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Giscard out to stop 'otherwise inevitable war'
Lehman's Peterson: 'take the world to the brink'
Will dictatorship follow a 1980 election deadlock?

**Abscam/Brilab attacks progress
and the American labor movement**



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EIR

From the Editor

“A degree of controlled disintegration in the world economy is a legitimate objective for the 1980s ...” stated the Council on Foreign Relations in its “Project 1980s” blueprint for depression. This Trilateral Commission economic policy, the same as that of the Carter administration, is well on its way to shutting down American industry and deregulating trucking and all American transport, throwing this crucial “conveyor belt” of production into chaos and bankruptcy.

But the total implementation of the controlled disintegration policy requires that the American labor movement be destroyed and labor connected urban machines along with it. Such defenders of living standards and industrial progress cannot be allowed to get in the way.

This week’s Special Report, “Abscam/Brilab attacks progress and U.S. Labor,” demonstrates just what most of the victims of the Justice Department’s “sting” operations have in common, and the gestapo style entrapment procedures being used to rid the country of any and all opposition to Trilateral policy. The goal is a consolidated coup against all traditional American institutions by no later than the close of election year 1980.

This exposé was researched by an intelligence team from *EIR*’s counterintelligence newsletter, *Investigative Leads* in preparation for a more extensive document on the subject. Scott Thompson authored the report.



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Special Report



Teamsters demonstrate against trucking deregulation in Detroit. Photo: NSIPS

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Few stopped to ponder who was being hit and why, when the Department of Justice's entrapment operations, Abscam and Brilab among others, first became public. It's an operation to destroy those labor and industry combinations that have been the backbone of American industrial strength and republican institutions.

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What cracked the alliance?

Since the Giscard/Brezhnev summit in Warsaw and France's refusal to go along with the U.S. olympic boycott, much hysteria has been generated about the problem of "the allies." Secretary of State Muskie railed against the French, and the press bemoaned the "cracked alliance."

"Without support of allied dollars, armaments and men, the French nation would have long ago been eradicated as a geographical entity if not altogether from the memory of man," howled the *Atlanta Journal and Constitution*.

Emotions run high on this issue. After all, the allies, particularly France, "owe us something."

That they do. But what the allies owe us, they owe to the American nation-state, to the national interest. They owe nothing to the Carter administration, madly on a drive toward war that could mean the end of civilization as we know it.

Giscard met with Brezhnev "to stop otherwise inevitable war," reported the French media. The American population, because of the hideous distortion of reality painted by the U.S. media, has yet to understand that fact.

The French have demanded a war-avoidance strategy based on trade and cooperation with the Soviet Union and a development strategy for the Third World. The allies want to negotiate a lasting peace in the Middle East. They know this is the only way to ensure that their oil supplies are not cut by Brzezinski's arc of cirsis provocations.

Not unreasonable demands. Nor do they conflict with the real national interest of the United States. In fact they constitute the only potential we have for national survival. They do conflict, however, with the present interest of the administration—a Trilateral Commission entity—and its policy of war provocation and economic collapse.

If one is to usefully question the nature and future of the alliance, one must "think European"

for a moment. Your U.S. ally is rushing into confrontation with the Soviets, has buried detente and is simultaneously plunging the West into a "controlled disintegration" collapse.

Can you count on your ally to assure that you are not "eradicated as a geographical entity if not altogether from the memory of man?"

What have the allies to depend on?

According to a confidential memorandum released recently by Defense Secretary Harold Brown in London, American youth do not need to be trained in science and mathematics in order to use high technology weaponry since it will be scrapped in favor of "more practical weapons that we can buy in greater quantities."

Brown seems oblivious to reports of Soviet breakthroughs in electronic beam weaponry that may soon have the ability to knock out U.S. missiles in their ascending stage.

Two subcommittees of the House Appropriations Committee recently slashed the budgets of the magnetic fusion program and the National Aeronautics and Space Administration (NASA), the two most scientifically advanced programs left in this austerity wracked nation.

The Solar Polar Mission was cancelled, terminating a joint project of NASA and the European Space Agency (ESA), thereby abrogating a treaty.

The allies invested \$30 million and designed one of the spacecraft for the cancelled solar mission. Roy Gibson, the ESA director, concluded last week that NASA is now considered "an unreliable partner in international cooperation."

As an ally, the Carter administration has not done well. As a maker of policy for the future of the nation and the world, it has done even worse. As one NASA official complained, "they want us to pull in our tentacles and become a Dark Age society." Such a nation is not a dependable ally.

'Industrial restructuring' comes out of the closet

by Lydia Schulman

"The escalation of energy prices and recurrent threats of oil shortage have forced harsh adjustments and new ways of thinking on the average citizen, calling into question a style of life dependent on cheap and abundant energy."

With these words to the convention of the National Association of Mutual Savings Banks in Florida on May 14, Federal Reserve Chairman Volcker made explicit the long-range policy objective behind the Fed's restrictive monetary regime: to force a fundamental restructuring of the U.S. economy.

Tight money will be a continuing element of the Federal Reserve's program, Volcker emphasized. He warned that the dramatic drop in interest rates over the past month was a reflection of "a fall in the demand for money and credit, not an increase in supply"; the Fed is fully committed to a policy of "restraint on growth in the money supply and credit." The post-1975 economic expansion, which added 14 million to the employment rolls, had a "false glow" to it, and is an unrepeatable experience. "I suspect you already realize there can be no simple retreat to 'business as usual,'" Volcker said.

Volcker's comments were followed by a rash of calls last week for the forging of a national "industrial policy" from such diverse quarters as the Kennedy and Reagan presidential campaigns, private thinktanks of left and right persuasions, and the Department of Transportation. The common theme of all these calls was the need to "streamline" America's crumbling basic industries, such as auto and steel.

Reagan's defense and foreign policy advisory group, centered at Georgetown University's Center for Strategic and International Studies and the Committee on the

Present Danger, are circulating discussion papers calling for a big increase in government defense spending to stay the U.S.'s waning military strategic position.

The Club of Rome-linked Academy for the Study of Contemporary Problems, the Urban Land Institute, and allied urban development thinktanks held semi-secret conferences around the country last week on the topic of rehabilitating the nation's older urban centers "on an appropriate scale"—i.e., around white collar, "information" industries. According to one ULI staffer interviewed, the consensus at these forums was that the reality of the energy crisis and the breakdown of public transit systems dictate new development patterns for the country. The trend must be toward "compacting" and "in-filling" urban centers on a scaled down basis; the suburbs are a thing of the past. The only question is, what do you do with the blue-collar workers and lumpen population now residing in the cities? "Are they suitable for any work?"

Earlier this month, the Harriman-sponsored American Assembly held a seminar at Arden House on the topic of "The City and the Farm," which reportedly treated the mutual benefits of "recentralizing" the cities and turning the suburbs back into farm land.

The policymakers who are dreaming up such proposals are ignoring the obstacles to so neat a "restructuring" of the U.S. economy, not the least of which is the *out-of-control* nature of the economic unravelling unleashed by chairman Volcker. The other major obstacle to an "industrial recovery" program keyed to a defense build up is the depleted state of the U.S.'s capital goods infrastructure and its skilled labor pool.

The *EIR*'s recent series on the loss of American military superiority, which located the problem in the neglect of broad-based scientific research and in-depth basic industrial development, is now being echoed widely. An op-ed in the May 19 *Wall Street Journal* by Harvard sociology professor Ezra Vogel, for example, noted that contrary to the myths about cheap labor and protectionism, the key to Japan's industrial success has been its "better educated" labor force and its government-business collaboration for strategic development. "Japan will soon be investing more in absolute terms in modern plant and equipment than the U.S.," Vogel reported. (This comparison doesn't even take into account the superior composition of Japanese capital investment.) "The proportion of GNP going into R&D has been falling in the U.S., but rising rapidly in Japan."

Despite the sudden alarm that has gone up in leading U.S. policy circles, the solutions that are being proposed by these same circles are incompetent "quick fixes," typified by the Committee on the Present Danger's proposal to have a manpower training program for the armed forces alone.

The occasion for the new discussion of economic restructuring is, of course, the deepening of the U.S. economic collapse. Orders for durable goods plunged 4.2 percent in April, as orders for machinery and capital goods joined the collapse. The steel industry's operating rate dropped to 71.6 percent of its usable capacity in mid-April. The auto industry now has 217,000 workers on indefinite leave and 55,000-70,000 per week on temporary leave. On May 16 the Chrysler Corp. made the expected announcement that it will close its Lynch Road plant in Detroit permanently and get out of the full-size car business for good. This decision, industry sources report, was one of the conditions that had to be met before the Chrysler Loan Guarantee Board would release \$1.5 billion in loan guarantees to Chrysler earlier this month.

In this atmosphere of economic doom, the May 20 *New York Times* gave prominent coverage to an ongoing study by the Department of Transportation on the viability of not just Chrysler, but the entire automobile industry. The study, which was initiated last winter by Transportation Secretary Neil Goldschmidt, reportedly raises the broader issue of "industrial policy": what must government policy be vis-à-vis the aging basic industries of the advanced sector? As the *Times* noted, both the Trilateral Commission and the New York Council on Foreign Relations have undertaken major research projects on industrial policy, the latter of which will be the next volume in the CFR's "1980s Project" series and is being conducted by William Diebolt. "Industrial Policy" was also the topic of a major international symposium in Madrid May 5-9, jointly sponsored by the Organization

for Economic Cooperation and Development and the Spanish Ministry of Energy.

The DoT study, according to sources in the department, will recommend a comprehensive government policy on auto which could include import protection, tax breaks for the industry, and some relief from clean air and safety regulations. The present government assistance package for Chrysler, which has already entailed a 35 percent permanent reduction in Chrysler's workforce and a dropping of all the auto company's full-size cars, points up the actual content of the "industrial policy" under discussion: government-directed shrinkage and cartelization of basic industry with only the most limited assistance for "modernization." This is precisely the policy of the Italian and German fascist regimes put into effect in their respective countries.

"When you have a deepening economic crisis, people start thinking about the need for a national industrial policy," Gail Garfield Shwartz of the Academy for the Study of Contemporary Problems said in an interview last week. Ms. Garfield was a featured speaker at the Council on Urban Economic Development conference in Washington on May 19, where "Industrial policy" was the leading item on the agenda. "There are some very important people in government who realize that we must formulate an industrial policy and fast. We need policies for 'mature' industries like steel, auto, and electronics, and for our growing industries like biochemicals, medical instruments, and environmental devices. The government is going to have to step in with revolving loan funds, interest rate subsidies; government is going to have to share some of the risk."

As for the future shape of U.S. industry, Ms. Schwartz predicted that the older industrialized centers "are going to shrink. Younger people are going to have to move." The government must undertake a comprehensive approach to the basic industries, she emphasized: "If government is going to assist the steel industry for example, it has to look at the whole industry. Last year the Economic Development Administration of Commerce granted a subsidized loan to Wisconsin Steel, a small company in Chicago. The company recently folded. Had we had a comprehensive program, we would be able to decide which companies can recover and which can't. Now everything is done on an ad hoc basis; you always have a cliff hanger—a Chrysler crisis."

The recent speeches of Alexander Trowbridge, current president of the National Association of Manufacturers, formerly of Allied Chemical, are taking up a similar theme. Felix Rohatyn recently made a renewed pitch for a new Reconstruction Finance Corp. to "aid" U.S. industry. Left and right are converging in the restructuring discussion. As Ms. Garfield put it, "There are some strange bedfellows in the industrial policy bed."



A Brandt Commission plot

Lehman's Peter Peterson: 'Take the world to the brink'

"I reject taking the world to the brink and international brinkmanship, but this may be needed in the Middle East. I think a country or two may get overthrown in the Middle East and oil may get shut off."

This is the view of Peter Peterson, one of the two U.S. members of the Brandt Commission. Created in 1977 and still run by the World Bank, the Brandt Commission, so named after its chairman, Willy Brandt, is supposedly dedicated to a "new international economic order."

As the remarks of Peterson, given in an exclusive interview to *EIR* earlier this month disclose, the Brandt Commission is in the thick of world destabilizations. Moreover, discounting arguments issued for public consumption, including their recently released 300-page *North-South: Strategy for Survival*, the Brandt Commission and its members are committed to sharp cutbacks in world industrial production, living standards and population.

According to Peterson, the Brandt Commission must work up a two-fold strategy to implement their plan. First it must so destabilize the governments of the world as to push the world economy to the brink and force change. Second, it must then gain control of the international institutional means that propose and bring about such change.

Let it be said at the outset that the Brandt Commission's program is, apart from sweetened rhetoric, indistinguishable from the programs of the International Monetary Fund and World Bank because the Brandt Commission itself is indistinguishable from the International Monetary Fund and World Bank. It was, after all, World Bank president Robert McNamara who ordered Brandt to create the commission in late 1977, when it became apparent that the World Bank-IMF program wouldn't wash in the Third World in the form that the World Bank and IMF were compelled to present it.

In particular, at the point McNamara set Brandt's commission up, the "North-South Dialogue" in Paris

was nearing breakdown—after two years of stone-walling against Third World demands for a "new international economic order" that would entail provision of debt-relief followed by credits for real industrial and agricultural growth. Since Henry Kissinger, in Third World eyes, was the principal culprit sabotaging the negotiations, the North-South meetings were maintained through 1976 only on the basis of holding out the prospect of the "new, pro-Third World" Carter administration—and the dumping of Kissinger—coming into office in the United States.

So, the Third World nations waited, and of course, discovered that Jimmy Carter and company were indistinguishable from Henry Kissinger. The talks collapsed in 1977.

At this point McNamara made his move. The Third World was handed the prospect of "a new independent commission" under nice-guy Willy Brandt. So, for two more years, the Third World leaders waited for a report from the commission that would satisfy their needs for a real development program. Of course, Brandt came out for nothing of the kind. The Brandt report, denouncing "advanced technologies that deny human values," proposes "appropriate technologies" like sticks, cowdung and windmills, and "One World Government" empowered to enforce and regulate the growth rates that would result—which is none at all.

The Brandt Commission, however, did offer a sweetener, by purporting "opposition to the conditionalities policy of the International Monetary Fund." That is the essential in the Brandt Commission's role—to capture Third World governments for the IMF-World Bank economic policy that the IMF and World Bank themselves are politically unable to put across. Enough desperate Third World leaders have fallen for the ploy to keep Brandt and Mr. Peterson's tactic very much alive—and please Robert McNamara and the IMF no end.

The Brandt Commission's major concern at the mo-

ment is the control of new margins of liquidity introduced into the world's banking system. The central question: who will control the OPEC surplus, estimated to be \$120 billion this year, and toward what end?

Currently, the European Monetary System of French President Giscard d'Estaing and West German Chancellor Helmut Schmidt has had increased access to the OPEC surplus by virtue of increased deposits of OPEC funds into the German and French banking systems. These funds are then redeployed into high-technology Third World industrialization.

To stop that strategy, Peterson and the Brandt Commission have launched a stratagem to both induce and blackmail the OPEC nations to stop their flow of credit to continental Europe and instead place those funds into some international recycling mechanism that (either directly or discreetly) will be under the control of the International Monetary Fund and World Bank. Thus, while the Brandt Commission stresses the "attractiveness" of such a new facility, claiming that it will "liberalize" (lessen) the genocidal conditionalities of the International Monetary Fund, in private, such leaders of the Brandt Commission as Peterson insist on something quite different.

In an internal memorandum on the Brandt Commission circulated by Peterson in April to Lehman Brothers' clients and excerpted below, Peterson states:

"Thus, we can no longer avoid the issue: how much *genuine* adjustment to reduce the deficit and how much *financing* to fund the deficit?" (emphasis in original).

The answer, Peterson says, involves severe, outright austerity:

"It is widely and *wisely* said that the developing countries will have to make 'adjustments' in their economies [a euphemism for a further reduction in their already low standard of living] by reducing their imports significantly. In suggesting this, we of course realize that such reductions will be painful not merely to them, but also to the industrialized nations, for developing country imports are increasingly *developed country exports*" (emphasis in original).

Getting the big potato

Peterson recognizes, therefore, that to sell this strategy to the OPEC nations he must accomplish two tasks: put forward a "realistic" and attractive proposal for their funds, and then blackmail them with war.

The problem of selling the strategy, as the Brandt Commission sees it, is the intransigence and stupidity of the Israeli government of Menachim Begin, which, by refusing to discuss the creation of a Palestinian state, is blocking financial collaboration with the Arab world, which holds a great deal of the wealth.

Exemplary of this problem is Israel's Agriculture

Minister and warhawk Gen. Ariel Sharon. "I had a little dinner party for Sharon, with George Ball and others at my place," reported Peterson. "But after listening to him for an hour with all those crazy Biblical references, I couldn't take it. Israel's security needs are real, but not the way Sharon presents them. They're too much. My Jewish friends at my firm feel the same way."

Sharon, Begin, et. al must be replaced with a more moderate Israeli government for strict financial reasons. "An Israeli government that will work toward a Palestinian state is not only politically important, but is important financially and monetarily. Without a Palestinian state, we are not going to get the Arabs to give any money to petrodollar recycling and that's the most important financial question in the world today." The Camp David Treaty Peterson dismissed as an obstruction.

The guts of the Brandt Commission

Peterson discloses much of the rhetoric of the Brandt Commission's official documents to be so much excess baggage. Peterson is, in fact, prepared to throw overboard most of the proposals of the Brandt Commission to take the OPEC funds into the controlling sphere of the IMF and City of London. "We should soon call an international concordat meeting, involving the West, OPEC nations and the LDCs [lesser developed countries]. At this meeting we'll propose several concretes about oil-dollar recycling. But as I've told my friends at the Brandt Commission, as well as Bob McNamara and Kurt Waldheim, we must make sure that the recycling is the only item on the agenda. Take the discussion about SDRs [the IMF's Special Drawing Rights], about commodity funds and what not, and keep them *off* the agenda. Don't clutter up the agenda with this stuff, or nothing will get discussed."

While throwing out its various programs, Peterson and the Brandt Commission hold in the background the ultimate weapon of war and destabilization. Not only does Peterson think it necessary to take the Middle East "to the brink," but he proposes to use that threat to force Brandt Commission proposals through the U.S. Congress and the U.S. presidency. Peterson gloated: "I'm not new to this game, and I realize the difficulty we'll have in getting these views accepted. But I'll tell you what I think could happen. All that is needed is a handful of advisers around the new President of the United States who replaces Carter. A crisis or set of crises concerning debt maturities and what have you develops and grows. The advisers tell the President that either he responds to the conflagration with the sorts of proposals we have for reform in the Brandt Commission or else, within one-and-a-half to two years, his presidency will go up in flames."

Europe sets a floor under the price

Gold didn't suffer too much from the new collapse in silver—after rumors of a new Fed attack on the Hunt brothers.

Western European central banks may have an informal agreement to support the gold price whenever it falls below \$500 an ounce, according to New York market sources. The existence of this secret agreement could explain the recent unusual stability in the gold market in the face of deflationary pressures in the U.S. economy and continued fallout from the Hunt silver collapse last month.

It could also be a prelude to a major monetary initiative by French President Valéry Giscard d'Estaing at the late June economic summit of leading Western heads of state. Giscard is expected to propose a far-reaching reform of the international monetary system, possibly including gold re-monetization and the harnessing of gold-backed liquidity for Third World industrialization.

"There's been a tug of war in the gold market during the last few weeks," one trader observed. "One group, which includes Middle Eastern interests, private European banks, and some European central banks, buys whenever the price dips under \$500. The other group sells as soon as it reaches \$530."

The battle in the gold market—and the superior strength of the "bullish" European forces—became highly evident on May 22, when a rumor was floated that the

loan negotiations between a group of banks and the Hunts had fallen through. The rumor—apparently wholly fallacious—began with the seemingly casual remark of Federal Reserve chairman Paul Volcker on May 21 that the negotiations had not yet been completed. Some traders speculated that the Hunts might be forced to liquidate their silver holdings more quickly as a result of a delay in or complete absence of bank financing. By the morning of May 22, the spot silver price had plummeted to \$10.80 an ounce, down from \$11.70 at the close on May 20. The bearish atmosphere in the silver market also pulled down gold, which at one point fell to \$494.

This downward pressure on gold was immediately countered by what one source described as "very aggressive demand" on the part of West German and other large private European banks, with much of the purchases believed to be on behalf of Middle Eastern customers. The gold price immediately rebounded to \$515, dragging silver back up in its wake.

"It's obvious that the European banks have a substantial stake in gold at \$500, commented a trader at a leading New York commodity firm. "It could very well be that the central banks are also committed to supporting gold at this level," he added.

Even without the central banks' support, the West German banks have plenty of financial muscle with which to sustain a high gold price. During 1979, West Germany's number two bank, the Dresdner Bank, emerged as the world's leading gold trader, overshadowing even the Swiss banks.

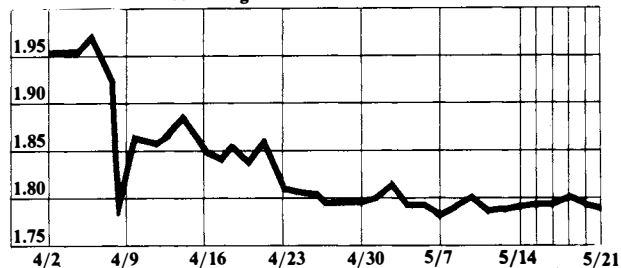
The Bundesbank recently published some figures on the West German banks' gold business which served to underscore the growing hegemony of German banking in the world market. The Bundesbank reported that the banks' total involvement in the world gold trade, including gold bought abroad for foreign customers, jumped from 15 billion DM to a whopping 24 billion DM (about \$13.3 billion) in 1979.

Arab sheiks are not the only ones who have come knocking on the doors of the Dresdner and Deutsche banks in search of a "hard" currency. Private citizens in West Germany have accumulated a substantial hoard. The Bundesbank estimates that private holdings of gold coins in the country amount to 1,000 tons with a market worth of 28 billion DM. This represents about 2 percent of the total financial assets of private individuals in the Federal Republic.

The value of gold imports into West Germany has quadrupled since 1973 from 900 million DM to 3.5 billion DM (\$6.3 billion), accounting in part for the sharp decline in the country's trade surplus. Should Chancellor Schmidt decide to join Giscard in a call for a return to some form of gold standard, he would certainly not lack a constituency for this step within his own country.

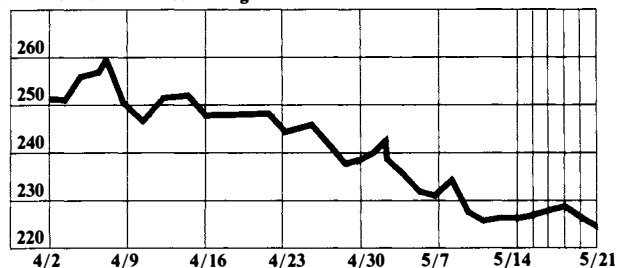
The dollar in deutschemarks

New York late afternoon fixing



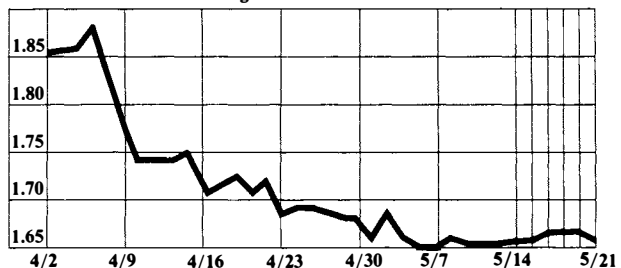
The dollar in yen

New York late afternoon fixing



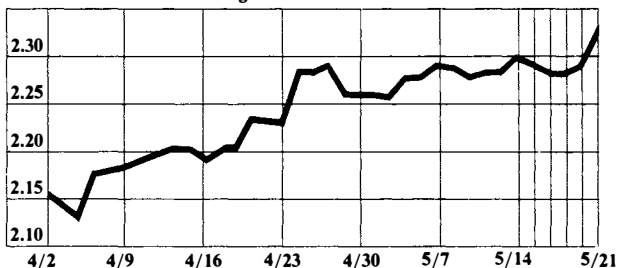
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



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Carter's impact in just six months

Two embargos from the U.S. government have both changed the volume and changed the nature of world trade patterns in the first half of this year.

World trade has deteriorated in the six months since the Nov. 4 terrorist seizure of the U.S. Embassy in Teheran and the Soviet incursion into Afghanistan.

- Exports from the advanced sector to the underdeveloped sector have collapsed, with the exception of OPEC, India and one or two other countries;

- Anglo-American trade with the Soviet Union has plunged;

- War-hungry China has been importing significant capital goods from all industrialized countries;

- Nuclear exports are minimal, with the U.S. almost entirely out of the picture;

- An estimated \$30 billion in cancelled trade deals has resulted from Jimmy Carter's two boycotts—Iran and the U.S.S.R.

The exports of capital goods to the underdeveloped sector has virtually ceased in the past six months. This is principally a result of the imposition of credit restrictions by Federal Reserve chairman Volcker and his international allies. Third World project loans have either been simply withheld (the majority of cases) or cancelled—as a Dutch company cancelled a harbor development project in Morocco on the pretext of Polisario guerrilla activity.

The exceptions are the OPEC nations, who have the wherewithal to continue imports even as they finance payments deficits in some

European countries, as Saudi Arabia is now doing for West Germany. Even here, however, the emphasis is on narrow energy-related development or military purchases.

Major Saudi purchases and agreements during the past half year include: Mobil's joint construction and operation of a \$1.6 billion ethylene plant; the purchase of a \$1.1 billion polyethylene plant from Exxon; construction with Royal Dutch Shell of a \$1 billion naval order with France and \$300 million in military construction orders with a South Korean concern.

Another exception has been India, nailing down an aluminum smelter to be supplied by France's Pechiney and paid for in surplus output; \$176 million in steam generators from West Germany; and a steel plant now in negotiation with a consortium led by British Steel Corporation. India's fortunate position is largely a product of Western fears that without such succour, Indira Gandhi's government will move toward the Soviet Union, a reliable supplier of capital goods, at least. No other motivation was involved in the U.S. State Department's lifting of its ban on uranium shipments for India's nuclear program.

In military trade, in addition to Saudi purchases, Canada has purchased \$2.5 billion in fighter planes from the U.S.; the French and West Germans have agreed to jointly build \$10 billion worth of

new armored tanks; Italy is supplying Iraq with naval ships in return for oil; and The Netherlands is negotiating to purchase up to \$1 billion in fighter jets from the U.S.

Thanks to the Carter administration's "encircle the Soviets" policy, China has received a \$1.3 billion steel mill from Japan's Mitsubishi and a \$254 million steel plant from West Germany; \$600 million in tractor supplies from Italy; \$1-1.5 billion aluminum smelter from a Western consortium; and a \$600 million multiproject venture with Austria. There is a fear that much other, military-related trade is occurring unreported.

Meanwhile, the anti-Soviet policy has cost the United States \$25 billion in lost exports, featuring cancellation of a \$20 billion long-term Occidental Petroleum deal with the U.S.S.R. as well as the grain embargo. The West Germans and Japanese have tentatively gone ahead with their own multibillion dollar pipeline sales to the Soviets, and Italy has not cancelled its \$2.5 billion "Togliattigrad II" project or \$1.7 billion chemical-plant agreement. The French still intend to supply the Soviets with \$110 million in deep-water oil drilling equipment. Carter's Iran embargo, on the other hand, threatens Italy with a loss of up to \$3 billion in planned construction projects there.

Meanwhile, Poland is purchasing \$275 million in machine tools from West Germany and East and West Germany have inked an agreement for a \$270 million cooperative effort to improve railroad infrastructure in the Berlin area.

Trade Review

NEW DEALS

Cost	Principals	Project/Nature of Deal	Financing	Comment
(\$) Over \$20 mn.	China from U.S./Japan	Chugai Ro Kogyo Ltd., a Japanese affiliate of Midland-Ross Corp. (Cleveland, Ohio) will supply three walking-beam reheat furnaces for a new steel mill in Paoshan.		Winning bid announced
(\$) 10.4 mn.	Mexico from U.S.	GTE will provide and install for Petroleox Mexicanos (state-owned) a microwave communication system to serve a natural gas pipeline route extending almost the entire length of Mexico's East Coast.		
(\$) Over 9 mn.	Thailand from U.S.	C-E Natco, a Tulsa-based subsidiary of Combustion Engineering, Inc. will design and fabricate gas production equipment for installation in Gulf of Thailand offshore fields.		Contract awarded
	Argentina/Brazil	A series of economic, political, scientific, and technological cooperation agreements under which Brazil's nuclear equipment company Nuclep will build the core vessel for a 600 megawatt power plant to be constructed in Argentina under a contract with West Germany; the electric power systems of the Paraña River will be integrated; hydroelectric stations and canals will be jointly constructed on the upper Uruguay River as will be an international bridge over the Iguassu River.		Agreements signed May 17th
	Spain/Morocco	15.5 mile bridge linking Morocco and Spain at the Straits of Gibraltar. A dam would be built and over it a road and railway.		At consultative stage.
	People's Republic of China from U.S.	Computers, air defense radar, and other advanced military equipment.		Approval expected during end of May visit of Chinese Deputy Premier Geng Biao to Washington

Update

	Mexico/France	Nuclear research cooperation agreement and exploration for uranium.		Signed
3.2 bn.	Iran from Japan	Mitsui and Iran have come to an agreement for the completion of the 85 percent completed Bandar Khomeini petrochemical project, owned 50 percent by a Mitsui-led consortium, 50 percent by the National Petrochemical Company of Iran		Agreement concluded following East Bloc offer to complete project.

International Harvester's saboteur

Archie McCardell's profit drive has cost the company, and the Midwest, plenty. He meant it to.

In 1977, Archie McCardell became chairman and chief executive officer of International Harvester, the giant manufacturer of farm equipment, construction machinery, components, trucks (and now solar turbines). He declared a new high-profit regime.

This month, Harvester declared a loss of nearly half a billion dollars for the two quarters ending April 30.

Did Archie McCardell miscalculate? He had come to Harvester from Xerox, which is secondarily a manufacturer and primarily a center for funding and directing programs to brainwash American businessmen away from corporate strategies of industrial growth. We doubt if he miscalculated.

Within two years, McCardell has jeopardized the viability of one of America's most important capital goods producers.

- He forced a strike that ended last month after idling 35,000 UAW workers for 172 days.

- He put hundreds of Midwest suppliers on the edge.

- He bankrupted Chicago's Wisconsin Steel.

- He has also supported Federal Reserve Chairman Volcker's credit strangulation, which is wiping out his farm and construction customers.

Is this a high-profit strategy? Or a strategy for putting Harvester

in Chrysler's position, at the mercy of its creditors and the "industrial restructuring" crew.

McCardell has forced Harvester to turn to large infusions of expensive, short-term credit, ballooning its debt-equity ratio. And it has reduced its capital expenditure program by one-third. This situation was achieved by McCardell's "cost-cutting spree."

Archie came to Harvester from Xerox in 1977, where he was known as "a tiger on costs." His arrival coincided with pressure on Harvester, John Deere, and Caterpillar to stop seeking expansion of sales volume, and concentrate on returns on sales and paper profits. McCardell began an "efficiency and discipline" campaign that primed the United Auto Workers for the strike, while launching a purge and bringing in executives from Xerox and Ford (where he had earlier trained as a Robert McNamara-style finance man).

He began contract negotiations last August by announcing that there would be a strike. Then he managed to draw the strike out for five and a half months, refusing to "get practical" with the union on the relatively secondary work rule issues involved, while making well-timed provocations on the main issue, his threats to increase the company's non-union employment.

By April, as Fortune reported, he was widely considered to have gone off the deep end.

But, as a director of the Chicago Council on Foreign Relations, of Amex and Amex International Bank, and a Xerox operative, McCardell was simply carrying out an industrial sabotage operation.

The bankruptcy of IH subsidiary Wisconsin Steel exemplifies the point.

In 1977, Harvester decided to sell the decrepit plant instead of investing in the \$100 million needed to modernize the facility or covering \$30 million in pension obligations.

The only buyer it found was a little consultant firm called Envirodyne, which got Federal Economic Development Agency guarantees on 90 percent of the Chase Manhattan loans that funded the purchase, while Harvester guaranteed 10 percent and retained liens on Wisconsin Steel coal and iron holdings.

The deal wasn't clinched until November 1979, when Harvester had known for months there would be a strike. The strike collapsed Wisconsin Steel, 40 percent of whose business depended on Harvester.

Harvester proceeded to line up other steel suppliers and foreclosed on Wisconsin Steel's coal and iron, goading Chase in turn to force the steel firm to declare bankruptcy March 31. Harvester has written off \$27.7 million on the deal to date, while Chicago area labor and politicians scramble to retrieve 3,500 steel jobs— and may even fall for a "workers ownership" scheme, according to union sources.

MHD makes fossil fuels efficient

by Marsha Freeman

Taking coal, partially ionizing it in the process of burning it at high temperatures, and passing this ionized fluid across the lines of force of a magnetic field will produce an electrical current. This is the area in development of magnetohydrodynamic technologies that has received the most attention and has the most immediate large-scale potential.

Compared to conventional steam turbine cycles, MHD requires higher temperatures and, at higher temperatures, more electric power can be extracted from the fuel. MHD combustion temperatures range from 4,000 to 5,000 degrees Fahrenheit; the upper limit for steam generators is about 1,800 degrees because of material constraints and the stress of rotating huge pieces of machinery. The exit gas from an MHD generator drops about 2,000 degrees from the inlet temperature, creating a larger temperature differential and therefore a more efficient conversion system. The exit gas is also at low enough temperatures to allow its transfer into a steam turbine cycle.

In terms of fuel consumption, first generation MHD coal fired plants are expected to achieve a cycle efficiency of 48 to 52 percent (compared to steam cycle efficiency of 35 to 40). Second generation plants are expected to convert up to 70 percent of the thermal energy in the combusted coal to electric power. Put another way, the MHD conversion system would extract twice or more electric power from each unit of fuel than present technology. Therefore, although some of the components of an MHD system would be more expensive than off-the-shelf steam turbines, the fuel cost would be about half. A 1978 projection has placed the cost of delivered power from an MHD system near 32 mills per kilowatt-hour compared to 45 mills for a conventional plant with the same capacity.

Another factor that would lower the cost of MHD

generated electric power is the fact that MHD is an environmentally excellent system. Combustion is complete, reducing particulate emissions from the system by more than 90 percent. Potassium used in the combustion process to increase electrical conductivity chemically bonds with the sulfur in the coal, reducing sulfur dioxide emissions by 99 percent and eliminating the need for costly stack gas scrubbers. It has been found that the sharp 2,000 degree drop in temperature from the inlet to the outlet of the MHD channel decomposes nitrogen oxides, another polluting emission. MHD systems can also greatly reduce the heat a power system releases into the atmosphere by, for example, directing the exit gas into a steam cycle.

The basic open cycle coal-fired MHD generator system that uses exhaust heat for the steam turbine bottoming cycle has three major systems: the fuel combustion unit, the MHD generator and the bottoming cycle. The last is already operating technology; the challenge in the MHD system has been designing new components for the generator.

Briefly, design and experimentation is ongoing in the following:

- Electrode designs to maximize power output from the complex interaction of the magnetic field and electrical field configurations in the MHD channel. Here the problem is to mitigate the effects of the electrical field that is generated when the current-carrying MHD fluid is placed in a magnetic field so that the electrodes which draw off the current are not shorted out. Another problem is to develop electrodes that can withstand both the temperature and corrosive environment of the hot coal gas. Work on electrode development is ongoing at General Electric, Reynolds Metals, Westinghouse, the Massachusetts Institute of Technology and Avco.

- Combustion temperatures. This is the major determinant of the electrical conductivity of the gaseous working fluid. This temperature can be increased by preheating the air used in combustion. There are three methods: independent burning of a clear fuel to provide heat; direct use of MHD exhaust gas recycled back into the combustion chamber; or use of the MHD hot exit gas through a heat exchanger system.

- Magnetic field strength. Conventional water-cooled magnet systems cannot exceed field strengths of more than about 3 tesla or 30,000 gauss. A baseload MHD power plant will require magnets in the range of 5 to 7 tesla. To provide such field strengths without the magnet needing more power than the plant produces will require superconducting magnets—like the one used on the ETL Mark V MHD generator in Japan. Development and fabrication of these magnets is ongoing at Argonne National Laboratory, General Electric, MIT, and Stanford University.

Business Briefs

Corporations

ITT spin-off bids for Citibank's Dope, Inc. spin-off

The intelligence apparatus of I.T.T. has just announced its intention to acquire Citibank's Dope, Inc. spin-off, the City Investing Company.

City Investing Company is a holding company for various real estate, motel, insurance, and manufacturing interests. Although New York-headquartered, it is heavily oriented to the U.S. narcotics port-of-entry, Miami. A major stockholder in City Investing Company is Victor Posner, the Miami real estate tycoon.

The company is a spin-off of First National City Bank (now Citicorp). Citibank Senior Vice President Eben Pyne, active in the U.S.-East Asian narcotics trade, sits on the board of directors of both the City Investing Company and its affiliate, the Home Insurance Company.

Besides Pyne, two other City Investing Company officers, Edward P. Sheridan and John J.C. Herndon, came to City Investing Company from Citibank.

The company bidding to take over City Investing Company is Tamco, a billion-dollar mystery company headed by Lyman C. Hamilton, president of ITT until very recently. Hamilton owns Tamco jointly with Victor H. Goulet, a wealthy Chicago real estate operator. Since Hamilton's basis of ownership of a billion-dollar-plus company can hardly be his former ITT executive salary, his connection with ITT or its financiers such as Lazard Freres and Lehman Bros. Kuhn Loeb is presumably a continuing one.

Hamilton, in making his bid for City Investing Company, stated that he wished to keep City Investment Company's entire management team, including chairman George Scharffenberger,

himself a former ITT man (1943-1959), who came directly from ITT to City Investment Company through the latter's affiliate, the Kellogg Company of Battle Creek, Michigan.

Another member of the City Investing Company management team is its president Peter C. Huang. Huang is also president of the Home Insurance Co. Prior to coming to City Investing Company, Mr. Huang was with Boise Cascade Company, a wood and paper-based conglomerate which is the principal U.S. holder of bonded debt expropriated by the Chinese Communist government after 1949 and now due to be settled as part of Carter-Peking arrangements. The debt which Boise Cascade holds, interestingly enough, is in the Shanghai Power and Light Company, the notorious funder of Shanghai's Green Gang, which ran China's illegal opium trade—in its day, the largest in the world.

Industry

Steel industry rolls over and dies

"We're digging in for a sustained low order rate," U.S. Steel Chairman David Roderick told reporters at the annual convention of the American Iron and Steel Institute in New York May 21-22. Roderick predicted that the industry's operating rate would drop to 60 to 65 percent of capacity over the next three months, from a current low of 70 percent. U.S. Steel, the industry leader, recently shut down six of its blast furnaces, and is already operating at 60 percent of its usable capacity.

Other industry executives predicted that steel shipments for the year could drop to as low as 80 million tons, a twenty percent drop from 1979. Most ominous of all, no executives were predicting any upturn in sales for the foreseeable future, because none of them expect the auto or construction indus-

tries to stage a recovery in the months ahead. Auto and construction together account for about a third of domestic carbon steel shipments.

U.S. Steel has closed down blast furnaces in Fairfield, Alabama, Gary, Indiana, South Chicago and Pittsburgh. Republic Steel has shut down two of its 11 furnaces. National Steel has closed three of ten furnaces. The worst hit area of the country—apart from depressed steel towns of long-standing like Youngstown, Ohio—is District 31, encompassing Gary and South Chicago. According to district leader James Balanoff, some 8,000 out of 40,000 United Steel Workers members are now out of work in his district.

The shutting down of a blast furnace is an expensive and risky business, especially with old furnaces that are susceptible to cracking. Thus, the recent decisions were taken in preparation for a prolonged downturn in the industry.

U.S. Steel, which has long pursued a strategy of hedging its bets and diversifying out of steel production, is currently renting out vacant office space in its Pittsburgh headquarters to pull in extra cash, according to rumors.

Capital Spending

West German investment on the rise

The latest monthly report of the West German Bundesbank announces that in 1979 gross business investment in the Federal Republic including all plant and equipment and inventory expansion, rose by \$26 billion. Non-inventory investment accounted for \$12 billion of the increase. The central bank chooses to see this as a problem insofar as it occurred through increased borrowing abroad, which contributed to West Germany's current accounts deficit; and they add that the inventory increase reflects fear of price increases for raw

Briefly

● **MARGARET THATCHER** saw British inflation rise to 21.8 percent in April, a jump of 3.4 percent from March and double the rate twelve months ago, according to the latest retail price index. It was reported May 19 that increased property taxes, rents, and government increases in the price of gasoline, drinks and cigarettes were the leading factors. The Thatcher government is committed to an economic policy of budget cuts, tax increases, reductions in real wages, and other "free enterprise" measures.

● **CHARLES PARTEE**, a member of the Federal Reserve Board, told the Senate Banking Committee last week that the number of "problem banks" was "well below" the level of the mid-1970s and at an "acceptable" level. "Recent data on the condition of commercial banks indicate that the banking system has worked out most of its problems of the mid-1970s and is in generally good shape," Partee reported. *EIR* was unable to learn which nation's banks Partee was discussing at the time.

● **PHILIP KLUTZNICK**, U.S. Commerce Secretary, recently told a group of businessmen that because he has lived through six recessions and the 1930s Depression, he has the right to point out that small decisions made by corporations will determine the length and severity of the current slump. "But somehow," he said later, "neither that observation nor my words of encouragement at the end overcame even momentarily the group's desire to challenge the administration's policies."

materials and oil and semifinished goods.

New foreign orders for West German industry in the first two months of 1980 have risen 8.5 percent above November-December and 12.5 percent above January-February 1979 seasonally adjusted. Overall, new orders were up 4 percent, or 8 percent higher than the same period of the previous year. Exports showed a 25 percent increase over 1979, and the merchandise balance remained in surplus, although because imported jumped 36 percent, it was 3.5 billion marks lower than 1979's at .8 billion marks.

Agriculture

Watch farm land prices

The wind has been taken out of the sails of soaring land prices over the past six months, various reports indicate. But for the moment the market is virtually frozen, buyers comfortably sitting it out for the duration. The average value of farm real estate rose 200 percent between 1970 and 1979. In the year ended February 1, the Agriculture Department estimates the gain was 14 percent.

The slowdown in land prices is indicated in reports from across the farm belt that banks and auctioneers have actually called off farm sales for lack of "satisfactory" bids. At a public auction in Illinois a high-bid of \$2400 per acre was refused for land that would have gotten a \$3,000 minimum bid in mid-1979. In some areas farm land sales are down 50 percent from a year ago.

According to the Doane Agricultural Services of St. Louis, the only kind of transactions taking place are seller-financed at 9 to 10 percent interest. Other sources report the sharpest slump to be in livestock-oriented land.

If the financial squeeze of scarce and high-priced money together with collapsing farm prices and income continues, there will be increasing pressure on

producers to sell out for whatever cash they can get. Recent surveys by the Chicago Federal Reserve Bank, the Northwestern National Bank of Minneapolis and others show no let-up in either loan demand or banks' loan-deposit ratios, and emphasize that banks are continuing a tight-fisted policy toward the farm sector.

The bubble could burst any moment. Producers cannot afford to hold commodities back for a decent price at financing charges nearly doubled from last year. Continued farm price drops will completely undermine land prices.

Dairy

Fighting inflation in Wisconsin

Alfred "Genghis" Kahn, President Carter's chief economic advisor, traveled to the state of Wisconsin this past week to announce the administration's determination to fight inflation. By inflation, he made perfectly clear, Kahn meant milk price supports, set at 80 percent of parity. Kahn, who is the key executive-level initiator of the effort to dismantle the federal milk marketing system by deregulating the price of reconstituted milk, received an honorary degree from Ripon College after making the speech.

Observers noted that Mr. Kahn's performance is a good example of the unique mixture of evil and plain stupidity in the Carter administration. Ripon is situated in the center of some of the state's most efficient dairy-farming.

In defiance of the Administration's policy of "controlled disintegration" of the economy, the dairy industry is still relatively intact, especially compared to other agricultural sectors. But knowledgeable Wisconsin sources indicate that with a continuation of present economic-busting policies, dairy will be hitting the skids by October.

Abscam/Brilab attacks progress and U.S. labor

by Scott Thompson

Since last February there has been a constant drumbeat of press, TV and radio leaks from the Justice Department's new undercover operations that implicate some of the nation's top political and labor leaders in major corruption scandals. With exotic names like Abscam, Brilab, Pendorf, these cadillac models of the more than 50 "sting" operations the Justice Department claims to now have underway, promise to reveal the inner-workings of machines that link organized crime, violence, and the most greedy unionists to politicians. Adding to the drama are tales of the mansions, yachts, mysterious sheiks and champagne dinners that sketch out the Justice Department's plots to catch these "Mr. Bigs" in wrongdoing.

Abscam, Brilab, Pendorf do constitute a scandal of unprecedented proportions, but this scandal has little to do with the trial-by-press that has been used to condemn "sting" victims without due process. The real scandal of Abscam is that, under Attorney General Benjamin Civiletti, the Justice Department has been turned into a domestic "dirty tricks" arm of political warfare against those labor-based, urban machines that are fundamentally committed to an ever-expanding economy through industrial progress. To crush these machines, Civiletti has assembled a team of swindlers, assassins, and international dope pushers, who have been let loose against labor and industry in the name of combatting "white collar crime."

In this, Civiletti is merely following orders from the Trilateral Commission—an international body of 300 powerful public figures—which rigged the 1976 election of its member, President Jimmy Carter. As the Trilateral Commission mounts super-Watergate operations against potential opponents to pave the way for austerity economic conditions, waiting in the wings is the Federal Emergency Management Agency (FEMA)

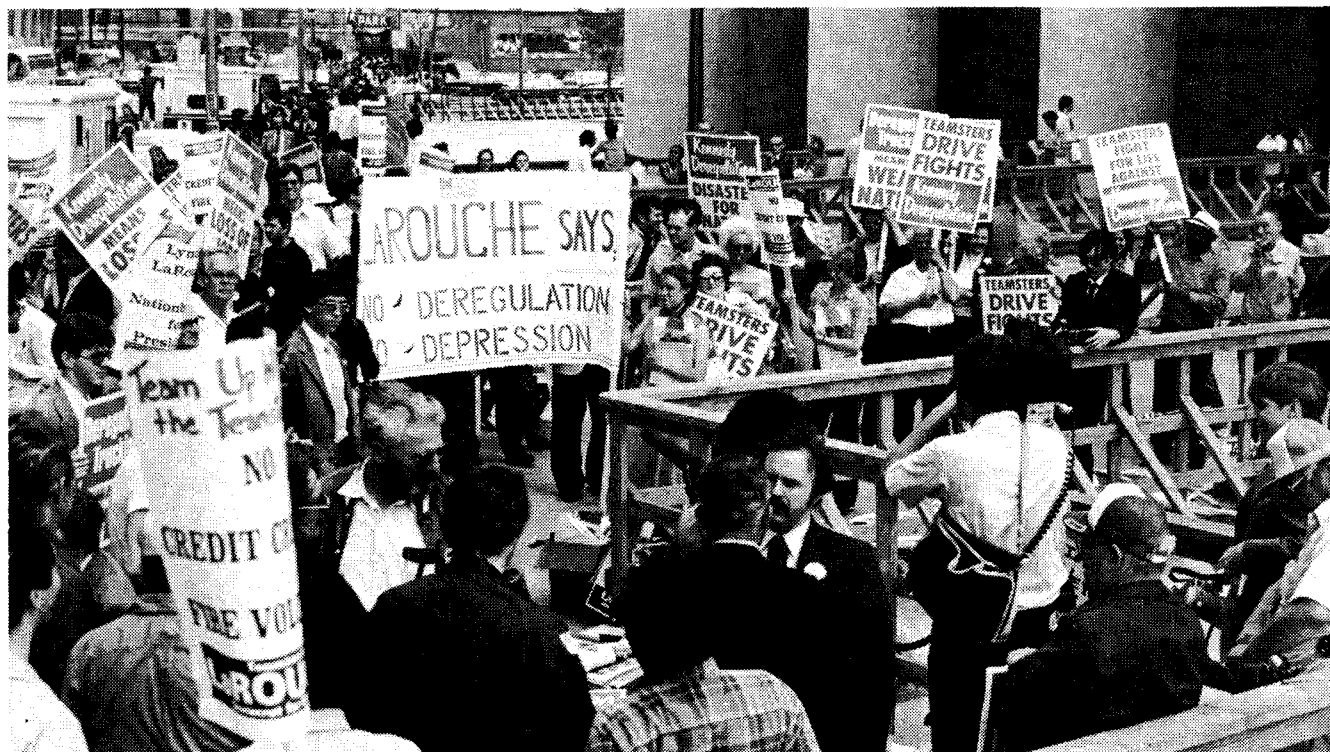


Photo: NSIPS

which is prepared to step in with emergency powers once opposition has been weakened in this manner.

Presidential Review Memorandum 32 (PRM-32), which set FEMA into operation, was drafted in 1979 by Samuel Huntington, a former Trilateral Commission member who retired to join the National Security Council with ex-Trilat chairman, Zbigniew Brzezinski.

Huntington, one of the outspoken planners of the Trilateral Commission, announced in a 1975 study for the Commission entitled, *The Crisis of Democracy*, that: "We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite extension of political democracy."

FEMA, which will become the U.S. government with full dictatorial powers once any of several Reichstag Fire-type "emergencies" prepared by the Trilateralists' are triggered, is the Commission's vehicle to eliminate political democracy. It is FEMA in tandem with Federal Reserve chairman Paul Volcker that will also implement final phases of the "controlled disintegration" economic policy that was announced by the Trilateral Commission's sister body, the Council on Foreign Relations, in a 30-volume report entitled "1980s Project." Released this spring, the report states: "A degree of controlled disintegration in the world economy is a legitimate objective for the 1980s ..."

Before taking a detailed look at Abscam and other

Justice Department "dirty tricks" designed to break down resistance to these policies, it is important to know what the future will look like under the Trilateral Commission's planned FEMA dictatorship.

Once FEMA declares a national emergency, "peacetime" or otherwise, a new Cabinet-level Office of Defense Resources will be established to "reorganize all resources in the U.S. economy: natural resources, industrial resources, manpower resources, transport resources." What this means in practice is that under FEMA's National Labor Mobilization Subplan, a "Standby Committee" will be called upon to rubberstamp a labor policy which precisely parallels the Labor Front policy of Nazi Finance Minister Hjalmar Schacht.

William McLaughlin, Emergency Coordinator for FEMA in the Department of Labor, told *EIR* recently how FEMA's "Standby Committee" will oversee a program of "retraining, certification and relocation:"

- *Retraining:* "We will use the Comprehensive Employee Training Act (CETA) programs nationally to retrain the workforce on an emergency basis. This will be controlled by FEMA and the Labor Department through the regional and state offices of the DoL which now run CETA on a national priorities basis."

- *Certification:* "We will also control the certification of workers. That is, a worker will not be able to leave his job, nor an employer to hire new labor, without complying with FEMA/DoL certification. This will be coordinated

by FEMA, establishing policy on the national level as to which geographical and industrial areas need which kinds of skilled labor. . . . *Workers wishing to switch jobs, or employers wishing to hire new labor, would then have to be certified that they were acting in coherence with national priorities before they would be able to do so.*"

• *Relocation*: "This is a problem. We must induce people to relocate. The easiest thing is, first, to impose an across the board wage/price freeze severely throughout the economy, and then selectively lift the freeze—or perhaps the reduction—on labor wages in target industries and target geographical areas."

While many of the jackboot features of the Hitler regime are as yet missing, this FEMA program is in no essential way different from the Nazi Labor Front policy of work books and box cars. FEMA's certification powers, for example, precisely parallel those Hitler gave to the Employment Service Board in Germany in 1938 to oversee the conscription and allocation of all labor on a "national security," priorities basis.

Targeting the labor-industry alliance

The main bulwark against this planned FEMA dictatorship is the alliance of labor and industry that built this country under the American system of progress and technological development. Included in this set of relationships are labor leaders, business entrepreneurs, heads of ethnic groups, and political powerbrokers who have formed machines to run America's cities and foster a climate for growth. Nuclear power, a national transportation grid second to none, a heavy construction industry that can build anything, anywhere, are among the fruits of these labor-industry combinations.

It is the national leaders of this system that have been targeted by the major "sting" operations, while literally hundreds of investigations that involve over 1,100 FBI agents and all 13 of the Justice Department's Organized Crime Strike Forces are being conducted against regional machine leaders. Special targets on both the local and national level are the International Longshoremens Association (ILA), the International Laborers Union (ILU), and the International Brotherhood of Teamsters (IBT). It is these trade unions which form the core of the labor-industry relationship by providing the money, manpower, and nationwide communications that allow machines in particular cities to coordinate with each other.

These unions are also the frontline of the battle against the "controlled disintegration" economic measures demanded by the Trilateral Commission and Paul Volcker. Exemplary is the Teamster-led fight against deregulation of the trucking industry, which *EIR* computer projections demonstrate will not only cause the immediate bankruptcy of several trucking firms, but a \$20 billion loss to the U.S. economy in the first year after

it is enacted by Congress. Thus the Teamsters, who were the motive force behind an integrated transportation grid in their battle for a national Master Freight Contract, are also among the most aggressive protectors of their industrial allies' interests.

To pave the way for FEMA, an escalating series of attacks are planned by the Justice Department and other government agencies. Once the national leadership of key trade unions have been "softened-up" by the Gestapo tactics employed in "stings" like Abscam, a series of hearings are planned by Sen. Sam Nunn's Senate Permanent Investigations Subcommittee (SPIS) to "mop-up" any remaining resistance by the close of 1980.

SPIS staff director William Goodwin informed *EIR* in a recent interview how the DoJ's "sting" operations will fuel the hearings: "Brilab will give credibility to the charges that parts of organized labor are in fact run by organized crime. . . . The FBI will produce some indictments. They will scare some people. Then Congress will come in and 'mop things up'. *We intend to break the power of the Teamsters and the ILA all over the country.*"

Following sensationalist hearings on "organized

*"Huntington, one of the outspoken planners of the Trilateral Commission, announced in a 1975 study for the Commission entitled *The Crisis of Democracy*, that: 'We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite extension of political democracy'. . . . FEMA is the arm of the Trilateral Commission that will impose the limits on political democracy and a zero-growth economy."*

crime and violence" which began on April 28th, Goodwin states that the Subcommittee "will move slowly and deliberately . . . It will not go public until the time is right, until we will have the most impact."

According to Mike Levin, a former member of the Gulfcoast Organized Crime Strike Force now on the SPIS staff, the Subcommittee will be ready for "spectacular hearings" by early fall, 1980 when it will train its guns on the ILA: "The ILA situation is particularly ripe and ready because there have been two major prosecutions completed (Anthony Scott and Fred Field) and one which will be completed within the next few months (Michael Clemente). Also, we've got manpower here on

the Subcommittee who are intimately familiar with ILA matters.”

By late fall the IBT will be the subject of hearings timed to coincide with indictments from Pendorf and 15 criminal investigations into the Teamsters' Central States Health-Welfare and Pension Funds. Running along a parallel track overseen by the DoL and House Ways & Means' Subcommittee on Oversight is a plan to seize control of the \$1.3 billion liquid assets in the Central States Funds. This move, which will rob regional machines of investment capital for construction and related projects, is equivalent to the nationalization of General Motors.

White Collar Crime

This program of economic warfare and “dirty tricks” is being run in the name of combatting “white collar crime.” One of the leading polemicists of this new Justice Department program is James Q. Wilson, a close collaborator of Trilateral Commission “gangster” Samuel Huntington at Harvard University, who also has the distinction of being the “brains” behind the Murphy Commission Watergating of the N.Y. Police Department.

In an article entitled, “The Changing FBI—The Road to Abscam,” which appears in the Spring, 1980 issue of the Committee on the Present Danger-linked journal, *The Public Interest*, Wilson states: “Attorney General Edward Levi and (FBI) Director Kelley pledged that the Bureau would reduce its interest in domestic security cases, especially of the sort that led to such abuses as COINTELPRO ... (because) domestic security cases were constitutionally and politically vulnerable.” Yet, Wilson continues, Levi simultaneously charged the FBI with “identifying (‘targeting’) individuals, groups, and organizations for intensive scrutiny on the grounds that they were *suspected of being involved* (emphasis added) in organized crime, major conspiracies, labor racketeering, or political corruption.”

Wilson has inadvertently put his finger on the central of many ironies that attend the DoJ's “war on white collar crime,” namely that it violates the infamous “Levi Guidelines,” which make it illegal for law enforcement officers to gather intelligence on terrorists *until after a crime has been committed*. Under Levi, the Justice Department would not investigate a known terrorist who publicly advocates violent overthrow of the American government until after he throws a bomb. Yet, congressmen, labor leaders and other responsible citizens are to be “targeted”—i.e., placed under a microscope, subjected to wiretaps, entrapped by thieves and cutthroats bearing “sting” propositions, or, possibly even framed by an informant promised an easier sentence if he indicts others—all on mere *suspicion*.

How Abscam and Brilab ‘sting’

When the first sensational “leaks” from Abscam and Brilab appeared on the front page of newspapers across the country last February, few people stopped to ask the most basic questions about these operations. “Precisely who was ‘stung’ and why?” What is the press doing with the results of ‘top-secret’ investigations?” Since then enough has emerged for many people to begin to suspect that the public as a whole was fooled by the way the Justice Department orchestrated Abscam and Brilab.

Among the revelations that have given rise to these questions is the fact that the DoJ passed up literally dozens of congressmen whom it had a similar opportunity to entrap. Further, it has been learned that the Washington, D.C. home from which the phony sheik of Abscam for a time operated was rented by the FBI from Lee Lescaze, a reporter for the *Washington Post*. Similarly, it has been revealed that three weeks before the story was “officially broken,” the *New York Times*' Leslie Maitland, Bob Greene of *Newsday*, and a team of NBC reporters had been provided with documents and briefed on when and how to break the story by Neil Welch, the recently retired FBI Assistant Director in charge of Operation Abscam.

These “leaks” were a critical part of the project. Three months since grand juries were convened to hear evidence on Abscam and Brilab, it has been announced that indictments are momentarily expected. But, in many cases the damage has already been done, with leading citizens' names ruined before they are indicted, let alone convicted. It is to contain further damage that *EIR* examines the “how” and “why” of Abscam-Brilab.

Project Alpha

Project Alpha, the prototype “sting” operation, was launched in 1974 to destroy the political machine centered on trucking and waterfront activity that until recently ran New Jersey's Hudson and Union counties. Funding for the project was provided by the Law Enforcement Assistance Administration, a branch of the Justice Department that has pioneered many compo-

nents of the Trilateral Commission's coup d'etat apparatus from the covert arming of gangs for urban riots to the DoJ's war on "white collar criminals."

The Project was run by N.Y. FBI Special Agent-in-Charge, Cyrus T. Falls, who coordinated the activities of the FBI with local law enforcement in N.Y. and N.J. Permission for the project was obtained from N.J. Gov. Brendan Byrne who has turned his state into a virtual laboratory for such "social engineering" projects.

One of the chief "breakthroughs" that made Project Alpha possible was Attorney General Edward Levi's 1974 reorganization or the Federal Witness Protection Program which allowed the government to offer even professional hitmen deals if they would entrap others in undercover operations. Despite stipulations that these "informants" are to be "carefully monitored," the FWPP became a new sort of federal equal opportunity employment program which gave thieves a license to steal.

The main "informant" in Project Alpha, for example, was Patrick J. Kelly, who was set up with several business fronts—including Atlantic Trucking and Alamo Transportation—to infiltrate targeted machine layers. Kelly turned these firms into fronts for federally protected swindles that are now the basis of several lawsuits against the Justice Department. Herb Jaffe, a reporter for the *Newark Star Ledger* who works closely with the N.Y. Strike Force, admitted this in a Feb. 10, 1980 article entitled, "Informants Vital Link for 'Scams'." Jaffe stated that these crimes "were sanctioned, as long as the informants continued to provide data vital to Alpha and subsequently to Abscam."

In between swindles, Kelly "developed" testimony to convict Tino Fiumara, a major powerbroker behind the New Jersey docks. A federal grand jury subsequently indicted 40 labor and ethnic leaders in the target counties based largely on Kelly's testimony.

Operation Abscam

Abscam was phase two of Project Alpha. This time the priority target was the political side of the labor-industry alliance that runs New York, New Jersey, and the Greater Philadelphia region. Many of the operational details of Abscam are well-known due to the trial-by-press leaks that were sanctioned by *both* FBI Assistant Director Neil Welch and Attorney General Benjamin Civiletti. This is especially true of the phony sheik who baited the hook with a \$550 million bank account vouched for by Trilateral Commission founder David Rockefeller's Chase Manhattan Bank.

The one question never raised in Abscam was why an "Arab-scam" was tried out? Last week U.S. intelligence sources made available a Nov. 18, 1978 memorandum of

the Anti-Defamation League of B'nai B'rith—one of the chief fronts for Israeli intelligence "dirty tricks" in America—which begins to answer this question. The first five pages of the memorandum call for imposing restrictions against high government officials "corrupted" by the Arab states. This memo coincided with a series of muck-raking exposés by newspaper columnist Jack Anderson, whom these sources identify as a frequent conduit for "leaks" by the ADL and Kennedy Justice Department elements. This 1978 public call-to-arms, however, merely announced an operation well underway.

Harvard Law professor James Q. Wilson provides even earlier evidence of joint Zionist lobby-Kennedyite complicity in laying the groundwork for Abscam. According to Wilson it was the Subcommittee on Civil and Constitutional Rights of the House Judiciary Committee who "began with criticism of the domestic security programs, but came to include criticisms of the Bureau's weaknesses in the area of white collar crime." Among the

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most outspoken members of the Subcommittee were Zionist lobby "spokesperson," Rep. Elizabeth Holtzman (D-N.Y.) and Kennedy family protégé Rep. Robert Drinan (D-Mass).

It was Holtzman who simultaneously sponsored the creation of another witchhunt body, the Office of Special Investigations, which has used its nominal mandate to track down Nazi war criminals to establish an outpost for Israeli intelligence in the Justice Department. U.S. intelligence sources have confirmed for *EIR* that the OSI has played a major, though secret, role in Abscam and in other Watergate-type operations having nothing to do with Nazi war crimes.

Whatever long-term gains the Zionist lobby expects from thus disrupting U.S./Arab relations, Civiletti's patrons on the Trilateral Commission got an immediate payoff in the form of blackmail against leading political allies of labor. As a result of Abscam targeting of Sen. Harrison Williams (D-N.J.) and Pendorf's of Sen. How-

ard Cannon (R-Nev.) Senate opposition collapsed to deregulation of the trucking industry—an essential feature of the Trilateral Commission's "controlled disintegration" of the world economy. A partial list of those "stung" in Abscam makes clear the economic warfare aspects of this political blackmail plan:

- *Sen. Harrison Williams* (D-N.J.) is chairman of the Labor and Human Resources Committee through which every piece of labor-related legislation must pass. Williams not only caved in to Abscam blackmail on the trucking dereg fight, but hearings on the proposed merger of the Teamsters with the AFL-CIO have now been shifted to the Senate Permanent Investigations Committee. One SPIS staff member confided to *EIR* recently: "Once we get the probe underway (AFL-CIO president and Trilateral Commission member, Lane) Kirkland will really dig the knife into the Teamsters."

- *Rep. Frank Thompson* (D-N.J.) is chairman of the powerful House Administration Committee and also number two man at Education and Labor, the House equivalent of Williams' committee. Thompson, who faces an uphill reelection battle, has backed down on trucking dereg and aides say he will do nothing to fight Abscam publicly.

- *Rep. John Murphy* (D-N.Y.) is a member of the Interstate and Foreign Commerce Committee and chairman of the Merchant Marine and Fisheries Committee. He will oversee hearings on the maritime deregulation bill and has done an about-face since Abscam to announce that he will support the measure's passage.

- *Camden Mayor Angelo Errichetti* has for years tried to modernize his city's port and build a nuclear power plant that will attract new industry and jobs to this economically devastated section of New Jersey. It was "to line up money—money to rebuild this city's port and to replace empty lots and burned out homes with fine, new rowhouses"—that Errichetti was drawn to the phony sheik of Abscam.

Brilab

Brilab ("bribery-labor"), which targets Southwestern members of the labor-industry alliance, is merely the latest phase of ongoing economic warfare against the Teamsters and their political allies.

George Hauser, the chief "informant" in Brilab, is known to have been under Justice Department surveillance from 1973-76 during which time he was running an insurance scam on labor union funds. The Justice Department let him swindle Teamster and other union members out of millions.

In March, 1977 Hauser was finally indicted to make sure he would tow the line of the Justice Department. Hearings were called by Sen. Henry Jackson (D-Wash.),

then chairman of the Permanent Investigations Subcommittee, to look into "Labor Union Insurance." IBT president Frank Fitzsimmons, Allen Dorfman, consultant to the Teamsters Central States Funds, former Attorney General Richard Kleindienst, and others were dragged before the public to explain their dealings with Hauser. The press leapt on the hearings to justify the Labor Department's demand that the Central States Funds be placed into receivership.

In a recent *EIR* interview, Peter Sullivan, the SPIS staff member reportedly in charge of anti-Teamster operations, revealed the hidden purpose served by these hearings—namely, to give law enforcement a "how to" course for setting up "stings" like Brilab:

"I think the idea for Brilab ... I gotta be careful how I phrase this. ... From what I understand ... the Subcommittee's investigation of Hauser prompted official law enforcement interest in labor union racketeering. ... When you read the material (from the hearings), you'll see readily how law enforcement people may have gotten the idea to try a Brilab out. ..."

SPIS staff director William Goodwin was even more explicit on another purpose served by the hearings. According to Goodwin SPIS staff members helped the DoJ "pick their targets ... We identified the weak points, Teamster and ILA leaders who could be hit ... We had the profiles of the people who could be broken. Now the FBI goes in and sets them up. It's like a duck shoot."

After the hearings Hauser was himself selected to be the "decoy" for the FBI's Brilab. Hauser and two FBI agents set up a phony insurance company in Beverly Hills called Fidelity Financial Consultants. They were vouched for as legitimate agents by Prudential Life Insurance, a subsidiary of the Anglo-Dutch Unilever Corp. with a long record of involvement in political Watergates since its agents toppled Newark Mayor Adonizio.

This trio toured the Southwest leaving a trail of \$10-15,000 fees doled out in \$100 bills on the desks of influential labor leaders and politicians whose support was sought for insurance contracts. In Feb. 1980 a team of FBI agents followed these trailmarkers around Louisiana, Texas, and Oklahoma delivering subpoenas to grand juries convened in New Orleans and Houston.

Among those targeted in Brilab are: Gov. Edwin Edwards of Louisiana, a spokesman for high-technology development who was also hit by Civiletti's Justice Department in Koreagate; and Texas Speaker of the House Billy Clayton who is a leader of forces committed to industrial progress throughout the Southwest. Via Brilab, the Trilateral Commission has been able to force its economic policy of "controlled disintegration" more deeply into the Southwest, one of the few regions that has maintained pockets of growth in the current crisis.

The roots of Abscam/Brilab

Attorney General Benjamin Civiletti, just-retired FBI Assistant Director Neil Welch, and other leading *dramatis personae* in Abscam were trained in blackmail, trial-by-press, entrapment and other Gestapo tactics now standard operating procedure at the Justice Department during the “Kennedy Justice” years.

It was under Attorney General Robert Kennedy that the first unit of what were to become known as the Organized Crime Strike Forces (OCSF) was formed. Headed by Kennedy family protégé Walter Sheridan, a veteran of the FBI and former chief of the Counterintelligence Section of the top-secret National Security Agency, the original Strike Force had a single priority: get Teamster president Jimmy Hoffa by any means necessary. Toward this end, Sheridan could draw on the files of the 1956 McClellan Committee hearings on the Teamsters for which Bobby Kennedy (trained as an aide of Sen. Joe McCarthy) served as chief counsel.

According to Victor Navasky, author of *Kennedy Justice*, the Strike Force was “in touch with grand juries throughout the country. It had an undercover air of mystery about it. Its *modus operandi* was cloak and dagger.”

It was also grossly illegal. One of Bobby Kennedy’s first acts as Attorney General was to order massive illegal wiretaps drawing on the expertise of NSA-trained Strike Force head Sheridan who established fronts like International Investigators, Inc. for this purpose.

Only after 30 indictments had been filed against Hoffa and Bobby Kennedy arrived at a near perfect “frame-up” was the Strike Force deployed on other cases. In 1964, for example, Kennedy sent Neil Welch, who would later run Operation Abscam as Assistant FBI Director, into the South with his “Get Hoffa Squad” and with John Doar, his chief civil rights “troubleshooter,” on a mission to turn “Mississippi Summer” into a racial conflagration. U.S. intelligence sources report that this team set in motion a triple assassination against: three civil rights leaders Chaney, Goodwin and Schwerner; Sam Bowers, head of the Mississippi KKK; and, Martin

Luther King. Aborted at the last moment by President Johnson, the operation became the model for race riots throughout the 1960s.

The OCSFs in operation in 13 cities today have carried on this tradition. One recently retired veteran of the Detroit Strike Force told *EIR* last month: “When there were no fights in the Teamster leadership, we’d hire a professional hitman to go out and blow a couple of Teamsters away to get it started.”

Another tradition set by Bobby Kennedy, whose father made his initial fortune bootlegging whiskey, was to protect the “Mr. Bigs” of organized crime in America. In fact, many graduates of Kennedy’s “Get Hoffa Squad” went on to become top staff members of Dope, Inc., the international network of offshore banks and front companies whose annual income from drug trafficking has been conservatively estimated at \$100 billion.

Among them was Robert Peloquin who was named head of the first official OCSF setup in Buffalo on orders from Attorney General Ramsey Clark in 1966. Together with Neil Welch, then FBI Special Agent-in-Charge for Buffalo, Peloquin slapped Stefano Maggadino with a death bed indictment. Amidst great publicity, Welch and Peloquin announced that the indictment of “Don Maggadino,” who died before his trial, marked the end of organized crime in Buffalo.

In their investigation, Welch and Peloquin carefully sidestepped the Jacobs’ families Emprise/Sportsystems empire, which law enforcement personnel have since identified as a nexus for Dope, Inc.’s narcotics trafficking and dirty money laundering. Later, Henry Peterson, head of the DoJ’s Organized Crime and Labor Racketeering Section, and five other Kennedy Justice “Old Boys” took top-level executive posts with Emprise/Sportsystems, whose founder ran whiskey with Joe Kennedy, Sr.

Robert Peloquin and his former boss, William Hurdley, who had been Kennedy’s Assistant Attorney General in charge of the Criminal Division, went on to found International Intelligence, Inc. which today provides security for casinos in Las Vegas and Atlantic City. Intertel is believed to form the core of the Kennedy family’s private intelligence establishment, working closely with Walter Sheridan, who is today chief investigator for Sen. Ted Kennedy’s Judiciary Committee.

Today, this Kennedy “Old Boys” network is believed to be the real power directing the Strike Forces. They work through such holdovers from the Kennedy days as Neil Welch, who was ironically selected to oversee the pilot phases of the DoJ’s new war on “white collar crime” despite the fact that his record as a “dirty trickster” was so bad he could never be named FBI director. Under this new cover, the same old policy of protecting the big guys was continued.



Who is Benjamin Civiletti?

U.S. Attorney General Benjamin Civiletti, chief architect of the Justice Department's assault on the labor-industry alliance with Abscam, Brilab, Pendorf, has built his career watergating others. Civiletti's initial exposure to the Gestapo tactics essential to these "sting" operations, was gained first hand as one of the "bright young men" brought into the Justice Department by Attorney General Robert Kennedy.

Fresh out of the University of Maryland Law School, Civiletti was named Assistant in 1962 to then U.S. Attorney Joseph Tydings. "He was hard-working. Not from a prominent family, but hard-working," the son of a former Maryland Senator told *EIR* recently. Tydings had himself been awarded his appointment for managing John F. Kennedy's 1960 Maryland campaign.

Tydings and his staff featured prominently in Bobby Kennedy's "war on organized crime," and the Baltimore U.S. Attorney's office became a model for others to follow. Kennedy frequently visited to map out new tactics with Tydings. "We got away with things no one else in the country could do," Tydings told *EIR*: "Of course, that was in 1962. Today, our methods have become standard operating procedure."

Introduced into the old-guard Episcopalian and Zionist families who run Baltimore, Civiletti was invited to join the elite law firm of Venable, Baetjer and Howard. He remained with this firm until named Assistant Attorney General at the DoJ's Criminal Division in 1977.

Many of Civiletti's Baltimore associates played prominent roles in Watergate, the first phase of the Trilateral Commission's current "sting" operations against the labor-industry alliance. The infamous "plumbers unit" which carried out the actual Watergate break-in foisted itself on the White House in the same way the "sheik" did Abscam victims. Informants "leaked" the coverup to reporters at the *Washington Post* and *Boston Globe* who were complicit in the "scam."

Stephen Sachs, one of Civiletti's close friends on Tydings' staff, handled the "Dump Agnew First" phase of Watergate as then U.S. Attorney for Baltimore. Sachs also "mopped up" Agnew's local political machine by prosecuting Md. Gov. Marvin Mandel.

Sen. Paul Sarbanes (D-Md.), formerly a Congressman who drew the first bill of impeachment against Nixon for the House Judiciary Committee, had been a patron of Civiletti's at Venable, Baetjer and Howard and later recruited him to be treasurer of his 1966 congressional campaign. Robert Shelton, another former Civiletti law partner, joined Sarbanes as associate counsel to the Judiciary Committee, whose members were instrumental in redirecting the DoJ into its "war on white collar crime" after Watergate.

Appointed Assistant to Attorney General Griffin Bell in repayment for running Carter's 1976 Maryland campaign, Civiletti used his Watergate experience to handle a series of follow-up scandals with which the Trilateral Commission sought to further consolidate power. Among these were: Koreagate which heavily targeted the machine of Louisiana Gov. Edwin Edwards; and, Lancegate which threatened to sink the Carter administration when Jimmy Carter leaned too heavily on his "Georgia Mafia" friends.

Civiletti has earned a reputation as a "killer prosecutor" in his dealings with congressmen, labor leaders, and others in Abscam and Brilab. Yet, he has set an all-time record by freeing 20 terrorists since taking office.

Among these are four Puerto Rican terrorists who are the symbolic heroes of the FALN. Three were jailed for an armed attack on Congress and the fourth for attempting to assassinate Pres. Harry S. Truman! "Civiletti was the brains behind the release," Rep. García (D-N.Y.) told *EIR*. "They never would have been released without his efforts." No sooner freed, than the four unrepentent terrorists called for "the liberation of Puerto Rico from Yankee Imperialism by any means necessary."

Giscard out to stop 'otherwise inevitable' war

by Rachel Douglas

On Sunday, May 18, President Valéry Giscard d'Estaing of France flew to Warsaw, Poland for a summit meeting with Soviet President Leonid Brezhnev. Arranged secretly and announced only at the last minute, the unscheduled summit shocked the NATO alliance—especially the Carter administration.

Brezhnev and Giscard met for five hours. There was no communique from their discussions, but when the French president landed in Paris, he said the summit had achieved its goal of “explanations at the highest level, with the aim of reducing tensions.” French radio described Giscard’s journey as an attempt to avoid a war which would otherwise be “inevitable,” adding that the president sought to strengthen Mr. Brezhnev’s policy line in the U.S.S.R. since it favors cooperation with the Europeans.

The first high-level East-West contact since the Soviet invasion of Afghanistan just before the first of this year, the meeting in Warsaw shattered the fragile facade of alliance unity constructed in NATO by the Carter administration over several months. The snub was deliberate; when Giscard talked personally with Carter by telephone on Thursday, May 15, concerning the proposal to boycott the 1980 Olympic Games in Moscow, his imminent trip to see Brezhnev was not mentioned.

Both Washington and London reacted to the dramatic diplomatic development in Warsaw with a mixture of outrage and misvaluation. Secretary of State Edmund Muskie, who had met his fellow NATO foreign ministers

in Europe during the previous week, was reportedly “mad as hell” that France proceeded without informing the U.S. His protests over not being consulted, expressed at a May 20 press conference in Washington, sounded feeble, however, because of the Carter administration’s failure to consult or inform the allies before the abortive raid into Iran just three weeks earlier.

In London, the British Foreign Office said tersely, “Our feelings are not for the record.”

At the end of his talks with Brezhnev, Giscard endorsed a Soviet call to hold an international summit of world leaders to discuss ways to prevent war. Giscard suggested that it be held with a smaller number of countries participating, but the effective commitment of France to work for such a meeting is a major event.

Informed political sources indicated that as long as an international summit is on the agenda, a critical margin of global security will be preserved. In anticipation of the summit, these sources said, it is understood in France that the U.S.S.R. will exercise extreme caution in responding to what Moscow considers to be provocations carried out by the United States or NATO. The Soviets will do “nothing,” with the exception of a possible military move into China under certain circumstances, as an ultimate warning to the West.

Neither Washington nor London confessed any understanding of what the summit had accomplished, nor what prompted it. In fact, the stage was set by two meetings held the week of May 12: the NATO ministerial



Brezhnev, with Gromyko, meets Giscard d'Estaing in Warsaw May 19.

Photo: Sygma

session in Brussels and the summit of the Warsaw Treaty Organization countries in Poland.

Giscard finalized his plan to meet Brezhnev after witnessing pressure tactics applied to the allies by Muskie and U.S. Secretary of Defense Harold Brown on the question of harnessing the whole of NATO to American policies in the Middle East. When on May 15 in Vienna, with the Soviet foreign minister sitting five feet away, Muskie delivered a tirade against the U.S.S.R. as comparable to Hitler Germany, Giscard accepted the Polish and Russian bid for a meeting.

Also in Vienna, the French received a hint from Gromyko that proposals fielded by Giscard for a solution to the Afghanistan crisis might serve as a basis for negotiation, contrasting sharply to a British "neutralization plan" for Afghanistan that Moscow had rejected.

Euromissile question revived

The question of NATO's deployment of 600 new, medium-range nuclear missiles in Western Europe—with 4-minute flight time of Soviet targets—was on Giscard and Brezhnev's agenda. Paris, not party to the December 12, 1979, decision for this deployment because France is not part of NATO's military organization, had previously steered clear of this crucial issue.

The May 13 communiqué of the Warsaw Pact summit, the document which called for an immediate summit of leaders from "all regions of the world" to cool out a pre-war situation, once again raised the issue of the

Euromissiles, as they are known. It said that negotiations on this class of weapons could commence if NATO revoked it or *delayed* its implementation. Thus, Moscow and its allies made official an opening to talks previously only hinted at. At the time of the NATO decision in contrast, Gromyko had declared that anything short of complete annulment would make talks "impossible."

The Soviets evaluated the December 12 decision as a fundamental capitulation by Western Europe to the Carter policy of confrontation and, probably, thermo-nuclear war. Moscow military analysts repeatedly called the Euromissiles part of a NATO attempt to create "first strike" capabilities against the Soviet Union. The Soviets pointed out that while Washington—following the so-called "Schlesinger doctrine"—foresees a European theater-limited nuclear war, utilization of these weapons would mark the beginning of full-scale nuclear combat between the Soviet Union and the United States.

The Paris daily *Le Figaro* underscored the pivotal nature of the Euromissile questions in a May 19 commentary by Serge Maffert, after the Giscard-Brezhnev talks. The present international crisis, he wrote, could more accurately be dated to December 12, 1979 than to the Soviet move into Afghanistan.

In April, Chancellor Helmut Schmidt of West Germany proposed a "freeze" on implementation of the missile plan. At the time, Moscow commentaries dismissed the idea as meaningless, but in a May 1 interview to the Hungarian daily *Nepszabadsag*, Soviet informa-

tion chief Valentin Falin stated that Western Europe, especially West Germany, understood better now than it had in December that the decision was a threat to its own security.

The Warsaw Pact accompanied its initiatives with a loud drumroll of military preparedness and warnings to the United States. *Pravda* on May 12 accused Washington of attempting "nuclear blackmail" in the Middle East, while Commander in Chief of Warsaw Pact forces Marshal V. Kulikov said at the gathering in Poland that the organization was set to achieve a new, tight centralization and streamlining of forces that would make possible a "permanent mobilization capability."

In a commentary on the NATO meeting, Radio Moscow focused the point the Kremlin wanted Europe to absorb: "It is hard to recall a NATO meeting which took place in such an alarming atmosphere. ... There is a psychological attack by the U.S. on its allies. ... They threaten them with the consequences of the allies' departing from solidarity. Western Europe follows ... with reservations. But the fact remains that they follow. The price might be too high for them. U.S. policy might lead

to the brink of a big war during which entire countries might burn up."

Afghanistan, the Euromissiles and an international summit were the chief items reviewed by Giscard and Brezhnev. But the French made clear, as Maffert wrote in *Le Figaro*, that Giscard intended, not to serve as an East-West "intermediary," but to reestablish the conditions for global detente in East-West relations, to break down "the total wall of incomprehension which separates the West and the Russians on all security matters."

Headlines in America trumpeted that West Germany had been "the most offended" over Giscard's diplomatic foray, because Chancellor Helmut Schmidt was slated to go to Moscow to talk to Brezhnev in June. In reality, Bonn expressed satisfaction. Government spokesman Klaus Boelling called the Warsaw summit a step for detente in the right direction, "a valuable contribution to a revival of the East-West dialogue." Giscard's foreign minister, Jean François-Poncet, flew to Bonn May 20 to brief the West Germans on the talks.

Following Schmidt's decisive landslide victory in North Rhine Westphalian elections May 11, where he

Muskie's first official provocation

Secretary of State Edmund Muskie's first diplomatic engagement with Western Europe and the Soviet Union has convinced both that the United States government remains committed to a policy of confrontation, the same policy which led to President Carter's abortive "rescue aid" in Iran.

In Muskie's first official State Department press conference May 20 upon his return from Europe, he sharply criticized the French government for failing to consult with Washington over the French-Soviet summit in Warsaw. France was undercutting western solidarity by pursuing its own negotiations with the Soviet Union, he charged.

In fact, it was France's perception that the new Secretary of State would do nothing to reverse the Carter administration's foreign policy—which France believes could lead rapidly to World War III—that induced Giscard to travel so hastily to meet with Brezhnev in the first place. Commented the newspaper *France Soir*: "Giscard knew that he ran no other risk than to give one more chance to safeguard peace."

This European perception was the result of Muskie's and Defense Secretary Harold Brown's strenuous efforts to armtwist continental Europe to agree to an extension of NATO outside its treaty-mandated

area, to abandon their independent efforts to achieve a Mideast settlement, and to shift their economies toward military production. Muskie in his press conference back in Washington frankly admitted that his aim was to impose a "limited sovereignty" on Western Europe: "I hope to make clear the limits within which our allies are expected to cooperate, the limits of detente with the Soviet Union," he said.

Europe's leaders were also shocked at Muskie's provocative treatment of Soviet Foreign Minister Gromyko when the two met in Vienna last week. Muskie announced before the meeting took place that it would be a mere "fencing exercise" or "diplomatic minuet," in which it would be up to Moscow to decide whether detente should be continued—on Washington's terms—or not. Muskie dismissed as "cosmetic" a proposal by the Afghan government for withdrawal of Soviet troops provided that the United States, Iran and Pakistan would agree not to finance rebel activities against Afghanistan. By contrast, Bonn, Paris and London described the proposal as worthy of thorough examination and consideration.

But, as the Paris daily *Le Monde* May 18-19 pointed out, Muskie's attempt to bluff and bluster at Gromyko backfired against the Secretary of State:

"Widely displayed on Thursday, the smile had gradually disappeared by Friday. At 2000 hours on May 15, when the American Secretary of State left his tête-à-tête meeting with M. Gromyko and walked toward the journalists, he was slightly pale. The few

campaigning for his party on the issue of war or peace, he is politically in an improved position to join Giscard in initiatives to the East. A revived Franco-German power play points the way to the real basis for making emergency war-avoidance efforts like the Giscard-Brezhnev talks succeed. Just before flying to Poland, Giscard met with President José Lopez Portillo of Mexico, on tour in Europe to seek political and economic support for Mexico's industrialization effort: including nuclear power development.

This emphasis in Lopez Portillo's consultations pointed to the soundest element underlying French policy: commitment to economic development of the third world. The French and German effort to create the European Monetary System was aimed at fostering international stability through financing such industrial development, overriding institutions like the International Monetary Fund which couple developing sector loans with demands for austerity and, eventually, population reduction. Giscard's proposals for a new, gold-backed world monetary system, due to be announced in June, require Bonn's wholehearted backing to succeed.

phrases that he dropped in passing left no doubt: after three hours of meeting—checkmate. He could not announce anything positive, and suddenly no longer even thought of reaffirming the American positions.

"The power which launched the boycott of the Moscow games and adopted economic sanctions after the invasion of Afghanistan has just been shown the door by the country it wanted to place in the dock of the accused

The meetings of May 16 were a trial for Muskie, who found disagreements with the foreign ministers of France, Britain and West Germany at every turn.

"[And at the state speeches honoring Austria's 25th anniversary] M. Muskie placed his hands on the speaker's stand but his foot in his mouth. After a few glowing sentences for his hosts, he got right to the point: 'The principles of neutrality, of independence and territorial integrity, so respected in the case of Austria, are today being violated. . . . An aggression anywhere threatens security everywhere. The United States and the countries which support it . . . have decided to continue to say that the price for aggression must be paid.' Despite progress in America's will to maintain the East-West dialogue, on the whole it was like a punch in the jaw.

"Austrian Chancellor Kreisky took on that distant air that one assumes when a guest uses rude words at the table. A mocking, eloquent smile crossed Gromyko's face. His entourage was to call him 'shocked' at this political usage of a ceremonial occasion. . . ."

No hope for Africa in Club of Rome 'dialogue' plan

by Mary Brannan, Wiesbaden correspondent

The Organization of African Unity (OAU) held an economic summit in Lagos, Nigeria on April 28-29, to discuss Africa's disastrous economic plight. The OAU Secretary General Edem Kodjo declared at that summit:

"Africa is living through difficult times, such difficult times that its survival is in question, its future is an enigma. It is far from our wish to blacken the situation which is being laid out in broad daylight in all its precariousness and desperation . . . it is enough for people to look hard at the continent, to count its problems, to analyze its impasses, to establish the situation without complacency for its weaknesses, to recognize the hard and implacable fact, the unbearable fact: Yes, Africa is in danger of death . . . yes, Africa is dying."

Africa is indeed facing a plethora of severe economic problems. A ten-fold increase in the price it has to pay for oil has occurred since 1973. Falling food production and starvation threaten hundreds of thousands in East Africa. It is becoming nearly impossible to obtain loans on the international market—German banks, for example, ceased lending one month ago. Africa is left with virtually no alternative to accepting the International Monetary Fund's (IMF) dictatorship.

Civil war and coups

These are not the only problems facing African leaders. In the last month, civil war in Chad has intensified, there have been military coups in Liberia and Uganda, an attempted coup in Rwanda, rumors of a coup in the Ivory Coast, and an attempted assassination of Guinean head of state Sekou Touré. And beginning May 20, the branch of British intelligence known as "Amnesty International" will launch a destabilization attempt against the government of Zaire, accusing it of "repression."

Africa is indeed in danger of dying, but it is not the unfortunate victim of arbitrary processes. Africa is the victim of Malthusianism, centered in the Club of Rome, the International Monetary Fund, the World Bank, the Council on Foreign Relations (CFR), the United Nations Organization, UNESCO, OECD, etc. Malthus was an employee of the British East India Company, and his

zero-population growth policy was aimed at preventing the development of large, republican nation-states in the colonies. Today's Malthusian aim is almost the same: destroy the nation-states in embryo in the Third World.

What are the Europeans doing?

Giscard d'Estaing proposed the concept of the Triologue to help Africa, i.e., European-Arab-African cooperation for development. The idea was unanimously approved at the French-African summit held last weekend in Nice. The summit heard declarations of despair from the Africans.

However, the communiqué published at the end of the summit proposed the use of "soft technology" and alternative energy sources like biomass, stressed the "positive role" of the IMF and World Bank in Third World development, and said France was considering increasing its contribution to the IMF and World Bank.

These proposals will do nothing to help Africa. Biomass and solar energy are extremely inefficient energy sources. The energy efficiency in megawatts per square meter of biomass is 0.0000001. For fossil fuels, the efficiency rate is 10, while for fission energy the efficiency is 50-200. Robert Galley, France's Minister of Cooperation, would never propose such an energy source for France, as he knows perfectly well that an industrialized economy cannot function with such a low efficiency in its energy base.

The current Triologue proposal, as published by the Elysée, seems to have been rewritten by the Club of Rome. It calls for the use of 'soft technology, adapted to Africa,' alternative energy, and the creation of a club inspired by the Club of Rome and the Club of Dakar (an African version of the Club of Rome) to organize a "cultural triologue" as a substitute for the transfer-of-technology orientation. The Malthusians' "cultural exchange" will publish books, organize exhibitions, etc., will emphasizing the most backward aspects of these cultures. One example of a book they would publish is by Abdel Khader, a member of a mystical Sufi sect.

All this no doubt delights Africa's closest collaborator of the Club of Rome, Leopold Senghor, President of Senegal, inventor of the racist ideology of negritude, follower of Jesuit Teilhard de Chardin and close friend of Willy Brandt and Franz Josef Strauss.

If Giscard d'Estaing and Helmut Schmidt seriously want to prevent genocide on the continent, they must implement the European Monetary System, which would provide longterm, low-interest credits for industrialization of the Third World, and which would end the hegemony of zero-growth institutions "donating aid" to the deserving poor in Africa. The consequence of avoiding such responsibility is genocide ... which will not be restricted to Africa.

Peace and nuclear power

Lopez Portillo's

by Tim Rush

Mexican President José Lopez Portillo arrived in West Germany May 19 for the second leg of an extraordinary European tour which had begun in France three days earlier. The theme stressed by Lopez Portillo and his hosts in both capitals was the same: the imminence of a nuclear world war and the need for total war-avoidance mobilization by the nations aware of this danger.

At the state dinner offered by French President Giscard d'Estaing in Paris, the Mexican leader warned that the "international situation had degenerated to such a point" that "generalized war" is close. Conflicts in the "small and medium-sized countries ... can be the spark which lights the bonfire." This danger "demands the joint and immediate action of countries ... which believe in detente and refuse to return to the Cold War of two decades ago."

In Bonn his words were no less grave: "The prospect of a global war continues as the major problem of the world."

Equally strong were his words of praise for the French and German peace efforts. To Giscard he stated, "We have followed (your) actions to reduce the tensions in various parts of the earth ... with attention and hope." To Schmidt, "We recognize the contribution of the current government of the Federal Republic of Germany to the cause of detente."

"I wish to make two tributes," he added in unprepared remarks at the end of the Bonn state luncheon May 20. One concerns Giscard, he said, "a great contemporary statesman": the other, Chancellor Schmidt. "Our fear, or alarm, is tempered when we realize that there are two statesman in the world of this great calibre."

The timing of his visit placed the Mexican leader in the very center of the dramatic peace offensive undertaken by Giscard with his sudden and unscheduled summit with Brezhnev in Warsaw May 18. Giscard made the preparations for the Warsaw initiative during the two days Lopez Portillo was his guest in Paris, and López Portillo arrived in Bonn on the day Schmidt gave his backing to the French leader's move.

Lopez Portillo threw the weight of one of the Third

meeting with Giscard

World's most influential countries behind the French-West German initiatives just at the moment that the Washington and London governments were responding with fury.

Primary among the hotspots treated in depth by the leaders in both capitals were the Caribbean and Central American situations.

In fact, so serious was the threat of war in this area or the Mideast that reliable Mexican sources say the Lopez Portillo trip was almost cancelled in order to permit the president to devote complete attention to possible developments on Mexico's doorstep.

'A scale model of broader cooperation'

On the bilateral side of the French-Mexican talks, Lopez Portillo declared that the accords under negotiation will be a "scale model of the broader cooperation that must exist as the new world economic order. We are interested in mutually beneficial conversations, transfer of technology and greater volume of trade transactions."

What was actually signed in Paris—a \$300 million, two-part financing package and expansion of nuclear technical exchanges—remain signposts toward future developments rather than the destination itself.

The overriding element was *political* agreement, both in terms of world strategic assessment and the framework of transfer of advanced technology. The way Lopez Portillo put it in a press conference was that "France is adjusting to the type of policies and relations which the Mexican government seeks." Thus a wide range of economic deals, paced by advanced nuclear negotiations (see accompanying article), are moving forward rapidly. In this context—and *only* in this context, as Mexico vehemently reiterates—will Mexico consider increases in its oil export program. The excellent prospects for France in this regard were underscored in the final communique from the Paris visit, where the two countries note that the current export target of 100,000 bpd and its "future increase" form "an important part of the global scheme of cooperation between the two countries."

The joint communique

The following are excerpts from Lopez Portillo and Giscard's joint communique, signed May 17:

Palestine

The two presidents stressed the urgency of a peaceful, just and lasting solution in the Middle East. This solution must be based on withdrawal from occupied territories, the right of all states in the region to security, and the exercise by the Palestinian people of the right of self-determination within the terms of this solution. . . .

Economic growth

They studied the world economic situation which they both found worrisome. They stressed the need to seek forms which permit fighting inflation and world monetary disorder without reducing economic activity.

Mexican-French cooperation

They expressed their willingness to give a vigorous push to Mexican-French economic cooperation in sectors of mutual interest and to favor the successful conclusion of major projects now being studied or negotiated, especially urban transport and railroads; telecommunications; automotive industry; chemicals and petrochemicals; mining and metalurgy; steel; nuclear energy and renewable energies; oil industry equipment; fishing and ports infrastructure. . . . They celebrated the start of implementation of a contract signed between Pemex and the Compagnie Francaise de Petrole providing for shipments of 100,000 bpd of crude oil. These shipments and their future increase form an important part of the global scheme of cooperation between the two countries.

This language and the understandings behind it contrast sharply with the discussions with Japanese Prime Minister Ohira in Mexico City at the beginning of May. Ohira criticized Mexico's efforts to move away from the London and Washington-dominated Bretton Woods system, and attempted "shrewd" bargaining to get promises of more oil before technology agreements were discussed. The final communiqué read like a battle report, not the cooperative discussions of friendly heads of state.

The Brandt problem

A cloud was thrown over this interlinked war avoidance and high-technology development strategy however, by the substantial credibility Lopez Portillo and Schmidt gave the Brandt Commission proposals for "renewed North-South dialogue."

The Brandt Commission, a tool of the World Bank comprised of Anglophile, social democratic Third World figures, proposed in February the separation of "north" and "south" development strategies, to be linked only in the future by mechanisms to channel OPEC petrodollars into Third World *debt repayment* and transfer of "appropriate" low-level technology rather than advanced industry and science.

The proposal would emasculate any successful peace strategy by eliminating the basis for renewed global economic growth. They were drafted consciously as the alternative to the institutional framework which holds the promise of real growth—the European Monetary System and, in particular, its contemplated Phase II extension of credit to high technology Third World projects.

Yet, Lopez Portillo's first meeting upon arriving in West Germany, was with Willy Brandt. Brandt emerged from the 45 minute private talk to say he had Lopez Portillo's backing to a Commission proposal for a heads-of-state meeting to "relaunch" North-South negotiations. Subsequently Mexican Foreign Minister Castañeda confirmed that Lopez Portillo would attend.

Before leaving Paris two days before, Lopez Portillo had endorsed another feature of the Brandt plan by name, "international taxes on trade" in a speech at the Sorbonne.

Helmut Schmidt, for his part, told Lopez Portillo at the state luncheon May 20 that his government "fully supports" the Brandt Commission's insistence that "the interests of North and South" must "be balanced" if "lasting world peace" is to be maintained.

The Mexican President's disorientation on the Brandt Commission can be traced to the role of his Foreign Minister, Jorge Castañeda. Castañeda, the product of over 20 years' service in the tainted "one world" anti-growth United Nations apparatus, has been meeting

repeatedly with Brandt and his lieutenants to map out implementation of the Brandt report.

Tribute to Beethoven

Lopez Portillo's flirtation with the Brandt Report was strikingly at odds not only with his recent designation of nuclear energy as the most important future technology of his Global Energy Plan, but also his glowing tribute to German culture, and particularly the music of Beethoven, in his own formation and that of his generation in Mexico.

"It is a unique privilege to be in this sanctuary of human genius, the sacred site of Beethoven's birth," he wrote in the guest book at the Beethovenhaus in Bonn. "Beethoven—mankind's glory, if any there be, along with a handful of others who are his equal but not his superior, a profoundly human musician and thinker." After seeing the original score of the Ninth Symphony, the Mexican President exclaimed, "If I had to die today, I could go in peace, after seeing this."

Apparently it did not occur to him that the spirit of his remarks—the concept of *universal* human culture and *universal* advances for mankind—frontally challenges the assumptions of the Brandt report, cultural relativism and the "appropriateness" of "indigenous technologies."

'The world situation needs immediate action'

José Lopez Portillo's statement at a May 16 dinner hosted by French President Giscard d'Estaing included the following:

We insist that efforts at peaceful solutions of ongoing conflicts be redoubled. Under the present conditions of grave tension, any of them could overflow its regional locus and become generalized. Thus, we also insist that the runaway arms race be halted.

During the last few months the international situation has deteriorated so much as to require immediate united action by those countries able to sustain independent policies, those which are not responsible for or directly involved in—although definitely threatened by—local and regional conflicts which could lead to generalized war. Recent events clearly show that conflicts involving small and middle-sized countries today present the greatest risks. They could be the spark which lights the bonfire. The most powerful force capable of being counterposed to the danger of war is the active unity and solidarity of those countries which believe in detente and

refuse to go back to the cold war of two decades past.

We have followed with attention and hope your efforts and those of your government to reduce tensions in various parts of the world. Your proposals on security problems in Europe, the Middle East and Asia are realistic, firm, and conciliatory.

... In the short term we live in the shadow of inflation, unemployment, monetary disorder, external disequilibrium, and growing indebtedness of the poor countries. These problems cannot be resolved separately, nor by means of formulas whose obsolescence is proven by their inefficacy.

We understand the sickness of our times and the formulas for curing. However, we lack the political agreements indispensable for founding new structures, mostly because, on one extreme, there are narrowly nationalist perspectives of economic problems, and on the other side, multinational actions which, on shedding nationality, represent total social irresponsibility and no political commitment

We must fight inflation and put the international monetary system in order to assure increased economic activity which would permit backward countries to develop and industrialized countries to achieve better utilization of their productive capacities.

We desire our bilateral economic relations to provide a scaled down model of the much greater cooperation which would surely exist under a new international economic order. We seek mutually beneficial discussions, technology transfer and increased trade.

'Today I have met an exceptional man'

The following is excerpted from a speech by Lopez Portillo to the Latin American diplomatic corps in Paris, May 18.

Mexico is our most palpable demonstration of North South relations. As you all know, we have a 2,000 mile border with the United States, so that, quite literally, North South relations take place in that great scar, healed by now, probably already pardoned, but still a scar at the end of a major amputation...

I have had the profound satisfaction of speaking today with an exceptional man who understands contemporary problems better than almost all other statesmen: The President of France became deeply immersed in our description of Latin America's problems, which are no dangerously critical not only for Latin America, but for the entire world.

The no. 2 industry official talks to EIR

Dr. Nathan Warman, Undersecretary of Industry in Mexico's Resources and Industrial Development Ministry (SEPAFIN), was one of the principal speakers at two days of high level talks between Mexican and French businessmen May 14-15 in Paris. Here are his remarks to Sophie Tanapura, EIR Paris bureau chief, during a break in the discussions:

Q: What is the state of affairs now between Mexico and the United States?

A: Our policy towards the United States is identical to the one that we have towards industrialized countries in general. We have a finite amount of oil and its allocation will be adjusted bilaterally on the basis of preferential terms, and financial resources. We have brought up our oil policy several times in ad hoc committee meetings and during other meetings with representatives of the American government. I think that the point is now well-understood by them. American officials in Mexico have told me that they would respect Mexican policy on oil whatever it may be. And I take that as their official position.

Q: Apparently Japanese Prime Minister Ohira was not very welcome in Mexico during his last visit. Could you explain why?

A: Japan wanted Mexico to increase its oil production. During Mr. Ohira's visit, we made the following point very clear to him: Mexico will export only a limited amount of oil, and this only in respect to its financial needs for development.

Q: What do you think France can offer that the United States and Japan have not yet offered?

A: During President Giscard d'Estaing's last visit to Mexico, a fund has been created for special investments to be used by governmental firms. The Japanese are also discussing this ...

Q: What is the state of nuclear energy policy in Mexico and will anything be concluded with France in this context?

A: For the moment, we have a nuclear test reactor through technical cooperation with Westinghouse. And we are presently very interested to see what the French and the Canadians can offer us. For the moment, we are just looking around.

Lopez Portillo takes a pro-nuclear stand

by Dolia Pettingell

"I believe that the 21st Century will be the nuclear century. As soon as the problems are overcome, and it seems to me that they are extremely exaggerated by the defenders of the environment, there will be no choice but nuclear," Mexican President José Lopez Portillo told the French daily *Le Monde* on the eve of his European trip. This statement, and the reiteration of the same idea in a press conference a few days later, are the strongest statements to date from the Mexican president committing his country to a course of energy development which centers on nuclear power. It also constitutes the first, precise definition of the content of his "global energy proposal" presented to the United Nations in September 1979. Since its first presentation—which López Portillo left deliberately vague—there have been extensive polemics both inside and outside Mexico between those who favor Club of Rome-style "soft technologies," and those who see nuclear power as the fundamental solution to the world energy crisis. Now López Portillo has come firmly down on the side of the latter faction.

López Portillo backed up his strengthened verbal commitment to nuclear energy by also making it one of the central topics of his discussion with the heads of state he is visiting. Significantly, he will be touring three of the major countries—Sweden, France, and Canada—that have made nuclear offers to Mexico. In fact, the entire trip has been viewed by some observers as a virtual "shopping trip" for nuclear technology.

The Mexican government recently commissioned nuclear feasibility studies from companies in several countries—including the three mentioned above. The French company Sofratome released a study stating that Mexico was in a very "good position" to go ahead with the major nuclear program it plans to carry out between 1990 and 2015. Mexico plans to bring on line 2-3 900-MW units a year between 1990 and 2000, 3 per year over the next decade, and four yearly after the year 2010, according to Sofratome.

The French leg of the Mexican president's trip is viewed as particularly important from the nuclear stand-

point. According to press reports, France has offered Mexico "all the reactors it wants," and Mexico is reportedly already sharing French know-how from the "Phoenix" breeder reactor. Mexican-French cooperation in the nuclear field dates from Giscard d'Estaing's historic visit to Mexico City in February of 1979, at which point a number of training and other projects were agreed to.

The specific deals agreed to between Mexico and France on this trip are limited, and involve only training Mexican nuclear technicians in France and joint exploration for uranium in Mexico. Before and during the trip there were rumors that further accords would be reached on French help in the construction of nuclear plants in Mexico, and on uranium enrichment. Nothing was agreed to publicly on these points, although a very positive political climate was established within which further agreements are likely.

The Mexican government was forced to respond to the widespread rumor-mongering in the Mexican and European press that extensive deals with France were about to be signed. Industry Minister de Oteyza told the press that all reports published so far on Mexican purchases of nuclear plants were "pure fantasy," and that Mexico would reach no final decisions on the matter until all offers from the rest of the trip had been fully analyzed back in Mexico.

Mexico's nuclear program

The beginnings of the Mexican nuclear program date back, as they do in numerous developing sector countries, to the period of the Atoms for Peace program of Dwight D. Eisenhower.

This introduced training and research facilities in the country.

In 1964, as noted by the Mexican daily *The News* this week, it was French President Charles de Gaulle who brought with him a proposal for the first commercial nuclear reactor on his Mexican state visit. The timing worked against the idea, however. Mexican President Adolfo López Mateos was at the end of his term and incoming president Díaz Ordaz did not move strongly on the project.

It fell to then-Federal Electricity Commission director José Lopez Portillo in the early 1970s, under Luis Echeverría, to take the plunge and begin the construction of commercial reactors. These were the twin Laguna Verde light water plants on the Veracruz coast, each 650 MW. The technology was contracted through the U.S. firms GE and Westinghouse, with Ebasco participation on the construction management side.

Delays slowed construction to a crawl, until in 1977 Lopez Portillo, as President, ordered a priority effort to

complete the project. Inauguration is now slated for late 1982.

Simultaneously López Portillo mandated a sweeping upgrading of the infrastructure of the Mexican nuclear effort, under the direction of Mexican Nuclear Energy Institute chief Francisco Vizcaino Murray. The result was the 1979 nuclear energy law which established an enhanced research and training capability and a separate entity charged with locating, mining, and refining Mexico's hefty uranium reserves—Uramex.

During the same years the government officially adopted the goal of 20 nuclear reactors by the year 2000, and began preliminary work on siting for the first units.

Political problems with U.S.

With the stage thus set, the question of actually signing the contracts for the next plants has been subject to acute political pressures both within and outside the country.

Within the country, there has been considerable debate over whether to proceed with the Canadians' heavy

water CANDU reactors—alleged by the left to be the more “nationalist” course—or French light water reactors. Environmentalists and other antigrowth forces have argued nuclear is not necessary at all because of Mexico's enormous oil reserves.

Outside the country, Mexico faces unremitting hostility from the United States. James Schlesinger unilaterally embargoed deliveries of enriched uranium to Mexico in January 1978, imperiling the Laguna Verde construction timetable. The deliveries were only resumed a year later when López Portillo and Giscard included a clause in their March 1979 joint communiqué threatening that France would make good on any deliveries sabotaged by Washington.

The depths of the continuing Mexican distrust of American motives and interests was shown in the midst of the European trip as recently as last week. Emerging from a private meeting with U.S. energy secretary Duncan in Paris, Pemex director Jorge Díaz Serrano instructed a spokesman to make clear that “any bilateral, regional or continental criterion is inadequate to provide effective solutions to the energy crisis of our times.”

‘The 21st century: The nuclear century’

Lopez Portillo made the following statement to Le Monde May 16 before departing for France.

Nuclear energy is a question which we want to link with the world energy plan we proposed: take advantage of the time before oil runs out—fortunately in our case that is a very long time—in order to move into a new epoch; and I believe that the 21st Century will be the nuclear century. As soon as the problems are overcome, and it seems to me that they are extremely exaggerated by the defenders of the environment, there will be no choice but nuclear.

At a press conference in Paris, May 17, the Mexican president was asked about nuclear agreements with France.

We have not signed any contracts. We have agreed to study relations in this energy field which Mexico is

considering with great interest, both for our own development and as an aspect of the world energy plan ... which is based on the need to prepare the transition from the petroleum age to the age of other energy sources which will replace it, the most important of which is evidently nuclear.

Mexico, which five years ago imported oil and decided to build nuclear electric installations, now is sure of the advantages obtained from bringing in technologies, and naturally we are interested in what France offers, but we are also open to other countries. ... We judge that large-scale projects must necessarily use enriched uranium. We believe that large-scale projects must necessarily use enriched uranium as things now stand; less ambitious projects, boiling water.

And I will visit Canada, and I'm sure we'll discuss these things there. Mexico is thinking that in the immediate future, during the next few decades, superior technologies will certainly be developed—they are now being worked on in the laboratories and are approaching commercial feasibility; ... industrial-level applications are being studied. Mexico is interested in obtaining these technologies ... and is signing agreements to do so with the countries having them.

U.S. Cuba policy leads to war

by Gretchen Small

Tensions between Cuba and the United States, after a near military incident between them last week, were momentarily cooled yesterday when Cuban Foreign Minister Isidoro Malmierca delivered an official apology to Wayne Smith, head of the U.S. Interests Section in Havana. Cuban MIGs had "buzzed" a U.S. military helicopter while it was searching for four missing Bahamians in the Bahama Straits. The apology included a promise that no more such incidents would occur, according to the New York Times.

U.S. officials were quoted as "pleased" over the apology. The United States has decided to "send them a signal, too," an unnamed State Department official reportedly stated. "We want to see if they will bite on this, and be a little more forthcoming on some of the other issues that divide us from Cuba."

The resolution of this one immediate military tripwire, however, has not pulled Washington back from the brink of confrontation in the region. The high density of Cuban and U.S. military units and equipment circling in tight proximity to each other a few miles off the coast of Florida, in the climate of extreme hostility between the two countries, makes that area a ticking timebomb for another, more dangerous incident and an outbreak of war that would bring in Soviet forces.

The present situation, however, is the result of the Cuban policy adopted by the Trilateral Commission before it installed Jimmy Carter in the White House. Cuba has been targeted to become the "test case" internationally, to prove a Soviet ally can be pulled out of the Soviet orbit and into the "Western fold." This would be the signal for a wave of uncontrollable dissension and turmoil within the Warsaw Pact nations. The "soft" and "hardline" swings in Washington policy over the last four years have remained within that policy framework.

The policy was stated in a 1975 report on Latin America by the Commission on Critical Choices, headed

by the late Nelson Rockefeller. Two Georgetown University pundits, James Theberge and Roger Fontaine, wrote its Latin America Report. Reviewing varied scenarios for interactions between the United States and Cuba based on the "carrot and stick" approach, the CCC Report concluded: "Making Cuba the Socialist camp's first true deserter is good policy because it is a possibility ... Cuba is a test case for the United States."

Roger Fontaine, now an adviser to the Reagan campaign, restated that policy in a March interview, this time with a sense that plans had moved into the operational phase. Cuba must be "put on notice that they either break their military alliance with the Soviet Union, or pay the price," intoned Fontaine. "We should turn the screws tighter and tighter against Castro, and then come in with a substantial carrot." The current economic crisis "gives us opportunities to help Cuba out if Cuba plays the game," he said.

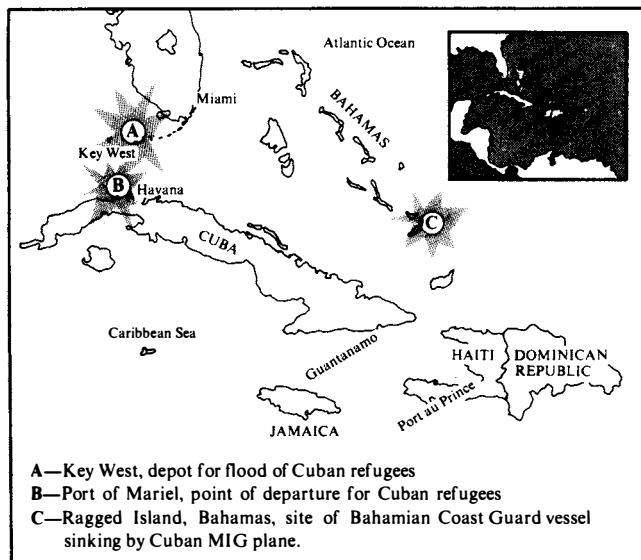
During the last week, the prospect of pulling Cuba away from the Soviets emerged in the press. "One ultimate goal inevitably asserts itself," wrote Kissinger-buddy Joseph Kraft in the Washington Post May 15 in an article on the refugee situation, "Making Cuba Desert the Bloc." How? "A new bout of confrontation may open one route to that goal," Kraft opined, but "perhaps it would be better to give Cuba the kind of help that facilitates the shedding of a Soviet connection that is becoming increasingly distasteful—even to Castro."

The consequences of this policy are not unknown to the Trilateral crowd, whether of the Carter or the Reagan stripe. In one of the wildest scenarios to appear so far, Washington Post columnist Ernesto Betancourt called this week for Washington to begin working out "options" to face the Soviets' inevitable response. Speaking of the "disintegration" of the Castro regime, Betancourt warned that the United States "must be prepared to face the eventuality of a Soviet move to replace Castro," noting the likelihood that Soviet forces may be used. "That is the moment for which we had better start preparing contingency plans," Betancourt concluded.

Havana spring?

In effect, the Carter administration has been carrying out an undeclared war against Cuba, using every covert and overt option available. The desired outcome is the eruption of a new "Havana Spring," like the famous "Prague Spring" in 1968 where British destabilizations of the Czechoslovak regime led to the flowering of a hippy-oriented opposition to the ruling regime.

The war against Cuba has ranged from economic sabotage inside Cuba to biological warfare against its crops, military operations in Cuba's immediate environs, revival of Cold War propaganda, and the instigation of internal unrest. Even intelligence agencies friendly to the



United States view the steady flow of refugees from Cuba as the work of the Central Intelligence Agency.

State Department officials feel their operations against Cuba have been successful, yesterday's Washington Star noted. "The Cuban economy is stagnant, living standards have declined, and people are demoralized."

Rumors are circulating of a serious "debate" among Cuba's leaders over how to respond to Carter's undeclared war. Differences reportedly exist between Defense Minister Raul Castro, a pro-Soviet hardliner, and his brother President Fidel Castro who allegedly favors a more "radical" Third World approach.

But how far advanced is the Brzezinski-run strategy for a "Havana Spring"?

In the past weeks millions have marched in support of the Castro government. Intensely nationalistic after twenty years of living under near siege, one-half the population of Cuba—an estimated 5 million people—were scheduled to again demonstrate that support again today.

The country is preparing for war, both psychologically and militarily, throwing already scarce resources into military preparedness. Castro announced May 1 that plans are being made in case of a new naval blockade that would sever the country's oil supply lines.

However, operating from a paranoid "fortress mentality" in response to the real threat against Cuba, President Fidel Castro in particular has retreated into the worst excesses of his Third Worldist radicalism in an attempt to find allies against the United States. Castro's stated support for Khomeini in Iran and his cooperation and support for Puerto Rican terrorism exemplifies the problem. Agents linked to the Society of Jesus who have worked their way into the Cuban government, are feeding the "radical" tendency.

Once before, British intelligence efforts turned Cuba

into a virtual international deployment center of guerrilla-styled "radicalism," particularly in the Third World. Following the beginning of the U.S. economic blockage and the Bay of Pigs, Cuba encouraged "guerrilla struggles" for "national liberation" across the developing sector, a strategy exemplified by Che Guevara's travels and final demise in the Bolivian mountains.

Under the impetus of this suicidal course, Cuba became a hub of the "ultraleft" antigrowth radicals: K.S. Karol, René Dumont, Regis DeBray, Jean Paul Sartre, and so forth. Today these same men support and "advise" the Iranian experiment in a return to the Dark Ages and control terrorism of the Red Brigades type. Nearly successful in setting up a terrorist-guerrilla international with Cuba as its launching point in 1968, these networks hoped to get Cuba to adopt a full "Chinese" strategy internationally, pushing labor-intensive agriculture, cultural revolution, and anti-Sovietism.

Castro's earlier stupidity and the immediate success of that little project was halted ironically by the developments of Prague Spring itself. When Soviet troops rolled into Czechoslovakia in 1968, Castro made a near 180-degree policy aboutface, coming down hard on the Czechoslovak destabilization and the networks that ran it.

Most taken aback were several hundred "radicals" attending an international conference in Cuba. Intending to use Cuba as the springboard for an international Jacobin campaign against the Soviet Union, the assembled agents and fools were started as Castro leveled a blistering attack on the Czechoslovak "radicals" and their backers as "agents of imperialism." Castro defended the Soviet action as strategically necessary.

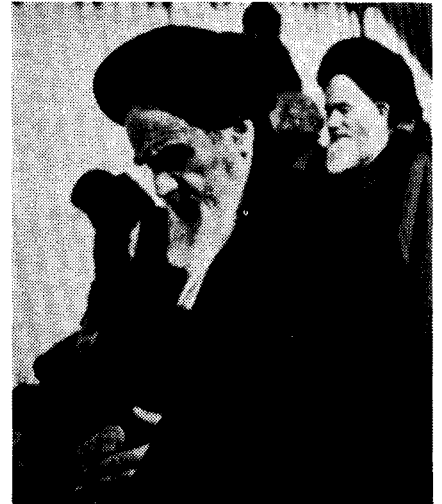
Shortly thereafter, René Dumont, Regis DeBray, et al were booted out of Cuba—under the charge of being "CIA agents."

Apparently Fidel Castro has so far missed the parallel between 1968 and now and is seeking an alliance with the Khomeini regime, whose agricultural adviser is Dark Ages advocate René Dumont! Perhaps he should have paid more attention when Foreign Minister Malmierca was received by Bani-Sadr in Iran with the message that before speaking of mutual defense with Iran, Cuba must denounce the Soviet action in Afghanistan.

It was the strategic significance of the Prague Spring caper, where NATO forces came very close to pulling off a fullscale destabilization in the Warsaw Pact nations, that brought Castro up short the last time around. Trilateral Commission planners who want a Cuban break with the Soviet Union, shattering the Cuban economy and its political structure, are forgetting the dominant "realist" factor in the Cuban government. Their strategy is much more likely to put them in a showdown with Cuba.

Is the end near for the Khomeini regime?

by Robert Dreyfuss



The Islamic Republic of Iran and the Ayatollah Khomeini might not last out the next few months.

According to Iranian sources, the exile opposition to the regime of Khomeini and his entourage is preparing to deliver the coup de grace to the tottering government of Abolhassan Bani-Sadr and the ayatollahs of the Islamic Republican Party. With each passing day—unreported by the Anglo-American press—the anti-Khomeini forces are building up their strength inside the country from bases in continental Europe and the Middle East, especially Iraq, and making the alliances needed to topple the Khomeini regime.

At the same time, a multi-level factional struggle has erupted in Teheran over the past few weeks that, according to Iranian and American sources, will shortly lead to the downfall of President Bani-Sadr. Outflanked by his factional enemies, Bani-Sadr is losing a rearguard battle to save his presidency to a coalition of the so-called “Syrian faction” in Iran and the Islamic Republican Party of Ayatollah Beheshti and his clerical mafia.

The result of the external pressure on Iran and the threat of an organized uprising by the Iranian population against Khomeini, combined with the fractious political situation in Teheran, is that the very same Anglo-American intelligence circles that put Khomeini into power in 1979 are now themselves deeply divided and uncertain about how to proceed. While the secret services of Great Britain and the United States are still fully committed to maintaining the Khomeini regime in power, at the same time they have begun to cast about for strengthened links with the exile opposition in order not to be caught short if and when Khomeini’s clique is ousted from power.

Bakhtiar and the generals

Inside Iran, a clandestine army is being assembled among the dissident tribal and ethnic groups in the provinces, among the army, and in the once prosperous

Iranian middle class that seethes with hatred for the perverse mullahs of the Khomeini clique. According to Iranian sources, the temperature is right for a mass uprising that would spread in ripples throughout the country as early as the summer of 1980.

Earlier this month, according to Iranian sources, broadcasts of a newly established Radio Free Iran began beaming into the country from a transmitter believed to have been erected in neighboring Iraq. In one of the first broadcasts, General Oveissi—former military governor of Teheran—told to the Iranian people to prepare for “difficult days ahead” and to store up foodstuffs, water, and medicine for the coming struggle. Soon, he said, Iran would be rid of the Khomeini regime. Indicative of the fragile hold of that regime on the population, many thousands of Iranians all over the country went on a panic buying spree to prepare for the counterrevolution, creating shortages of necessary goods in several cities.

In Azerbaijan, whose capital, Tabriz, is the second largest city of Iran and the political center for the populous northwest, former National Iranian Oil Company Chairman Hassan Nazih is reportedly organizing an extensive political network opposed to Khomeini throughout the whole province, which comprises as much as one-third of Iran’s entire population. Many of Iran’s military commanders and moderate Ayatollah Shariatmadari, now under house arrest in Qom, come from Tabriz and other parts of Azerbaijan.

In a recent interview in *Le Monde*, Nazih declared that his goal is the establishment of a “secular, republican” government to replace that of the mullahs. According to Iranian sources, Nazih is working closely with exiled Prime Minister Shahpour Bakhtiar, the last Iranian government chief before the revolution. Bakhtiar, who presently lives in Paris, has made several trips to Baghdad, Iraq, for strategy sessions with other Iranian leaders to prepare for the actual counterrevolution.

Rallying to the support of Bakhtiar and Nazih, in particular, are the leaderships of the Iranian Arabs, the Kurds, and the Azerbaijanis, as well as other tribal and ethnic blocs including the Bakhtiaris, the Lurs, and the Qashquis. Further, according to Baluchi sources in Western Europe, within the next two to three weeks a major revolt along the lines of the Kurdish civil war will erupt in Baluchistan in southeastern Iran near the Pakistani border.

The Kurds, reported to be led by General Palizban of the old Iranian armed forces, are engaged in what can only be called a full-scale war against the Khomeini regime. Earlier this month, the latest attempts to mediate the conflict broke down and heavy fighting broke out again. The general staff of the Iranian armed forces, which is unwilling to pursue the campaign against the Kurds, has seen itself shunted aside in favor of the fascist Revolutionary Guard, which has borne the brunt of the fighting in Kurdistan. In mid-May, several officers in the army were summarily executed for refusing to obey orders and lead attacks on the Kurdish rebels.

In Khuzestan, inhabited by Iranian Arabs, the level of civil unrest and sabotage actions is rising significantly, with its major effect being the sharp reduction in Iranian oil output, now down to less than 500,000 barrels a day, compared to more than 4 million last fall and over 6 million barrels per day under the Shah. That has had a dramatic impact on the Iranian economy. Virtually every sector of the economy has ground to a halt, and shortages of meat, milk, and other goods are widespread. The army of millions of the unemployed is swelling every day.

Publicly, the Iraqis have let it be known that they are willing to support the opposition to Khomeini, giving political support to the Azerbaijan rebels and arms and ammunition to the Kurds and the Arabs. In addition, several Iraqi Shiite leaders including Ayatollah Kho'i are in clandestine contact with several ayatollahs in Iran who are said to be prepared, at the right moment, to make a series of announcements supporting the anti-Khomeini opposition.

According to the apparent timetable of the revolt, the exiles expect the rebellion to begin in earnest in late spring or early summer and then snowball into general strikes and finally a popular uprising. That process actually began during September and October of 1979, but it was halted with the seizure of the 53 U.S. hostages by the Khomeini regime in November 1979. That act, perpetrated with the full knowledge and encouragement of the Brzezinski National Security Council and the U.S. Department of State, was calculated to provide a pretext for propping up the Khomeini regime.

The U.S. government's solicitation of the embassy seizure by inviting the Shah to the United States created a political rallying point for the Khomeini regime, and permitted the Ayatollah to mobilize the Iranian masses

in a show of hatred for the United States and the Shah. Naturally, the sudden show of hostility to an "outside enemy" caused the Khomeini opposition to lose the momentum needed for an uprising to develop.

Second, nations like Iraq and the Bakhtiar forces were put in a difficult position to the extent they planned any intervention militarily from the outside. In such an event the hostages would likely have been killed by the Khomeiniacs, with the blame falling on the forces about to become the new government. Moreover, U.S. and British intelligence agencies, for the same reasons, could openly, so to speak, oppose the overthrow of Khomeini, and undermine the opposition's efforts to prevent "danger to the hostages."

Leading Iranian sources have indicated that they believe that this was the chief reason that the Carter administration invited the Shah to America and sponsored the takeover of its own embassy, to protect the regime of the Ayatollah Khomeini.

Both Iranian and European sources make the same point concerning the supposed U.S. attempt at militarily "rescuing" the hostages last month. Of course, every feature of the operation, as both European and American sources point out, was predesigned to fail as far as a rescue was concerned. Now, top French officials have been quoted by the May 17 *Washington Post* as saying that the "fiasco" of the U.S. action against Iran "stopped the counterrevolution" against Khomeini.

It is *EIR's* information that Israeli intelligence, which controlled the Shah's air force officer corps and thereby played a key role in bringing the Ayatollah to power in February 1979, has also been involved in operations against the Bakhtiar opposition to keep Khomeini in power. The same May 17 story in the *Post* quoted exiled Iranian sources complaining that Israeli intelligence, pretending to offer its support to Iranian groups seeking Khomeini's overthrow, is actually helping to "sabotage" any plans by the opposition "that displease Washington".

In such ways, the Carter administration which brought Khomeini to power and has solicited and exploited the hostage crisis to keep all of Europe on the verge of economic disaster, has placed as many obstacles as it can muster in the way of any operations from within or outside Iran that would overthrow the made Ayatollah's regime.

Nevertheless, tension does remain between the civilian, republican leadership of the opposition movement and the military. Bakhtiar and Gen. Oveissi, although they have met, do not get along, and it is felt that the generals around Oveissi are less principled and more ready to work with Anglo-American circles. One Iranian source says that within a few months of the establishment of a new Iranian regime the civilians would be shunted aside by the generals in a de facto military coup.

Is the end for Bani-Sadr near?

by Nancy Coker

“The overwhelming majority of the people want a prime minister who represents order, security and moderation. They are gradually getting fed up with personal and group anarchy and with the tendency that wants to consolidate murder instead of decisiveness.” With those plaintive words, Iranian President Abolhassan Bani-Sadr pleaded his case in an interview in his own newspaper, *Islamic Revolution*. In the interview, calculated to answer the Islamic Republican Party led by Ayatollah Beheshti, Bani-Sadr denounced what he called attempts to put the country under “religious fascism” by groups “seeking to reestablish political despotism under the guise of religion.”

Beheshti, said Bani-Sadr, is trying to place Iran under a fascist and “obscurantist dictatorship.”

But the interview represented the crying out of a politically dead man. Almost entirely lacking a political base when he was elected, Bani-Sadr is now scrambling to put together a coalition that can withstand the intense pressures of the IRP mafia and Beheshti. His chances of success are rated nil. Increasingly, Bani-Sadr is being pushed into a bloc with the Iranian left, in particular the Islamic Mujaheddin party, and further and further away from the mainstream of the country. To that extent, Zbigniew Brzezinski and the National Security Council are ready to dump Bani-Sadr in favor of the Beheshti IRP faction.

London's Bani-Sadr

Since his election in January, Bani-Sadr has been the darling of the Anglo-American circles associated with Cyrus Vance's State Department and Britain's Lord Carrington and the Royal Institute for International Affairs.

When he was elected, he was viewed as the Great White Hope by the Vance-Carrington faction. Immediately after his election, Vance and Carrington put together the United Nations Iran Commission whose mission was to seek a way to reconcile the United States and Iran and have Bani-Sadr lead Iran into a de facto bloc with

the Anglo-Americans against the Soviet Union over Afghanistan. That operation, however, collapsed in February when it was undercut by the Beheshti-IRP faction which convinced Ayatollah Khomeini not to go along. Bani-Sadr proved unable to win enough Iranian support for his proposed deal.

Now, despite repeated urgings from the British, Bani-Sadr has been incapable of even putting together a government, and Iran is still without a prime minister and a cabinet.

Moreover, the recent parliamentary elections, which resulted in a majority for the IRP, have given Beheshti a political power base upon which to relaunch his bid for power. In this context, Beheshti and the mullahs around him—including Ayatollah Khalkhali, the head of Iran's Muslim Brotherhood, and the radicals around Ahmed Khomeini, the son of the ayatollah, Ayatollah Montazeri, and the so-called “Libyan faction”—are much closer politically to the Brzezinski faction in Washington than the relatively more sane Vance-Carrington clique. With Foreign Minister Ghotbzadeh trailing along behind them, the radicals are building up for an immediate confrontation with the Soviet Union over Afghanistan and with Saudi Arabia and Iraq in the Persian Gulf, as Brzezinski seeks.

Last week, in the first action of the attempted comeback by Bani-Sadr, he announced the dismissal of Ayatollah Khalkhali as revolutionary judge.

To build a base for himself, Bani-Sadr has been seeking to forge alliance with both the left and the military. Concerning the latter, he let it be known that his choice for prime minister was Admiral Ahmed Madani, who is very close to British Petroleum, and who has a reputation for being relatively anti-clerical that gains him support among the middle class. The *Financial Times*, reporting on Bani-Sadr's activities, said that Bani-Sadr “has correctly tapped the public mood of intense weariness with revolutionary confusion and the intolerant swaggering of the mullahs.”

When Beheshti's IRP attacked the armed forces for trying to stage a coup d'etat with the “cooperation of Fifth Columnists, Free Masons, British intelligence, and Israeli intelligence,” and when Khalkhali also accused the army leadership of plotting with the CIA to overthrow the regime, Bani-Sadr defended the integrity of the armed forces. According to Iranian sources, Bani-Sadr desperately needs to build up the regular army as a political counterweight to the Revolutionary Guard, commanded by Abu Sharif of the so-called “Syrian faction,” including Ghotbzadeh, Defense Minister Chamran, and acting Prime Minister Tabatabai. He thus seeks to defend the army against its critics.

Partly this is designed to prepare the way, eventually, for an actual military alliance between Iran and NATO.

But for now, Bani-Sadr is just trying to stay alive politically. This has taken him so far as to defend the army and the air force when members of the IRP noted that the U.S. helicopters on the ground in Iran, abandoned after the aborted American raid, were bombed by the Iranian Air Force, thus destroying precious papers and evidence concerning the raid.

The Stanford mafia

In the pages of the Iranian press, the IRP has taken to attacking the so-called "Stanford mafia" around Bani-Sadr. This group derives its name from the fact that many, if not most, of them have been trained at Stanford University in California. Bani-Sadr is well-known for statements following the Iranian Revolution that "Tehran is a monstrous parasitical city ..." which "I propose to depopulate." He called for the Cambodianization of Iran "by persuasion and not by force." Bani-Sadr's prime intelligence contacts in Europe are with the anthropology and sociology departments of the Sorbonne and the Ecole Pratique des Hautes Etudes of Paris. He is a protégé of French radicals, Jean Pierre Vigiers, Rene Dumont, and Michel Foucault who worked with Jean Paul Sartre in running French environmentalist and terrorist networks. In Britain, Bani-Sadr is associated with the Bertrand Russell Peace Foundation and in Italy, with the Lelio Basso Foundation which works closely with the Mujaheddin.

According to travelers recently returned from Iran, numerous government ministries are presently staffed with young Iranians who were educated either at Stanford University or Georgetown University in Washington.

For every step that he takes toward bringing Iran into alignment with the Anglo-American camp, Bani-Sadr is thus further tarred by the IRP-Beheshti crowd as an American "agent."

According to sources close to Bani-Sadr, the Iranian president is also seeking to form an alliance with the Mujaheddin. Recently, the leader of the Mujaheddin, Massoud Rajavi, served as a mediator between Bani-Sadr and the rebel Kurds, although the mission failed to reach any positive result. Rajavi's international connections reveal his close links to the same political circles that, in the days before the revolution, backed Bani-Sadr. Attacking the U.S. raid into Iran last month, in an interview in an Iranian newspaper, Rajavi made an argument that sounded exactly like something that Cyrus Vance might have said just before he resigned. The hostage-taking episode in Iran "enabled some forces in the United States to overcome the public's Vietnam complex, push moderate elements aside, ensure that Brzezinski's line prevails over Vance's, isolate Iran ... and blackmail the European allies."

Iran embraces Afghan rebels

by Judith Wyer

The Islamic Conference of Foreign Ministers ended this week sharply divided over the issue of challenging Soviet military presence in Afghanistan. Iranian Foreign Minister Sadegh Ghotbzadeh led the call for an Islamic opposition to the U.S.S.R., with Pakistan's military strongman General Zia ul-Haq supporting him. They were opposed by Syria, Algeria, Libya, South Yemen and the Palestine Liberation Organization.

Ghotbzadeh issued the most virulent anti-Soviet diatribe at the conference and stunned the participants from the 38 Islamic nations when he paraded eight Afghan Muslim insurgents into the conference hall as part of the Iranian delegation. Ghotbzadeh called for full backing by the Islamic nations of the Muslim rebels' insurgency against the Soviet-backed government of Babrak Karmal. In his speech to the gathering he called the Soviet invasion of Afghanistan "a flagrant violation of international law carried out in total disrespect for the sovereignty and territorial integrity of Afghanistan." Ghotbzadeh later told the press that "for us the liberation of Afghanistan is not less important than the liberation of Palestine." He warned that if the hostilities do not cease between the Muslim rebels and Soviet occupying troops, "we have no choice but to help them with everything we have. ... We will go all the way" with the Afghan rebels.

Western diplomats were surprised by Ghotbzadeh's vitriolic denunciation of Moscow in view of a newly agreed upon Iranian-Soviet trade package. One source noted that Iran "has never taken such a blatant public stance against the U.S.S.R."

Also a little unnerved by Ghotbzadeh's performance was Pakistan's General Zia, whose country hosted the affair. In his keynote speech, Zia issued a more low key denunciation of the Soviet occupation of Pakistan's neighbor and in this context urged the conference to back his plan to create an "Islamic Army" to contain "the Soviet threat" to the region. The Islamic governments of Pakistan and Iran are the prime client states of Great Britain in its effort to forge a NATO-controlled

Islamic military pact against the U.S.S.R. Britain's Foreign Minister Lord Carrington made public such a plan last month in Washington following talks with President Carter. Britain and its Islamic friends have attempted to use the "threat of superpower aggression" in the strategic Persian Gulf-Indian Ocean region as justification for the Islamic pact scheme.

Unlike Ghotbzadeh, Zia, however, has not flaunted his support for the Afghan rebels, knowing such a cavalier action might yield direct Soviet military reprisals against his shaky regime. Iran got a taste of such reprisals yesterday when Soviet helicopters flew across the Iranian-Afghan border and attacked a border village in northeastern Iran. This was the first military adventure launched from Afghanistan since the December Soviet invasion and the first time since the 1946 Soviet occupation of northern Iran that the Soviets have made any incursions there.

Iran's border with Afghanistan has been one route for smuggling logistical support to the Muslim insurgents in Afghanistan. And Pakistan has become a prime conduit for Chinese arms shipments since Zia worked out an agreement with Peking during a recent visit there.

A cosmetic reconciliation

During the last day of the conference Pakistan made a proposal to the conference that a committee of Islamic Foreign Ministers be formed to help resolve the Afghan crisis by facilitating a Soviet troop withdrawal. Earlier, there had been reports in numerous European newspapers that Iran and Pakistan would jointly attempt mediation in Kabul.

But according to senior diplomatic sources, the only country with the credibility to work out such an agreement with the Kabul government and Moscow is India. The Indian Foreign Minister Ram Sathe arrived in Kabul for talks of the 22 or May, the same day the Indian Information Minister met with Gromyko in Moscow. The French government is known to be heavily involved behind the scenes in such a diplomatic effort, the baseline of which is a four-point plan for neutrality and peace in the Indian Ocean region worked out jointly by India's Prime Minister Indira Gandhi and French President Giscard d'Estaing earlier this year.

Pakistan's proposal is primarily aimed not at resolving the Afghanistan problem, but at unifying the conference. Arab sources noted that Pakistan was even reluctant to make the Afghanistan situation such a vital issue at the conference, knowing it would seriously factionalize the participants and make Pakistan's key proposal, the Islamic Army plan, that much more difficult to sell. Syria and the PLO, who reportedly almost walked out following Ghotbzadeh's display of the Afghan insurgents, called on the conference to recognize the government of

Babrak Karmal. Pakistan's Foreign Minister Agha Shahi and other speakers made a concerted effort to center the conference on the issue of the Arab-Israeli conflict, Palestinian rights and returning the city of Jerusalem to Islamic control in order to rally the conference to unity.

The Afghanistan rebels were met with reserve by most of the attending Islamic delegations. Abdul Rahsoul Sayaf, the head of the Islamic Alliance for the Liberation of Afghanistan, spoke to the conference's plenary session but later told the press that "unfortunately, the conference did not do what we expected." He also bemoaned the fact that the wealthy Islamic oil producing nations such as Saudi Arabia and the other gulf states have not been forthcoming in financially backing the rebels. At this conference, unlike the January conference of Islamic Foreign Ministers, there was no resolution condemning the U.S.S.R.

A strong undertone of the conference was the building rivalry between the Iranian regime and its neighboring Arab states. Ghotbzadeh backed up his call for a Pan-Islamic challenge to Moscow's presence in Afghanistan with threats to the leadership of the Arab world. Ghotbzadeh threatened that Iran will export revolution to moderate Arab regimes, notably Saudi Arabia, who refuse to back the Afghanistani insurgency as well as fund a Pakistani military build up. Riyadh's hesitation has brought strong criticism from the London *Times* May 19, a cloaked statement from the Thatcher government.

Le Figaro reported May 19 that Ghotbzadeh had announced that Iran is prepared to export Islamic revolution through the Persian Gulf "from Kuwait to the Straits of Hormuz" if the Arab world does not back up his anti-Soviet stance. Last month he toured several Arab nations. The trip, just days following the U.S. invasion of Iran, was calculated to provoke strong anti-U.S. sentiment and with it, militance against the Arab gulf regimes traditionally associated with Washington.

Coincident with Ghotbzadeh's warnings, Iran is currently conducting naval maneuvers in the gulf and the Oman Sea. European sources report that Iranian vessels were seen close to the Shatt al Arab area off Iraq's coastline, a region which until 1975 was a source of conflict between Iran and Iraq. Iran launched these maneuvers from the Abu Musa island in the gulf, the center of dispute with the Arab emirate of Bahrain, a strong ally of Saudi Arabia.

It is said that the swashbuckling Ghotbzadeh nearly provoked a fist fight with the Foreign Minister of Iraq at the conference. Tensions have been high between Baghdad and Teheran in recent months, since Iraq, with covert support from Saudi Arabia, has been backing various anti-Khomeini movements in Iran.



Photo: UPI

Japanese security, Korea and one Richard Sneider

by Daniel Sneider

Over the past few weeks, the long-simmering battle for the military and political future of East Asia has broken out into the open. The collapse of the Ohira government in Japan, the chaos reigning in South Korea, the launching of an ICBM test missile by China, all relate directly to whether East Asia will be reshaped—in some cases forcibly—into a military bloc aligned against the Soviet Union, led by the Brzezinski forces in the Carter administration.

In this special report on Asia, EIR Editor-in-Chief Daniel Sneider brings some unusual insights to the current political turmoil in both Japan and Korea, making clear the strategic policy underlying the recent developments in both countries. In an accompanying piece, the prospects for the upcoming Japanese elections are discussed, especially the prospect that the current drift in Japan toward virtual integration into NATO will be reversed.

The key to unlocking the secret behind the current political upheavals in South Korea lies neither in Seoul, nor Moscow, nor Peking, nor even Washington, D.C.'s Foggy Bottom. Oddly enough, it is to be found instead in the hands of both "retired" State Department careerist Richard Sneider and Kiichi Saeki, president of the Japanese Nomura Research Institute—the major organizers of an unofficial State Department conference to be held in Tokyo in mid-June.

The conference is entitled "Security Conference on Asia and the Pacific," which has the ironically appropriate acronym—SCAP—of the Allied postwar command over Japan. Its aim, according to Sneider, is to explore the global defense problems arising from the "instability in U.S. Middle East oil supplies," and the "vacuum" in Asia which will be caused due to U.S. military deployment into the Persian Gulf. The "obvious point," Sneider tells interviewers, is that the Japanese are going to have to move in militarily to fill the vacuum.

In direct language, this means that the Japanese will become the cornerstone of the Eastern NATO alliance of the U.S., Great Britain, China and the two Koreas—and sitting ducks for Soviet missiles anytime the U.S. decides to set up an anti-Soviet provocation in that part of the world.

But Sneider, who was ambassador to South Korea from 1974 to 1978, and who prides himself on his reputation as "Japan's best friend in the U.S.," wants to keep all talk about the "obvious" to a minimum. He loudly chastised George Ball in a *Wall Street Journal* opinion column two months ago because Ball insisted on "pushing" the Japanese to take a "regional defense role." "We simply want to point out the situation and leave it to the Japanese to draw the conclusions," Sneider said recently.

The set-up

The set-up to get Japan to join this Eastern NATO strategy has ranged from the Lockheed scandals, to economic warfare, to oil blackmail, to Korea. It is in the Korea operation where "the Ambassador"—as Sneider's friends call him, possibly in consolation for the post to Japan which he never got—played his first key role.

Sneider's modus operandi closely parallels that of Henry Kissinger in the Iran crisis. Loudly professing his disdain for the "radicals" and "human rights advocates" such as Zbigniew Brzezinski, Sneider maintained a close friendship with former Korean President Park Chung Hee, just as Kissinger does with the Shah. From the "inside" Sneider was then able to coordinate with the "outside" destabilization effort against the Korean leadership. He told this writer personally that it was directly as a result of his own quiet personal diplomacy that key opposition leader Kim Dae Jung was released from prison after Park's death.

And why, like the Henry Kissinger who bugged his

subordinate's phones, including Sneider's, would Sneider work to undermine his own and the U.S.'s staunch allies in Korea? Because those staunch allies—including the current Korean strongman Lt. General Chun Doo Hwan—adamantly oppose NATO strategy of allying with the Chinese lunatics for a suicidal war against the Soviet Union!

The oppositionists, on the contrary, like Kim Dae Jung in Korea and the “anti-Soviet Islamic fundamentalists” in Iran are prepared to join that insane policy. The *Baltimore Sun* quoted a Korean opposition leader universally identified as Kim Dae Jung in an article two months ago to that effect. The U.S. should put me in power, he said. I can make the deal with the North Koreans which would be beneficial to the U.S. strategy of an alliance with China.

“The Korea destabilization has worked to put more pressure on Japan to join the U.S. and China... Its political volatility raises the bogus, but useful flag of ‘Soviet threat’—softening the Japanese up for China’s open arms.”

The Korean destabilization has worked to put more pressure on Japan to join the U.S. and China. Korea's once thriving economy has been brought nearly to its knees by the oil crisis and constant political instability—thus threatening its Japanese backers. And its political volatility raises the bogus, but useful flag of “Soviet threat”—softening the Japanese up for China's open arms.

At the moment, the Korean operation has taken on a life of its own, threatening a succession of coup against countercoup that can only play into the U.S. NATO plan. The focus for the squeeze has turned to Japan.

Sneider is again playing the “inside” man, the man the Japanese can trust. Besides his jobs as a member of the international advisory boards of the Marine Midland Bank and Gulf Oil Co., Sneider serves as a paid consultant to both the State Department and the Defense Department on Japan. It was in this capacity that he met with Ohira last fall to discuss—ever so discreetly—what Japan should do on the defense issue.

Sneider's bosses' success so far can be measured by the trend of statements from Kissinger-favorite Ohira and independent nationalist Nakasone toward increas-

ing Japan's military production over the traditional 1 percent limit, including in providing supplies to China. Leaks from Ohira's recent meetings with Carter in Washington say that the Japanese prime minister also agreed with Carter that the power of Korean strongman Chun “had to be curbed.”

While the vote of no confidence which greeted Ohira on his return home could derail this scheme, it is currently being used for a Trilateral Commission drive to break up the industry-connected ruling party (LDP), and soften up the country for a “liberal” government more amenable to Ohira's pro-China aims.

Sneider's co-organizer of the SCAP conference epitomizes the forces within Japan who are in cahoots with the NATO crowd.

Saeki is a leader of the London-based International Institute of Strategic Studies which supervised the New York-based Council on Foreign Relations scheme for establishing NATO as the global policeman of the 1980s. The deadly enemy of the IISS plan, as the CFR reveals in its Project 80s series, is the “mercantilist” industrial growth perspective of Japan and the Western European nations. The natural tendency of this mercantilist faction, which includes economies based on the ideas of first American Treasury Secretary Alexander Hamilton, and his influential German follower Friedrich List, the CFR hastily notes, is to ally with the “Marxist” economies in a perspective of international industrial growth.

Saeki's Nomura Research Institute operates effectively to the IISS end of destroying Japanese industrial growth. It is the close collaborator with the Stanford Research Institute in America in that evil institution's plans to conform human behavior to the zero growth mold which the Anglo-American financial oligarchy has decreed necessary. Simultaneously, Saeki has pushed the NATO link for Japan directly.

Conclusions

The Japanese, and whatever allies they have left in the CIA-wracked country of South Korea, should take a close look at the goals of their “friends” like Richard Sneider. Sneider himself ranted and raved about French President Giscard d'Estaing's recent peace efforts in the Persian Gulf—just as the U.S. State Department did about the sane strategies Japanese industry had for Mexico. For the Anglo-American plan for a global NATO is based on oil austerity, constant political upheaval, and a commitment to “sacrifice” frontline nations like West Germany up against the Soviet Union in a “war of attrition” and “disintegration” in the wishful delusion of “wearing them down.”

How would Japan fare in this geopolitical game? Draw your own conclusions.

Japan's faction fight: the key to Asia's future

by Richard Katz

The power struggle that erupted in Japan last week could become the single most important factor in determining the fate of East Asia, including the stability of Korea and whether a military alliance between Japan, China and the United States will be formed.

By siding with an opposition no-confidence vote last week and forcing the resignation of the cabinet of premier Masayoshi Ohira, former premiers Takeo Miki and Takeo Fukuda have opened the door to a possible dramatic change in Japanese leadership and policy. Whether Ohira is fully dumped from power and a Japanese foreign policy shift occurs will largely be determined by the actions Miki and Fukuda take over the course of the election campaign leading to the June 22 polling.

Former premier Miki, who is particularly sensitive to the danger of war, together with Fukuda, has been engaged in a bitter struggle with Ohira for more than six months. Throughout his stay in office, Ohira has abandoned traditional Japanese caution on military matters and has strongly supported the Carter administration's provocative policy of linking China, Japan and the United States in a military bloc against the Soviet Union. In fact, Ohira's commitment to Carter during a recent visit to Washington that Japan will increase defense spending in cooperation with the United States was one of the main issues in the no-confidence motion.

Despite the Miki-Fukuda action however, it is by no means certain that Ohira will be ousted from power. Violating all norms of Japanese tradition, Ohira is now refusing to take responsibility by resigning his post as president of the ruling Liberal Democratic Party (LDP). Ohira plans to maintain his grip on the LDP through the June elections, and hopes a victory for the party at that time will enable him to stay in power.

The election will be determined by whether Miki and Fukuda abandon the "back room" maneuvers that have failed to dislodge Ohira in the past, and instead move to

end Ohira's career through a public campaign against his policies.

"Everyone wants him out"

Opposition to Ohira has been steadily building in Japan for some time. Ohira's failure to procure oil for vulnerable Japan, the rising military tensions in Asia, and widespread skepticism about the sanity of the Carter administration, all contributed to undermining Ohira's rule. Miki and Fukuda, however, went beyond all bounds of precedent in joining with the Opposition to allow a vote of no-confidence to succeed against Ohira. Never before has the unity of the LDP been broken and its rule threatened in this way. As one Japan watcher commented, "it has ended an era in Japanese politics." The political situation is so volatile that Miki and Fukuda are reportedly considering leaving the LDP and forming a new party.

Whether or not they bolt, Miki and Fukuda are in a fight to the finish with Ohira. As LDP President, Ohira intends to use his control over party funds to deny campaign financing to members of the Miki and Fukuda factions and move to strengthen his own power within the LDP. Should the LDP win in June, Ohira will attempt to claim this as a mandate for his own continued rule. If the LDP should lose its narrow majority, then a coalition with some of the Opposition parties, such as the Democratic Socialist and the Buddhist Komeito parties would become likely. In the latter case Ohira might form a coalition with these parties and continue in power, or the Miki-Fukuda alliance might find themselves at the head of an unstable Italian-style coalition government constantly threatened with breakup and paralyzing any policy initiatives.

In this situation, Ohira's "rule or ruin" strategy has given him a certain position of strength relative to Miki and Fukuda. Thus, it is critical for them to battle openly against Ohira on the issues of Japan's economy and national security, while campaigning for a victory of the LDP.

Up to this point, Ohira has remained in power largely because the political and business leadership of Japan has developed no clear alternative to Ohira's "no choice but ties with Carter at all costs" policy. It is known that a number of business leaders, the most important constituency of the LDP, have urged Ohira in private to resign on the grounds that his continued presence undermines political calm in Tokyo. A decision by them to contrast Fukuda's 1978 war-avoidance alliance with Germany and good relations with OPEC to Ohira's wrecking of the economy and the peace of Asia would be the only basis of rallying the now-cynical voters of Japan to the idea to both strengthening the LDP and removing Ohira.



Photo: Meyer/NSIPS

Reagan's advisors sold Nixon the All-Volunteer Force

American conservatives who are supporting Ronald Reagan for President in hopes that he will rebuild this country's military might are in for a big surprise. Our ghettoized and drug-ridden All-Volunteer Force (AVF), whose average enlisted man reads at a fifth-grade level, was created thanks to the years-long organizing drive of two of Reagan's top advisers—Milton Friedman and Martin Anderson. Reagan himself supports the AVF concept, provided pay levels are increased to make the service more attractive.

Free-enterprise economist Friedman and political scientist Anderson of the Hoover Institution sold Richard Nixon on the idea that conscription is a violation of conservative-libertarian principles, and he made repeal of the draft a plank in his 1968 campaign platform. With the "winding down" of the Vietnam war, the AVF passed through the Congress in 1973.

This policy set into motion a second "phase change" in the post-World War II American military. The first such dramatic change occurred between the Korean War

and the mid-1960s, under the influence of the "reforms" of Defense Secretary Robert McNamara and his fellow "systems analysts." World War II vets began leaving the service in droves, fed up with the way the U.S. military was being transformed into a sociologists test-tube, a parody of its humanist-republican tradition. From 1956 to 1962, the rate of retirement among military personnel more than doubled.

Disaffection and cynicism increased through the Vietnam war, as drug usage and "fragging" (murder) of officers by enlisted men reached epidemic proportions. Now under the volunteer army and the doctrinal and budgeting policies that have gone along with it, the U.S. military is entering into a decline which could soon become irreversible. This "phase change," which parallels that in the civilian economy as a whole, will be discussed in future articles. Here we focus on the strange history of the All-Volunteery Force.

This was a fight which witnessed some of the most seemingly unlikely tactical alliances ever seen in American history. Sen. Edward Kennedy, Sen. John Stennis and Selective Service Director Gen. Lewis B. Hershey were on the prodraft side, pitted against Sen. Barry Goldwater, Sen. George McGovern, Rep. Donald Rumsfeld, Milton Friedman, William F. Buckley, Noam Chomsky, Dr. Benjamin Spock, John Kenneth Galbraith, Margaret Mead, and the Berrigan brothers on the all-volunteer side. (Mead and Galbraith supported the idea of universal service, not necessarily military

Photo: New York anti-draft demonstration, May 1980.

service.) Ted Kennedy argued that abolition of the draft would mean an unfair black man's army, and therefore advocated a lottery system and the repeal of all occupational deferments which, he said, discriminate against the poor. Kennedy's tactical ally, Gen. Hershey—the chief target of the left-radical draft resisters—opposed the lottery system since the occupational deferments were vital to the strength of the civilian industrial economy:

"I am convinced that this Nation has paced the world technological advance of recent years in large part because scores of thousands of people have become scientists, engineers, teachers and applied other technical skills because they were deferred to do so."—Congressional hearings, June 22-Aug. 30, 1966.

Hershey lost out, and was fired by Nixon in 1969; in 1970, occupational deferments were cancelled.

The wooing of Richard Nixon

Pressure for draft reform began to get under way in December 1966, when the Ford Foundation sponsored a conference on the Selective Service at the University of Chicago. Among the participants were Milton Friedman; sociologists Sol Tax, Morris Janowitz, and Roger Little; General Hershey; Sen. Kennedy; Harold Wool of the Department of Defense; and Margaret Mead of the American Museum of Natural History. Following the conference, Friedman continued to write in favor of a volunteer army, demanding "the elimination of compulsion which now makes military service synonymous with enforced incarceration."

Friedman and Martin Anderson joined Nixon's campaign advisory staff, and Anderson prepared a document for the candidate advocating an end to the draft. The combination of arguments based on "good old-fashioned conservative principles" and political expediency (the unpopularity of the Vietnam-era draft) convinced Nixon, and he gave a speech in October 1968 (written by Anderson), announcing that if elected he would abolish the draft.

These free enterprisers' efforts were complemented perfectly from the "left" of the political spectrum. The fall of 1967 saw the issue of a "Call to Resist Illegitimate Authority," signed by hundreds of leftist intellectuals like Noam Chomsky, Herbert Marcuse, and Bishop James Pike. Catholic leftists played a particularly significant role in the draft resistance, as Rev. Phillip Berrigan poured blood over the files in a Baltimore draft board, and his brother Daniel, a Jesuit, incinerated files with napalm in Catonsville, Maryland. Similar "civil disobedience" actions were organized by other Catholic priests, nuns and laymen.

The third major component of the antidraft movement was the army of sociologists and psychological-

profilers that had been created since the war by Great Britain's Tavistock Institute, the Stanford Research Institute, the Rand Corporation and like institutions. These are the theoreticians of what is now called the "Aquarian Conspiracy." Morris Janowitz, dean of the military sociologists, proclaimed the obsolescence of the mass army in a nuclear age, urging its replacement with a small "constabulary force" whose purpose is "managing the instruments of violence when national policy is designed to avoid general war, and [to] manage limited war to avoid general war. ... The military establishment becomes a constabulary force when it is continuously prepared to act, committed to the minimum use of force, and seeks viable international relations rather than victory because it has incorporated a protective military posture." These sociologists took the experience of Great Britain as their model, and bolstered their support for the AVF on Britain's abolition of conscription in 1961.

After Nixon was elected, he set up the 15-man Gates Commission to plan the transition to an all-volunteer force. It was headed by Thomas S. Gates, chairman of the executive committee of Morgan Guaranty Trust and a former secretary of defense during the last year of the Eisenhower administration. The Commission included Milton Friedman; Thomas Curtis, vice-president of Encyclopedia Britannica; economist Alan Greenspan; Stephen Herbits from Georgetown University Law Center; Theodore Hesburgh, president of the University of Notre Dame, member of the New York Council on Foreign Relations and the Trilateral Commission; and former Supreme Allied Commanders in Europe, Lauris Norstad and Alfred Gruenther. Four of the members were strongly pro-AVF; none of the 15 had ever publicly questioned or opposed the concept. The Commission unanimously recommended the end of the draft.

An American tradition?

The conservative-libertarians who pushed through the AVF contended that conscription is not an American tradition. True enough, United States has only had the draft three times during its history: the Civil War, World War I, and World War II through to the present (with a brief hiatus just after World War II). But our history has been a continuing fight of the Federalist-Republican factions against the "Jacobins" of the Thomas Jefferson-Andrew Jackson stripe (see "The Treachery of Thomas Jefferson," Campaigner, March 1980). Benjamin Franklin, George Washington and Alexander Hamilton had to overcome overwhelming "libertarian" opposition to form an army that could fight Great Britain; it was Jefferson who warned that a standing army is "dangerous to free government." Had real American policies not won out—at least under temporary conditions of emergency—against Milton Friedman's ancestors, the republic would have been destroyed.

Khomeini's kooks and U.S. spooks

A gang of American intelligence operatives who helped put the Ayatollah in power are now assembling a motley assortment of persons to promote "understanding" between Americans and Iranians—the idea is terrorism.

According to well-placed sources in Washington, Dr. Thomas Ricks, professor of history at Georgetown University, is devoting the bulk of his professorial time these days to working with the radical Mujahidin, the Maoist Islamic guerilla movement currently vying for power in Iran. The Mujahidin, which operates in the United States and Europe under the banner of the Muslim Students Society (MSS), have formed a temporary alliance with Iranian President Abolhassan Bani-Sadr in an effort to use him as a vehicle for eventually seizing power themselves. According to these same sources, Ricks is actively involved in conducting intelligence into the Mujahidin from the Pentagon on U.S. military preparations for operations in the Persian Gulf.

Bani-Sadr's recent charge that 96 American troops had crossed into Iran to help carry out his overthrow emanated, by his own admission, from information received from the United States. The source of the information was, according to insiders, the MSS and its mentor, Thomas Ricks.

Ricks is part of a motley assortment of American university professors, human rights advocates, antiwar freaks, liberated women, and outright terrorists, all of whom are "sympathetic" to the "human content" of Khomeini kookery. These liberal-radicals have joined forces to ensure an "openness

toward and tolerance of other cultures" like Khomeini's.

"The United States has failed to understand the feelings and actions of the Iranian people," stated Dr. William O. Beeman, professor of anthropology at Brown University, in a recent interview. Beeman, who has spent seven years in Iran profiling and working with the Shah's opposition, met with Cyrus Vance last month prior to Vance's resignation to advise the State Department on how to resolve the Iran crisis without offending Iranian sensibilities. "Iranians respond very badly to pressure," Beeman told Vance. According to Beeman, "Vance was very much in sympathy with us."

On May 21, at the law office of Ramsey Clark in New York, Khomeini sympathizers banded together to form a National Coalition for Iranian-American Understanding. Those involved in the Coalition include former attorney general Ramsey Clark, known for his role in undermining the government of Shahpour Bakhtiar in favor of the fanatic Khomeini; Thomas Ricks; Prof. Richard Falk of Princeton University, who has gone on record stressing the need for a new movement in the United States modeled on the Iranian revolution; Ebal Ahmed of the Transnational Institute/Institute for Policy Studies; David Dellinger; antiwar activists such as the Berrigan brothers; the National Council of Churches;

the leadership of the National Organization for Women; and Norman Forer, professor at the University of Kansas. Forer is the key go-between for the upper-level controllers of terrorism and the Muslim Brotherhood-Khomeini networks in the United States.

Among other things, the Coalition is planning at least two trips to Iran to educate Americans about the "realities" of the Iranian revolution and to foster American "appreciation" of the Iranian revolutionary method. The trips, which are illegal under the President's ban on travel to Iran, are scheduled for June and August.

A parallel effort to "erase" American prejudices pertaining to the Khomeini revolution and to devise "solutions" not offensive to Iranian perspectives is being made by the Committee on American-Iranian Dialogue, a creation of the International Center for Dynamics of Development in Arlington, Virginia. The participants in the Committee include Landrum Bolling, chairman of the Council on Foundations; William Moore, World Future Society; the World Federalists; the Federal Mediation and Conciliation Service; and the U.S. State Department. However, two meetings were both canceled due to "lack of interest."

The "tolerance" approach toward Khomeini and the outlaw Iranian revolution is expressly designed to lead to an upsurge in terrorism. International terrorist expert Robert Moss of the *Economist* intelligence service explicitly stated this earlier this month in New York when he "predicted" a terrorist incident to be carried out by Iranians in Washington against a U.S. official.

A new environmentalist cult

Mexico has shown a healthy immunity to the environmentalist disease, but last week's event in Cuernavaca shows that the greenies may yet spread their contagion.

We headed out to Cuernavaca this weekend to find out what the "Association of Adequate Technology, Inc." (ATA in its Spanish acronym), holding its second national meeting, was all about. We can report the usual environmentalist brainwashing, but with an important twist. There was significant government participation, and the sponsoring institutions are functioning directly out of the international "Aquarian conspiracy" of the Club of Rome and the United Nations Institute for Training and Research (UNITAR).

Leaders of both industry and government in Mexico, with the exception of Mexico City mayor Carlos Hank González, have rarely given environmentalism the time of day. The Cuernavaca antitechnology fest confirmed that the greenie movement is making important inroads.

The godfathers of ATA are the Center of Economic and Social Studies of the Third World (CEESTEM), directed by former President Luis Echeverría, and the Colegio de México. Just the week before, the CEESTEM officially cosponsored a "New Regional Economic Order" conference at the U.N. with the Club of Rome and UNITAR. Three days after the Cuernavaca fling, it was up in Buffalo, New York, cosponsoring a conference on how to unite Mexico, the United States and Canada into a regional zero growth eco-

nomic bloc. The director of the Colegio de México is Victor Urquidi, the sole Mexican member of the Club of Rome.

In the first rows of the several score participants were representatives of the Ministry of Housing and Public Works (SAHOP). Under the directives of Pedro Ramírez Vázquez, the SAHOP has taken the lead in promoting solar and wind power swindles and labor-intensive public works projects. The Arias Chávez brothers, whose book *The Ecologically Self-Sufficient Habitation* is ATA's bible, wrote extensive sections of SAHOP's programs as official ministry employees.

There were also representatives of the Agriculture and Water Resources Ministry, under the charge of Merino Rabago, and of the National Council on Science and Technology (Conacyt).

The major drawing card was Ivan Illich, international guru of "deschooling" and the abolition of medicine, who made his name with the CIDOC center in Cuernavaca before handing his library over to the Colegio de México.

Not far behind Illich in his panegyrics against industrial progress was Father Jesús Quiroz, S.J., professor at the Ibero-American University. The Jesuits have incorporated extreme environmentalism into their "Theology of Liberation" across the continent. Cuernavaca is one of their strongholds;

and not surprisingly, we discovered that the British-run prototerrorist "Friends of the Earth" scetlet has its Mexican mailing address in the resort city.

From the moment of its founding at a Jan. 26 private meeting at the CEESTEM, the ATA has defined its mission not only in terms of spreading the concept of "adequate technology," but of doing so "independently" of the "imperialist" organizations based in the U.S. and Britain purveying the same outlook. "Our objectives have nothing to do with the projects of the World Bank or the U.S. Senate," organizers stated in Cuernavaca; the plans of these institutions are "vertical, they come from above ... ours are a social project and are participative."

This aversion to publicly recognizing the origins of their ideas cannot hide the direct links identified in their own publications to the Intermediate Technology Development Group in London, created by *Small Is Beautiful* author E.F. Schumacher.

Currently the ATA is in a stage of "consolidation" and "recruitment," according to the conference organizers. They believe that before "going big," they have to build sufficient cadre to staff their expansion into regional offices across the country.

The goal: "Form a new futurology which, armed with the methodological instrument of our time, plays the role of sorcerer's apprentice."

ATA's irrationalist sorcery, while unlikely to make spectacular gains soon, nevertheless can create problems for the industrial development projects of the López Portillo government.

International Intelligence

Asia

Europeans compete to aid India steel

A Franco-British-German consortium led by Davy Corp. of London is competing with West Germany's Mannesman AG to finance and supply construction of a coastal steel facility in India. The Davy group, which also includes Alstom-Atlantique of France and Ferrostahl AG of West Germany, on May 19 announced that it has offered a \$2.7 billion package of government-subsidized export credits, government assistance and Eurodollar loans with an agreement to sell most of the hardware for the plant. According to the *Wall Street Journal*, the term of the credits would be 15-20 years; the size and terms of Mannesmann's offer are not known.

The new plant will initially produce 1.7 million tons of steel, and later expand to over 3.3 million tons. India plans to construct a second steel plant at Vishakapatnam on the east coast, with the Soviet Union providing a 1.3 million ton unit at a cost of \$2.8 billion, under a 1979 agreement. The Gandhi government has placed a very high priority on expansion of the nation's current 12.5 million ton steel capacity. The *Financial Times* of London recently predicted nonetheless that India's bid for Eurocredits would be accompanied by project cutbacks.

Latin America

Brazil "marries" Argentina

For the first time in 45 years, a Brazilian president visited neighboring Argentina this week. Brazilian President General J.B. Figueiredo was warmly received by his Argentine counterpart, General Jorge Videla. The trip opened up possibilities of economic, political and military integration of the countries.

On the eve of the trip, Argentina's foreign minister Washington Pastor called for "a total alliance with Brazil ... an alliance for all purposes, not only for economic and political ends, but for military objectives." He said the two Southern Cone powers could form a "solid bloc" capable of "strengthening countries with less resources, since by strengthening our neighbors, we preserve our own security."

While trying to hush talk of military alliances, Figueiredo told a Buenos Aires press conference, "Brazil and Argentina were always in love, but never set the marriage date. The marriage now is set and the husband and wife can begin now to think about how many children to have and how to educate them." When asked which country was to be the woman, the Brazilian cavalry officer-president replied, "In this marriage, there will be equal rights. The two will even discuss where to go to bed together."

The two countries signed an impressive series of agreements on exchange of nuclear technology, integration of electrical systems, joint hydro-electric projects, transport, and other measures to facilitate continued rapid expansion of trade.

Middle East

OPEC oil prices on the rise again

Algeria, Libya and Indonesia enacted \$1 to \$2 a barrel price hikes this week triggering a new round of price increases by the oil cartel, OPEC. As a result of this latest round of price increases, the pricing ceiling for OPEC crude oil is nearing \$40 a barrel. Following a \$1 a barrel pricing boost, Algeria is now charging \$38.21, and on some of its premium grades of crude is asking its customers to pay an additional \$3 a barrel surcharge. Libyan oil following a \$2 a barrel price hike is now charging

\$36.72 before additional surcharge costs.

This latest round of price hikes by the members of OPEC comes within days of an announcement from Saudi Arabia that the kingdom would raise the price of its crude—the least expensive in OPEC—from \$26 to \$28 a barrel. The Saudis were calculating that such a move might persuade the more hardline pricing militants to agree to a pricing formula to stabilize OPEC's chaotic pricing situation. Earlier this month Saudi Arabia called a meeting of the OPEC Long Range Planning Committee to propose an elaborate plan to impose quarterly price adjustments of OPEC crude pegged to the rate of world inflation. The pricing hardliners, Iran, Libya and Algeria, according to Kuwaiti sources had tentatively agreed to accept the formula. But the sudden decision to raise prices by this same faction threw cold water on the deal.

OPEC is slated to convene a price setting meeting June 9 in Algiers where it is expected that Saudi Arabia will have no choice but to raise their prices another \$2 a barrel bringing its crude to \$30 a barrel.

Israel implements reprisal policy

Israeli occupation authorities have begun an official policy of reprisals against innocent civilians in response to terrorism on the West Bank.

In two cases this week, Israeli soldiers forced entire families to leave their homes and relocate to abandoned refugee camps near the Dead Sea, to live in ramshackle sheds without roofs, running water, or electricity. The stated reason for the "relocations" was that children of the family were involved in throwing stones at Israeli soldiers.

Last week, after six Israeli soldiers were killed by Palestinians with guns and grenades, the Israelis retaliated by blowing up the building where the attackers had been stationed. Later investigation revealed that the building was

owned by an old Arab who had sheltered dozens of Jews during anti-Jewish riots in 1929, and who was a symbol of Arab-Jewish cooperation.

Such actions by the Begin government are bringing the situation on the West Bank to the boiling point. Even many Zionist leaders are reportedly getting worried. This week, 250 Israelis—many of them prominent citizens—signed a statement accusing Begin of “distorting Zionism” and urging that the “land of Israel” be partitioned by giving the Palestinians the West Bank.

Europe

French Foreign Minister rejects U.S. accusations

“The President of the French Republic doesn’t need the permission of the United States President to go out of doors,” said an angry French Foreign Minister Jean François-Poncet May 21, in response to charges by U.S. Secretary of State Edmund Muskie that France failed to consult before undertaking a meeting with Soviet President Leonid Brezhnev. “France doesn’t need anyone’s authorization” to talk to “whomever it wants to, whenever it wants to,” said the Foreign Minister. François-Poncet warned that U.S. policies toward the Soviet Union increase the danger of war, since to “isolate” the Soviets is the “gravest political error.”

French President Valéry Giscard d’Estaing summed up the purpose of his meeting with Brezhnev in a speech May 20: “When France or the President of the Republic meets the Soviet head of state to get to the bottom of the present international situation ... let me tell you that this fulfills a deep aspiration in the whole population. ... I am convinced that there is not one person of good will in the world who doesn’t concede that it is useful at the present time for those in responsible posts to examine the reality of the situation and its causes, and to discuss initiatives to reduce tensions.

This is what I wanted to do, and this is what I did.”

Days are numbered for Italy’s Cossiga

The combined forces of Italian Communist Party chief Enrico Berlinguer and former Christian Democratic Premier Giulio Andreotti have mobilized to bring down the present government of Premier Francesco Cossiga. Cossiga and his factional allies have drawn heavy fire for their protection of Italy’s terrorist networks, and for a recent meeting with U.S. Defense Secretary Harold Brown in Rome in which Cossiga reportedly secretly agreed to lend Italian military forces to U.S. efforts to expand NATO deployments into the Persian Gulf and Indian Ocean.

Berlinguer gave an interview to the Communist weekly *Rinascita* calling the Cossiga government “dangerous—it must be collapsed as soon as possible.” Cossiga, unlike other European heads of government, has been “completely subservient to U.S. orders,” Berlinguer charged. He called for a cross-party factional alignment to govern Italy after Cossiga’s departure, including the Communist Party and the Andreotti faction of the Christian Democracy.

Andreotti challenged the foundation of the government’s foreign policy in an article in the daily *Il Popolo* this week. The former premier had just returned from a meeting in Brussels of parliamentarians from the countries that signed the Helsinki agreement on European security and cooperation. The meeting, attended by a representative from the USSR’s Supreme Soviet, called for negotiations on both NATO and Soviet medium-range nuclear missiles in Europe. In his article in *Il Popolo*, Andreotti characterized the Brussels meeting as one that showed “very strongly the desire to maintain peace. ... It would be a serious error to show weakness toward those who, with an excess of superficiality, are speaking the language of division and conflict, or even worse, are materially acting against the letter and spirit of Helsinki.”

Briefly

● **IEA MEMBERS** in Europe reacted angrily to Carter administration demands at the International Energy Agency meeting May 23. U.S. Energy Secretary Duncan demanded that the West reduce its oil consumption another 20 percent, from 26 to 22 million barrels a day. Other members led by West Germany flatly refused. “What’s the point in having these meetings if the target set for consumption is going to be revised every six months,” said a German delegate.

● **MENACHEM BEGIN** told a *Washington Post* interviewer he would not tolerate a European effort to bring peace to the Middle East by resolving the Palestinian problem. “The so-called European initiative can have very little result. First of all,” said the Israeli premier, “it brings about a radicalization of the Arab world’s position, because there are Arabs who say, ‘Look, the Europeans suggest to us a policy of a Palestinian state and the participation of the PLO. How can we accept less?’”

● **JOSE LOPEZ PORTILLO** told attendees at a dinner in his honor hosted by the Swedish royal family May 23 that world economic deterioration is “leading us to the threshold of a new century which seems to match not the utopias of some optimistic futurologist but the somber vision of those who anticipate the return of a middle age wrapped in the gloom of death.”

● **H. HAMMBRUECHER**, Undersecretary in the West German Foreign Ministry and a Free Democrat, gave a speech at the United Nations May 19 stating that “Development policy in the past has concentrated too much on economic growth in itself as a goal, and not enough on social-cultural structures.”

Will dictatorship follow a 1980 election deadlock

by Kathleen Murphy

The U.S. may be living under an emergency dictatorship modeled directly on Adolf Hitler's "legal coup d'etat" in 1933 Germany by this time next year if a scheme now underway for deadlocking the presidential election and plunging the country into the most acute constitutional crisis in history goes according to schedule.

Developed primarily by the Council on Foreign Relations, Trilateral Commission and the Aspen Institute, the plan, which aims at disintegrating the political system of the United States and replacing it with a crew of committed zero-growth technocrats, is based on the following scenario:

Three major presidential candidates will be in the running (the Democratic and Republican nominees, plus "independent" John Anderson), on election day 1980. After ballots are counted, the Electoral College will be split, and none of the candidates will get the majority needed to be elected President. At this point, under the provisions of the Constitution's 12th Amendment, the newly-elected House of Representatives is mandated to choose the President from among the three top vote-getters. In the event that the House cannot reach a decision by Jan. 20—Inauguration Day—the Constitution's succession amendment goes into effect. This means that the country could be without a President for months—if it gets one at all.

The political vacuum which such a development will almost inevitably create is bound to be magnified by the ongoing domestic downturn—which even the Carter administration's economic wizards are now conceding is

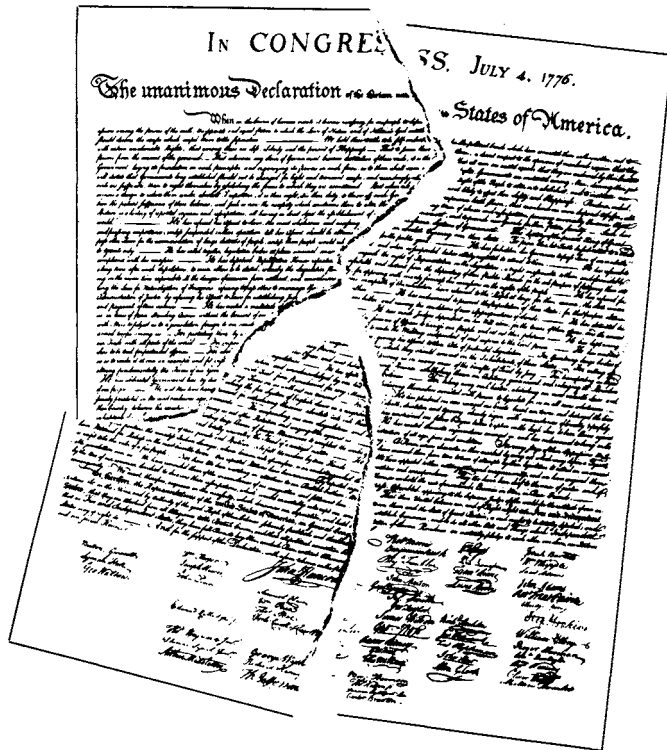
severe—and a steadily worsening international situation, which could at any moment see a superpower confrontation. In these circumstances of crisis piled upon crisis, the architects of the so-called House of Representatives scenario are hoping that the population will be thrown into such confusion and panic that they will gladly accept "order"—just like the German citizenry accepted Hitler—even if it comes, as intended, in the form of an unconstitutional emergency dictatorship.

This is no idle speculation. All the workings of such a dictatorship—from personnel to policies—are already in operation under FEMA (the Federal Emergency Management Agency). FEMA is getting ready to run the country by taking over local governments in areas hit by natural disasters under the guise of providing emergency help.

The Anderson Ploy

This gameplan, which has been under backroom discussion for some time, went "live" last week when the Eastern Establishment decided to make John Anderson (whose independent facade doesn't quite obscure the fact that he's a member in good standing of the Council on Foreign Relations, the Trilateral Commission and the Bilderberg Society) look like a credible major candidate.

Beginning with former Undersecretary of State George Ball (now a partner in Wall Street's Lehman Brothers-Kuhn Loeb), who endorsed Anderson in a nationally televised interview earlier this month, top East Coast insiders have been rallying behind the Anderson



banner. Among them: *New York Times* columnist James Reston, former Arms Control and Disarmament Administration official Carl Marcy, Ambassador Hans Morgenthau, and Felix Rohatyn.

Rumors that Walter Cronkite has privately agreed to become Anderson's running mate are still widely circulating, while New York Governor Hugh Carey is reportedly quietly working to place Anderson on the state's Liberal Party ballot for the presidential elections—a place usually reserved for the Democratic nominee.

Rohatyn's deployment into the Anderson camp, where he functions as chief economic adviser, shouldn't be interpreted as meaning that the CFR has decided to make the Rockford Congressman President. It is a very precise indication, though, of the kind of Schachtian economic policies the CFR and friends intend to implement through a FEMA dictatorship, which the Anderson campaign is crucial to bringing to power.

It was Rohatyn, of course, as chairman of New York City's Emergency Financial Control Board, who engineered on a local scale the kind of slash-and-burn austerity-oriented financial dictatorship now being readied for national implementation. Rohatyn has recently been touring the country outlining the policies a national Big MAC would effect, including: a reconstituted Reconstruction Finance Corporation, empowered to take over and run financially troubled corporations; a national economic planning commission; a wage-price freeze; sharp cutbacks in energy consumption, to be accomplished partially through an incredible 50-cent-a gallon

tax on imported gasoline; and an incomes policy which would levy additional taxes on companies that granted wage increases over an established, miserly, federal

Where the favors of the Council on Foreign Relations go, the press is never far behind. The East Coast press has been running a propaganda campaign to build up Anderson into a major political figure. James Reston devoted his May 15 column to a plea that Americans embrace the "Anderson Difference"; next day, the *Baltimore Sun* printed an op-ed by former Eugene McCarthy staffer Curtis Gans entitled, "Yes, Anderson Can Win," while the *Christian Science Monitor* editorialized in favor of an Anderson policy. The latest Lou Harris-ABC poll, claiming that Anderson could receive 30 percent of the popular vote come November, received widespread coverage. And former President Gerald Ford put his two cents in predicting that the election could well wind up in the House.

These same press outlets are also vigorously retailing the line that a deadlocked election is all but inevitable. First put into print in April by the *Los Angeles Times*, the scenario was played up big in both the *Wall Street Journal* and *New York Times* May 15. It is being widely circulated in the local and regional media as well as television and radio talk shows.

Both the *Times* and *Journal* articles center on the role Anderson is slated to play in forcing the elections into the House. The *Journal*, in particular, hints at the possibility for an emergency government to emerge in these circumstances of deep constitutional crisis, concluding its coverage with the ominous words: "One possibility would be for Congress to pass emergency legislation . . . until something is decided," in the event that the House fails ultimately to choose a President.

Two cents from Britain

The British oligarchy, the real power behind this subversion of U.S. republican principles, has no qualms about announcing outright what kind of government they hope to impose on the former colonies. The *London Times* smugly observed in a May 15 editorial that "Europeans are beginning to doubt whether the American system is any longer capable of producing a really good President and a Congress with which he can work." The *Daily Telegraph's* Peregrine Worsthorne, writing even more bluntly under the headline, "Why Uncle Sam Is a Danger to the West," claimed that "the world as it has become is no longer suited to American leadership; the problem does not lie in the defect of this or that President but in the nature of American society itself." Much better, says Worsthorne, if America was not "populist" (read republic) but "oligarchical."

FEMA is running the Miami riots

by Paul Goldstein

The city of Miami, Florida exploded with a vengeance May 17, in a riot that left 18 people dead, hundreds injured, and nearly 700 under arrest; 3,500 troops of the Florida National Guard occupied the city to quell any further violence. Is Miami a replay of the "spontaneous riots" of the 1960s?

"Miami is no surprise. I predicted it. This is what I wrote about in my book, *Friendly Fascism*. It's a big step toward a corporate state. Many cities are prone to violence, especially the cities in Texas—Houston will explode," noted Bertram Gross, Urban Affairs professor at Columbia University and a leading advocate of tearing down America's cities.

As Gross says, Miami was preplanned. Every aspect of the riot down to the militarization of a city in crisis, was directed by the Federal Emergency Management Agency—an agency put in place and first tested at the time of the Three Mile Island nuclear incident that is coordinating the imposition of a crisis management dictatorship on the United States.

According to a report leaked to this news service, the Federal Bureau of Investigation sent urgent messages to U.S. Attorney General Benjamin Civiletti and Drew Days, the head of the Civil Rights Division of the Department of Justice. The FBI warned days ahead of the riot that in case of an acquittal of the four Miami policemen charged with murdering the black insurance salesman McDuffie, a riot would definitely break out.

These warnings were fully acknowledged by Civiletti and Days. But, according to informed intelligence sources, Civiletti determined to let the situation run its course and permit the riot to "express itself." Civiletti is now on the scene in Miami directing a federal investigation under President Carter's order.

Other on-the-scene sources have corroborated various newspaper accounts that Florida State Attorney General, Janet Reno, the prosecuting attorney, totally "bungled" the case, forcing the foreman of the jury to declare afterwards that the evidence was so "badly presented" no choice was available except acquittal.



The character of the Miami riot itself goes beyond any of the previous riots during the height of the 1960 period when Los Angeles, Newark, and Detroit exploded with rage. Accounts of the Miami riot depict the killings as brutal beyond belief with several of the murdered victims found mutilated and some with ears cut off. One intelligence source cited unconfirmed reports that trained urban guerilla terrorist teams were dispatched into Miami at the very moment that the verdict was about to be handed down. These teams, according to the reports, initiated the violence by sniper actions and arson, with pinpointed targeting of government agencies, as well as the people of Miami. One of the alleged riot controllers indicated that special urban guerilla teams might have been key in the riot. A sociology professor from Florida International University in Miami, Marvin Dunn, admitted in an interview that "the situation now is completely different than the 1960s. In the 1960s, most of the people who got hurt got in the way, were accidentally killed. In Miami, there was a deliberate attempt to kill white people. In the 1960s violence was cathartic. Now we have a definitive act of assault. McDuffie's death was only a precipitating incident. The riots of the 1960s were run by kids. Now people are older—mid to late 20s. Many are Vietnam veterans who know how to snipe, to kill. They know what they're doing. The 1960s was a plaything in comparison to what we face now." This riot

is no white-black riot—it is a contrived event designed to put FEMA in control.

The FEMA scenario

The effect of the Miami riot and the riots planned for cities across the Sunbelt and parts of the Northeast and West Coast is what the New York Council on Foreign Relations has outlined as the controlled disintegration of the United States. As Professor Gross explained, “the Miami riot will lead to the shrinkage of the cities and the minds” of the population. “Planned shrinkage” is the program laid out by Trilateral Commission member Samuel Huntington in his book, *The Crisis of Democracy*. That book and Huntington’s Presidential Review Memorandum 32 predicts that the “ungovernability” of a democracy under economic crisis conditions means that new structures to replace the present constitutionally defined agencies of government have to be put into place. That is FEMA—the agency signed into existence by President Carter and empowered to act in place of the existing bodies.

FEMA has been operating in the Miami area since the influx of Cuban refugees, directing the relocation and organization of where to place the refugees. One police source in Florida, directly concerned with these matters, stated that the placement of these refugees can determine whether a riot breaks out or not. Already several southern cities are targeted for Cuban refugee placement, cities where the black population is already incensed over the current economic situation. They see the Cubans as a threat to their economic well-being. With unemployment skyrocketing among blacks, all that is needed is a match to light the fire. It is important to point out that it was Cuban policemen who were tried for the murder.

Some background

Two basic political developments had been set in motion leading up to the Miami riot. One involves the Justice Department; the other the left-right countergang apparatus controlled by the same political forces running the Carter administration.

Particularly since Benjamin Civiletti took over as Attorney General, nearly every major urban police department has been under investigation for alleged and actual cases of police brutality. The purpose of the investigations carried out by the Civil Rights Division is not to prosecute the police for any injustice, but to give rise to the belief that any use of force by police against the black and hispanic population is “excessive.”

Last October in Washington, D.C., the Community Relations Service, a section of the Civil Rights Division, held a conference on “The Excessive Use of Force by Police.” Participants included the NAACP, the Southern Christian Leadership Conference, the Anti-Defamation

League of B’nai B’rith, U.S. Chamber of Commerce and the National Lawyers Guild. Three cities were cited where police used excessive force in handling racially tense situations: Philadelphia, Wrightsville, Ga., and Memphis. The Philadelphia case is the most telling example of the attempt by the DOJ to misuse federal authority and undercut local police efforts.

A suit was filed by a group of black counterinsurgents led by the American Friends Service Committee against the police in Philadelphia for its handling of a shoot-out with the black-terrorist cult known as MOVE. On the basis of flimsy evidence of police brutality, the Justice Department filed suit charging brutality. The case was eventually thrown out of court.

However, the effect was to give license to the second or terrorist-countergang side of the riot apparatus to use every violent means to justify alleged injustices committed against minorities by police.

A nationwide network of radical left countergangs and the activation of the racist Ku Klux Klan on top of incidents of real and alleged police brutality has fed the opinion among ghetto residents that violence is the only means to get anything done.

Two major planning conferences by organizations and groups tied to the umbrella organization of the Washington, D.C. Institute for Policy Studies were held during November and December 1979 where the outlines of political violence were discussed. The first conference, called the Freedom Summer Conference and held in Jackson, Mississippi, heard Jesse Jackson, Julian Bond, Ramsey Clark and other 1960s civil rights leaders declare that a more “non-violent” but aggressive civil rights movement was needed with visible action on the streets. It is noteworthy that the event in Miami which immediately preceded the violence was a “peaceful” march organized by the NAACP to the Miami-Dade County Sheriff Department which enabled the organized rioters to unleash the operation.

The other conference was held in Atlanta, Georgia by the leading terrorist and proterrorist networks sponsored by the Center for Constitutional Rights headed up by William Kunstler. At this conference every major left-countergang from the Communist Workers Party, Revolutionary Communist Party, Communist Party USA, and radical black ministers called for turning America into another Iran. Rev. Milton Reid of the Calvary Baptist Church stated “we in America must follow the lead from Iran and turn the oppressive regime over and liberate the masses.”

Preliminary reports from intelligence sources in the Miami area indicate that the Revolutionary Communist Party and other radicals infiltrated the Miami area during the period of the trial, and immediately afterwards stirred up the black population to participate in the riot.

The independent oil-men: an endangered species?

by William Engdahl

The 12,000 "independent oil producers" across the nation some of whom gathered recently in Denver for the Midyear Meeting of the Independent Petroleum Association of America are in a state of total war with an adversary that most of them only dimly comprehend. That fact struck me most sharply in conversations I had with numerous independents and in the speeches delivered at the meeting. Many were worried about the "Russian problem." Most had no strategy to meet the attack being waged on them—the primary explorers and producers of new domestic oil and gas reserves—by the majors and the Carter administration.

I had met many of these same independents, members of the nation's largest organization of independent producers, last November at their annual meeting. At that time, the attempt to stop passage of the Windfall Profit Tax Act of 1980 was the key subject of discussion. Now, six months later, the Windfall Profit Tax is law and on the drawing boards are a number of systematic assaults against energy development, including a new bill by liberal Arkansas Senator Dale Bumpers. That bill, S.1637, is part of the move being undertaken by the Carter administration to ensure that the vast potential for domestic oil and gas exploitation remains undeveloped.

These oilmen are angry about the latest government incursions on energy production, and rightly so. But while the troops for Carter's war on energy are assembling, these independents, many of them World War II veterans, are reminiscing about past battles or planning retirement from the fight.

Carter's Windfall

The Denver meeting focused on two themes: the Windfall Profit Tax Act of 1980 and the Bumpers bill, S.1637.

First, the Windfall Tax. Peyton Yates, a leading and outspoken independent from New Mexico, told *EIR* that the impact of this excise tax will mean "gross revenue cuts of 25-50 percent from January 1980." He added that "what will drop is anticipated drillings, sharply" as independents fail to accumulate the capital to launch

further costly exploration. "You can't take \$227 billion out of any industry in this country" and not have a severe impact, Yates told me. The administration bill, imposing an exceedingly complex three-tier classification for all kinds of oil, is the largest single revenue package in U.S. history.

Wyoming's Republican Senator Malcolm Wallop addressed the more than 1200 oilmen at the Denver meeting on how the fight evolved in the Congress. Beginning with Carter's proposal in April 1979 to raise \$5 billion over three years, the tax emerged last Christmas from the joint Senate-House conference committee in the form of a \$227.7 billion tax at the wellhead on oil production in the country. Wallop correctly noted that "to date nobody has heard what Carter plans to do with the ... new dollars his tax would raise." What is known is that it will *not* go to ensure an increased supply of nuclear, oil or gas development. Wallop also noted that "it is time for some real soul-searching about the Windfall debacle, because the forces that achieved your defeat on the Windfall tax are ready to move on percentage depletion, intangible drilling costs, competitive oil and gas leases and a range of sorry ideas."

What Wallop prescribed, however, was a foolish party line of changing the Democratic majority that has controlled Congress for 40 years. He failed to note some of the Republicans' complicity. One example is in order: the major oil companies. The battle against the tax was lost last fall when the bipartisan "liberal" coalition successfully split "big oil from little oil" by amending the bill to give certain "windfalls" to the multinational oil majors at the expense of domestic independent producers. The boards of these major companies, Exxon, Shell, Texaco, Gulf, are all *directed by a* "Republican" blue-blood group, many of whom sit on the New York Council on Foreign Relations along with the likes of William Buckley, Henry Kissinger and David Rockefeller. This is the same crowd who years ago drafted the policy of "controlled economic disintegration" using energy as the strategic choke point to force industrial collapse.

What did the "Republican" majors get for their "compromise" on the tax bill?

Exxon & Co. dropped their political opposition to the bill last fall when their friend Russell Long, the Senate Finance Committee chairman from Louisiana, succeeded in getting two plums. First, most Alaskan oil is *exempt* from the tax altogether. Second, a little-noticed amendment was added removing the 1962 Trade Expansion Act authority of the President to arbitrarily pass import quotas. The latter is the basis of the current congressional challenge to Carter's \$10 billion oil import fee. Both provisions have devastating implications: The Alaskan production is dominated by British Petroleum and its subsidiary, SOHIO with ARCO, Exxon and other members of the consortium. This "windfall" to BP will further their ability to "price war" their way into an increasing share of the American market. In addition, the majors got a concession on certain "old oil" now being reclassified as "upper tier" under the new tax. As one knowledgeable independent pointed out, it is the majors who own "huge quantities" of this tax-exempt oil. Once the majors had secured these concessions, they dropped their opposition and the bill's legislative architects set about ensuring the demise of domestic energy production under the guise of "taxing the windfall gained from domestic price decontrol." Although they have a necessary joint relationship with the major companies, the independents, especially since the Seven Sisters moved into the Middle East, have been left with the burden of exploratory risk-taking in finding and producing domestic oil and gas. Last year, for example, more than 83 percent of new wells drilled or "wildcatted" domestically, were done by independents, not majors.

Bumpers' Rocky Mountain high

This brings us to the second major point: the attempt to choke off production by the independents in the vast Rocky Mountain region called the Overthrust Belt. Much of this is federally leased land which has become economical to explore under domestic price decontrol. Because there are vast energy resources here, it is potentially the fastest growing energy region in the country. Interior Secretary Cecil Andrus has used a contrived leasing scandal to force legislation through Congress which would prohibit independents from access to these oil-rich areas, leaving them for the larger majors to sit on while prices soar.

Just one day before the Denver conference, the Senate Committee on Energy approved the Bumpers bill, the Federal Oil and Gas Leasing Act of 1980 (S.1637). The bill now goes to the full Senate for a vote. IPAA head, C. John Miller labeled the Bumpers bill "a fraud" which would "virtually eliminate the great majority of independents as competitors for the frontier public lands areas and limit domestic oil and gas production, because it would limit the acreage available for leasing."

The IPAA Public Lands Committee said that S.1637 and the February Interior Secretary's suspension of

Who is 'big oil'?

Unlike the independent oil producers, whose future is tied to the exploration and production of oil and gas, the multinational oil companies are no longer oil-producing corporations per se. Since the early 1970s, they have been functioning as appendages of the major New York and London financial houses which run policy at the New York Council on Foreign Relations. A look at the corporate boards of directors reveals the following:

- Exxon numbers no fewer than 17 board members who are also members of the CFR, including chairman Clifton C. Garvin, who also is a director of Citibank in New York.

- Mobil's chairman Rawleigh Warner is a CFR member who also sits on the board of Chemical Bank in New York. Mobil's vice-president Herbert Schmertz, a CFR member, just received a leave of absence to serve as media director of the campaign of "oil's arch-enemy" Edward Kennedy.

- Texaco's chairman Maurice Granville is a CFR member who also sits on the New York Federal Reserve which authored Fed Chairman Volcker's top-down takeover of regional banks.

- ARCO's chairman, Robert O. Anderson, and president, Thornton Bradshaw, both sit on the CFR while funding and promoting environmental resource control from their Aspen Institute.

noncompetitive federal oil and gas leasing "pose a substantial threat to future availability of federal oil and gas leases" and "promises to remove substantial amounts of land from oil and gas leasing." They correctly note that the impact of the recent actions will hit independents "who hold or operate on over 80 percent of federal oil and gas leases." What they do not mention is the fact that it is "independent oilman" Robert O. Anderson and certain major oil companies that have funded the environmentalist operations creating this very threat.

Duke Rudman of Texas, a self-described "dedicated wildcatter" told *EIR* that moves such as the Windfall tax are "paralyzing me. I have been forced to curtail a considerable number of drillings ... There is complete confusion; nobody understands this bill. Nobody in the Department of Energy can tell me. I can't find a lawyer who can give me an answer ... I'm mad. We have too many gentlemen in our industry." Rudman described the untold "trillions of barrels of hydrocarbons waiting to be explored" but for the impact of these restrictive policies.

Reagan loses without Democratic cross-over

The failure of Democrats to cross-over in significant numbers to vote for Ronald Reagan in the Michigan primary apparently was the cause of a surprise upset victory by George Bush on the Republican side. Pollsters had put Reagan—who lost to Bush by a margin of 2 to 1—at least 10 percent ahead only one day before the Republican primary in anticipation of a Democratic cross-over vote.

The failure of the cross-over to materialize was the real surprise. A massive campaign of disinformation on the Democratic side declared that it was a meaningless contest—as only ex-candidate Jerry Brown and Lyndon LaRouche were on the ballot. This seemed to ensure that conservatives would switch from Democrat to Republican on Reagan's behalf. Instead, 10,000 Democrats voted for LaRouche, and 30,000 voted uncommitted. Although delegates had all been selected one month earlier in hastily rigged "caucuses," four times as many voters cast ballots in the primary as in the caucuses.

LaRouche requalifies for matching funds

Democratic presidential pre-candidate Lyndon LaRouche requalified his campaign for matching funds by receiving 15 percent of the vote cast in the May 20 Michigan primary. Approximately 47 percent of the Democratic voters cast their ballots as "protest votes" in the "uncommitted" category. Jerry Brown, no long a



candidate but still on the ballot, received 35 percent.

State Democratic leaders, the United Autoworkers and area news media had gone to significant lengths to try to prevent LaRouche's showing, up to and including an attempted cancellation of the primary, but to no avail. A last minute effort to organize a Kennedy and Carter "write-in" vote—neither were on the ballot—was able to garner only 3 percent.

Party officials convinced Carter and Kennedy to officially remove their names from the ballot and then organized caucuses attended by only 16,000 Democrats, most herded into buses and dragged to caucus meetings by the UAW with instructions to vote for Kennedy. Then, they asked the state to drop the primary on the Democratic side, but the primary was statutorily mandated, and the Michigan Court of Appeals forced it to be held. It was LaRouche against Jerry Brown, and 10,000 went for LaRouche, despite the fact that Michigan party chairman Olivia Maynard issued a press release urging Democrats not to vote, and the Detroit Free Press stopped

pussy-footing and ran a lead editorial urging Democrats not to vote for Lyndon LaRouche.

What the press said

Aside from the campaign through local media in Michigan instructing voters not to vote in the Democratic primary, coverage of that primary by the national news media, at a point where voters were still voting in Michigan was a tribute to the best in Orwellian fantasies. ABC Television news stated emphatically through correspondent Frank Reynolds, "There was no primary for the Democratic Party in Michigan today." ABC later admitted privately that its evening news program was incorrect. NBC News in its 11 PM Special Report on the primaries also stated through correspondent David Brinkley, "No primary was held in Michigan today because delegates were chosen at caucus meetings last month." A Mr. Cunningham of the news department stated that he could not explain why the statement was made by Brinkley, but it did not matter because "Mr. LaRouche did not get his 20 percent."

CBS which also initially broadcast through its radio outlets that there was no Democratic primary subsequently reported on television that its meaning was inconsequential and stated that each of the candidates on the Democratic ballot, LaRouche, Brown and uncommitted had gotten "a share of the votes" without specifying the vote total. Reportedly, an angry LaRouche spokesman accused the network of subjectively dealing with news; a CBS local newsman in New York is said to have retorted, "Yes, we do that every day, and we do it rather successfully, I think."

American System living standards

'Scarce resources' mean Americans must lower their living standards—it's a lie, and the American System approach to housing suggests why.

The end of the two-car family and the one-family home" is one of the announced goals of the self-styled futurologists who have determined that America should undergo a change in lifestyle to accommodate to a world of scarce resources and limits to growth. According to these "Aquarians," materialist greed of American workers has led to overconsumption

The prospect of further erosion in living standards undoubtedly enrages most *EIR* readers. Most, we trust, will also be aware of the fact that it is totally unnecessary. "Scarce resources" are a myth perpetrated by those individuals and institutions who are making the political decisions to determine in advance that current resources are exhausted and the new, frontier technologies to replace them are not developed.

But many of our readers may not realize that there is an explicit "American System" republican tradition of providing abundant, high-quality housing for the entire population.

A little over a century ago, Republican Congressman William D. Kelley made a plea for Philadelphia to host a great Centennial exposition to commemorate the "birth of republican liberty" in America, as "events not merely of

national but of world-wide interest." Kelley, whose speech to Congress in 1871 is printed in Allen Salisbury's book, *The Civil War and the American System*, had this to say on the political significance of American living standards:

"Again, the great thing that the people of Europe would learn by visiting us, would be the effect of free institutions upon the masses of the people, and that which they would most admire, and which they could see nowhere else in such numbers and perfection, would be the homes of our working people. I repeat, sir, that by nothing that they would see in this country would the workman or the capitalists of Europe be more instructed than in looking at the homes of the workmen of Philadelphia. No tenement houses there. Each laborer who has a family dwells under a separate roof, which is most frequently his own; in a house lighted by gas, supplied with an abundance of pure hydrant water. In every house there is a bathroom, into which there run streams, warm and cold, of the pure water provided by the public.

"This is a startling contrast to the homes of the workingmen of England, France, Belgium, Prussia, or any other land. To thus bring the people of Europe to a knowledge of how laborers live in

our free Republic would give an upward impulse to the temporal condition of humanity everywhere."

Hardly a picture of American "greed"! Kelley and his fellow American System thinkers of the Lincoln political machine understood that decent housing was required in order to reproduce a skilled labor force that could continually absorb more advanced technologies and educate its children for the creative scientific advances society's progress requires.

Thus, when Federal Reserve chairman Volcker pursues credit policies that destroy the housing industry, he is doing something that is emphatically un-American.

In addition to the "greenfield" new steel plants and the vastly expanded nuclear installations the country needs, a U.S. government in the American tradition would today be taking steps to make possible the biggest housing boom this country has ever seen.

Every dwelling should be constructed to last for 50 years, with the built-in flexibility for growth and technological change. Every family requires enough space and soundproof doors and walls—to allow each family member the space to pursue uninterrupted activities of a wide variety.

It is not necessary to undertake vast federal housing projects to bring this about. What is required is a two-tier system of credit and taxation that rewards investment into such housing and other productive projects, while harshly penalizing wasteful, speculative investment. And: America's entry into the new gold-backed monetary system the Europeans have been putting together.

House Committee slashes fusion and NASA budgets

The House Appropriations Committee in early May proposed major slashes in the FY 1981 magnetic fusion budget. At the same time a House Appropriations Subcommittee cut a supplemental appropriation for the NASA 1980 budget that would have crippling effects on its space program—and that of Europe. The cuts in the fusion budget were \$60 million, bringing the entire budget down to \$373 million from the Department of Energy's proposed \$403 million. This total is far lower than the \$433 million proposed by Rep. Mike McCormack (D-Wash.) to achieve a working fusion reactor by the end of the century. The appropriations committee cuts, if accepted by the full House, will severely delay the design of the next-step engineering test facility, and hurt all on-going fusion experiments.

At the same time the subcommittee proposed terminating NASA's Solar Polar Mission, its most important scientific project, on the grounds that NASA has refused to "balance" its budget. The termination of NASA's Solar Polar Mission has raised the ire of the Europeans who are paying for half of the \$320 million project and have already spent \$30 million on the program, which would simultaneously launch two satellites crossing the poles to orbit the sun in opposite directions, resulting in unique data on solar phenomena. The Director of the European Space Agency has indicated to NASA that they now consider the U.S. an

"unreliable partner in international cooperation" and NASA spokesman fear that NASA-ESA cooperation more generally will be severely crippled.

Trucking dereg heads for House vote

A deal has been struck between the Carter administration, Senator Howard Cannon (D-Nev.), and Rep. James Howard (D-N.J.) that will rush legislation to effectively deregulate the nation's trucking industry to a House vote by next week, well-placed Capitol Hill sources report.

These sources say that the Surface Transportation Subcommittee of the House Public Works Committee, chaired by Rep. Howard, marked up a bill that had the full blessing of Howard Cannon and President Carter. Cannon sponsored trucking deregulation through the Senate last month. According to the deal, the Public Works Committee will report out that bill, with no significant changes, for a House floor vote next week. With backing from House Speaker Rep. Thomas 'Tip' O'Neill (D-Mass.) the bill will sail through the House.

Cannon plans to introduce the House version of the bill for a Senate vote; it is expected to pass quickly. If that happens, a possibly long drawn out series of conference committee discussions will be avoided and a bill will be on the President's desk for signing by early June.

A study commissioned by Democratic presidential contender Lyndon H. LaRouche revealed that trucking deregulation would be "far costlier than the Vietnam War" to the American economy. Losses in production due to deregulation were placed at a staggering \$500 billion over 8 years, by itself capable of producing an economic collapse.

It is well-known on Capitol Hill that both Cannon and Howard have been blackmailed by the Carter Justice Department around its "Abscam" and "Brilab" probes. Last week, Carter people upped the pressure on Howard, threatening to cut off more than \$1 billion in federal highway funds for the New York-New Jersey area unless he delivered an acceptable trucking bill.

The leadership of the American Trucking Association, the trucking industry lobby, has evidently deluded itself that they are going to be able to "live with deregulation." The ATA steadfastly refused to mobilize its membership for anything more than a perfunctory letter writing campaign. Now, reliable sources report that the ATA is apparently going to claim some kind of "victory" when the bill is finally passed since it will be only "80 percent as bad" as the Cannon bill. The ATA leaders are said to so fear the wrath of the pro-deregulation Interstate Commerce Commission, which has threatened to unilaterally deregulate the industry, that they were "afraid to push too hard against any bill."

The leadership of the International Brotherhood of Teamsters (IBT) has likewise refused to mobi-

lize its membership for more than letter writing.

Synthetic fuels bill going to floor soon

The House and Senate Conference Committee that has been working on the omnibus synthetic fuels production legislation, S.932, is finishing up its work and staff aides expect final details of the bill to be worked out at a conference committee meeting May 21. The conference committee bill is an amalgamation of a House proposal introduced by Congressman Moorehead (R-Pa.) last year to establish a synthetic fuels industry, and a proposal by Senator Henry Jackson (D-Wash.) to establish an independent synthetic fuels corporation.

The new bill would establish a synthetic fuels corporation, an independent government corporation using government money, to oversee production of synthetic fuels. The aim of the bill is to produce 500,000 barrels of synthetic fuels, an extremely expensive, highly inefficient energy source, by the year 1987, and 2 million barrels a day by 1992.

As it is anticipated that it would take 9 months to 2 years to establish a functioning corporation, the bill would place the development of the synthetic fuels industry under the Department of Defense, using the Defense Production Act as a basis. Thus, a large part of U.S. energy development would be militarized.

The bill would award government contracts to companies at

guaranteed prices and give out loans and loan guarantees. The bill provides for \$3 billion to start synthetic fuels production. Over the next 4-5 years an estimated \$17 billion will be needed, and later, approximately \$68 billion will be required to achieve the goals set out in the bill.

The conference committee is working on the final points that still separate the House and Senate proposals. These deal with amendments added by the Senate to finance solar energy production, geothermal energy production, and biomass production. The bill does not deal with nuclear energy, the most efficient, productive energy source.

Kemp calls for "little Taiwans"

Rep. Jack Kemp (R-NY), a top economic advisor to Ronald Reagan, introduced the "Urban Jobs and Enterprise Zone Act" on May 1 in an effort to foster "job-creation" in decaying inner cities. The brainchild of several British economists, including Sir Geoffrey Howe, Chancellor of the Exchequer, the legislation has the explicit intent of fostering what Kemp oddly terms "high-technology, labor intensive jobs" like the electronic component assembly industries in Taiwan. It would do this by targeting depressed urban areas as "enterprise zones" which would suspend safety regulations and most business, property and payroll taxes as an incentive to luring small businesses to open up in the areas and provide employment for the

urban poor. The bill would increase the depreciation allowance for small businesses operating in the zones.

Whether Kemp knows it or not, his legislation corresponds to a Club of Rome plan to deindustrialize and deurbanize American cities by dispersing skilled blue collar workers, leaving only low-wage service, labor-intensive industries. Kemp boasts about mobilizing "human capital," and Stuart Butler, a British economist now resident in the U.S. at the Heritage Foundation and the moving force behind the bill admitted that "these (jobs and) employees may commence with low-paid, unskilled work ..." An aide to Kemp added that a substantial exemption from payroll taxes for firms operating in the "enterprise zone" was explicitly geared toward fostering "labor-intensive" industries. The aide said that Kemp would like to incorporate many of these enterprise zones as "foreign trade zones" where components could be imported to the U.S. duty-free. "You know, like the industries in Taiwan."

Kemp's aide went on to talk about the misallocation of federal resources into loan guarantees for declining industry, citing Chrysler as an example and stressed that Kemp's bill would be a more appropriate direction into small, starter industries.

Kemp points out that the current British budget calls for the incorporation of six "enterprise zones."

Republican Presidential candidate Reagan is reported to have "loved" the bill.

National News

Kennedy proposes 're-industrialization'

Senator Edward Kennedy went to Newark, New Jersey last week and unveiled a souped-up version of his "economic program."

The familiar call for wage and price controls was there, but Kennedy has added a proposal for an "American reindustrialization corporation," which he would establish "within the first 100 days" of taking over the White House. The corporation, he explained, would be a quasi-public institution, administered by a board whose members came from both the public and private sector. It would be empowered to make grants, provide loan guarantees and subsidies to individuals, businesses, industries, research organizations and cities interested in new economic development or "revitalization."

The corporation would receive funds from both Congress and from borrowing in capital markets. Initial funding would be pegged at \$1 billion, with an eventual funding level of \$25 billion.

Kennedy surrounded his program with some podium thumping rhetoric: "Our goal must be nothing less than the re-industrialization of America. ... I am proposing what amounts to a Marshall Plan for America."

The would-be Democratic presidential nominee also declared his support for a "two-tier" credit and tax system that would "reward investment in production" and "penalize speculation."

As Kennedy departed from Newark for points West, observers noted the similarity between the Kennedy proposal for an American "reindustrialization corporation" and one made by investment banker and corporatist, Felix Rohatyn of Lazard Freres. Rohatyn is known to be among Kennedy's advisors, while also advising President Carter and now, John Anderson. Other sources speculate on exactly what kind of "revitalization program" Kennedy has in mind, since the Senator is a staunch supporter of energy conservation, envi-

ronmentalism, and has called for a ban on all nuclear power facility construction projects.

The long arm of FEMA

With President Carter's declaration of the entire state of Washington a Federal Emergency Area in the wake of the Mt. St. Helens volcano eruption, the Federal Emergency Management Agency (FEMA), which will run the entire program, has for the first time in its short but violent history taken over control of an entire U.S. government unit—the State of Washington. Simultaneously, Niagara Country in New York State, site of the Love Canal chemical disaster, and Cameron County in Louisiana, site of the Lake Charles floods, were also declared Federal Emergency areas by Carter, and put under FEMA control. Adding these to the already vast powers FEMA exercises over the Cuban refugee relocation in Miami, which extends to relocation settlements in Wisconsin, Pennsylvania, and Arkansas, in the first short weeks of May FEMA has used an unprecedentedly large number of simultaneous disasters to gain control over whole sections of the country.

In each of these areas, President Carter is mandated under federal law PL-93-288 to appoint a single Federal Coordinating Officer from FEMA, who has total control over all federal activities in the emergency area. Speaking of Robert Stevens, who has been appointed Federal Coordinator for Washington State and has set up an emergency bunker in Vancouver, Washington near the Mt. St. Helens volcano, a FEMA source said, "He has sole and total Federal authority in the area. He can assign anyone to do anything, go anywhere, requisition anything, military style. If he wants a C-140 transport plane, he gets it. If he tells some general to get the hell out of there, the general gets the hell out. He has very firm, centralized control."

Asked about the sudden rash of emergencies simultaneously around the nation, a source in FEMA Mitigation

and Research, which does "futurology" forecasting, said, "That's easily explained by the Telegraph Equation. If you have a mechanical hand randomly switching on and off a telegraph switch, you would expect the signals are spread out; but instead you get random bunching up. That's all there is to it—it's just random bunching up, totally accidental."

On the ground in Washington, FEMA has complete control over all the operations of the U.S. Geological Survey, the Department of Transportation, the Department of Agriculture, and the Department of Housing and Urban Development, which are watching the volcano, dealing with emergency transport, assessing the effect of volcano ash on crops, and preparing to relocate whole communities in the area. In particular, FEMA is directing the Army Corps of Engineers and the Portland Port Authority in their takeover of the Port of Portland, which has been entirely shut down by volcano sludge pouring out of the mouth of the Columbia River.

FEMA Mitigation and Research is even making the "technical decision" on the 18-mile long "debris dam" of torn trees, sludge, and rock which has built up a huge "wall of water" reservoir of melted glaciers along the Columbia tributary, the Cowlitz River. "We're trying to decide whether to purposefully breach the dam," said a FEMA source, thus flooding the lower Cowlitz and Columbia valley with tons of water and debris.

U.S. admits Soviets have laser weapons

The *New York Times* last week carried leaks from worried Carter administration officials warning that the Soviet Union has developed—and deployed—highly sophisticated ground-based laser beam weapons. Such weapons systems, officials say, have the capacity to knock out U.S. space satellites and by the mid-1980s, will be deployed in space.

According to the *Times* report, government officials sent their estimates di-

rectly to President Carter. While the *Times* says that these officials do not view Soviet laser developments as altering the overall Soviet-American military balance, there are sources in the U.S. military who dispute this. Such sources say that if the Soviets have deployable laser weapon technology, they have the capacity to cripple U.S. strategic capabilities. A laser weapon system is said to be the basis for a new generation of Soviet anti-missile defense systems.

The report of the Soviet developments is said to have stirred debate within the Administration and on Capitol Hill over U.S. efforts to develop laser systems. The Carter Administration has called for spending only 200 million on laser weapons, mostly for small "tactical" programs.

Coast Guard drug patrols crippled

Coast Guard sources confirm that despite the massing of the largest single fleet since World War II in Florida, they will be all but helpless to stop drug trafficking in the area.

These sources report that the combined effects of \$37 million in budget cuts plus the redeployment of personnel and ships to deal with the Cuban refugee crisis have forced the Coast Guard to all but abandon monitoring and stopping incoming drug traffic. "Florida is wide open now for drug smugglers," a Coast Guard source complained. Since its ships are now ordered to heavily patrol the Florida Straits area because of the "refugee crisis," smugglers are adopting an "avoidance strategy." Instead of going through the Yucatan Channel and heading east, they are taking a new route that heads toward the Tampa area. The former Tampa fleet is now on duty in the Florida Straits, as are craft formerly on duty in the Gulf of Mexico off Texas and Louisiana.

Another route from Colombia goes past Cuba and then up the East Coast. Cutters have been pressed into Florida duty from several East Coast points—

including the Maryland and Northeast region, two key drug entry points.

In addition, the new Florida patrols are along the coast, not out in the open sea, and therefore, can be easily avoided.

Schlesinger: Carter bungling requires open convention.

Commenting that Jimmy Carter's "in-correctible bungling is in fact turning the United States into the Inspector Clouseau of nations," historian Arthur Schlesinger declared in a May 22 *Wall Street Journal* op-ed that the upcoming presidential conventions must be "thrown open," so that "delegates (can) vote freely for the best man."

Writing from London, Schlesinger stressed that "the most sensible political suggestion in recent weeks has come from Governor Hugh Carey of New York," who was the first prominent politician in the U.S. Democratic Party to call for an open Democratic convention. With Carey's idea, Schlesinger noted, "we might have a chance of sparing the world—and ourselves—the ridiculous choice between Carter and Reagan. Otherwise the decline of confidence in the United States, the disintegration of the Western alliance and the consequent spread of Soviet influence will be hard indeed to arrest."

As evidence of the prevailing attitude in London toward Carter, Schlesinger cited a comment by writer James Cameron in the *Guardian*: "Short of having his trousers fall down on Pennsylvania Avenue, President Carter could hardly make any more public blunders than he has done over the last few weeks."

Schlesinger's op-ed followed by one day an op-ed by Carey in the *New York Times* in which he repeated his earlier call for an open Democratic convention and stressed that the motivations behind this call were growing stronger with the daily increasing evidence of Carter administration incompetence.

Briefly

● "HAT DAY" was declared by the State Department press corps on May 22. The entire press group showed up wearing old hats. One week earlier, the press corps declared a three-hour moratorium on news reporting and travelled en masse to the Washington Zoo. A newspaper veteran at State commented, "No wonder the French don't bother to consult with us any more."

● THE SIERRA CLUB Bulletin published an interview this week with "independent" presidential candidate John B. Anderson. He called for a "30 to 40 percent" cutback in energy usage. "We could have a 30 to 40 percent savings in energy without reducing our standard of living," Anderson declared. Anderson attacked oil companies as "short-sighted and foolish" and expressed strong support for the "conservationists" in American politics.

● LAZARD FRERES, the New York-based investment house, suddenly turned up \$284 million in additional accumulated deficits for the Washington, D.C. municipality during its audit of the city's finances this week. The Lazard finding adds to an already existing deficit of \$180 million, and will probably trigger new budget cuts by Washington Mayor Marion Barry, who had brought Lazard in to do the audit. Lazard banker Felix Rohatyn is the architect of New York's Big MAC fiscal austerity reorganization scheme.

● OVER EIGHTY MILLION Americans, totalling 53.4 percent of the American population, claim to have had at one time or another a "born-again" Christian experience, according to a new Gallup Poll done under contract for major Christian organizations. The Gallup findings were released by the *Los Angeles Times* May 19.

Red Brigades threaten Giscard

Italy's famous terrorist gang has threatened to hit Giscard, Helmut Schmidt and other world leaders at the Venice economic summit in June—where the British and American governments fear they will introduce a gold remonetization measure.

Italy's Red Brigades terrorists issued a communique on May 17 that threatened the lives of West German Chancellor Helmut Schmidt, French President Giscard d'Estaing, and other European heads of state who will gather in Venice in June for two separate conferences.

The Red Brigades' communique also claimed responsibility for the May 12 murder of Alfredo Albanese, the head of the Venice antiterror operations of the Italian national intelligence unit, the Digos. The statement said Albanese was killed because he was "responsible for the organization of thousands of mercenaries who will be charged with protecting the lives of the principal oppressors of the world when they meet in June in an occupied Venice. ... the principal murderers of the proletariat will meet to define their bloody policies ... these beasts ... think the Italian proletariat will not resist. ... We of the Red Brigades are expecting you."

Schmidt and Giscard along with the other government heads of the European Community will be in Venice June 12 for a preliminary summit before the annual advanced-industrial countries summit on June 22, also set for Venice.

The threat is one more confirmation that "foreign powers" control the international terrorism that has destabilized the Italian

political process, in particular. One must observe the British and American governments' fearfulness that Giscard with Schmidt's backing will propose gold remonetization at Venice.

For the past five months Albanese had been investigating the "Organized Autonomy" in the Venice area. He jailed leaders of that semilegal terrorist front group. His pursuit of the networks set up by Prof. Toni Negri, the jailed, accused mastermind of the Aldo Moro murder, earned him threats, machine gun attacks on his office, and finally death.

The most recent victim of Italian terror is Dino Amato, a member of the Rome regional government and local leader of the Christian Democratic party faction nationally headed by former Premier Andreotti.

In Germany Chancellor Schmidt has been recently hit with nationwide protests from the "pacifist" apparatus, the wing of NATO intelligence that grew out of the "SANE" antinuclear movement of the 1960s founded by Lord Bertrand Russell. Last Saturday in West Berlin, 14 youths occupied the roof of the America House, a branch of the U.S. consulate, demanding the release of the Baader-Meinhof and other terrorists.

When police stormed the building and took the group into custody, about 100 more youths split out of the onlooking crowd and

began a street confrontation that left 50 policemen injured.

The same day in Stuttgart, about 700 people held a demonstration demanding better conditions for imprisoned Red Army Fraction (Baader-Meinhof) terrorists. They marched around the prison where Fraction member Günther Sonnenberg is on a hunger strike to protest violations of his human rights.

Political violence has also broken out in France. Two weeks ago 30,000 people organized by Alain de Rothschild and his Zionist networks demonstrated against Giscard's Middle East policy. Two days ago a demonstration of 10,000 students at Jussieu University in Paris ended in a riot when 500 Autonomists attacked police, burned cars and broke windows.

The connecting links between the French and German outbreaks lead back to the same Bertrand Russell Peace Foundation networks that organized the May 1968 riots in France to try and topple Charles de Gaulle—after de Gaulle had left NATO and constructed an independent development policy toward the Middle East.

These networks form the terrorism support structure under the guise of pacifism and environmentalism: the antinuclear "Action Reconciliation," the "International Opponents of Military Service," the French Pacifist Union, and the "greenie" component of the terrorist Direct Action outfit, which will join American "greenies" in another try at storming the Seabrook nuclear plant site in New Hampshire May 24. An essential coordinating center for the West German mobs is the Evangelical Lutheran Church.