

# EIR

Executive Intelligence Review

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The Caribbean—a new Bay of Pigs  
Camp David partners balk at 'Carter Doctrine'  
Rep. McCormack: we must have fusion by 1995

**The erosion of  
United States military capability**



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# EIR

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## From the Editor-in-Chief

**P**resident Carter delivered his State of the Union message this week with a “call to arms” and a virtual declaration of war against the Soviet Union. The rhetoric drew applause from the august assembly of the Congress and the members of the executive—a more sober view came from one man on the street who described Carter as “Teddy Roosevelt on LSD!” This week our Special Report tells you why this is the case, why our military capabilities are totally unable to match those of the Soviet Union, and why, if we follow Carter’s “flight forward,” we will end up a dead nation.

The report, entitled “The Erosion of U.S. Military Capability,” has been prepared under the direction of our special advisor and frequent contributor on military affairs, Uwe Parpart, whose introduction leads this report. This is followed by a comprehensive survey and comparison of the military force capabilities of the Soviet Union and the United States, written by staff member Dean Andromidas. Then we take a close look at a devastating picture of the state of U.S. military manpower, including factors like education level and drug consumption which have downgraded the quality of the American soldier, a report prepared by Susan Welsh. Finally, Dr. Steven Bardwell, an accomplished scientist himself, examines the collapse of defense research and development in the U.S. and its impact on American military capability. This is only the first part of a two part report, so the story will not end here.



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In 1961's Cuban missile crisis, the U.S.A. had clear superiority in virtually all military categories; Khrushchev's move into Cuba proved militarily untenable. In the current Afghan crisis, Jimmy Carter finds himself in Khrushchev's position. Massive Soviet superiority across-the-board is not even primarily due to their own military build-up, but to an in-depth erosion of U.S. military capabilities, an erosion of the U.S. industrial economy.

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Jimmy Carter "won" the Iowa caucuses Jan. 21, but it's very doubtful how many Democrats actually voted for him without being paid for it, and even less how much actual voter support he has in the state. On top of the usually methods of vote-rigging, it appears independents and Republicans turned out for the President in large numbers.

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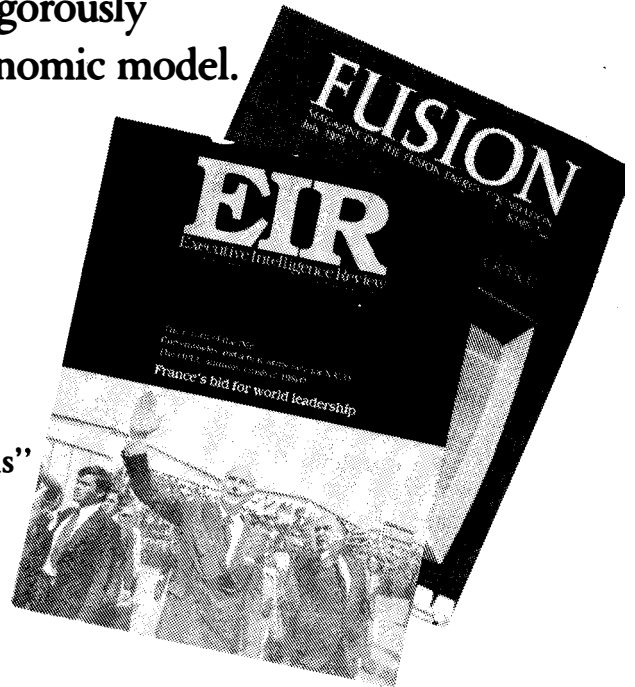
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# Editorial Comment

by Nora Hamerman

## Austerity and euthanasia

A bitter court battle is now underway to determine whether euthanasia—the Nazi policy of putting to death elderly members of society—will be introduced into the United States.

On the one side is the leading liberal daily the *Boston Globe*, which hailed a Massachusetts court decision Jan. 18 to deny kidney dialysis treatments to 78-year-old Earle Spring, a resident of the Holyoke Geriatric Center.

By Jan. 23, after an international outcry spurred in large part by Democratic presidential candidate Lyndon LaRouche, the Massachusetts State Supreme Court granted a stay. As of now, Mr. Spring will receive dialysis “indefinitely.” If the stay had not been issued, it is likely that Mr. Spring would now be dead.

Before that second decision, Mr. Spring had been the first lucid, ambulatory senior citizen to be condemned to death by the policy more generally associated with Senator Edward Kennedy of Massachusetts. This is embodied in Kennedy’s cost-cutting “health” legislation and in the antilife doctrines of the Joseph and Rose Kennedy Center for Bio-Ethics at Georgetown University.

But the Carter administration comes off little better than Kennedy in this matter. The White House has responded to the urgent Spring situation with something worse than “benign neglect.” Through the President’s adviser on the aging, the White House has maintained that it will not interfere in a decision by the Massachusetts state courts—even though that decision represents the introduction of Nazi-like euthanasia.

Lyndon LaRouche, the third major Democratic contender in the upcoming New Hampshire primary, immediately took up the fight for Earle Spring’s life when the *Boston Globe* first published the story of the case on Jan. 19. As LaRouche states in a Jan. 22 release, the ordinary moral citizen should compare Kennedyite proposed genocide against many of our senior citizens, and the Carter

administration’s tolerance of Nazi euthanasia with “evidence of the same lack of morality by the Carter administration in foreign matters.”

It has been *EIR*’s responsibility over the past several years to document the genocidal effects of the policies of the International Monetary Fund and the World Bank upon, particularly, that section of the globe below the Tropic of Cancer. As a consequence of IMF “conditionalities” on loans and the World Bank’s program of “appropriate technologies,” billions of people are slated to die before the end of this century.

Carter fully supports those policies.

Nor do the Republicans come off any cleaner. Generally they subscribe, either through ignorance or willful decision, to the “fiscal austerity” doctrines of Milton Friedman’s Chicago School. These doctrines are based, by Friedman’s own candid admission, on the policies of Nazi Finance Minister Hjalmar Schacht. It was Schacht’s “fiscal austerity” solution to stabilizing the German mark that led, first to “euthanasia,” and then to the concentration camps.

The immediate pressures for euthanasia against senior citizens come from the efforts to chisel away income payments and medical benefits from senior citizens and veterans. Once government policies have reduced senior citizens to abject poverty, their families are hammered away at with the argument that they must “die with dignity.” Earle Spring was declared “mentally incompetent” because he did not express the desire to die.

But we *can* afford the costs of meeting our obligations to our senior citizens and veterans comfortably, provided the economy begins to produce enough, under a new gold-backed monetary system and with a massive nuclear-energy program. Rather than killing senior citizens in order to make “zero growth” and “fiscal austerity” work, we should abandon “fiscal austerity” on the grounds that its consequences are immoral.

## 'A German on a stone... he'll turn it to bread'

by Laurent Murawiec  
Wiesbaden Correspondent

"Far from interrupting trade with the Soviet Union, the West German business community wants to increase trade with them." This is what the powerful head of the Deutsche Industrie und Handelstag, [German Chambers of Trade and Industry Congress], Otto Wolff von Amerongen, said last week in a television speech. Wolff's words come from a man whose father, head of the family's large engineering company Otto Wolff A.G., had been imprisoned by Adolf Hitler as one of the leaders of German industry favorable to continued cooperation with Soviet Russia.

"Put a German on a stone, and he will turn it into bread" is a Russian saying well known to the West German business community. It expresses well the importance of the trading links which, dating back to the 17th century and G. W. Leibniz's "grand design," brought German-Soviet trade to a historic high of one-fifth of Germany's total exports before World War II. Traditionally, Eastern Europe has been Germany's vital export area, and much of that region's industrial backbone, originates in German industry.

It is necessary to keep this in mind when evaluating the West German business community's reactions to President Carter's imposed and proposed "economic sanctions" against the Soviet Union, in the wake of the Afghanistan affair. The same Otto Wolff said: "The interest of the business community in detente is very high, and not just economic. Business, therefore, will try to increase trade with Moscow and so practically collaborate in the detente process. Without all the work that we, the business community, did in the 1950s and 1960s, the 'Ostpolitik' would have been impossible."

West German industry bitterly remembers 1963, when a huge Krupp and Mannesmann deal for the sale of pipes and tubes to the Soviet Union was shelved upon the application of the most naked combination of blackmail, threats and armtwisting from London and Washington. That attempt at enforcing a Churchill-inspired "cordon sanitaire" set East-West trade back 10 years, and aggravated the West German recession.

It was only by the late 1960s and early 1970s, when then Finance Minister Helmut Schmidt supported industry's thrust to the East, that the potential of the Russian market really started to be tapped. The other Comecon nations followed, and trade with the East soared from a minute proportion of West German foreign trade to close to 10 percent, a crucial margin for growth, especially in high-technology sectors of the economy. As Wolff stressed, this was not only profitable business, it was the consolidation of a durable, solid foundation for political detente.

No one in his right mind should therefore ask West Germany or its industrialists to offer the rope to hang themselves. Obviously, the Carter administration is not in its right mind, and that's exactly what West German industry is saying.

Today, energy-thirsty Germany needs more than ever the petroleum, natural gas, fuel resources and raw materials of the U.S.S.R., Siberia in particular. Forty percent of Germany's exports to the U.S.S.R. is machinery and engineering goods. Soviet exports, which grew to 30 percent last year, to slightly above \$4 billion, have become an indispensable, "organic" part of the German economy itself and are in line with the agreements signed



in Bonn in June 1978 by Chancellor Schmidt and President Brezhnev, which established an unprecedented degree of mutual integration between the economies of a socialist and a capitalist state. The main policymakers for the German industrial and energy economy have taken most seriously President Brezhnev's proposal of a European energy conference leading to the establishment of a pan-European energy grid. Talks have taken place on the construction of nuclear power plants in the Soviet Union and other Comecon countries, delivering electricity to the Federal Republic and West Berlin. Exemplary was the triangular natural gas deal between the Federal Republic, the U.S.S.R. and Iran. And planning has continued. Nobody is even willing to think of "giving up the achievements of 10 years of detente."

"Wolff has expressed himself with utmost clarity and strength," an executive at one of the Ruhr's largest steel and engineering concerns said. "We are in solidarity with our NATO ally the United States, but we shall not prove any less faithful to the letter of signed agreements [*vertragsstreu*] than our Soviet partners."

Wolff had sternly warned in public that "sanctions mean a disintegration of world trade and the international division of labor," going on record for the second time against the New York Council on Foreign Relations' "controlled disintegration" policy for the world economy. "Disintegration we certainly have, but which cretin can claim it is being controlled," the head of the Luxemburg branch of one of the three big banks exclaimed. And the "elder statesman" of German banking, veteran Herman-Josef Abs, told a TV interviewer that we want "no sanctions against the Russians. Sanctions are wrong, and they never work. see how the U.S.A. broke the sanctions against Rhodesia, and the failure of the long British blockade [in the 1920s] against the Soviet Union. This decision belongs to the sovereignty of the government and the state, and to nobody else."

For Germany, economic sanctions against the Soviets mean national suicide—not just losing 10 percent of foreign trade. Burying detente would signal to Moscow that only the cold war line prevails in the West, which would turn it hot in short order. German and Soviet business managers and leaders have grown to know and appreciate one another over the past decade and, through tough negotiations, to respect one another. German businessmen respect the tremendous feats of Soviet industrial development, while throwing scorn at the messy organization due to bureaucratic "Marxism-Leninism."

As one leading banker expressed it, "I would rather have the Russians take over Iran and the whole lot, Saudi Arabia included, than the Muslim Brotherhood. For sure, they're communists. But they are rational. You can talk to them and iron things out."

This is why, no sooner had President Carter an-

nounced his "reprisals," than a mission planned since November took off for Moscow. Heading it were Krupp's grand old man Berthold Beitz, "Mr. East-West Trade," and Deutsche BP's Hellmuth Buddenberg, both in their capacity as supervisory board members of the Gelsenberg energy concern. In Moscow, they ironed out a giant, 20 billion deutschemark (\$11.6 billion) deal for the construction of a 2,700 mile long natural gas pipeline, which will annually deliver up to 50 billion cubic meters from the West Siberian fields to Western Europe. On cue, Deutsche Bank co-chairman Friedrich-Wilhelm Christians announced that he would travel to Moscow to arrange the financing of the package. The idea of a pan-European energy grid is very concrete indeed.

This should by no means be construed as some reflection of a West German "drift" away from the United States. It is merely the consequence of the Carter administration's policies (and those pursued ever since Henry Kissinger and Senators Jackson and Vanik began jeopardizing U.S.-Soviet trade in the early 1970s, as the leading daily *Frankfurter Allgemeine Zeitung* put it).

"I am surprised at the behavior of the U.S. administration in this business. What they do, in the Gulf as well as against the Russians, mostly hurts Europe," a spokesman for a leading international freight and maritime transport organization said. Added a spokesman for the foreign trade association, "normal channels that we have used with the U.S. for the last decades do not function any longer, to put it politely, 'normally'." The threat of activating the NATO-OECD COCOM Committee, which bans export of certain high-technology goods to the socialist countries, "is a nightmare not only for industry, but also for the government," a spokesman for the latter said. "But you know, it may be relatively easy to set up a grain blockade—but, in this field of sharp competition, high-technology exports, it's another matter. Carter may impose a boycott on those goods in which the U.S. enjoys a virtual monopoly, but not for the rest..." And a leader of a farmers' organization said: "Our solidarity goes, of course, to both the U.S. ally and the U.S. farmer. We fought against the U.S. administration in the soybean affair ... and we dislike the use of food as a political weapon. And I'm happy to learn that Carter enjoys little support from the farmers' regional organizations."

Apparently referring to Iran, Otto Wolff von Amerongen said in his television speech that "irrational leaders come and go," but, delicately pointing his finger to the West, "peoples remain." The current insanity pouring out of Washington and the naked attempts at dictating to Germany policies contrary to her most vital self-interest have convinced many Germans that, just as American helped Germany get rid of tyranny, it is now urgent that Germany help America get rid of insanity.

## Who benefits in the shake-out?

*Gold plunged even more rapidly than it rose. But the action of certain European 'bulls' could send the metal soaring*

Gold prices plunged by nearly \$200 an ounce on Jan. 22—declining from a record high of \$875 on the previous day to only \$682 at the New York close. Although the gold sell-off reached panic proportions, the threat of a U.S.-Soviet military confrontation—which was responsible for bidding gold into the stratosphere in the first place—has not been muted. Indeed, there is some evidence that a major gold investor or investors sold large amounts of the metal on Jan. 22 with the intention of driving down the price, scoring new supplies out into the market, and then buying up more gold cheap. The price of the yellow metal could easily be on its way back to \$800 by the time this publication reaches our readers' desks.

The break in the gold price began on Jan. 21 when the New York Commodity Exchange suspended all trading in silver futures on its exchange, except for the liquidation of contracts, and sharply increased margin requirements on both silver and gold futures. The COMEX board took these actions to discourage large speculators, such as the Hunt family, from cornering silver supplies by taking massive deliveries.

The gold price decline, however, accelerated when news leaked out on the morning of Jan. 22 that large West German banks, and particularly Dresdner Bank, the well-known gold "bull," were major gold sellers. Could Dresdner and other West German banks have sought to take advantage of

the gold price collapse to obtain cheaper supplies, perhaps as part of a longer-term strategy of building a gold-based monetary system?

Asked whether someone might have deliberately rigged the panic in order to buy into gold at lower prices, one West German gold market source responded: "Could be. Those people who sold gold on the kind of rumors circulating today were crazy. Reuters, for example, reported a rumor that a major government was planning to sell large amounts of gold. But if a government were doing that, why would they let anyone find out about it in advance? I believe gold could fall back to about \$650 and then jump right back to \$800. Inflation psychology brought the gold price to the \$600-\$700 level, and politics took it beyond that... the political situation has not improved."

Our source also dismissed as "complete nonsense" reports that the West German banks had been

forced to sell gold because of the recent institution of new Bundesbank regulations. The Bundesbank is requiring the banks to report their gold holdings as part of their open foreign exchange positions, against which they must hold reserves. According to the West German source, the three largest banks, Deutsche Bank, Dresdner Bank, and Commerzbank, knew well in advance that this Bundesbank rule would go into effect and have been observing it since at least June 1979.

Federal Reserve Chairman Paul Volcker, meanwhile, in a renewed effort to discourage speculation in gold, remarked to reporters that he thought further U.S. gold sales might be appropriate as an "anti-inflationary" measure. Last week Treasury Secretary Miller had stated that market conditions are too "unsettled" to permit U.S. government auctions at this time. Should the Treasury decide to hold an auction now, it could place more downward pressure on the gold price—but only temporarily. West German banks might even welcome the move as an opportunity to gain access to new supplies.



## Deficit bigger than Carter admits

*In Jimmy Carter's 'State of the Union' address he put a \$615 billion label on Federal spending for the coming year. But a close look at matters suggests that there will be some "secret" expenditure, \$50 billion worth...*

The government and corporate debt markets, which have been drifting steadily lower since the first of the year with hardly a let up, are telling us something about the real size of next year's federal budget deficit. While escalating world political tensions may be a factor depressing the bond markets, the prospect of intractable inflation and federal budget gaps for the foreseeable future has put a rising floor under long-term debt yields.

As we go to press, the Fiscal 1981 budget is still under raps and still in preparation. However, our best estimate is that the \$615 billion spending figure that President Carter announced in his State of the Union message Jan. 23 could be off by more than \$50 billion.

Total federal spending in the current fiscal year has already climbed to an estimated \$555 billion (compared with the \$532 billion projected in Carter's January 1979 budget address). The federal deficit could go as high as \$45 billion. In fiscal 1981, which begins next Oct. 1, the government will supposedly spend \$615 billion and run a deficit of \$15 billion. Holding to those figures is going to take some very deft sleight of hand—such as hiding major expenditures in supplemental budget authorizations or shunting the spending "off-budget"—or drastic

cutbacks in social services, which will be very difficult in an election year.

Assuming the current rate of inflation, it would take government outlays in excess of \$615 billion in fiscal 1981 just to maintain spending at the same level as in fiscal 1980. Yet, even this would leave the following outlays unaccounted for:

- the 3.3 percent rise in real defense outlays projected by Carter in the State of the Union message,
- the \$2 billion price tag on Carter's new youth employment program,
- at least as much for the revived revenue sharing program for states and localities,
- \$6 billion in public housing subsidies promised by HUD (these funds are already slated to be raised via "off-budget" financing),
- and as much as \$15 billion in purchases of grain, frozen chickens, and other financial support mechanisms for the farm sector to offset the effects of Carter's embargo on U.S.-Soviet trade (these outlays will occur during calendar year 1980).

Part of the "secret" of Carter's \$615 billion expenditure estimate is the assumption of an 8 percent inflation rate on which it is built. Even government economists—the same ones who help prepare the

government's spending and revenue estimates—are now admitting off the record that they expect inflation to stick close to the current 13 percent annual rate for some time to come. Producer prices advanced 12.5 percent over last year, while prices of consumer goods advanced 14.1 percent. The prices of nondurable goods excluding food jumped 22.2 percent.

The government's inflation assumption means an understatement on the expenditure side of the budget of about \$25 billion, though inflation also throws wage earners into higher tax brackets and hikes government revenues at the same time. The various spending programs that have been floated by the administration will add on another \$25 billion to outlays. Thus, we are talking about fiscal 1981 outlays of about \$50 billion higher than the administration is willing to commit to paper.

The fiscal 1980 budget called for defense outlays of about \$125 billion. Current estimates put defense spending for this year at either \$127.4 billion or \$130 billion. Add to this the announced 3.3 percent increase in real outlays and a conservative 10 percent inflation rate, and you get defense outlays of \$147 billion for fiscal 1981.

Ironically, the administration may have trouble increasing spending in defense, the one area it is fully committed to increasing. Experts at the Center for Defense Information expect 1981 to witness the desultory beginnings of the MX missile program and the continuation of the Cruise missile fiasco, but little else, for the reason that the U.S. economy has very little spare capacity to start up an in-depth defense build-up.

## Arab money shifts show dollar weakness

*In the last few weeks Saudi and other Arab money has still been arriving in Frankfurt and Paris in huge chunks, despite overall market prejudice against the European and Japanese currencies.*

Saudi Arabia contracted a huge private placement purchase of West German Treasury bills during the first two weeks of January, according to an unconfirmed report, despite the general move back to the dollar in the post-Afghanistan period. The exact size of the off-market purchase is not known, but it is said to be a significant cause of the reported \$4 billion in discreet pro-dollar interventions conducted during Jan. 1-14 by the joint efforts of the U.S. and German central banks. A week later, Arabs, mainly the Saudis, purchased a billion dollars worth of French francs, according to French sources, leading to a 1 percent fall in the three-month Euro-Franc rate. Moreover, a planned 8 billion French government loan sold so well that it was raised to 12.5 billion francs, thereby solving a deficit problem that was becoming a major embarrassment for President Giscard d'Estaing.

The Saudi move at first glance seems even more surprising since in December—before the Afghanistan invasion—the Saudis increased their official dollar holdings by \$2 billion, the first increase in eight months.

These renewed Euro-Arab financial deals are part of a package involving a new round of Europe-

an loan and trade deals that look beyond the temporary buoying of the dollar. The conventional wisdom and current market trends suggest that Europeans and Japanese currencies are to be avoided because the current international crisis poses an immediate threat to their oil supply and, as one banker said, “who knows what the Soviets will do after Tito dies, and not just in Yugoslavia?” Since the dollar remains fundamentally weak, money is leaving it, going into gold and commodities, not European currencies. Yet, the interna-



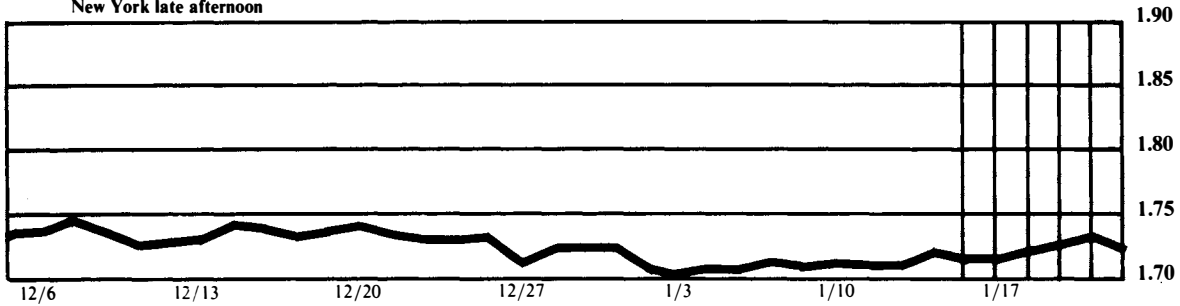
tional isolation Carter's confrontationist posture has suffered could produce an American strategic debacle. At that point, as one French banker predicted, “the pound, the world's most overvalued currency, will drop like a rock; the yen, the most undervalued currency, will rise; and everyone and his brother will sell the dollar.”

At the current time the European longterm interest in dollar stability coincides with the Carter administration's short-term concern with shoring up the dollar to attempt to enhance NATO unity. Thus, at the same time that Europe grabs Arab funds, the European central banks cooperate in dollar-support interventions and new swap arrangements.

At the point that war crisis no longer is capable of artificially holding up the dollars, Europe neither will nor can intervene sufficiently. Most observers outside the Office of Management and Budget regard Carter's projection of a \$15 billion budget deficit as hopelessly optimistic. Financing the deficit will become difficult unless Europe absorbs the bonds; in December, Fed Chairman Paul Volcker had been forced to completely reverse his monetary restrictions in order to get the markets to swallow Treasury bills; banking reserves rose at an annual rate of 19 percent in December. The inflationary implications of this action are bound to hit the dollar hard and make the Europeans very reluctant to accept U.S. dollar-denominated bills just at the point at which U.S. domestic finances necessitate such purchases. Not only do Europe's leaders refuse to back up Carter's foreign policy politically, but their banks will refuse to finance it.

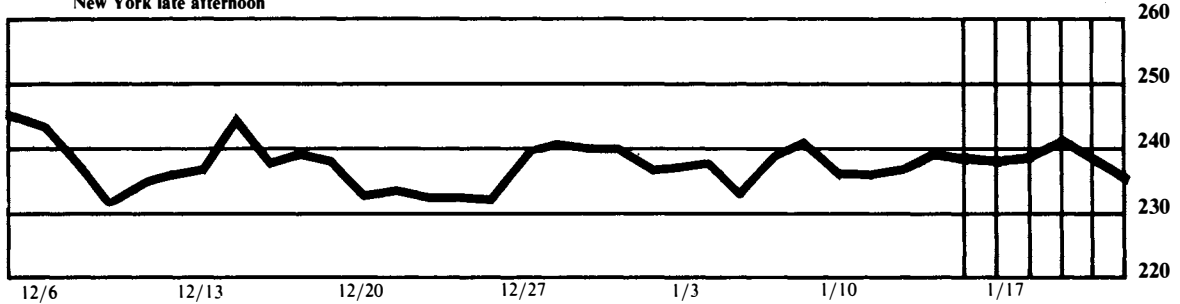
### The dollar in deutschmarks

New York late afternoon



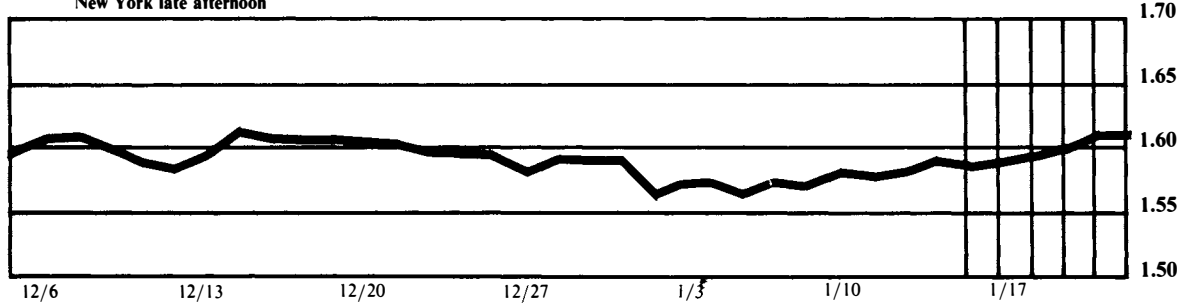
### The dollar in yen

New York late afternoon



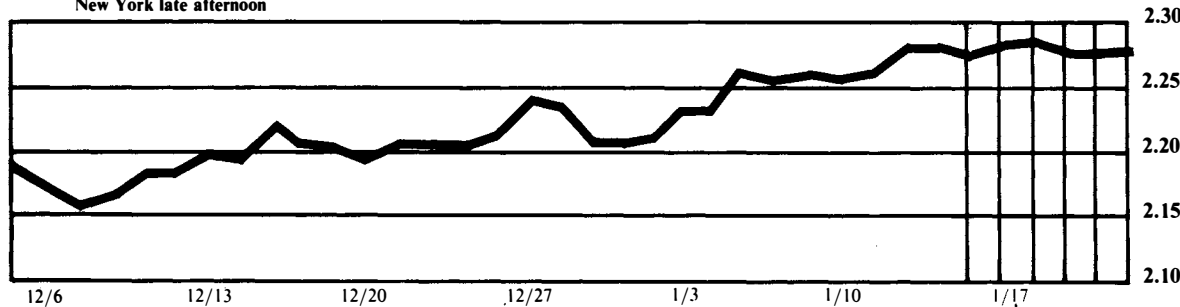
### The dollar in Swiss francs

New York late afternoon



### The British pound in dollars

New York late afternoon



## In search of grain export markets

*The price tag on Jimmy Carter's grain embargo to the Soviets is likely to be \$15 billion, and unless the administration finds other buyers, it could bankrupt the Treasury...*

At least 17 million tons of American grains exports were thrown back on the market when President Carter embargoed exports to the Soviet Union on Jan. 4. So far, despite persistent rumors of large new orders from this and that corner of the world, only Mexico has opportunely registered its need for 1 million tons of corn and feed-grains above and beyond its expected order. Agriculture Department officials have acknowledged that the unexpected Mexican purchases represent only a fraction of the potential grain surplus, hiked last week with the announcement of upward revisions in the volume of the 1979 corn crop.

To date, Agriculture Department spokesmen have refused to discuss the cost of the embargo in any other terms than the oft-quoted "\$3 billion" price tag put on the embargoed contracts. But there is every indication, as *EIR* reported last week, that considering lost export revenues and customer trust, a price and income collapse on top of an existing cash-flow squeeze in the farm sector, and related ramifications of the "food weapon," could cost the U.S. Treasury up to \$15 billion.

Assistant Agriculture Secretary Dale Hathaway told reporters last week that the U.S. was "exploring other avenues" in search of foreign grain buyers, coyly declining to be

more specific. Prices, equally responsive to rumor and to fact, have recovered somewhat—wheat more so than corn, where the real "surplus" problem is—since the embargo, but were still highly volatile at a range of 4 to 10 percent below pre-embargo levels as of Jan. 18.

The Peoples Republic of China (PRC) has been the consistent subject of rumors through to the end of the week, and the focus of demands from various quarters, such as the office of Senator Robert Dole (R-Kan.), for a quick-sell USDA export push. Washington analysts, however, see little chance of China importing extra U.S. grain this year.

PRC imports from all sources for the July to June 1979-1980 marketing year are estimated at about 10 million metric tons, 7.5 million tons of wheat and 2.5 million tons of coarse grains (mainly corn). Canada and Australia are the PRC's major wheat suppliers. The U.S. does supply China with the bulk of its coarse grains, but the volume is relatively small. Recorded sales of wheat from the U.S. to the PRC from June 1979 through May 1980 stand at 1.36 million tons, with an additional 1.4 million tons booked between June 1980 and May 1981. So far in the 1979-1980 corn marketing year that began in October, U.S. contracts cover only .94 million tons.

From China's standpoint, analysts point out, any move to significantly increase American grain imports this year would amount to a major act of "foreign aid." Prices haven't yet dropped enough to make it a viable bargain basement business deal. New wheat imports from the U.S. would represent a shift from China's traditional suppliers, with possible diplomatic implications. A big hike in corn imports is impractical since the Chinese livestock program is on a go-slow track.

The Carter administration is desperate. On the impetus of renewed promises to keep the budget deficit at \$15 billion, Carter will have to scramble to channel as much grain as possible into the free market circuit at respectable enough prices to avoid bankrupting the Treasury—along with his own electoral aspirations—with farm price support programs buried under mountains of surpluses.

The USDA indicated Jan. 22 that it would have to move in to purchase another 3 million tons of grain at the local level, grain blocked by the International Longshoremen's refusal to load any ships to the Soviet Union. The entire marketing system is so backed up that farmers can't sell their grain to local elevators, and are therefore being denied the cash they need now to make purchases for the spring planting. On Jan. 21, the White House announced that it was buying up at least 15,000 of the 65,000 metric tons of frozen chicken discovered to have been destined for the Soviet Union.

As one observer noted, the Chinese are well situated to sit back, inscrutably, and wait to see what the Carter administration has to offer.

# Trade Review

|           |  | Abbreviations:   | Status:                                       |                                      |
|-----------|--|--|---|--------------------------------------|
|           |  | U = Undetermined   | I = signed, work in progress                  | IV = in negotiation                  |
|           |  | NAp = Not applicable   | II = signed, contracts issued                 | V = preliminary talks                |
|           |  | NAv = Not available  | III = deal signed                             |                                      |
| Cost      | Principals                               | Project/Nature of Deal   | Financing                                     | Status                               |
| \$1.3 bn  | China/Japan                              | Nippon Steel and other Japanese companies will build a steel complex at Proshan (near Shanghai).   |   |                                      |
| \$600 mn  | Brazil from Canada                       | Canada will supply Brazil with 3 mn tons of wheat during 1980-82.  | 3 year term at market rates                   | signed                               |
| \$500 mn  | Brazil from U.S.                         | Ford will improve and expand its facilities in Brazil.   |   | Ford announcement                    |
| \$65 mn   | Brazil from U.S.                         | Viacao Aerea Sao Paulo has purchased four Boeing 727-200 and spare parts.  |   | Boeing announcement                  |
| \$2.75 mn | Mexico from U.S.                         | Petroleos Mexicanos has purchased a mobile communications system from Ford Motor Co.   |   | Petroleos Mexicanos announcement     |
| NA        | U.S.S.R. from Argentina                  | Argentina will sell Soviet Union any additional quantities of wheat and other grains the Soviets may seek, providing market conditions are attractive. |   | Argentine official statement 1/21/80 |
| NA        | U.S.S.R. from Japan                      | A new Soviet purchase of 700,000 mt of large-diameter pipeline from four Japanese steelmakers.   | Japanese Ex-Im Bank                           | III                                  |
| NA        | Caribbean and Central American countries | Venezuela will finance the latest oil price increases for its clients in the region, according to officials of the Dominican Republic.                 | presumably soft terms                         | announcement expected soon           |
| \$850 mn  | Brazil from France                       | \$3 bn hydroelectric project being built by the State of Sao Paulo.  | France will make available \$850 mn in credit | French announcement                  |

# Business Briefs

## *Domestic credit*

### **Antidollar man to head New York Fed**

The appointment of Treasury Undersecretary Anthony M. Solomon to the post of president of the Federal Reserve Bank of New York could have important ramifications for the fate of the dollar and the U.S. economy. The New York Fed carries out all the important domestic and international operations for the Federal Reserve System, including sales and purchases of U.S. Treasury securities to regulate the availability of credit and domestic interest rate levels and foreign exchange intervention to influence the value of the dollar.

Solomon, the man who will guide these key operations, is the administration's most outspoken supporter of the "dollar substitution account," the plan to unseat the dollar as the world's leading reserve currency and substitute Special Drawing Rights issued by the International Monetary Fund. Solomon is also a supporter of Article 4 of the IMF, the "surveillance" clause. In his usage, "surveillance" involves full monitoring and control over national economic and monetary policy for deficit and surplus (advanced sector) countries alike. For example, Solomon told an international trade and investment conference in Washington D.C. last May: "The IMF has been given potentially important powers of surveillance and advice not only over members countries' exchange arrangements, but over their domestic economic policies as those policies relate to the international adjustment process."

Once a supporter of the "locomotive" theory—West Germany and Japan should reflate in Keynesian fashion to stimulate world demand, Solomon is now an advocate of coordinated global deflation beginning with cutbacks in energy consumption.

Solomon's promotion of the above and related policies have not won him many friends in Europe. In the same May 11 speech cited above, undersecra-

tary Solomon attacked "newcomers" to the Eurodollar market—West German and Japanese banks—for continuing to supply private, non-IMF credit flows to the developing nations, and he called for the imposition of reserve requirements and other controls on the Eurodollar market. In an Oct. 27 speech to a gathering of top-level international bankers in Port Chester, New York he said: "... we are concerned over reports that some European governments have sought special preference among producing countries for assurance of their oil supplies." The appointment of Solomon to the New York Fed presidency is certain to alienate our European allies and thus appears to be consistent with the administration's recent string of monetary and foreign policy fiascos.

## *Energy*

### **'Windfall profits,' a tax against America**

The House and Senate Conferee committees last week announced a compromise on the controversial crude oil tax. The tax, known as the windfall profits tax, is designed to capture profits made by U.S. oil producers as the price of their crude oil gradually becomes free of government pricing controls over the next 20 months.

The two houses of Congress agreed on a tax against the domestic oil producers that will raise a total of \$227 billion over the next decade.

Independent oil producers, whose companies do not control vast oil marketing and refining capacity like the large majors and therefore have a much narrower profit margin, will be taxed \$24 billion between now and 1990. The independents, who annually discover between 80 to 90 percent of all domestically produced oil, lost a hard fought battle to secure an exemption from the tax up to 1,000 barrels a day of oil production. Oil industry sources say as a result of the loss of that crucial exemption, the

independents will not drill exploratory wells.

A Kansas oil company president, commented that he estimates he will lose about \$50,000 a month in profits thanks to the tax. "Even the name windfall profits tax is misleading," he stated. "We are producers, we put every penny of profit into further exploration. I estimate now I will drill one less well a month." A Utah producer characterized the tax as leading America further to becoming a welfare state where revenues taxed from the productive sector are redistributed into welfare checks for heating bills and public works programs. "That's not what America is all about," he declared. Americans must realize that this tax "is against the average American. He needs the oil I produce today and the oil I find tomorrow. But now thanks to Washington, there will be less oil and higher and higher prices."

## *International Credit*

### **Shake-up in EEC Monetary Committee**

The European Monetary System received a great boost this week as the axis of French President Giscard and German Chancellor Schmidt significantly reorganized the European Economic Community's Monetary Committee placing their people in key positions. The EEC Monetary Committee has been instructed by the heads of the nine European governments to prepare a report on and oversee the implementation of phase II of the EMS, the European Monetary Fund. The EEC Monetary Committee is composed of senior representatives of the central banks and Treasuries of the EEC nine.

As head of this select committee, the Belgian oligarchist and the chief of the Belgian Prime Minister's cabinet, Jacques van Ypersele has been given the heave-ho. He has been replaced by Jean-Yves Haberer, the director of the French Treasury and reportedly closely allied to



## Briefly

French President Giscard. Other persons newly appointed to the EEC Monetary Committee include Manfred Lahnstein, the state secretary in West Germany's Finance Ministry, the Dott F. Ruggiero, the director general in the Italian Ministry of Finance. The high rank of the newly appointed commissioners attests to the upgrading of the committee.

The EEC heads of government in Dublin last November instructed to the EEC Monetary Committee to follow a timetable that would create the EMF by March 1981. The changes in the staff of the EEC Monetary Committee speak well for the implementation of the EMF by at least that date, if not earlier.

The shake-up in the Monetary Committee is seen as being coincidental with the sudden shake-out in the gold markets by the German and Arab holders of gold, which is seen as necessary to make the EMS function more effectively.

### Banking

#### Arab money to shun U.S. banks

The President of the Arab Monetary Fund, Dr. Jawad Hashim, told the London *Financial Times* this week that Arab investors would in the future need guarantees against sequestering and freezing from Western countries which want to take Arab deposits. Referring to American banks' November freeze of Iranian assets, which he identified as a "severe blow to international financial confidence and stability," Dr. Hashim announced that the Fund plans to hold a symposium of financial, economic and legal experts to discuss the problem.

Observers say that the Arab Monetary Fund President's views indicate a shift in the recycling of petrodollars from American banks to European institutions. The shifting trend reflects the desire to collaborate more directly with European efforts to promote trade and investment in the developing sector.

"The attitude of some American

banks has shaken the confidence and trust placed in them, particularly as regards the future," Dr. Hashim stated. "These banks have revealed that they could act as the instruments for the implementation of measures, such as freezing of deposits, taken for reasons totally unrelated to the economic and financial considerations which alone should guide these banks." Hashim termed the U.S.'s freezing of branch bank assets in Europe a violation of Europe's sovereignty.

The Arab Monetary Fund, based in Abu Dhabi has a paid-in capital base of \$1 billion, but its views are generally acknowledged to represent the thinking of the oil exporting countries generally, which have accumulated assets of more than \$200 billion.

### Gold

#### Euro-Arab deal to stabilize mark

Arab interests were behind the recent decline in the international gold price, the West German daily *Die Welt* reported on Jan. 24. According to *Die Welt*, Arab oil money interests sold some gold so as to stabilize the wildly fluctuating gold market and open the way for further Arab purchases at a lower price. *Die Welt* reports that "the OPEC nations want to make sure that they can continue as before to diversify their rapidly rising monetary reserves."

The *Frankfurter Allgemeine Zeitung* reported on the same day that Arab money was again moving into gold. In its editorial, the West German daily pondered whether the gold price drop might be more than a technical reaction, perhaps indicating a normalization of the precious metals markets.

The report that Arab interests initiated the sell-off conforms with previous reports from trade sources that West Germany's Dresdner Bank had sold large amounts of gold on Feb. 22. Dresdner is known to have important Arab customers.

● "MAYOR BYRNE is out of her gourd" said one Chicago banker when asked what he thought of appointing Edwin Yeo to run all of Chicago's finances, the man who caused First Bank of Chicago to suffer a 50 percent loss of earnings in October-December. Yeo, a former Under Secretary of the U.S. Treasury, lost piles of money when his money-market guesses as chief financial officer of First Chicago turned out to be no sounder than his policies at Treasury.

● TREASURY SECRETARY Miller can't find a replacement for departing Undersecretary Anthony Solomon, according to Treasury sources. Miller is trying to persuade Brookings Institution President and ex-Minneapolis Fed chief Bruce McLaury to take the job. McLaury is reluctantly considering the post, but will probably reject it. "It would be like taking the job of captain on the titanic after the iceberg," one career official commented.

● FRENCH CENTRAL Bank officials say that reports of a gold-backed Special Drawing Right in the works—freely circulated by U.S. Treasury officers—are "complete nonsense." A Banque de France official said, "the French position against this has not changed since Belgrade, and no major government takes the idea seriously."

● PLEDGING TO STOP Japan's "one-way trade invasion dead in its tracks," Senator Don Riegel (D-Mich.) said in a Jan. 24 floor speech that he would support the United Auto Workers demand that Japan or any other large shippers of autos to the U.S. be forced by law to manufacture the majority of them here.

## The erosion of U.S. military capability

by Uwe Parpart  
Contributing Editor

One most instructive way of looking at the militarily and more broadly, strategically unanswered Soviet seizure of Afghanistan is to characterize it as a typical instance in which deterrence, the central concept of global U.S. strategy, has failed. Among other things, this failure, of course, was due to the correct Soviet assessment—shared by every competent U.S. and West European military professional—that the U.S. had absolutely no war-fighting counter-option available to oppose the Soviet move or neutralize it through action elsewhere. And what matters in the eyes of the Soviet military command is not what they disparagingly call the “metaphysical” deterrence capability—an unhappy Rand Corporation researcher once determined that there does not even exist an adequate Russian translation of the term—but the actual war-fighting capability that can be brought to bear on the situation at hand.

We will discuss important implications of the different U.S. and Soviet strategic orientation to deterrence and war-fighting, respectively, below. Suffice it to say at this point that the Soviet military regards the ability to fight and win a war as the only effective deterrent, for which there is no substitute, not the destruction of Soviet cities, not even the threat to the lives of a significant portion of the Soviet population. The Soviet military literature, without exception, reveals them to be “Clausewitzian” in the precise sense, that war, if engaged in at all, is to be fought with all necessary and available force to impose, as a continuation of politics by other means, one’s own will upon the enemy. This and no other

purpose justifies and necessitates the maintenance of armed forces.

Once the dust has settled and the pathetic nature of Mr. Carter’s counter-measures in the “Afghan crisis”—boycott of the Olympics, shooting ourselves in our own foot to prove our purpose and determination (i.e., grain embargo, etc.)—has become evident, then the strategic reality, still somewhat obscured until the overt Soviet military move, that the United States armed forces in large measure have lost the capability Clausewitz defined as their very purpose, will also become obvious. No hurriedly slapped together military spending program will achieve more than cosmetic changes. If such further clarification is necessary compare the present Afghanistan situation with the 1962 Cuban Missile Crisis as many, including Mr. Carter, have done. What stands out in that case, however, are not the similarities, but the dissimilarities.

In 1962, the United States still enjoyed decisive strategic nuclear superiority as well as clear advantages, both qualitatively and quantitatively, regarding its naval and air forces, and thus, its capability to project power globally without serious challenge. Khrushchev’s move into Cuba was militarily untenable.

For different though equally compelling reasons a Carter move to reverse the Afghanistan situation, either directly, or indirectly through the establishment of Indian Ocean bases and/or permanent, sizeable naval deployments there, must similarly fail. Cuba 1962 defined the last instance in which 1950s style “containment” still



Photo: Alain Keler/Syigma

could show at least a modicum of success.

Since then, the Soviet Union has pulled even with the U.S. in strategic nuclear forces and has built up a capable "blue water" navy; most importantly for the evaluation of the Middle East and southwest Asia developments, the Soviet Union has built up an overwhelming conventional-forces superiority, quantitatively and in terms of the quality of its weapons systems, along the entire perimeter of its own and Warsaw Pact territory, which allows for rapidity and quantity of deployments—exploiting interior lines of supply—which the United States is entirely unable to match.

Any attempt of the U.S. to do so, given the present U.S. forces-structure and capability—or lack thereof—must either lead to forced U.S. withdrawal and a widely perceived strategic setback, or to rapid escalation to general thermonuclear war, which, as things presently stand, the U.S. would lose.

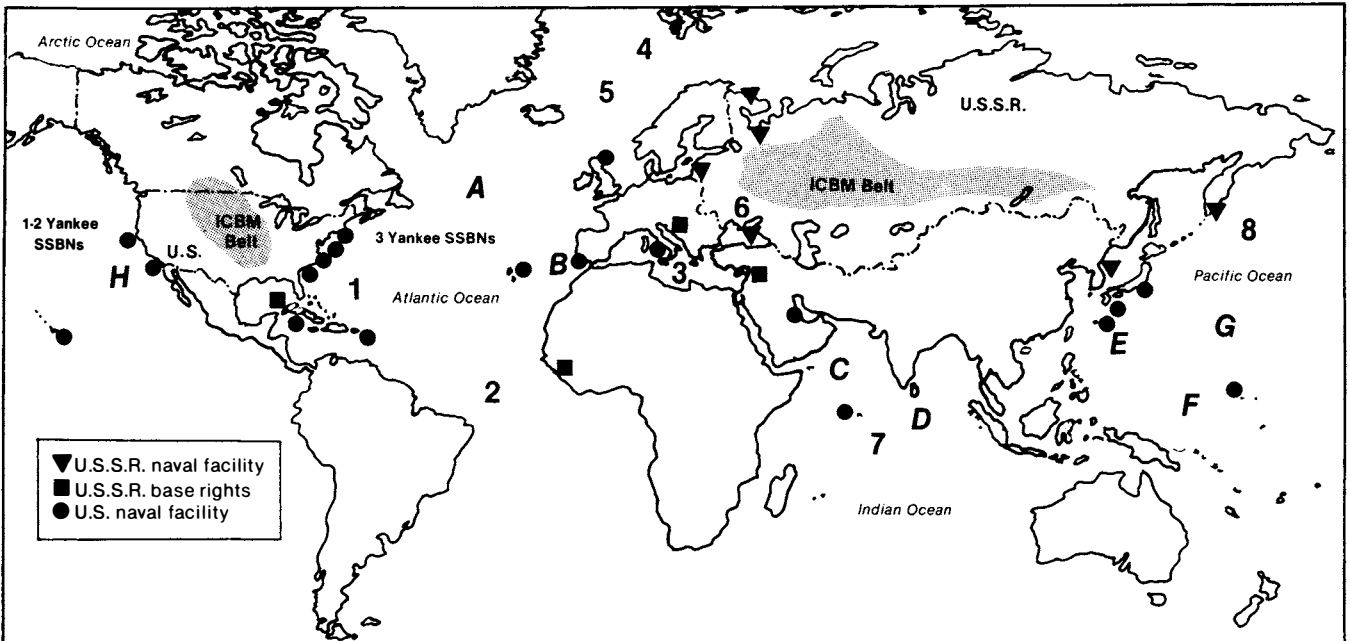
What has led to those circumstances is not simply or even primarily the much publicized Soviet military build-up during the last decade and a half. At least as important is the self-destruction of U.S. military power and in-depth war-fighting capability which has resulted from almost two decades of erosion of industrial infrastructure due to lack of investment in capital goods, failure to aggressively pursue technological innovation and provide adequate funding for basic research, and concomitant, gross failure of manpower development.

That industrial progress and growth of productive power are the key to national security was well under-

stood and tirelessly argued by the greatest American political economist, Alexander Hamilton, lieutenant-colonel at age 20 and military secretary to the Commander-in-Chief, General Washington. His foremost European student, Friedrich List, who spent seven years in the United States, and whose import of the American System into Germany laid the foundations for the rapid and enormously successful industrialization of that country in the second half of the 19th century, gave this descrip-

## In this section

This two-part study, to be concluded next week, is intended to serve both as background for a more competent evaluation of recent events in Iran and Afghanistan than that prevalent in the U.S.A., and as a framework for analysis of President Carter's military deployment and budget proposals outlined in the "State of the Union" message. Conducted under the direction of Uwe Parpart by D. Andromidas, S. Bardwell, D. Goldman, and S. Welsh, the study aims particularly at establishing the close relationship between the erosion of overall U.S. military capability and the large-scale failure of the U.S. economy to maintain an adequate research and development, capital goods investment, and manpower development posture.



## U.S. and Soviet naval deployment

### U.S. naval deployment

- A Atlantic Ocean** (East Coast, Puerto Rico, Azores): 4 aircraft carrier task forces, 4 amphibious landing groups, 4 anti-submarine plane squadrons, 31 ballistic missile launching submarines, 35 attack submarines, 1 Marine division plus air wing
- B Mediterranean:** 2 aircraft carrier task forces, 2 amphibious landing groups, 2 antisubmarine plane squadrons, 7 attack submarines.
- C Bahrain:** 1 amphibious transport dock, 2 destroyers
- D Diego Garcia**
- E Okinawa:** two-thirds Marine division plus air wing
- F Guam:** 10 polaris missile submarines
- G Western Pacific Ocean:** 2 aircraft carrier task forces, 2 amphibious landing groups, 2 antisubmarine plane squadrons, 35 attack submarines
- H Eastern Pacific Ocean** (California and Hawaii): 4 aircraft carrier task forces, 4 amphibious landing groups, 4 anti-submarine plane squadrons, 1 Marine division plus air wing, one-third Marine division plus air wing

### Soviet naval deployment

- 1 Cuba:** 1 cruiser, 2 destroyers, 1 submarine, 2 Bear D
- 2 Gulf of Guinea:** 1 destroyer, 1 LST, 2 Bear D
- 3 Mediterranean:** 8-10 attack submarines, 2-3 cruise missile submarines, 2-4 cruisers, 9-12 frigates, destroyers, escorts
- 4 Northern Fleet:** 51 major surface combat ships, 126 submarines, some Delta SSBNs, 20-21 Yankee SSBNs, 5 Hotel SSBNs
- 5 Baltic Fleet:** 44 major surface combat ships, 12 submarines
- 6 Black Sea Fleet:** 39-45 major surface combat ships, 9-11 submarines
- 7 Indian Ocean Squadron:** 1 cruiser, 2 destroyers, 1 LST, 1 attack submarine, 2 mine sweepers
- 8 Pacific Fleet:** 54 major surface combat ships, 73 submarines, some Delta SSBNs, 8-9 Yankee SSBNs, 2 Hotel SSBNs

In many cases the numbers listed in the accompanying boxes are averages or estimates.

tion of the relationship between productive power and war-fighting capability:

At the same time when technical and mechanical science exercises such immense influence on the methods of warfare, when all warlike operations depend so much on the condition of the national revenue, when successful defense greatly depends on the questions, whether the population of the nation is rich or poor, intelligent or stupid, energetic or sunk in apathy, whether its sympathies are given exclusively to the fatherland or partly to foreign countries; whether it can muster many or but few defenders of the country—at such a time, more than ever before, must the value of manufactures be estimated from a political point of view. (*The National System of Political Economy*, 1841)

It is precisely for such reasons, as cited here by List, as developed by Hamilton in depth, as understood and made into precepts of policy by the French republicans, outstanding scientists and military leaders Monge, Lazare Carnot and Dupin, that the evidence presented below about not just the stagnation, but the actual decline of U.S. research-and-development over the past 15 years, the doubling in the same period of Soviet R-and-D manpower to a point where it now exceeds the U.S.'s two to one; the drastic across-the-board cuts in R-and-D funding, the 50 percent reduction in Department of Defense support for basic research between 1965 and today, is of such a damaging nature. It is also more telling than the counting up of weapons systems, where growing U.S. inferiority merely reflects the more fundamental problem.

Trends that have been firmly established for 15 years cannot be reversed in months or even a few years. Nor is there the slightest indication in the Carter administration's budget proposals that there is any intention to attack the root causes of the problem. On the contrary. In particular, in the energy sector of the economy, whose R-and-D output and overall productivity have the most immediate bearing on advanced weapons-systems development and the overall health and productivity of the U.S. economy, the Carter policy initiated in 1977, continues to be one of conducting a ruthless war against R-and-D and implementation and installation of advanced energy systems. The reduction of the U.S. to third-rate-nation status, specifically in the nuclear energy field, will be the result, with the obvious strategic consequences.

The now indicated Carter defense policy of a certain, rapid "in width" rather than "in depth" expansion of U.S. capability does nothing to address the root causes of U.S. military decline and has the most dangerous consequence—that of creating the illusion of remedial action in a strategic context where pursuit of the "aura of power" will almost inevitably draw the country into destructive confrontation.

The combination of great "in width" military build-up and a massive uneconomical sythetic fuels production program was the policy of Nazi finance and economics minister Hjalmar Schacht in the late 1930s. The outcome of his policy should be sufficient warning to anyone proposing to embark on a similar policy course today.

The body of this study will document the erosion of U.S. military power in three principal sections, concentrating attention not so much on the much belabored strategic nuclear forces but on the crucial status of the general purpose forces.

In the first section, certain general trends and comparisons with Soviet forces are established; section two presents detailed discussion of the manpower problem, demonstrating what should be obvious—that in the 20th century, an 18th century-style mercenary "volunteer" army can be no match for a well-trained citizens' army. Section three presents an overview of R-and-D problems and their bearing on national security. The points touched upon here will be developed at greater length in next week's part II of this study.

We conclude this introductory section by touching once more on a basic issue of strategy already introduced above: *Deterrence versus War-Fighting*.

Aside from ignoring the fundamental relationship between economic and technological development and military strength, it has been the growing hegemony of the "deterrence" concept in U.S. strategic thinking which has had a most detrimental influence on U.S. and, by implication, NATO forces-structure and capabilities. If the purpose of the armed forces is to deter war, then, in a sense, the outbreak of war shows that these forces have

## Balance of power

### United States

### Soviet Union

#### Military Service

|           |           |
|-----------|-----------|
| Voluntary | Conscript |
|-----------|-----------|

#### Total Armed Forces

|           |           |
|-----------|-----------|
| 2,068,000 | 3,638,000 |
|-----------|-----------|

### Strategic nuclear forces

#### Offensive

|                              |                                |
|------------------------------|--------------------------------|
| 656 SLBM in<br>41 submarines | 1,015 SLBM in<br>90 submarines |
|------------------------------|--------------------------------|

|  |   |
|--|---|
| Strategic Air Command:<br>600 combat aircraft;<br>1,054 ICBM | Strategic Rocket Forces:<br>756 combat aircraft;<br>1,400 ICBM, 690 IRBM/MRBM |
|--|---|

#### Defensive

|                          |   |
|--------------------------|---|
| 331 Interceptor aircraft | 2,720 aircraft; 64 AMB<br>Galash (ABMs) at 4 sites;<br>10,000 SAM launchers at<br>1,000 sites |
|--------------------------|---|

#### Army

|         |           |
|---------|-----------|
| 774,200 | 1,825,000 |
|---------|-----------|

|  |   |
|--|---|
| 17 divisions (4 armored, 5 mechanized, 5 infantry, 1 airmobile, 1 A.B.); Brigades: 1 armored, 1 infantry, 1 in Berlin, 2 special mission; 3 armored cov. regiments | 169 divisions (46 tank, 115 mechanized rifle, 8 A.B.) |
|--|---|

|   |  |
|---|--|
| 10,500 medium tanks; 22,000 AFV; 15,000 artillery and missiles, 26,000 AA artillery and SAM | 50,000 heavy and medium tanks; 55,000 AFV; 33,500 artillery; 9,000 plus AA artillery and SAM |
|---|--|

|  |  |
|--|--|
| 9,500 Aircraft/helicopter<br>191,500, 3 divisions; 573 medium tanks; 950 armored personnel carriers; 364 combat aircraft |  |
|--|--|

#### Navy

|         |         |
|---------|---------|
| 532,300 | 433,000 |
|---------|---------|

|  |   |
|--|---|
| 172 major combat surface ships; 75 attack submarines | 59,000 naval airforce, 12,000 naval infantry, 8,000 coast artillery and rocket troops, 243 major combat surface ships, 243 attack and cruise missile subs |
|--|---|

|  |  |
|--|--|
| Reserve: 38 major surface ships, 4 attack submarines |  |
|--|--|

|                                  |  |
|----------------------------------|--|
| Submarines: 70 nuclear, 5 diesel | Reserve: 29 major surface ships, 117 attack submarines |
|----------------------------------|--|

|  |                                    |
|--|------------------------------------|
| Surface ships: 13 aircraft carriers, 20 cruisers, 67 destroyers, 65 frigates | Submarines: 85 nuclear, 158 diesel |
|--|------------------------------------|

#### Air Force

|         |         |
|---------|---------|
| 570,000 | 455,000 |
|---------|---------|

|                       |                       |
|-----------------------|-----------------------|
| 3,400 combat aircraft | 4,650 combat aircraft |
|-----------------------|-----------------------|

failed. Such thinking leads to a large number of distortions of both tactical and strategic significance. By way of contrast, Soviet forces, correctly, are designed and trained precisely for the contingency that deterrence has failed and consequently war-fighting and war-winning, be that nuclear or non-nuclear, is their basic purpose. The principal type of illusion created in U.S. and NATO circles is that in the European Center Sector, war-fighting might break out "below the threshold of" strategic nuclear weapons, tactical nuclear weapons, or whatever the strategist's preference may be; combine this with talk of "partial failure of deterrence," limited "theater nuclear warfare," etc. and the whole illusory arsenal of Rand Corporation, Herman Kahn-type gadgetry has been unleashed, without, of course, adding an iota to real NATO capability, but instead undermining effective utilization even of existing, wholly inadequate forces.

Special reference must be made in this context to a still very influential 1974 Brookings Institution study, authored by Jeffrey Record, entitled *U.S. Nuclear Weapons in Europe*. Record has since then become a prominent spokesman for conventional build-up in Europe, arguing on the basis of the famous 3:1 formula, the advent of precision-guided munitions, etc. that a "conventional defense of Europe ... would appear to be actually within the capability of the (NATO) forces available at present on the continent."

Looking at the conventional forces facing each other in the Center Sector, this is indeed an extraordinary assertion, prompting a German commentator to cite—in desperation—Frederick the Great's famous dictum: "In the long term, God is always on the side of the larger battalions." He might also have made the further point that a Soviet commander would not be foolish enough to assume that NATO forces would stick to "conventional" means knowing full well that they would lose. The next step should then be obvious: The Soviet commander will use the entirety of his artillery power, including nuclear, before he makes any "conventional" advance. Thus, it will be the very idea of deterrence and more foolish yet, of "differential deterrence" which creates the greatest instability and lowest threshold of strategic war-avoidance.

Mr. Carter's plans for the Indian Ocean/Persian Gulf theater merely replicate Record's strategic follies. With the commitment of three aircraft carriers to the Indian Ocean—two of them over 20 years old—Mr. Carter has committed the entirety of available carrier-based naval forces of the United States. There is nothing else available. In the event of confrontation, Mr. Carter may order the carriers to retreat, or he may order nuclear war. He has no conventional option but defeat. He therefore gives the Soviet command no option but to assume that he will order nuclear war.

# General Purpose

by Dean Andromidas

Two decades ago the United States possessed clear superiority in the strategic nuclear category (see Figure page 24). The U.S. also prevailed in key sea and air categories, and in tactical ground and air forces.

Today's realities are different. The Soviets have reached nuclear parity with the U.S. The Soviets have also reached parity in strategic naval forces. In ground forces and tactical air support, the Soviets have an overwhelming superiority, of such magnitudes that the U.S. could not hope to assume the lead in the near future.

Beyond these figures, strategic numbers need not be discussed. All the static comparisons have been discussed in the SALT debates, and lead to the conclusion that rough parity exists. "Parity" does not represent war-fighting capability.

## Summary data on the NATO and Warsaw Pact balance

### Mainland deployed active forces in the center region<sup>1</sup> (thousands)

| NATO               | Manpower   |            | Equipment     |              |
|--------------------|------------|------------|---------------|--------------|
|                    | Ground     | Air        | Tanks         | Aircraft     |
| United States      | 193        | 35         | 2,000         | 335          |
| Britain            | 58         | 9          | 575           | 145          |
| Canada             | 3          | 2          | 30            | 50           |
| Belgium            | 62         | 19         | 300           | 145          |
| Germany            | 341        | 110        | 3,000         | 509          |
| Netherlands        | 75         | 18         | 500           | 160          |
| France             | 732        | 193        | 6,405         | 1,344        |
|                    | 50         | —          | 325           | —            |
| <b>Total</b>       | <b>782</b> | <b>193</b> | <b>6,730</b>  | <b>1,344</b> |
| <b>Warsaw Pact</b> |            |            |               |              |
| Soviet Union       | 475        | 60         | 9,250         | 1,300        |
| Czechoslovakia     | 135        | 46         | 2,500         | 550          |
| East Germany       | 105        | 36         | 1,550         | 375          |
| Poland             | 220        | 62         | 2,900         | 850          |
| <b>Total</b>       | <b>935</b> | <b>204</b> | <b>16,200</b> | <b>3,075</b> |

<sup>1</sup>Includes only French forces in the FRG, no NATO forces in Denmark, France, and the UK, and no Warsaw Pact forces in Hungary.

# Forces: The Soviets' superiority

Proper evaluation of war-fighting capabilities is not a mere counting game. It must take into consideration that the Soviet Union does not recognize the distinction between tactical nuclear and strategic nuclear war-fighting. Furthermore the momentum in the introduction of new weapons systems lies with the Soviet Union.

By comparison the U.S. in its adherence to the notion of "deterrence" has maintained an arsenal of weapons systems and technologies that came on line in the mid 1960s or were developed in the 1950s. With a 5-year lead-time between development and on-line positioning of a weapons system, the gutting of U.S. development in the 1960s means that 1985 would be the earliest that the U.S. could hope to realize any improvement.

The significant superiority overall of the Soviet

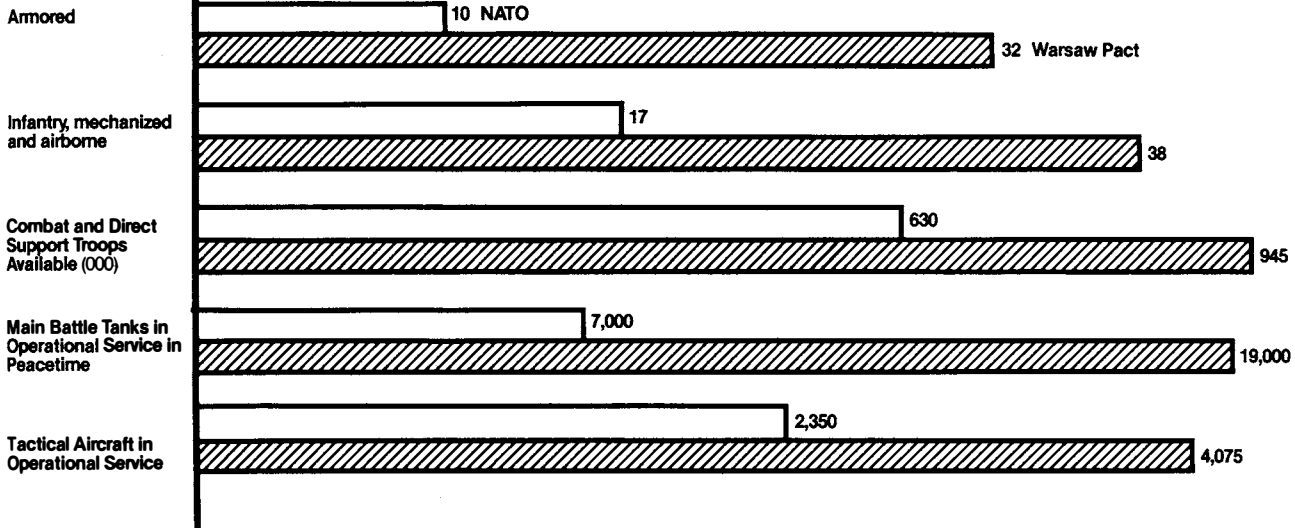
Union is enhanced by their tremendous civil defense and air defense capabilities. Since the post-war period, Soviet urban and industrial planning has made civil defense an integral part of all activity. Soviet air defense, ABM and SAM capabilities as well as their early warning systems are the most dense in the world, and optimally designed to shield the homeland from attack.

By contrast, since the 1960s, under policies introduced by Robert McNamara, strategic defense was deemed no longer "cost effective." All ABM and SAM capabilities were dismantled and early warning systems have been drastically reduced. The U.S. has ceased to maintain any credible North American defense except for 300 interceptors. The Soviets have 2,720. The Soviets anticipate a strategic war, because that is the only kind

## Total NATO and Warsaw Pact Forces (1977)

Northern and Central Europe

Ground Forces Available in Peacetime (division equivalents)



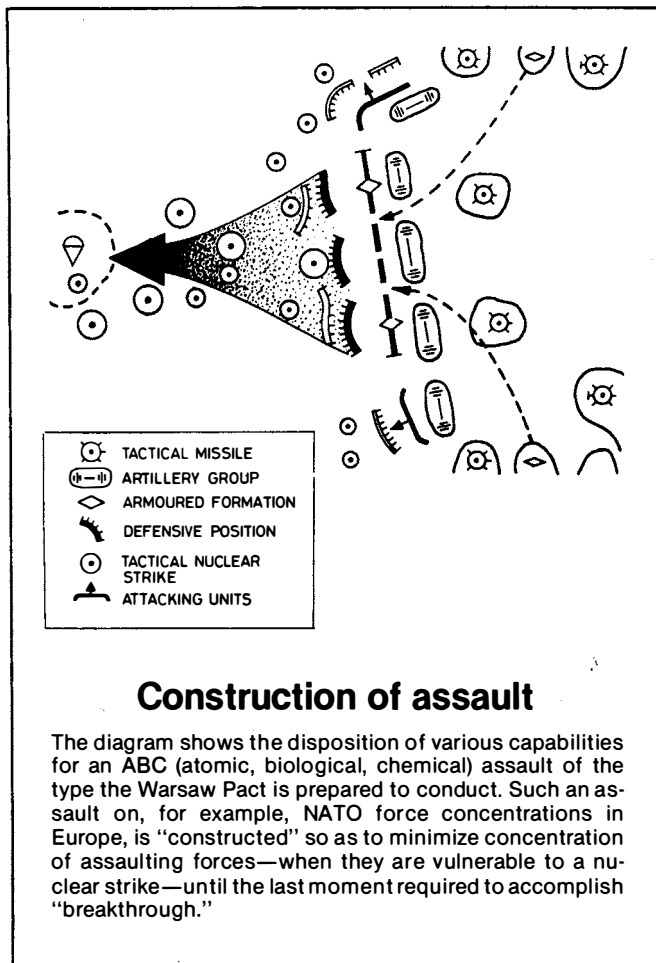
they will fight. The U.S. anticipates a tactical, "limited" war—and is not prepared to fight the war the adversary would unleash.

## NATO's Center Sector

Soviet in-depth war-fighting superiority is nowhere more evident than in NATO'S Center Sector in West Germany. The three natural avenues of approach represent the gateway to all of Europe. It is NATO and the west's most vital front and a point of access to all the key urban and industrial centers of the continent.

An initial glance at the theater balance of power reveals the overwhelming Soviet superiority. Against NATO's 782,000 men in 27 divisions stand 935,000 Warsaw Pact troops in 32 armored divisions; 38 Warsaw Pact mechanised rifle divisions face NATO's 17. The Soviets have 16,000 tanks compared with the allies' 6,780 and vast superiority in artillery. Soviet tanks and armored personnel carriers are designed to fight in atomic, biological and chemical warfare environments.

A glance at the map reveals that the Soviets possess advantages for strategic maneuver and internal lines of supply in the unlikely event of a retrograde action.



NATO, with non-member France to their backs, have their entire logistical rear-base capabilities in the southern half of West Germany in a corridor no more than 200 miles from the East German border. NATO's main center of logistical supply is Antwerp and Rotterdam, both of which are only a few hundred miles from the prospective front, and vulnerable to IRBM and aerial bombardment.

The Soviet order of battle is aimed at total victory, regardless of who starts the conflict. Notions of "limited war" are conspicuously absent from their doctrine. Tactical deployment of conventional and nuclear capabilities follow only after the unleashing of total strategic ABC (atomic, biological and chemical) capabilities.

Soviet deployment of forces takes advantage of three paths of approach (see map page 23). The North German plain leading to The Netherlands whose terrain is ready-made for tank warfare; the Fulda gap; and the Hof corridor flanking NATO's entire military establishment and industrial heartland.

Following initial ABC attack on Europe—plus total intercontinental bombardment of North America—tactical nuclear weapons would be used in an offensive capacity as part of a massive artillery barrage. The accompanying diagram demonstrates one method. The nuclear and conventional artillery move up behind forward troop positions. To their rear are the armored units intended to achieve breakthrough. Tanks and mechanised rifle units move forward, concentrated on the target sector. Smaller infantry units make diversionary attacks on NATO defensive positions all along the front, as tactical nuclear strikes clear a path through the enemy defenses and prevent counterattacks. Thoroughly ABC-trained armored units breach the defenses and advance en masse into the depth of enemy positions. Airborne and heliborne forces deploy in forward positions to capture key points in enemy territory.

Some analysts believe Soviet forces could reach the Rhine within 48 hours.

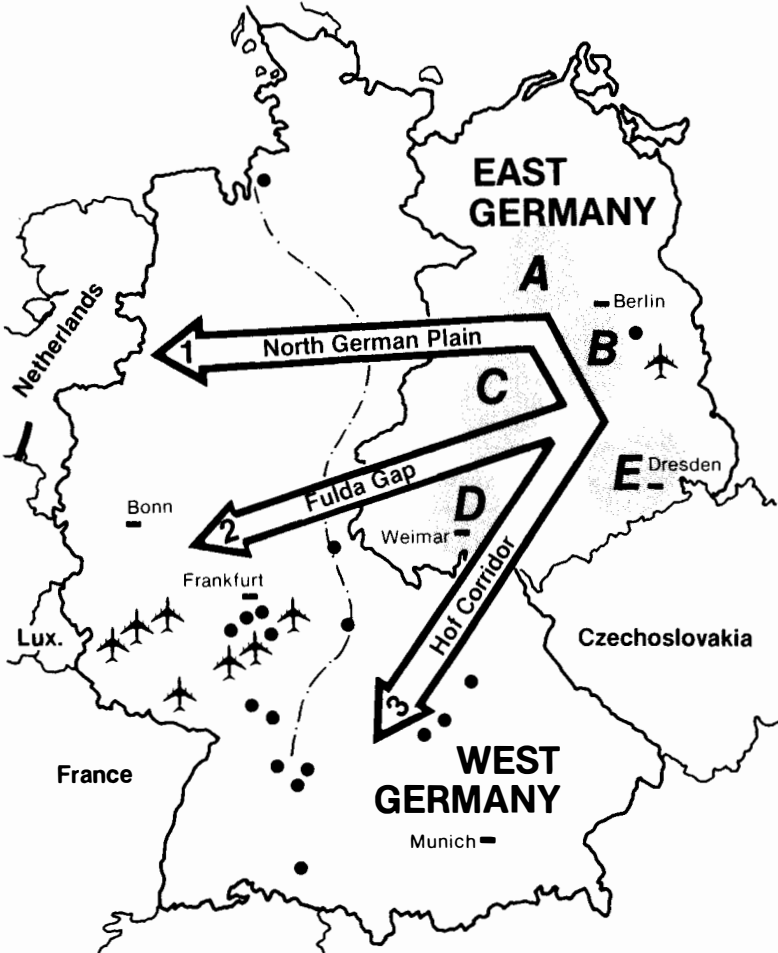
Comparable force can be brought to bear on the Soviets' entire perimeter, including southern Europe, west Asia, south Asia, China, southeast Asia, northeast Asia. *The Soviets have more troops in each of the five military regions than the U.S. has in its entire army. And nearly every globally strategic region is within 1,000 miles of Soviet borders and internal lines of supply.*

For the U.S., any strategic point outside North America is many thousands of miles distant. Despite overseas bases and a substantial navy, the U.S. cannot carry out a major prolonged conventional military operation outside of Western Europe or North America.

The U.S. Army has 16 divisions of which four are deployed in Europe as part of NATO. Three more are held in reserve for ready deployment to Europe. Another



# NATO Center Sector Vulnerability



- A 2nd Guards Tank Army**  
9th Tank Division  
32nd Mechanized Rifle Division  
94th Guards Mechanized Rifle Division
- B 20th Guards Army**  
6th Guards Mechanized Rifle Division  
14th Guards Mechanized Rifle Division  
19th Mechanized Rifle Division
- C 3rd Shock Army**  
25th Tank Division  
12th Guards Tank Division  
10th Guards Tank Division  
47th Guards Tank Division  
207th Mechanized Rifle Division
- D 8th Guards Army**  
20th Guards Tank Division  
20th Guards Mechanized Rifle Division  
39th Guards Mechanized Rifle Division  
57th Guards Mechanized Rifle Division
- E 1st Guards Tank Army**  
6th Guards Tank Division  
7th Guards Tank Division  
9th Tank Division  
11th Guards Tank Division  
27th Guards Mechanized Rifle Division

- U.S.-NATO force concentrations
- Soviet-Warsaw Pact forward deployments
- Major line of communication



A thoroughly ABC (atomic, biological, chemical) trained Soviet division on maneuvers that simulate an assault on NATO Center Sector force concentrations.

division is stationed in South Korea and another in Hawaii. The remainder of the army is seven divisions, constituting a strategic reserve. In other words, the entire number of combat-ready army troops in the continental U.S. is seven divisions, or 115,000 men.

By contrast, the Soviet army of 1,825,000 is divided into 169 divisions; 31 in Eastern Europe as part of the Warsaw Pact contingent; 64 in the European U.S.S.R.; 6 in the Central U.S.S.R.; 24 in the south; and 44 on the Sino-Soviet Frontier. Unlike the U.S., whose entire continental force is considered theoretically deployable, Soviet divisions are ranked according to combat readiness: those at full strength to  $\frac{3}{4}$  strength (Category I) include all those in Eastern Europe and, most likely, half those in the European U.S.S.R. The Far East divisions are also Category I. Only the divisions of the central and south regions are in Categories II and III, from  $\frac{1}{2}$  to  $\frac{3}{4}$  strength and  $\frac{1}{4}$  to  $\frac{1}{2}$  strength, respectively.

With only their NATO front and Far East front faced with a significant adversary-threat, the Soviets have been able to maintain a readily deployable reserve that is tremendous. If deployed along the perimeter of the U.S.S.R., Soviet logistics would entail moving forward their 'front' along totally internal lines of supply. If deployed overseas, troops from central or southern regions could be deployed without effectively weakening their already overdeployed critical fronts.

### The Afghan case

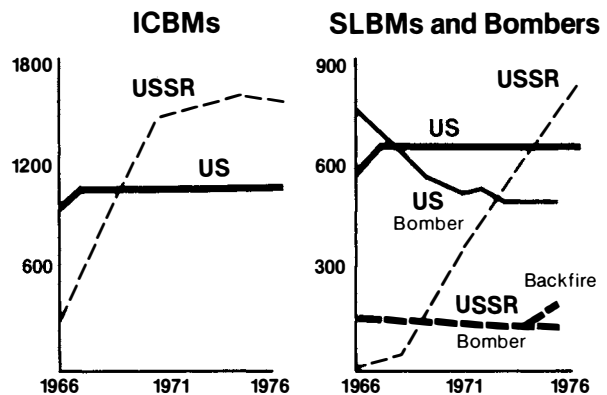
The Soviet deployment of 100,000 troops into Afghanistan took a scant few days. The movement of comparable U.S. forces would have taken the exercise of an entire strategic airlift capability over two weeks' time. The continued supply of such a force would place tremendous burdens on that airlift capability.

The Soviet Afghanistan operation is a case in point in other ways. Employing the considerable airlift capabilities of the AN 22 and AN 12, initial Soviet airborne divisions were flown in within 48 hours. Mechanized rifle divisions were able to swing in on roads, utilizing a fraction of the strength of the 24 divisions based in southern Soviet territory. Lines of supply are all internal, and a vigorous and continuous airlift is underway directly into Kabul.

The geography of Afghanistan puts it within a 300-mile radius of the Indian Ocean, the Arabian Sea and the Gulf states. Bases in southern Afghanistan can give air cover to a naval fleet of 24 ships in the region, air cover capable of negating the impact of the U.S. carrier task-forces.

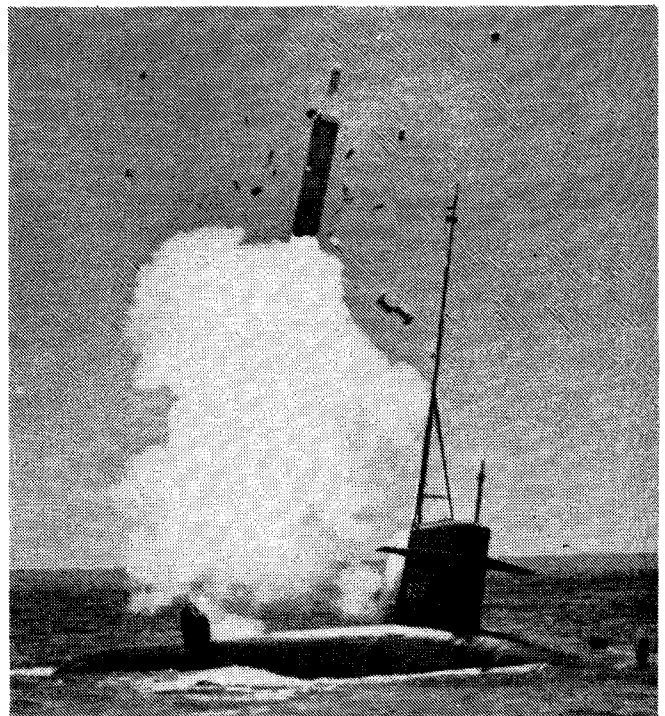
Such a deployment in no way stretches Soviet resources. An American counter move, even if bases in the region are granted, is a hideous logistical proposition from any rational military point of view.

## Changes in U.S./U.S.S.R. strategic force levels



Source: DOD Annual Report, FY 1978, p. 18

## The force-structures of the American and the Soviet armies



## Comparison of divisional establishments \*

|                           | — U.S.S.R. — |       |       | U.S.   |                             | — U.S.S.R. — |        |        | U.S.   |
|---------------------------|--------------|-------|-------|--------|-----------------------------|--------------|--------|--------|--------|
|                           | 1965         | 1970  | 1975  | 1975   |                             | 1965         | 1970   | 1975   | 1975   |
| <b>Armored divisions</b>  |              |       |       |        | <b>Mechanized divisions</b> |              |        |        |        |
| Manpower                  | 8,500        | 9,000 | 9,500 | 16,500 | Manpower                    | 10,000       | 11,000 | 12,000 | 16,300 |
| Tanks                     | 316          | 316   | 325   | 324    | Tanks                       | 175          | 188    | 255    | 216    |
| Lt. Tanks                 | 17           | 17    | 19    | 54     | Lt. Tanks                   | 17           | 17     | 19     | 54     |
| APCs                      | —            | —     | —     | —      | APCs                        | 180          | 180    | 270    | 322    |
| Antitank guns             | 9            | 9     | 105   | 370    | Antitank guns               | 12           | 18     | 18     | —      |
| Antitank missiles         | 9            | 9     | 105   | 370    | Antitank missiles           | 18           | 36     | 135    | 426    |
| Med. Artillery            | 36           | 54    | —     | 54     | Med. Artillery              | 36           | 54     | 72-90  | 54     |
| Heavy Artillery           | —            | —     | —     | 12     | Heavy Artillery             | —            | —      | —      | 12     |
| Multiple rocket launchers | 12           | 18    | —     | —      | Multiple rocket launchers   | 18           | 18     | 18     | —      |

\* Composition of one division

The differences between Soviet and American divisional structure and strength are striking. The U.S. maintains a doctrine from World War II in which divisions are categorized as Armored, Mechanized, Infantry, Airborne, Airmobile, the last having been developed mostly out of the experience of the Vietnam War and the development of helicopters. Divisions are comparatively large with an average of about 16,000 men. Only armored and mechanized have eliminated the foot soldier.

This form of organization is to enhance the doctrine of "flexible response" and "forward defense" and is supposedly aimed at having a sufficiently flexible "mix" to carry out a variety of contingencies.

By contrast, the Soviet divisional structure is very much reflective of the offensive doctrine utilizing firepower, mobility and concentration of force. Divisions are categorized into Tank, Motor or Mechanized Rifle and Airborne divisions. Troop strengths range from 9,500 for tanks and 12,000 for Mechanized Rifle to 8,000 for Airborne. Tank divisions have 325 tanks, one more than the American armored division which has 7,000 more men. It has 150 armored personnel carriers which are enough to transport the remainder of the troops. It also has a complement of 80 artillery pieces, against 14 for the U.S. larger armored divisions. Though it has fewer anti-tank missiles by a

third, firepower is by no means lost, but absorbed by the tanks, APMs and artillery pieces.

The "footsoldier" no longer exists in the Red Army. Everyone rides. The Mechanized Rifle divisions, at 12,000 men, have 255 tanks and 375 APCs. This compares with the U.S. mechanized divisions of 270 tanks and 490 APCs for 4,000 more men. Soviet firepower is again superior with 110 artillery pieces compared with the U.S.'s 66.

Airborne Divisions, at 8,000 men, have no tanks but 100 APCs with 54 artillery pieces. The U.S. has also 54 pieces of artillery but no tanks or APCs.

Comparisons of weaponry reveal similar discrepancies. All Soviet tanks and APCs are capable of operating in an ABC environment. None of the U.S. arsenal has this capability. The main U.S. battle-tank, the M-60 series, and its updated variants' design, date back to 1961. The XM tanks have not even gone into production.

The main Soviet battle-tank is the T-72, designed in 1975 and fitted with a 122 mm gun outstripping most of the U.S. arsenal. Similarly the new Soviet APC, the BMP, carries a 73 mm gun; the U.S. model carries machine guns. Soviet artillery is generally of a larger caliber with greater range than the U.S. counterparts and many more self-propelled models are coming into the Soviet complement of weapons.

# America's mercenary army: Drugs and illiteracy

by Susan Welsh

The United States armed forces today are less capable of fighting and winning a war than any peacetime armed forces this nation has ever had. Under the regime of the "All-Volunteer Force," between 10 and 30 percent of troops in Europe are on heroin or cocaine, with a much larger percentage of habitual users of hashish or marijuana; 25 percent are classed by the Army as "problem drinkers." The average recruit reads at a fifth grade level, and 60 percent of recruits are rated "below average" in the Army's mental aptitude tests. They are unable to effectively operate the weapons or machinery to which they are assigned.

If war were to break out in Europe, one reserve division (18,000 men) could be sent over from the United States within ten days; the next soldier, however, would not arrive for 180 days.

This appalling state of affairs is the result of 30 years of policy control over the American military machine by the adherents of British "cabinet warfare" military doctrine and the "cost-cutting systems analysts" of the Robert S. McNamara School. While the disintegration of the armed forces which were once the best in the world reflects a process ongoing in American society at large, it is also a specific demonstration of the invalidity of the "volunteer army" concept.

"The American soldiers here are mercenaries really," an officer in the West German army, the Bundeswehr, told *EIR* correspondent George Gregory in Munich this week. "In fact, spiritually and mentally they are poor mercenaries at that. As for the officers, we think they could do something about the drug problem if they really wanted to."

## The British model

The All-Volunteer Force (AVF) officially replaced the draft system in 1973. It was based on the example of Great Britain, which abolished compulsory military service in 1961, and is the only European military power (today) with a volunteer army.

The concept of the AVF was sold to President Richard Nixon because the Vietnam War debacle meant that it was becoming virtually impossible to operate the Selective Service System anyway. In 1969, Nixon appointed a commission, led by former Secretary of defense Thomas S. Gates, Jr., to look into the matter. Economist Milton Friedman was one prominent member of the Gates Commission, arguing for the application of the principles of "free enterprise" to the problem of military recruitment. Another "fiscal conservative," Martin Anderson of the Hoover Institution, who is an advisor to Reagan, played a role in the commission's work and wrote the legislation which set up the AVF.

The process of decay was already far advanced before Friedman and Anderson got their hands on the Department of Defense. Since World War II, traditionalist military officers who stood by the code of "duty, honor, country," and knew that war is not something you draw pictures of on a blackboard, were being squeezed out of positions of power. With McNamara's appointment as Secretary of Defense under President Kennedy in 1961, the takeover by the "whiz kids" began in earnest. They argued that America's strategic "deterrent"—ICBMs, bombers and submarine-launched missiles—made in-depth war-fighting capability unnecessary, since the Soviet Union would never dare to take on the U.S. strategic arsenal. Therefore advanced research and development programs, conventional weapons, and manpower training were not considered "cost-efficient."

McNamara had applied the accounting principles of "cost-benefit analysis" at the Ford Motor Company during the 1957-1961 recession period, and when he came to the Defense Department he ran it the same way. Richard A. Gabriel and Paul L. Savage, in *Crisis in Command: Mismanagement in the Army* (Hill & Wang, New York: 1978) describe how the military officer became identified with the up and coming corporate executive, and suddenly became preoccupied with "career management." Lower-ranking officers became known

as "middle-tier manager." Strategists talked about the "automated battlefield," as though the soldier no longer had anything much to do with warfare.

A current Democratic presidential contender Lyndon H. LaRouche, in a 1977 military policy memorandum titled "How Kissinger and McNamara Wrecked U.S. Military Capabilities," addressed this problem with the following recommendation: "To have a functioning Pentagon, it would be necessary to begin by cleaning out every taint of the influences of "Slickum" McNamara, Schlesinger and Defense Secretary Harold Brown, and painting the faces of accountants a distinctive, indelible purple, so that their opinions on all military subjects might be efficiently ignored at the outset." An officer or enlisted man who is wondering whether participation in a battle will "further his career" is not a soldier, and a combat unit built around the principles of cost-effectiveness and pursuit of self-interest will not fight.

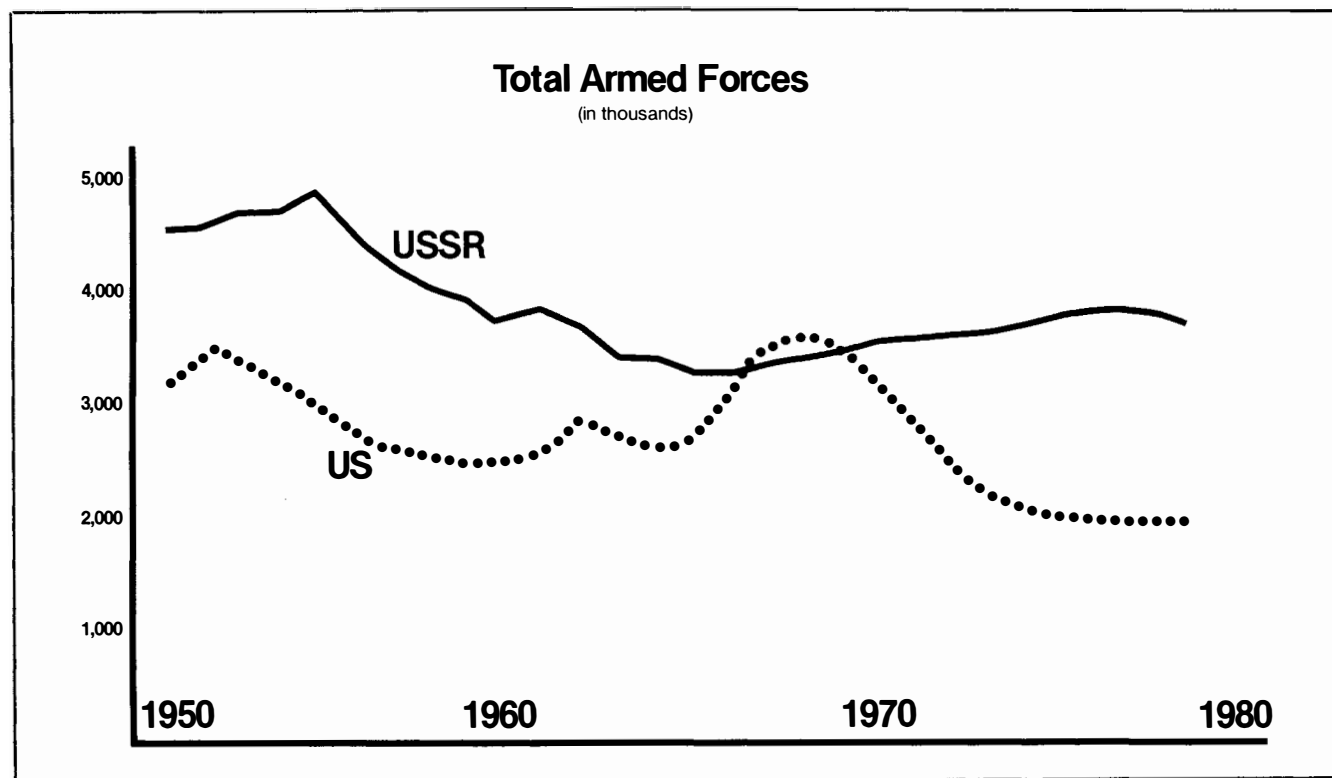
This became rapidly apparent in the Vietnam War, as the U.S. army destroyed itself under conditions of relatively minimal stress. Desertion, "fragging" (assassination of officers by enlisted men), and mutiny were rampant, and nearly one-third of the troops had used hard narcotics. Corruption was widespread, as the drug-running proceeded through the highest-ranking members of the South Vietnamese government. American diplomats and military commanders were complicit in the dope

traffic, and the CIA airline Air America flew drugs from Laos into Vietnam.

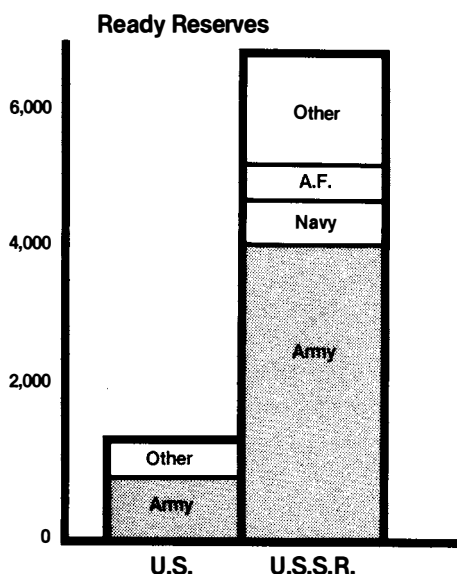
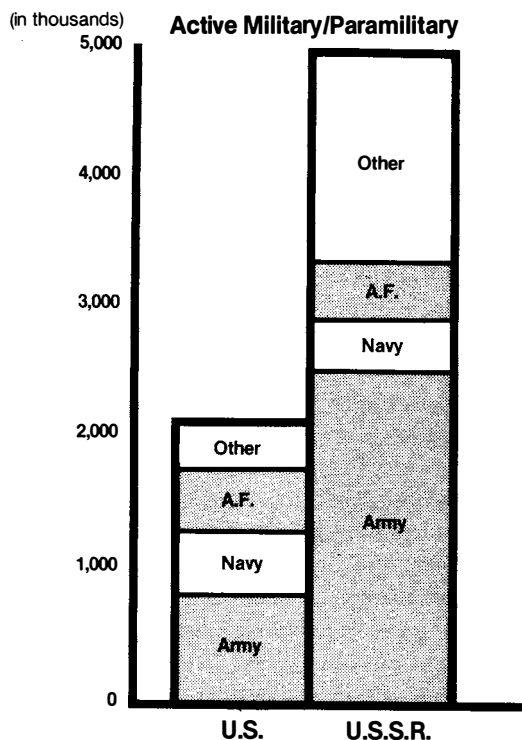
### The "Hessian" army

The institution of the All-Volunteer Force after Vietnam has kept the manpower situation in the military at crisis proportions. Total Soviet active military manpower today is estimated at more than twice that of the U.S. (4,437,000 to 2,095,000), with the U.S. reserves being in particularly critical condition. The social composition of the armed forces has shifted heavily toward the poor, the black and Hispanic. At present, 33 percent of the army is black, and 11 percent is composed of non-citizens (largely Hispanic, some of whom do not speak English); 15 percent is female, not available for a combat role.

Educational levels and literacy have fallen precipitously. Whereas during World War II 8.5 percent of servicemen aged 20-24 had completed four or more years of college, the figure was 2.6 percent of all veterans in 1971, and is lower now. In 1973 under the draft the average reading level was 11th grade; today it is 5th grade. In 1973 only 10 percent of troops scored below average in intelligence on the Armed Forces Qualification Test, whereas today 59 percent are in this category. In October 1979, the army was forced to change its recruitment requirements, relaxing standards to eliminate the previously required high school diploma for



## Comparative Manpower 1977



women and 17-year-old male volunteers, in order to meet its recruitment quotas.

Drug use is difficult to measure accurately, but is unquestionably high. Rep. Lester Wolff, Chairman of the House Select Committee on Narcotics Abuse and Control, said in Dec. 1978 that hard drug abuse in the military forces in Europe was estimated at about 9 percent, or 27,000 men—the equivalent of nearly two divisions. Defense manpower expert Richard Gabriel cites more recent Defense Department figures showing at least 28 percent heroin use in Europe, and 20 percent of troops using hashish at least once a week. Given this manpower material to work with the “cost effectiveness” bias of training programs, those programs have shown very poor results in improving the skill levels of armed forces personnel. An army training study done over a year ago revealed that only 45 percent of E-2 and E-3 category automobile repairmen could perform even 1.3 out of 8 common auto maintenance tasks. A similar situation existed for track vehicle mechanics, tank commanders and gunners.

### Defense Department “coverup”

The DoD and its allied think-tanks like the Rand Corporation are continuing to claim that the AVF is working just fine. This led Rep. Robin Beard (R-Tenn) to charge last April that the DoD has perpetrated a “deliberate coverup” of the manpower crisis. Beard charged that the latest figures show there would be a shortfall of over one million trained personnel 90 days after the beginning of a conventional arms war in Europe. “There are desperate shortages of soldiers in the infantry, in medical, in armor, in artillery and combat engineers. In some critical areas, our combat units would have no more than 30 percent of the trained manpower necessary 90 days into the war,” the Congressman said, according to *Armed Forces Journal International* dated April 1979. Beard attributed the situation to “invisible” OMB and DoD analysts, “an unseemly colony of termites who have consistently bored away at the defense budget, opting for cutting costs at the expense of readiness.”

The lack of reserves is particularly acute, as U.S. Ready Reserve strengths dropped from 2,661,000 in 1970 under the draft to 1,189,000 in 1977 (the Soviet Union possessed at least 6,800,000 in 1977). Leading West German military analyst Adelbert Weinstein drew attention to this situation in a Dec. 28, 1979 article in the daily *Frankfurter Allgemeine Zeitung*, titled “An Army Without Soldiers.” The Pentagon fell short of its recruitment goals by 13,000 men and 2,000 women in 1979, he said, despite an additional \$20 million spent on advertising. Furthermore, “the volunteer army has a blemish which

cannot be eliminated by any cosmetic corrections: This army does not produce any reserves. By now as many as 150,000 reservists are lacking in the 'individual ready reserve. This is the reservoir from which the combat troops are reinforced with trained personnel reserves. Unless this gap is closed all promises will remain hollow that U.S. strategic reinforcement would arrive in good time in the event of a crisis and possibly stabilize a dangerous situation by its presence, because the combat troops could count on the arrival of trained personnel only months later. Said Weinstein:

This causes the lowest level of deterrence strategy to lose credibility. For world politics, however, the army without soldiers means that President Carter will be unable to set up his strategic rapid deployment force. This may mean that Teheran will not remain an isolated case.

As serious as the lack of reserves is the high turnover of personnel, especially skilled officers like pilots. Two out of five servicemen do not finish their hitch, and in the Air Force and Navy, pilots are resigning in unprecedented numbers. Gen. Lew Allen, USAF Chief of Staff, described the situation in an interview to *Aviation Week* magazine Nov. 5, 1979: "There are trends that look bad . . . The exodus of young pilots and navigators has affected every aspect of our force planning. Significant numbers of skilled aviators are leaving active duty at the very point where they should be moving into important mid-level leadership responsibilities." The Air Force lost nearly 3,000 pilots in FY 1979, about 1,800 in the second-tour 6-11 year experience group. Most of the pilots took jobs in civilian aviation.

### **War-fighting and the militia system**

The failure of the All-Volunteer Force is an indictment of the whole strategic approach which produced it: the official U.S. advocacy of "deterrence" and of "limited nuclear war" chicken games instead of the war-fighting doctrine of the Soviet Union. While the Soviet Union does not want war, it has always maintained that if World War III comes the Soviet armed forces will fight to win. For this reason, the Soviet leadership has always seen research and development as top priority; it has instituted far-ranging civil defense programs, and it has implemented militia-style training for virtually the entire population.

Any modern nation that is unwilling or unable to sustain a militia system is not psychologically qualified to fight through a war. A volunteer army must necessarily attract the most deprived layers of society, the urban unemployed and the rural poor. Such a "Hessian" force

can only be effective to the extent that repeating predefined drill patterns is adequate. Once the culturally and educationally deprived youth is confronted with an equal or superior enemy in actual combat conditions, when new creative solutions to tactical problems are required, his veneer of acquired skills vanishes, and the volunteer army falls apart.

In the Soviet Union, the Law of Universal Military Service was instituted in 1967, and remains effective today. The law shortened the length of service from three years to two for the army, coast guard and border guards; naval tours and coastguard combat units were reduced from four years to three. Draftees with higher education serve for only one year. The program also included the transition to a compulsory pre-draft training program, implemented through primary and secondary schools. These training programs, as well as the training of the new recruit, are pursued with extraordinary attention and effort on the part of military leaders—what one American commentator called "typical Russian overkill." While the Soviet program has its own difficulties—such as the rapid turnover of a twice-yearly call-up, and the need to deploy as much manpower as possible to the needs of the labor-short civilian economy—these problems are of a completely different order than those facing the United States.

Soviet officer training programs are two to three times longer than in the U.S. No U.S. professional military school program lasts longer than one year, whereas in the Soviet Union the norm is two, three or four years. There are 175 military schools in the U.S.S.R.—many more than in the U.S.A.—and approximately 15 percent of all undergraduate schools and 30 percent of graduate schools are military.

There is a very heavy emphasis on military history in Soviet military schools—including tsarist military history, according to Col Richard G. Head, writing in the *Military Review* Feb. 1979. At the Frunze Naval School, the five-year curriculum includes about 25 percent "political training," which consists only partly of Marxism-Leninism. The bulk of the program is cultural enrichment, including visits to museums, monuments, and even the ballet. Especially in the Navy, but also in the Army, Col. Head found that the educational ideal for the Soviet officer is "remarkably nonideological," a reflection of the tradition of cultured tsarist officers.

This is the same standard of excellence and integrity which America's founding fathers sought for this country, and which was embodied in the academies at West Point and Annapolis. Such traditions of military competence and honor are no longer held in esteem at the highest levels of U.S. leadership, and America's armed forces reflect the fact.

# Research and Development: The aura of poverty

by Dr. Steven Bardwell

"I bring what I consider a healthy skepticism that technological advances alone can solve all problems; that technology for technology's sake is justifiable. I believe therefore, that investments in research and advanced technology for national defense should be carefully examined to assure that returns in the way of measurable increases in defense capability justify those investments." A statement by Ralph Nader? Or, perhaps, the Center for the Public Interest in the Pentagon?

Unfortunately, this was the introduction to the presentation given by the Director of the Defense Department's Defense Advanced Research Projects Agency before the committee in the House of Representatives responsible for the 1979 funding of the DoD!

The anti-technology bias, the almost total lack of

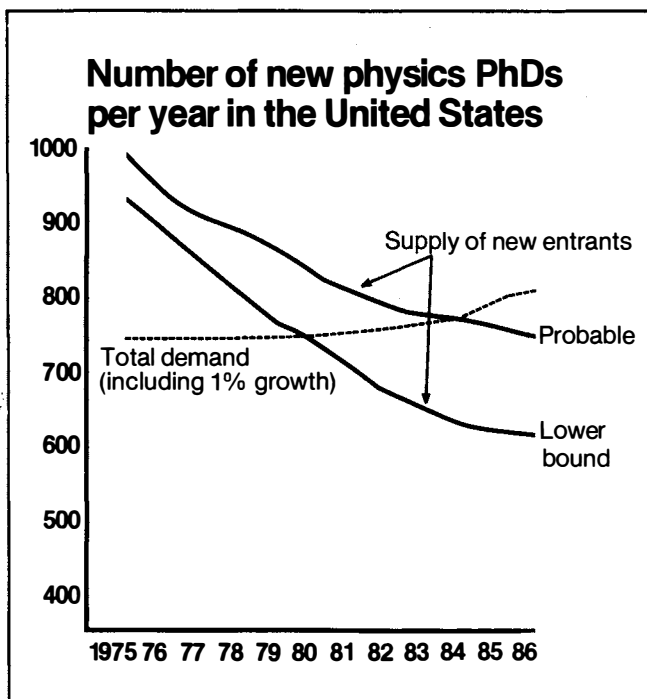
comprehension of the actual connection between advanced research and military strength reflected in the above quotation, has been the official policy and determinant of funding in the U.S. defense establishment since at least 1965. The result is military capability in this country which is severely hampered by outmoded technologies and which has *no* qualitatively advanced weapons system coming on line in the next several years. In fact, there is with one exception, no weapons system in use today whose technological base was not perfected before 1965!

## The present R&D situation

The present situation in military research and development is frightening—but can only be understood in the context of the state of scientific research and advanced industrial research in the country as a whole. The underlying feature which defines the whole significance of military R&D is not primarily military; rather, it is at root a derived capability based on the society's generalized commitment (or lack of it) to discovery and implementation of the most advanced ideas in every field. It cannot exist in the military field without a broad-based civilian effort, nor can a broad-based civilian effort exist without there being "spin-offs" in military deployments. *That* is the simple fact about advanced weapons systems which has escaped our military leaders for now more than 15 years.

The Atomic Energy Act of 1954, which set up the first and most institutionalized relationship among scientists, engineers, the military, and private industry in the form of the Atomic Energy Commission, states very clearly this evaluation:

By enhancing our military effectiveness, we strengthen our efforts to deter aggression; by enlarging opportunities for peacetime development, we accelerate our own progress and strengthen the free world....





To this end the government was instructed to set up research and development programs:

We believe, rather, that teamwork between government and industry—teamwork of the type encouraged by these amendments—is the key to optimum progress, efficiency, and economy in this area of atomic endeavor.

It was less than 10 years after these words were spoken by then-President Eisenhower that the Defense Department and civilian areas of research and development began a rapid slide toward their present abysmal state.

The statistical evidence is shocking: the most telling measure of the state of military research and development is provided by the finding which is most sensitive to the maintenance of the "teamwork" between the private sector and the DoD, funding for basic research. In the ten years between 1965 and 1975, the funding from the DoD for basic research fell 50 percent (in real dollars). The funding for basic research in the Pentagon in 1975 was half what it was in 1965.

In 1976, under Secretary of Defense Brown, the Pentagon announced a goal of increasing this figure 10 percent a year above inflation. But, these growth rates have been severely underachieved, due to higher than expected inflation and higher priority given to other line items in the budget by Congress.

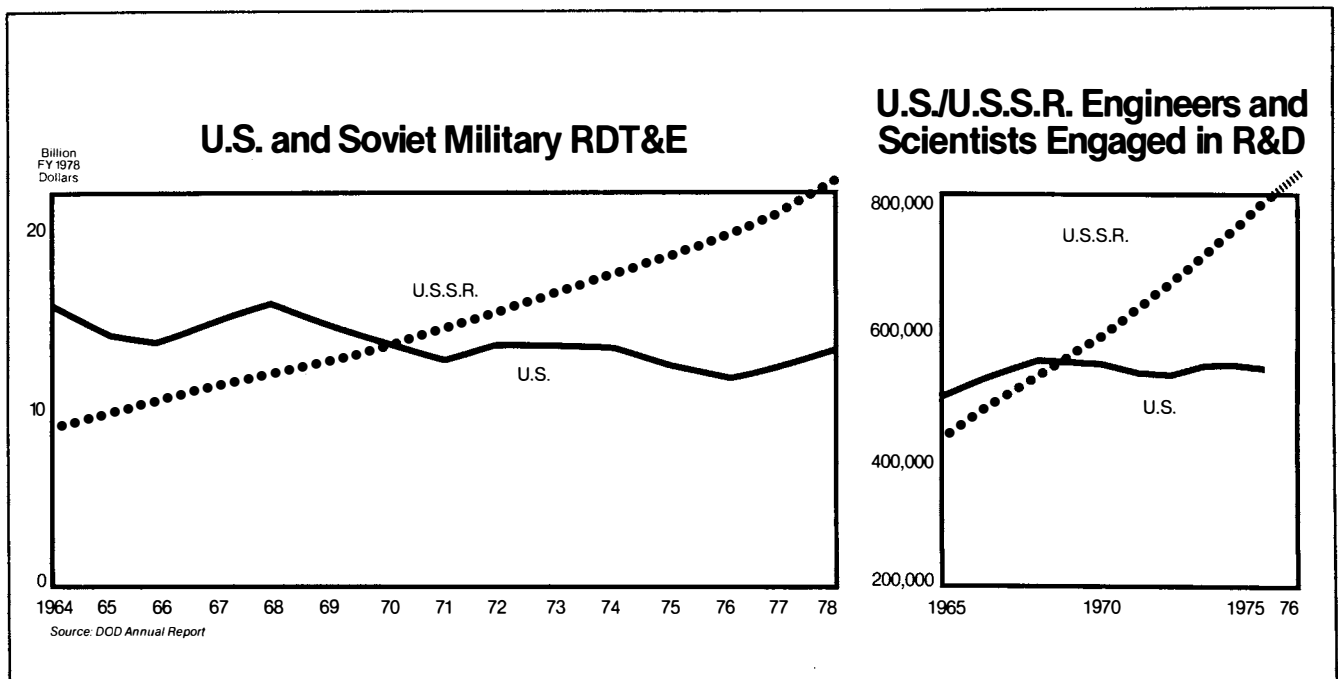
The atrocities committed against research project after research project could be recounted, but the more fundamental point is that this gutting of military R and

D occurred in tandem with the same phenomena throughout American society. The accompanying graph taken from a just completed study on the number of physicists in the U.S. shows how generalized and serious this phenomenon is. In the ten years between 1975 and 1985 the number of new PhD's in physics will fall by 30 percent and, possibly by as much as 45 percent. Similar figures exist for engineers, chemists, and mathematicians. Overall, the number of scientists and engineers has been falling in absolute terms for the last 10 years, in a period in which the number of scientists and engineers in the Soviet Union has more than doubled.

### The case of the nuclear industry

The nuclear industry in the United States has, from the time of Eisenhower's speech, played a special role in leading the research and development investments of U.S. industry. Its contribution to military advances has been much more significant because of spin-off technologies (remote handling, advanced machining), materials development, and manpower training than in direct production of nuclear weapons. The health of American R and D is intimately and inseparably tied to the health of the nuclear industry.

The unfortunate state of the American industry is well known. In the past 15 years, the industry's new plant orders have decreased from 17 in 1965, a high of 35 in 1972, to a total of *zero* in 1979. The capacity for production of pressure vessels—the critical component of a



nuclear plant—decreased by 30 percent in 1979 alone. The only plant for the construction of floating nuclear plants has been closed. Recent industry studies predict that two of the top four producers of nuclear plants will have totally closed their nuclear related facilities by 1985 and a third will do so shortly afterwards.

The impact of this decimation of the most advanced of U.S. industrial capabilities may be measured in its results for manpower availability and the like. But even more mundane facts show how severe the results are.

In a speech given in the beginning of January, Harold Agnew, long-time director of the Los Alamos weapons laboratory, member of the President's Advisory Commission on Arms Control and present head of General Atomic (a large government contractor involved in nuclear research for civilian power production), stated that the U.S. is now suffering from a severe defense weakness due to the total lack of depth in its nuclear weapons production facilities. In the 1960s, he stated, there were duplicate plants for the production, machining, and assembly of nuclear weapons. Now, each of these three functions is performed at a single plant, with no backup capability at all. "Little by little," Agnew stressed, absolutely all our redundant facilities have been closed in the name of cost-effectiveness. The same anti-nuclear and anti-science policies which have destroyed the U.S. nuclear industry have their refraction in the military sphere in the shutting down of military facilities.

*Next week's EIR will contain an in-depth look at the specific weapons systems that have resulted from the shrunken U.S. research and development effort, the impact of the lack of new weapons on the country's military capability, and an estimate of the Soviet advances in the areas ignored by the U.S.*

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## Documentation

### Gen. Richardson: 'Painted ourselves into a corner'

*The following interview was conducted by EIR with General Robert Richardson, presently attached to the American Security Council:*

**Q:** The Soviet Union's military deployment into Afghanistan appears to represent a shift from a war avoidance policy to a war winning policy. What are U.S. military strategic options? What are U.S. capabilities?

**A:** The U.S. today is like the man who painted himself into the corner, and then says, I ain't got no option except to walk across the paint. You ask why you painted yourself in the corner in the first place.

Our options are really quite limited. First of all, we haven't got the capability to sustain a military operation of a conventional attrition type anywhere, at this time, for many reasons, all of which can't be blamed on one particular process. ... We have all contributed to it. So what are you going to do, light another candle? In other words you can scream and rant and rave, and say, your national security interests require that you do something. But outside of a punitive action—and I'm not sure what you buy with that—I don't know too much what you can do.

Certainly even in the strategic field you don't want to get into that kind of hassle. I don't see anyone getting into that kind of hassle for a Middle East grab, and certainly not on purpose. Even assuming the only card we had was absolute strategic superiority I still don't see anybody using it in that context, and we haven't got it!

If you assume we still had absolute strategic superiority, you still don't see this crowd or anybody else shouting in Moscow for a grab in Afghanistan, Pakistan or Iran. And we don't have it. You invite a catastrophe on your own head in return so that on both sides you almost certainly have to say the use of the only systems which are militarily effective today are almost highly unlikely because it doesn't make a lot of sense on either side.

They have the capability and the geography. You can play chicken and this might come about. By playing chicken, what I mean is that, if you really felt you had to do something, you might go in with a local tactical nuclear effort, and see whether that so scares the opposition they want to go back to the conference table.

**Q:** Wouldn't the Soviets call the bluff?

**A:** A lot depends on whether they think they're as good as we think they are, and the odds are they don't. ... They've got to figure out how they are going to cope with our submarine threat. They really can't figure out our intentions any better than we can theirs. The risk factor is extreme, almost impossible....

**Q:** Isn't it clear that the Soviet Afghanistan deployment is a prelude to a strategic nuclear deployment?

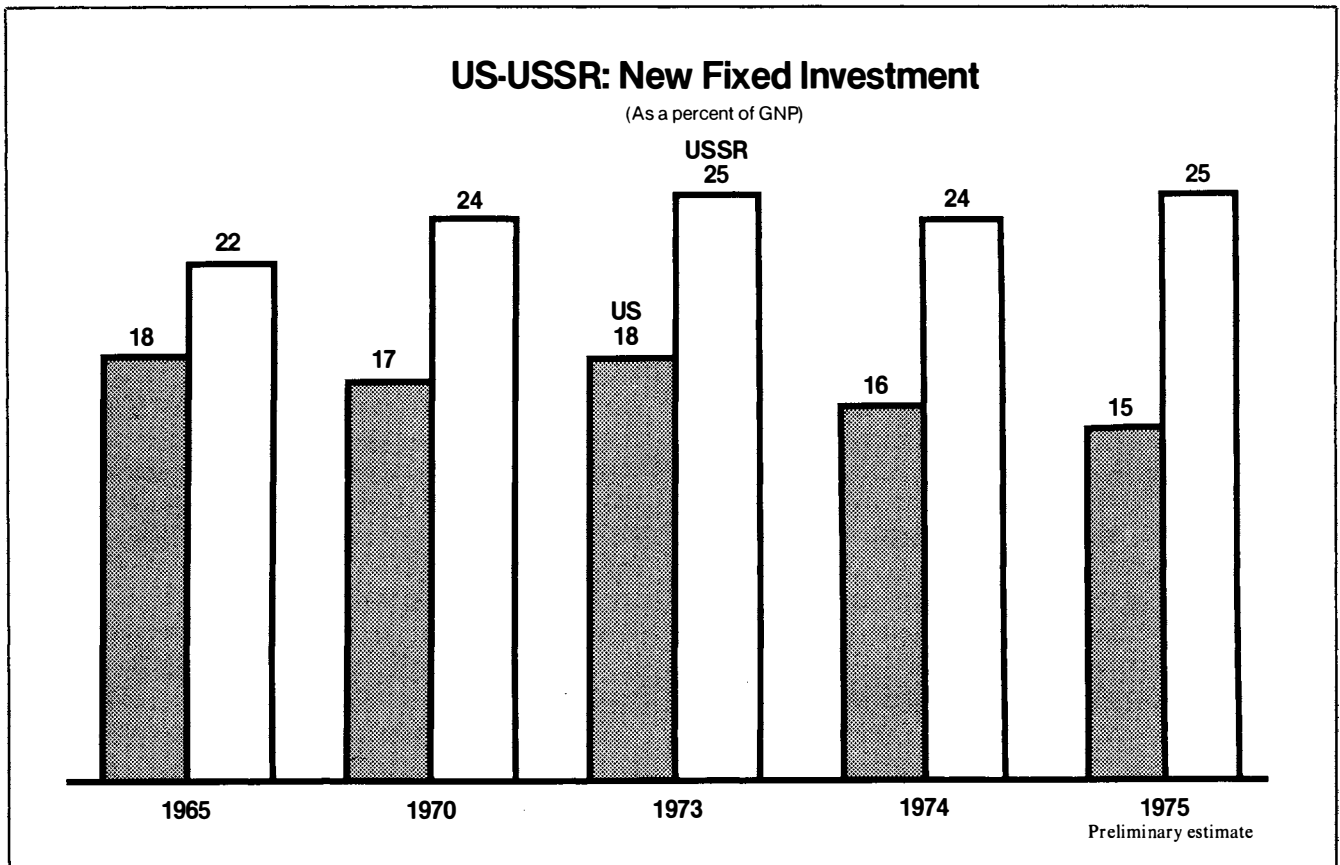
**A:** Yes, I have a hard time believing they need all that junk just to keep a few natives down.

**Q:** It appears that U.S. defense capabilities have steadily declined since 1967 following cutbacks in research and development projects. Could you comment on this situation?

**A:** It started in 1961. If you turn the water off in 1961, the pipe doesn't start to reduce its flow until about 5 or 6 years later. The lead time in a system would be 5 to 10 years. So while a lot of systems were cancelled in 1961 and 1962 for arms control and unilateral disarmament, a lot of throttling back took place. A lot of stuff on back order and purchased in the 1950s was being delivered in the early 1960s, and actually, statistically, the force grew out of sheer momentum well into the Johnson era. Then it started falling off as the impact of the shutoff occurred. You have to look at the lead time in these things.

That's why, if they go get all geared up today, you are not going to have a substantive impact before 1984-85. You need a major R-and-D effort. You have to get rid of these silly constraints. You have to go out and do high-risk research and development. One of the things the McNamara crew did was to kill that in 1961 and 1962 and introduce low-risk.

When you introduce low-risk then you ordain inferiority, because low risk is the building-block approach, where the government says: look, I don't want you to build any fancy weapon system until you show me you have all the technology in hand, so we have no waste, no overruns.



Now, if you have all the technology in hand when you start and it takes five years from start to delivery, that means by definition any technology that comes in hand in the next five years ain't going to be in it.

If you go the route we went, from everything from Polaris to Minutemen to space, and scientists say, I've never done it but I think by 1985 I can put the Rayburn Building in orbit, O.K., you fellows think you can do it, but have never done it, let's set up a program to put it in orbit; here's the money. Everybody puts their shoulder to the wheel to do it. Then, if they succeed, that's great. But since they've never done it, there's going to be a very good chance they are going to have slippage, overruns, failures and changes.

That's high risk, but the payoff is also high results. The Soviets never had the problems of failures and overruns to cope with. Nobody blows the whistle on them when cost escalates and when somebody hits a technology problem.

**Q:** Has there been total stagnation in U.S. R-and-D and defense capabilities?

**A:** Yes and no. We have not been pushing the state of the art as much as we could have been, had we proceeded as we had in the 1940s and 1950s. The incentive to pull it all together into really advanced new systems was denied.

That is, there is a lot of talk now about reinventing the wheel over there. Talking about space concepts and systems. Christ almighty! Dinosaur was ready to fly in 1961 and that was a space boost glide system. Imagine if they had flown Dinosaur in 1961 and it had been a success. We would have ordered a few. It would have been in units in 1967 and the outfit would have been 10 years old and we would be talking about replacing it with a space bomber today. Same with the fancy cruise missile. It's nothing more than Skybolt updated.

We are victim, then, of the philosophy of the Jerry Weisners, the technology plateaus, technology is bad. If you were to do that, they say, you will start an arms race...

### **'They didn't undercalculate'**

**Q:** Can you say something about the differences between U.S. and Soviet strategy?

**A:** The political conception of the U.S. has been geared to the notion that the Soviets would consider nuclear war dangerous and wouldn't do it. It could be *deterred*. They never bought those premises. Take Carter's Olympic

threat. I think Carter is lighting another candle. Either the Russians have something big in mind, in which event all these other events are like sticking rosettes on the bull's ass to entertain the crowd before the main act. That's not going to change the bull fight. If they were so concerned about these events, they would not have done what they've done now. I have heard pronouncements that, Oh well, these guys undercalculated. ... Bull shit. They didn't undercalculate god damn it! The same guy over in state who will tell you that they undercalculated the naughty, naughty reaction to their action will also tell you that they are such excellent and thorough planners that they would never make the mistake of antagonizing us by using nuclear weapons or something. I say you can't have it both ways. Either they're smart or they aren't.

## **Defense specialist: 'The risks are just too great'**

*EIR interviewed John M. Collins, Senior specialist in National Defense at the Congressional Research Service, The Library of Congress.*

**Q:** The Soviet military deployment in Afghanistan does not appear to represent a mere limited operation, but signals a shift in overall military strategic posture, from that of war avoidance to war winning. Would you agree with this assessment and what are the U.S. strategic or conventional options?

**A:** That's an accurate assessment. But I feel the U.S. has no strategic nuclear options at this point. The risks are too great. Taking that option any leader would risk total destruction.

**Q:** Are there any conventional options for the U.S.?

**A:** I think you can sum that up very nicely by saying that the Soviet Union has a much larger, uncommitted reserve of ground and tactical air forces than we do. Our uncommitted reserve is tiny. That is also true of our uncommitted seapower assets. So the capability of the Soviets playing games along the European and Asian perimeter is significantly better than our own ability to respond. These are the two points I would like to stress at this point.

## Europe: In the vise of the superpowers

by Vivian Freyre Zoakos

Europe is in the vise of the superpowers. Exerting all the muscle at its disposal, the United States is attempting to force Western Europe and particularly West Germany—the core of the Atlantic Alliance—to participate in the American shift to a Cold War posture. West Germany especially is being asked to increase its military budget and expand the Bundeswehr in order to supplement U.S. and British troops which may be deployed to the Indian Ocean, as part of a general strengthening of American military presence in the area.

From the other side, the sudden Soviet action respecting dissident scientist Alexei Sakharov, also carries a clear demand to Western Europe that it choose sides. This also represents a level of pressure which the European “middle powers”—as a high ranking West German military official termed his country—find difficult to deal with. Whatever be the undoubted message to Carter in stripping Sakharov of his titles and honors, the timing of the action during an important state visit to Moscow by French Gaullist Chaban Delmas indicated a message to Western Europe.

The Soviets' lack of regard for the sensibilities of the French president's unofficial envoy reflects one simple fact: The world does not face a diplomatic situation, but a political-military situation. Moscow offers Europe no easy middle road any longer; either break with the dangerous Anglo-American cold war policy, or face the rapid deterioration of detente.

The following reports from Soviet and Italian Communist Party press and spokesmen provide the Soviet

point of view. Henry Kissinger then speaks out on what he fears is the impending Euro-Soviet cooperation. Next week the *Executive Intelligence Review* will present a comprehensive picture of the way combined Soviet and American pressures are impinging on the West European allies.

### From the Soviets:

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#### *Mikhailov: U.S. pressures are heavy on Europe*

*V. Mikhailov, the Bonn correspondent of Pravda, analyzed strategic thinking in West Germany in a Jan. 17 article entitled "A Blow in the Back," which we excerpt here. Mikhailov's assessment of Bonn's capacity for independent action to prevent war marks a turn from Pravda's sharp criticism of Chancellor Helmut Schmidt's government six weeks ago, when he backed a NATO missile development associated with plans for a "limited nuclear war" in Europe.*

A characteristic feature of the political situation on the Rhine is putting uppermost “Western European joint foreign policy actions, which, while not anti-American, carry their own weight.”...

The actions of the enemies of detente are also paralyzed by views which have taken hold among a significant

part of the country's business community. These circles are especially alarmed by Washington's attempts to force upon its Western European allies the same political and economic actions against the U.S.S.R. which the United States is resorting to. The shock experienced by West Germany when, yielding to NATO pressure, Bonn imposed an embargo on the export of wide-diameter pipe to the U.S.S.R. [in the 1960s—ed.] is well remembered here. That concession did nothing for West Germany except undermine its foreign policy and give it the dubious distinction of breaking international agreements....

West German business circles, like those of other Western European countries, consider Washington's demands for them to exhibit "solidarity" with the U.S. as a direct threat against the development of economic ties with the socialist countries....

Federal Chancellor H. Schmidt, speaking before the parliamentary group of his party, warned insistently against "the danger of allowing oneself to make rash decisions in a situation of deteriorating relations between Washington and Moscow." The Chancellor said that, "the federal government will not permit everything achieved in East-West relations over the last 10 years to be put at stake because of the events in Afghanistan."

The open opposition of the West German government to American military plans in the Middle East, on the eve of Undersecretary of State Warren Christopher's arrival in Bonn, reflects to some extent the uneasiness which has seized various layers of West German society over whether following Washington's course will ultimately lead to a weakening of West Germany's ties not only with the socialist countries, but with the developing sector as well.

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## *Zagladin: The new importance of the Europeans and Japan*

*Following are excerpts from an interview with Vadim Zagladin, a foreign policy spokesman for the Communist Party of the U.S.S.R., conducted by Sandro Viola and published in the Italian daily La Repubblica on Jan. 20.*

**Viola:** Were the Soviet leadership's forecasts of international reactions and the political risks connected to the intervention in Afghanistan on target, or have you found more severe reaction than was foreseen?

**Zagladin:** I think Brezhnev already answered this question. He said, in fact, that the hostile reaction by the imperialist forces to the events in Afghanistan did not surprise us. On the other hand, for us, what was essential was to prevent the American plan from succeeding: the

plan to make Afghanistan into a country dependent on them; to recover the loss of the Shah's Iran with Afghanistan. This plan has failed. As to the reactions, Brezhnev was very clear: if Afghanistan hadn't existed, the Americans would have invented it.

What's going on at this point is not essentially a reaction to Afghanistan, but an attempt to distract the attention of the world from other extremely serious problems. And above all, to mask the change of policy put into effect by the U.S.

**Viola:** What do you mean by a "change of policy" on the part of Washington?

**Zagladin:** It is a very serious turn. Above all, a monstrous spiral in the arms race. Then, a real explosion, never seen before, of American hegemonism. Think about Brzezinski's latest declarations, according to which there are three strategic zones that are fundamental for the interests of the U.S.: Western Europe and the Atlantic; the Far East; and the Middle East and Persian Gulf. In these three zones—which represent an enormous chunk of the world—the Americans say they are ready for any action, including military intervention. I must say that we haven't heard such shameless declarations in a long time.

**Viola:** And as for your direct relations?

**Zagladin:** The change toward the U.S.S.R. on the American side is also profound, enough to make us understand that we can no longer have faith in the U.S. But beyond this, there is another change, which has to do with the relations between America and its allies. In fact, we are watching a new attempt to control European policy... and force the Europeans into an exclusive relationship with the U.S.

Finally there is the military sphere: the decision to deploy the new missiles in Europe, and the pressures on the allies to support U.S. actions against Iran, show that Washington is trying to involve the allies in its own new political-military strategy... We don't think detente is dead at all, despite the great difficulties of this moment. Brezhnev said that detente will go forward, because there are many countries in the world, many political forces, that do not intend to renounce it.... We are convinced that Europe, Japan, the great states of Latin America and Asia, will succeed not only in stopping the deterioration of detente, but even in renewing it.

**Viola:** What initiatives can Moscow take, to re-establish an atmosphere of faith in Europe?

**Zagladin:** We think that both sides must reflect, study possible initiatives, conduct a dialogue. I should say that,

up to now, we have not received from Europe any sign of this sort...

**Viola:** Does this mean that you might change your position on the problem of the "European theater" missiles?

**Zagladin:** No, we do not intend to conduct negotiations on medium-range missiles under conditions of pressure created by the West . . . . The idea of calling a conference on military detente in Europe, put forward in two different versions by the Warsaw Pact and by French President Giscard d'Estaing, seems positive and could produce results. However, it would be useful for the Europeans to study other initiatives as well.

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### *Berlinguer: Cooperation for Third World development*

*Following are excerpts from a speech given by Italian Communist Party General Secretary Berlinguer at Terni on Jan. 19 during the 59th anniversary of the PCI.*

We must head toward a new equilibrium.... For example, Italy and other European countries can put themselves in a position... to furnish industrial plants, advanced technology and finished goods to the countries that export oil. And at the same time they can establish agreements with these same countries, to work together—investing their currency reserves—for the development of the zones of the Third World that are poor in raw materials; those zones called the fourth world.

Analogous to our position, is that of other forces which refuse to line up with one or the other great power, but speak, and seek to act, to reconstruct the conditions of dialogue between those two, to stop things from getting worse.

At Strasbourg, during the recent debate, two tendencies manifested themselves. We saw states and political forces that passively line up with the U.S., in trying to exacerbate tension for domestic and international ends; others because of ancient hatred of the U.S.S.R., as the country that realized the first revolution to herald the end of capitalist domination over the world. The extreme end of this formation is the conservative English government and the German Christian Democrats of Strauss.

However, there are in Europe other parties which with varying resoluteness, resist the logic of the aggravation of tensions and seek the road of dialogue and detente ... (for instance) the Scandinavian countries, in some aspects France, the government of the Federal Republic of Germany, and many Socialist and Social Democratic parties.

## **From the U.S.A.**

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### *Kissinger: The threat of a Soviet peace offensive in Europe*

*On Jan. 21, the Wall Street Journal published excerpts from its interview with former Secretary of State Henry Kissinger. We present selections from that interview.*

**WSJ:** What was the Soviet motivation for the invasion of Afghanistan?

**Kissinger:** ... The more interesting question is whatever made them establish a Communist government in Kabul in April 1978. We should then have made clear that this was incompatible with rules of coexistence. We cannot accept the principle that any Communist coup entitles the Soviet Union to back it up with the Red Army . . . .

**WSJ:** What can we do to shore up Pakistan?

**Kissinger:** We first have to define the problem. It is extremely unlikely that the Soviet Union would attack Pakistan over the opposition of India. The real threat will develop if the Soviet Union and India cooperate. We must of course do our best to prevent this from occurring . . . . We need a Churchillian posture. We didn't get into this position overnight and we can't get out of it with a few quick fixes in an election year.

But such a doctrine must also make provisions for eventual negotiations with our enemies . . . .

**WSJ:** What do you think the Soviets will do next?

**Kissinger:** ... They are likely to begin a peace offensive. This could take the form of attempting to appeal to the growing European conviction that European interests outside of Europe are not parallel with those of the U.S. or that Europe should not be drawn into conflict with the Soviets as a result of American confrontation outside Europe. . . .

**WSJ:** Zbigniew Brzezinski said in an interview on this page a few days ago that he thought a Soviet peace offensive, though it should be taken seriously, would ultimately fail to split us from our allies. Do you agree?

**Kissinger:** It will probably fail in a formal sense. I don't believe that the Europeans will conspicuously disassociate from the U.S. It may not fail in terms of the pressures that the Europeans will exercise on us and in the sense of reluctance by the Europeans to go along with American initiative. So it may have the practical result either of watering down our policy to the point of ineffectualness or forcing us to take isolated action.

# Will Jimmy Carter attempt another 'Bay of Pigs'?

by Cynthia Rush

According to reports received by *EIR* this week, London policymakers have indicated that once again, they intend to unleash their "dumb giant," the United States, against Cuba.

A Jan. 19 *London Times* OpEd reports that several members of Britain's Tory Party are urging Margaret Thatcher's government to encourage the United States to militarily occupy Cuba in response to Soviet action in Afghanistan. This proposal was raised explicitly at a recent meeting of the Conservative Foreign Affairs Committee in London with the idea that if the U.S. were to take such action, it could remove "this Soviet proxy from the world at a strike."

In 1961, London worked through the Kennedy administration and led the United States into one of the biggest foreign policy fiascos in its history: the Bay of Pigs invasion. Now those London circles propose that the Carter administration give a repeat performance—with one significant difference. In light of the international strategic situation, and the Soviet Union's stern warnings that it will not tolerate threats to *any* Socialist country, what the Tories propose goes far beyond disaster. The militarization of the entire Caribbean region—including Mexico—which would ensue from either a blockade or direct U.S. attack on Cuba, could be a spark leading toward a Third World War.

Nonetheless, the appropriate representatives of U.S. business and political circles are already mouthing Britain's suicidal invasion line, and boasting they can take on the Soviets "in our own backyard"—the Caribbean—"teaching them a lesson." Among the series of provocations being discussed is the proposal made a few days ago by a Georgetown University source to set up a naval blockade of Cuba. "The one real advantage of going after Cuba is that it's closer to home," this source bragged. The Soviets, she continued, would not respond to a blockade of Cuba because the penalties for them would be "too great."

This same source, who is in Democratic Party circles close to Senators Henry Jackson and Daniel Moynihan, commented that "I want Cuba and the U.S.S.R. to understand that ... the destabilization of Cuba is in no way out of bounds." The United States no longer has an obligation to respect agreements made since the 1962 Cuban Missile Crisis relating to Cuba's internal situation, she explained, saying that the Carter administration politically and *militarily* should also support efforts to force the Cubans out of Angola.

Every single presidential candidate—with the exception of Democrat Lyndon LaRouche—is displaying the same kind of bravado. Both John Connally and Ronald Reagan have virtually called for an invasion of Cuba. In a speech before the South New Hampshire Chamber of Commerce Jan. 17, Connally detailed his "get-tough" line:

... The truth of the matter is that we're engaged now in a battle with the Soviet Union for the resources of the world—the Free World—not just the United States. Let me tell you what progress they've made. Let's think for a moment. They've had a base in Cuba for a long time. They're using that base now in an overt manner to extend the influence of the Soviet Union in Central America, South America, and on the African continent as well.

What will we do? My answer would simply be that if, indeed, the Soviets move to take over Iran, to control the resources of that nation, then we should immediately impose a selective blockade on the Straights of Hormuz, of Iran, seize the Island of Kharg from which they ship all of their oil. We should immediately impose a total blockade on Cuba itself, a satellite of the Soviet Union.

We should make it abundantly clear that we will not lift that blockade until, indeed, the Cuban troops are out of South Yemen, out of Angola, out



of Ethiopia and indeed, until they've withdrawn their terrorist forces and their troublemakers in all of the Western Hemisphere. Make it abundantly clear to the Soviets that we, indeed, are going to be embarked on a program of rebuilding a foreign policy that will make possible the expulsion of Soviet influence and Communist influence from the Western Hemisphere which is our backyard. That's what we ought to be talking about and that's what we ought to be preparing to do....

Trying to sound as tough as his Republican opponents, 'liberal' Ted Kennedy last week charged that the Soviets might have hesitated in entering Afghanistan had Carter taken stronger action against the Cubans in Africa last fall.

### Cuban "liberation?"

Although the Carter administration has not said a great deal officially with regard to its intentions toward Cuba, reliable Cuban sources have expressed the view that the administration has defacto renounced agreements made following the 1962 Missile Crisis and is considering some kind of military action.

On Jan. 15, Carter told Washington press representatives that a beefed-up series of naval and military maneuvers in the Caribbean, Panama and Gulf of Mexico was a response to "Cuban adventurism in Latin America."

There are also reports of military and naval maneuvers taking place in, and just off the coast of, the state of Louisiana. Troops could be deployed to Cuba from this point.

What suggests that an "inside-outside" operation is being planned against Cuba, in which outside attack or blockade is coupled with an anti-Castro "insurrection" inside the country, is the series of articles published over the last week in both U.S. and British press. An article in the Jan. 19 issue of the London *Economist* emphasized that Cuba was suffering from economic decay, dissent, repression and racism and strongly implied that the island nation could soon be ripe for popular insurrection. Other press articles have cited the recent cabinet shake-up in Cuba as "evidence" that a major internal crisis exists.

The reality that these and other self-consoling articles ignore, however, is that in the 20 years since Fidel Castro took power, Cuba has become a nation-state, despite constant and enormous political and economic pressures from the United States. If an attempt to destroy Cuba does not lead directly to nuclear confrontation with the Soviet Union, at the very least it portends another major foreign policy debacle for the United States.

## 'Irans to the south'

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### Jesuit 'mullahs' lead Latin insurrections

A little noted article appearing in the *New York Post* early in January, reported that the head of an influential but behind-the-scenes consulting firm, Probe, International, is now advising its clientele that Catholic countries, notably those in Latin America, will soon be swept by "clerical revolutions," similar to Iran's "mullah-led" horror. Proponents of the "theology of liberation"—purportedly the idea that priests and the church must take an active role in overthrowing the "oppressors" of the people—are leading the radicalization of the Catholic hierarchy, according to Probe, exemplified by the role of priests in the Nicaraguan Revolution six months ago, and the increasingly active leadership of strikes in Brazil by Catholic priests of that country.

"The big question now," the *Post* article notes, "is whether this trend will intensify in Brazil and spread to other Latin American countries ... such as Argentina, Chile, Guatemala and Mexico."

But Benjamin Weiner, the head of Probe, International who offered this analysis, is not merely "asking" the questions; he (and his friends) specializes in fulfilling his own predictions. Probe, which advises multinational corporations on investment "climates" abroad, for example, cites its earlier "predictions" that Iran and Afghanistan would soon become tinderboxes under the effects of religious developments, as an example of its capabilities.

Probe's "insight" was simple: they were on the inside in bringing the Ayatollah Khomeini to power in Iran. The fact that Weiner's attention is now focused on Latin America is cause for concern, but also provides U.S. corporations and Latin American leaders a major lead in their investigations into spreading civil war in the area.

"Cleric-led revolutions" in Central America are already underway. In Guatemala, official representatives of the Society of Jesus's (Jesuit Order) Central America and Panama mission issued a statement denouncing the "anti-Christian" and oppressive nature of the admittedly

brutal Guatemalan government, vowing to wage open warfare against it. The Guatemalan government immediately denounced them with the charge, "Marxist subversion," while the Secret Anticommunist Army, one of the country's several death squads, issued a "single warning" that every Jesuit would be shot if they do not flee the country.

Civil war in El Salvador, bordering Guatemala to the south, is even more imminent. Here too, Jesuit priests and ideologists play a dominant role within the opposition, and the government itself.

The expanding polarization throughout the region, will spill over into Nicaragua, referred to recently by a Jesuit writer as the "unfinished revolution." Increased agitation by "ultraleft" provocateurs in Nicaragua has deliberately set off a wave of labor and peasant strikes to

pressure the government to turn away from its model of a "mixed economy," where the private sector has a role in rebuilding the economy, and implement "socialism" now. "Left" provocations have their "right" counterpart here, too. Private sector representatives are starting to threaten economic sabotage if their particular interests are not guaranteed.

### Jesuit ayatollahs

Khomeini-style fundamentalism, nominally "Islamic" or nominally "Catholic," is not a "sociological phenomenon" endemic to developing nations' problems. Both have a common "mother," and a common purpose: the wielding of backward masses in the developing sector as a battering ram against modernization and the advanced sector, on behalf of the financial interests initi-



### Carter's Caribbean campaign

- A** Off Southern California near Mexican territorial waters: 12 warships, U.S. Third Fleet, now on maneuvers.
- B** Vicinity of Puerto Rico, Jan. 15 on: NATO "Springboard" war games, deployment of British, U.S., and Dutch naval units.

- C** Panama Canal Zone, Feb. 4 on: "Black Fury III" war games, deployment of 70,000 troops, 101st Airborne Division USA.
- D** Guatemala: "Radical" spokesman for Societas Jesu (Jesuit) pledge "open warfare" against government.
- E** El Salvador: Jesuit-controlled "left" and Jesuit-controlled "right" plunge nation toward civil war.

ing and encouraging these kinds of movements.

The on-the-record activities of Probe, International itself provides a significant clue to the real source of the sudden wave of "religious" movements in the developing sector.

In June of 1979, Probe co-sponsored, along with the Washington, D.C.-based Middle Eastern Institute and Yale Divinity School, a two-day conference entitled "Religion, Politics and U.S. Business Abroad."

The topic on the agenda, according to Probe's own brochure, was "religion as a newly active voice in world affairs," particularly focusing on "Industrialization and religious activism—how the frustrations of industrialization fuel fundamentalist movements." The speakers list at the conference was a Who's Who of men already exposed as controlling the Muslim Brotherhood cult which stands behind Ayatollah Khomeini, including former Attorney General Ramsey Clark who advised Khomeini on how to take action against the United States, the Jesuit-trained Professor Isma'il al Faruqi of Temple University, an intimate of top Muslim Brotherhood circles and Lord Caradon, one of Britain's most important Middle East hands for decades.

Joining these "Islamic" scholars on the podium were the men now implicated in the theology of liberation project for Latin America: notably Father Joseph A. O'Hare, editor-in-chief of the Society of Jesus's publication, *America*, and Mr. Philip Scharper, editor-in-chief of Orbis Books, the editorial house of the Maryknoll Fathers, a Catholic order which closely collaborates with the Jesuits. Under discussion along with such subjects as "the future pace of industrialization within an activist Islamic society" was the question of the "Roman Catholic Church and political activism," and "capitalism and the Church"—some six months before Weiner's "predictions."

### The Chinese model

Participation in the forum by leading members of the Society of Jesus, the chief architects and engineers of "liberation theology" in Latin America, is not surprising. Industrialization is anathema to the outlook of the Jesuit order, an intelligence agency using the church as cover for more than three centuries. A recent interview with the head of Jesuit Social Missions, one Father Simon Smith whose job is to oversee the work of Jesuit missions in some 50 developing countries, emphasized the point. Vehemently attacking what he called "Western capitalist development" and the U.S. model of economic development, Smith stated he did not even consider the United States a "Christian country."

Tanzania and China were the models he cited as appropriate for an impoverished country. Tanzania is an "exquisite example of self-determination, self-reliance

and human dignity," Smith claimed. There is much poverty, but "they stress the question of human dignity." Likewise China, one of the most backward countries on earth with a full 80 percent of its population employed in producing barely enough to eat, is "on the right track. There is widespread poverty throughout China, but it is equitably distributed."

Jesuit priests, numbering some 4,000 in Latin America, have stepped up their recruiting of "lay people" to that anti-industrial and rabidly anti-American outlook in recent months through a "Marxist-Christian Dialogue," used in this case to weld together "left" radicalism and "Christian radicalism" (a la Jesuits) into one strike force.

### Central American trigger point

"Iranization" scenarios for Latin America have focused on Mexico, the fastest developing country in Latin America, ever since Henry Kissinger's famous November 1978 pronouncement that "too rapid development" was the doom of the Shah, just as it would be in any impoverished country.

With all its economic problems, Mexico's republican institutions remain a firm bulwark against the planned mob explosion, like the provoked mob violence directed against the Shah. It is from Central America, where brutal backwardness has created a Jesuit's paradise of "oppressed masses," that the Weiner and Kissinger forces plan to launch the destabilization.

—Gretchen Small

## Guatemala's 'clerical' revolt targets Mexico

"After remaining silent for years," the provincial superior of the Society of Jesus for Guatemala and Panama Jan. 16 issued a public proclamation denouncing the "poverty and oppression" in Guatemala and announcing a full scale offensive against that country's military government. The lengthy call for a Jacobin Jesuit-led revolt, published in the Mexico City newspaper *Excelsior*, concluded with a pledge to defend the "cause of the poor" even though "this means repression against us."

The Jesuit proclamation triggered an immediate wave of inflammatory accusations by the military government and death threats against the Jesuits by "right-wing" paramilitary groups. A clandestine group called the "Secret Anticommunist Army" yesterday released a plan to "kill all the Guatemalan Jesuits" and expel foreign Jesuits. The next day, after the publication of the Jesuits' proclamation, the government released an official statement warning the order that the military was

committed to “defend the country’s democratic system” against “Marxist subversion.”

This dangerous “right-left” confrontation looming in Guatemala represents the cutting edge of an “Iranization of Mexico” scenario, currently on the agenda of Anglo-American policy makers. In the words of a top member of the Center for Interamerican Security, a Washington thinktank closely tied to the Kissinger networks at Georgetown’s (Jesuit) Center for Strategic and International Studies, Guatemala’s Jesuit “right-left” scenario is aimed at spilling over the Mexican borders to trigger similar revolts in the Southern oil states of Mexico.

The CIS thinktanker further reported that groups of “anti-American Marxist” guerrillas in Guatemala will go into Mexico and “disrupt Mexico’s oil production.” “The ultimate targets . . . are the oil fields,” he added.

Thus the Jesuits’ open provocations in Guatemala are aimed at creating the appropriate environment for the professional terrorists that will later on, as the CIS source indicated, move freely from one country to another. The potential threat to Mexico’s oil production that this Jesuit-led terrorist scenario represents, has the Mexican government very concerned. Upon the official an-

nouncement that Mexican President Jose Lopez Portillo was going to visit Guatemala in the next days, the Interior Minister of both countries met in Mexico City to discuss—according to the Mexican press—a gentlemen’s agreement between the two to “protect the internal security of both countries.”

Lopez Portillo’s plan to visit Guatemala was immediately criticized by such “human rights” fans as Larry Birns from the Council of Hemispheric Relations who accused Lopez Portillo of giving “too much attention” to such “repressive governments as the Guatemalan.” The Mexican Workers Socialist Party, a leftist pro-government party, answered Birns’ remarks by stating that Mexico’s move to strengthen links with Guatemala obviously is a geopolitical move in light of U.S. pressures on Mexico’s oil, and that it does not mean that Mexico supports Guatemala’s internal policies.

The Jesuit scenario writers have not limited their policies to a Jacobin anti-progress revolt in the Central American region. The same pattern will develop throughout the Third World. For this purpose they plan for an “Iranized” Mexico to lead world-wide Jacobin revolts, as Mexican author Carlos Fuentes put it recently.

—Dolia E. Pettingell

## What is Probe International?

Probe International was created nine years ago as a consulting firm to advise major multinational corporations on their operation in areas of political instability. Probe International was set up by its current President Benjamin Weiner, a former U.S. diplomat who tells his clients that “the world is a far more hostile place than we have been led to believe.”

All evidence points to the fact that the firm is a front for British intelligence—those elements directly involved in terrorism.

Probe International jointly sponsors annual conferences with other organizations like the Fletcher School of Law and Diplomacy, The Middle East Institute, The World Trade Center, etc. In the past, such conferences have discussed Eurocommunism, the impact of terrorism on France, Italy, and Spain, and U.S. business and the Middle East. U.S. businessmen pay up to \$400 each to hear the latest news of bombs and political violence in this or that country.

Probe International, which, according to Weiner, has a total staff of five people, has been getting increasing coverage in the U.S. media as one of the

best in the field. Such a reputation, in Weiner’s own words, is based on his “accurate forecast” of the Islamic revolution and the recent events in Afghanistan.

Probe’s board of directors includes J. Boyer Bell, a top controller of international terrorism based at New York’s Columbia University, Admiral Elmo Zumwalt, ex-CIA director William Colby, and the former British Ambassador to the United Nations, Lord Caradon.

## ‘Novelist’ Fuentes: ‘The return of Strangelove’

*The following are excerpts of an article by Mexican novelist Carlos Fuentes published in Uno mas Uno on Dec. 22, 1979, entitled “The Return of Dr. Strangelove.” Carlos Fuentes is a key leader of Jesuit-controlled “leftist” intellectual circles in Mexico.*

I have here a fiction for the 1980s: Intensely divided, the U.S. Democratic Party cannot agree on its presidential candidate.

## El Salvador; as many as one million could die

The powderkeg to set off all of Central America is El Salvador. According to most press reports, the country has already entered a state of near civil war as a result of confrontation between armed extremists of both the right and left—both equally influenced by the Society of Jesus. In 1932, the Salvadorean Army crushed a peasant revolt by massacring 30,000 peasants in a few short months, and remained in power thereafter. That massacre, which has shaped the political and social environment of the country ever since, is nothing compared to the no-win, meat-grinder war which is now evolving. More comparable would be the chaotic violence of the Thirty Years War in Europe in the 17th century.

A Jan. 18 report in the Mexican daily *Uno Mas Uno* stated that the “taking of factories, closing of businesses, exodus of citizens, persecutions and murders are the order of the day” now in El Salvador. Foreign embassies have begun to evacuate their personnel from the country and expect to close down shortly.

The Republicans, however, maintain a united front. Ronald Reagan is designated national candidate by acclamation ... Reagan wins the election.

But when Reagan is installed in Washington, Mexico and Ottawa determine that their most vital national interests are threatened and that any and all tactics are legitimate. The fertile imagination of the Mexican Ambassador to the UN, Muñoz Ledo, promotes initiatives by virtue of which the Third World countries escalate complications, recriminations and demands against the United States government, paramilitary Chicano commandos financed by Mexican oil-pesos sabotage electricity centers, paralyze the agricultural activity of the Southwest and organize waves of hospital strikes . . . . Once and for all they hope to create the new world economic order to benefit the world community.

For his part, Reagan's government is inclined to resort to force and Connally prepares a massive and indiscriminate response justified by Kissinger's speeches on the balance of power ... Mexico and Canada secretly assure the Joint Chiefs of Staff that the international campaign against the U.S. will cease as soon as Reagan abandons the presidency. ... Reagan commits suicide....

It is only a question of time before the highly unstable Christian Democratic junta collapses. An estimated 100,000 people marched against the government Jan. 22 in the capital city. Gunfire between the “left” marchers and “right” opposition resulted in some 20 deaths and 80 wounded. Almost 150 churches across the country were seized by left activists immediately before the demonstration, timed to commemorate the 1932 massacre, along with 26 radio stations from which broadcasts calling for support were made by the activists. At the same time, accusations have been made that army units in the north of the country have launched a “mop-up campaign” indiscriminately killing peasants.

Each round feeds the next. El Salvador's ruling oligarchy, a small group of families (usually called the “14 families”) who control the vast majority of the country's largely agricultural economic activity, have used the military and an extensive paramilitary organization called “Orden” to defend their entrenched interests. Orden is exemplary of the state of the country. Comprising a network of some 10,000 members located in key positions (police, communications, etc.) in virtually every small town of the country, almost any form of opposition is identified—and killed.

El Salvador has also been a “left” Jesuit experimental playground for a number of years. Beginning in the early 1970s, Jesuit priests began the form of organization that still is one of their most effective means of expanding their influence throughout Latin America: the recruiting of “delegates of the word”—lay ministers whose job is only partially theological. Jesuit priests enter a poor area, identify the actual or potential leaders in the small town or commune, and target them for recruitment into the Jesuit-structure of “communities of the base,” a sort of T-group formation set up to “raise the consciousness” of the community about its condition. Then while the Jesuit priest moves on to another area, the delegate of the word remains to carry on the work. In places like El Salvador where no form of organization has been tolerated for years, the Jesuits, using their “church” roles as cover, have frequently established sole control over backward peasant layers in different regions of the country.

The leadership of almost the entirety of the “left” guerrilla groups, as well as their legal “front” groups in El Salvador, were either directly formed by Jesuits, or evolved from the initial groups established by “delegates of the word” beginning in the 1970s. These are the guerrilla groups which stated at the end of 1979 that since they are unable to militarily defeat the Salvadorean military and paramilitary apparatus, their adopted strategy now is to destroy the economy as extensively as possible—seizing factories, burning crops.

Estimates are that in a civil war in El Salvador now, an estimated 500,000 to 1 million people will die.

# Camp David's partners balk at the new 'Carter Doctrine'

by Mark Burdman

On the eve of President Carter's announcement of a new Middle East "Carter Doctrine" during his Jan. 23 State of the Union address, the countries that are supposed to form the core of the President's envisioned Cold War alliance are sending unmistakable signals that they do not want to join Washington's precipitous rush toward thermonuclear confrontation with the Soviet Union.

These doubts—expressed to varying degrees by leading forces in Israel, Egypt, and Saudi Arabia—have forced the Carter administration to try to reshape the original Egypt-Israel Camp David treaty along the lines of policy recommendations made in October 1979 by the NATO thinktank Atlantic Council and more recently by British Foreign Secretary Lord Carrington during a several-nation tour of the Middle East and the Indian subcontinent.

The gist of these recommendations is that Saudi Arabia, Jordan, and other "conservative" Arab states will overcome their reservations about confronting Moscow in a regional multilateral pact if they are offered in return a deal over the controversial Palestinian issue. To clinch this deal, Washington is retooling Egypt's policy to make it appear to be more militantly "pro-Palestinian" and to make Egypt the gendarme power of the Arab world. At the same time, "suggestions" are being made in such journals as the London *Economist* that a change in government in Israel favoring the ascendancy of Defense Minister Ezer Weizman and opposition Labour party leader Shimon Peres is in the interest of the Anglo-American alliance.

As has become standard with Carter's policy designs, this new twist, justified by the administration on the basis of the Soviet intervention into Afghanistan, is boomeranging, for at least three easily identifiable reasons:

1. The more pressure exerted on Israel to subordinate itself to the fundamentalist forces of an "Islamic



Pact” in the Middle East, the more internal forces in Israel express a “realist,” anti-Cold War point of view.

2. The more Egypt is retooled along seemingly nationalist, pan-Arab lines, the more social forces are tending toward an expression of national self-interest. This could become “Nasserist” in direction at some point in time, and end the isolation of Egypt from the other Arab countries which had been a long sought-after goal of Henry Kissinger and his British mentors.

3. The more Carter talks of “stopping the Soviets” in a region so geographically near the U.S.S.R., the more the Soviet military and political leadership will themselves play tough, building up and activating long-dormant “assets,” dramatically stepping up their aid to friendly countries and putting increased pressure on the countries targeted by the Anglo-Americans for their regional alliance. Given the Soviets’ superior conventional resources in the region, this will add up to a decisive strategic defeat for the U.S. in the Middle East—unless Carter goes mad and decides to hold the line against Soviet advances by launching thermonuclear war.

In short, Carter is on the verge of another foreign policy debacle. Given his past performance profile, this doesn’t mean he won’t proceed along the losing path anyway.

### **Israeli neutrality in World War III?**

Probably the most remarkable reaction to Carter’s latest policy turn has come from commentators in Israel, both in the ruling Likud Party and in the opposition Labour Party.

In a Jan. 11 Op-Ed in the English-language *Jerusalem Post*, Moshe Sharon, a former adviser to Prime Minister Menachem Begin on Arab affairs, strongly attacked the overwillingness of Israeli Defense Minister Ezer Weizman to make Israel a potential target for Soviet nuclear attack by granting the United States bases on its soil. In a piece entitled “Protecting Israel’s Sovereignty,” Sharon stated:

Defense Minister Ezer Weizman said it in his usual straightforward way: the Americans do not even need to ask permission to use Israeli military facilities....

The United States may need and may ask to establish a military presence in this country, and the government of Israel should study such a request—when it is made—very very carefully, and if possible *refuse* it....

[In the Middle East-Persian Gulf region] a tense situation might lead to a world war. And in such a war, Israel should maintain its neutrality, or at least

conserve every bit of its national and military energy to protect its sovereignty and security.

Israel cannot, and should not, get involved directly in a superpower conflict by having foreign military bases on its soil. Israel is too small to survive Soviet ballistic missiles on its major cities.

For those Israelis who have lately been unhappy because it looks as if they will be denied the honour of having an American base on their soil, it should be made clear that they have cause for rejoicing if the news is true....

If the Americans ask for a base, or any other form of military presence in Israel, it cannot be automatically bestowed on them either by Weizman or by Begin....

Sharon’s views were complemented by a commentary in the newspaper *Davar*, mouthpiece of the Histadrut labor confederation, which argued that a Cold War works to Israel’s *disadvantage*, despite the impression being conveyed by Begin and others that the opposite is the case. Editorialist Dov Eppel laid out his arguments in a Jan. 10 piece entitled, “With a View to the Day After Tomorrow As Well”:

... [T]he more the Israeli prime minister, his ministers and Knesset members speak about Israel’s importance as the only stable democratic fortress in the Middle East, the greater is Israel’s isolation and the greater the West’s reservations over its political moves....

The West feels that Israeli politicians do not understand or do not want to understand that Egypt, Saudi Arabia, the Persian Gulf states and the other Arab countries, be they progressive or nonprogressive, pro-Soviet or anti-Soviet, have immeasurably greater weight than Israel. ... This being the case, the United States is more inclined toward fanning its anti-Soviet feelings in the Muslim world and especially in the Arab world....

From a psychological standpoint one can understand the eagerness of Israeli politicians and activists to entertain illusions to the effect that the Khomeinist revolution in Iran and the Soviet invasion of Afghanistan will spur the Egyptians to agreeing that Israel be given a place in the strategic anti-Soviet formation under the aegis of the United States. ... However, psychological explanations cannot change the political and strategic reality of our region....

Therefore, all Israel’s declarations about a willingness to help the United States in providing bases or services for its forces sound like bravado and like an idle attempt to inflate our self-importance out of all proportion. Moreover, it is not clear why

it is Israel that has to play voluntarily the role of the fool rushing in where angels fear to tread....

There are no foundations to the contention that Israel and the Jewish people will benefit from a lengthy deterioration in U.S.-Soviet relations. This is an optical illusion evolving from desire. The truth of the matter is that in times of crisis it is the weight of the huge Islamic bloc countries which rises and Israel's weight which decreases....

... Israeli politicians, in their ill considered declarations, [are lending] support to those forces in the Soviet establishment who maintain that Zionism is, in essence, the enemy of the Soviet Union. ... One should always think not only about tomorrow but about the day after as well, that is to say, about the future that is beyond the horizon and avoid oratorical anti-Soviet exercises which add absolutely nothing to Israel's strength and weight on the international plane.

There is no guarantee that there will be a normalization in Israeli-Soviet relations but it is clear that from the point of view of Israel's long-term interests and the real interests of the Jewish minority in the Soviet Union the efforts to provide Israel with the image of an essentially anti-Soviet country are a serious error.

Beyond such commentaries, the Israelis are taking concrete moves to distance themselves from the latest policy turns of Carter's National Security adviser Zbigniew Brzezinski, including calling upon "Jewish sportsmen" to participate in the Moscow Olympics and issuing statement from embassies in Europe advising the West to "go slow" on pressures against Moscow. These actions led the *Daily Telegraph* of London to go so far as to accuse Israel of "indirectly helping the Russians" in an editorial statement Jan. 22.

To reverse this situation, Anglo-American policy-makers are looking for some kind of "ace-in-the-hole" inside Israel who can rise to the occasion to make the desired geopolitical deal. Candidates include not only Weizman and Peres but also former Foreign Minister Moshe Dayan, who is, according to France's *Le Figaro* of Jan. 19, "looking for all available signs to find the route to return to power" and who is staking out a "realist" position on the necessity of Israeli concessions on the occupied West Bank. But Dayan, a pragmatist, historically has been reticent about Israel directly confronting the Soviet Union and may now be staking out a "maverick" position in Israel to find a different kind of solution for Israel's dilemma than London's Cold Warriors have in mind.

## Prince Fahd: Willing to supply the Soviets

*On Jan. 10, Riyadh Saudi News Agency published an account of an interview given by Saudi Crown Prince Fahd to four foreign journalists. The account, officially sanctioned by the Saudi government, published what French, American, and British journals omitted to mention: the Saudis' active consideration of supply contracts with the Soviet Union.*

His Highness Prince Fahd ibn 'Abd al-'Aziz expressed extreme displeasure with the media campaign which the kingdom is being subjected to by certain American and European media controlled by the Zionists. He said: We will not accept that our friendship with the Americans is one-sided. We are not obliged to befriend them. The doors open before us are many and legitimate in all fields. ...

At the beginning of his statement his highness expressed regret over the process of a campaign which certain American and European media have launched

against the kingdom despite the fact that Western civilization from A to Z chiefly relies on the kingdom, and that disruption of oil to it will turn its civilization into a cold piece of iron.

His highness pointed out that the policy of silence which the kingdom has hitherto pursued in the field of information must change. He added that neither the American press nor the American people have their interests served by such an unjust campaign, especially at this time, when states such as the Saudi Kingdom openly maintain their friendship with the United States. He described this friendship as being based not merely on sentiments but also on interests, and that there is not a single American state which does not benefit from this friendship.

Prince Fahd continued: We do not ask anyone to support us if we are in the wrong. On the contrary, the support we seek is for right and justice. *There are many states such as the Soviet Union which are only too ready to supply the kingdom with everything it wants. In other words, we could easily replace the Americans.*" [In Western news reports received by *EIR*, the sentence rendered in italic was distorted to omit mention of the Soviet Union—ed.]



## Shifts in Egypt

Israel is not the only one hedging its bets. In a Jan. 18 piece entitled "Egyptian Concern Grows Over Reliance on U.S.," the *Financial Times* of London reported:

The sharp increase in U.S. military involvement in Egypt is causing consternation among some senior officials, diplomats and serving officers in Cairo.

They particularly fear the longer-term political effects of an even higher U.S. profile in Egypt and the possible lack of consultation with Washington over American intervention in either Iran or the Gulf. ... [This could] make Egypt alone almost totally dependent militarily on the U.S.

Cairo's own Middle East News Agency reported a shake-up in the Egyptian military command, centering on the important paratrooper and "special forces" divisions. Kuwaiti and other Arab press sources have claimed that the reason for these shakeups was growing disenchantment with President Sadat's veering off into an adventurous "confront-the-Soviets" posture.

The disenchantment in the armed forces has mapped onto unrest in the domestic political scene. Both traditionally "rightist" and "leftist" protest groups are becoming more vocal in attacking Sadat. This phenomenon has filtered up to the usually docile Egyptian parliament, where opposition leader Ahmed Shukry of the Socialist Liberal Party charged Sadat with "hearkening back to the days of one-man rule" in his manner of making decisions; Shukry demanded a parliamentary debate on the question of the granting of base rights to the United States by Egypt.

Not long after this development, the U.S. State Department revealed that it was at least temporarily shelving the idea of acquiring base facilities in Egypt.

Undoubtedly, the unrest in Egypt is coming from layers who could be labeled "British assets." Shukry, the Egyptian "left" and the Egyptian "right" are all carefully nurtured by longstanding British networks run through the British Labour party, the British Fabian Society, and so on. This suggests that a twofold process is now going on inside Egypt.

On the one hand, Egypt is being "reprogrammed" to be able to assume the mantle of "leader of the Arab-Islamic world" in the mooted "Islamic Pact" configuration. Thus, we see the Egyptians suddenly taking a markedly tougher position in the Egypt-Israel West Bank autonomy negotiations. Egyptian Foreign Minister Butros Ghali—an intimate of the British International Institute of Strategic Studies through his former directorship of the Al Ahram Center for Strategic and International Studies—has lately demanded in very strong language that no progress in the process of Egypt-Israel normalization will occur without a formal "linkage" to

the issue of "Palestinian self-determination." For this position, Ghali has been branded an "obstructive influence" by Israeli Prime Minister Begin. Israeli negotiator Yosef Burg, Israel's Interior Minister, has reacted to Ghali's statements by talking of a "crisis" in the negotiations that can only be resolved by a new Camp David summit.

For this type of policy reprogramming, it is useful to have a managed level of dissent inside Egypt. It is noteworthy that as soon as Egypt stiffened its demands, the United States agreed to up its military aid level to Egypt by \$1.1 billion, including the shipment of sophisticated F-16 fighter-jets.

On the other hand, this process could get out of control. The combination of Egypt's need *not* to be isolated from the Arab world, plus the Egyptians' fear of taking on the Soviets in alliance with an administration like the one currently in power in Washington, could propel a "nationalist" reaction inside Egypt which would demand that Egypt remain neutral, or become pro-European, in its orientation in future regional conflict situations.

## The Jordan option

To abort the latter possibility and to build up Egypt's image as leader of the anticommunist Islamic world, the Carter administration is now devoting its efforts to working out a backroom deal between Israel's Weizman, Muslim Brotherhood-connected layers within the Palestine Liberation Organization, and Jordan, to give Jordan the West Bank in some kind of joint arrangement with Israel, in return for which Jordan would be cultivated as a keystone nation of the emerging Carter Doctrine alliances.

This policy direction was enunciated by Carter administration Middle East Special Negotiator Sol Linowitz in a Jan. 17 speech before the Foreign Policy Association. In his address, Linowitz declared that the next focus of his negotiating efforts would be Jordan's King Hussein. On the same day, the *Baltimore Sun* reported that during his next swing through the Middle East, Linowitz would stop over in London for sessions with the Jordanian ruler.

On Jan. 19, the London *Economist* ran an article from Israel claiming that "Jordan has recently executed an about-turn in its attitude toward the West Bank" and "is engaged in a drive to regain control of the territory." The article laid out what is claimed were details of this policy shift.

## Red Scare over Riyadh

To leverage the Jordanian situation in the desired direction, special efforts are also being exerted toward

the influential leadership of Saudi Arabia. Following the stopover of Lord Carrington in the Saudi Kingdom, an extensive propaganda campaign has been mounted by Anglo-American sources to portray Saudi Arabia as imminently threatened by Soviet aggression and as therefore needing the protection of a multilateral regional military pact.

On Jan. 21 from Beirut, Lebanon, Associated Press ran a wire dispatch claiming that the Saudi government had sent an urgent message to Washington reporting on an airlift of "hundreds of Cuban troops and dozens of Soviet generals" to "Marxist" South Yemen in the Arabian Peninsula. According to AP's cited "sources," the Saudi government considered the alleged Soviet reinforcement "as grave a threat as the Soviet invasion of Afghanistan," since the Soviet Union is "consolidating its grip on South Yemen as part of a plan to encircle the Persian Gulf oil resources." In response to this, an "alarmed" Saudi Arabia "might soon put its 44,500-strong military force on alert," AP asserted.

AP gave an insight into the real source of this scare, noting that Saudi leaders had given "the gist" of the Soviet build-up story to Lord Carrington when he was touring the Gulf.

Twenty-four hours before the AP dispatch, two of Britain's leading Sunday dailies had printed articles on this theme. The Tory *Sunday Telegraph's* lead story, written from the British fiefdom of Oman, was entitled "Arms Build-up in S. Yemen: Gulf Faces New Pincer Move by Russians." The article claimed that "disturbing new details" had reached Oman of "the total political and military subjugation which the Soviet Union is imposing on its Arab satellite. ... Taken together, as they must be, with the Russian invasion of Afghanistan, ... they suggest that the Kremlin is methodically setting the stage for a two-way pincer movement to close in on the Persian Gulf."

Taking matters a step further, the London *Observer's* Middle East veteran Patrick Seale claimed that "high-level Saudi envoys" have recently held "secret Washington meetings" with Zbigniew Brzezinski to press for a "new American initiative on Palestine," in return for which the Saudis can "come out boldly on the American side in the present confrontation with the Soviet Union over Afghanistan."

Without such an action, Seale reported, the "neutralist current" inside Saudi Arabia will grow and the Saudis will begin selling oil to the Soviets.

This concern on Seale's part reflects the reality of what Saudi Arabia is prepared to do under the condition that Washington does not clean up its act. Recently, Saudi Crown Prince Fahd, in an interview with the foreign press, proclaimed his intent not only to realign his foreign policy closer to France and West Germany,

but, according to the version of the interview released by the Riyadh Saudi News Agency, expressed his willingness to open supply contracts with the Soviet Union.

### **Soviets firm up ties with Syria**

What *really* concerns the Saudis now is what has always concerned them: that a Cold War in the Middle East could lead to a polarization of the Arab countries between the NATO and Warsaw Pact camps, thereby wrecking Arab unity and threatening the stability of the kingdom both internally and externally. This was the motivation behind Saudi opposition to the original Camp David treaty, and is still a driving force behind their policy.

British propaganda aside, the Soviets are *in fact* strengthening their relations with their allies in the Middle East, in reaction to the push for a Carter Doctrine. The more this push goes on, the more the Soviets can be expected to expand this process and the more likely a superpower confrontation will become.

Last week, Soviet Central Committee Secretary Boris Ponomarev, the man responsible for relations with foreign Communist parties, made a trip to Jordan where he held meetings with the Communist parties of Syria, Lebanon, and Jordan, and firmed up relations with the ruling Arab Ba'ath Socialist Party in Syria. Simultaneously, a Ponomarev deputy visited Damascus.

Immediately after the Soviet visits, the Syrians convened a meeting in Damascus of the anti-Camp David "Steadfastness Front" which was attended by the foreign ministers of Algeria, Libya, South Yemen, and the Palestine Liberation Organization. At the meeting, Syrian Foreign Minister Khaddam delivered a strong attack against the whole notion of trying to build an anti-Communist alliance in the Islamic world. Khaddam blasted "those who try and pretend to the world that they are defending Islam and the Moslems and who are at the same time giving help to Zionist racists. ... The Arabs and Moslems know very well who their friends are and who their enemies are. The Arab nation cannot ignore those who try to crush it and compare these with the friendly Soviet Union who gives us support in our struggle."

Syria was not the only nation in attendance which placed itself under the protection of the Soviet Union against Zbigniew Brzezinski's Muslim fundamentalist plot. The government of Algeria, a nation recently besieged by Muslim Brotherhood unrest, issued a statement Jan. 20 denouncing a soon-to-be-convened "Islamic conference" in Islamabad, Pakistan, as part of an "American conspiracy" to divert the attention of the Islamic world toward a holy war against the Soviet Union.

# U.S. military forces are checkmated: What comes next?

by Paul Goldstein

Amid all the outcries for political, economic and diplomatic countermeasures particularly from the Carter administration against the Soviet Union—a policy supported only by Great Britain among America's NATO allies—President Carter declared in his State of the Union address this week that the United States is prepared to confront the Soviets militarily! “An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America. And such an assault will be repelled by any means necessary, including military force,” said Carter.

This extraordinary declaration came in the same statement where Carter proposed that once U.S. hostages are released by the Khomeini regime in Iran, Washington and Teheran could ally against the Soviet Union. “Persuade the Iranian leaders that the real danger to their nation lies to the north in Soviet Union and from the Soviet troops now in Afghanistan, and that the unwarranted Iranian quarrel with the United States hampers their response to this far greater danger to them,” continued Carter. From any competent military strategic standpoint these statements constitute an immediate danger to the security of the United States. To confront the Soviets when the U.S. is in an inferior military position and to form an unstable alliance with a crazed nation of fanatics is an act of national suicide.

As a measure of his insanity, Carter deployed B-52 bombers into the Persian Gulf region on “reconnaissance overflights” over the Soviet naval deployments. Such deployments are supposed to represent a military capability of a “projection of power.” However, this empty show of force does not conform to what the allies of the U.S. would consider doing.

In fact, the view reflected in the Federal Republic of Germany—the strongest military ally of the U.S. in

NATO—which counts strategically when considering military moves of the sort Carter proposes, is quite the opposite. In an article in the *Frankfurter Allgemeine Zeitung*, a journal which normally follows U.S.-NATO policy lines on military matters, the paper's military analyst said: “If the Soviet Union wants to occupy Iran and Pakistan no one could stop them. This means that the United States has no chance in this region to overcome them with conventional weapons.”

“It is not just a question of conventional inferiority of Washington vis á vis Moscow, which goes back to 1945 and became more acute since the United States ended the draft after the Vietnam War,” the authoritative Frankfurt daily continued. Pointing out that “there are not enough units for the Rapid Mobile Strike Force Carter has set up” and that “all told, the army has 16 more or less complete divisions” available, the *Zeitung* concluded emphatically that “all this is not enough to stand up to the Soviets at their very doorstep in a region that lies thousands of miles away from America on the opposite side of the globe.” To understand the *Zeitung's* assessment that the United States has no effective military option in the Persian Gulf-Indian Ocean area, let us look at the map of the present military disposition of all concerned nations.

## First, the United States

At present there are three U.S. aircraft carriers (Midway, Kitty Hawk, Nimitz) along with 25 ships including missile carrying cruisers (the Texas and California), destroyers and frigates with additional landing capabilities operating in the Indian Ocean-Arabian Sea area.

With the 110,000 mobile strike force readied for deployment in 48 hours and with six British ships, including a large amphibious assault ship able to carry 700

troops, tanks and heavy equipment in the Mediterranean for possible service in the Persian Gulf linking up with the U.S. Sixth Fleet (30-35 ships), the combined capability of the Anglo-American forces is upwards of 300,000-400,000 troops. That includes support troops. A few days ago five U.S. ships left San Diego, steaming for the Indian Ocean.

## **Second, China-Pakistan-Afghan rebels**

Allied with the Anglo-Americans are the combined forces of Peking, the Zia dictatorship in Pakistan, and the "Islamic fundamentalist" rebels in Afghanistan. Communist China, supposedly the formidable military force in the Asia theater, relies upon ground troops deployed in a "human wave" with the aim of overwhelming the vastly superior Soviet technology. Peking has 20 divisions on the Indian-Pakistan border in Sinkiang province. In addition, the Peking regime has deployed its military forces for a three pronged attack on Indochina—an attack on Laos, on the Vietnam-China border and against Vietnam from the sea, combined with planned thrusts of forces allied to the deposed Cambodian Pol Pot regime from bases in Thailand. China, according to diplomatic sources, has carried out extensive land-sea military maneuvers last month on Hainan Island in the Tonkin Gulf. Latest reports state that the Chinese now have six army corps directly on the Vietnam-China border.

The Chinese have sent 900 military advisers and guerrilla forces into Pakistan for infiltration into Afghanistan on the rebel side. As of yesterday, Pakistan deployed seven divisions on the Afghan border to aid the rebels as well. An additional seven Chinese divisions are positioned on the Vietnam-Laos border.

## **Third, the Soviet Union**

Soviet forces in Afghanistan number 100,000 troops equipped for Atomic-Biological-Chemical (ABC) warfare, coupled with special counter-guerrilla troops and massive heavy equipment. 1,400 tanks and 1,300 armored personnel carriers (APCs) are also deployed in Afghanistan, turning that former "buffer state" into a virtual landed carrier force with greater in-depth reserve potential than either China or the United States could muster into neighboring Iran and Pakistan.

There are 25,000 Soviet troops in the western Afghan city of Herat near the Iranian border.

The 66th Motorized Division of the Red Army forms the center of Soviet military strength in this area. Penta-

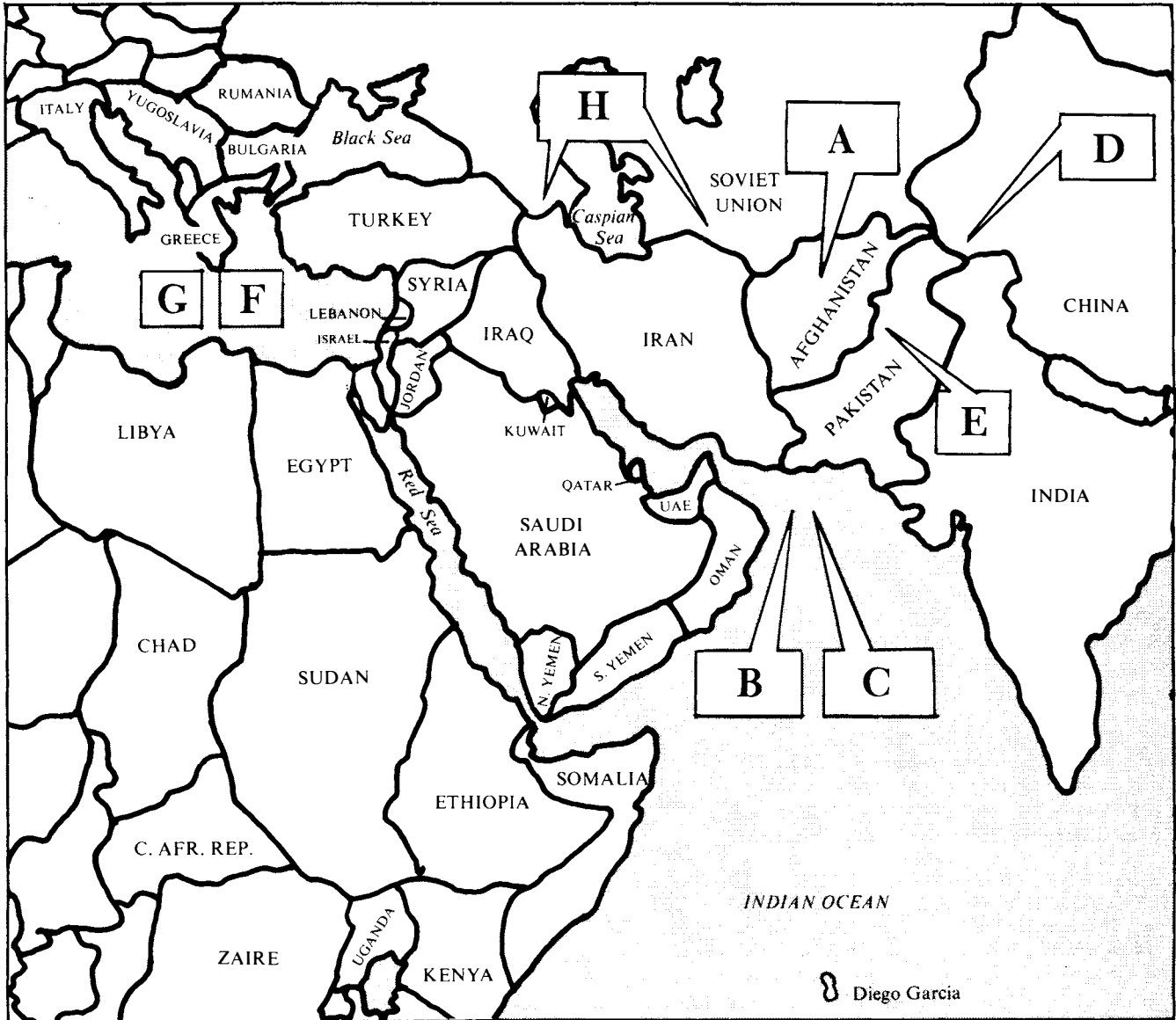
gon sources also indicated that the Soviets are presently airlifting fresh troops into Afghanistan armed with additional bio-chemical warfare capabilities. Reported Soviet troop strength on the northern border of Iran in the Azerbaijan and Turkomen provinces is 500,000 troops. Moreover, the Soviet reserve potential deployed in the Central Asian provinces of Kazakh and Uzbek ranges into several million troops.

Soviet naval deployments are approximately 37 ships in the Indian Ocean led by the missile cruiser *Petropavlovsk*. Meanwhile, there are 27 Soviet ships patrolling the Eastern Mediterranean, led by the helicopter carrier *Moskva*. The Soviets have also beefed up their troop deployments on the Hungarian-Yugoslav border, and two nuclear submarines are stationed at Yugoslav ports on the Adriatic sea. Finally, the Soviet Union and the Warsaw Pact have announced full-scale military maneuvers starting in April—in obvious preparation for a big conflict.

## **Evaluation: checkmate**

As outlined above, looking at the troop and related military hardware dispositions of the U.S. and U.S.S.R., Soviet superiority in in-depth warfighting terms both active and potential is far greater than any combination of opposition forces. Even the pipedream of a two-front war against the Soviet Union on its southern flank and the Chinese border in the East will quickly be ended once Communist China is knocked out by a Soviet ABC or full-scale conventional strike. The most glaring evidence for this evaluation of Chinese warfighting potential came as a result of their invasion of Vietnam. The Chinese human wave tactic failed miserably in the face of Vietnamese artillery and limited forces.

With the probability of the conflict erupting in the Persian Gulf area rapidly escalating, Washington faces a more profound military dilemma. Prior to the Soviet move into Afghanistan, U.S. naval forces in the Indian Ocean-Arabian Sea area represented a superior military force for "gunboat diplomacy." However, even to fight an all-out conventional conflict, the U.S. reserve and logistical capabilities in that region of the world are practically nil. Once the Soviets moved in Afghanistan the entire strategic balance was altered. Not only is the Soviet move a foreshadowing of an all-out commitment to fight and win a nuclear conflict, but the immediate in-depth reserve strength brought about as a result of the Afghani moves overshadows anything the U.S. has to offer.



## U.S. and Soviet Force Deployments

- A** 100,000 Soviet troops in Afghanistan, equipped for ABC warfare; 1,400 tanks; 1,300 APCs.
- B** U.S. naval forces in Indian Ocean; 3 aircraft carriers, 25 ships including 2 missile-carrying cruisers; B-52 bombers on reconnaissance overflights in Persian Gulf region.
- C** Soviet naval deployment in Indian Ocean: 37 ships.

- D** Peking troops on the India-Pakistan border in Sinkiang Province: 20 divisions.
- E** Seven Pakistani divisions on the Afghan border to aid Afghanistan rebels; 900 Chinese military advisers and guerrilla forces in Pakistan.
- F** U.S. Sixth Fleet in the Mediterranean: 30-35 ships.
- G** British Navy in the Mediterranean: six ships, including amphibious assault equipment.
- H** Reported Soviet troop strength on Iran's northern borders: 500,000.

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# International Intelligence

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## EUROPE

### *Giscard brings economic package to India*

French President Giscard d'Estaing arrived in India Jan. 25 for a state visit which is expected to cement a new relationship between France and India.

According to informed Indian sources, the visit will focus on regional political stability and economic cooperation. Highly placed French sources have revealed that they view the trip as having the greatest importance, providing France with an opportunity to stabilize the region following the Afghan events and U.S. efforts to stage a major arms buildup in Pakistan.

Nuclear energy cooperation will be high on the economic agenda including expanded French assistance for India's fast breeder program, and financing arrangement for supplies of enriched uranium. Also up for discussion will be a French-built steel plant, an aluminum processing plant, and aid to agroindustry. Prime Minister Indira Gandhi will welcome such economic ties with an independent France, Indian sources say. Soviet Foreign Minister Gromyko is expected to follow shortly with his own visit.

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### *Germany continues to back off from U.S. military plans*

In a statement to the press following the return from Washington of Foreign Minister Genscher, a spokesman for West German Chancellor Schmidt put forward his best diplomatic front while clearly hedging on American demands that West Germany increase military spending.

While agreeing that his government "wants to work out a total conception for a common strategy with the allies to

meet the Soviet challenge," press spokesman Hans Gruenewald carefully noted that West German participation would be limited to economic aid.

The Schmidt government, he noted, would concentrate on three points: (1) "extraordinary economic aid" to Turkey, (2) considerable economic aid to Pakistan as part of the U.S. consolidation plan, (3) political and economic cooperation with the Gulf States, including Iraq. This latter point has been repeatedly proposed by both the West German and French governments as part of their package for deepening the Euro-Arab dialogue.

A high ranking West German military source reported in private discussion that "there very definitely exists a big difference of interests between the U.S. and Europe" with respect to the Soviet Union, and that "detente is most definitely divisible." Citing recent statements from Defense Minister Apel, the source said that if the U.S. chose to withdraw troops from Europe to reinforce troop strength elsewhere—such as the Indian Ocean—it would create a gap in central Europe which could not be covered by the West German Army.

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## LATIN AMERICA

### *Jamaica breaks under IMF conditionalities*

The Jamaican government of Michael Manley has announced the lay-off of 11,000 public-sector workers in the midst of what has been characterized as the worst economic crisis since 1929. The layoffs, which include teachers, hospital and service workers, are the government's response to demands by the International Monetary Fund that Jamaica's \$500-million deficit be reduced to a maximum of \$370 million before any loans are granted.

The layoffs will have a multiplier

effect of 7 to 1 on the rest of the economy, according to one diplomat. Unprecedented and drastic shortages in virtually every consumer category are already in effect. Basic items such as eggs, milk, bread, cornmeal, salt and sugar had disappeared totally from the market shelves and have only begun to trickle back into the cities following the decree of massive price increases for those products. The entire island was without electricity for two full days due to a strike and predictions of anarchic outbreaks are being reported.

Perhaps the most revealing aspect of the degree of control the IMF now exercises over the Manley government was indicated in a recent speech the Jamaican president delivered to the Jamaica Teachers' Association last week. Speaking to the nation's educators on their tasks for the future, Manley warned that Jamaica could no longer afford to believe that progress was preordained. The generations of the 1980s and 1990s would have to be trained to accept a future whose primary requirement was "the capacity to survive," he forecast.

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## ASIA

### *Ohira pushes Pacific Basin concept*

Japanese Prime Minister Masayoshi Ohira returned to Tokyo this week following a 6-day trip that included stopovers in New Zealand and Australia with the aim of winning over the ASEAN nations to his Pacific Basin concept.

The Pacific Basin concept is aimed at economic, cultural, and other non-military cooperation among countries which border on the Pacific. According to Foreign Minister Saburo Okita who accompanied the prime minister, Ohira is open to both Chinese and Soviet participation. But, in the U.S. version, it is based on a triangular axis of the U.S., China

and Japan drawing on support from the ASEAN nations. Okita went on to say that it is unlikely that the Soviets will participate.

Australia reacted favorably to the concept and the Australian National University agreed to sponsor a symposium to promote it in October.

This plan has been on the international drawing boards for some time and has been put forth by former U.S. Ambassador's to Japan, Hodgson and Robert Ingersoll, as well as other members of the so-called 8-man U.S.-Japan Wise Men's group. While serving with the Wise Men's group, Saburo Okita also headed a study group on the Pacific basin which presented an interim report to the Prime Minister in November.

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## MIDDLE EAST

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### *Islamic Conference to chart nuclear capability*

The upcoming Islamic Conference in Islamabad, Pakistan, will discuss the acquisition of an "Islamic atomic bomb" capability, Kuwait's *Al-Anbaa* reported this week. Lending credence to this report is not only the venue of the meeting, the Pakistan of General Zia, who has been seeking such an "Islamic bomb" to be put in the service of the Muslim Brotherhood-affiliate Jamaat-e-Islami party which runs him. The story also rings true because this meeting is itself a Muslim Brotherhood affair.

According to British press reports, the official announcement for the Jan. 26 conference was made by the London-based Islamic Council of Europe, an institution which *EIR* has repeatedly identified as an international command center for the Brotherhood. An affiliate of the ICE, the Islamic Institute of Defense Technology has been involved for months in building up the capability for

the acquisition by Zia's regime of the most sophisticated weapons technologies available.

The Islamabad conference will reportedly be attended by 30 of the world's 42 Islamic nations. Egypt is being ostracized; nations boycotting the meeting include Syria and South Yemen. The participation of the Palestine Liberation Organization is doubtful.

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### *Turkey accepts IMF demands*

The Turkish government this week announced a whopping 60 percent devaluation of its currency, official Turkish sources reported Jan. 24. The devaluation follows intense pressure from the International Monetary Fund for new economic austerity measures. According to the French newspaper *Les Echos* Jan. 22, the IMF has been demanding "draconian austerity" as a means of dealing with inflation rates running higher than 70 percent and unemployment rates surpassing 20 percent. *Les Echos* says that the Organization of Economic Cooperation and Development (OECD) has refused to grant Turkey badly needed credits until the government complies with the IMF.

Acceptance of the IMF demands is expected to lead to worse social unrest in a country already wracked by the worst terrorist wave in all of Europe. Last month, the heads of the Turkish Army warned that the government of Suleiman Demirel had better come to a policy agreement with the traditional Republican Peoples' Party opposition or the Army would take appropriate action to restore order.

The IMF measures occur as the economic situation in Turkey is already horrific. Aside from the inflation and unemployment rates, the Turkish press is reporting shortages of—and in some cases the absence of—gasoline, fuel oil, pharmaceutical drugs, and other vital commodities.

## Briefly

● **RADIO MOSCOW** claimed this week that Israel and China have negotiated a first-ever deal for the sale of missiles between the two countries. France's *Le Figaro* Jan. 23 reported that the Radio Moscow broadcast has received extensive attention in the Israeli press. No Israeli government statement on the alleged deal has yet been made.

● **SOVIET SPIES** were recently uncovered in Japan's Defense Agency where they supposedly have been passing information on U.S. defense capabilities in the Far East. The arrest of the spies and the exposure of their Soviet Embassy military attaché controllers broke shortly after the Afghan events. Informed sources link the scandal to Japanese resistance to the Carter administration's efforts to rope them into joining economic sanctions against the Soviets—the source of the information exposing the spies is said to come from U.S. intelligence agencies.

● **FRANCESCO COSSIGA**, Italy's Prime Minister, flew to the U.S. Jan. 23 to carry out what reliable sources in Rome called a prearranged deal with the Carter administration. That is, in exchange for American funds with which to finance the buying up of votes within the Premier's Christian Democratic party—nearing an internal factional showdown—Cossiga promised to get out the Italo-American vote for Carter. Rightly hated by many left and conservative circles in Italy, Cossiga had formerly been forced to resign his position as Interior Minister by then Premier Andreotti for his collusion with terrorists during the 1978 kidnapping and murder of Christian Democrat Aldo Moro by the Red Brigade terrorists. To win over sufficient support inside his party now, Cossiga is in desperate need of sizeable American funding.

## Iowa Caucuses: It wasn't really a Democratic vote

by Kathy Burdman

President Carter's much touted 59 percent landslide in Jan. 21 Iowa presidential primary caucuses is a fraud, charged stunned independent Iowa Democrats. "Twenty-five percent of those voting weren't even registered Democrats—most of them were Republicans!" said one irate uncommitted Democratic leader. Carter used "threats and money," he charged, to "pack in thousands who had never been to a caucus before. This is not a Democratic vote."

As a direct result of Carter's "packing," over 100,000 turned out for the vote, almost triple the 1976 Iowa Democratic turnout of 38,000, the number of real active Democrats in the state. As a result, the "uncommitted" vote, which Democrats state-wide had projected would reach some 30 percent sending a message to Carter, Edward Kennedy and Jerry Brown that their policies are all equally incompetent policies, was reduced to 10 percent. Senator Edward Kennedy got the rest of the vote, 31 percent, for a 2 to 1 win for Carter.

Further, the results themselves were in effect decided beforehand by the Aspen Institute's 1980s Presidential Task Force. Member Walter Cronkite of CBS News, as well as NBC and ABC national television news, declared Carter and Republican upset winner George Bush the victors two months before the caucuses. For weeks, Iowa voters and the nation at large were barraged daily with Cronkite and the other network coverage of "Campaign '80: Iowa Showdown," as CBS headlined its nightly news. This free "paid political advertising" for Carter and Bush also blacked out the more significant New

### The Iowa results

(percent of total vote)

#### Democratic delegate selection

|                |    |
|----------------|----|
| Jimmy Carter   | 59 |
| Edward Kennedy | 31 |
| Uncommitted    | 10 |

#### Republican straw poll

|                   |    |
|-------------------|----|
| George Bush       | 33 |
| Ronald Reagan     | 27 |
| Howard Baker      | 14 |
| John Connally     | 10 |
| Phil Crane        | 7  |
| John Anderson     | 4  |
| Robert Dole       | 2  |
| Other/uncommitted | 3  |

Hampshire primary election campaign.

"If Carter's packing action in Iowa is repeated in New Hampshire and he is nominated, it will have one effect—to throw the election to the Republicans," the Iowa source said.

### Is Carter really a Republican?

Cheryl Binger, Democratic chairman of Humboldt County in Iowa's 6th congressional district, has already had filed with her a formal complaint, which she in turn filed with Democratic State Committee Executive Director John Law in Des Moines. The complaint charges that after packing the caucuses, the Carter campaign then threw away the Iowa party's rules. "The Iowa Democratic Delegate Selection Plan clearly states, for example, that caucus delegate candidates 'must receive a majority to be elected'," said a source close to Ms. Binger. "But in many of the Carter caucuses—within Carter caucuses—Carter delegates were elected with less than 30 percent of the Carter vote. These people weren't Democrats. They had no notion of the rules of an Iowa Democratic caucus."

Sources also reported Carter had "a tremendous amount of money to throw around." Indeed, the press has widely noted that Carter spent some \$400,000 for the 1980 Iowa caucuses—more than 10 times what he spent there in 1976.

Vastly aiding the Carter "landslide" and the Bush upset was a concerted national television network media



## The Democratic vote by number of delegates equivalent

(Six Congressional Districts and their key counties)

| CD/county       | Precincts    | Carter       | Kennedy    | Uncommitted | Percent<br>Uncommitted | Carter:<br>Kennedy |
|-----------------|--------------|--------------|------------|-------------|------------------------|--------------------|
| 1st CD*         | 324          | 294          | 141        | 35          | 7.5                    | 2.1:1              |
| 2nd CD          | 338          | 295          | 118.5      | 49          | 9.2                    | 1.6:1              |
| 3rd CD          | 445          | 298          | 158        | 51          | 10.1                   | 1.9:1              |
| Black Hawk      |              | 80           | 54         | 12          | 8.2                    | 1.5:1              |
| Wright          |              | 12           | 4          | 1.8         | 10                     | 3:1                |
| Hamilton        |              | 15           | 4          | 1           | 5                      | 3.8:1              |
| 4th CD**        | 334          | 321          | 207        | 47          | 8.2                    | 1.5:1              |
| 5th CD          | 535          | 325          | 150        | 55          | 10.4                   | 2.2:1              |
| Boone           |              | 21           | 8          | 3           | 10                     | 2.6:1              |
| Greene          |              | 9            | 4          | 2           | 13                     | 2.3:1              |
| 6th CD          | 369          | 296          | 121        | 58          | 12.2                   | 2.5:1              |
| Humboldt        |              | 6            | 1.5        | 7.2         | 48                     | 4:1                |
| Calhoun         |              | 11           | 2          | 2           | 13.3                   | 5.5:1              |
| Kesmuth         |              | 16           | 5          | 4           | 16                     | 3.2:1              |
| Webster         |              | 41           | 15         | 3           | 5                      | 2.7:1              |
| <b>CD TOTAL</b> | <b>2,345</b> | <b>1,829</b> | <b>965</b> | <b>295</b>  | <b>10</b>              | <b>1.9:1</b>       |

The above chart is based on one-third of the returns in. Delegate equivalent is the number of delegates elected in the precincts toward the county and then the state caucuses.

\* Quad Cities  
\*\* Des Moines

campaign on behalf of both. "We were just swamped with the media out here—Iowa had never had any publicity before. Then Walter Cronkite set up shop here and told us Iowa was the center of the universe. So people said, 'hey—let's go to those caucuses and find out what they are,'" said another uncommitted Democrat from Des Moines.

Democratic regulars explained that one of the reasons the caucus rules are so vague as to who can vote is that no one but party activists have ever bothered showing up for a caucus before this year's media blitz.

And Cronkite and his peers concentrated on heavy coverage of Carter and Bush—so heavy that while rivals like John Connally spent up to \$200,000 on television and radio time in Iowa. Carter and Bush barely bothered to spend \$70,000 each, out of their total state budgets of some \$400,000. They didn't have to spend money—

Cronkite did the job for them. The money saved, the *New York Times* reported, was spent on "grass roots support"—buying votes.

In fact, Carter's puffed-up 100,000 "Democratic" caucus turnout was planned on in advance by the networks. While most national and local press were predicting a highest turnout of 60,000 for the Democratic caucuses (compared to 38,000 in 1976), the *Des Moines Register*—Iowa's largest daily—had the 100,000 figure predicted a month in advance. The *Register* is well known as a collaborator of Cronkite's and the other network newsmen, for whom the *Register* tried to rig a controlled presidential TV debate last month. The *Register's* influential political columnist, James Flansburg, participated actively in packing the caucuses, by switching "suddenly" from Kennedy to Carter during the last week of the primary and advising his readers to do the same.

## An unsurprising victory

What the media has dubbed George Bush's surprising victory in the Iowa Republican Caucus this week should not have surprised anyone.

Knowledgeable political observers have informed us that three factors played a crucial role in Bush's performance. Bush and his campaign workers spent more than six months putting together an impressive on the ground organization in Iowa. It was the type of organization that could deliver votes, pouring over phone lists, bringing people to the more than 2500 caucuses the night of Jan. 21. As impressive as this operation was, it is not the key factor. It was merely the delivery arm of a larger operation.

Bush's people say that they didn't spend that much money on media in Iowa, that their budget was a modest sum well under \$100,000. But our sources say that the single most significant factor in the Bush "victory" was the media. Over the course of the last eight weeks, Bush has been rocketed into national prominence by a combination of coverage in major national media outlets, wire-services, television, etc. This media blitz, which succeeded in making the candidate's name a household word in Iowa as well as other parts of the country, culminated in a nationally televised interview on CBS-TV's "Face the Nation" the day before the caucus. With this "free advertising," Bush people could afford to spend money for what are called "walk around" expenses to turn out the vote. While an exact accounting has yet to be done of such expenditures, sources say that Bush spent more than \$200,000 in that fashion.

Bush's people talk about their campaign "peaking at the right time," and are quick to belittle any talk about their being some kind of conspiracy in the press to push the candidacy of former Council on Foreign Relations member Bush. But the facts speak louder than their denials. The media coverage of Bush gave him the ideal image—the underdog who can make it. "I admit that I generally couldn't have written better copy myself," said a Bush aide in Iowa about his candidate's coverage. And no one at Bush headquarters could explain why their battle plan for Iowa never called for spending major money for *paid* media time to give Bush, an unknown when the plan was written, name recognition.

Another key factor in the Bush success story was the ineptitude of the campaigns of his opponents. Ronald Reagan, the former California governor and erstwhile Republican front-runner, is clearly being directed to lose. Reagan was all but kept out of active campaigning by his manager, John Sears. It was Sears who told Reagan to stay away from the *Des Moines Register's* candidates debate two weeks ago and it was Sears who looked like the fool the night of the caucuses. As the returns poured in

showing that Bush was beating Reagan in every corner of the state, Sears was heard saying that "when the late results come in, we'll be on top."

The irony is that George Bush, the pride of the liberal Eastern CFR establishment, couldn't win a real election in Iowa. Polls show that 48 hours before the caucuses, Bush had the support of about 6 percent of the total Iowa electorate.

## 'Jimmy Carter packed those caucuses...'

*The following is an assessment of the Carter "landslide" in the Jan. 21 Iowa Democratic primary caucuses, given by a 20-year leader of the Iowa Democratic Party who is a leading spokesman for the uncommitted voters there.*

**Q:** How do you explain the completely unpredicted Carter vote, in light of the fact that most of the press toward the end of the caucus campaign was being forced to report what everyone in Iowa knew: that some 30 percent of the voters were likely to go uncommitted, rejecting the policies of Carter, Brown, and Kennedy? Some said the "uncommitted" might win the primary...

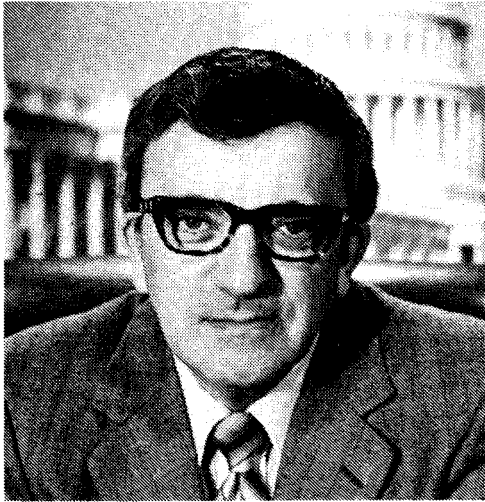
**A:** Carter packed those caucuses with threats and money. He had a tremendous amount of money to throw around.

The biggest group Carter packed in were retired people over 65—in one caucus in our county where 20 people voted in 1976, 70 showed up yesterday—and 50 of them were elderly. Many of them were Republicans, the rest not registered. Carter's people threatened them that if they didn't come out and vote for the President, they'd lose their Social Security checks. Then Carter workers sent the cars to round them up. When they got into the caucuses, they didn't even know where they were. They didn't even know who the county chairman was; they'd never been to a caucus before.

This means that party regulars were even defeated as delegates by people who had never even been to a caucus. Carter ran these outside people as delegates—he now has delegates who aren't even Democrats!

*We have to make a national issue out of this: Is Carter really a Republican? This is not a real Democratic vote. The Republicans elected him.*

West Iowa county chairmen are now polling their precincts to determine exactly the percentage of non-Democrats who voted Carter delegates last night. Although the Iowa caucus law is vague with regard to who may vote, they intend to appeal this obvious gross misuse of the caucuses to the Democratic State Committee.



## Mike McCormack: Battling Carter for fusion power

by Marsha Freeman

A major national policy fight over the future of nuclear energy and the U.S. economy could break out when Congress reconvenes this coming week. The Carter administration has thrown down the gauntlet by proposing severe cuts in the nuclear research-and-development budget of the Department of Energy for fiscal year 1981. But congressional forces behind Mike McCormack (D-Wa) have made widely known the fact that fusion power, in particular, can be commercially produced by the 1990s at the latest, were it not for Carter's withholding of funds. McCormack demands a commitment to nuclear power generally, and will introduce legislation for an "Apollo-style" fusion program.

A preview of the battle that could shape up on Capitol Hill came at a recent conference on nuclear safety in Washington, D.C. Speaking for the administration's position on nuclear energy, DOE Undersecretary John Deutch stated Jan. 16 that nuclear power should be an energy source "of last resort ... There is no question that nuclear energy confronts us with a different set of issues than other energy sources," he continued, "and that we'd like to minimize the use of nuclear energy through conservation and the use of coal."

But McCormack was also there. The Congressman declared "We need to get as many nuclear plants as possible on line as fast as possible throughout the world ... We need to dramatically expand our entire nuclear implementation policy."

Deutch was asked by one of the 350 engineers attending the conference—sponsored by the Institute for Electrical and Electronics Engineers and the Nuclear Safety Regulatory Commission—why the administration was satisfied to apply "self-denial" to the U.S. nuclear program.

Deutch responded that the "reality of the situation is that the government can't effect the policies of the utilities. They decide what kind of plants they will build." He was asked why the administration did not *promote* energy

and scientific development, as during the Atoms for Peace program and NASA? "Would you want Admiral Rickover or NASA to run our power plants?" Deutch responded.

Earlier in the day another top official of the Department of Energy, Ruth Davis, the Assistant Secretary for Resource Application, stated that nuclear power (which has been commercial for over twenty years), is "not a mature technology. It could charitably be called an emerging technology ..." The participants were a little stunned.

Davis's speech was startling in other ways: "We don't do well in defining the risks. I used to think air traffic control was an exception, that the control technology was in place and worked safely, but I don't any more. I used to think so in medical electronic technology but not any more. The only place it does work ... is in military weapons systems ..."

### A voice of sanity

Early the next morning at a breakfast session of the nuclear safety conference, Rep. McCormack warned that a "timid approach to energy development" would lead to declining U.S. standards of living or dependence on foreign oil. The Congressman, who spent twenty years as a chemical engineer at the Hanford nuclear research center in Richland, Washington, reminded the audience that in votes on nuclear energy in Congress, the margin has been two-to-one in support.

"A now-weakened United States has led to an international power vacuum ... We have to get as many nuclear plants on line as fast as possible throughout the world," he continued.

"We must take the offensive on nuclear energy," the Congressman stated. "We must recognize publicly that the U.S. and the world must rely on nuclear power for at least fifty years. Nuclear power as a 'last resort' was

never realistic and now is irresponsible. We must announce as U.S. energy policy that we shall expand nuclear production as rapidly as possible. We must ensure our allies that we will follow through and do so..."

"We must have 500 Giga Watts of nuclear energy by the year 2000, which is not over-ambitious. This must include 25-30 breeder reactor plants and 25-30 high temperature gas cooled reactors. They must be standardized designs..."

McCormack ended his presentation with the first public announcement that next week he will "introduce legislation to make it the policy of the U.S. government to bring the first electric generating fusion power plant, on line before the year 2000. We must move into the engineering phase with fusion. We must not wait for somebody else to do it."

Asked, as John Deutch had been, what the role of the federal government should be in promoting nuclear power, McCormack angrily responded that the push by the "violent anti-nuclear cults" to force the Nuclear Regulatory Commission to be, at best, neutral or at worst, anti-nuclear, was a "classic case of George Orwell's doublespeak." We "don't expect the Federal Aviation Administration to oppose the building of airplanes, or the Food and Drug Administration to be anti-food, or opposed to eating. We have to stop shredding our booklets on nuclear energy at Oak Ridge National Lab and get the information out to our colleges and universities."

An engineer in the audience said that the nuclear safety conference would be developing recommendations for technology improvement and development. Could they expect support from McCormack's Science and Technology Committee, particularly for funding for research and development?

McCormack responded that though the administration had cut "way back" on the breeder and the entire nuclear budget, the Congress will be trying to restore all the funding. New technology, like the high temperature reactors, have a "special role," McCormack explained. They will "introduce new technologies such as making hydrogen for future synthetic fuel—the most efficient synthetic fuel there is."

### **The fight for fusion**

The following day, Jan. 18, Congressman McCormack sponsored a background briefing for the press on the U.S. fusion program. Assisting him were some of the most prominent fusion scientists in the nation, including Dr. Steven Dean, President of Fusion Power Associates, Dr. Robert Hirsch, Exxon Research and Engineering, Dr. Mel Gottlieb, Princeton Plasma Physics Laboratory, Dr. Lee Berry, Oak Ridge Laboratory, and Dr. Ron Davidson from the MIT fusion program.

Dr. Dean stated and documented how an Apollo-

style management program for fusion could take 15 years off the current DOE timetable. Dr. Hirsch reviewed the work of a panel he headed, which stressed that funding is the only limit to progress in the program. "We have the scientific confidence to go ahead. It boils down to the country now taking the option."

McCormack himself motivated the press briefing by stating that the decision to go ahead with a fusion program which will bring the technology on line as soon as possible "is the single most important energy event in the history of mankind. Once we develop fusion we will be in a position to produce enough energy for all time, for all mankind—this is not hyperbole, but fact."

The program "must be a \$20 billion commitment in a series of parallel programs," McCormack said.

Asked by a reporter whether this accelerated fusion program might not be seen as a "subsidy to an ailing nuclear industry" or in budget competition with nuclear, McCormack said that they have to be seen as parallel technologies. "Even if we could build one fusion reactor per week in the year 2000, it would take 50 years to replace our year 2000 energy system. Light Water Reactors and breeders will fill the gap. They are parallel technologies, like gas and oil were, or like coal and nuclear are now."

While the scientific community has agreed that fusion is ready for a full-scale engineering development program, the administration has decided to try to stall such a critical decision by proposing the sixth review of the fusion program in the past two years. Dr. Ed Frieman, the Director of the Office of Energy Research will be conducting a panel review of the program.

The panel, headed by Dr. Sol Buchsbaum from Bell Labs, will meet for the first time in mid-February and not have any definitive report for months. Asked by the press what effect this review will have on McCormack's proposal to change the administration's fusion program, the Congressman replied that the panel review was a "response to our activities ... I'm happy they're evaluating it but I'm sorry for the delay. We want to be able to commit to an accelerated program in this budget cycle."

The Congressman plans to continue his effort to convince the administration that an Apollo-style fusion effort is what is needed for the future of the nation. He plans to have a large number of co-sponsors for his bill. He already has over 1,500 postcards sent in from all over the nation.

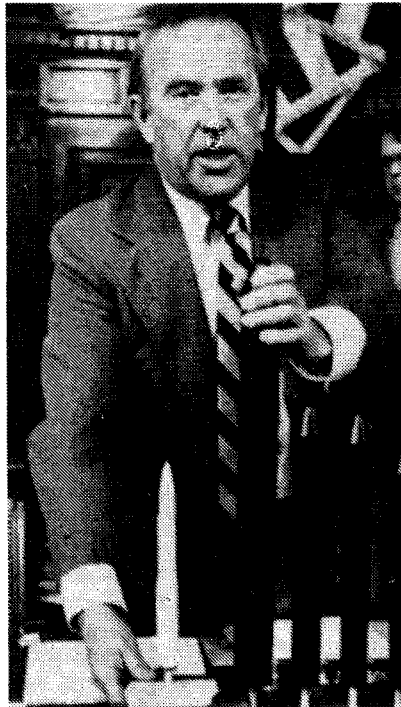
In this presidential campaign year, McCormack was asked by an engineer, whom would he support in November. The Congressman replied that he would like to support a candidate from his own Democratic party "who has a program for energy and economic development ... I will support the candidate who comes closest to my program," for nuclear energy and fusion power.

## McGovernites swing to Anderson

John Anderson, the Illinois Congressman who used to earn a near-zero rating from Americans for Democratic Action back in the early 1960s, has now become the darling of the McGovernites. The GOP presidential contender sparked a spate of media gossip when he turned up as the guest of honor at a Beverly Hills fundraiser Jan. 20 sponsored by Stanley Sheinbaum, a well-known liberal Democrat who financed Eugene McCarthy's and George McGovern's presidential bids. Sheinbaum's party, which the Republican Party's Ripon Society helped to organize, drew 300 "radicals, Democrats and Republicans," as Sheinbaum put it, including Hollywood personalities Irving Wallace, Norman Lear and Gore Vidal, and raised \$25,000 for Anderson's hitherto shoestring campaign. According to Sheinbaum, "the response to Anderson has been so fantastic among my Democratic friends, because, they're disillusioned with Kennedy."

In New York, flaky philanthropist Stewart Mott, also a heavy contributor to radical-liberal causes, is holding a cocktail party Feb. 5. An aide to Mott explained that her boss wanted to help out Anderson because "he's a superstar of reproductive rights and a real friend of the environment."

Sheinbaum and Mott's aide both refused to comment on the apparent anomaly involved in Anderson's joint press conference last week with Henry Jackson, the avowed leader of the anti-McGovernites within the Democratic Party. The two called for the U.S. to take military action should the Soviets move further into the Persian Gulf area.



Henry Jackson

## Jackson-Moynihan Wing to Bolt Dems?

"A substantial number of CDMers will support the Republican candidate in November." So says Jeanne Kirkpatrick, national vice-chairman of the hawkish Coalition for a Democratic Majority (CDM), a group formed in 1972 to represent the Jackson-Moynihan wing of the Democratic Party. Kirkpatrick, a professor at Georgetown University and a fellow at the neoconservative American Enterprise Institute explained in an interview why Democrats like herself may bolt the party in the presidential elections. "The top policy-making levels of the Carter Administration just don't understand power. Unless Carter personally changes his foreign policy, gets rid of the liberals in the State Department and National Security Council, and develops a global

strategy for containing the Soviet Union—and I don't mean boycotting the Olympics—then a lot of us will have no choice but to vote Republican." Kirkpatrick added that she doesn't see any evidence that Carter will make such changes, but "with Brzezinski in there, it could happen."

## New York GOP to back Bush?

Leaders of the New York State Republican Party, which is supposed to be going to the Republican presidential convention uncommitted, are clandestinely throwing their support behind George Bush, sources tell us. According to Walter Curley, Bush's state finance chairman, "Bernie Kilbourn (New York GOP head) is privately supporting Bush's move to get committed delegates in the state. He understands we have to do this, because the Reagan people have already broken discipline on the uncommitted question."

In addition to seeking his own delegates, Bush is seeking to challenge Reagan delegate slates in several districts.

Asked whether the Reagan-Bush operation would destroy state Republicans' long tradition, developed under Nelson Rockefeller's leadership, of going to the convention uncommitted, Curley responded: "Not really. Since so many of the old Rockefeller machine are behind Bush now anyway, it really doesn't make that much difference."

Bush's national steering committee members from New York include Alto Un Marshall, Hugh Morrow and Arthur Taylor—all close associates of the late vice-president.

## Congress reconvened

Congress reconvened on Jan. 22 after several weeks Christmas-New Years break. The major focus of activity was immediately the international events centered around the Middle East and Asia. On Wednesday Jan. 23 the House Armed Services Committee held closed door meetings with the Defense Intelligence Agency on Afghanistan, while the Senate Armed Services Committee was simultaneously receiving closed door briefings on the Middle East, the Indian Ocean and South Asia.

The House Foreign Relations Committee had scheduled a special meeting with Secretary of State Cyrus Vance for Wednesday Jan. 23 on Afghanistan. However, these were unexpectedly cancelled. Instead the Committee will hear testimony by the President of the U.S. Olympic Committee on President Carter's demand that the U.S. boycott the summer Olympics in Moscow if the Soviet Union does not pull its troops out of Afghanistan. Congressman Zablocki (D-Wisc), who is chairman of the committee, introduced a resolution as soon as Congress reconvened, calling on the legislative body to follow the President's request. The House Foreign Relations Committee will start marking up the resolution after scheduled Jan. 23 testimony and floor action is expected almost immediately.

## Congress to review expanding trade with China

Granting most favored trade status to the Peoples' Republic of China is one of the first items on Congress' agenda. On Jan. 22 the Senate began to debate the issue,



*Congressman Lester Wolff (D-N.Y.)*

with many of the Senators stating their endorsement of the change in trade status. However Senate action was postponed until the House rules on the issue. Most favored nation status would allow China to qualify for tariff reductions already available to many nations.

Action in the House was postponed until Thursday Jan. 24, when House Republicans objected that the measure would violate Congressional budget requirements. The objection was that the reduced tariffs granted to China would mean that Treasury revenues would go below the floor established in the budget resolution for this year. The House Rules Committee scheduled a meeting to consider a budget waiver request Jan. 22, so that House action could take place before the end of Congress's first week back.

The Republican action however was really prompted by concern over the ramifications of the Carter administration's policy with China. House Republicans wanted to eval-

uate President Carter's State of the Union speech before acting on the most favored nation status bill. "We need to know what our foreign policy is" declared House Minority Whip Michel (R-Ill).

As the House considers this bill, members of a House delegation will be returning from a two week tour of Asia. Led by Congressman Lester Wolff (D-NY), chairman of the House Foreign Relations Committee's Subcommittee on Asian and Pacific Affairs, the delegation included Representatives Gilman (R-NY), Danielson (D-Calif), Jeffords (R-VT-Al), Myers (D-Pa) and Hyde (R-Ill). The Congressmen have been to Korea, Japan, Indonesia, Thailand, Vietnam, China and Taiwan. The group's stated aim was to assess "regional stability" and Asian perceptions of "security and defense".

## Stevenson attacks economic embargoes; calls for military buildup

At hearings of his subcommittee on international finance Jan. 22, Senator Adlai Stevenson (D-Ill) attacked the administration's economic embargoes while calling for conventional military buildup in response to the Soviet invasion of Afghanistan. "Embargoes, like the freezing of Iranian assets, feed the general impression of the world that the U.S. is impulsive, unpredictable, and an unreliable supplier of goods and services... embargoes against exports of U.S. goods produce exports of U.S. jobs and capital. The embargoes will have an adverse affect on U.S. balance of payments deficits. The dollar is weakened by these actions, they

may require taxes and Treasury borrowings to support the farmer and effected agribusinesses for a long time."

Stevenson added that historically, whenever the U.S. embargoes technologies to the Soviet Union, the Soviets eventually develop the capacity themselves. He then pointed out: "Little is left, short of military action, for the next time the United States is moved to make the Soviet Union pay a price for its transgressions."

Stevenson proposed two approaches as alternatives to the Carter administration's policies—both at least as provocative as the President's, if not more so. Stevenson in fact endorsed using food as a political weapon and called for a vast military buildup for longer-range confrontation policies. "We should seriously consider making the Commodity Credit Corporation our own National Grain Board with exclusive authority to market U.S. wheat and feed grains in the world ... in this hungry and dangerous world, the United States disarms itself uniquely and unilaterally by leaving the sale and distribution of American food to multilateral traders. At least the CCC should be made the exclusive agent for grain sales."

Stevenson's military build-up proposals included establishing naval bases in Egypt and Somalia, placing marines on U.S. naval vessels in the Indian Ocean, and supporting an international consortium of arms support for Pakistan and the Afghan rebels. Stevenson specified that China should be included in the consortium.

Stevenson held two days of hearings Jan. 22 and 23 to review the administration's policy in regard to "Russian imperialism."

## Hearings slated for TV deregulation

Hearings are scheduled for February 6 in the communications subcommittee of the House Interstate and Foreign Commerce Committee on H.R. 6103, Rep. Lionel Vanderling's proposal to deregulate the television broadcast industry. Vanderling has long been an opponent of the equal time and reasonable access provisions of current communications laws. He feels that the networks should have the power to decide whom they sell air time to. Vanderling's opponents point out that, unlike radio and newspapers, the three networks have a virtual, licensed monopoly over national broadcasting. Such elimination of equal time provisions would prevent candidates the networks did not want to cover from actually getting television time.

Similar legislation failed to move last year and there is not judged to be more support for it

this year. In fact, sources close to Senator Barry Goldwater (R-Ariz) report that Republicans on the Senate Commerce Committee are pressing for oversight hearings to strengthen the Federal Communication Commission's ability to enforce reasonable time and equal access. Goldwater, who is ranking Republican on the Communications subcommittee, has reportedly sent a letter to Communications subcommittee chairman Ernest Hollings (D-SC) and Commerce Committee chairman Howard Cannon (D-Nev) urging action on his proposed hearings.

At least one of the presidential campaign committees, Citizens for LaRouche, has submitted to both Senate and House subcommittees copies of the complaints which they have filed with the FCC against ABC and NBC on violation of equal time and reasonable access laws. The LaRouche campaign hopes to participate in hearings in both houses.



# National News

## Carter speech evokes nationwide attacks

Carter's war course, defined in his State of the Union speech, has come under widespread attack in the United States. Leading figures or their spokesmen in the Republican Party are correctly charging Carter with having embarked on a superpower confrontation which can only result in nuclear war or a humiliating strategic backdown for the United States.

Republican Acting Senate Minority Leader, Ted Stevens of Alaska, stated that Carter had no right to declare a general area like the Persian Gulf, "vital to U.S. national security interests." He then elaborated by saying that "had Carter made the same speech before the Soviets invaded Afghanistan, we'd already be in World War III."

The roundup of prominent figures issuing similar denunciations of Carter runs as follows:

House Minority Leader, John Rhodes of Arizona: "Carter's rattling the scabbard without anything in it."

GOP Rep. Robert Bauman of Maryland: "It was one of the most incredibly meaningless displays of political pap that I've ever seen."

GOP Senator Mark Hatfield of Oregon: "Carter's proposal is a call to war."

A spokesman for the Bush presidential campaign: "Carter has destroyed our military establishment by gutting key R & D programs ... now he has panicked. His whole policy is that of a shopkeeper who thinks he can pull complicated weapons systems off the shelves. It doesn't work that way... This pantry shelf approach is crazy... How do you fight in depth in the Persian Gulf?... You don't. Carter has a policy based on sand... It is not credible to our allies or our adversaries... The Soviets won't be fooled. They are logistically and militarily superior in the region... Carter is heading us for a confrontation ... but it shouldn't happen, because we'll lose. This is a real mess.

"As for doing anything against Cuba, it's nuts. You're talking about war—nuclear war, likely. The Soviets are clear on that."

The Bush camp was joined by John Connally: "We don't have the conventional forces to back up a red line concept in the Persian Gulf. Thus, if the Russians cross it, we have to go to nuclear war, which we'll never do. We need a real military buildup."

The same theme is played page one of the *Washington Post*, in an article by Pentagon correspondent George Wilson, entitled "Harsh Realities." Wilson states flatly that the U.S. has neither the forces nor the ability to deploy them that would make the Carter doctrine stick, while Carter has also made no specific proposals as to how this situation could be corrected.

What the *Post* points out prominently, is echoed in a lead editorial in the *Baltimore Sun*: "But his doctrine is so sweeping that it must be examined and cross-examined by Congress, an institution that not so long ago passed the War Powers Act to restrain the kind of Presidential actions that landed this country in Vietnam. ... If Congress believes the Carter doctrine to be wise and justified, then it must provide the U.S. armed forces with the wherewithal to make this historic commitment credible."

Carter may have drawn the line, but as the reactions demonstrate, the American population is beginning to draw their own line—on Carter.

## Carter deals China card

The Department of Defense has announced that it has cleared non-military equipment for sale to Communist China. A DOD spokesman said that this would include shipments of military trucks, early warning radar systems and sophisticated telecommunications systems. It is now up to the Chinese whether they will accept the Carter administration's gracious offer. They had reportedly refused to ask Secretary of Defense Harold Brown for anything on his

recent trip to China, preferring to wait to see what the White House was prepared to offer.

Meanwhile, Congress is falling head over heels to rush through an administration proposal to give the Chinese Communists most favored nation status. On the eve of Carter's State of the Union speech, the House Rules Committee cleared the way to get the proposal on the floor. It was expected to pass.

These developments, especially the DOD announcement, have prompted cries of outrage from certain House Democrats who are calling for caution in playing the China card. Rep. Lester Wolff (D-N.Y.) ripped into the administration for its failure to consult Congress, for its refusal to demand that China pledge support to Pakistan and Iran, and for Carter's refusal to consult with the Japanese on such an important policy matter.

## Kennedy abruptly cancels New England tour

In a sudden announcement that has caused widespread speculation over the future of Senator Kennedy's candidacy, Kennedy has canceled his scheduled tour of New England, that was to have begun this Friday. Kennedy headquarters, when contacted as to why the sudden decision had been taken, offered no explanation. Reeling from the rout he suffered in Iowa, and the feeble national support his candidacy has mustered, Kennedy equally abruptly announced that he will deliver what's being billed as a "major policy address" on Monday, Jan. 28. Some observers view the speech as a desperation bid to salvage a floundering candidacy.

## LaRouche placed on Georgia ballot

On Jan. 22, the state of Georgia placed Democratic presidential candidate Lyn-



don LaRouche on the ballot. The move follows LaRouche's ballot status in New Hampshire and Illinois. The Georgia move, taken by that State's Secretary of State, occurred in recognition of the national stature that the LaRouche candidacy has acquired. A Georgia Democratic Party leader, contacted following the Secretary of State's decision, stated that the LaRouche campaign met the criteria required for automatic ballot status; qualified for federal matching funds, and the presence of a "serious organization in the State of Georgia."

## Kennedy collapsing in Minnesota

Minnesota holds its Presidential caucus on the same day—Feb. 26—as the New Hampshire primary and the Kennedy campaign has announced that the Senator will make but one appearance in Minnesota, for a Feb. 16 fundraiser, and will have but one TV spot between now and the caucus.

Kennedy backers in Minnesota are discussing abandoning the campaign. One key backer, George Mische of St. Cloud, has told the press, "We're in favor of new alternatives. ... We're optimistic about uncommitted delegates. ... Kennedy may get beat worse here than in Iowa."

## Lloyd Cutler— Secretary of State?

White House Counsel Lloyd Cutler got his name in the news twice this week—for different reasons.

James McCarthy, in a syndicated article, said that Cyrus Vance was on his way out as Secretary of State. National Security Advisor Zbigniew Brzezinski, says McCarthy, would appear to be the most likely candidate to replace Vance in a second Carter administration. There are many people who doubt that Brze-

zinski, whose hardline policies against the Soviet Union are now in vogue, has the finesse to be a Secretary of State. The man who could fill the job, says McCarthy, is Lloyd Cutler, whose name is reportedly making the rounds of the Washington rumor mills.

Cutler, who last week called for the total rewrite of the U.S. Constitution is a speech at the University of Maryland, this week reportedly made the decision that the White House should refuse to intervene on behalf of Mr. Earle Spring, a Massachusetts senior citizen whose kidney dialysis treatment was cut off by a State Court order. Cutler did this knowing full well that Mr. Spring would die without the treatment and that he was being "sentenced to death" against his will, charged spokesmen for Citizens for LaRouche, the campaign organization of Democratic presidential candidate Lyndon LaRouche. Candidate LaRouche had made an urgent appeal to the White House on Mr. Spring's behalf.

## Connecticut State selects 13 candidates for primary

Officials in the state of Connecticut have placed four Democrats and nine Republicans on the ballot for the state's first presidential primary, scheduled to be held March 25. Barbara B. Kennely, the Secretary of State who made the announcement Jan. 25, stated that the listed candidates represent "A very wide divergence of opinions and beliefs.

The Democratic candidates include President Jimmy Carter, Senator Edward M. Kennedy of Massachusetts, Lyndon H. LaRouche, Jr., a New Hampshire "favorite son," and Gov. Edmund G. Brown, Jr. of California.

In addition to the leading Republican candidates, Bush, Connally, Baker, and Reagan, the Republican ballot will include John B. Anderson of Illinois, Rep. Philip M. Crane of Illinois, former President Gerald Ford, Senator Robert Dole of Kansas, and Benjamin Fernandez, a California businessman.

## Briefly

● **ROBERT STRAUSS**, former Democratic Party chairman and the current chairman of President Carter's re-election committee says that Carter's handling of the Iranian and Afghan crises have eliminated "leadership" as an issue in the 1980 presidential election. His remarks were made before Carter's State of the Union address, causing many Washington insiders to note that Mr. Strauss must have received advance copies of a different speech.

● **WILLIAM LOEB**, the outspoken publisher of the *Manchester Union Leader* and a staunch backer of Ronald Reagan's bid for the GOP presidential nomination, has called for the ouster of Reagan campaign guru, John Sears. Reagan, said Loeb in one of his editorials, allowed himself to be "searscumcized" in his Iowa caucus defeat by George Bush. "We would recommend strongly that Reagan get rid of the Sear Catalogue of Jaded politics, ..." Loeb said.

● **JOHN CONNALLY**, the Republican presidential hopeful whose campaign has yet to catch on, thinks that the U.S. should be tough with the Soviets—but not in the Persian Gulf, in the Caribbean. "Big John has gone a little nuts," said a spokesman for another GOP candidate. "He thinks he can get into the White House by sounding like Teddy Roosevelt charging up San Juan Hill. This is 1980 not 1890."

● **JERRY BROWN**, the California governor and self-professed presidential candidate, apparently is an eternal optimist. Brown claims to be extremely satisfied by his showing in the Iowa Democratic Party caucus. He received no votes and told his few supporters to vote "uncommitted." Senator Edward Kennedy, Brown explained to the press, took a real beating and now he was the only viable alternative to Carter.

## **A new teapot dome scandal?**

*Oil, the Carter administration calls a 'strategic reserve' is being auctioned off on the spot markets at world's record prices*

**T**he Carter Administration is selling off the nation's former defense stockpile of petroleum reserves. Strike you as odd? At the same time that President Carter is warning the nation of the danger of imminent shutoff of Persian Gulf oil supplies from Iran, the U.S. Department of Energy is selling oil on the open market at world record prices as high as \$43.50 per barrel.

The Carter Administration is exercising its legal authority under terms of a little-known act passed in the early days of the administration on the urging of then-Energy Secretary James R. Schlesinger. That act authorizes oil from the U.S. government strategic Naval stockpiles at Teapot Dome, Elk Hills, California, the West Texas Ordovician reserve, and elsewhere. The price is to be set at a price equal to an oil companies' bid *plus* the highest posted price for so-called "stripper" oil. Without getting into the byzantine DOE pricing maze, we note that since the Carter Administration decontrolled certain categories of stripper oil last summer, prices for certain stripper grades have soared over \$40 a barrel. This means that the major oil companies, the ones buying the Naval reserves, have

created an uncontrolled spot market which far exceeds the notorious Rotterdam market in price.

Some examples of recent purchases are instructive. On Jan. 8, the DOE sold 4,500 barrels per day from its Teapot Dome reserve at \$43.50 per barrel. Shell Oil, Gulf Oil and Cities Service all have posted recent prices for uncontrolled crude near \$40 per barrel.

**T**he net effect of government action is to prop up world oil prices, at a time when a glut of oil would normally exert a downward pressure. Indeed this downward pressure was predicted last month at the OPEC meeting by Saudi Oil Minister Zaki Yamani. Even should the world lose the entirety of Iranian production, the world would be swimming in a surplus of oil as we have documented in previous columns. Under such normal market pressures, we would expect the inflated Rotterdam spot market to soften and eventually fall to more normal levels. This of course would jeopardize the enormous financial "oil bubble" which has been deliberately created by certain London and New York banking houses and their multinational oil majors Royal Dutch Shell, British

Petroleum and their U.S.-based sisters such as Exxon, Mobil and Texaco.

Indeed, in recent weeks, prices on Rotterdam have begun to slide downward from last summer's \$40 per barrel. Coming at this "opportune" moment, the Carter administration decision to unload its government reserves is startling to say the least.

The Teapot Dome reserves alone contain some 43 million barrels of oil. Last month, the DOE started dumping more than 120,000 barrels daily onto domestic markets. Compare this to Schlesinger's cries last winter for gasoline rationing and \$1.50 per gallon gas to force conservation, because of an alleged shortfall of some 200,000 barrels per day from Iran. Also reflect on the fact that billions of our tax dollars are being dumped into the DOE Strategic Petroleum Reserve in West Hackberry, Louisiana salt domes, ostensibly to build a military reserve of oil in the event of a shutoff from the Persian Gulf. Now the same administration is selling off its military reserves—at the height of the Persian Gulf crisis!

Domestic oil producers are up in arms over the policy. One California oilman told *EIR* this week, "I am outraged. The DOE sells at \$42/barrel and I get \$6 for the same grade of crude." Another in Montana fumed over the same fact.

In the 1920's, the so-called Teapot Dome scandal of kickbacks was used to watergate the Warren Harding Administration. Perhaps this Teapot Dome scandal can be used to a similar effect.

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