the City of London's Operation Pahlavi was — and is — the destruction of the European Monetary System. The primary motivation on the part of the British was to unleash chaos and confusion in Iran and the Persian Gulf generally in order to disrupt the partnership that had begun to emerge since 1975 among France and West Germany, the socialist countries, and the leading nations of the Islamic world, including the Arabs, Iran, Pakistan, and Turkey. With the accelerating motion in that direction at the start of 1978, including the July 1978 Bremen accords of the EEC, the attack on Iran also accelerated.

By December 1978, this British policy — as enunciated by the London Economist in its famous article, "The Crumbling Triangle" — became known as the "arc of crisis" policy, its primary U.S. advocates were the London agents Henry A. Kissinger and Zbigniew Brzezinski. The goal of the policy was twofold: the rapid reversal of the potential for regional economic development in high-technology, capital-intensive projects such as the ambitious nuclear energy plans of both the Shah and Pakistan's Prime Minister Zulfikar Ali Bhutto; and the precipitation of a U.S.-Soviet confrontation over the Middle East.

A rapid survey of recent Iranian history will clarify the process from the Iranian side.

During the late 1960s and early 1970s, the Shah of Iran, under the direction first of the State Department's Eugene Rostow, and then Henry Kissinger of the National Security Council, set Iran on a course towards militarization and a role as the "protector" of British and Anglo-American interests in the Persian Gulf region. The cornerstone of this policy, which was forced down the throat of a reluctant Shah, was a policy of massive arms buildup, along with a close integration of Iran's military and security apparatus with Israel's.

After 1973, with the sudden rise in oil prices, engineered by Kissinger and U.S. Ambassador Richard Helms in Teheran, the Shah — like his father, always a nationalist — began to see an opportunity for independent action. In particular, he began to examine the possibility of making Iran, as he put it, "the world's sixth industrial power" in one generation, and launched a highly ambitious development program.

The first open challenge by the Shah to the Kissinger-Helms strategy came in 1975 when the Shah, with the mediation of President Houari Boumediene of Algeria and King Faisal of Saudi Arabia, signed a pact with neighboring Iraq that ended a war of attrition waged by the Kurds of Iraq. That rebellion was backed by Helms and the CIA, British Secret Intelligence Service, and the Mossad. (Incidentally, Ayatollah Khomeini, who was then in exile in Iraq, actively supported the Kurdish rebellion against his Iraqi hosts, according to Arab sources.) The Iran-Iraq pact of 1975 was a severe defeat for the City of London Middle East policy.

During 1976, the Shah initiated his startling rapprochement with the Soviet Union, a process that culminated with a dramatic visit by the Shah to Moscow and then vast expansion of trade with the socialist countries. The centerpiece of that arrangement was an enormous three-way gas deal involving Iran, the Soviet Union, and West Germany.

Then, during 1977, the Shah began the final phase of his Operation Independence. Iran began to gradually distance itself from its close links with Israel and to establish closer ties with the Arabs, especially Saudi Arabia. These ties were consolidated at a series of OPEC meetings in 1977 and 1978, at which Iran made an astonishing volte-face, dropping its support for higher oil prices and an end to the U.S. dollar as a means of OPEC payments. Instead, the Shah gave his full support to the Saudi Arabian policy of supporting the dollar. In exchange, King Khalid paid an unprecedented visit to Teheran and arranged Saudi financial aid for the Iranians. This enraged the British, who were

hoping to persuade OPEC to break with the dollar, and replace it as the world's reserve currency with the International Monetary Fund's Special Drawing Rights; and it enraged Kissinger, the chief architect of the 1973-74 oil price increases.

Together, now, the Iran-Saudi axis not only threatened to topple the London design for an Iran-Israel axis against the Arabs, but it created an enormous world financial power whose primary goal was an industrial-development alliance with Japan, West Germany, France, and potentially with the United States — a goal which more than a century of British diplomacy has fought to prevent.

### **How Operation Pahlavi works**

The overall capability for the British operation against the Shah, which initiated and still runs the "Khomeini revolution," is the psychological-warfare branch of the British SIS headquartered at the London Tavistock Institute and Sussex University (see "How Brzezinski Is Linked to the Jones Cult," by Lyndon H. LaRouche, EIR Vol. VI, No. 2, January 16-22, 1979). At least 20 to 30 distinct organizations were mobilized in the Iran case to guarantee the success of the operation. Among the most important were the Bertrand Russell Peace Foundation, Amnesty International, the Institute for Policy Studies and the Transnational Institute/Institute for Race Relations, the Socialist International apparatus, a dozen student groups and organizations, the world human rights apparatus, the American Friends Service Committee, the Trotskyist "Fourth International" and the Maoists, and so forth.

Amnesty International — whose political godfather was Sean McBride of British Intelligence — issued its report on Iran in November 1976, accusing the Shah and SAVAK, the secret police, of torture and illegal detention of political prisoners. The lurid report, which was played up heavily by the Washington Post and the London Times, among others, was issued to coincide with the election of Jimmy Carter to the Presidency.

The election of Carter installed Zbigniew Brzezinski at the NSC, and under his tutelage the Human Rights Division of the State Department launched the loud campaign for "human rights." Many U.S. intelligence officials warned that to apply the human-rights policy to Iran would grossly upset legitimate U.S. interests in the Persian Gulf region, — but Brzezinski went ahead anyway.

The key figure at Amnesty International in the Iran operation was former U.S. Attorney Ramsey Clark, who surfaced last month leading anti-American demonstrations in Teheran and praising the Ayatollah Khomeini.

Clark's former deputy attorney general, Warren Christopher, now No. 2 man at Cyrus Vance's State Department, was also deeply involved in the Iran operation, along with Amnesty International adviser Richard Falk. The AI-Clark-Christopher operation set off a chain reaction of nosy lawyers' organizations and pompous jurists traveling to Iran to inspect the Shah's system, headed up by the London- and Amsterdam-based circles around the International Jurists Organization.

As would be true right up until the day of the Shah's departure from Iran, the results of these kangaroo-court "investigations" were broadcast into Iran via the British Broadcasting Corporation. In view of the obvious excesses and inhuman behavior of the SAVAK toward dissidents in Iran, it must be stressed that the SAVAK as an organization was part of the Israeli Intelligence-led British faction in Iran, and was never fully trusted even by the Shah himself, who, however, needed a security-intelligence organization for Iran's national interest — and SAVAK was all he had.

### **Enter the British**

This human-rights mobilization by the State Department-NSC and the Amsterdam, Geneva, and London circles was only the first step in the British-directed Operation Pahlavi. A multi-layered network of operatives swung into action — at whose core was a network of direct London operatives including Sir John Bagot Glubb Pasha, Faris Glubb, Lord Caradon (Hugh Foot), Christopher Mayhew, Sir Robert Swann, and so forth.

**First**, within Iran itself, an overlapping network of field agents and organizations led the destabilization of the Shah in its early phases, beginning in January 1978. The center of this network is the Bahai Cult, a secret quasi-Islamic sect whose creation was sponsored directly by British intelligence through the Scottish Rite of Freemasonry in the 19th century. There are at least 300,000 Bahais in Iran, although the headquarters of the movement is in Evanston, Illinois, and its chief temple of worship is located in Haifa, Israel. Even today, the British government is the chief financial backer of the Bahai, who are considered to be "an arm of the British government" by leading Iranians.

The Bahai cult, which included among its members most of the old landed Iranian oligarchy, exercised tremendous power in Iran as a secret society that penetrated all aspects of Iranian life including the royal court. The Bahai were also the chief liaison between leading Iranian circles and Israeli Intelligence, via Scotland Yard. During the first phase of the Shah's moves to halt the operation, he arrested large numbers of Bahai cultists, including several top generals, his own personal physician, the chairman of the Bank Saderat, and Prime Minister Hoveyda.

Interestingly, the Bank Saderat chairman was also found to have been one of the prime financial backers of the burgeoning Shi'ite opposition to the Shah through his contacts with the Ayatollah Nouri, who was caught receiving large payments from the bank to mobilize his religious followers against the Shah.

The Bahai-oligarchy circles, according to reliable Iranian reports, were largely comprised of men who had been on the payroll of British Petroleum (formerly known as the Anglo-Persian Oil Company) for as many as 40 years.

**Second**, the innermost circle of the oligarchy in Iran was comprised of a handful of elite Iranians who were closest to London. These included Empress Farah, the Shah's wife; Ardeshir Zahedi, the Iranian Ambassador to the U.S.; the Hoveyda family; and the Amouzegar family.



All of these family interests were represented together in the Aspen Institute, one of the chief projects of British Intelligence in the United States.

One of the Shah's chief failures was his inability to break with this circle, despite its repeated evidence of outright treason.

**Third**, there is the "Khomeini movement" centered around the person of the fanatic, anti-technology Ayatollah Khomeini. In fact, the "Khomeini movement" is not his movement at all; he has been out of the country for over 15 years. Instead, his movement is the movement of Ali Shariati, the Institute for Policy Studies, and the London-run Moslem Brotherhood.

In simplest terms, four networks that overlap can be identified as the "Khomeini supporters."

### **1. The Russell-IPS network**

The closest to Tavistock Institute itself is the network associated with the Bertrand Russell Peace Foundation, the Lelio Basso Foundation, Middle East International magazine in London, the "U.S. Committee on Iran," and the Institute for Policy Studies.

The Bertrand Russell Peace Foundation describes itself as an organization that "services a large number of trade union, community, civil liberties, socialist, radical, activist, and women's organizations." Its directors, including Dame Edith Russell, Ken Coates, and Chris Farley serve as an interlocking directorate for Amnesty International and a dozen other leftist, communist, and radical organizations in Western Europe and the United States. It is, of course, violently anti-Soviet. In recent years the BRPF has been deeply involved in supporting anti-Shah activities, whipping up facile student and youth opposition to the "fascist" Shah. Together with the Lelio Basso Foundation, the BRPF has sponsored a number of British-American "investigations" into Iran. The most recent was a trip to Iran in September 1978 by James Cockcroft of Rutgers University, Russell Kerr of the British Labour Party, and Giulio Francanzani of the Italian Christian Democracy (DC).

At the bottom levels of this network are the so-called mass-movement organizations that supply many of the active terrorists, student "demonstrators," and so forth for Khomeini. Among them are the Iranian Students Association (ISA); the Young Muslims Organization (YMO), which is headed up by Dr. Ibrahim Yazdi, former Iranian communist who is now one of Khomeini's chief advisers; the Committee on Repression in Iran (CARI); the Committee on Artistic and Intellectual Freedom in Iran (CAIFI), which included Bertrand Russell intimate Ralph Schoenman; and the American Friends Service Committee (AFSC).

The Transnational Institute — a branch of the McGeorge Bundy-founded Institute for Policy Studies headed by Marcus Raskin — in Amsterdam maintained a careful link with Khomeini during his stay in Paris, following the Iraqi expulsion of the ayatollah last summer. Eqbal Ahmed was the intelligence officer responsible for Khomeini.

### **2. The Paris-Shariati axis**

Khomeini's advisers and policymakers from Paris are a motley crew of French Anglophiles, existentialists, environmentalists, and anthropologists linked to terrorist controller Jean-Paul Sartre, Zionist lobby Jacques Soustelle, and cultist Claude Levi Strauss. The key creation of the French existentialist network was the late Professor Ali Shariati, the fanatic Iranian ideologue who maintained close ties to Bertrand Russell, the psychiatrist and preacher of violence Frantz Fanon, Sartre, and Soustelle and became a cult figure in Iran by preaching about the revolt of Islam against the "evils" of the industrial West. From the 1960s until his death in 1977, Shariati operated out of the sociology departments of Iran's university system, one of which is controlled directly by the daughter of the late anthropologist cum British/Tavistock Institute agent, Margaret Mead, a dean at one of Iran's leading universities.

Ali Shariati worked throughout most of the 1958-68 period as a sociologist at the Sorbonne in Paris, where he struck up a close friendship with existentialist-terrorist ideologue Frantz Fanon and with the philosophical circles of pro-terrorist Jean Paul Sartre. During the early years of this decade, Shariati spent as well some time in Algeria, backing up the Fanoniste tendencies within the Algerian National Liberation Front.

In 1968, Shariati left Paris for Teheran. From that time until his death in London in 1977, Shariati — according to James Cockcroft — "lectured to thousands in Teheran and elsewhere," speaking in "Islamic religious metaphor" to "tell the people that only a revolutionary act could prove one's faith," and "preaching new life into the religion mummified by colonialism."

According to Cockcroft and others, Shariati made a "tremendous impact on the younger generation" of Iranians, teaching that — in the words of one Iranian source — "the machine is evil and it is better to work with your hands." The London Guardian reported that the whole Paris circle of Khomeini "advisors" — Ghotbzadeh, Yazdi, Banisadr — was "converted" to Islam under Shariati's personal direction.

Among Khomeini's top French advisers were Rene Dumont, Jean Pierre Vigier, Michel Foucault, and Haroun Tayzief, all connected to the British-intelligence-linked National Center for Scientific Research in Paris. Also attached to the National Center is Abdul Hassan Banisadr, economics aide to Khomeini who has lived in Paris for 10 years and is a member of Khomeini's inner circle. In a recent interview in the French publication Liberation, Banisadr spelled out Khomeini's "Islamic economic system" as centered on plans for Maoist-style factory and village councils, import cutbacks, and limitation on oil production and foreign investment.

Banisadr's "economic program" is the outgrowth of policy recommendations made by an environmentalist and nuclear energy foe, Rene Dumont, who was recently named by Khomeini to serve as his adviser on "agricultural affairs." Dumont, a teacher at the National Center for Scien-

tific Research as well as at the National Agronomy Research Center of France, traveled extensively in Iran profiling Iranian agriculture in 1976. On the basis of a report written by Dumont about his travels through Iran, he was recruited by Khomeini to draw up further guidelines for maintaining Iran's rural economy.

Dumont is also honorary president of the "return-to-nature" cult, Friends of the Earth, and in 1974, he ran as the ecology candidate in the French presidential elections. In the course of his career, he has been booted out of both Cuba and Algeria for his activities.

Another key Khomeini cultist is Michel Foucault, special correspondent to Iran from *Nouvelle Observateur* and the Italian daily *Corriere della Sera*. Foucault is also closely connected to the Tavistock Institute. Last year, he was part of a special team of "soft energy experts" deployed to Iran from the National Center for Scientific Research, together with a sociologist from the *Ecole Pratique des Hautes Etudes*, as part of a British-backed effort to swing Iran away from its commitment to "hard energy" sources such as nuclear energy and oil. Foucault and other members of the group recommended the use of wind as a viable energy source for Iran!

Foucault also was involved in a "sociological study" sponsored by the National Center focusing on the views of the Iranian peasantry toward the Shah's modernization drive. Six months following the conclusion of the profiling job, the first anti-Shah riots in Iran broke out.

According to well-briefed sources in France, the National Center for Scientific Research and the National Agronomy Research Center maintain close contact with Claude Julien, editor in chief of *Le Monde Diplomatique* and the chief connection in France for the Washington-based Institute for Policy Studies, which has been responsible for providing a left-liberal cover of "respectability" for Khomeini's operations.

### 3. The Philby network

The "communist" tint to the Khomeini support faction is given by what is, in fact, a British Intelligence penetration of actual Soviet-Communist networks through old British Fabian Society circles and such operatives as Kim Philby, the triple agent. Philby, in April 1978, was given an important Middle East advisory post by the Soviet Foreign Ministry. It is his faction and his co-thinkers in the "Eurocommunist" movement, especially in the Italian Communist Party (PCI) and the French Communist Party (PCF), that have loudly supported Khomeini in his Islamic-Marxist revolution. In addition, through such contaminated sources, the PCI has established an interlocking

relationship with pro-Khomeini circles in Libya and within the Palestine Liberation Organization (PLO), serving to conduit funds and support into the Khomeini faction.

Such British-controlled Eurocommunist circles have direct analogs in the Middle East. The case of the Iraqi Communist Party is exemplary, where the Bertrand Russell Foundation set up directly a subsidiary "faction" of the ICP in the early 1960's, largely drawn from the rebellious Shi'ite minority, according to Uriel Dann.

But the most glaring case is that of the Iranian CP, the Tudeh party, itself. The Tudeh was nothing more than a front-group for British Petroleum from its earliest period. In the early 1950s, the Tudeh, for instance, opposed the nationalization of the (then) Anglo-Persian Oil Company under the government of Prime Minister Mosaddegh. When Mosaddegh's police later raided the headquarters of the Anglo-Persian conglomerate, they discovered many documents revealing that Anglo-Persian had secretly subsidized every communist daily and weekly newspaper in Iran. These are circles out of which emerged Ibrahim Yazdi, Khomeini's spokesman.

### 4. The Muslim Brotherhood

Finally we come to the basic component of the Khomeini-Shariati movement in Iran: the Islamic fundamentalist ("Muslim Brotherhood") network. A detailed profile of the Muslim Brotherhood was provided in a recent issue of the *Executive Intelligence Review* ("Islam sects fuel Mideast chaos," *EIR* Vol. VI, No. 4, Jan. 30-Feb. 5, 1979).

The controllers of the Muslim Brotherhood today are the London circles associated with Glubb Pasha, Abdul-Rahman Azzam Pasha, and the Islamic Foundation of Europe. The Hans Seidel Foundation of Munich, certain Islamic circles around Aix-la-Chapelle in West Germany (Mosque Bilal), and a group of Swiss foundations and banks presently sponsor the Muslim Brothers internationally. Otto von Hapsburg is one of the directors of this operation.

Khomeini, although himself not a member of the actual Muslim Brotherhood organization, is working closely with the network in Pakistan, Saudi Arabia, and Libya, among other countries. He recently sent an envoy to visit Mawdoodi, the boss of the Muslim Brothers in Pakistan, who operate under the name *Jamaat-i-Islami*. In Iran, the Brothers have supported a small but highly active terrorist group called the *Fidayani Islam*, which has been carrying out a series of assassinations in Iran in recent years.

The trademark of the Brotherhood is its fanatic anti-Western outlook, which spills over into uncontrollable xenophobia.

— Robert Dreyfuss

# Colombia to be a pot plantation

*EIR's Dennis Small reports back from Latin America*

*Executive Intelligence Review's Latin America desk chief Dennis Small recently spent several weeks in Colombia and Venezuela. The following report on Colombia, is the first in a series on developments in the two nations.*

In 1975, three quarters of the marijuana consumed in the United States came from Mexico. That same year, the Mexican government of Luis Echeverria initiated Operation TRIZO, a paraquat spraying program designed to obliterate Mexico's marijuana and poppy fields. With assistance from U.S. agencies and a firm commitment on the part of their government to eliminate the drug plague, Mexico had drastically reduced drug cultivation by late 1976.

Within months of Mexico's initiation of Operation TRIZO, the international narcotics cartel had decided to shift to Colombia as their primary supplier of marijuana, and to take all necessary political steps to ensure this. Since that decision, a leading Colombian general who opposed having the military oversee the drug traffic has been assassinated; a top trade unionist who was organizing worker unity in favor of an expanding industrial economy was murdered; and, in the course of the last year and a half in particular, the Colombian constitution has been undermined to the point where virtual military justice prevails today in Colombia.

In the past weeks, and under the guise of various "constitutional" provisions, hundreds of trade unionists and political activists have been rounded up. Of these, dozens have been subjected to the most gruesome of physical and psychological tortures, in classic "South American" style. And indiscriminate military raids on various party offices — such as those of the Communist Youth — are also being carried out. Perhaps most ominous of all, there are increasing calls in the nations' press for declaring the mass-based Colombian Communist Party illegal, a sure preview of a broad wave of repressions throughout the country.

The result of these measures? Between 1975 and 1979, Colombia passed from providing less than 15 percent of U.S. marijuana to growing over 80 percent of the "grass" smoked in America — and it is marijuana that is three times as potent, as physically and psychologically destructive, as the old Mexican variety. In short, Colombia is rapidly being converted into a marijuana hothouse under the direction of the international drug interests. And a bloody Chile-style military coup will be carried out in Colombia if that is what is deemed necessary by U.S.

National Security Advisor Zbigniew Brzezinski — linked to the drug trade through his ties to London and the "Zionist lobby" — and his Colombian hatchetmen to keep the marijuana flowing to the U.S. Eastern Seaboard.

## Press campaign

This is the conclusion drawn by this reporter from a recent two week trip to Colombia. In addition to the growing frightening wave of repression sweeping that Andean nation, one is struck by the way in which the population is being systematically bombarded with a lying press campaign to convince them that the entire multi-billion-dollar marijuana trade should be legalized. And if one were to believe the Colombian press, that nation's entire population already favors such an approach.

Spokesmen from all shades of the political spectrum are lining up on this pro-drug campaign behind the leadership of top Colombian oligarch Alvaro Gomez Hurtado. Gomez, a leader of the Conservative party and a member along with the fascist Count Otto von Hapsburg of various Mont Pelerin Society-linked institutions, has used his newspaper *El Siglo* to orchestrate the campaign for legalization. Legalization advocates' dominant argument is that the drug trade is too big to be stopped, so why shouldn't Colombians benefit from it? To aid this line, the grossest of distortions about the United States have been willfully propagated by various media outlets — that marijuana is being legalized in the U.S.; that it is physically harmless in any event; that pro-legalization Sen. Edward Kennedy is the probable next president of the U.S.; and so on.

It was in this context that the Andean Labor Party, co-thinker party of the U.S. Labor Party, decided to reproduce in Colombia an open letter from an American physician, Dr. Ernest Shapiro, which explained the actual fight against drugs in the U.S. and marijuana's physical destructiveness. The letter created an instant uproar throughout the capital city of Bogota, with at least one radio station reading the letter in its entirety to a national listening audience.

It should be noted that the same media that are lying to Colombians about the U.S. are also intent on convincing the American population that Colombians, in particular the Colombian peasantry, are reaping windfall profits from the drug trade and that they have no aversion whatever to producing drugs for U.S. consumption. This too is a bald-faced lie. In talks with Fausto Charris, the Secretary

General of FANAL — the largest peasant confederation in the country — Charris told EIR that marijuana is destroying the Colombian peasantry, which views its primary responsibility as producing food, not drugs, for the nation's population. "It is ridiculous and imbecile to think that marijuana production benefits the peasant sector," Charris wrote recently in a press statement. "It is inconceivable to think of replacing food production for the nutrition of the Colombian population, especially children, with a drug which is harmful to the health and to the morale of our population."

— Dennis Small

## Lawyers denounce military torture

In a meeting with President Turbay Feb. 8, representatives from the Colombian Association of Democratic Lawyers presented detailed evidence that personnel of the Brigade of Military Institutes (BIM) tortured individuals jailed in Bogota on charges of "subversion."

Mr. Pedro Cardenas denounced the fact that six workers of the Augustin Codazzi Institute had been tortured, subjected to electrical current on their genitals and hung from the arms tied behind their backs. Military personnel warned the individuals that if they retracted their "confessions," their own lives and those of their families would be endangered.

Counselor Jorge Enrique Sanchez reported that BIM personnel are using drugs and tying victims' with barbed wire to extract confessions. He added that these tortures were being applied not only in urban areas, but also against the peasantry, "whose wives are raped, and whose work implements are destroyed."

A document signed by all the lawyers present at the presidential Palace cites the case of Olga Lopez de Roldan and her five-year old daughter, both of whom were jailed. The woman's head was covered with a hood and she was repeatedly beaten with a metal object. Her hands were tied behind her and she was hung in this position for a period of hours. The military forced her to undress and threatened to sodomize both her and her daughter with a broomstick. Tape recordings of her daughter's voice were played constantly as a form of psychological torture.

All of this information appeared in the Bogota daily *El Tiempo* on February 9.

## 'Human rights for some'

*The following are excerpted editorial statements from the Jan. 16 and 20 editions of the Colombian daily, El Pueblo:*

... But the moment the country receives patriotic satisfaction from the victory of the forces of order against the famous urban criminal organization (the M-19), an Army patrol on routine duty is a victim of a dynamite attack, whose painful toll was seven soldiers dead and others gravely injured.

This crime occurred near the town of Yacopi, a region that has always been the epicenter of movements of uniformed bandits (and) has been attributed to that other clandestine organization which goes under the name of the Revolutionary Armed Forces of Colombia; and which presents itself as the armed wing of the Communist Party directed by Moscow, which has never denounced these kind of attacks, despite being a party which functions legally, which participates freely in electoral campaigns and whose leaders work within public institutions, form part of the representative bureaucracy, with profitable emoluments, social benefits, travel, etc. ...

Thus there is a monstrous contradiction between accepting all the benefits of liberty and of democracy — including conspiring — and to arm shock forces probably financed with international funds against the Army and the Police who heroically battle in the service of the protective institutions of the republican system. Either the Communist Party rejects the legal order and its bourgeoisified leaders march off to the mountains to overthrow democracy and install the dictatorship of the proletariat, or they must openly condemn armed rebels which in their name treacherously and cowardly assassinate the guardians of those institutions theated by a party which has worked within legality and which is secretly allied with the agents of subversion . . . (Jan. 20, 1979)

(The Colombian) government guarantees the safeguarding of the Constitution, of the laws and of human rights for all those citizens not involved in subversive acts. But with those that attack the institutions or violate penal laws, that government will be implacable. (Jan. 16, 1979)

# Who's pushing Colombian drugs

The U.S. pot lobby, and in particular the Kennedy and Zionist lobby political machines, has played the critical role in setting up Colombia as the drugrunners' paradise it now is.

The Feb. 12 edition of *El Tiempo*, the largest circulation daily in Colombia controlled by Alliance for Progress architect and Rockefeller Foundation affiliate Alberto Lleras Camargo, featured an Op Ed saying: "Is it not a good indication that Edward Kennedy, who according to polls could be president of the United States ... has presented a judicial reform reducing the severity of the law and sentences against marijuana?"

This is no isolated endorsement of drugs, but part of a consistent public relations push within Colombia over approximately the last two years to convert the country into one huge pot field. Every step of the way, the Colombian drug advocates have relied on the actions of the U.S. pot lobby to buttress their arguments, coupled with the backing of the right wing of the Colombian military.

The subject of legalization was launched in the summer of 1977 in *El Siglo*, the newspaper of top Colombian oligarch Alvaro Gomez Hurtado. Relying on the fact that many U.S. states had already "decriminalized" marijuana possession, a series of articles by Gomez and various staff writers urged Colombians to take advantage of this by legalizing exports while keeping drug consumption illegal within the country. After all, they argued, the moral stigma is on the U.S. consumers, not Colombians. President Lopez Michelsen was not ready to go along, however, so in Decem-

ber 1977 Gomez's generals paid him a visit demanding unprecedented powers to "preserve order."

Simultaneously, Congressman Lester Wolff (D-NY) and Peter Bourne, then President Carter's Special Advisor on Drug Abuse, were engaged in leaking "information" that members of Colombian President Lopez's cabinet were involved in drug trafficking. Also named was the nephew of Julio Cesar Turbay, the presidential candidate Lopez had endorsed. When Lopez decided to fight back on this setup, the U.S. Embassy suffered considerable embarrassment when not a single shred of evidence could be found to prove the case.

## Sabotaging paraquat

Defeated on this thrust, the U.S. pot lobby struck back with the Percy-Wolff amendment to the Foreign Assistance appropriations bill. Backed by National Association for the Reform of Marijuana Laws (NORML) board member Sen. Jake Javits, Illinois Senator Charles Percy introduced into the Senate a bill to prevent U.S. assistance for paraquat spraying programs on the grounds that the herbicide could be dangerous to the health of U.S. marijuana smokers. Since the paraquat program had already done the job against Mexican marijuana, the bill was clearly aimed at sabotaging the successful use of paraquat to wipe out the marijuana crop in Colombia. When Percy's bill ran into trouble, Wolff came to its rescue by playing the moderate; he watered the bill down to the effect that paraquat could be sprayed only if it were mixed with a dye or perfume to

## Organization promotes drug legalization

*A document entitled "Colombia's Illegal Narcotics Traffic with the United States," written by a former intern of Larry Birns' Council on Hemispheric Affairs in Washington, makes the following assertions with regard to the drug problem in the U.S. and Colombia.*

Legalization would mean regulation, taxing and control of marijuana coming into the U.S. It would mean eventual growth here and assure smokers of a high grade of marijuana. If the U.S. were to legalize marijuana then other countries could legalize it; take for example, Colombia. Then some of their many problems caused by the illegal narcotics traffic could be solved...

Marijuana profits are being spent by newly rich marijuana lords who have succeeded in making sound investments in purchases of homes, automobiles and real estate, and appear to be stimulating the economy ... The fact that marijuana earnings are escaping taxation

really smarts because this money could be used for law enforcement, road construction, and education.

Despite all of the corruption which has been described among high-ranking governmental officials and top bank executives, the honest officials among the bankers and coffee growers would like to see marijuana growth and exportation legalized in Colombia because of the economic benefits ...

...Evidence shows if marijuana cultivation and exportation were legalized, most of the associated problems like the loss of tax revenue on marijuana, smuggling, inflation, violence and corruption would appear solvable, because the growers and traffickers would legally be able to legitimize their occupations. And marijuana's eventual legalization here in the U.S. has good possibilities. If the U.S. legalizes marijuana, then Colombia would have no one pressuring to end marijuana cultivation and trafficking and would probably legalize it.

tell the pot smoker he was smoking a contaminated plant, and in this version it passed both houses. To date the bill remains an obstacle to Colombian eradication efforts.

When Julio Cesar Turbay won the election in June 1978, the pot lobby slander against him began to backfire. Turbay made a point of emphasizing his commitment to the total eradication of the Colombian crop, promising that none of the huge expected November harvest would leave Colombian shores.

At this point, the Colombian liberal and leftwing agents of the pot lobby went into full-scale operation. The biggest circulation left rag in Colombia, *Alternativa*, began spreading the line that U.S. paraquat spraying in Mexico was similar to the Vietnam defoliation programs, and was equally "imperialist." A Front for Guajira Liberation was formed demanding the rights of the natives of the largest pot-growing region to cultivate marijuana without government interference in their "indigenous culture."

In tandem, the National Association of Financial In-

### Bensinger: wipe it out, Mexican style

*Following are excerpts from an interview with Drug Enforcement Administration chief Peter Bensinger published in the Washington Star, Jan. 22, 1979.*

**Q: ... What about getting to the root of the problem in Colombia, where the impact of drugs is even more enormous than it is here?**

**A:** It is enormous. There might be between 100,000 to 200,000 Colombian families involved in all aspects of the marijuana business in that country. But in terms of comparative difficulty and numbers the mission can be carried out, and I think far easier than in Mexico. The land mass in Mexico is three to four times as big, the number of people affected by it is about equal. But Mexico has been tremendously successful by spraying poppy and marijuana fields and arresting farmers growing these crops. The attitudes of farmers in Mexico is changing because their illegal fields are being sprayed, they can't get a crop, they are being arrested, some 1,500 to 2,000 of them. They are deciding that it is more profitable to go back to planting corn or crops that will pay them.

**Q: That could work in Colombia?**

**A:** If the same pressure was applied in Colombia, yes...

**Q: So what's to be done?**

**A:** The way to have an impact is financial, go after the assets of the traffickers ... and try to have a better understanding of the health hazards....

If someone had said five years ago that Mexico would destroy 41,000 poppy fields, people would have said you're crazy. But that's what happened.

stitutions (ANIF), representing some of Colombia's largest businesses and banks, including the financier's of Turbay's campaign, joined the push for legalization. At a November 1978 press conference, an ANIF spokesman informed this press agency that they were financing a propaganda drive to convince the country that marijuana is not dangerous to health. "If we can convince President Trubay of this," the ANIF representative stated, "we are sure he will drop his opposition to legalization."

On the U.S. side, the Zionist lobby moved to sabotage Turbay's drug control efforts. Decriminalization advocate Benjamin S. Rosenthal, a congressman from New York City, was the man chosen to "help" Colombia control its marijuana problem. In October 1978, the Colombian government had announced a plan to militarily encircle the drug-growing Guajira province and control the entry and egress of every plane, ship and ground vehicle — to take effect Nov. 1. Days before the target date, Rosenthal, a 17-year veteran of the House International Relations Committee went to Colombia under the rubric of "U.S. cooperation." Most of his time was spent, however, meeting with some of the more notorious Colombian advocates of drug legalization, including a full day spent with the Justice Minister and Attorney General — both close associates of Colombia's number one pot lobbyist, Alvaro Gomez Hurtado. Needless to say, the Guajira sealing operation has not seriously hurt the drug traffickers.

Another side of the U.S. operation is being run by the Council on Hemispheric Affairs, which includes on its Board of Directors Doug Fraser of the United Autoworkers and Rabbi Morton Rosenthal of the Anti-Defamation League. Larry Birns is the director of this organization which, though very small, has almost unlimited access to media coverage. The Council specializes in using the issue of human rights violations for political destabilization.

In Colombia, the Council is broadcasting charges of human rights violations — real enough — as part of the plan to dump Turbay in favor of a drugpushers' coup. In a document circulated by Birns, a member of the Council calls for drug legalization and the elimination of democracy in favor of more "informal" means of government.

#### How to stop them

In the past month, the calls for legalization have escalated to include support from every leading Colombian daily. Ex-President Alberto Lleras Camargo last week upped the ante, calling for the implementation of the British system of legalized drug use. The collapse of wholesale coffee prices to half their 1976 levels is being used as yet another argument for switching over to drugs as the country's principal legal export (illegal marijuana earnings already exceed those from coffee).

What will stop the drug traffickers is a full U.S. commitment to aid Colombia in carrying out a paraquat eradication program modeled on Mexico's highly successful Operation TRIZO, as well as stepped up anti-narcotics interception stateside. As Drug Enforcement Administration chief Peter Bensinger stated in a Washington Star interview, in terms of land mass to be covered and personnel

required, the job can be done in Colombia far more easily than it was in Mexico.

Though considerably more difficult politically in Colombia than in Mexico, the fact remains that the President of that country and the majority of the population is opposed to drugs and committed to eradication. Unlike the U.S., there is no wide-spread drug use, yet, within Colombia; there is no significant "drug culture" apart from the traffickers themselves.

The Colombia pot lobbyists have been able to survive only by constantly harping on the theme that the U.S. population wants Colombia dope. "We're not doing anything wrong by giving them what they want," is their constant refrain. A U.S. commitment to eradication would reverse all that.

In all, the Mexican program cost the U.S. approximately \$16 million a year for two years to bring the marijuana problem under control. Colombia now receives only \$2.6 million in Foreign Assistance Act funds for narcotics control, but the U.S. spends between \$800 million and \$1 billion on drug enforcement, control and rehabilitation.

The price of an eradication program is ridiculously cheap. The time to act on it is now.

— Laurence Hecht

## What Colombia's drug pushers are saying

**El Tiempo**, Colombia's leading progovernment liberal newspaper, printed an Op-Ed Feb. 12 signed "De Toussaints" warning President Turbay that if he does not legalize marijuana he will be overthrown in a coup:

"In view of an apparent impossibility of ending the (drug) problem, (it is worth) reflecting on the convenience of adopting the very English decision... more than anything realistic, to legalize marijuana, as was so courageously suggested some time ago by the coffee leader Leonidas Londono.

"... Drug trafficking is corrupting the Colombian population. This fabulous clandestine economy... is neutralizing our own monetary instruments, forcing us to spend 'quixotic' amounts of resources which could be invested in other much more beneficial activities..."

"Instead of signing anti-drug trafficking agreements, (we should) begin a high profile campaign to explain why it will be impossible to contain production, trafficking and consumption and instead aid the prolegalization of marijuana campaigns in the United States.

"Is it not a good indication that Edward Kennedy, who according to polls could be President of the United States... has presented a judicial reform reducing the rigidity of the law and sentences against marijuana? Isn't the weed practically accepted by the society and not the law?..."

"With the legalization of marijuana in Colombia, the government... would acquire some control over the business

... and most importantly would destroy the mafias, corruption ...

"The defenders of our 'noble republican institutions' should take into account that inflation brings down governments, but corruption brings down systems. One need only remember what happened to Batista in Cuba."

**General (ret.) Jose Joaquin Matallana**, in an interview with the pro-drug "leftist" magazine *Alternativa* argued in favor of legalization. Discussing the content of a special study on the drug problem he prepared while heading up Colombia's antidrug program in 1975, Matallana insisted that marijuana is not as bad as cocaine. Further, of the two alternatives Colombia has in dealing with the drug problem — a paraquat program or legalization — he chose legalization so the state could "assume control, production and sale to those countries and peoples who want to consume." He explained that the first choice would mean that Colombia would soon be beset with law suits and accusations of crop and cattle destruction. The second alternative of legalization is "much more courageous because it goes against the national and international mafias, and takes their business away. I recommend the second alternative."

**Alvaro Gomez Hurtado** is the leader of a wing of the Conservative Party whose newspaper *El Siglo* has consistently called for marijuana legislation.

Writing in *El Siglo* in August 1977, Gomez stated: "Colombia must think very seriously about legalizing marijuana immediately."

**Daniel Samper Pizano**, brother of the president of ANIF, Ernesto Samper Pizano, wrote an Op-Ed column in the Liberal paper *El Tiempo* Jan 23, 1979 under the title "Someone Wants What We Have." Pizano uses the argument that the production of marijuana cannot be stopped. "It is irrational to think that a market stimulated by such attractive propaganda as *High Times* (a U.S. drug magazine — ed.) exists, because the Guajira exists. Things are actually the other way around, and therefore they are not remedied by destroying the Guajira nor by closing down *High Times*."

**El Espectador** is the second largest liberal daily in Colombia. In a late January editorial, *El Espectador* calls on its readership to analyze the drug problem "objectively." "All of this has to be analyzed with a cool head and with the greatest attention paid to the national interest... In terms of the global management of the (drugs) question internally and internationally, it has to be examined and intelligent measures adopted which do not fall into the puritan restraints which have failed many times in the world..."

**Alberto Lleras Camargo**, ex-President and so-called "father" of the Liberal Party, writing in *El Tiempo*, calls on Colombia to adopt the "British model" for dealing with its drug problem, i.e., legalization: "Where there is no fight against drugs, as in England, there is no problem."



# A theory for development of African labor

*Lyndon LaRouche  
maps out a  
comprehensive  
modernization  
approach*



Excepting British-influenced groupings in Africa, every leading force on that continent either welcomes, or at least converges on agreement with the developmental perspectives associated with France's Giscard d'Estaing and Germany's Chancellor Helmut Schmidt. All among us who are working for economic development of the African continent broadly agree that our task is not merely transferring modern technology to the developing nations. Technology is indispensable, but it must be understood as the tools indispensable to realizing the development of predominantly long-oppressed peoples.

Technology transfer cannot succeed without an accompanying development of the minds and longevity of the African people generally. We may be confident, and justly so, that we might prove able to stumble pragmatically into good results without a theory of mental development. The word "might" carries with it the connotation of risk or failure; it also conveys the implication of short-falls significantly below the level which would be attained by more thoughtful approaches.

As the use of British agent, Asharite Ayatollah Khomeini, for the destabilization of Iran warns us, the British agents and dupes in Africa, who are a significant problem in total, will use the rhetoric of "cultural imperialism," and other refuse of British colonial office "cultural relativist" heritages against modernization efforts. Putting British influence in Africa to one side, how do we aid Africans in achieving the most rapid realization of the peoples' mental potentialities, for mastering the advanced technologies African industry and agriculture urgently require?

We dare not risk lacking a sound theory of cultural development. This must be a theory which properly correlates scientific and technological progress with what we may term loosely "cultural progress."

To reach the desired result, we must overcome two categories of obstacles. First, we must discredit and discard widely held delusions concerning science and culture, delusions widespread among both European and Africa circles. Second, in place of those delusions, we must supply an applicable set of policies, a set of policies made comprehensible for practice with aid of the appropriate theory.

The following pages are a summary of the wanted approaches to those two, interconnected problems.

Our procedure here is as follows.

Through British hegemony over "Holy Alliance" Europe, following the 1815 Treaty of Vienna, the viable currents of European continental scientific thought were either pushed into corners, such as Germany's Goettingen and Russia's Petrograd, or were pushed out of influence among leading universities and other channels of indoctrination of educated and other citizens. This was complemented by the effects of the City of London's direct and

indirect domination of most of the life of the colonial and semicolonial nations.

British colonialist domination imposed an artificial backwardness on many nations and their peoples. It caused both an abnormal stagnation of cultural development, and even cultural retrogressions. The effects of these combined, London-centered influences on industrialized and developing nations have been a "set of facts." These "facts" are widely employed as evidence which purportedly proves certain delusions. In this way, misinterpretation of the actual causes for such "facts" provides both a rationalization for preexisting and prevailing conditions, and employs those rationalizations as a theoretical basis for current policy judgments. **Post hoc ergo propter hoc** has become the rationalization for perpetuating old miseries in new, sometimes more hideous forms. Hence, the appropriateness of the term "neocolonialism."

Taking this and related problems of widely held delusions into account, as we proceed toward statement of our theoretical points, we begin with a review of relevant historical matters. We outline a counter-historiography to that of Arnold Toynbee and like-minded British apologists.

## The Atlantis issue

Since Francis Bacon's **New Atlantis**, the British oligarchical faction and its allies have premised their defense of the faction's policies not only on a willful distortion of ancient Egyptian and Roman history. There has been a significant, included element of a distorted version of an "Atlantis culture." The characteristic feature of the British hoax is the historiographers' refusal to take adequately into account such matters as the millennial conflict between the priesthoods of Amon and Thebes. With aid of wild falsification of fact, the British homogenize selected historical facts together with outright hoaxes. The effect and intended result of this fraud is to portray the course of human history as intrinsically one of yin-yang-like cycles: periods of rebirths of civilization separated by "dark ages." A distorted account of an ancient "Atlantis culture" is frequently included in such indoctrination, and is almost invariably implied by given accounts.

Admittedly, the accounted rise of human civilization has known a number of dark ages.

The most recent were the 13th-14th century Dark Age,

from the defeat of the Hohenstaufen through the Black Death, plus what can be termed the semi-dark age of grave crisis from the closing decade of the 16th century into the 1648-1653 period. Leading British circles, most emphatically those associated with the evil Bertrand Russell, have adopted the perspective of a new, most monstrous "New Dark Age," to be inaugurated during this present century.

The most famous of the dark ages, and perhaps the most calamitous occurred over approximately a four-century period, from the explosion of the Aegean island of Thera during the 13th century BC, to the founding of Carthage and the rise of Etruscan and Ionian culture during the 850-800 BC period. It is clear that the rise of the Egyptian Fifth Dynasty (c. 2750 BC) reflects the occurrence of another major Dark Age.

Various civilizations have indeed been plunged back toward savagery through dark-age periods of savage depopulation.

The British view is that the occurrence of such a pattern of dark ages proves the Toynbeean sort of nonsense. The argument is that such catastrophes are inherent in the human condition, or in nature, or in both.

Although geological-meteorological trauma have performed a key part in the emergence of dark ages, there is nothing inherent in the human condition, or nature generally which requires a continuation of such a pattern. The common root of the dark ages is the emerging predominance of a political faction which absorbs scientific and technological progress. This faction is best known over the ages of literary history of mankind as the oligarchical faction, the same faction which the British oligarchy and its allies represent today.

Pending development and use of new bathyscape technologies for exploring sunken former littoral sites of chalcolithic cultures, the following summarizes broadly what is known with certainty concerning the actual existence of an Atlantis culture. Citing this knowledge purges the intellectual atmosphere of superstitious mythologies, and aids us in appreciating the importance Plato attached to the Atlantis matter in writing the **Timaeus** and **Critias** dialogues. That approach to historiography aids us considerably in arriving at an adequate notion of the theory of culture.

Working backward, with aid of geological data, from the time of the **Iliad** and **Odyssey**, and from the explosion of Thera, we discover the long preceding period geologically as one of secular raising of the level of the world's oceans. In Mediterranean-European history, this pattern is associated with important periodic seismic activity along the ridge running through the Mediterranean and up into the Iceland region. The trauma associated with geological catastrophes intersected the conflicts between chalcolithic maritime-littoral-riparian advanced cultures, and relatively bestialized, neolithic-oriented hinterlands cultures. It includes conquests of trauma-weakened chalcolithic, city-builder cultures by the forces of backward cultures.

The evidence is essentially this. We must date the emergence of the chalcolithic to no later than some yet-to-be-determined point between the 20th and 10th millennia

BC. The evidentiary problem of archeologists is, that out of this chalcolithic culture emerged a global maritime-littoral-riparian culture whose key sites were, predominantly, successively inundated by the rising of the ocean levels into the second millennium BC. Exemplary is the case of the sunken sites of a megalithic maritime-littoral culture of the Peoples of the Sea around the now-half-sunken island of Helgoland.

There is no sunken "lost continent of Atlantis." None of the relevant ancient accounts assert that there was. The continent is the Western Hemisphere. What is asserted in Plato's account, in particular, is that there is a sunken island in the vicinity of the Azores, an island which Solon's Egyptian informant identified as a principal element of a vast, transatlantic maritime power. It is quite credible, archeologically and geologically, to posit the possible existence of such a sunken island in the order of 500 feet beneath the present surface of the Atlantic, and to date this as inhabited territory in the vicinity of the 10th millennium BC.

Just as Schliemann demonstrated the **Iliad** to be a remarkably accurate historical document, through his excavations, so the **Odyssey** bears up. Using a long ship, not much unlike the Viking long ships, and probably copper-sheathed, Ulysses and his companions sailed out through the Straits of Gibraltar, reaching the Caribbean to encounter sites whose existence was known putatively to them by reputation. This coincides with the fact that the Mayan civilization which achieved so high a degree of competence in astronomy could not have been on the mere slash-and-burn level of agriculture.

These and other facts make a discredited wreckage of both sociology and anthropology as currently taught. What are accounted as "primitive cultures" are, at least very often, the degenerated shards of older, higher cultures. It discredits the so-called hydraulic model of early riparian civilizations, obliging us to search for the maritime-littoral cultures of which riparian developments were extensions.

Although the evidence discredits the "cultural evolution" faction of anthropology, as well as the nakedly fraudulent "cultural relativist" doctrines, it does not eliminate the fact of evolutionary principles in cultural development.

What survives is a **law of cultural development**. This law specifies that cultures which fail to accomplish a certain, lawfully ordered kind of development must pay the penalties of hideous depopulation and degradation of survivor populations in the direction of savagery.

What is discredited is the autochthonous, mechanistic, fatalistic doctrine of isolated evolutionary development of cultures, in favor of a voluntarist-dirigist principle of man's obligation to willfully discover and master the lawful prerequisites of continued development.

From this standpoint, we ought to be aided to see more clearly Plato's point of concern for Atlantis in the **Timaeus** and **Critias**. True, geological-meteorological catastrophes did **trigger** dark ages. The destruction of maritime-littoral centers of power of advanced culture **left the survivors vulnerable to conquest domination by backward, hinterlands cultures**.

Was the Biblical Tower of Babel a structure on an island-empire base situated in the vicinity of the Azores during the 10th millennium BC? That idea may be classed as speculation in and of itself. The philological and other connections among various peoples, including the Berbers, the pre-Celtian Iberians, pre-Celtic populations of Brittany, the British Isles, plus the Helgoland-Baltic region, and Central America, are powerful circumstantial evidence that a great maritime-littoral chalcolithic culture, as ancient or more ancient than the 10th millennium BC, did indeed represent a multilanguage culture. The outline of the past is clear; the details are still shrouded in dark waters and ancient mists.

The lesson to be adduced from the outline is that civilization cannot be secure unless the task of bringing modern technology and republican outlooks to the people of the "hinterlands" is accomplished. That is the central practical feature of Plato's writings, and also of the **Commedia** of Dante Alighieri.

Today, were the British to succeed in keeping the nations of the developing sector in the oppressive conditions of technological backwardness, whole regions of the world would be engulfed in the genocidal effects of perpetual "Thirty Years Wars," with accompanying famine and epidemics. A billion or more of the world's population in the developing-sector would be wiped out rather quickly, and the survivors degraded to an unimaginable degree of savagery. It is probable, under these circumstances, that biological and political holocaust would sweep over the industrialized sector, bringing thus upon the earth the most monstrous of all the dark ages to date.

That, I propose, is the lesson to be adduced from Plato's concern, a lesson most imperative for today's circumstances.

## The 13th-14th century crisis

One of the clearest, best illustrations of the dark-age problem is given by the great depopulation which occurred from the point of the defeat of the Hohenstaufen and their allies, into the resulting Black Death of the mid-14th century. Although reports usually isolate the Black Death itself as the depopulation of this period, and estimate that merely one-third of the population of central Europe was wiped out, the depopulation covers the entire, near-century period and adds up to more than half of the population of Western Europe. It was the destruction of the economy under Black Guelph faction policies which so ravaged the economy of Europe, drove so many into vagabondage, and so forth — which so created the preconditions of famine and epidemic in which the Black Death was merely the final phase.

The causes for this are not obscure. The defeat of the Hohenstaufen by the Black Guelphs, the overthrow of Alfonso the Wise, and the crushing of the Templars in favor of the Hospitallers was a shift of policy from a city-building, technological progress orientation, to a zero-growth plus fiscal-austerity policy.

The included precedent for this hideous policy was the Roman Empire itself. St. Augustine rightly defines the Roman Empire's culture as a process of decay. **The Roman Empire did not decay; it was decay.** St. Augustine adequately defines Rome as a form of hideous moral decay. The moral imbecility of Rome's culture had an economic-policy correlative. The Roman historical republic, ruled by the Delphic cult of Apollo, was already a form of moral decay. The Roman Empire, whose pantheon of cults was dominated by the Ptolemaic cult of Isis, compares only with the hideousness of Old China culture, as among the most monstrous forms of moral degeneracy which man has suffered in the historical record.

The period of semi-Dark Age ravaging Europe into the 1648-1653 period had the same causes as the earlier, 13th-14th century Dark Age.

Through the Augustinian-centered forces, the heirs of Dante Alighieri most significantly, the period following the Black Death into the middle of the 15th century was one of great revival, the Golden Renaissance. The influence of the Golden Renaissance reached a relative high point in the Padua-Florence centered collaboration between Plethon and Cosimo de Medici, and spread its influence for great good into the France of Louis XI and Tudor England. However, by the middle of the 15th century, evil was stoutly back in business. Evil, centered around the ancient "black nobility" families of Rome and their "black" Genoa allies, captured control of the monarchy of Aragon-Castile under Ferdinand and Isabella, and coordinated the fall of Paleologue Constantinople.

The rot of the oligarchical "black nobility" spread from Spain and Rome. The defeat of the forces of Cesare Borgia plunged Italy into a downfall from which it has not yet fully recovered. The vacillations of Queen Elizabeth in England aided the Genoa-controlled "black" factions around the Scottish lowland Stuarts and the Cecil family to grab control of England over the period into the Stuart accession of 1603. Oldenbarneveltdt was defeated in the Netherlands. Henri IV of Navarre was isolated and ultimately assassinated. The Thirty Years War was the culmination of this process.

Through the parallel efforts of the city-builder **politiques** in England and France, through the work of Richelieu and his heirs Mazarin and Colbert, through the rise of the Commonwealth Party to power in England, humanity was rescued from a worse disaster. Fortunately, despite the Scottish-based overthrow of the Commonwealth in 1660, the Commonwealth Party had taken a leaf from the policies of the Tudor Dudleys and the pages of Plato. Commonwealth Party colonies were established in North America, built around the most-literate among the parishes of England. During the 18th century, the mean cultural level of the population of the United States was double that of Eng-

land: in literacy, in standard of living, and in social productivity. The transatlantic conspiracy of Commonwealth Party, Colbertist and Leibniz factions, made the American Revolution and came near to succeeding in extending the influence of the American Revolution into Europe.

The issues which prompted the Marquis de Lafayette to break with Napoleon Bonaparte are inclusively key to successful British subjugation of the continent of Europe during most of the 19th century. The Marquis de Lafayette came close to succeeding in 1830. The British creation of Palmerston's various "radical" movements, such as the "Young Italy" movement of Giuseppe Mazzini, poisoned and wrecked the republican movement of Europe in the course of development and aftermath of the 1848 revolutions.

The victory of President Abraham Lincoln over the British in the U.S. Civil War, plus the Lincoln alliance with Czar Alexander II created the circumstances for a great industrial development in principally three nations: the United States, Japan, and Germany. It was this industrial development which brought the British to the edge of total, global defeat during the 1890s — at the hands of the alliance of France's Hanotaux, Germany, and Russia's Count Witte with Meiji Restoration factions in Japan.

Although the city-builder republican movements of the late 19th and 20th centuries have been generally philosophically puerile by comparison with their predecessors of the Golden Renaissance and 16th and 17th centuries, the persistence of a dedication to scientific and technological progress, even in a purblind, pragmatic form, has so far prevented civilization from plunging into another dark age ... despite two world wars of this century.

At this moment of writing, the world verges to the brink of thermonuclear holocaust under the combined impetus of London, Peking and their allies in various nations' leading circles. We dare not content ourselves at this juncture with a merely pragmatic, purblind approach to the furtherance of scientific and technological progress. We dare not do less than to quickly resurrect the most advanced philosophical knowledge and methods, and to apply that knowledge, those methods appropriately to the great world-building tasks before us.

Those tasks center around finally and forever bringing all humanity out of the hinterlands of oppressive barbarism. We must proceed from a conscious mastery of the universal law of progress, and with assurance that the hegemonic combination of leading powers of the world are unshakably dedicated to no other policy but that of fulfilling the requirements of a republican world order of generalized scientific and technological progress.

There must be no more Dark Ages for humanity. No factions dedicated to the oligarchical cause must be permitted to retain power in any nation. No people of any nation must be pushed into zero-growth practices and ideologies. Never again must there exist a combination of oligarchical factions and a recruitable mass of oppressed hinterlands population to threaten the human species with a new Dark Age.

## A concept of culture

I now refer to, without repeating here, the contents of my publication, **The Theory of the European Monetary Fund**. Two essential points are adequately demonstrated in that and other published locations. First, in the cited publication, I accomplish two things. I demonstrate, in outline, the economic theory for a general law of development. I also demonstrate that the conception of **negentropy** which arises in that connection is the proper conceptual foundation of all scientific knowledge. In other locations, my immediate collaborators and I have demonstrated the coherence of these same conceptions for the comprehension and ordering of what is broadly termed "culture" — poetry-music, drama, painting, sculpture. I now employ the conclusions demonstrated in those locations to attack the problem of the development of African culture.

To aid in making that indicated connection, I now summarize a few points of most direct relevance to the specific problems under consideration here.

It is appropriate to emphasize that my own fundamental contributions to economic theory are most conveniently characterized as applying the implications of Riemannian physics to the problem of deterministic economic models for the condition of constant technological advancement.

This involved a more profound epistemological grasp of Riemannian physics than has, heretofore, been generally encountered among physicists.

Usually, Riemannian physics is understood to signify the more specific accomplishments of Riemann, rather than the "axiomatic" conceptions and methods by which his accomplishments were effected. My own point of departure was Riemann's notion of "fundamental hypothesis." Riemann's "fundamental hypothesis" and the "higher hypothesis" of Plato are equivalent notions. Riemann's accomplishments may be successfully employed without accepting or comprehending the notion of "fundamental hypothesis"; the derivation of Riemann's physics cannot.

It was the notion of "fundamental hypothesis," aided by coherent understanding of Cantor's derivation of the notion of the "transfinite," which aided men in solving the most important of the remaining problems of economic theory.

The most obvious equivalent to the Platonic conception of "higher hypothesis" and Riemann's notion of "fundamental hypothesis" occurs within the framework of the well-tempered system of contrapuntal composition in music. This immediate connection between Riemannian physics and poetry-music is perhaps the most convenient bridge for bringing into light the equivalence between certain artistic and scientific thinking. With aid of the comprehension of the three levels of knowledge of Plato, Neoplatonic Christianity, the Koran and Dante Alighieri's **Commedia**,

we are aided to elaborate the needed theory of culture as a lawful conception for practical use.

However, before plunging into the elaboration of that point, we must clear away a certain amount of commonplace misassumptions concerning culture.

The African weighing the problems of introducing European technology into his continent often accompanies his thoughts on this process with a cautious or even resentful attitude toward the notion of superimposing European culture generally upon African peoples. We are not thinking at this moment of those African voices which are merely echoing the cultural-relativist doctrines of British mintage. We are expressing sympathy for the African who refuses to swallow credulously the **post hoc ergo propter hoc** argument that European technological superiority requires Africa to import, kit and caboodle, each jot and tittle of existing habits of thought and daily practice of the industrialized nations.

African culture must be transformed, without doubt. A culture which reflects the effects of imposed technological stagnation, in which the African mind's potentialities are deemphasized, for emphasis upon the sensual appetites and impulses of the body, must be transformed. This transformation must occur along the principled lines best exemplified by Dante's **Commedia**. The instant we pose the problem in those terms of reference, we have adopted a standard which impels us to cast aside many of the prevailing standards of artistic and other taste in European cultures themselves.

One cannot leap directly into the last, empyreal canto of Dante's **Commedia**. The Dante of the inside of the **Commedia** — as distinct from the Dante writing the **Commedia** lifted himself out of the Inferno of irrationalist sensuality. That Dante walked with Virgil through the Purgatory, and through fire into Paradise. The great future art of Africa will embody and celebrate Africa's own transformation of its cultures from the colonialist heritage of brutalization of peoples into irrationalist sensuality.

No doubt, existing African stories and legends, including those which embody an outlook of irrationalist sensuality and superstition, will be transformed ironically by African artists. Such Neoplatonic methods of guiding artistic audiences through the upward steps of progress outlined by Dante's **Commedia** will become the corpus of an emerging African art. It is not adequate to preach finished virtues to a people; artists are required. The artist must get inside the mind of the audience, in the manner Dante illustrates the method, and guide the steps of African minds upward in that way from that point of intersection.

I do not propose that the greatest European art — that which is truly great, rather than that which merely enjoys a favorable reputation at the moment — will not be assimilated in Africa. I propose to emphasize that it is the **method** of the Platonic dialogue, as the principle of art standing above any specifics of national culture, which is the only essential thing Africa **must** adopt from Europe. That European art which fulfills the standards of **the Platonic dialogue as method** should be valued in Africa, and will

undoubtedly be honored as Africa develops. The rubbish of European culture, which presently constitutes the numerically greater content of that culture, Africa will have the advantage to avoid more easily than Europe rids itself of the same such refuse.

Once culture is defined from the vantage-point I have indicated here, a spectrum of indispensable conclusions follows. First, the culture reflected in poetry-music, painting, sculpture, architecture, drama, and so forth is as much a matter of scientific principles as a proper mastery of modern physics. Moreover, the underlying principles of great art are the same principles which ought to inform a valid physics — the principles associated with Plato's notion of the "higher hypothesis." Not only is there an agreement of this epistemological quality between great science and great art, but **the fostering of the kind of great art which fulfills those principles is indispensable for fostering scientific creativity within a population.** This means not only the fostering of great African scientific discoverers, but fostering most efficiently in the mind of the African citizen generally an enhanced capability for assimilating more advanced technological conceptions for generalized social practice.

Conversely, to the extent that Europe exports its own or an "Africanized" version of the rock counterculture to Africa, Europe will thus be impairing the capability of Africa to assimilate modern technology. Or, to the extent that Africa fails to liberate itself from primitive cultural traditions, a similar deterrence to progress will occur.

To restate the same point in the terms of reference of a preceding section, Plato's emphasis on the principles for development of the mental powers corresponds to the lessons of the dark ages. It is the lack of emphasis on technological progress among backward forms of rural-based and pastoral cultures, and the tendency for mental and moral savagery among the oppressed and backward strata of otherwise advanced civilizations, which makes societies vulnerable to the dark ages. All the achievements and beauties of great urbanized cultures are in imminent jeopardy until we have developed and effectively apply the conceptions needed to transform the peoples of the "hinterlands." We must eliminate that ignorance and backwardness which have enabled the oligarchists repeatedly to transform masses of afflicted populations into social battering-rams against the institutions of civilization's generalized scientific and technological progress. Thus, although the Platonic method is the proper foundation for the development of scientific knowledge, it is equally, essentially, a concentration on the methods for elevating the mind of the masses of people — including the oppressed peoples suffering the ignorance and backwardness of the "hinterlands."

## The example of music

The great sources for the development of European polyphonic contrapuntal music are chiefly the Platonic Academy and the writings of the medieval Ismaili scientists, al-Farabi and Ibn Sina. These sources insist that the well-tempered methods of music-poetry composition — in distinction to opposed methods — are a necessary experience for the fostering of the creative powers of the mind.

To make clear what we mean by opponents of this kind of music, we cite the British doctrine deployed against the great Johann Sebastian Bach, and later deployed against Ludwig van Beethoven. The British insisted that music was nothing more than a pleasing melody with agreeable accompaniment, and that music was chiefly a matter of exciting or otherwise pleasing sensual effects. That, British, view has no compatibility with what is properly regarded as music or poetry.

From the point of al-Farabi's proof for octave-species well-tempered scales, and the definition of 24 major and minor scales for European well-tempered polyphony, music has been essentially defined as follows. This definition underlies the agreement between such music and scientific thinking.

If I sing within one of the 24 scales, but then augment or diminish an appropriate note of that scale, I am singing in another of those scales. If I take the third, fourth, fifth or sixth note of a scale and treat that as if it were the first note of a scale, I am singing in a different scale than the one from which I began, in which I sing notes which are variously augmented or diminished with respect to the pitches of the original scale. By such and related means, I can move through all 24 of the major and minor scales in a lawful way.

If I choose a theme which is in one scale, and I repeat this theme in parallel vocal or instrumental voices accompanying the first, but starting at different beginning-points in time, and I follow the principles of the simple canon in so doing, wonderful possibilities unfold for me as a prospective composer of music.

These are but the most elementary features of well-tempered contrapuntal musical composition. We have chosen to emphasize such elementary features to make the relevant point to the widest audience. We now continue, showing first why the well-tempered system is so important, and what is potentially wonderful in a composition treated according to well-tempered principles.

It is probably well-known to all that there is a school of argument which attempts to define a "natural" physical scale of pitches according to the principles of vibrating wires, strings, tubes, and so forth. According to that misguided school, these mathematical progressions of

vibrating rods are presumed to be "natural pitches" of an octave-species scale. The deviations from such "natural pitches" are then explained as permissible changes in pitch-values for the purposes of convenience. One illustration of such a convenience is the problem of tuning keyboard instruments in such a way as to permit performing in any of major and minor keys.

That school of argument is nonsensical.

If I am to sing within a domain of 24 major and minor keys, then each note I sing is simultaneously a tone, or an augmented or diminished tone, in every other among the 23 remaining keys. Therefore, we cannot sing — except monotonously — unless the value of the tone is determined simultaneously for all 24 keys, rather than merely as a note of an octave for one key. In other words, the 24 keys are not derived from a "natural" octave-species scale; the value of the tones of any one octave-species scale is determined by 24 keys taken as an indivisible, primary whole.

The importance of this is that the well-tempered system defines the 24 keys as a unified domain of tonal development. It is the lawful movement from one key to another within a single musical composition which is the indispensable definition of music. The requirement of such tonal development is the primary fact of the tonal side of music; it is **the principle of development** which determines what the pitches of the tones must be. There are no "natural pitches" in the sense one school assumes to be the case.

We shall not review here, for reasons of convenience, the other formal aspect of musical development, metrical development. We merely make the observation that the metrical and tonal development of an actually well-tempered composition properly interrelate.

Now let us, speaking hypothetically, proceed to compose some music. We shall employ the simplest rules of composition, those canonical principles for singing poetry in the time of Plato, or of Dante, Petrarch or Leonardo da Vinci. For this purpose, no theory of harmony is needed — for reasons of proof we shall promptly identify.

In judging how to sing a line of poetry (which can be done invariably if it is genuinely poetry), we are governed by elementary musical rules.

We must observe the principles of the musical scale. The vowel-consonant connections in spoken language are musical; pitch-values are implied. (It is not necessary to go into details here on that point.) Except in languages in which specific pitches are conventional, we are merely restricted. In modern European languages, for example, there is no exact pitch associated with a syllable, but rather a tendency to prefer certain relative values of pitch with respect to other syllables in the same vicinity of speech. Our first choice in singing a line of poetry would be to decide upon one of the 24 major or minor keys. We might make a more complicated choice, but it would be a choice of some lawful significance within the elaboration of a composition in the 24 key system. It would not be an arbitrary sequence of pitches. (You can do almost anything, provided you demonstrate it to have a lawful "resolution" within the course of the completed composition.)

There is a second level of refinement to be considered. If one were a frequenter of the Academy at Athens, or an

associate of Dante, Petrarch, da Vinci, one would probably sing the poem to the accompaniment of a stringed instrument. This accompaniment would have no resemblance to a modern popular singer producing annoying monotony with a guitar. One would add the one or two voices performed on the instrument to the singing voice; the voice or voices of the instrument would sing a canon in concert with the singing voice. This polyphony would prompt a musician to consider further refinements of choice in selecting the sequence of notes for the original design of the sung line.

We noted above that no consideration of the theory of harmony is involved in this. It is not a matter of vertical chords. It were better for music, and for understanding the performance and composition of music, to throw out the doctrine of vertical harmonies altogether.

Let us focus for a moment on the point at which the second voice of a canon comes in. Let us consider, now, the note in the first voice sung immediately preceding the first note of the second voice. That note in the first voice goes into two directions. It goes to the succeeding note in its own voice; it also goes to the first note in the second voice. That latter connection is a "cross-voice" relationship. It is not vertical harmonies which actually determine consonance and dissonance in polyphonic music; it is the complexity of cross-voice relationships.

The composition of a simple canon requires that the cross-voice relationships of the polyphony be lawfully meaningful throughout. You see, no doctrine of harmony is needed; indeed, the doctrine of harmony tends to distract the student from the real issue of the matter.

By constructing the thematic statement of a canon cleverly, one causes cross-voice relationships to emerge which one brings forth as developed voices. It is in this way that well-tempered polyphonic counterpoint introduces exciting development within musical composition.

That is only the first doorway to musical composition, but it is adequate for defining our second point.

Once the composer has found an appropriate cross-voice-linked idea of musical development, the shading of the thematic statement for the canon is determined accordingly. In other words, musical development does not begin with themes as arbitrary givens. One searches, with aid of canonical method, for a kind of development which is suitable to one's purpose, and then defines the theme accordingly.

Thus, the canonical way in which thematic material is determined for a good musical composition is analogous to the way in which the well-tempered system determines the proper pitches of the tones. One proceeds from **the concept of a whole development taken as an indivisible primary**. One then determines the particular values — such as pitches, thematic material — which that development demands. It is the whole which is primary, and the particular which is relatively determined, relatively ephemeral.

Music has reached its highest degree of scientific development to date in the transformed notion of double-fugal counterpoint achieved in the later work of Ludwig van Beethoven. What is truly "double" in this is not the combining of two elements as in the ordinary notion of the double-fugal form. What is double is that in the development there

is a development of a process of development, a development of the second order. This brings Beethoven's greatest later works into agreement with Plato's notion of the "higher hypothesis."

The point, as Plato, al-Farabi, Ibn Sina and others emphasized, is that the well-tempered system of musical composition and performance locates music primarily in the creative processes of development embodied in the music. Music is not located in sensual effects, but in the process of lawful, creative development mediated through the domain of what might appear to some to be musical-sensual effects. It is not the sensual effects which define the intensity of "feeling" of a great musical composition; the intensity of feeling is the experience of lawful forms of creative development.

## A physics analogy

The split in physics between Newtonian and Leibniz's views divided European physical science into two bodies of thought and practice. The school associated with Leibniz was dubbed the hated school of "continental science" by the British. From the time of Francis Bacon, and from the establishment of the British Royal Society under John Locke's guidance, the British have devoted the subsequent centuries to the effort to discredit and suppress "continental science." On this point, the British have been explicit.

The exemplification of the essential differences between the two schools is the opposite way in which the two opposing methods regard the phenomenon of the wave. We shall thus illustrate how the school of Leibniz, sometimes termed the "hydrodynamicist" school, provides a view of the universe in epistemological agreement with the well-tempered system of musical composition. It is not therefore so astonishing that Bach was in the factional orbit of Leibniz, or that the British efforts to isolate, defame and destroy Bach were coordinate with British efforts against the influence of Leibniz in science.

In the Newtonian, or reductionist ("elementary particle"-centered) view of physics, the wave is a mental construct invented by the mind, as a convenient way of thinking about the resultant of a complex interaction among numerous particles in motion. In the Leibnizian school, any wave meriting that name (for purposes of physics) is a real, primary phenomenon, which directly interreacts with other waves as wave-interaction. In the Leibniz view, the behavior of the particles participating in the wave is determined by the wave, not the other way around.

The most advanced understanding of this theoretical problem to date is provided through the pioneering discoveries of Riemann. Although Riemann is qualitatively more advanced than other hydrodynamicist schools of physics, Riemann's work is an advancement within the

“continental physics” of Leibniz, Euler, the Bernouillis et al. Riemann developed, even before 1860, remarkable proofs of the primacy of the wave as such — for which conclusive experimental proof was given by the fact that H-bombs work.

The same Leibniz-Riemann approach is crucial to the main lines of progress for scientific research today.

In plasma physics, accelerators and related devices do not accelerate **individual** electrons, protons and so forth. They accelerate plasmas. The effort to interpret scattering and other plasma reactions as particle-reaction reactions is specious. The most anomalous sorts of reactions — those which defy an elementary particle sort of physics — have the characteristic feature that the collectivities of the plasmas behave as Riemannian waves.

Most dramatic among anomalies of this sort are those which involve the negentropic generation of plasma entities, such as solitons. These and related crucial evidence point in the direction of solving the problem of defining the distinctions and causal connections between the domains of inorganic and organic physics.

The interesting sort of anomalous behavior is that in which the notion of energy as a scalar breaks down, together with the notion of electrons, protons and so forth as “elementary particles.” These conventional notions of scalarized energy-measure and “elementary particles” define atoms, plasmas and so forth in terms of an ostensible energy of the system. Hence, the provocative anomalies are those which confront us with manifestations of organized reactions which depend upon causal influences in excess of what can be accounted for by the ostensible energy of the system. It appears that we have tapped something additional within the internal physics of the particles, a kind of physics which displays rather different laws than Maxwell-pivoted physics conceptions. We are obliged to think not of scalar magnitudes of energy, but of a higher form, “organized energy,” an ostensible source of **negentropy** in certain higher organizations of atoms, plasmas and so forth.

Biology is the most provocative vantage-point for viewing this.

Take two “organic” molecules. One is suited to be part of a living process; another of the same nominal composition is not. The difference between the two is organization, not atomic constituents.

This notion of organization, as key to the distinction of living tissue’s constituents, is most provocative. Appropriate “soups” of such constituents reflect their characteristic organization in a manner heuristically analogous to the characteristic crystallization of inorganic substances. The term, “aperiodic crystal,” has been employed for biological processes on this account.

It has been noted that in the development of antenna, legs, and wings on flies metamorphosing from the larval form through pupation, it is the shape of the plate from which the limb grows which determines whether it will be a leg, or wing, and so forth. It is the “wave form” generated which governs the process’s constituents.

Looking backward toward the root of this business, we come to the atom. We are looking for the font of negentropy

in the living tissue. Whence does the tissue secure this negentropy? Certain molecular configurations tap the negentropy of the atom; others, of the same putative building blocks, do not. Anomalous plasma behavior shows that the atom and its ostensible constituents contain such potentialities. Presently, we lack definite answers; but we know which track will ultimately be the fruitful one.

Nature is ordered in a manner directly opposite to the assumptions of reductionist empiricism. Fruitful scientific investigation also proceeds directly opposite to the guidance of reductionist-empiricist assumptions. Science proceeds by conceptualizing the characteristics of a whole process of coherent development; this conception enables the scientist to generate fruitful — if not always correct — hypotheses. Through a barrage of successive, fruitful hypotheses — in which we learn important knowledge even from mistaken hypotheses so projected — we determine a specific knowledge, much as the well-tempered notion of the tonal aspect of musical development determines the pitches of tones, and as canonical method applied to a conception of musical development guides the composer in determining the proper exact values of thematic material.

## The “higher hypothesis”

The key to progress is typified by those methods of development of the individual which will yield the highest incidence of leading scientific discoverers. This method, applied to the population as a whole, may not transform all of population into leading scientists. It will be optimal in yielding the highest incidence of good engineers, technicians, and optimal results in fostering the technological aptitudes of the general population.

Therefore, if we now concentrate on the matter of optimal incidence of scientific discoverers, it should be understood that we are treating that incidence as a key parameter for all the correlated other benefits.

The epitome of the advanced scientific discoverer is the mind which has comprehended the higher hypothesis. Therefore, a directed effort to effect comprehension of Plato’s notion of the higher hypothesis in the largest possible number of citizens, is the method of approach which must tend to correlate with the best overall results among the population as a whole.

Even mere existing professional anthropologists have, in some instances, attempted to measure the degree of technological progress of various cultures in terms of the modal per capita throughput of energy in basic modes of production. As I demonstrate, that measure is an unavoidable step of first approximation; however, as a parameter of the process of development it is fallacious, totally misleading.



As each level of technology defines a range of man-altered conditions as primary resources, those primary resources are also defined as relatively finite. This relative finiteness may be ostensibly a matter of absolute quantities of suitable primary-resources reserves available for exploitation; the relative finiteness may emphasize a limitation of steeply rising marginal cost of exploitation. This boundary-condition cannot be overcome without an increase in the per capita "reducing-power" of the society. This per capita reducing-power depends upon inventions, upon scientific discoveries or the equivalent. Yet, those discoveries cannot be adequately realized unless the potential rate of growth of the economy is adequate — there must be a reasonably high ratio of surplus energy to total energy throughput per capita.

The result is that the per capita throughput must rise, but under the condition that the ratio of surplus also rises. (The reasons are given more fully in my **The Theory of the European Monetary Fund**.) This combined exponential growth in both the per capita throughput and the rate of surplus correlates with negentropy.

This is the reference-background for presenting an adequate view of Plato's notion of the higher hypothesis.

The realization of negentropy, on which the sustaining and advancement of the human condition at any level depends, is mediated by that quality which distinguishes man from the beasts: the development of the creative-mental potentials of the human mind. Every beast is delimited to a range of alternative behavioral potentialities, whose thermodynamic potentialities are relatively fixed by the beast's heredity. Only man can develop himself without biological transformation of his hereditary nature; only man can develop his mind.

Not only is technological progress indispensable for successful human existence. Without technological progress man is degraded in implications of general social practice to a kind of talking cattle. Man in zero-technological-growth or devolving cultures is degraded in self-image and morality to likeness to a mere talking beast. His sensual appetites and impulses dominate his sense of what his identity is. He becomes sensualist-irrationalist — Hobbesian, beast-like man.

The beast-likeness of mankind is expressed as simple consciousness, as a set of fixed habits of conscious thought. In this mode of bestialized mental existence, the individual is enslaved to whatever impulses, prejudices, judgments erupt into his consciousness. He knows not whence they come, nor can he prove whether they should or should not exist at all. They are simply there at the time they occur to him; he is the slave of their occurrence.

Creative development signifies changing the way one thinks. This is accomplished through what is formally represented as the method of the Platonic dialogue. One sets one aspect of one's mental processes to watch the other in the conduct of a dialogue with other persons. By watching the interplay of simple consciousness, the watching part of one's mind is able to correct the systematic errors in the process by which simple consciousness is determined.

These changes correspond to **ordinary hypothesis**. By

changing the criteria of simple consciousness's generation, one becomes rational (in the ordinary usage of the term "rational.") This higher faculty of mind, the "watcher," the conscience, is the source of hypothesis.

There is a second level to this process. In the history of scientific knowledge, each level of such knowledge is qualitatively superseded by new general advances in knowledge. Therefore, it is demonstrated that any science, in the conventional notion of an accredited body of scientific knowledge, is intrinsically inadequate. As a level of scientific knowledge corresponds to a level of development of the power to generate scientific hypotheses, so the progress of scientific knowledge describes a succession of levels of quality of formulation of hypotheses.

For this condition we must assign to our mind the function of developing a "watcher" who watches the "watcher." The hypothesis which coherently and efficiently governs qualitative advancements, successively, in the quality of scientific hypothesis, is the **hypothesis of the hypothesis**, or Plato's **higher hypothesis**. This is coordinate, for physics as such, with Riemann's "Fundamental hypothesis."

Perhaps the most efficient example is Dante Alighieri's **Commedia**. The **Commedia** is apportioned into three sections: Inferno, Purgatory, Paradise. In the first section, Inferno, Dante's consciousness is simple consciousness. He is only reacting to an ordering of successively-ordered experiences, governed by the principle of sensuality. In the second, Purgatory, he hypothesizes. He questions, he is rational in the ordinary usage of "rational" today. In the third, Paradise, he is developing the hypothesis of the hypothesis.

The principle which orders the successive cantos in the Inferno is the principle of irrational sensual appetites and impulses. This leads to its outcome, the Pit. The Pit negates the validity of irrational sensuality. In Purgatory, Dante becomes Kantian man. He still adheres to the service of his sensual appetites, but he takes into account the chains of cause-and-effect which an action detonates in the world around him. Those actions which have undesirable consequences he suppresses (negates). He uses this negating knowledge to curb or modify his appetites and impulses. This leads him to the futility of the Earthly Paradise. Dante must give up altogether the notion that his sensual appetites and impulses are his identity. It is not adequate merely to employ rationality in seeking successful gratification. He must give up the association of his identity with such sensuality. That change is like passing through fire. Paradise is the method of developing the higher hypothesis.

Each division is composed of 33 successive cantos, ordered by a developmental principle. In the first, the Inferno, the developmental principle is sensuality, irrationality — existentialism. In the second, Purgatory, the developmental principle is Kantian: **the rational negation of counterproductive sensual impulses in order to save those which understanding hopes to satisfy from among the noncounterproductive**. In the third, Paradise, reason-for-itself is the developmental principle.

Yet, the succession of the three developmental principles also implies a development principle governing the en-

tire succession of the cantos, from the first of the Inferno, to the last of the Paradise. In the last canto of the Paradise, this higher, overall developmental principle is finally comprehended. The journey to the empyreal, knowledge of the content of the higher hypothesis, is now completed. That canto is the perfected knowledge of the implications of the higher hypothesis.

The significance of the higher hypothesis is that it correlates uniquely with the fundamental aspect of human progress in willful mastery of the lawful ordering of the universe. Scientific knowledge, in the ordinary sense, cannot be in correlation with the lawful ordering of the universe, except **inadequately**. Man could not imagine to master the laws of the universe in any final, all-at-once moment of glory, with nothing more to learn. Man knows he is mastering the ordering of the universe only by abstracting that aspect of his creative behavior which correlates with successive advances in mastery of the universe. The epistemology of scientific knowledge's evolutionary progress, viewed from the vantage-point of the notion of the higher hypothesis, is the highest form of knowledge man can attain concerning universal law.

It is on this account that Riemann's notion of fundamental hypothesis is fundamental for physical scientific knowledge.

Conversely, to produce the highest incidence of scientific discoverers, we must have a general culture which fosters progress of developing new citizens toward comprehension of the higher hypothesis. This must be a culture in which the principles of the Platonic dialogue, as a method for reaching the higher hypothesis, dominate in all aspects of cultural development: the arts, science, law.

## Self-critical cultures

Clearly, the most widespread obstacle to development in Africa is the attachment sections of the population have to "our ancient ways," "our special customs," or, simply "tradition." The "traditional culture" of sections of populations long enslaved to technological stagnation, especially in rural and pastoral life, is intrinsically a culture belonging somewhere in Dante's Inferno, a culture tending to the same degree of moral degeneration as the world-outlook and prejudices of Europe's fanatical "environmentalists."

However, fortunately or unfortunately, that is the culture which seizes many. It cannot be simply leapt out of. The African burdened with such a culture cannot step into a European-type rationalist culture by an effort comparable to moving abruptly into another room. Like the character Dante, this African must struggle within the culture imposed upon him from the past, making his way out of the Inferno, into Purgatory, toward Paradise. It is that struggle

to make his way upward which is the heart of the new African cultures to be developed.

The practical questions which confront us most prominently are therefore two. Most broadly, we must set cultural progress of the sort we have outlined into motion. Concomitantly, Africa must use the lessons of the Platonic-Neoplatonic method to organize the movement.

We set progress into motion by providing a climate of the benefits of technological progress. We must afford the most backward peasant a credible experience of the benefits of progress. The benefits which are important to him will make the kind of thought necessary to comprehend the new practices a desirable quality of mental activity. "I have learned a new thing which increases my power over my circumstances of life." As that interest in changing his simple consciousness is established circumstantially, it is the work of the educator and the artist to employ the method of the Platonic dialogue to transform the existing cultural ingredients from a simple-conscious, traditional form, into the subject-matter of a new culture, a consciousness of the changing of, going-away-from simple-conscious traditional culture.

The moral shift which must be fostered is not one of repudiating one's ancestors pure and simple. In superseding old ways, one fulfills the existence of one's ancestors by making something better on the foundations they have provided. "Thank you for having given birth to my parents, dear ancestor. Now, through progress — through progress in change — I shall prove that your having lived made possible something worth while." The developing African says, "Because of the progress I bequeath to my posterity to build upon. I ensure that my ancestors have not lived for nothing."

Let us now distinguish the essence of the matter of culture.

From the standpoint of ignorant opinion on this matter, culture is a set of beliefs and so forth, as a kind of collection of objective-like artifacts. In reality, **culture is the notion of a process of development**, by which progress in knowledge and method of developing knowledge has been effected up to each point of that process of development. Cultural knowledge becomes more profound as the process is understood as a process of progress in the quality of developing new knowledge, as the process represented by that qualitative progress is abstracted from the whole experience to become the subject of reflection.

Culture in Africa will become Platonic dialogues which embody the Platonic method of superseding of present-day traditional beliefs. This will be generalized, to make emerging African culture an integral part of world culture by comparing the experience of transcending traditional beliefs in Africa with equivalents in the progress-phases of European and other cultures. This critical comparison will provide the basis for the generalization of the notion of culture, as human culture, rather than as European, African or any other narrow definitions in this domain.

The incapacitating problem for the European generally, in dealing with the more stubborn social aspects of African development, will be that most Europeans today accept in their own cultures a mixture of good and rubbish. The ac-

ceptance of a rubbish-laden European culture (e.g., toleration of existentialism, empiricism, etc.) as a collection of "givens," a collection of "personal preferences," simple-conscious "given" prejudices and beliefs, means that the European so afflicted is necessarily blinded to the important features of African cultural development, to the effective comprehension of the important problems which tend to impede that development. If the European does not subject his own beliefs and habits of judgment to the rigors of the Platonic dialogue as a method, that European is a crippled person in the domain of dealing with the realities of Africa.

## An elite of Platonic thinkers

For this purpose, Europe and Africa must produce an elite. This should not be an elite in the sense of a privileged stratum squatting on the shoulders of the less-favored. It must be an elite of servants, an elite of the dedicated modern agents of the Platonic Academy at Athens. Each of this elite must master one or more of the relevant fields of science, engineering, medicine, poetry, music, drama, sculpture, architecture, agronomy. That person must be developed in the Platonic method, and must master his or her own field from that vantage-point. Such persons, distributed among the political, industrial research, artistic and other aspects of government and work in the mediating of technology transfer, serve as the radiating-points for mediating the point of view, the approach we have reviewed in outline in this presentation.

This elite must be developed with aid of new special institutions of advanced education governed by Platonic-Neoplatonic principles. These institutions catalyze the development of the needed elite, and also serve as catalysts for introducing needed reforms into educational institutions in both the presently industrialized and developing nations.

The process in which we are engaged is no mere

economic-development program, not merely a remedy for the hazards otherwise threatening mankind in this time. We are engaged, if we see the matter rightly, in a battle to finally solve the problem of the "hinterlands." We are working to place the present and future order of this entire globe under the rule of the Great Design.

True, we are working to uproot the preconditions of chaos, famine and epidemic in the developing sector, and to ensure the prosperity of all nations in a half-century effort to end forever underdevelopment in any significant corner of the world. This aspect of our endeavor is necessary, but not the essence of the undertaking.

We are transforming the minds of ordinary people in both the industrialized and developing nations. The process of global economic development and technological progress provides the indispensable environment in which to foster consciousness of scientific and technological progress, especially consciousness of the development of the creative potentials of the individual mind. We are engaged in affording mankind generally a new, higher valuation of itself with aid of this new technological environment.

Yet, to consolidate those beneficial circumstances' effects upon the mind, the methods and implications of the Platonic dialogue must be consciously applied to science and art, to catalyze within the individual mind a rounded development. We cannot sustain progress in an environment permeated with cultural barbarism; we cannot sustain a viable artistic life among a people in technological barbarism. The principles of great art and the principles of great science are epistemologically the same principles.

"How to" education in practical technology is perhaps unavoidable. Our universities being in the lamentable condition they presently represent, much of the education afforded will be poor in methodology, as stultifying of the development of creative powers as it is informative for technological practical tasks on a fixed level. We must ensure this to a certain extent, while working to supersede it, bypass it as rapidly as possible. We must infuse the process of development with something better, something to develop and grow to replace all the left-over refuse we carry into the initial phases of the present great undertaking.

It is seeing what we term Art as properly ruled by the higher hypothesis, that is key to fostering the most rapid advancement of the scientific and technological powers of labor in Africa and other zones of economic development.

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# Battle shaping up for Nigerian election contest

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Nigeria is the nation central to the development of sub-Saharan Africa. Its population of approximately 70 million is one sixth of all of Africa. Its industrial production is the greatest in black Africa. Increasingly, since independence, Nigeria has played a leading role in the organization of Africa as a unified political and economic region. Nigeria's decision to participate in the Organization of African Unity (OAU) on an equal footing with poorer and less populous states was important for that nation's development, as was their role in the formation and operation of the Economic Community of West Africa (ECOWAS).

More recently, it was the Nigerian government of Murtala Muhammed which led the OAU to support Agostinho Neto's Popular Movement for the Liberation of Angola in 1975. The British were so alarmed at Muhammed's political role that the British High Commissioner to Lagos saw fit to harbor the perpetrators of his assassination until it was clear that their attempted coup had failed on Feb. 13, 1976.

For these reasons, Nigeria is a hotly contested front in the battle to establish a new world economic order. Last year, German banks pledged well over \$1 billion in credit for Nigeria's development plans. West German Chancellor Helmut Schmidt met with Nigerian Chief of State, Olusegun Obasanjo, twice during his August African tour and again at the North-South talks in Jamaica.

At the same time, the French government of President Giscard d'Estaing has been working closely with Nigeria's ECOWAS and OAU allies. ECOWAS was originally founded to supersede separate French-speaking and English-speaking alliances in West Africa. During his fall tour of Africa, Giscard's foreign affairs official, Olivier Stirn, noted the possibilities ECOWAS has created. He said that it was French policy to establish economic and other relations in order to participate in the development of all African states — not just on its former colonies.

To understand the dangers faced by an otherwise confident Nigeria this year, it is important to remember the

British role in the Murtala assassination and their opposition to the industrialization of underdeveloped regions.

## The election campaign

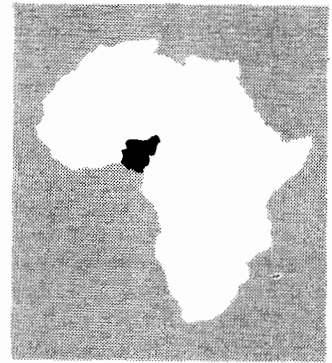
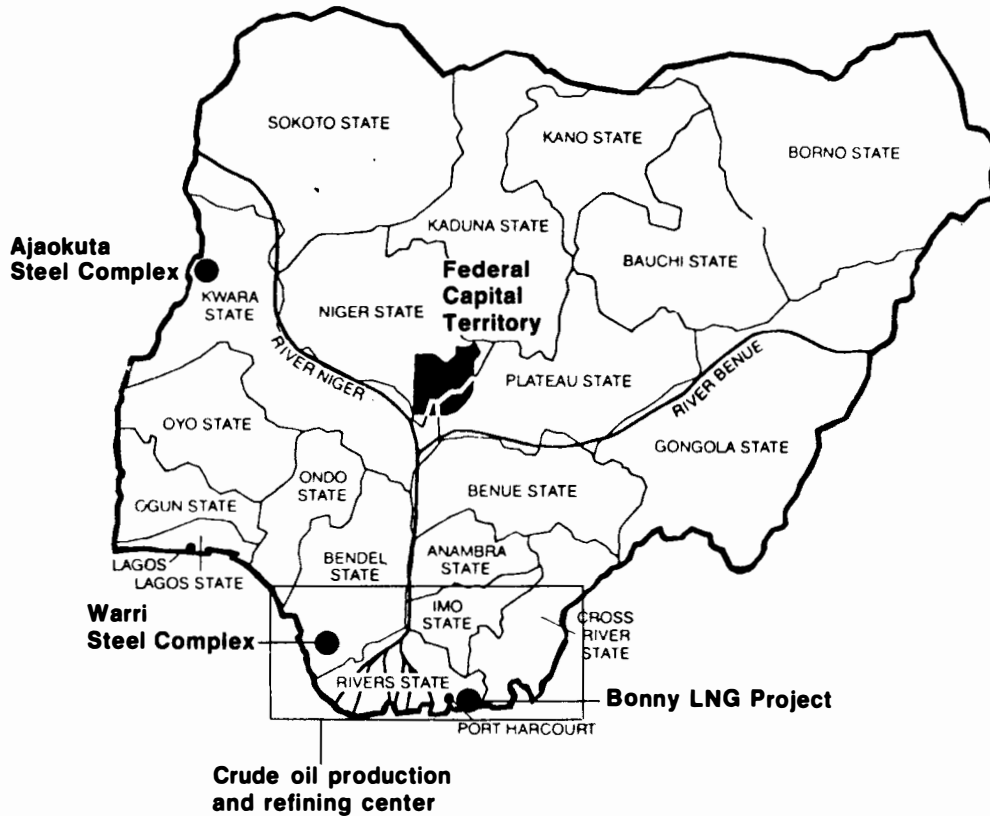
This year, the Nigerian Federal Military Government of General Olusegun Obasanjo plans a return to civilian rule. During the first week of January, the Nigerian Federal Elections Commission (FEDECO) completed the second phase of this procedure by certifying five national political parties to take part in legislative and presidential elections. The first phase was completed last summer with the adoption of a constitution, mandating a president to head the nation. The FEDECO plans to adhere to the schedule established in 1975 by then head of state Murtala Muhammed. Obasanjo's Chief of Staff, Brigadier Shehu Yar'adua has described the plans for "civilianization" as proceeding "with military precision."

Although the military government has pursued aggressive plans for national development during this process, it is clear that London-centered forces opposing collaboration between the new European Monetary System and underdeveloped nations plan to use the election campaign as a weapon against Nigerian nationalism. Brian May of the London Guardian has predicted that the elections this fall will result in a north against south civil war in Nigeria.

## The legacy of Biafra

The potential for destabilization of Nigeria exists in the same broad forces who were involved in the Biafran secession of 1967 and the subsequent Nigerian Civil War. Prior to independence, the British had administered Nigeria as three separate protectorates and, until 1970, Nigerian politics was dominated by the three-cornered battle between north, east, and west.

The majority party, the Northern Peoples Congress, was an Islamic-oriented party dominated by the Hausa-Fulani



tribal group. It was led by Sir Ahmadu Bello, who, in addition to the title conferred on him by the British Crown, held the position of "Sardauna of Sokoto," the leader of Islam in Nigeria. He is reported to have been a member of the "Moslem Brotherhood," the fanatic Islamic cult.

The Biafran secession was the result of a British deployment against the Ibo tribal group. Many nationalist leaders, including Nigeria's most famous personality Dr. Nnamdi Azikiwe, were Ibos. Major General John Aguiyi Ironsi, the first military head of state, was murdered after issuing Decree 34 in May 1966, which made Nigeria a unified republic instead of a federation. In order to neutralize the unifying influence of Ibo nationalist leaders, a cult of persecution — much like the Zionist Masada cult — was developed.

Colonel Odemugwu Ojukwu, the leader of secessionist Biafra, declared that the Ibos, who held important positions throughout West Africa, could only be safe if they left their homes and birthplaces to live in a separate enclave in eastern Nigeria. Ojukwu was the millionaire son of a father knighted by the British Crown and the only Nigerian officer who trained at the elite Oxford and Seton Hall instead of Sandhurst.

The credibility for his myth of Ibo persecution was provided by mobs of Moslem-Brotherhood influenced fanatics who murdered tens of thousands of Ibos in northern Nigeria in September 1966. Even after the Sep-

tember massacres, Ojukwu complained, after the Civil War, most Ibos did not want to go east to their "homeland."

Ojukwu had to convince Nigerian head of state Yakubu (Jack) Gowon to order all Ibo troops to eastern Nigeria and all non-Ibo troops out of the region in order to prepare for a Biafran secession.

The Civil War was fought from May 1967 through January 1970 and reportedly killed several million Nigerians. The exploitation of Nigerian oil potential, which was ready to take off in 1967, was delayed for three years. Today, the Civil War is the same sort of moral reference point for most Nigerians as World War II is for adult Americans.

For this reason, tribal secessionism or separatism is no longer a legitimate issue in Nigerian politics. The FEDECO regulations prohibit parties based on tribalism, regionalism, or religious sectarianism. General Obasanjo has made a number of public statements during the campaign that he was watching for any breach of public order.

### The messiah

In spite of the lessons of Biafra, the British have fielded a major capability for destabilization in the current election campaigns. They are hoping that the military government's Sandhurst-learned sense of "fair play" combined with large doses of fiscal conservative budget slashing will allow this destabilization capability to flourish.

The most obvious antinationalist deployed in the election is Chief Obafemi Awolowo, a candidate of the misnamed Unity Party of Nigeria.

In the introduction to Awolowo's 1947 pamphlet, "The Path to Nigerian Freedom," Margery Perham of Oxford writes "... his frank analysis ... is in effect a justification of much, if not of the whole, of British policy."

Awolowo's campaign has combined populism with messianic cultism, as Awolowo is pledging to register chieftains and other traditional tribal leaders as public officials and to grant autonomy to local councils thus formed. He is also promising social welfare benefits which only a generation or more of effective national leadership would make available: universal free education, health care, increased aid to agriculture and construction.

During an October national tour, Awolowo supporters greeted him with the Winston Churchill "V" sign and cries of "Hallelujah, the Messiah has come." The Nigerian Tribune, a newspaper he controls, claimed that Awolowo will deliver Nigeria to the "promised land" of "world power" in "Noah's Ark."

Perhaps the Nigerian leadership, in accrediting the Unity Party, assumes that Awolowo could never win a majority of the votes. His history, however, makes the danger clear.

Awolowo's pre-military-rule party, the Action Group, was actually founded in London as a Yoruba tribal association while Awolowo was studying law at the Inner Temple. During this period, Awolowo claims he was influenced by the "liberal" British racist Thomas Henry Huxley — the grandfather of today's antitechnology movement. He attended London meetings of the Ethical Society, part of the same cult-spawning networks founded by Huxley which control the Islamic Brotherhood movement of northern Nigeria.

Throughout its history, the western-Nigeria-based Action Group functioned by establishing violently shifting coalitions with other minority tribes using persecution by right-wing Islamics as an argument against national unity.

After Awolowo's imprisonment for treason in 1962, the Action Group began a four-year rampage which resulted in the military takeover of the government in January 1966, and the Civil War which followed.

It was widely believed that Awolowo would lead a secession of western Nigeria. He encouraged Ibo separatism and after Colonel Odumegwu Ojukwu declared the eastern region to be the Republic of Biafra it was believed Awolowo would deliver the coup de grace to the Republic of Nigeria by leading the west out, but he did not. General Yakubu Gowon, head of the military government appointed Awolowo Commissioner of Finance.

### **The father**

The probable front-runner for the presidency is Nnamdi Azikiwe, candidate of the Nigerian People's Party. Azikiwe has been an internationally known leader of the African independence movement since 1934 and is considered the "father" of Nigeria.

Although he has been a voice for unity and progress throughout most of his long career, many Nigerians believe he surrendered his position in Nigerian politics when his cabinet voluntarily ceded power to Major-General John Aguiyi-Ironsi in January 1966. Azikiwe is also tainted by a year of opportunistic support for secessionist Biafra and welcomed the collaboration of Michael Okpara, former Premier of eastern Nigeria who was an advisor to the Biafran government throughout its existence. He appears to be out to build an alliance between the north and the eastern Ibo regions against the western-based Yoruba tribesman, Awolowo.

### **The entrepreneur**

Alhaji Waziri Ibrahim, candidate of the Greater Nigerian People's Party — which split from the Nigerian People's Party over the nomination of Azikiwe — is one of the "new" men in the presidential campaign. He was a civilian Minister of Economic Development and is reported to be close to the number-two man of the current military government, Brigadier Shehu Yar-ardua. He is, therefore, an important moderate northern Islamic figure. He runs a group of mining, manufacturing, and commercial enterprises with stress on agricultural development.

### **Ecumenism or chaos**

On Jan. 4, two predominantly northern parties had a violent confrontation which resulted in 30 arrests: the National Party of Nigeria and the People's Redemption Party. Shehu Shagari is the candidate of the National Party — and reportedly of the Moslem Brotherhood. He was the senior minister with several portfolios in the cabinet of Sir Abubakar Tafawa Balewa.

Alhaji Amino Kanu heads the People's Redemption Party and led the pre-military-rule Northern Elements People's Union in an alliance with Azikiwe's National Congress of Nigerian Citizens against the old right-wing Northern People's Congress. Kanu has been described as representing an ecumenical, anti-Brotherhood current of Islam.

Thus, the elections period represents a possible threat against Nigerian unity. The Awolowo and Moslem Brotherhood involvement in the campaign is ominous — particularly if the military government slackens its aggressive economic growth policies to comply with World Bank recommendations. On the other side are the traditions of Nigerian nationalism and ecumenical Islam which are still active.

Approximately half of the Nigerian population, including most of the present government and many in the politically decisive north are Moslems, a source of moral intellect that could be mobilized to unify the country. But to date, it has been the fanatic, separatist rather than the ecumenical currents of Islam which have been more prominent.

— Stanley Ezrol

# Development is Nigeria's future

In sub-Saharan Africa, Nigeria is the most populous, most industrialized, and most productive nation. Its production of light, high quality, low sulphur oil is widely cited as the basis for Nigeria's wealth and relative financial stability today. Nigeria is the largest African producer and exporter of oil — 2.2 million barrels of crude produced per day. Oil production provides 90 percent of Nigeria's foreign reserve, 80 percent of the federal government's revenue, and 30 percent of the Gross Domestic Product (GDP).

Long before the oil was discovered, Nigeria's colonial master, Great Britain, considered Nigeria a "jewel" of the Empire. After independence in 1960 and before the oil boom, Nigeria was noted for its exports of cocoa, groundnuts (peanuts), palm kernels, and palm kernel oil. As oil production and exports and industrial production have increased, agriculture has declined slightly, as the rural agricultural labor force is drawn into Nigeria's rapidly growing cities without the sufficient development and implementation of mechanized agroindustry. As a result, Nigeria, with 60 percent of its population still laboring on the land, is a net importer of food.

The potential for expansion, the need for investment and for high-technology imports for agriculture and industry are enormous. Consider agriculture: a delegation from Nigeria last summer toured the United States at the invitation of the Nigerian-American Chamber of Commerce looking to purchase capital-intensive equipment for agricultural development.

The large number of tse tse flies have limited farming to just one-third of Nigeria's arable land. Most farms are cultivated without tractors; draft animals are rarely used because of their susceptibility to the tse tse fly. While major advances have been made in highway construction, the transportation infrastructure required for a modern agroindustry remains to be constructed.

## The Five-year Plan

The most important asset which Nigeria has is the determination of its military leadership and the overwhelming majority of its population to realize the vast potential of Nigeria to act as a leader in West African, African, and

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## Education in Nigeria

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### Primary school enrollment (in millions)



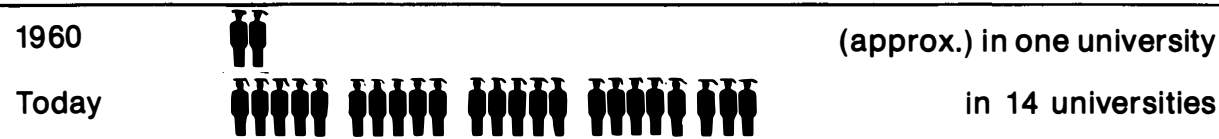

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### Secondary school enrollment (in millions)




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### University enrollment in Nigeria (in thousands)




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### University enrollment abroad

in Britain 50,000    In United States 20,000    Other 10,000 (approx.)

world development. Their current Five-year Plan — the third such plan for Nigerian economic development — reflects this determination. Now nearing completion, this plan has been denounced by such press as the Financial Times of London and the New York Times for being “over ambitious.”

The federal government provided the seed money for the plan: 30 billion naira or \$50 billion for public-private joint ventures in transportation, manufacturing, agriculture, and education. We provide here a brief review of that plan.

### Universal primary education

The most important aspect of the Five-year Plan is to transform Nigeria's 70 million people into a literate and skilled labor force. Since 1975, when the plan was initiated, primary school enrollment has increased from four million to 8.5 million. The goal is to enroll all school age children — about 12.5 million — by next year. Approximately 100,000 new primary and secondary school classrooms are being constructed.

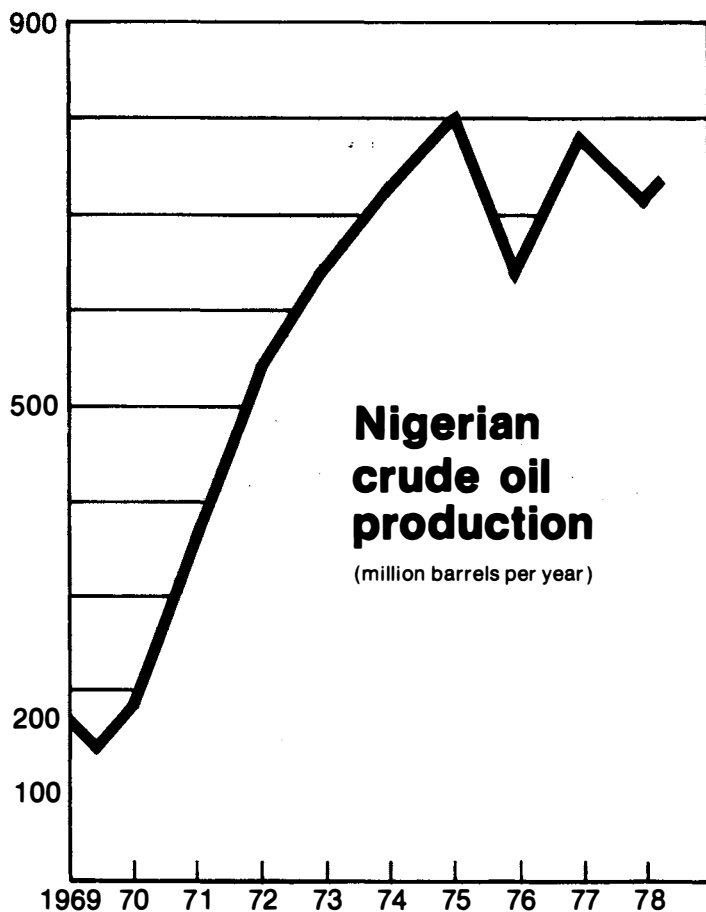
Although federal policy is to expand secondary, higher (junior college and technical school level) and university education to keep pace with its primary education policy — and considerable progress has been made — there is still a

great deficiency in the area of construction of universities and technical schools to provide for the tens of thousands of qualified teachers needed. Out of the three quarters of a million Nigerians who graduated from secondary school last year, 350,000 passed qualification entrance examinations to the university system, but only 15,000 could be admitted to the nation's 14 universities — a situation which requires improvement, but nevertheless is a tremendous step forward from 1960 when only one university with an enrollment of a few thousand existed in all of Nigeria.

### Oil production

Federal policy is to shift Nigerian oil production toward the manufacture and export of refined petroleum products and Liquefied Natural Gas and away from simply crude oil production. Today consuming 150,000 barrels of refined oil per day, Nigeria still must import primarily from Venezuela 30,000 barrels per day. The two existing oil refineries opened under the Five-year Plan have a combined capacity of 160,000 barrels per day. A third is scheduled for completion next year.

The largest single project of the plan, however, has been delayed — a victim of United States energy policy. Nigeria flares off two billion cubic feet of natural gas each day.



Nigeria	2,150
Libya	2,050
Algeria	990
Egypt	450
Total for Africa	6,206
Total world	59,529

### The oil industry in Nigeria

CRUDE	barrels per day
Current production	2.2 million
Current capacity	3.0 million
Proven reserves	25.0 billion

REFINED	
<b>Port Harcourt refinery</b>	
Production	60,000
Capacity	60,000

<b>Warri refinery</b> (opened Sept. 25, 1978)	
Production	60,000
Capacity	100,000

<b>Kaduna refinery</b> (to open in 1980)	
Capacity	100,000

<b>IMPORTED</b> (largely from Venezuela)	30,000
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CURRENT CONSUMPTION OF REFINED OIL	
In Nigeria	150,000
In United States	20 million



Unless the gas is liquefied for tanker shipment, this waste of the most efficient and clean natural combustible fuel on earth is unavoidable. Furthermore, Nigerian industry only consumes 5 percent of total gas production. The Plan projected the construction of plants which would combine gas liquefaction with the manufacture of ammonia fertilizer and other natural gas byproducts. The natural partner and market for this project is the United States. But the Nigerian government, after waiting three years, signed an agreement last May with a largely European consortium. Planned for construction is a \$2 billion, 1.6 billion cubic feet per day capacity, liquefied natural gas plant at Bonny, the port for which Nigeria's famous "Bonny Light" crude oil was named.

## Industry

Nigerian Federal policy for industry is directed at "Import substitution," the development of a light consumer goods industry with the intention that foreign exchange be conserved for other than the cost of consumer goods imports. As a result there has been significant expansion in the domestic production of beverages, clothing and other textile products, shoes, processed foods, and the assembling of motor vehicles.

Steps are now being initiated toward the development of heavy industry, starting with the construction of a steel complex at Warri in Bendel state. In addition, a combined mining and steel production facility is now under construction at Ajaokuta, Kwara. This project will enhance the sufficiency of processing capacity not only for Nigeria's mines, but for ores from the smaller west African states as well, and greatly reduce the necessity of exporting iron ore for processing elsewhere.

## A new capital

Nigeria's capital city project is one which most represents the nation's dedication to technological development and its recognition that the United States is a leading center in the science of nation building. Although Nigeria's traditional relations are with Britain and its recent expansion of trade has been with continental Europe, it was an American consortium which was hired by the Federal Capital Development Authority to draw up a master plan for the federal capital territory which surrounds Abuja in central Nigeria.

By 1986, Nigeria will plan and build from scratch a city that will both function as a capital and a monument to the Nigerian nation. The population will be about one million with planned expansion to 3 million in the metropolitan area.

## Investment capital

Until last year, Nigerian development was financed by the oil surplus. Government ownership and control of key business and financial entities have been the major mechanisms through which economic policy has been implemented. The government-owned Nigerian National Oil

## Nigeria: some facts

<b>Population</b>	<b>70 million</b>
Urban (1975)	29 percent
Labor force in agriculture (1975)	60 percent

<b>Life expectancy (1975)</b>	<b>41 years</b>
<b>Infant mortality (1975)</b>	<b>16.3 live</b>

<b>Growth rates (1970-75)</b>	
Total population	2.5 percent
Urban population	7.0 percent

<b>Economic growth (1970-76)</b>	
Gross Domestic Product	7.4 percent/year
Industry	12.6 percent/year
Agriculture	- .2 percent/year

<b>Growth as a percentage of Gross Domestic Product</b>	
Industry	63 percent in 1960 23 percent in 1976
Agriculture	11 percent in 1960 50 percent in 1976

Company owns controlling interest in the oil industry. Seven produce marketing boards buy and market the output of Nigeria's predominantly one-family farms in order to maintain stable prices.

The Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry, and the Nigerian Agricultural and Cooperative Bank act as credit and credit guarantee mechanisms. To date, their direct extension of credit has been relatively small, in the range of \$40 million per year. The Federal government has also established target figures for commercial bank lending. At least 6 percent of commercial credit is directed toward agriculture, and minimums have been established for housing construction and manufacturing.

The Nigerian Enterprises Promotion Decree of Decem-

ber 1977 placed ceilings on foreign equity investment in Nigerian businesses. Enterprises were divided into three schedules — those which must be wholly Nigerian owned, those which must be majority Nigerian owned, and those which must be over 40 percent Nigerian owned. Certain industries of strategic importance must be controlled by the federal government.

This decree was designed to break the colonial pattern of having profits exported to London and other financial centers. Although the federal government assures Europeans and Americans that their investments are welcome and will be protected and although nonequity investment is not restricted by the decree, this nationalization policy is often cited as a deterrent to foreign investment in Nigeria.

In spite of this and other difficulties, Nigeria became during 1978 a pioneer in Eurodollar fundraising. The Warri steel project is being financed in large part by \$750 million committed by a German-led consortium of five banks. Two Eurodollar consortia of \$1 billion each were also organized during the year.

One reason for this heavy borrowing was the decline in the oil market which cut Nigerian production 40 percent to 1.2 million barrels per day in February 1978. Production has recovered, partly as a result of the Iranian oil shut-down, but Nigeria continues to move into new areas of credit. The European Investment Bank loaned \$33 million to the Nigerian Industrial Development Bank last Decem-

ber. This was the first EIB loan to Nigeria and the first credit extension under the terms of the Lome Accords. Three billion dollars in economic agreements with Brazil were also announced in December. These were negotiated by Brigadier Shehu Yar Adua, Chief of Staff of Nigeria's Supreme Military Council, and second in command of the federal government.

### Breaking the chains

Nigeria's aggressive foreign credit raising is a threat to London-centered finance, the International Monetary Fund and others. Typical of the views of these entities is the advice of the British-published magazine, African Business: "The future depends on whether the federal government can carry through the drastic retrenchment which it is seriously trying to impose on its own spending." This advice is in accordance with World Bank recommendations urging Nigeria to push its labor back into agriculture because urban wages are too high.

For Nigeria not to follow that advice, major foreign credit input is necessary. Its oil is a very useful resource, but it cannot meet the demand that full-scale industrialization requires. The deficit in other areas is orders of magnitude greater. Without investment, what are the best aims of the Five-year Plan will not be realized.

Proceedings of the Conference on

## THE INDUSTRIAL DEVELOPMENT OF SOUTHERN AFRICA

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