

EIR

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The German-Soviet drive for energy growth
Human rights, one-world law and terrorism
Muslim Brothers plot 'holy war' in America

**An open Democratic convention:
Will the nation win?**



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EIR

From the Editor

Jimmy Carter tallied the necessary delegates to win the Democratic party nomination in the final round of primaries, but the national media has proclaimed this "the beginning of the end" for the President. Not only did Carter lose five out of eight of the last primaries, but the miserable turnout among Democrats and the large block of uncommitted voters proves that a Carter candidacy would lose big come November.

So the drive is on for an open convention and a Carter resignation to make way for a Democrat who can beat Ronald Reagan. And it is well understood that Kennedy, seen at best as the lesser of two evils, is not the man for the job.

This week's Special Report, "An open Democratic convention: Will the nation win?" analyzes the reasons for the collapse of the Carter candidacy. We also detail the possibilities for an open convention and the emergence of a dark horse candidate capable of taking the White House.

We document who's calling for an open convention and why. It has to do with the fact that the depression is on, and the blue collar and urban machine voters essential for a Democratic Party victory know it and know who's responsible. Even key factions of the same elites that pushed through the Carter candidacy in '76 fear things have gotten too far out of control. Europe's total rejection of Carter's cold war policies and the realization that the U.S. military capability has been systematically destroyed have caused certain shocks throughout the nation's power centers.

Another shock hit the nation on May 31, just days before the final round of primaries, when Democratic Party contender Lyndon LaRouche addressed the population in a half hour nationwide television broadcast. We reprint parts of the broadcast in which LaRouche calls for an open convention and puts himself forward as the only candidate capable of making the U.S. a first rate industrial power again.



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The 1976 National Convention of the Democratic Party in New York.
Photo: NSIPS

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Documentation: Editorial statements by the *Washington Post*, *New York Times*, *Wall Street Journal*, London's *Economist*, calls by labor and business groups, and the nationally televised address of Lyndon H. LaRouche, Jr.

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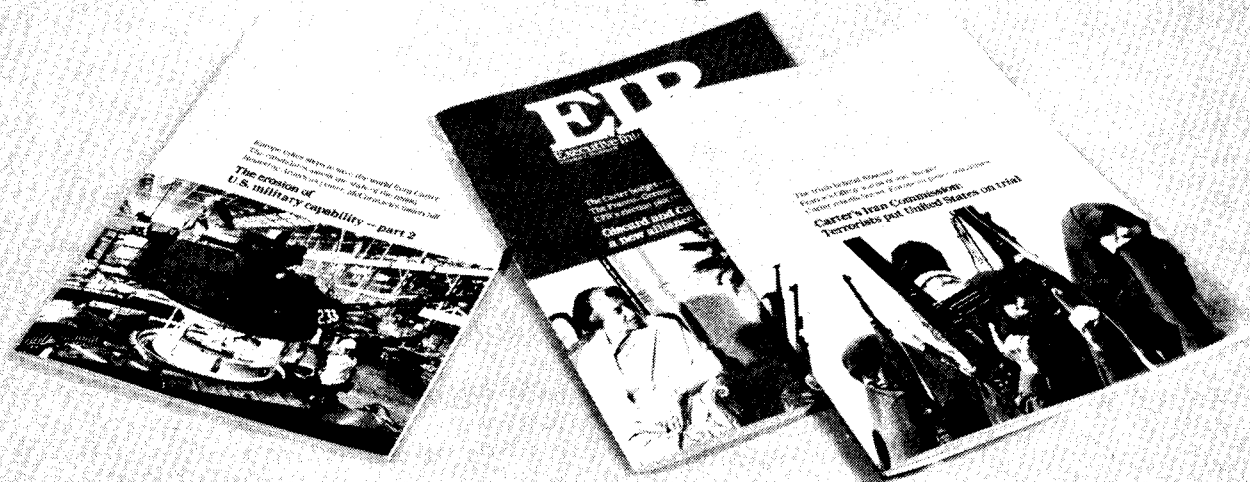
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Executive Intelligence Review



A Manhattan Project Approach to Economic and Political Intelligence

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The China card menace

Wining and dining the defense chief of the of China this week, the Carter administration concluded an open military alliance with a government that has repeatedly declared nuclear war "inevitable." The administration's flaunting of the China card is not only morally hideous—Peking is responsible for the murder of three million Cambodians—it is strategically insane.

Within a period of weeks or less, pre-emptive action by the Soviet Union could force the U.S. to initiate nuclear holocaust in China's defense—or suffer the greatest strategic humiliation in history.

The Kremlin—backing up its words with an occupation of Afghanistan that places armored divisions in position to strike Sinkiang—will never tolerate a Chinese military build-up under American-NATO sponsorship. They have informed the world's governments they will strike against China militarily before seeing Peking's nuclear weapons capability augmented.

Yet, after this week's consultations with Chinese Defense Minister Geng Biao, Assistant Secretary of State Richard Holbrooke announced the end of "evenhanded" dealings with China and the U.S.S.R. in favor of a plan to strengthen China economically and militarily. This will mean "the sale of carefully selected items of dual use technology and defensive military support equipment." This includes radar technology applicable to missile guidance, and other aids to Chinese "nuclearization."

Chinese Vice Premier Deng Xiaoping then declared: "We hope in China that not only the U.S. but Japan and Western Europe and the Third World countries unite to cope with Soviet hegemonism . . . The main danger of war comes from the Soviet Union."

Western Europe, however, spent the past week in full diplomatic mobilization, deepening communications channels and signing major economic agreements with the Soviet Union, and preparing for the June 22 OECD summit in Venice, where the French are expected to introduce a motion for a

new gold-backed monetary system. They are also promising to undertake their own Mideast peace initiative.

Europe has demanded that Carter not pursue the 'China card'. But in past months, China and the U.S. have collaborated in destabilizing the Gandhi government of India by provoking rebellion in the strategic state of Assam, and in increasing flows of funds and arms to the "Islamic fundamentalist," opium-grower rebels in Afghanistan. And in the past week came U.S. arms sales directly to China for the first time.

Administration policy has been accurately compared to Nazi "Blitzkrieg" tactics. By building an alliance between a freshly armed China, a rearmed Japan, and the Koreans against the Soviets in Asia, the administration seeks to drain Soviet troops into deployments on the Sino-Soviet border. It is proposed that in this fashion, the U.S. will gain superiority, without the modernization of American economic and military capabilities that would represent an actual strategic advantage in depth. The "China card" is a *Malthusian's* military policy and like the "Blitzkrieg," it is a potentially very bloody bluff.

Our European "allies" have reached the limits of their toleration. The Kremlin certainly has.

"The issue is, de facto, that Washington will give the material base for the aggressive policy of China," writes a Soviet military analyst in *Red Star* this week. Only a few months ago, Soviet President Brezhnev warned visiting French emissaries, if the U.S. augments Chinese nuclear capability, then "our missiles will rain down on Peking, and Washington will have 30 minutes" to decide between a policy-change, or total war.

In drastically foreshortening the timetable on its "China card" this past week, the administration may have committed us to an unwinnable game against a stronger power. If Soviet missiles rain down on Peking, or if Soviet armored divisions sweep into China's Western desert regions, the best we might hope for is a strategic humiliation.

Good, but only half a policy

The West German-Soviet drive for energy growth

by Richard Freeman

At the upcoming summit in Venice of heads of state June 22-23, the governments of France and West Germany will walk in with very compelling evidence of the need to junk the prevailing rigged agenda and discuss the reorganization of the world economy. This will have to involve both the establishment of a gold-based monetary system, and the replacement of the central authority of the International Monetary Fund and the World Bank.

One very reliable source confirmed June 4 that French President Giscard has formulated such a policy and is working it out in secrecy with his top policy advisers. Giscard's potential thrust was signaled in a speech delivered by French Premier Raymond Barre before the meeting of the Organization for Economic Cooperation and Development (OECD) in Paris June 4, where Barre stated that the world is in the midst of a danger unparalleled since World War II and that the principal cause is the collapse of the global monetary system, which needs reform.

At the same time, Bonn astounded the world when West German Chancellor Helmut Schmidt instructed his ministers this week to agree to a vast expansion of German-Soviet trade as the German-Soviet Economic Commission met in Bonn May 29 and 30 to hammer out the framework for long-term energy and industrial cooperation involving both two-way and three-way projects whose details a high-level West German-Soviet implementation group immediately began pinning down.

But the question hanging over particularly Schmidt's initiative is whether these deals and promises will be

enough. The world monetary system does indeed hang by a fragile thread, which could be snapped at any moment by a City of London-triggered maturation of the Third World debt crisis, forcing defaults, cancellations and advanced sector bank failures. Indeed, such possibilities were the subject of the three day International Monetary Conference held in New Orleans, where Bank of America president A. W. Clausen held out the establishment of a "safety net" to protect against advanced country bank failures.

The German-Soviet economic commission

The very meeting of the German-Soviet Commission on Economic and Scientific-Technological Cooperation, against the background of the manufactured atmosphere of East-West tensions, sent shivers up the spines of the Carter administration's policy controllers. The prestigious Council on Foreign Relations' policy organ, the *New York Times*, which advertises that it prints "all the news that's fit to print," buried its reportage on the Commission meeting in its May 31 edition at the bottom of a back page.

The BRD-Soviet Economic Commission was created as the outcome of the historic May 1978 meeting between Schmidt and Soviet President Leonid Brezhnev, which resulted in the signing of a 25-year trade and development treaty between the two leaders' countries. This preceded by one month the Bremen, West Germany

meeting that created the gold-based European Monetary System (EMS). Each May, the Commission meets to "talk turkey."

At this year's meeting, at which the ranking figures were West German Economics Minister, Count Otto von Lambsdorff and Soviet Deputy Prime Minister and Politburo member N. A. Tikhonov, the next several years of the accord were fleshed out. The scope of the plan is so large and the intended cooperation so close that Moscow announced that it will base its 1981-85 five-year plan on the calculation of heavy inputs from the West German economy.

The wide scope of development projects, ranging from metallurgy and metal processing, to chemical production, mineral development and exchange of patents, licenses, specialists and know-how, contained a few stunning surprises. The Germans agreed to supply the Soviets with oil-drilling equipment, which used to be exclusively an American market controlled by such firms as Dresser and Sedco. President Carter last year embargoed this equipment because it was allegedly "militarily sensitive." Soviet electricity supplies to the Federal Republic are also included in the energy development core of the agreement.

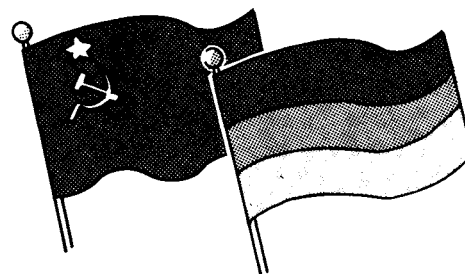
Joint projects in Third World countries

The accords also proposed to create "expert groups in the area of banking" which will not only work on speeding up and improving means of payment between the two countries, but also on correcting what has been a persistent Soviet balance of trade deficit with West Germany. The solution to the latter problem was proposed to be joint German-Soviet projects in third countries, with Turkey, a natural East-West partner, cited as a prime example.

The level of trade between West Germany provides background for what this latest accord means. In the first quarter of 1980, West German exports to the Soviet Union rose by 23.8 percent, while its exports to a collapsing U.S. economy did not significantly change. As a result, for the first time ever, during the first quarter, West German exports to the East Bloc outstripped its exports to the United States.

It is for this reason that the heavily export-oriented West German economy, increasingly reliant on high-technology goods, registered economic growth at a six percent per annum rate in the first quarter, versus one percent for the United States, and scored a solid 3 percent productivity gain versus a 2.3 percent drop in the United States.

But there is more to the trade and cooperation deal than simply its economics. Capturing the essence of the thinking of many prominent Germans that the U.S.



The communique

The May 31 communiqué of the Soviet-West German Commission on Economic and Scientific-Technological Cooperation was summarized in the June 1, 1980 issue of Pravda. In part, the summary reads:

The session reviewed the process of implementation of several important agreements and contracts. Successful implementation is occurring of their long-term agreements on the delivery by the Soviet Union of natural gas and its purchase in the Federal Republic of Germany of wide-diameter pipe, as well as equipment for manufacturing gas pipelines; on the construction in the U.S.S.R. of a number of chemical plants; on the equipping of the Oskolsk electrometallurgical combine. Talks are under way on a number of other major projects of mutual interest. The two sides expect that the Eleventh Five Year Plan for the development of the U.S.S.R. national economy and the conjunctural position of the economy of the Federal Republic of Germany will create additional opportunities for cooperation.

The two discussed the possibilities for cooperation in the energy field, particularly in developing offshore fossil fuel deposits, coal hydrogenization and gasification, electroenergy and the production of power equipment, in conservation of energy and raw materials, and other areas. . . .

The commission noted the growing contribution of specialized expert groups and experts' meetings and cooperation. It was decided to create expert groups in the areas of bank financing, cooperation in machine-building for food and light industry, and to hold experts' meetings on cooperation in the paper industry, pump and compressor equipment, and industrial pipe. . . .

It was agreed to hold the Tenth Session of the commission during the first half of 1981, in Moscow.

policy of confrontation must be sharply rejected, Otto Wolff von Amerongen, the leader of the German Chamber of Commerce and Industry, who usually speaks for an industry consensus, stated June 3, "At a certain time, it was better to go to Washington than to Moscow; it is now perhaps more important to travel to Moscow." Von Amerongen made this statement in Erivan, a Soviet city near the Caspian sea, where he and a group of top level German business leaders were meeting with their Soviet counterparts.

Von Amerongen then outlined four areas of expanded German-Soviet joint work: 1) improve the payments system between East and West; 2) improve the transport system; 3) improve joint electricity supply; and 4) coal gasification. These are the same general areas the Soviet leader Brezhnev has specified as suitable topics for discussion for the convening of a European conference on Energy and Transportation.

Commenting on the accord, German Chancellor Schmidt told an editorial conference of the leading German daily, the *Süddeutsche Zeitung*, that "in view of the tense world situation, the good level of East-West contacts in Europe provides a sign of optimism."

There has been a heavyhanded U.S. State Department and American press attempt to force Schmidt to abandon this policy, including a scurrilous attack on Schmidt published by *Business Week*. Schmidt's press secretary Hans Bölling responded to these pressures May 29, stating that: "The deeply rooted friendship between

Germans and Americans is founded on partnership, but not on submission to a hierarchical alliance order."

Is it enough?

The Schmidt policy offensive for increased East-West trade will certainly allow for Germany to diverge economically from the United States. While the U.S. is going through a collapse far worse than 1974-75, Germany continues to register economic growth.

But for how long? And what happens to the rest of the world in the meantime? New lending, even to Germany's favorite Third World customers, dropped sharply in the first quarter of this year. Despite its worsening current account deficit, the Third World could barely keep up with financing its old debt. Such a situation cannot last for long without wrecking the world economy, including Germany's heavy export trade. Thus Schmidt's East-West trade policy, while a major contribution to world growth and West German stability, is insufficient and as such, only "half an economic policy."

Yet, for Giscard to push through his world monetary reforms which will address the larger issues, he will need Schmidt's full support. It is this combination that will be needed to force through any positive moves at the June 22-23 Venice summit of heads of state.

As one old wizard of German banking told *EIR* this week, "The current world monetary system cannot last. Its reform is mandatory. Schmidt and Giscard can do it."

'We seek optimal results from large-scale projects'

First Deputy Prime Minister of the U.S.S.R. and Politburo member N.A. Tikhonov represented the Soviet Union at the trade talks in Bonn. He was interviewed in Izvestia June 1.

Referring to the main direction of business cooperation between the U.S.S.R. and the Federal Republic of Germany, N.A. Tikhonov noted that the most optimal mutually beneficial results come from the joint implementation of large-scale projects, compensation deals, cooperation in production, and joint development of new types of equipment and advanced technology.

In other words, the question today is to carry out, in addition to regular trade, major contracts based on

the principle of economic cooperation in a number of branches of the economies of both countries and designed for the long term. The effectiveness and mutual benefit of such forms of cooperation is confirmed by a multitude of concrete examples, from our pipe-credit-gas deals and the construction of the Oskolsk electrometallurgical combine to the joint implementation of projects in the third countries.

There are reserves for further development of economic cooperation between our two countries, said the head of the Soviet delegation, and they are large ones. An example is the extraction of raw materials, which West Germany acutely needs. For a highly developed industrial power, the BRD has extremely limited fuel and raw materials resources. It is nearly 100 percent import-dependent for many important raw materials. Cooperation in extraction and refining of raw materials promises substantial benefits to both countries. . . .

Cooperation in building industrial plants is no less promising.

The bottomless recession

EIR's prediction of a 15 percent drop in output is coming true, but how far down things could go from here blows wires in our computer.

Last week's economic news produced a striking set of all-time records, including a 4.8 percent drop during April in the index of leading indicators, the steepest since the index was first formulated in 1948. The news also carried reports of a 32 percent drop in the current month of auto production, the worst year since 1962; and a total \$5.6 billion runoff in commercial and industrial loans since Fed credit controls came on line March 16, also the steepest absolute drop on the record.

On balance, *EIR's* prediction last October of a 15 percent drop in industrial output by the end of third-quarter 1980 appears within the range of events. What is more fundamental, as *EIR* emphasized in its May survey, "Will the United States Economy Survive?" is the basic underlying change at work reshaping the American economy for the worse.

Even with 7 percent unemployment as of April (and higher as of May), there remain basic shortages of skilled labor throughout the economy, even in those states worst hit by industrial closings, according to state unemployment data. *EIR* has emphasized that the current collapse is not merely cyclical but structural, i.e., provoked by falling real productivity rates due to chronic underinvestment in both plant and equipment and in the development of skilled labor.

This is borne out by the un-

sually high incidence of permanent plant closings, or permanent plant closings represented as temporary. At least 30 blast furnaces are already down, many never to reopen. Four auto plants are also shut down permanently along with dozens of smaller foundries and other production facilities essential to their industries.

It is important to emphasize that this is not a conventional recession, but a phase-change of the sort that occurs when a shock is introduced into a supercooled gas under pressure. Most gases can remain in gaseous state below their condensation temperature for some time, but will liquefy as soon as a shock is introduced—a physical analogy to economics made by Dr. Steven Bardwell in a May contribution to *EIR*.

There is an identical phenomenon in economics. An economy such as the United States which has failed to meet the replacement costs of maintaining productive capacity can continue for an extended period at stable or even rising levels of output, albeit with lower productivity and greater susceptibility to inflation. However, the minimum level of capacity utilization, required to meet fixed costs which have increased due to additional downtime and higher energy prices, increases. For example, a modern specialty steel facility can be operated profitably at 40 percent capacity, while a 50-

year-old steel mill takes a loss at 80 percent of capacity.

When Volcker introduced the March 16 credit controls, forcing even large corporations to mind their liquidity, the economy fell through a hole on the chart to a lower level of capacity utilization. To what extent capacity reductions have already taken place is not clear. However, it is apparent that a "phase change" of the type *EIR* predicted in its April and May surveys of the American economy is in full swing.

The type of measures available to conventional econometrics are not sufficiently precise to grasp an economic situation of this type, and most estimates of the economy's chances for recovery are entirely conjectural for this reason. Temporarily, the rush is on to eliminate costs and preserve liquidity, as it was in the late fall of 1974; however, the method this time is less reducing inventories, which are not high by historic standards, than reducing capacity. This builds a mass of bottlenecks into an economy already suffering from substantial bottlenecks both on the labor and capital side; the result is a much higher threshold-level of profit expectations and inflation before recovery can begin. The conclusion of the LaRouche-Riemann model analysis *EIR* published last month is that the economy is moving rapidly towards a point where a conventional recovery is physically impossible. If that point is passed, the U.S. economy and American political and business leaders will find themselves in the ironic, and tragic predicament that this nation's chances of retrieving its former economic power will depend upon foreign aid.

Third World syndications shrink

Bankers are dickering over safety nets and IMF guarantees, not growth strategies.

The reason Third World countries fear for their financial survival, and international bankers are intent on expansion of petrodollar recycling, was evident in the latest figures on syndicated Euromarket loans, released June 2 in Luxembourg. From January through April 1980, less-developed countries took up 27 percent of Euro-syndications—as compared with 40 percent in the same period last year. Advanced sector OECD borrowers accounted for 51.3 percent of these loans, up from 29 percent in the first trimester of 1979.

Total syndications dropped by 22 percent to 18.2 billion from 23.6 billion. As U.S. interest rates eased in April, and Japanese banks returned to the market, an upturn began that generated 6.8 billion in new syndicated credits, or the total would have been still lower. There is plenty of lendable Euroliquidity, and spreads between deposits and loans are now viable for the banks, who need new assets. But central bank limits per country on loans have by and large been reached by West German banks, and U.S. banks have been holding back Third World commitments as well. In any case, Eurosyndications only go to upper-tier Third World borrowers, not the credit-hungriest.

International bankers' unease over the LDCs' financial survival, and their own loss potential on outstanding loans, dominated

what turned out to be sterile sessions of the annual International Monetary Conference, held June 2-4 in New Orleans, Louisiana. Commercial bankers and central bank representatives heard a series of overlapping proposals from Bank of America president A.W. Clausen, Deutsche Bank spokesman Wilfried Guth, Chase Manhattan Chairman David Rockefeller, and International Monetary Fund Managing Director Jacques de Larosiere.

Clausen proposed that banks cut back on their deficit financing, and introduce the international equivalent of domestic "mortgage pass-through certificates" for direct investors to take up the slack. Commercial banks could concentrate on "project lending," preferably through "co-financing with international financial agencies" like the World Bank and its regional affiliates. At the same time, a new international agency would make equity investments in the LDCs. This approach also includes IMF loan guarantees for the banks' assets, using liquidity idled by Third World reluctance to borrow from the Fund except under extreme duress.

IMF Director de Larosiere questioned whether this use of resources could undercut the IMF's ability to impose conditions of Third World lending. He favored a reform of the IMF, however, as

proposed over the past couple of months by London banking spokesmen, European Community bureaucrats, and other advocates of a strong IMF-World Bank role. The short-term deficit loans traditionally assigned to the IMF should become longer-term and more "flexible" in conditionalities, so that demands for straight cuts in budgets, imports and industrial activity are instead adapted to the particular "restructuring" designed for the victim by the World Bank "project directors."

David Rockefeller echoed a preference for the IMF-World Bank control of recycling, with the elegant comment that "we [commercial banks] should do our thing and they should do theirs." Earlier, he had criticized Euromarket loans as enabling Third World borrowers to bypass the IMF and "postpone such policy changes as curbing growth."

Deutsche Bank's Wilfried Guth proposed a "safety net" kitty to be established by the 20 leading international banks to bail each other out in the event of dangerous loan losses. Guth reportedly also suggested that the IMF itself borrow in private markets to avail itself of petrodollars, an idea floated privately, as *EIR* reported last month, by the Brookings Institution's Robert Solomon.

The most striking thing about the conference was not the obvious question arising from David Rockefeller's comments—if cutbacks in growth are forced, how can a borrower make good?—but the apparent unwillingness of those promoting more "flexible" approaches to take responsibility for mapping out anything like a real growth strategy.

Trade Review

NEW DEALS

Cost	Principals	Project/Nature of Deal	Financing	Comment
1.6 bn	India from Soviet Union	India is purchasing arms, believed to include the modern T-72 battle tanks, and MIG jets.	17 yrs loan at 2.5 percent annual interest	Pact signed in Moscow end of May
500 mn	Britain/Italy	Britain's Westland Helicopter and Italy's Augusta will develop and build a new antisubmarine helicopter for the British and Italian navies.		Joint company set up in May
408 mn	U.S. from Netherlands	Rijn-Schelde-Veroline (RSV), the Dutch engineering and shipbuilding group, will deliver coal excavation machinery to a U.S. coal mining group in which it is also a minority shareholder. The two U.S. companies it shares these holdings with are the Independent Coal Systems Company and Coal Systems of Texas. The equipment will be used in mines in the U.S. South (Smokies region).		Contract awarded
Est. 100s of mns.	China from U.S.	U.S. will sell Communist China battlefield radar, helicopters, and transport planes, and will authorize U.S. companies to build electronics and helicopter factories.		Pentagon announcement
9 mn.	Venezuela from U.S.	G.E. will supply a cooling system for the part of the Caracas Metro now under construction.		
	West Germany from U.S.	Lufthansa has ordered four Boeing 747s and has taken options for another two.		

Update

West Germany/Soviet Union	Comprehensive 25-year economic cooperation agreement, including especially energy cooperation drawn up previously in 1978.	Signing expected next month
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Would Mideast war aid the dollar?

Chase Manhattan says so; meanwhile, the currency markets are edgy in anticipation of the upcoming OPEC meeting.

Currency traders had said it might be a crazy week while their chiefs were off in Singapore at the *Financial Times's* Forex Conference. Maneuvers were in fact swung in a thin market June 3, but the craziest was the analysis put forward in Singapore by Chase Manhattan's Robert Slighton. His view, as reported by the *Financial Times's* conference correspondent, was that "if oil prices rise more steeply than expected for reasons other than political disruption of supply, there is likely to be a weakening of the dollar against European currencies.

"But internal problems within an oil exporter or armed conflict between oil exporters could lead to general strengthening of the dollar as a haven currency. 'What is new is the increased likelihood that this sort of event may occur,'" Slighton concluded.

Leaving Slighton's possible geopolitical motives aside, the dollar's record since the installation of the Khomeini regime contests Slighton's view from many angles. For one thing, the dollar's strength through mid-June 1979 was not as "a haven" from the Iran crisis, but reflected oil-payments demand, and European Monetary System resolve in tandem with OPEC not to let the International Monetary Fund demote the dollar. Investment inflows based on long-term "buy America cheap" and resource-control strategies occurred

during that period, but did not determine the exchange-rate picture.

Mainly, the U.S. economy now is a different one. Investment inflows are checked by the productivity collapse and consequent low or negative return on capital. And short-term "hot-money" inflows of the kind Slighton presumably means make little sense when gold is available as a hedge and a "haven"—and possibly soon as backing for long-term securities on a significant scale. As noted in our Gold column, the London Rothschilds politely reminded Slighton and the Singapore audience of this dimension of the matter when gold director for N.M. Rothschild, Robert Guy, came out with a "French position"—proposing a return to the gold standard and debunking "paper money" strategies.

Currently, the foreign exchange climate is still marked by interest-rate sensitivity, with the yen's strength against the dollar reflecting a widening differential there. Bolstering the dollar, there are still plenty who are undaunted by the devastating U.S. industrial figures who believe a collapse will straighten out the trade deficit and markedly cut American inflation. At the International Monetary Conference this week in New Orleans, Swiss central bank chief Fritz Leutwiler disgraced himself by welcoming the dive in the U.S. leading economic indicators as the

best news he's heard yet, on these grounds. Even Milton Friedman had felt obliged to protest at the conference that Fed Chairman Paul Volcker's "incredibly restrictive" policies have wrecked the economy.

The dollar may be subjected to further instability as the June 9 OPEC price meeting approaches, with markets jockeyed by advocates of the "basket of currency" oil-pricing system which will be on the agenda. No big trends are supposed to emerge until after the meeting. In New Orleans, the governor of the Saudi Arabian Monetary Agency, Abdul Azia al Quraishi, stressed that oil payments will continue to be made in dollars whatever the decision on the numeraire.

The most spectacular foreign exchange instability as of June 4 was in the pound sterling, however, which began sinking the day before on Prime Minister Margaret Thatcher's announcement that lessened European Community budget obligations would finally enable the UK to cut its 17 percent minimum lending rate. Sterling swung down to \$228.70 on this expectation, then back up to \$233.70.

In between it became apparent that nothing would be cut immediately, because gilts' prices rose only an eighth of a percentage point, much less than they would have in the event of an actual government decision on the MLR. (Falling interest rates enhance the attractiveness of fixed-interest securities like government-debt gilts, and thus their prices.) Somebody made a bundle buying sterling at the bottom, in a market of only a quarter of a million volume.

Can the American economy recover?

A series of seminars on the LaRouche-Riemann Economic Analysis

sponsored by
the *Executive Intelligence Review*
and the Fusion Energy Foundation.

Treasury Secretary Miller recently asserted that "all economists have been wrong. I think we have to recognize that there isn't an econometric model of any type that has been able to predict what has happened."

MR. MILLER IS WRONG

The LaRouche-Riemann economic model is the only econometric model to forecast with accuracy the impact of the Carter administration's "anti-inflation" policies.

Los Angeles:
Tuesday, June 24, 2:30 PM

Hyatt Regency Hotel
Bunkerhill North (B Level)
7111 South Hope (Broadway Plaza)

For more information contact: (213) 383-2912

In San Francisco:
Wednesday, June 25, 2:30 PM

Jack Par Hotel
Twin Peaks Room
Van Ness Ave. and Geary St.

For more information contact: (415) 665-5080

In Seattle:
Friday, June 27, 2:30 PM

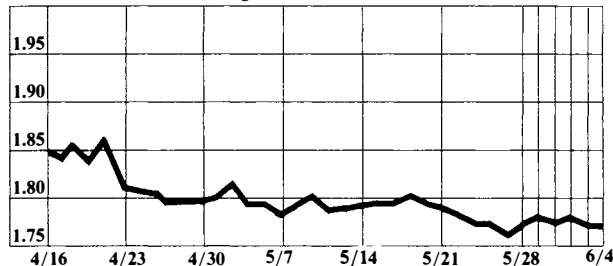
Down Town Hilton
Makani Room
6th and University Street

For more information contact: (206) 622-7922

Registration fee: \$50.00 per person,
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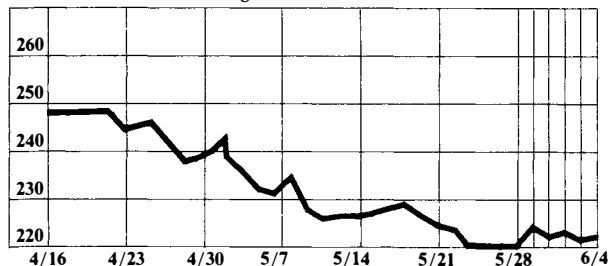
The dollar in deutschemarks

New York late afternoon fixing



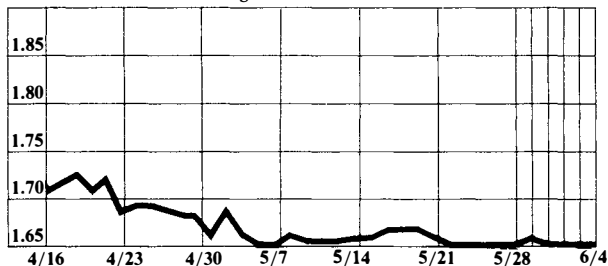
The dollar in yen

New York late afternoon fixing



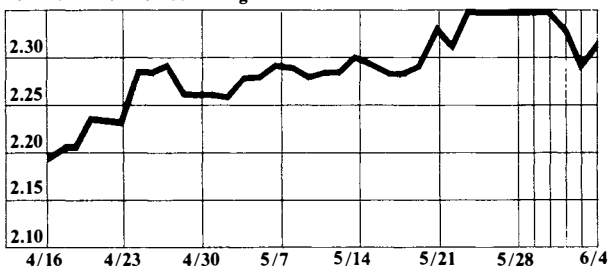
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Gold is back!

Gold prices are soaring and the word is out that something big is in the works on the monetary front.

The world gold price soared to over \$580 an ounce last week, in the first significant gold market rally since Federal Reserve chairman Paul Volcker stepped on the credit brakes in February. The rally confirmed my prediction of three weeks ago: namely, that the gold market would spring back to life in response to a major initiative by French President Giscard d'Estaing to restore gold's central role in the world monetary system. Giscard is expected to unveil a plan for world monetary reorganization at the June 12 European Economic Community summit, and then at the economic summit of leading Western heads of state scheduled for June 22-23 in Venice.

The rally began to take shape over the last two weeks as traders discovered to their surprise that a \$500 floor had been firmly established under the gold price. American speculators' efforts to bash the price down below this level met with repeated fierce resistance on the part of major continental European banks, Middle East interests, and by some reports, the West European central banks as well. Then, beginning on June 2, a major new surge of buying pushed the price above \$580.

The wire services advanced numerous pat explanations for gold's initial rise, such as rumors that some Iranian hostages had been killed and the reported sabotage of

a synthetic fuel plant by black guerrillas in South Africa. When the climb continued, they cited U.S. interest rate declines. Among market insiders, however, the word was that "something big" was up on the monetary policy front and that something could very well be an enhanced role for gold.

This assessment was shared by Robert Guy, a director of N.M. Rothschilds and Sons, the London investment bank which oversees the twice-daily gold fixings. Speaking at the *Financial Times*' World Banking Conference in Singapore on June 2, Guy predicted that gold would play an important monetary role during the 1980s. "Leading central banks will seek to strengthen the position of the major paper currencies but will be less hostile to the role of gold as a reserve asset," Guy stated, with typical British understatement.

Although leading British factions, like the Rothschilds, have repeatedly backed gold as a "hard commodity" refuge from a collapsing dollar, the attitude toward gold at the Elysée appears to be qualitatively different. Officials at the Banque de France have reportedly spent months studying proposals for the creation of a new international system of gold-backed credits, perhaps employing a gold-backed ECU, which would replace the Eurodollar market and IMF/World Bank as the major

source of liquidity for the developing countries. Indeed, Giscard stated in December that he viewed Third World underdevelopment as the most serious threat to world peace and security and that his monetary blueprint would address itself to solving that problem.

West Germany's Helmut Schmidt appears to be coordinating closely with Giscard on this question. On June 2, the *London Times* revealed that Schmidt intends to use the Venice summit "to focus the attention of the other major industrial countries on the financial crisis facing the Third World." Schmidt is expected to suggest that the major industrialized countries join with OPEC in a joint Third World financing effort above and beyond what is presently available through private banks and the IMF.

It is known that the Europeans will grease the wheels for such a mechanism by introducing a peace-settlement proposal for the Middle East.

Could it also be that European governments are offering OPEC gold guarantees in exchange for their recycling of petrodollars into Third World development projects?

The answer is far from certain but it is interesting to note that, for the last year, gold and the world oil price have tended to move in tandem—a phenomenon which some observers blame on a "Euro-Arab conspiracy." Given that Saudi Arabia is being compelled to accept another round of price hikes at the upcoming OPEC meeting, these Euro-Arab forces may very well have decided to up gold's "target price" in advance from \$500 to closer to \$600.

The ideal MHD system: fusion

by Marsha Freeman

At the turn of the next century, the ideal Magnetohydrodynamic system will be in sight, an energy producing process whose combustion products are charged particles that can be directly converted into electrical power by passing them across the lines of force of a magnetic field in an MHD generator. That process is fusion, the nuclear reaction that powers the sun.

Under the required conditions of high temperatures (in the millions of degrees) and pressures, the fusion fuel consisting of the heavy isotopes of ordinary seawater form a plasma and fuse, releasing a tremendous amount of energy and producing as a byproduct neutrons and charged particles.

The first generation fusion plants will use a deuterium-tritium reaction that will produce 77 percent of their energy in the form of neutral particles and most of the remaining energy in alpha particles (positively charged helium).

Advanced fusion fuel systems will use deuterium-deuterium reactions that produce 70 to 80 percent of their energy in the form of charged particles.

There are two basic fusion conceptions under study for direct MHD conversion. The first is the steady-state fusion reaction, typical of the tokamak, mirror, and other major experimental designs. The second is a pulsed fusion design which has important applications for advanced weapons research and which the Soviets have taken a keen interest in. Speculation about the possibility that the Soviets developed an antimissile beam weapon in spring 1977 raised the question of whether pulsed fusion-MHD designs were used to produce huge pulses of electric power.

Steady state fusion power production designs can utilize the closed cycle MHD conversion system with an inert gas as the working fluid. The higher fusion temperatures increase the ionization potential and thus the conversion efficiency of systems already designed for lower temperature nuclear reactors.

This coupling of a conventional MHD system to a fusion reactor would use a graphite blanket around the reaction zone to absorb neutron and X-ray energy and to heat a suitable working gas such as helium. Because the graphite does not have to contain fission products and because it maintains good structural properties up to 2,800 degrees Kelvin, such a system should be able to operate at high temperatures for long periods of time.

A helium outlet temperature of 2,500 degrees Kelvin is used to heat and ionize the noble gas for direct conversion in the MHD generator to electric power. Preliminary calculations show an overall cycle efficiency of more than 60 percent.

One design by Brookhaven National Laboratory combines the fusion MHD system with gas turbine or steam boiler cycles that have projected efficiencies of up to 75 percent. They also examined the possibility of producing pulsed power in this system by circulating only the helium coolant-working fluid when the reactor was in between plasma burns.

In pulsed reactions systems the most intriguing ideas have come from the Soviet's Kurchatov Institute by Academician E.P. Velikhov who has investigated bulk pulsed power from fusion reactions. The technique involves induction conversion.

The fusion explosions in Velikhov's dumbbell-shaped reactor chambers are projected to produce 10 billion to 1 trillion joules of energy, the equivalent of 2.5 to 250 tons of TNT. The working fluid is an alkali metal vapor, either lithium, potassium or sodium, which surrounds the thermonuclear charges as an evaporating blanket. The fusion explosion vaporizes the blanket providing the force in the plasma to drive a metal piston from one chamber through the MHD channel to the other chamber (where a second explosion will drive it back). The liquid metal vapor that condenses after the power extraction and temperature drop is recycled through the liquid metal reservoir back to the reactor blanket to be reevaporized with the next explosion.

As the piston is pushed through the MHD channel, it is partially slowed down by the magnetic field surrounding the channel and it compresses the magnetic field in the solenoid. The kinetic energy is inductively transferred to the magnet system where the load is attached.

Velikhov has projected that this inductive design would produce an average electrical power of approximately 15 gigawatts with efficiencies greater than steam turbine systems.

Given the efficiency of energy production in MHD systems and the wide-ranging applications to industry—from chemical byproducts for fertilizer production to electricity and high-quality heat for metals processing—there is nothing that does not recommend magnetohydrodynamics as an energy source for today and for the future.

Business Briefs

U.S. banking

Senate dumping of credit controls too late

When the Senate voted June 2 to repeal the Credit Control Act of 1969 on July 1, 1981, terminating the sweeping power the President has to authorize the Federal Reserve to allocate credit to the economy, it may have been just too late. The Credit Control Act was the piece of legislation that President Carter invoked last March 14 when he and Federal Reserve chairman Volcker imposed stringent restrictions on the extension of consumer credit and on rapidly growing money-market funds, restrictions which have now been partially rescinded.

The Credit Control Act has long been a target of conservatives in the Congress such as Sen. Jesse Helms (R-N.C.), who tried to get the act repealed a year ago, when he sensed that the administration was anticipating invoking its powers. The main sponsor of the measure which passed the Senate 44 to 30 on June 2 was Sen. William Armstrong (R-Colo). The bill's passage was ensured when its sponsors won the support of Senate Banking chairman William Proxmire (D-Wisc.) and a handful of other Senate Democrats. Proxmire had loudly criticized the bill as giving the President "appallingly broad powers" over credit.

While the bill's supporters are patting themselves on the back for having defeated the hated credit controls, the repeal of the President's formal powers to impose controls may be quite meaningless because of developments of the past two years. One of the developments was the passage of the Depository Institutions Deregulation Act and Monetary Control Act of 1980, known as the Omnibus Banking Act, this past winter.

The Omnibus Banking Act, sponsored by Proxmire and Reuss (D-Wisc.) chairman of the House Banking Committee, imposed mandatory reserve requirements on all financial institutions in the country—members of the Federal Reserve System and non-members—for the first time in U.S. banking history.

These reserve requirements start out low; however, the Omnibus Banking Act empowers the Fed to raise reserve requirements as high as it deems necessary to control credit expansion—essentially the same powers that resided in the defeated Credit Controls Act. On top of this, the Federal Emergency Management Administration (FEMA), created in the fall of 1978 by a Presidential Review Memorandum, also has extraordinary powers to allocate credit in the event of a national emergency. In short, the Credit Control Act of 1969 was superseded, and had become irrelevant.

Corporate Strategy

Mid-America Committee boosts relocation to U.K.

The Chicago-based Mid-America Committee May 29 held a dinner for Sir Keith Joseph, Industry Minister of Great Britain, followed by a special, "off the record" seminar on "sensitive issues." The Mid-America Committee, which describes itself as a platform for 200 senior executives in multinational corporations "to aid them in working out their problems," holds such seminars biweekly. This seminar featured representatives of the Chalmers interests, which include the drug trafficking Banking Bank of Nova Scotia and the Huyck Corporation.

The "sensitive issue" discussed, according to sources present, sheds some light on a "U-turn for the decrepit British economy" vaunted this week in the London press: the "relocation and expansion of U.S. operations in the United Kingdom."

Sir Keith pointed to low British labor costs and fewer labor disputes than in the U.S., contrary to common belief. As multis "decentralize and denationalize," and Commerce Secretary Philip Klutznick ends antitrust prohibitions against creation of U.S. trading companies, there will be a "long-term" trend for corporate expansion in the U.K. fostered by tax breaks and regional incentives (presumably the Hong Kong-

style free zones promoted by Chancellor of the Exchequer Geoffrey Howe).

Sir Keith's May 26-June 2 itinerary also included a speech to the Electronics Association in San Francisco—electronics is undoubtedly the core of this "relocation" plan—and a day and a half at Georgetown University's Center for Strategic and International Studies. *EIR's* correspondent reports from a dinner session there that the imminent "U turn" was stressed by CSIS and British participants, along with the necessity of eliminating the trade unions. Commentators also included Anne Armstrong and other Reagan advisors; George Malone of the *Wall Street Journal*, who said Thatcher's monetary policy is not restrictive enough; and Douglas Cater of the Aspen Institute, who owns the London *Observer* and was inebriated to the point of embarrassing the others. Sir Keith's most memorable comment: "If Keynes were alive today, he would advise us on Friedmanism."

Domestic credit

Commercial banks eye "national presence"

The First Pennsylvania Bank, which received a \$1.5 billion emergency credit infusion from the FDIC and a consortium of 26 commercial banks on April 26, is presently being carved up and sold off. Last week the Federal Reserve approved a bid by Manufacturers Hanover to acquire First Penn's consumer finance subsidiaries and the servicing activities on its \$2.3 billion mortgage portfolio. The proposed \$106.6 million purchase had been delayed this past spring by First Penn's financial crisis and the subsequent "rescue" operation. Manufacturers Hanover first made its bid for First Penn last October.

The assets Manny Hanny is acquiring include the Continental Finance Corporation of America in Aurora, Colorado and two Pennsylvania-based consumer finance operations, which had been previously acquired by First Penn.

Briefly

The banking strategy underlying the acquisition, according to Manufacturers Hanover officials, is the desire to increase the bank's national presence. There are no legislative obstacles to the acquisition of consumer finance, credit card, and related operations by out-of-state banks, and this is the route that large money center banks such as New York's Citibank and now Manufacturers Hanover have taken in their ambition to pick up national business. The policy has the full support of New York Federal Reserve President Tony Solomon, reiterated June 3 at a New York banking conference.

The big prize the money center banks are after, however, is the go ahead on interstate banking, now forbidden by the McFadden Act—specifically to protect the regional banking system from money center predators. House Banking Committee Chairman Henry Reuss and his Senate counterpart William Proxmire are sponsoring legislation to repeal McFadden, on the grounds that the nation's banking crisis requires that strong banks be allowed to pick up troubled banks in other states. The effort has strong support from Citibank's Wriston.

The "rescue" of First Penn last April represented a foot in the door for interstate banking. As part of the conditions of the bailout, the rescuers were offered special warrants at distress prices that they can convert into preferred stock in the company seven years from now. The rescuers could end up with 56 percent ownership in First Penn.

Agriculture

Farm equipment company to close down

Beginning July 1, the Massey-Ferguson Company, the giant agricultural implements producer in the United States and Canada, will shut down all its North American manufacturing facilities for three months. More than 7,000 workers will be laid off.

The Massey-Ferguson shutdown oc-

curs as the farm implements division has entered an unending sales tailspin caused by the collapse of U.S. farm income. International Harvester and Caterpillar, two other large agricultural equipment producers have likewise registered a drop in sales and proceeded to close down chunks of their operations.

However, in the case of Massey-Ferguson, there are other compelling reasons for the drastic and unprecedented step of a total three month halt in operations. The firm has a high level of debt—\$600 million long-term on top of \$1.5 billion in near-term liabilities. Moreover, the company's largest shareholder, the Argus Company of Canada, is actively engaged in "asset-stripping" the company. Argus is under the influence of its board member, NATO Intelligence operative Arthur Ross. Argus's titular head Conrad Black, is a 35-year-old, supposed "whiz kid" errand boy, who until last week was chairman of Massey-Ferguson and personally conducted the "asset-stripping." Upon stepping down as chairman last week, Black announced that, "the operational changes in the company are now largely completed."

Energy

Major gas reserves in Overthrust Belt

Standard Oil of Indiana (Amoco) announced this week that a major flow of natural gas has been found in the part of the so-called Overthrust Belt located in northeastern Utah. The wildcat well site reported an extremely rich flow of 40 million cubic feet a day. Even 1/10 of the reported rate at this site is unusual. A flow of only one million cubic feet a day is generally considered to warrant commercial development.

The Overthrust Belt has always been a problem for the zero-growth planners at the Department of Energy and Department of Interior who maintain there is an "oil shortage." The belt is one of the richest finds of natural gas and oil deposits in the past 20 years.

● **PAUL VOLCKER**, Federal Reserve Chairman, is showing some strain. On a recent fishing trip, he could not be diverted from intermittent rantings against "Communists" in the Democratic Party. The Congress had just repealed the Credit Controls Act of 1969, which gave Volcker more dictatorial power than Nazi finance minister Hjalmar Schacht ever imagined. Of course, under Rep. Henry Reuss's "Omnibus Banking Bill," recently signed into law, Volcker still has all the power he needs, and more than the Credit Controls Act gave him. Apparently, it's the principle of the thing he didn't like.

● **CHEMICAL BANK** is not a fully competitive entity, a well-placed executive commented this week. Morgan Guaranty traditionally votes controlling shares every year, and guides all Chemical policy.

● **U.S. STEEL Corporation**, which is in the throes of an "anti-dumping" suit against foreign steel producers, has been forced to admit that it is buying 3,000 tons of steel from Nippon, one of Japan's leading producers. U.S. Steel spokesmen explained that the steel producer wants to be able to offer its customers a full line of steel products, which it apparently cannot do on its own because of the policy of "diversifying" out of steel.

● **A BANKER** on Wall Street reports that those investors who have suffered badly swallowed the line that the U.S. "recession" would be "mild." "We dropped a bundle, too" he said, referring to one of the most prestigious investment houses on the Street.

Open Democratic convention: Will the nation win?

by Konstantin George

On Wednesday, June 4, the day after the conclusion of the Presidential primary elections process, Carter has surpassed by 300-or-so the number of nominally pledged delegates required for his renomination at the Democratic Party Convention in New York City Aug. 11. Is the race for the Democratic nomination 'sewn up' and Carter's renomination assured? Far from it. The destruction of the Carter candidacy is far more probable.

While the outcome of the Democratic convention cannot be predicted, Carter's current on-paper delegate totals are clearly meaningless. The trend-line of U.S. politics is running directly opposite to the "fix the convention" desires of the "Rose Garden" forces, in favor of an open Democratic convention. The political threshold has been reached for the unseating of Carter, opening the convention to a "dark horse" contender who could carry the party to victory in November.

The mortal weakness of the Carter candidacy is that the results of his disastrous foreign, military and economic policies, have made him an extreme liability in the eyes of many among the Anglo-American elite 'families' who installed Carter in the White House in the first place. Coupled with this is the unassailable fact, recognized from banker to autoworker to politician, that Reagan would beat Carter, possibly by a landslide, in the November general election.

To policy-making circles, the inescapable results of a Carter renomination include plunging the nation into a depression worse than the 1930s. At any time, Carter's confrontationism—from a position of weakness—along the lines of the bluff and bluster 'Carter Doctrine' could create a strategic crisis in which the outcome, if not general thermonuclear war, would be the worst strategic humiliation in U.S. history.

The same policy-making circles, who for 35 years have described them-



Photo: NSIPS/Philip Ulanowsky

selves as “Atlanticists,” and who comprise by and large the membership of the Democratic Advisory Committee on Foreign Policy, are also wrestling with the reality that our European allies are breaking sharply with Carter administration policies.

The crux of the total quandary confronting the “Atlanticists” is that no consolation can be sought with a “Reagan option.” The depression policies of Carter and those of Reagan are almost identical. A Reagan administration would be a cruel reenactment of Herbert Hoover. With Reagan having already sewn up his nomination, the only strategy that would provide flexibility for Atlanticist policy-making circles would be to open the Democratic convention.

The trend toward an open convention is already evident and powerful. The disastrous impact of Carter economic and foreign policies over the next two months will in turn accelerate the movement for selection of a “dark horse” candidate in August.

If any one of the following events were to occur before the convention, an open convention would move from probability to ironclad certainty.

- 1) Carter policies resulting in a strategic humiliation of the U.S.
- 2) The developing policy rift with Europe becoming publicly irreparable.
- 3) The economy falling through the bottom.

In this section

This Special Report was prepared by a team under the direction of *EIR* United States Editor, Konstantin George, including L. Wolfe, Kathy Burdman, Kathy Murphy, Vin Berg, and David Goldman. We thank Citizens for LaRouche, the campaign organization of Democrat Lyndon LaRouche, for permission to publish his nationally televised May 31 address to the nation: “Does America Have the Moral Fitness to Survive?” (page 29). The report includes:

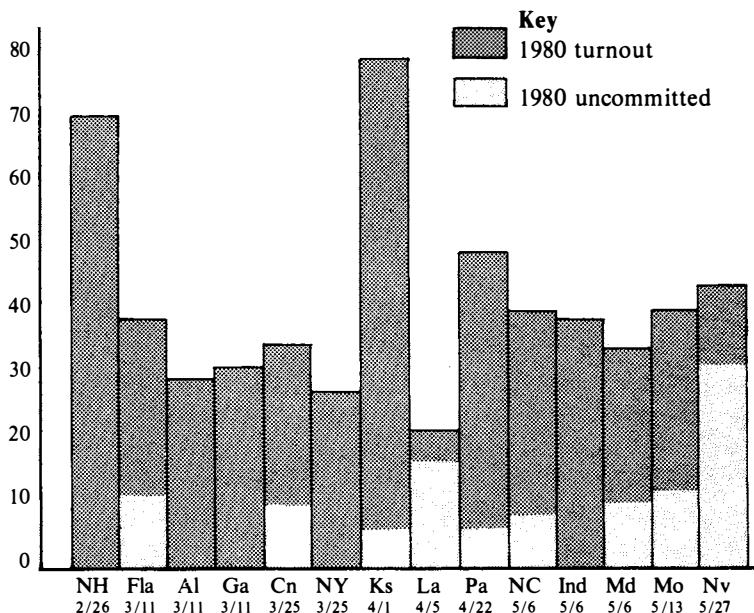
- 1. The open convention drive**
by Kathy Burdman
- 2. Will it be Reagan . . . or FEMA?**
by Kathy Murphy
- 3. A dark horse names the issues**
LaRouche's televised statement
- 4. Recession: no Carter recovery**
by David Goldman

For analyses proffered by the news media, see page 25.

Democratic primary 1980 uncommitted votes compared to 1980 voter turnout

(percent of registered voters,
selected states)

Note: Uncommitted votes in Florida,
Connecticut, Louisiana, Maryland and
Nebraska include votes for Finch, Kay
and LaRouche.



4) The shattering of the “Rose Garden,” through agreement between Democratic “dark horse” contender, Lyndon LaRouche and Senator Edward Kennedy to conduct national television debates.

The latter point was issued as a proposal by LaRouche to Senator Kennedy, and is now under study by the Senator and his aides.

The results of the primaries—the late primaries above all—are an indelible proof that the attempt to prop up Carter as a winning candidate with the voters has collapsed. Carter’s loss to Kennedy in five of the eight primaries (California, New Jersey, Rhode Island, South Dakota and New Mexico) held June 3 does not really indicate the magnitude of the collapse of his candidacy. In Ohio, California, and New Jersey, each with a 2:1 ratio of registered Democrats over Republicans, and with no crossover vote allowed, Reagan outpolled Carter by margins of between 2 and 3:1.

Adjusting for fraud

The above vote figures are *official* vote returns. But the “mathematics” of the LaRouche vote over the course of the primary campaigns is eloquent testimony to how a candidate has been successively defrauded. In every state where he has run, LaRouche has been officially accorded an unbelievably uniform 3-4 percent of the vote, and in most states that “3-4 percent formula” has been strictly adhered to district by district as well. The vote has borne no relation whatsoever to actual voter support, campaign appearances, media impact and so on.

The California returns highlighted the vote fraud pattern in a most useful way. In the one Congressional

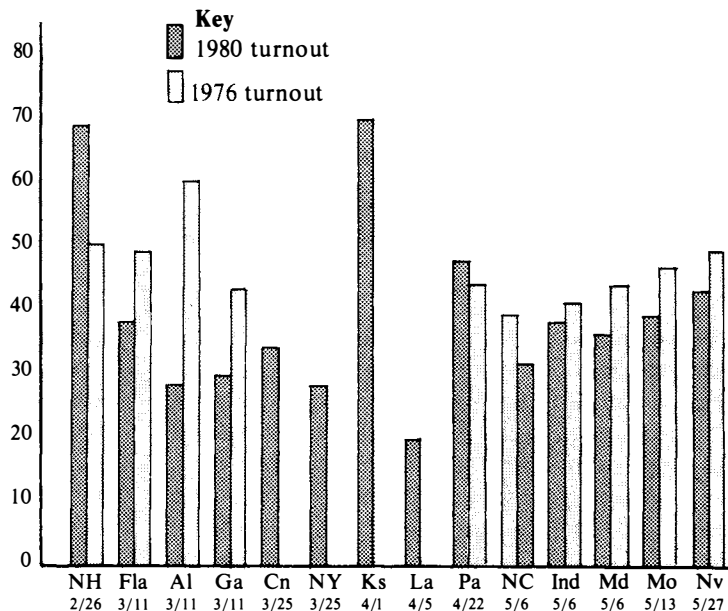
district, the 38th, centered at Anaheim, where fraud did not govern, LaRouche received 17 percent of the vote and an official delegate to the August convention. In all other 43 CDs, the LaRouche vote never strayed above or below the “3-4 percent formula.”

The strength of the uncommitted vote in the late Democratic primaries forms the other voter measurement of the Carter candidacy’s collapse. The first of the late primary “shocks” to the Carter candidacy came on May 3 in Texas, where the statewide uncommitted vote was 11 percent. That vote, however, was heavily concentrated in Dallas and western regions of the state, such that a large number of districts were above the 15 percent threshold required for uncommitted delegate selection. As a result, somewhere between 20 and 30 percent of the Texas delegates, as of now, will go to the convention in August uncommitted. In the May 27 round of primaries embracing Southern, Western and border states, the uncommitted vote exploded, hitting record highs. Uncommitted was runner-up to Carter in two states, in Nevada with 34 percent of the vote, and in Arkansas with 18 percent. Large percentages of uncommitted votes in the caucuses held in the Western farm states have been the norm from mid-March onwards.

Had the primary season begun in May, the impossibility of Carter’s renomination would have been clear by now. The impact of the twin disasters of Carter’s economic and foreign policy debacles are now up front and clearly visible. No amount of “things will get better” rhetoric from the Rose Garden can change that. That is the difference between the early and late primary periods, to say nothing of the dimensions of Carter policy collapse

**Democratic primary
1980 voter turnout compared to
1976 voter turnout**
(percent of registered voters,
selected states)

Note: Voter turnout in Nebraska in 1976 and 1980 are roughly estimated. There were no primaries in 1976 in Connecticut, New York, Kansas and Louisiana



we will witness from now until the convention. The unemployment rate “body counts,” snowballing upwards at the rate of a million per month in new layoffs, spiralling inflation, the wreckage of the inner cities, the devastation of the farm sector being wrought by the Carter-Volcker credit policies, the grain embargo, and Carter deregulation policies—all mean that Carter’s “credibility” will dissolve.

With Carter in shambles, Kennedy’s chances for the nomination are poor. Consolidation of this trend means the Democratic convention will turn to a “dark horse” candidate, someone with the ability to overturn Carter’s Herbert Hoover policies and carry the Democratic Party to victory in November.

The only campaigning “dark horse” contender is Lyndon H. LaRouche, Jr. LaRouche, the author of a proposal since adopted by leading European policy circles for a new gold-based international monetary system, would make that the center of his policies to reverse the onrush into depression and promote a technologically-centered industrial boom. LaRouche has pledged himself to use all available means to eradicate illicit drug flows, and revamp the U.S. educational system around science and the classics; he talks much of developing the necessary moral qualities in the nation’s youth to guarantee the nation’s future.

On Saturday, May 31, LaRouche delivered a nationwide, half-hour prime time TV broadcast, his third such campaign appearance, entitled, “Does the Nation Have the Moral Fitness to Survive?” LaRouche concluded his address with an appeal to unite behind him: “Help me build that movement. . . for an open convention . . . I

can take the Democratic nomination . . . If I am the Democratic nominee in August, I will carry the Democratic Party to victory in November.”

Within 24 hours over 8,000 people called in to various LaRouche campaign centers according to his spokesmen. The majority of the callers volunteered themselves as full and part-time campaign workers for the open convention and the LaRouche candidacy. After the first day, hundreds of calls per day were still being reported.

LaRouche’s first call for an open convention was issued in mid-May and received a flood of endorsements from labor leaders across the country. During the month of May, calls for an open convention began to mount from other quarters as well, including names normally characterized as “big guns” in the Democratic Party. Earlier in the month, New York Gov. Hugh Carey called for an open convention through an op-ed in the *New York Times*.

Following LaRouche’s call, Senator Henry M. “Scoop” Jackson, himself a prominent Democratic presidential contender in 1976, called for an open convention to deny Carter the nomination, in an address before the Cook County Democratic Party. The Cook County party is the single most powerful urban machine in the nation. That address and the audience chosen to receive and sponsor it, signalled publicly the party’s search for a “dark horse” alternative to Carter and Kennedy.

With 10 weeks still to go, the 1980 Democratic convention may well be dominated by what used to be called the “Wendell Wilkie phenomenon,” after the Republican who entered the 1940 convention with no delegates, and left it with the nomination.

1. The open-convention drive

Support for a move to open up the August Democratic National Convention in New York spread rapidly across the country in the past two weeks. The significance of the "open" convention notion is that Democrats must somehow find a way *not* to renominate Jimmy Carter.

The proposal first made headlines when Senator Henry Jackson (D-Wa.), Senator Pat Moynihan (D-N.Y.), New York Gov. Hugh Carey and other officials, in part frightened by the prospect of losing both the presidency and the Congress to a Reagan landslide, called for an open convention. But since those mid-May outbursts, a grass-roots movement to free the delegates has come to center around Lyndon LaRouche, the Democratic 'dark horse' who issued his own call for an open convention two weeks ago.

The Democratic Party must be free to choose somebody other than Senator Kennedy or Jimmy Carter, said

LaRouche, and his call was quickly endorsed by more than 15 labor leaders from California, who have since been joined by several dozen other labor leaders and party officials in New Jersey, Ohio, Maryland, and Florida. After LaRouche delivered a nationwide television address May 31, his campaign organization reports still more grass-roots support for the idea coming across, and not-a-few endorsements of LaRouche's own candidacy.

"We are headed for a crisis," LaRouche told the American people in his broadcast. "Out of this crisis, if it comes before August 11, nobody is going to tolerate Carter as the nominee of the party or anything else; even if Carter wants to keep it, the Democratic Party will find a way not to renominate him. The Democratic party as a whole will not accept Kennedy as an alternative to Carter, even though Kennedy does have a number of people who are very solidly for him within the party . . .

A labor call for an open convention

In the past month, rank and file labor leaders from across the country have put their names to a call for an open Democratic Party convention issued by the Labor Committee for LaRouche, the third major candidate for the party's presidential nomination.

The following is the text of that call.

We, the undersigned, labor leaders and friends of labor, call upon delegates to the Democratic national convention to publicly break with their previous commitments and open the convention for the selection of a presidential nominee who adequately represents the traditional interest of the party, the nation, and working people. It is our profound conviction that neither President Carter nor Edward Kennedy represent these interests. For the delegates to the convention to

thoughtlessly rubber-stamp the nomination of either of these choices in the face of our present, severe national economic, moral and foreign policy crisis, would be a grave disservice to country, party and the American people.

If the nation is to survive the present crisis, we must choose ourselves a leader who can rally the majority of Americans to the purpose of bold economic recovery through high technology development and expansion of nuclear and basic industrial capacity. Only such a candidate, with such an anti-austerity perspective, can deliver the kind of productive employment and rising living standards that can win a majority committed to making America number one again. Carter and Kennedy are the professed champions of austerity and the deepening moral degeneration of our people, especially our youth.

If the nation is to survive, we must act boldly as our forefathers who fought to establish and defend this temple of liberty. Our only obligation is to our nation's real interest. Our only guide is our conscience, informed by that interest. Our only judge is our children and those future generations who will know whether or not

That convention is not going to want Carter, and it's not going to take Kennedy; it's going to start looking for a dark horse."

Voters agree

While the backroom boys huddle and mull options, the voters themselves have clearly shifted to a "neither one" open-convention approach as the primary season winds up. As some press have put it, the only candidacy clearly coming on strong is that of "Mr. Uncommitted." In Arkansas, uncommitted received 18 percent of the vote, nosing out Kennedy's 17 percent. In Nevada, uncommitted decisively beat Kennedy by 34-29 percent. Carter received 64 percent of the vote in Arkansas and 47 percent in Nevada. As worried party officials noted, Carter had expected to do much better, even in Arkansas. In the crucial California primary, fully one-third of the Democratic voters on the eve of the primary considered themselves "undecided." Election officials were estimating that only 28 percent of the 2 million registered voters would even turn out—another kind of "third choice" vote. In Ohio, uncommitted again took a large percentage.

Added to this are private polls indicating that more than half of Jimmy Carter's delegates, and many of Kennedy's, would welcome a "third choice"—the option to vote for a 'dark horse' at an open convention. Thus,

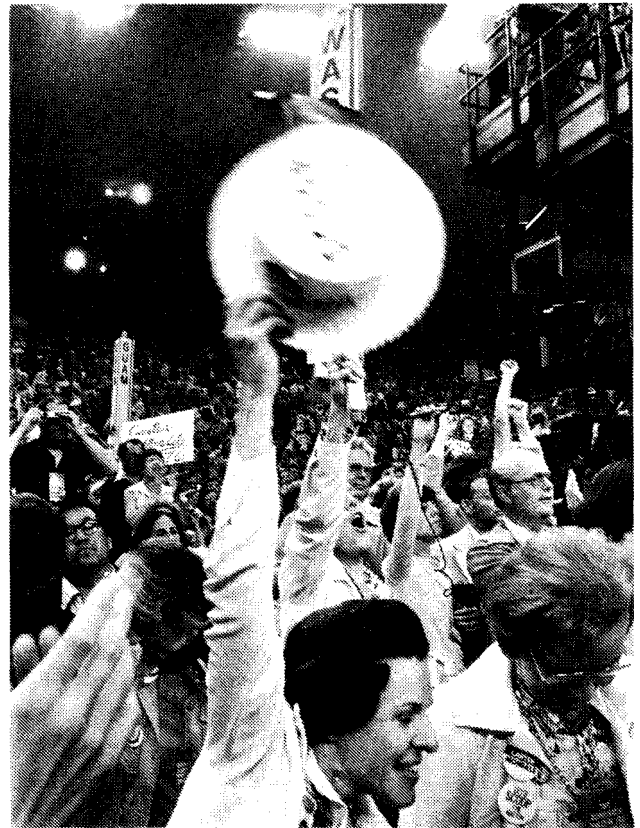


Photo: NSIPS/Philip Ulanowsky

we were equal to the tasks before us. By all these standards, the only fit course of action is to break with the numbing acquiescence to the mediocrity, the deals, the 'lesser of evils' thinking that have brought us to the brink of disaster. Instead, we must strive to achieve the kind of greatness that is man's calling in times such as these.

Among the signers are:

In California—Marco Aquilar, the secretary treasurer, Metals Polishers Local 67, Los Angeles; Wilbur Farrel, business representative; Homer Poling, B.A., Sign, Scene and Painters #831, Los Angeles; C. Butch Gilmore, Laborers #507, Long Beach; Richard Lusk, secretary treasurer (ret.), Pipefitters #34, Los Angeles; Elster (Al) Blankenship, chief shop steward, State Employees Trade Council, Liuna, Los Angeles; Clyde Cable, financial secretary, Carpenters #1507, Los Angeles; Fred Rule, B.A., Plumbers and Pipefitters #365, Santa Cruz; Richard Noar, Business Rep. Lathers #258, Santa Rosa; Wayne Thomas, secretary treasurer, IBEW #617, San Mateo; Paul Klutts, Carpenters #1149, San Francisco;

B.J. Cooper, B.A., IBT #420, Los Angeles; Jim Legare, financial secretary, Firemen and Oilers #486, San Francisco; Jim Thornton, former USWA official and president of United Black leadership.

In New Jersey—Bernard Johnson, secretary treasurer (ret.), Carpenters #15, Bergen County; John Alperti, business manager, Laborers Local #711, Morris County; William Armstrong, secretary treasurer, Flint Glass Workers Local #44, Vineland; Anthony Leone, president, Flint Glass Workers Local #153; Vineland; William Sesty, shop chairman, Paper Workers Union #399, Paterson; Rene Gorneau, secretary treasurer, Laborers Local #519, Morris County; Louis Conty, business agent, Laborers Local #779, Morris County;

In Maryland—Clyde Harveson, president, United Steel Workers of America, Local #14603 Baltimore; Ronald Pruitt, secretary treasurer, Graphic Arts International Union Local #2-P, Baltimore.

In Florida—Mark Koenigsburg, Democratic County chairman, Dade County.

despite the regularly reported delegate counts that put Carter over the top, it's very shaky—Walter Cronkite might say “volatile”—and more honest Carter officials are ready to admit it, at least outside the walls of the Oval Office.

The Oval Office itself is responding with a massive, if unpublicized, attempt to consolidate, cajole and patronize delegations into remaining firm, while seeking to lock up the party platform and “reunify” all factions around the president. At Carter-Mondale headquarters an elaborate “tracking” system, fully computerized, has been established, including the names of all delegates, their social and political histories, and their personal “concerns” all on file. Each delegate is being called at least once by the campaign and invited for a junket to the White House. “Our goal is to develop a close working relationship with each delegate by convention time,” said Tom Donilon, Carter’s delegate coordinator. “The Carter operation will be unrelenting.”

Meanwhile, the president’s campaign officials have tried to rush a “fix” of the Democratic Party platform which all office holders will stake their reputations on come November. The entire platform is currently to be written to Carter specifications—a continuation of administration economic and social policy, and plaudits to Carter’s “foreign policy successes”—under Detroit Mayor Coleman Young, who the White House has ordered to hand-pick the 15-man Draft Subcommittee which will produce the actual document.

Which way Kennedy?

In its reunification efforts, Carter is undoubtedly ready to make “concessions” to Kennedy on the platform, and is otherwise doing the utmost to negotiate a settlement with the Massachusetts senator’s camp. The White House, according to press reports, has appointed Vice President Mondale as the man in charge of the unification effort, and Mondale plans to work closely with Rep. Morris Udall (D-Ut.), a politician close to Kennedy circles. If Mondale’s special “Party Unity Task Force” under Richard Moe, Mondale aide-de-camp, does enough leg-work, a Kennedy-Carter meeting may yet occur, although the Senator has said no—and that’s the big question.

Where does Kennedy stand? On the very eve of Carter’s attainment of his paper-thin majority-delegate count, Kennedy put on a posture of fighting harder than ever. He attacked Carter’s economic policy as a “clone of Reagan.” In a speech to the Cleveland, Ohio City Club, Kennedy pledged to “release my own delegates to cast their votes in accordance with their conscience . . . Delegates should be permitted their freedom of conscience.” He demanded that Carter do the same.

“The convention should be at liberty to nominate

Mr. Carter, to nominate me, or to select a third person,” Kennedy stated.

And Kennedy has continued to demand that Carter debate him publicly—leaving the “rose garden” to face the voters.

A LaRouche-Kennedy debate?

LaRouche has said the same, and in a lengthy telegram issued from his Detroit campaign headquarters June 4, LaRouche proposed that Senator Kennedy join him in a strategy to accomplish what they both want, and what the party and the nation need: forcing Carter out of “Rose Garden” politics and into the public eye in the period leading up to the August convention.

LaRouche’s telegram to Kennedy stressed the role of national debates on the issues in ensuring an “open convention” of free delegates. LaRouche asked Kennedy to *debate him*, without Carter if need be, and thereby force the president out of his present posture.

“We of the Democratic Party found ourselves in this mess because of the combination of President Carter’s cowardly ‘Rose Garden’ strategy, and the manipulation of the primary campaigns by the principal news media. If we continue to tolerate the ‘Rose Garden’ strategy of avoiding debates embarrassing to Mr. Carter it might be extremely difficult to upset the present apportionment of first-ballot delegates,” LaRouche wrote.

LaRouche proposed that Kennedy debate LaRouche. Provided that the debates take the form of “substantive 19th century-style town meeting” discussion of the issues, the media manipulation which has reduced the primary process to a series of “dog-and-pony shows” can be overcome, he argued.

“Since the majority of the electorate is glued to the tube,” LaRouche told the Massachusetts senator, “our debate must be brought to the TV medium.” The majority of the voters went for Carter largely because of “the domination of the media coverage of the campaign by irrelevant, tendentious gossip.” A Kennedy-LaRouche debate on substantive issues—LaRouche proposed “How to Prevent the Avoidable Onrushing Depression”—could well break the electorate free of the present pattern.

Will Kennedy accept LaRouche’s proposal? If so, Carter could be in big trouble. As LaRouche put it, “Some would view such an arrangement as ‘unthinkable.’ But in politics, as well as in military operations, the effective flanks are those which the adversary—in this case President Carter’s advisers—have excluded as ‘unthinkable.’”

And in fact, even one such event as a “Carter-LaRouche debate” would so embarrass the president that an “open convention” of the Democratic Party this August would be virtually assured.

'For Jimmy Carter, the beginning of the end'

The following is excerpted from the New York Times lead editorial June 5, "The End of the Primaries."

Yogi Berra once said that a baseball game is never over till it's over, a philosophy that Edward Kennedy has applied to politics doggedly—and now profitably. That last round of eight primaries on Super Tuesday gave him much to cheer about. Not so many days ago, it will be remembered President Carter was drubbing him weekly, by 2-to-1 margins. . . . Now by winning five of the eight last primaries, Senator Kennedy has set an example of personal tenacity and philosophical commitment . . . President Carter may have come out of Tuesday with a clear majority of Democratic delegates, but he will have to work to keep them.

. . . Not even Harry Truman . . . had to defend against intense opposition within his own party of the kind Senator Kennedy has been generating against Jimmy Carter. It is hard to imagine any Democrat calling Harry Truman a 1948 equivalent of "a clone of Ronald Reagan." Yet . . . Mr. Kennedy is not wonderfully popular. Polls in California, Ohio, and New Jersey showed that only one voter in five regards him as truthful. One of every four Kennedy voters pulled a lever against Mr. Carter, not for the Senator. . . . Voters were asked whom they would choose if the general election were held now. How many Democrats answered, "Carter"? In each state, fewer than half. . . .

Even if Mr. Carter can skillfully neutralize the Kennedy challenge . . . the public gives no sign that it endorses fighting inflation on the backs of the unemployed. Political tactics are one thing; consistent, humane economic policies are another. Unless the President can articulate them persuasively to party and public, what the end of the primaries may most clearly signify is the beginning of the end.

'Uncommitted' growing

The following is excerpted from the Washington Post May 30 editorial entitled 'Candidacy on the Move':

For those who cared about the candidacy, the 1976 experiment must have been discouraging. How else could you describe a first-place finish (by 10 percentage points) in the Iowa Democratic precinct caucuses that did not

lead to a single invitation to appear on the Today show, the Tonight show or the Tomorrow show? All the attention, after the election four years ago, went to the Iowa second-place finisher, former Georgia governor Jimmy Carter . . .

Texas was the first big splash. Running principally in the Democratic primary, Uncommitted received more votes than George Bush received in the Republican primary. In fact, if the votes Uncommitted drew that same day from Texas Republicans are added to his Democratic total, he also defeated Ronald Reagan. Mr. Bush got 256,616 votes; Mr. Reagan, 263,616 votes; Uncommitted 264,168 votes. Texas was no lone star in the Uncommitted firmament. Just last Tuesday he captured 18 percent of the Democratic presidential primary vote in Arkansas, while in Nevada, he beat Sen. Kennedy and fell only 2,666 votes behind President Carter . . .

As for California . . . the only candidacy showing any forward movement in the Field poll during the same period was that of Uncommitted, whose support grew from a marginal 10 percent to a challenging 27 percent.

. . . Almost invariably in the past, Uncommitted has run far stronger at the outset of any campaign than at the end. As voters have gotten to know the other candidates better, their support usually has grown and Uncommitted has faded. But this year, as indicated by the Texas and Nevada results and the California surveys, Uncommitted is coming on strong.

'Resign! Resign!'

The following "Review & Outlook" column was published in the Wall Street Journal May 29, under the title, "Resign! Resign!"

It's early August in steamy New York. The Democratic platform committee is locked in mortal combat over price controls. The inflation-unemployment "misery" index refuses to budge below 20. The new Republican Reagan-Bush ticket is already up 10 points on the President in the Gallup poll. Bani-Sadr says there can be no further discussion of the hostages until after the fast of Ashura, November 20.

Mr. Carter already has enough delegate votes to assure renomination. He has been rehearsing his acceptance speech, sounding the theme of "a new direction." But at the moment he is surrounded in his hotel suite by somber-faced Democratic luminaries, among them Hugh Carey, Frank Church, Phil Burton, Birch Bayh, Doug Fraser, Henry Jackson, Jane Byrne and Secretary Muskie. Their message:

"We cannot turn the country over to Reagan. For the good of the nation, and the good of the nation, you have to withdraw so we can win in November. It's nothing personal, of course, and in order to ensure a de facto continuation of your administration the candidate we can all unite behind is your own Vice President, Walter Mondale."

Some such dream seems to be behind the current buzzing about an "open convention," being championed mostly the same Democrats who thought they had a sure winner before Senator Kennedy simultaneously announced and peaked. It is interesting chiefly as a measure of the desperation of the liberal wing of the Democratic Party.

'Back to the drawing board'

The following are excerpts from "Turning Whose Tide?", a column by William Safire appearing in the New York Times June 2:

Washington—The conventional wisdom—that Jimmy Carter may be an inept President, but is a great political campaigner—deserves closer inspection. The ineptness is spreading. . . .

Campaigning in Ohio last week, however, Mr. Carter made five stump speeches that give us a preliminary indication of his new campaign style . . . based on H.L. Mencken's adage, "Nobody ever went broke underestimating the intelligence of the American voter."

The overall theme is "turning the tide." No matter that inflation has tripled at home and that America is viewed as a pitiful, unhelpful giant abroad—the worst, the President says, is over. He expects gratitude for promising to turn his own tide of disasters . . .

"This is a time of inconvenience," he told Ohioans, chastizing them for kicking: ". . . people complain about temporary inconveniences, they're concerned about being disturbed just temporarily . . . these kinds of things are inevitable." (A million people were thrown out of work last month; two million more will be "inconvenienced" before the year is out.)

On defense, Mr. Carter talks very tough: "We have turned the tide in military strength," he insisted, even as his own Joint Chiefs of Staff were telling Congress that the current Carter budget was inadequate. . . .

On the stump, he is simultaneously for more defense spending, more "compassionate" spending, and a balanced budget—which is talking nonsense. He is against inflation, against high interest rates, and . . . inconveniences that bring inflation under control—more nonsense. That is why he must insist he is "talking sense."

Back to the drawing board, Rafshoon. In 1976, the Carter campaign turned a two-to-one lead into a squeaker. This time, that cushion is not there.

Carter would lose big

The following is excerpted from the Evans and Novak column, "Carter's False Spring," appearing in the Washington Post, June 2:

Cleveland—The shortage of cheer that marked Jimmy Carter's return to overt campaigning in Ohio reflected the problems he faces against Ronald Reagan rather than the outlook for tomorrow's Democratic primary. . . .

"Carter will win the primary with votes to spare," a top Carter operative told us. "But he would lose this state to Ronald Reagan and lose it big if the election came any time soon."

Winning Ohio's primary, even if coupled with losses in California and New Jersey, should block threatened last-minute Kennedy machinations to unhorse Carter at Madison Square Garden. But winning the Garden will have little if any ameliorating effect on laid-off factory workers, unemployed blacks and inflation-pinched households that, until now, automatically have voted Democratic in presidential elections.

Accordingly, Tuesday's eight-state primary windup is no test of Carter's political strength. To the contrary, finally clinching the nomination looks more like a false spring, following Jimmy Carter's winter of discontent.

That explains the cheerlessness, and it measures the gap that Carter must cross between now and the Nov. 4 election. Exploiting the patronage power of the presidency and trying to talk away the country's problems are enough against a crippled Kennedy candidacy. Much more will be needed against Reagan.

'Kennedy helped Carter'

The following are excerpts from the "Open Commentary" column of the June 2 Christian Science Monitor "What Carter owes to Kennedy," by Godfrey Sperling, Jr.

It seems clear now that Senator Kennedy did the President a big favor by deciding to take him on.

- First and foremost, Kennedy by running himself made it impossible for some other Democrat who might have had a better chance against the President to make the race.

- Also, Kennedy has thus provided the President with an almost weekly fare of victories—starting with straw-vote tests in Florida and a caucus win in Iowa. . . .

So at the same time the Soviets were invading Afghanistan, the hostages were being held in Iran, and the economy was moving into recession and high inflation, Mr. Carter has usually been able to say something like, "Hey look over there. I'm beating Kennedy again."

2. Will it be Reagan... or FEMA?

It is all but certain that Ronald Reagan will be heading the GOP ticket in the upcoming November elections. Yet, despite all surface indications that the former California governor commands a fanatically loyal popular following that could propel him into the Oval Office, Reagan's base is beginning to show signs of the same kind of softness that is more obviously afflicting Jimmy Carter.

Contrary to media-built expectations, Reagan has not only *not* maintained the depth of support that made him an easy victor in the Feb. 26 New Hampshire primary, but has noticeably declined in strength among voter blocs crucial to a November victory.

For example, the blue-collar vote. Knowing that it would be impossible for Reagan to be elected President without attracting a significant Democratic cross-over (as Nixon did in 1968 and 1972), his campaign strategists have been heavily concentrating on wooing what is loosely identified as the old George Wallace base: conservative Democrats, drawn mainly from among skilled and semi-skilled blue collar workers in the industrial centers of the Midwest, plus certain small business and semi-professional strata. Despite a noticeable investment of time and energy in targetting this layer, the Reagan strategy fell flat on its face in its first really important test—the May 20 Michigan primary. Defeated two to one by George Bush—whose candidacy was a dead letter by then—Reagan failed to attract more than a smattering of blue-collar voters.

Reagan's vagueness

The reasons are not hard to uncover. Compared to 1968 and 1972, the current election year finds the United States on the brink of economic catastrophe, scorned by its European allies, and seemingly unable to develop a positive foreign policy which would justify its claims to moral leadership of the world community. Where Nixon could get away with bypassing the economic issue, Reagan is finding out the hard way that his strategy of avoiding controversy by making only the vaguest comments on crucial policy questions is just not working. The economic situation is getting too serious for Reagan's shibboleths about "free enterprise" and "limited government."

Where Reagan has been forced to say something more substantial—as he was just prior to the Michigan primary when he made public his opposition to federal loans to the Detroit-based Chrysler Corp., in a state where massive auto industry layoffs have pushed the unemployment rate to the 12-13 percent range— he's been soundly rejected.

Part of Reagan's problem is that while he attracts most of his support because he's perceived to be an opponent of the liberal Eastern Establishment, the bulk of his policy experts and campaign honchos are drawn straight from the "right-wing" arm of that same ruling elite. Top campaign manager William Casey is a member of the Council on Foreign Relations. Foreign policy coordinator Richard Allen is a former National Security Council staffer under Henry Kissinger; labor and economics adviser Murray Weidenbaum, assisted Paul Volcker and John Connally in devising the August 1971 dollar devaluation which ruined the U.S. currency; senior adviser Milton Friedman is a loud proponent of legalizing all dangerous drugs.

Under the influence of these and other GOP insiders, the Republican Party-Reagan 1980 platform is shaping up as a hideous combination of British liberal "free trade" economic policies—which will destroy the U.S. industrial economy—and a dangerous foreign policy orientation, which, though loudly anti-Soviet, is already aimed more at blackmailing Europe and Japan.

Anderson and FEMA

Reagan's weakening support is no doubt one of the key factors which the Eastern Establishment's election-fixers are carefully monitoring. Can he sell the CFR's 'controlled economic disintegration' policy to the American electorate, or would it be simply more efficient to install "Reichstag fire" emergency government?

In the event the CFR decides the answer is the latter, the John Anderson option will be deployed.

As the major media has been pointing out for weeks, a three way race, pitting a Democrat, a Republican and Anderson against one another, could well result in a deadlocked vote in the Electoral College. Should this occur, the Constitution mandates that the House of Representatives select the next President. Given the pres-

ent economic crisis and general social breakdown in the nation, a profound constitutional crisis would almost inevitably occur in which the CFR would attempt to manipulate the population into accepting an "interim emergency government." Such a government-in-the-wings already exists in the form of FEMA—the Federal Emergency Management Agency, Anderson, one might say, is FEMA's stalking horse.

First floated as a possibility in April by the *Los Angeles Times*, the so-called House of Representatives scenario has been a recurring theme in the major media over the past month. Typical of the coverage is the May 17 edition of the London *Economist*—organ of the British elite, of which the New York CFR is a junior partner. The *Economist* positively gloats about the prospects of a major constitutional crisis in the U.S.

'If it's a deadlock, the possibilities are intriguing'

Every major news organ has featured coverage of the "deadlocked election" scenario. Here's a sampling of what's being said:

The (London) Economist, May 17, "The unthinkable": Peculiarities in the American electoral process mean that the independent presidential candidacy of Mr. John Anderson, the Republican congressman from Illinois, could result in a political crisis next January. The chances of such an event are remote. Nothing like it has happened for nearly a century. But in a close election, an Anderson victory in a single state, combined with a divided congress, might leave America without a president to swear in on inauguration day.

... Now for the most intriguing possibility of all: that no candidate would achieve a majority in the house (House of Representatives—ed.) either. It could happen in several ways ... The result would be a further deadlock.

But what happens if the house cannot make up its mind?

The constitution says that if no president is selected by inauguration day, January 20th, the vice-president-elect takes the office. But he, too, would have failed to achieve a majority of electoral votes. This time the choice would fall to the senate to decide by a majority of senators, not the states. If the Democrats retain control of the senate their candidate would presumably prevail. No doubt Vice-President Walter Mondale would be the clear favorite. If Mr. Ronald Reagan were to win the majority of the popular vote, however, Republican senators might be able to prevent the choice of Mr. Mondale

by absenting themselves in protest, thus depriving the Democrats of a quorum.

If chosen, Mr. Mondale could serve as acting president at least until a new congress was elected in 1983. Another interesting possibility is that the Senate might elect a Democrat only to have the house later break its deadlock in favour of a Republican president, thus giving the country its first split administration since 1800, when Thomas Jefferson was second in command to an unhappy John Adams.

The Wall Street Journal, May 15, "What if the Election Deadlocks?": By mid-morning Wednesday, Nov. 5, 1980, it is finally clear: The Republicans have won control of the Senate, the Democrats have managed to hang on in the House of Representatives—and nobody has been elected President.

Ronald Reagan, the Republican, has come in first, collecting about 37 million popular votes, carrying 26 states and 257 electoral votes. But he needed 270 electoral votes to win. Jimmy Carter, the Democrat, has finished second, collecting about 35 million popular votes, carrying 18 states and the District of Columbia with 231 electoral votes. The candidate responsible for the stand-off, John Anderson, the independent, has won about 11 million popular votes, carried six states and collected 50 electoral votes.

So, what happens now? The election heads for the House of Representatives and the nation holds its breath.

... Such scenarios are being churned out in Washington these days faster than OSHA regulations. For if Rep. Anderson runs a strong race this fall, the election could easily go to the House because it isn't possible to split the electoral vote more or less evenly three ways and come up with a winner.

... The House has until Jan. 20—Inauguration Day—to reach a decision. If it hasn't come up with a President by then, the Vice President chosen by the Senate (presuming the Senate has been able to pick one) would become the acting President. ...

Consider the possibility if *neither* the House nor the Senate is able to reach a decision by Jan. 20. One possibility would be for Congress to pass emergency legislation keeping the old administration in power until something is decided. Another would be to crank in the Succession Act, in which the Speaker of the House would become the acting President, possibly going on to serve out the full four-year term.

But if the Speaker couldn't serve for one reason or another and the President Pro Tem of the Senate couldn't serve, then the Secretary of State—still on the job even though his President and Vice President would be long gone—gets the job. Edmund S. Muskie of Maine, who couldn't be elected the conventional way, may make it yet.

3. A dark horse names the issues

*LaRouche:
'Does America
have the
moral fitness
to survive?'*



On May 31, Democrat Lyndon LaRouche addressed the nation on CBS-TV. This was the third national half-hour time-slot purchased by Citizens for LaRouche. LaRouche is the third major contender for the party's nomination. Some 10 million Americans heard LaRouche address the issues of the economy, drugs, energy, and the future of the nation, and assess LaRouche's qualifications as the only alternative to Carter and Kennedy who pledged to beat Reagan in November, and restore a real moral purpose to the nation.

Good evening. For those of you who don't know the relevant parts of my background I'll quickly identify them now. In addition to being a fairly influential economist internationally, I am also the head of a private political intelligence news service which publishes, among other things, a weekly \$10-a-copy publication for relevant executives and which also supplies the essential part of the news delivered to a semiweekly newspaper, *New Solidarity*, which is widely circulated in this country.

The things I am going to say to you will in some parts seem shocking, because our national news media do not report some of the most important things which are going on in the world—things which are prominently reported, for example, in the European press.

I am going to speak tonight about our economic problem, but I want to situate it within our strategic problem as a whole.

U.S. weak superpower

Recently, the foreign minister of France, Jean Francois-Poncet, characterized the world situation as a crisis

involving confrontation between two superpowers: one superpower strong—the Soviet Union; one superpower weak—the United States.

Chancellor Schmidt, who is the leader of the government of West Germany, four times in recent public addresses characterized the present world situation as being comparable to July 1914, one month before the outbreak of World War I. He was commenting on an article which had been published in a leading American quarterly, *Foreign Affairs*. That is our general situation.

If the United States continues on the course dictated by Kissinger and by "Rasputin" Brzezinski, the United States will very soon go into a thermonuclear confrontation with the Soviet Union which would lead to World War III, possibly. I believe or tend to believe that that might be avoided at the last moment—but if World War III did not break out, the United States would be subjected to the greatest strategic humiliation in its history, because vis-à-vis the Soviet Union, apart from our thermonuclear capability, the conventional and related U.S. military capability is about zilch. We don't have two good divisions to put down into the Persian Gulf area. Our naval forces are half of what they were 20 years ago; and at the present rate, even with the augmented budgets, they'll be half of that in a few years hence. Our military forces are a disgrace. To move the troops from Germany to the Persian Gulf area is simply moving drug addicts closer to their source of supply, and that's not much of an exaggeration.

The root of our problem is not merely military weakness. The root of our problem is that our military weakness is a reflection of our combined economic and moral decay, particularly over the period since 1967, the time that some boys in the government decided to cut down NASA.

Carter policy utter fraud

Let's look at our economic situation. We have President Carter, who has put on what is called an anti-inflationary program, a budget-balancing program. The program is an utter fraud. At the time Mr. Carter was inaugurated, inflation in this country was about 5 percent. Last October, when Mr. Carter started this program, inflation was 15.5 percent. Mr. Carter then intro-

duced what was called an anti-inflationary program. As I predicted at the time, the inflation grew to higher rates than ever before *as a result of* Mr. Carter's "anti-inflationary" program; and between that measure of last October and the supplementary measures of March 14, Mr. Carter has put the nation virtually on track into a depression—an *inflationary* depression.

That's not all of it. Mr. Carter says that he's going to balance the budget. Well, that's a complete fraud. For every one percent increase in unemployment, the federal government loses—in terms of combined lost tax revenue and additional expenditures—20 to 25 billion dollars. Therefore, Mr. Carter's program which promises to increase unemployment by at least 4 percent, will contribute a hundred-billion-dollar or so budget deficit.

Mr. Reagan has about the same policy, and it'll have about the same effect.

Unemployment *causes* inflation, *causes* imbalance in the budget. What this country has to do is to crank up employment; not make-work, but industrial employment, agricultural employment, productive employment. If we can increase our employment by taking 4 percent off the inflation figure, we can add \$100 billion, approximately, to the federal budget, and bring it back into balance.

So the way to solve the problem is directly opposite to the methods which Carter is following, and which Mr. Reagan's advisors have proposed. We've got to turn this country around, commit ourselves to high technology, commit ourselves to exports, commit ourselves to high rates of capital formation in productive job creation.

New monetary system in effect

I want to talk to you about what we have to do in order to do that. Some years ago I proposed a specific form for a new gold-based monetary system. At that time I tentatively called the new institution an "International Development Bank." Recently, beginning in 1978, my proposals have begun to be put into operation by some of our allies in Europe, with sympathy and support from some of our allies and potential allies in the so-called developing nations. The European Monetary System, which now exists, is phase one of an effort to create a new world gold-based monetary system which must replace the International Monetary Fund, must replace the World Bank, and must replace the kind of monetary policies which the Carter administration continues to represent.

The way this is going to work is as follows.

Number one: The objective is to reorganize the debt of Third World countries in order to make those nations creditworthy so that we may export into them, massively—that is, not just the United States, but Western Europe and Japan—high technology capital goods to

create industry, to transform agriculture, to build the infrastructure in these countries. This should be in the order of magnitude of two to three hundred billion dollars a year increase in world trade. Of that, the United States' potential share would be about \$100 billion—at least in the early period. I don't know if we can still produce \$100 billion or more capital goods for export; but we could try, and that would be about our share.

How to stop inflation

The way we are going to do this is, if the President of the United States agrees with Giscard, Schmidt, and so forth, to put gold back behind the dollar—remember, we have the largest supply of gold reserves of any nation in the world—and agrees in addition to use the gold through new monetary facilities to back the dollar overseas—then, the Europeans, with our cooperation, can create a new international credit facility to replace the International Monetary Fund and World Bank. This credit facility—this is technical, but I think you should know it—will issue large-denomination, long-term bonds; that is, 15-25 year bonds. These bonds, because they will be denominated in gold currencies, will be sold to central banks, large commercial banks, and other relevant institutions, at 2 to 3 percent. That's a pretty good buy considering the fact that a gold-based bond is inflation-proof. That is, a gold-based bond at 2 to 3 percent is worth more than an ordinary bond at 25 percent.

On that basis, if we buy up several hundred billion dollars of those loose dollars which are running around overseas and causing our monetary inflation—buy them up, and put them back into this new central facility, then we can loan those dollars at between 4 and 6 percent, including loaning them back into the United States for U.S. export programs.

That will stop monetary inflation. It will not stop the cost inflation which is running from 3 to 5 percent. That's going to take a longer time to deal with; but the monetary inflation, the 20-25 percent inflation, that part we can stop right away with this system.

Having done that, what we have to do in this country is define with low-cost federal government credit the refinancing of our municipal and state debts; we have to get large-scale port projects going in areas which are relevant to our exports; we have to rebuild our transportation system, we have to *rebuild* our railroads. We have to take industries, such as steel, which are a pile of wreckage today, at least in terms of obsolescence and competitive factors. We have to rebuild them. We have to generate credit to rebuild these industries. We just have to go ahead and do these things that are obvious up to the point that we have absorbed our productive potential—that is, the unemployed—in productive work, and

'The only candidate that labor could support'

On May 14, California labor leaders, led by Tom Hunter of Plumbers Local 467 in San Mateo, formed the California Labor Committee for LaRouche, the third major candidate for the Democratic Party presidential nomination. The following is taken from an endorsement of the LaRouche candidacy issued by Hunter and the California Labor Committee.

We are supporting LaRouche because he is the only candidate whose platform is aimed at making things better for working people. All the other candidates, Republican as well as Democrats, are busy talking about austerity, increasing unemployment, continuing inflation and all the other code words and terms that translate into *hard times* for our members and their families. We know that in this land of ours with all of its resources, space, technology, food, and most of all, its people, that there is no need for unemployment or hard times.

LaRouche is openly in favor of increased use of nuclear energy in the short term in order that the needed new jobs can be created now in industry. He is adamantly opposed to any energy policy that has as its main component cutting back or conserving on the energy we now use. Without *more electricity there can be no more new jobs.*

For the long term LaRouche favors increased use of technology and science to create new sources of energy and new jobs. He supports Labor Law Reform, opposes repeal of Davis/Bacon and the deregulation of the trucking industry and is for repeal of 14 "b" of the Taft Hartley Act.

We feel that LaRouche is the only candidate and his is the only program that a labor leader can feel comfortable supporting. We cannot support candidates who really believe that things can only get worse. We can rally behind LaRouche who believes that we can once again grow industrially as a nation, lower interest rates, stop inflation and put all of our people ear for all of the working people in America.

At the present time because of the fiscal policies followed by each Administration since 1968 the present generation of young people, 35 years and younger, are the first generation in the history of this nation who don't have it better than their parents. They can't afford to buy a house.

LaRouche is the only candidate in either party who believes in attacking the twin problems of inflation and unemployment along the lines that we have outlined above and we are supporting him because of that, and in the hope that somehow the message can be gotten out to the people of this nation that there are alternative policies, that there is hope, and that once again we as a nation can regain our rightful place as the morally, economically and militarily strongest nation on earth.

that we are cranking out the amount of goods that we require for export.

In addition we must use nuclear energy. All this talk about soft alternative energies is pure bunk. Solar energy is a fraud. Wind energy is a fraud. Biomass is a fraud. These things won't work; they'll just ruin the environment, at best. We have to go to nuclear energy; we have to put up 30 to 50 starts a year in terms of nuclear plants. Otherwise this nation isn't going to make it, otherwise we're going back toward the Dark Ages. We have to export nuclear plants, we have to crash ahead on fusion—because in the next century we *will* begin to run out of resources unless we have new technologies to develop new resources, and fusion is the only way to do it. We've got to do that.

Youth being destroyed

We've got to do some other things, things which

pertain to the quality of our people, the quality of our labor force, our ability to produce. We have at present, in large part, a lost generation, of our young people between 12 and 25. Under Carter's policies, figures indicate that drug usage among youth in this country has tripled. Carter said, when he proposed marijuana decriminalization, that that was not drug legalization; but that's double talk. When you decriminalize marijuana, you are in effect legalizing it. We're getting figures now from official agencies that 60 percent of children in this age group are users; 20 percent and higher are substance-dependent.

That's not all of our problem.

Look at our schools. Under 20 years of liberal reforms in our school system, the children who are coming out of secondary schools now, entering the job market potentially, are not qualified for work. Their educational level is such that they're just not qualified for the jobs

available. And this is true of high school graduates as well as high school dropouts. We're getting about a third-to-fifth grade level of competence among our high school graduates. Our universities are also a disaster. In science, we are at the verge—particularly with Carter's cutting back on science programs—of losing our scientific capability. I am involved in this indirectly, and directly, and I know that there are just a few laboratories and research stations in this country which are capable of *approximating* what the Soviet Union is doing in advanced physics research—and the Carter administration is about to collapse those entirely. We've got to get back to educating our children in the sciences, in the classics—cut out this sensitivity training, cut out this socially relevant basket weaving, cut out this sex education we're putting into the schools and destroying our youth with. We've got to cut out drugs, and make ourselves a moral nation.

Let me emphasize how I see that.

A real national purpose

All of us are born, and all of us will die. And if we understand what that means, we understand that the purpose of life is not to live from moment to moment in search of what each of us may consider earthly paradise. Our proper concern is to make our lives as a whole mean something, so that we can walk proudly through life, knowing that by developing ourselves and dedicating ourselves to some useful purpose, that we're contributing something which will survive after we've gone into the grave.

Most of us, when we think about that sort of thing, think in terms of our children. We want to be able to say to our children, to other people's children, to our grandchildren: "Go out, develop your mind, make something of your life, do better than I did"; and to say also: "I, and people like me, have created the possibility for you to do that, to carry on afterwards."

Our nation is dedicated to the moral principle of our posterity. We are responsible not merely to what we do for the people who live today; we are responsible for the kind of nation we leave to our children, our grandchildren, and the people after them. Therefore, the way we look at our children, the way we treat our students, the way we treat the problem of youth unemployment, the way we deal with the drug menace to our children—this is a measure of our moral strength.

Just as youth, morally undermined by drugs, by lack of education, by the kind of things that are going on are economically useless, that is they're not employable; so the economic and moral weakness of a nation go together. Our strategic, military weakness, and the kind of foolish things that the government is now engaged in, are all part of the same thing.

We've seen civilizations die in the past, at least historically. We are at the point that this once-great nation, this nation once described by European and Americans alike as a temple of liberty, a beacon to the world, this republic is now being undermined. The power that we represented at the end of the war is undermined to the point that the leaders of France are able to say that the United States is a weak superpower confronting a strong superpower, the Soviet Union.

If we recover our economic and moral strength, if we dump the monetary policies of Carter and that crowd, if we dump this Malthusian nonsense associated with our environmentalist, antinuclear movement, if we cut out the drugs, if we get back to producing, to give our nation a sense of purpose and to give ourselves the purpose of developing our children and grandchildren so that the nation will mean something in the future; then we will find that out of that economic and moral strength, combined with allies in Western Europe, Japan, and so forth, we find the strategic resources through which to be able to deal with all of the kinds of problems we confront.

LaRouche the alternative

Finally, one thing. I am, of course, the third candidate still available for you to support on the Democratic ticket. If you don't want Kennedy and you don't want Carter, I am the only selection you have available. Because the major news media, which are controlled by people in New York City who have a policy opposite to mine—because they have attempted to black me out, at least in nationwide news coverage, many of you don't see me as a credible contender even though you agree with my policies.

I say this to you: we are headed for a crisis. Out of this crisis, if it comes before August 11, nobody is going to tolerate Carter as the nominee of the Democratic Party or anything else; even if Carter wants to keep it, the Democratic Party will find a way *not* to renominate him. The Democratic Party *as a whole* will not accept Kennedy as an alternative to Carter, even though Kennedy does have a number of people who are very solidly for him within the party. At the August 11 convention, if things go the way they're going now, that convention is not going to want Carter, and it's not going to take Kennedy; it's going to start looking for a dark horse.

Therefore, your support for me now, your building up a movement, a movement to rebuild our nation's economic and moral strength, bringing that movement into the August convention, means that in point of fact, under conditions of crisis, I can become your nominee for the Democratic Party; and I assure you that if I am the nominee for the Democratic Party, the Democratic Party will carry the November general election.

4. Recession: no Carter recovery

Most private projections for the unemployment rate expect a postwar record of 11 percent by August, about the time when the Democratic Party will have to decide whether it can live with President Carter as nominee. An 11 percent national rate implies official unemployment of 15 percent or higher in major electoral-college vote states Carter won in 1976, including Pennsylvania, Ohio, Illinois, New Jersey, and Michigan.

Carter will suffer by an additional order of magnitude of intensity the drawback his opponent in 1976 faced; President Ford could say with some truth that the econ-

omy was at the beginning stages of a recovery, while Carter will face what appears to be a bottomless collapse. On all the criteria, Jimmy Carter cannot be elected in November.

What makes the situation worse is the public's intuition that Carter does not have a handle on events. In particular, the President's statement last week that the Administration's economic policy would begin to show results by summer is plainly nonsense. From the public's viewpoint, the successive debacles of Administration economic policy, including the Congressional rejection of the proposed Fiscal Year 1981 budget, the Congressional refusal of the proposed oil import fee, and the Senate's plan to eliminate the Administration's credit control authority, have not been individually dramatic. But the country's sense by convention time will be that Jimmy Carter has less command over economic policy than did Herbert Hoover.

Last March, when Federal Reserve Chairman Paul Volcker imposed stringent credit controls, including a 9 percent overall ceiling on bank lending, the Administration committed the sort of blunder that loses elections. As *EIR* demonstrated through analysis on the La-Rouche-Riemann computer model of the American economy, the cost of Administration-directed investment programs in energy, defense, and basic industry was a 20 percent inflation rate. By the computer model's sophisticated measure of productivity, i.e., the increment of tangible surplus product yielded by an increment of employment, American productivity has fallen by a consistent 3 percent p.a. since 1976. This measure effectively factors out forms of activity which are globally non-productive, but nonetheless show up in output-per-man-hour data in a way that overstates productivity. During the first quarter of 1980, however, the 2.3 percent drop in manufacturing productivity indicates that the two measures may be coming into closer alignment.

The inflationary cost of economic expansion in the direction the Administration desired was the consequence, as *EIR* demonstrated in a comprehensive survey during April, of energy conservation. Administration economic policies oriented investment away from capital-and-energy-intensive sectors into labor-intensive sectors. However, the Administration's investment de-

Super Tuesday's vote: 'none of the above'

The results of Super Tuesday reveal that if Carter were nominated, he would lose the November election to Ronald Reagan. The primary reason is the state of the economy—on which voters don't trust Reagan either.

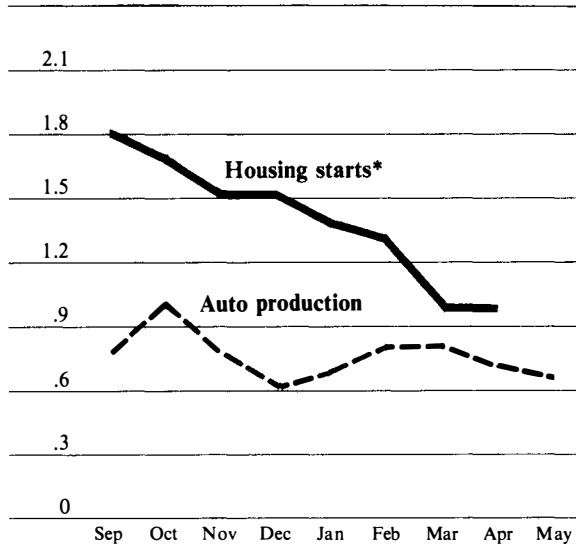
A CBS-New York Times poll reveals that many of those who voted for Carter in the primaries would not do so in November. In Ohio, the only 'big state' Carter won, 29 percent of his primary votes would disappear in the general election. In California, it is a staggering 41 percent.

Carter did very poorly in hard-hit working areas in all three states. The economy, say exit-polls, was the key issue on voters' minds. Few thought that any candidate would do well handling it. "Again and again," says the *Washington Star*, "they were choosing the lesser of the evils, voting against candidates rather than choosing someone they wanted. . . ."

The same dissatisfaction was seen in the 11 percent "uncommitted" in California, and more sharply, in the abysmally low turnout; less than 23 percent of New Jersey Democrats voted, and not much better for the GOP.

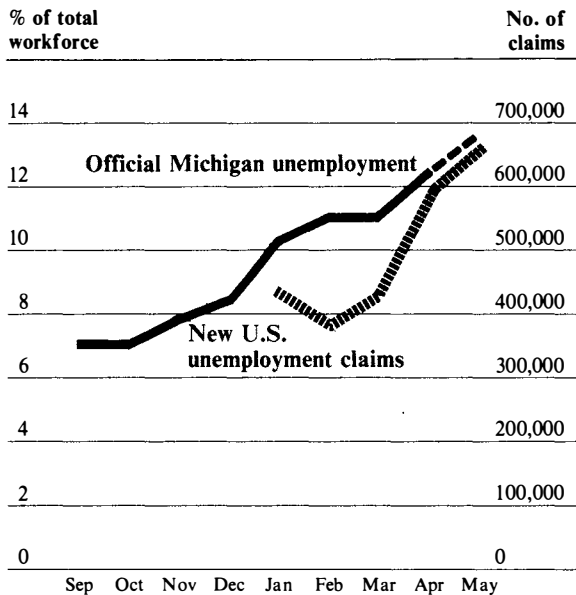
The state of U.S. industry

millions of units



* Annual rate, seasonally adjusted.

The state of the workforce



The sharpest increase in new unemployment claims and in heavily industrial Michigan's unemployment hit in April and continues to climb steeply. It was at this time that the heavy industrial capital goods sector entered the economic crisis and voters turned toward uncommitted.

mands, including costly forms of oil exploration, expansion of coal mining, downsizing of auto vehicles, and similar exercises created additional demand for the output of energy-intensive sectors. The resulting shift in the input-output grid, combined with the direction of investment into globally non-productive investment, produced 20 percent inflation.

Volcker surveyed the first-quarter economic results and panicked. The economy was not responding to earlier credit stringency, except in the consumer sector. Unlike any previous recession, this one went in two distinct stages. Automotive industry, aircraft industry, and energy industry demand raised capital goods output until the end of March, while the consumer sector collapsed. Volcker could not tolerate the inflationary consequences, and opted for a form of credit stringency that the United States had never adopted in its previous history.

The March 16 credit-control measures produced an almost instantaneous collapse of steel and other capital-goods orders, followed shortly by mass layoffs and the closing of blast furnaces in the steel industry. Once the banks informed customers that they could not obtain the volume of credit required to maintain expensive capital expansion programs, companies cut back sharply. Several tool-and-die and steel casting manufacturers told *EIR* that their orders turned from fully booked to rapid cancellation during the third week in March, virtually overnight.

Volcker provoked what will probably be registered as the fastest rate of industrial decline in American history, exceeding even the brief and bitter 1921 depression. The Riemannian analysis employed by *EIR*, which takes into account the continuing structural deterioration of American industry, predicts that the American economy cannot recover under present circumstances, because the marginal cost of restarting production with depleted capital and labor resources exceeds the possible profitability of such investments.

In summary, Carter has thrown the big-state labor vote out the window; the rumblings now will be inconsequential compared to what will emerge out of the economic deterioration this summer.

The business community cadre that helped Carter across the finish line in November 1976 are defecting. Business Roundtable chairman Irving Shapiro will give Carter no support this time around, according to aides. Banker Felix Rohatyn is already working with the Anderson campaign. However, business leadership has an even closer sense than labor of the impossibility of a Carter candidacy. The *New York Times* editors put the matter in unctuous fashion in a June 5 editorial:

Even if Mr. Carter can skillfully neutralize the Kennedy challenge, the reasons for such wide voter

discontent would remain. The public gives no sign that it endorses fighting inflation on the backs of the unemployed.

However, it is not only the electorate, but business leaders who have nothing in principle against "fighting inflation on the backs of the unemployed" who are bolting. What *EIR* has emphasized in its reports of LaRouche-Riemann computer-econometric simulations has slowly dawned on an increasingly large business group. The implications of a no-recovery recession are the continued growth of Soviet military power while America struggles to maintain its current low standard of preparedness; the galloping erosion of the Atlantic Alliance due to the divergence between the American recession and the relative prosperity in Europe, due in part to expanded trade with the Soviet Union; and the inability of any conventional policy to yield predictable results under present conditions.

Many, although not all, of Carter's supporters from the 1976 campaign are persistently urging his removal. There is no way to read "business sentiment," because the flow of information and analysis that usually mold a predictable "Business Roundtable" standpoint has been choked off by the unpredictability of events. Of course, these events were highly predictable to those who looked in the right places, but that short list included no members of the administration. Contrary to the *New York Times'* statement of the problem, the issue is not merely the alienation of the electorate, but the ability of the man in the White House to guide the nation out of a profound and potentially fatal crisis.

As Treasury Secretary Miller and Federal Reserve Chairman Volcker indicated in public statements this week, the Administration will stick to the "anti-inflationary" tack for the moment, until it has dug the conventional six feet for burial underneath the White House. The Treasury has prepared contingency plans for tax abatement, but a tax cut of the magnitude discussed by the Joint Economic Committee, at \$25 billion, is an insignificant possible factor in the economic situation.

The only really serious discussion of economic alternatives involves a set of proposals originally discussed quietly by Rep. Henry Reuss (D-Wisc.): "dirigistic" intervention into specific industries to forcibly raise basic productivity. However, the Administration has no apparatus for such a program, let alone authority to persuade Congress to make a go of it. The authors of such a proposal, in any event, have little concrete idea of how it might be applied. Therefore the possibility of a Rooseveltian response to the economic crisis by the administration must be ruled out; the only possibility is a half-baked, rapidly aborted move in that direction.

On these criteria, Carter will add to the weekly list of unemployment claimants as of Aug. 11.

Reagan can't get the blue-collar vote

When the primary and caucus season got under way, the various political pundits were talking about Ronald Reagan's brand of "conservative Americanism" being able to take the blue collar vote away from the Democrats. In the early primaries this certainly seemed to be the case, with droves of blue collar Democrats crossing over to vote for Reagan in Illinois, Wisconsin and in New Hampshire. This prompted talk of Reagan being a new "Wallace phenomenon."

But as the primaries have worn on, Reagan's blue collar vote began to disappear into the "none of the above" or "not voting" categories.

What happened? The economic crisis caught up with Reagan.

In the beginning, workers listened to Reagan's vague prescriptions about the economy—he stated openly that he would say nothing specific until the fall of 1980—and workers hoped against hope that those prescriptions would eventually be formulated into some fresh, workable ideas. As the unemployment lines grew and auto plants closed, even the vague ideas of "Reaganomics" began to grate.

The May 20 Michigan primary, where Reagan suffered his most overwhelming defeat, shows the depth of disillusionment of labor. Officials of the United Autoworkers would like to have people think that it was their efforts to show their members that Reagan is anti-labor that proved decisive. While Reagan and his advisors may indeed be anti-labor, the UAW had similarly mobilized against Wallace and Wallace did very well in Michigan. It was Reagan's statements—"his firm belief"—that the auto industry was suffering from a good and deserved dose of free enterprise and warranted no special aid, like the Chrysler bailout, that turned workers away from the GOP candidate.

Reagan organizers should not have been surprised when after handing out several thousand leaflets for a pre-primary meeting in Flint, Mich., only 18 workers showed up—perhaps the lowest turnout of the campaign. Nor should Reagan people have been surprised when no auto workers showed up at the polls May 20, handing the hapless George Bush an overwhelming victory.

Europe takes the reins on monetary policy and the Middle East

by Dana Kastner

A new world monetary system backed by gold will come out of the European Economic Community summit meeting June 12, and be placed before the Venice summit of OECD heads of the world's leading non-Communist industrial powers 10 days later, according to a variety of continental sources converging on that report. France and West Germany, working as one, plan to couple this monetary initiative with a package for lasting Middle East peace. Together, the initiatives will comprise a basis for recycling Arab petrodollars into development projects that can avert economic catastrophe in the Third World, and presage negotiations with the Soviet Union on various related political and economic agreements.

That comprehensive package is more than an undiplomatic slap against everything the U.S. Carter administration stands for. Europe is openly *breaking* with U.S. policy on all important matters, from monetary reform, to the Middle East, to the Afghan crisis. The stakes are too high—human civilization itself—to compromise further with the lunacy in Washington.

According to the same sources, French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt are already engaged in a subsidiary initiative to secure what the Carter administration has bungled with Olympic boycotts and grain embargoes: a withdrawal of Soviet troops and armor from Afghanistan. The minimum condition for that withdrawal is the postponement of NATO's deployment of medium-range Pershing II missiles on European soil, within 4-minute striking time of major Soviet cities. That decision was taken Dec. 12, 1979, ten days prior to the Soviets' Afghan

deployment. Only the "nuclearization" of China under visible NATO sponsorship is considered a greater provocation by the Kremlin.

The nature of the European package mirrors the interconnections between the war danger and the breakdown of international monetary relations. French Prime Minister Raymond Barre told the OECD group meeting in Paris this week that the world is in a situation whose danger is unparalleled since World War II. The cause, he said, is the collapse of the system of the International Monetary Fund. A global initiative is necessary to prevent the Third World countries from being ravaged—"hot spots" must be cooled through economic salvation.

The same point was underlying in Foreign Minister Jean François-Poncet's strained discussions with President Carter and Secretary Muskie in Washington last week. The Western banking system as it now stands is no longer capable of recycling petrodollars into the Third World, he told a press conference afterward.

Similarly, the economic advisors of Chancellor Schmidt are reported to be drafting a plan with OPEC nations, led by Saudi Arabia, to solve the Third World financial crisis. One official called it a matter of "life and death in economic and political terms."

The survival of the developing sector depends on a resolution of the Middle East crisis. One key factor is the position of Saudi Arabia, which has endorsed a European initiative for peace; King Khaled of Saudi Arabia will make what observers are calling a "crucial visit" to Bonn June 16-20, on the eve of the Venice summit. As François-Poncet told his Washington audience last week, "a global

settlement is needed . . . before the elections in the United States." In Venice, the Europeans will introduce resolutions on the Middle East encompassing recognition of the Palestinians' right to a homeland and international guarantees of Israeli security within 1967 borders.

Immediately after the Venice summit, Helmut Schmidt will visit Moscow to put his signature on a 25-year plan to link West German industrial production to Soviet needs, notably including collaborative production of nuclear reactors on Soviet soil.

Only one week later, Giscard d'Estaing will be in Bonn for consultations with the just-returned Schmidt. Although they have regularly communicated, this is the first official state visit by a French President since Charles de Gaulle inaugurated an earlier Franco-German alliance by visiting Konrad Adenauer in 1962.

The Anglo-American elite splits

The oligarchical elite of Great Britain, Europe, and the United States is no longer unified in backing the Carter administration. Certain "Olympian families" are now plainly frightened of current U.S. policy's threat to provoke the Soviets into a new deployment of their awesome power. Those still backing the Brzezinski group in the White House are only one of the discernible factions, but they still hover like vultures, guarding a rotting corpse.

"We will not permit in the United Nations any action that would destroy the sanctity of and the present form of the U.N. Resolution 242 (on the Palestinian question—ed.)," Jimmy Carter told the Washington press corps after François-Poncet told him Camp David was dead. "We have a veto power that we can exercise to prevent this Camp David process from being destroyed or subverted, and I would not hesitate to use it if necessary," Carter continued.

Europe's answer to Carter is to take their Middle East initiative to Venice, not to the United Nations. In Venice, the U.S. has no veto power. However, the backers of Carter do have sabotage capabilities.

One of the leading such capabilities at the moment is named Francesco Cossiga, the prime minister of Italy. Last week, Cossiga was linked personally to the Red Brigades terrorists—aassassins of an Italian premier! But Cossiga has refused to resign. His reason: he is current interim head of the European Economic Community, and must remain in office to preside over the Venice summit meeting.

Another capability of the "kook" Olympian families is called the government of Israel. Prime Minister Menachem Begin's faction of Zionism was created and is controlled by the Jesuit intelligence service of the Hapsburg and Pallavicini-led "black nobility" of Europe—the creators of Cossiga and the Red Brigades. Begin's government not only backs growing violence by Israeli

extremists on the West Bank, but is threatening military action against Syria. The Soviet Union has made clear that Syria is under Soviet protection . . .

The prospect of the Black-Jesuit-Carter faction rushing headlong against awesome Soviet power in the Persian Gulf or Mediterranean has produced entirely appropriate fears of *Götterdaemerung* ("twilight of the gods") among other elite families of the NATO nations. One leading indicator is the analysis presented by Graf In Doenhoff's West German newspaper, *Die Zeit*. The article, authored by a spokesman for London's International Institute for Strategic Studies (IISS), asserts that there are three reasons for the European break from the Carter administration. First, Carter promised Schmidt, Giscard and others at the Guadeloupe summit last year that the U.S. would not use a "China card" against the Soviet Union. Carter lied. Second, Carter's Camp David process is dead and would not lead to peace in any case, but he has continually threatened and contained independent European efforts for peace. Finally, the United States has systematically attempted to destroy trade with the Comecon nations. Europe and especially West Germany are determined to increase trade relations.

Also indicative is the statement made by Robert Guy, gold director of N.M. Rothschild, to the Singapore world banking conference sponsored by the *Financial Times* of London. Rothschild proposed a return to the gold standard. "Experience," he said, "has shown that we can no longer rely solely on a paper currency system." The Rothschilds, at least, may be determined to survive, by backing France and West Germany at Venice.

The faction of the Anglo-American elite for which Lord Carrington speaks, however, seeks a middle path which might stave off a Soviet confrontation provoked by the Black-Jesuit-Carter faction, but also avert European economic and peace initiatives. The British Foreign Secretary and allies in the Socialist International working through NATO's Brandt Commission have sought to have a new resolution on Palestinian rights introduced into the United Nations, and have worked to topple the Begin government in Israel. The Arab nations might, it is hoped, be duped into a long-drawn-out negotiations process settling nothing, but blocking the consolidation of French influence in the Arab world.

The Saudis have not been fooled; nor have the Palestinians. An official PLO spokesman told a Saudi interviewer recently that they are "strongly resisting the British attempts to put forward cosmetic formulas for Security Council Resolution 242 and to weaken the momentum of the European stand."

Even London's own IISS, in its *Die Zeit* analysis of the split in the Atlantic Alliance, acknowledged that the British position on the Middle East is transparently "superficial." The battle is between Europe and the Black-Jesuit-Carter "kooks."

France's Raymond Offroy

'I know Washington's peanut brigade'

On May 28, Ambassador Raymond Offroy granted an interview to the French Journal du Parlement which we excerpt here.

Q: Mr. Offroy, you wrote an article for *Le Monde* on May 6 which was really explosive . . . you make the grave accusation that the American expedition in Iran wasn't meant to succeed.

A: That is exactly what I think. I have said it and I will reiterate it. The failure was expected and it was, in practice, organized: not enough helicopters, stolen filters, the weakness of the commando units, the vulnerability of the whole operation show that. . . .

Last February, I followed the Reagan, Bush, Brown, and a bit of the Kennedy presidential campaigns. I gave conferences on the European problem and the European conception of the double Iran-Afghanistan crisis in front of different American audiences. . . .

I especially listened from Boston to Texas. They told me: "American public opinion will force President Carter to undertake a military operation in Iran."

I told them: "There is a lot of talk of Entebbe, but it would not be the same thing in Teheran, where the American embassy is stuck in the middle of a capital city with four to five million inhabitants, with crowds watching day and night in front of the building . . .

Numerous high level personalities I talked to just replied: "We will carry out the operation even if we are not going to succeed. You are going to see what you are going to see."

Q: They used that tone of voice?

A: Yes, that tone of voice, an authoritarian tone in which I saw how they despise Europe and the Europeans. . . .

They added: "You Frenchmen, you the Europeans, you must follow us. It is required that you follow us."

Q: Isn't it unthinkable that the Americans would launch a floundering operation in order to fail?

A: The facts are there. The proof is there. In the same way that the Russians made a show of force by invading Afghanistan, the Americans wanted to make a show of force to let us know that, they are not isolationists.

The failure or the gesture itself was not important. . . . Cyrus Vance was not mistaken when he tendered his

resignation even before the launching of the operation . . . I immediately cast aside the explanation that the Americans were clumsy, and I must add that the expedition launched on Teheran in April 1980 was ruined since November 1979. They acted like a gentleman who would leave for a long trip taking only \$10 for his expenses. It is assured that such a gentleman will get into trouble.

Q: According to what you think and know, the Americans are trying to transform the nations of Europe into satellites . . . Isn't that going too far?

A: Not at all. I go as far as to say that the Americans plan to threaten European oil supplies through an eventual blockade of the Straits of Hormuz. One of the presidential candidates (you will note his gross ignorance) reproached me, a Frenchman, for not putting the Djibouti military base at the disposal of the American fleet!

Q: You told him Djibouti is independent? . . . Did you speak to the close advisors of President Carter?

A: Yes, I have seen those who call themselves the "peanut brigade." The peanut has become such a symbol that my wife was offered an honorary peanut. . . .

Q: Will there be a war? Should we expect it?

A: Neither the U.S. nor the Soviet Union want a war. But we run the risk of a stupid accident, a Sarajewo.

Q: Because of the Americans?

A: Presently America doesn't yet know very well how far is too far. What I can say for sure is that a rapprochement between the U.S.A. and China would absolutely not be tolerated by the Russians. It would mean war.

Q: How can we avoid that trap laid for us?

A: The West must open negotiations with Moscow to reach an equilibrium in armaments for Europe. Without it, we will see the Americans trying to impress the Russians with military initiatives, and either the Russians will get impressed and Europe will become a vassal of America, or the Russians will go straight ahead and it's war in Europe, because we will be the battlefield and the Americans will intervene only if they deem it opportune. There is, in the U.S.S.R., a team of "young," hawkish "turks," and in America there is Brzezinski. . . . Muskie is only a shadow and doesn't know the first thing about Europe.

Q: Mr. Ambassador, I ask you one last question, which is a weighty one . . . is Brzezinski dangerous?

A: He is a very dangerous man, much more than the diplomatic Kissinger was. He is of Polish origin and wants revenge on the Russians for everything they did to Poland. Brzezinski is vengeful; he wants the Soviet Union to bite the dust, but it is we who will be forced to.

Documentation

'It is time for the voice of Europe to be heard'

The following are excerpts of an article appearing in the London Times June 2 on West German Chancellor Helmut Schmidt's planned initiatives for the late-June Venice summit of Western industrialized nations.

West Germany intends to use the Western economic summit in Venice in three weeks to focus the attention of the other major industrial countries on the financial crisis facing the Third World. . . .

It is thought possible that Helmut Schmidt will suggest that the industrialized countries of the world call on the members of OPEC to help.

"The figures were frightening after last year's doubling of the price of oil. They are more frightening now," one senior Bonn government official commented. . . . Coping with the higher oil prices is becoming a matter of "life and death in economic and political terms" for many of the non-oil Less Developed Countries.

. . . Bonn officials reel off a daunting list of countries threatened. . . . These range from the small, such as Costa Rica to the very large, India. . . . While the International Monetary Fund and the World Bank are liquid enough to increase their lending on a considerable scale, the problem of the less developed countries deficits is so large as to require additional action. . . . (emphasis added)

'A matter of life and death for the LDCs'

Following his talks with Secretary of State Muskie in Washington, the Foreign Affairs Minister in France, Jean François-Poncet gave a press conference. Excerpts of that press conference follow.

Q: Have your discussions with Muskie narrowed differences on the Middle East?

A: We hope so. The difficulties now emerging in the Camp David process do not surprise us. They make it necessary for Europe's voice to be heard.

Q: How does France perceive its role in war avoidance and the economic development of the Third World?

A: The main issue in the crisis is our relations with the Third World. If we coped with the last oil shock it was because oil revenues found their way to the Third World via the Western banking system. Whether this can hap-

pen now, with the greater indebtedness of the banking system, is unclear. . . .

Q: Is Camp David dead?

A: I will not comment on Camp David.

Q: Did Muskie ask you to stop the initiative?

A: He said he was worried that it would affect Camp David. We said it would not. A trend to a global settlement is needed. . . . It should take place before the elections in the United States.

Q: What is the likelihood of a Soviet withdrawal from Afghanistan?

A: There can be no option of the troops remaining. This will take firmness and dialogue.

Q: Do you agree with the other Europeans that it is impossible to get the Soviets out of Afghanistan until a Middle East settlement is reached which would unify the Arab camp?

A: I agree with that.

Saudis and the PLO: 'The British oppose Europe'

The following are excerpts of an interview with PLO official spokesman 'Abd al-Mushin Abu Mayzar published in the Saudi Arabia Samir Sa'ad ad-Din May 14.

We must recall here that the British attitude to the Palestinian issue weakens the European move. It is known that Britain is the founder, sponsor and advocate of the Zionist plan. It is historically responsible for the displacement and expulsion of the Palestinian people from their homeland. Britain is now working to weaken the European stand in favor of the Camp David agreements and Israel. We in the PLO are strongly resisting the British attempts to put forward cosmetic formulas for Security Council Resolution 242 and to weaken the momentum of the European stand. . . .

The Saudi Arabian news service Riyadh Domestic Service ran a wire May 23 which endorsed European initiatives in the Middle East.

The failure of the negotiations on the so-called autonomy for the West Bank and the Gaza sector has led the decision makers of the EEC to embark on a cautious move to prevent the situation in the Middle East from further deteriorating. . . . It [is] necessary to support the Western [European] efforts, perhaps because they enjoy qualities the American administration at present lacks.

War or peace: the choice facing the Japanese

by Peter Ennis



“Which way will it be—for or against fascism?” The year was 1936. The Mitsui business cartel backed by the British was heatedly promoting a fascist, war policy for Japan. The Minseito Party, which stemmed from the founding “Meiji Restoration” fathers of modern Japan, took advantage of national elections that year and brought the issue of Japan’s future before the Japanese people. The above slogan was officially propagated by the party, and the Japanese people responded overwhelmingly: Minseito swept the national elections and registered a firm rejection of fascism.

Takeo Miki, then a 30-year-old Minseito activist and later to become premier, rode this tide of support for Minseito into office a year later. Today, as Japan prepares for the most significant election in the country since 1937, Miki again finds himself in the middle of the fight.

The issues in the scheduled June 22 national elections are similar to those of 1936: war or peace. However, the stakes are much bigger today. If Japan again comes under the grip of a war policy, a destruction of the country far worse than that suffered in World War II is ensured—the kind that does not allow for “post-war recovery.”

The current situation

An overwhelming defeat of current Prime Minister Masayoshi Ohira will mean that Japan can avoid a new war. It is Ohira’s policies that are embroiling Japan in a military buildup in Asia with communist China and the United States, threatening to provoke a confrontation with the Soviet Union. As in 1936, the Mitsui faction represented by Ohira must be defeated. This time it must be for good.

The current political crisis in Japan reached a head

last month. Miki, together with his factional ally, former premier Takeo Fukuda, took the unprecedented step of, in effect, siding with an opposition-party no-confidence motion against Ohira in the national parliament (Diet). With the Miki and Fukuda factions of the ruling Liberal Democratic Party (LDP) abstaining, the motion passed easily, forcing national elections.

When the news of the Miki-Fukuda move against Ohira hit the press, the standard “analysis” spoke of deep “personality conflicts” within the LDP. “Absolutely no policy disputes” are at stake in this action, most Western papers read.

But close observers of Japan knew better. Indeed, while there are deep personality conflicts within the ruling party, there is a far deeper “reality” underlying the unprecedented actions taken by Miki and Fukuda.

A deep sense of pessimism now pervades Japanese business and political circles. The combination of world depression and growing tensions between the United States and the Soviet Union has created great fears of world war. In a speech timed to coincide with a Soviet naval squadron taking up positions close to Japan two weeks ago, the Soviet ambassador to Tokyo bluntly warned against the “China card.” While no Japanese official has repeated the recent statement of West German Chancellor Helmut Schmidt—that the world is now in a period like that before August, 1914—few in Tokyo would disagree with that assessment.

But what should Japan do?

Strike north?

Ohira has made very clear that his policy is to firmly ally with Carter administration efforts to form a military alliance in Asia with China. As a result, relations between the Soviet Union and Japan are extremely cold. While West Germany and France are expanding economic ties

with the Soviets, conducting independent diplomacy with the Kremlin leaders, and Ohira continues to echo Carter administration denunciations of Moscow. While the European nations prepare to take an independent initiative to bring about peace in the Middle East, Japan continues to support the discredited "Camp David" talks between Egypt and Israel.

And, most importantly, Ohira has led Japan toward rearmament—or as the Trilateral Commission puts it, "assuming a greater defense responsibility in Asia." Last week, Chinese Communist Party Chairman Hua Guofeng arrived in Tokyo on the anniversary of the British-sponsored Japanese victory in the 1905 Russo-Japanese War. The implied message did not go unnoticed in Moscow.

The effect of Ohira's political and military policies will also be strongly felt by the Japanese business community. The coolness in Japanese-Soviet relations cuts Japan off from many trading opportunities with the Soviet Union. Similarly, continued support of Camp David has harmed Japanese ties with the Arab countries, endangering Japan's oil supplies and restricting the chances for Japan to get lucrative development-project contracts in that region.

A last straw for Ohira's opponents, however, came with his sabotage of Japan's three-year effort to expand economic ties with Mexico. Rather than offer Mexico large-scale transfer of technology in exchange for oil, Ohira bowed to the U.S. State Department's insistence that Mexico is American territory; Ohira purposely limited economic proposals for cooperation, and was politely escorted out of Mexico with no agreement on the additional oil desperately needed in Japan.

The one area where Ohira has worked for expanded Japanese economic ties is China—for the military-strategic reasons that are otherwise threatening Japan's very survival.

Election prospects

There is widespread recognition in Tokyo that Ohira's policies not only harm Japan but directly contribute to the danger of world war. It was with good reason that Ohira's agreement with President Carter last month for Japan to increase defense spending was a prominent element in the successful no-confidence motion.

Many Japanese leaders would be prepared to ally with the ongoing efforts of the European nations to preserve detente in much the way Miki and Fukuda worked with the Europeans in the past.

Yet, despite this perception, neither Miki, Fukuda or powerful business circles opposed to Ohira have publicly linked Ohira with war. Instead they have chosen to attack him on the limited issue of corruption within the ruling

LDP. Moreover, business circles, such as recently retired Keidanren (business federation) chief Toshio Doko, are softly criticizing Ohira while appealing for "unity" within the LDP.

Thus, despite his political vulnerability, Ohira is clinging to the reins of the LDP, and it is by no means certain that any form of backroom "maneuvering" to replace him will be successful. If Miki and Fukuda don't attack Ohira on the issues, then it is very possible that the combination of Ohira's power within the LDP party apparatus, his access to money through his corrupt ally, former premier K. Tanaka, and his threats to form a coalition government with opposition parties, will be enough to keep him in power.

Ohira has only to stay on as president of the ruling LDP. Should the LDP win the elections, he will claim this as a personal victory, and insist the premiership is still rightfully his. Should the LDP lose—it has held an absolute majority in the Diet for 25 years—then Miki and Fukuda will be left in leadership positions, but with a very weakened party.

The question of a coalition government in Japan has been intensively studied by the Carter administration.

For several years now, top American policy makers have been studying the prospects of weakening the LDP as an institution through which business and pro-development politicians such as Miki and Fukuda rule the country. Ohira is undoubtedly the most popular of the LDP leaders among the opposition parties, and he is the only one who would not be significantly weakened by a loss of LDP power. It is very conceivable that even if the LDP loses the upcoming election, Ohira will move to form a coalition government with some of the "moderate" opposition parties, which could actually strengthen his own situation.

Recently several top American military strategists commented that a coalition government in Japan would not be a setback for the American "China card" policy. The Japanese Socialist Party is not really radical, but more in tune with the European social democracies. The JSP, they say, is very pro-China, which would actually aid the Carter policy.

Minseito-style campaign needed

Thus, the outcome of the June 22 elections depends largely on how Miki and Fukuda decide to conduct themselves. Attempts to dislodge Ohira through "backroom" maneuvering have failed in the past, and will fail again.

They would do well to revive the spirit of 1936-37, in which the issues of fascism and war or peace were taken directly to the Japanese people. There is little doubt the voters would respond in an overwhelmingly favorable fashion.

The Meiji heritage and the tradition of Takeo Miki

by Richard Katz



To the extent Japan plays a positive role in the world today, especially through aiding the industrial development of other nations, this is a direct result of the heritage of the men who founded modern Japan more than 100 years ago. Takeo Miki is today the most direct heir of that heritage.

Miki first entered politics in 1937, having been elected to the national parliament (Diet) at the age of 30 on the Minseito party ticket. The Minseito, which was founded by the Meiji founding fathers themselves, was then leading a rearguard struggle against the policies of fascism and war being promoted by the direct mentors of today's premier, Masayoshi Ohira.

Eventually, the Minseito and other heirs of the Meiji revolution lost that battle, and Japan's destruction in World War II was thus ensured.

If Japan is today to avoid a path similar to that of the 1930s, the true spirit and political content of the Meiji Restoration must be revived.

Modern Japan

The Minseito party and the tradition Miki imbibed in the 1930s were the remnants of the humanist effort that had created modern Japan two generations earlier. In 1868, a few courageous men led by Yukichi Fukuzawa and Toshimichi Okubo wrenched Japan from 200 years of zero growth under Confucian feudalism with the intent of transforming it into a fully modern humanist nation. Fukuzawa, who had visited Lincoln's America twice in the 1860s and France once, declared that the purpose of the 1868 Meiji Restoration was "to liberate Japan from the dregs of Chinese philosophy." Fukuzawa envisioned a complete transformation of Japan:

The final purpose of my work was to create in Japan a civilized nation as well equipped in both the arts of war and peace as those of the West. I acted as if I had become the sole functioning agent

for the introduction of Western culture . . . I regard the human being as the most sacred and responsible of all orders, unable therefore, in reason, to do anything base. So in self-respect a man cannot change his sense of humanity, his loyalty or anything belonging to his manhood even when driven by circumstances to do so . . .

As part of his campaign Fukuzawa created Japan's first newspaper, its first university and the Minseito political party.

Fukuzawa, Okubo and the other Meiji founders regarded rapid industrial development as the indispensable condition for achieving the kind of society they wanted. The ideas that the Meiji humanists used to turn Japan into an industrial nation virtual overnight came from their American allies who regarded Japan as the beachhead for an Asian-wide assault on the British Empire. Ulysses S. Grant's administration dispatched State Department Erasmus Smith—a top protégé of Lincoln's economic adviser Henry Carey—to act as an official economic adviser to the Meiji regime. Using the ideas of Carey, who is still widely read by Japanese businessmen today, Japan instituted the fastest possible growth in the urban-rural ratio and a launching of heavy industry through continually introducing the most advanced technology. The post-World War II economic miracle was possible because of the extent to which these ideas continued to guide some of the policymakers in Japan.

There had been no capitalists around to make the "bourgeois" Meiji revolution. The Meiji leaders had to create the capitalists to carry out their industrial policy. The most famous and important of their creations was the Mitsubishi business group which continues today as a titan in the Japanese business world. The Mitsubishi firm was very much involved in the effort to transform Japan. It was staffed by Fukuzawa's students and it in turn funded Fukuzawa's Minseito party. To guide and finance the growing industrial combines the Meiji government created a dirigist national bank based on the

national bank proposal of Alexander Hamilton that was implemented during Lincoln's administration. In mass-distributed pamphlets, Mitsubishi founder Yataro Iwasaki explained why a Hamiltonian system could develop Japan whereas a Rothschild-modeled monetarist banking system would keep it backward. No wonder Fukuzawa declared: "America is our father."

Not surprisingly, the British-sponsored Mitsui faction tried to bankrupt Mitsubishi and destroy the national bank. Fukuzawa and the Mitsubishi faction replied by issuing pamphlets denouncing the Mitsui group leaders as British agents trying to stifle Japan's development.

From Japan to all Asia

Fukuzawa and his allies did not regard themselves primarily as Japanese nationalists but as part of a broader humanist current. Their movement had begun in Japan when, during the pre-Meiji Tokugawa police state, they smuggled in and translated the works of such leading European humanist scientists as Johannes Kepler and Spinoza. They had a very close relationship to the Lincoln Republicans in the United States and by 1872 the U.S. had admitted over 300 Japanese students to its universities, including Annapolis. U.S. Civil War General Charles LeGenre, an associate of President Grant, was sent to Japan as military adviser. As early as 1873 he told the Meiji leaders that before too long the then backward Japan would become the foremost industrial and military power in Asia. At that time, he advised, its task would be to kick the British Empire out of Asia.

The Meiji leaders also maintained a close relationship to President Benito Juárez of Mexico, another ally of Lincoln. As Mexico's President Lopez Portillo pointed out to Ohira last month, Mexico was the first country to abolish the unequal treaties which were hindering Japan's economic development. And it had done so in a treaty reached with Mitsubishi faction leader Shigenobu Okuma.

Based on this international sense of Japan's mission, Fukuzawa and the Mitsubishi faction considered the development of the rest of Asia as necessary for the industrialization of Japan itself. They regarded Japan as a transmission belt for bringing modernization to their neighbors. Within only a few decades of the 1868 Meiji Restoration, they tried to replicate that development first in Korea in 1884 and then later in the heart of the British Empire, China. The best prodevelopment elements in Korea today trace their lineage to that 1884 attempt, known as the Minister Kim movement after Fukuzawa's Korean ally.

In the late 1890s, Chinese associates of Fukuzawa started schools and posted wall posters throughout China declaring "Know the Shame of Not Being Like Japan." In 1898, Mitsubishi faction leader and Prime Minister Shigenobu Okuma collaborated with Russia's Finance Minister Count Sergei Witte to aid Chinese reformers in

replicating the Meiji Restoration in China, thus liberating it from British domination.

When the British succeeded in defeating the Hundred Days Reform, as the Chinese movement was known, Okuma fell from power to be replaced by the Mitsui faction's arch-militarist General Aritomo Yamagata. Within four years, Yamagata had brought Japan into military alliance with Britain, and three years later Japan launched a "successful" war against Russia. The so-called Anglo-Japanese alliance has since proven itself the single worst mistake by Japan in the whole of the 20th century.

The defeat in this period caused a regression among the humanist faction in Japan from which they have yet to recover.

From that time on, the Mitsubishi faction acquiesced to the ground rules of a world in which Britain and British methods predominated. No longer were the Meiji humanists consciously and actively linked to an international humanist movement, which sought to ally sovereign nation-states in the effort for industrial and cultural modernization. Instead, they retreated into Japan, and the myth of a Japan "isolated" culturally and otherwise from the rest of the world took hold throughout the country.

From that time on, the Mitsubishi faction contented itself with pursuing Japan's own rapid economic development, rather than using industrial modernization to provide the means for creating a humanist republic. Thus was born the infamous characterization of Japan—"Good on economics, weak on politics."

To be sure, the Meiji tradition stayed alive in Japan, but more as an impulse than a conscious policy. The tradition was alive as an impulse when the Minseito party, in the 1920s, established universal suffrage and aided Sun Yat Sen's "new China" efforts to liberate that country from British rule. It remained alive when the Minseito party in the 1930s provided the resistance against a Nazi-like takeover of Japan by the pro-British Mitsui group.


And the impulse continued in the postwar period, providing the basis for Japan's remarkable economic "miracle," and related economic goals of "knowledge intensification" of industry advocated by Miki and his ally Fukuda, via the 1971 Longterm Plan of the Industrial Structure Council. The core of that plan was Japan's transmission-belt role in industrializing the developing nations.

But just as an impulse in the direction of the Meiji tradition could not defeat Japanese fascism in the 1930s, so such an impulse will not be sufficient to stop Japan's drift toward war today. Only a revival of the political traditions of Yukichi Fukuzawa, in which Japanese leaders openly bring the issue of war or peace before the Japanese people and take an active role in world affairs, will be sufficient.

The roots and rootlessness of Masayoshi Ohira

by Richard Katz



 Masayoshi Ohira stands today as the leading representative of the faction which for more than 100 years has fought the modernizing tradition in Japan every step of the way. The Mitsui-Shibusawa political faction from which Ohira springs never accepted the humanist purpose of the Meiji Restoration. They early on tried to overthrow the Meiji regime, with British support. Failing that, they funded nationalist cults aimed at keeping Japan tied to a feudalist ideology.

By 1902, the Mitsui faction had gained enough political power to force through a military alliance with Britain. From that point on the Mitsui faction strove to keep Japan culturally isolated, limited in its economic development and passive in international politics—content to serve as the Asian handmaiden to the British Empire.

Britain's Mitsui faction

The Mitsui faction's undermining of the Meiji humanist tradition began with the activities of the Sonno-joi Shinto movement, a racist, emperor-worshipping, sun-worshipping cult. In 1878, in large part instigated and supported by British Ambassador Harry Parkes, the Sonno-joi cult organized displaced feudal lords into the infamous Satsuma Rebellion in an attempt to overthrow the young Meiji regime. Though the rebellion failed, the cult's Black Dragon terrorist network succeeded in murdering the head of the Meiji government, Toshimichi Okubo. The cult argued that the Meiji Restoration's modernization drive was eliminating "unique Japanese values" which they defined in feudal, actually Chinese, terms. To this day, the leader of the rebellion, Saigo, is romanticized in public schools as a tragic hero who had tried to preserve "unique Japanese culture."

With British aid, the most prominent members of the Sonno-joi cult, such as Eishi Shibusawa and Kaoru Inoue, took over Mitsui, a pre-Meiji usurious merchant

house. With further British aid, Shibusawa and Inoue built up Mitsui to counter the Mitsubishi group's political and economic organizing activities. The Mitsui group's daily political and business life was closely directed by Rothschild agents from Europe such as Allan Shand.

Mitsui guided its political activities according to the dictates of its own cultish ideology and British geopolitical needs. The Mitsui faction tried to bankrupt Mitsubishi and to murder the leading humanists during the 1880s and 1890s. They failed to wipe out the Mitsubishi faction but succeeded in dulling the humanist thrust of the Meiji Restoration movement. In 1898, the Mitsui faction helped save British control over China by aiding in the defeat of the Hundred Days Reform, the alliance of the Mitsubishi faction and Russia's Count Witte to liberate China from British colonialism and Confucian backwardness. In the demoralization that swept the humanist faction in the wake of that defeat, Mitsui's arch-militarist General Aritomo Yamagata took over Japan and led it into the 1902 Anglo-Japanese military alliance. Three years after, armed with British-built ships, financed by British banks and trained by British officers—Japan launched a successful war against Britain's enemy and Mitsubishi's former ally, Russia. That action was Mitsui Japan's contribution to the much broader British destabilization of Russia, culminating in the "1905 revolution" that toppled Witte.

From that point on, despite rearguard resistance by the Mitsubishi faction, Mitsui successfully kept Japan tied to the bonds of British geopolitics, and tried to redirect Japan's economic growth into a process aimed at turning her into the Prussia of the East.

More fundamentally, the Mitsui group tried to impose cultural isolation on Japan and reverse the humanist political organizing of the Meiji Restoration. Meiji leader Fukuzawa had set out to transform Japan in order to make it fit to act as a transmission belt to modernize all

of Asia. He had defined Japanese identity in those terms. Mitsui leader Shibusawa set up Tokyo Imperial University specifically to counter Fukusawa's message and to impose a Shinto cult identity. Under the guidance of such German-based British agents as sociologist Max Weber, who pointed out appropriate Teutonic parallels, Shibusawa's networks successfully spread the lie that deep down it was really impossible to be both modern and "Japanese" at the same time. The individual Japanese could either adopt a modern persona to meet the needs of surviving in a Western-dominated world, in which case the personality was a mere facade without a soul. Or the individual could revert to a Japanese identity, which the Mitsui faction defined as a feudal, Shintoist one.

Ohira today best personifies the way this cult ideology permeates leading Japanese officials even now:

Though the heavy emphasis on Western learning had produced solid success in the material modernization of Japan, I cannot rid myself of the discouraging feeling that the substance of Western thought has not been absorbed into the Japanese bloodstream or that it has proved all that useful in the conduct of everyday life.

. . . The light of Chinese learning has never been extinguished in Japan. On the contrary many of the guiding principles that govern our daily life undeniably have their origin in Chinese thought. . .

Unable to discover their own unique identity, unable to choose between East and West, growing old wandering blindly in the limbo between the two—isn't this the plight of many Japanese today?

The cult of Japaneseness

Out of those who accepted the cultish definition of "unique Japanese culture," the so-called National Foundation Society led by Tokyo University and Mitsui Bank chief Sehin Ikeda spawned scores of Nazi-like groups during the 1920s. With names like Blood Pledge Brotherhood, Society of the Cherry, and Death-Defying Farmers Band as well as the traditional Black Dragon Society, the fascist bands were all indoctrinated in the Sonno-Joi Shinto cult and all identified with the anti-Meiji Satsuma Rebellion.

Like the Nazis with whom they identified, the fascists hated capitalism for eradicating their "unique Japaneseness." And like the Nazis, the fascist bands were organized into a "strike north" movement to invade the Soviet Union in alliance with Britain. Not surprisingly, the geopolitician Karl Haushofer, who had helped create the Nazis in Germany, showed up in Japan to help the Mitsui faction organize Japanese Nazism.

The organizers of the cults, on the other hand, men like Mitsui's Sehin Ikeda, "strike north" General Sadao

Araki and Tokyo University head and later Prime Minister Kiichiro Hiranuma, were no more sword-waving crazies than Nazi Finance Minister Hjalmar Schacht was a goose-stepper. They were urbane, sophisticated, liberal, accustomed to discussing world affairs with visiting British dignitaries over brandy and cigars. Sehin Ikeda regarded himself as the Hjalmar Schacht of Japan. These were the men who had decided to become "facades" by their own definition, to identify with the more powerful British without being able to be British, in other words, total agents. They manipulated the lower level and despised "Japanese." This is Ohira today.

As the depression hit Japan with full force, Mitsui's "strike north" fascists made their move. They began with the assassination of Mitsubishi-Menseito Prime Minister in November 1930 and then followed up with the infamous Manchukuo coup a year later. The leaders of the Manchukuo affair, whom Sehin Ikeda had met shortly before the coup, declared that the target of the coup was Japan itself where they intended to abolish parties and set up National Socialism. Throughout this period the British Foreign Office and Morgan-backed U.S. President Herbert Hoover privately urged support of Mitsui's international adventures since they provided a "bulwark against Soviet Communism."

The "strike north" fascists never succeeded in completely taking over Japan despite many assassinations and attempted coups. Yet, Mitsui did succeed in imposing fascist economics on depression-struck Japan and on its colonies. Most of Japan's international adventures in the 1930s from Manchukuo up until the invasion of China in 1937 were initiated by the strike north faction and tolerated by others. The process Mitsui set in motion eventually led Japan down the path to war, not with the U.S.S.R. as Britain intended, but with America.

Ohira is the product of Mitsui's operations just as much as Miki is the heir and participant in the fight against it. Ohira's public career began when the networks of Sehin Ikeda patronized his entrance into the Finance Ministry in 1936. During the early part of World War II, Ohira served with the misnamed Asian Development Board helping to implement Mitsui's looting of China. Why had Ohira been so patronized? Because, as a young high school student, Ohira had decided to become a Christian through the YMCA networks. These networks played the same role in Japan then as the YMCA and World Council of Churches networks play in destabilizing South Korea today, organizing against industrial development. The leader of the YMCA movement in Japan was the same Shibusawa who had created the Mitsui faction and the fascist cults in the 1920s. Ohira had simply chosen a "facade."

Today, Ohira fully supports Washington's China card strategy to encircle the Soviet Union militarily. It is just the 1980s version of the 1930s "strike north."

The Muslim Brothers plot 'holy war' in America

I. Eyewitness report on the MSA conference

Investigations, eyewitness reports, and interviews with confidential sources by the Executive Intelligence Review's Middle East intelligence staff has uncovered explosive information about the current activities, personalities, a

This report, prepared by EIR's Middle East editor Robert Dreyfuss and United Nations correspondent Nancy Coker, provides information of crucial importance to law enforcement officials, investigative agencies, and the intelligence services of many Middle East, Asian, and African governments.

While most Americans were enjoying the long Memorial Day weekend, rural Oxford, Ohio, was the scene of some strange and treasonous goings-on.

In the isolated setting of Miami University, 3,000 members of the Muslim Students Association (MSA) gathered together from all over the United States and Canada to call for jihad, or holy war, against the West, the Soviet Union, and virtually every government of the Muslim world.

The occasion was the 18th Annual Convention of the MSA.

Headquartered in Plainfield, Indiana, the Muslim Students Association operates as the North American branch of the Muslim Brotherhood—that creation of British intelligence responsible for the Khomeini takeover in Iran and for fundamentalist uprisings elsewhere in the Islamic world.

The Muslim Brotherhood brand of Islam is a deliberate perversion of the humanist content of Islam. Outlawed over the past several decades in most Muslim countries, the Muslim Brotherhood cult surfaced in the United States with the establishment of the MSA in the early 1960s. Today, the MSA, working through an array of front organizations and business ventures, operates as a training center and safehouse for terrorists and assassins who are recruited from the ranks of religious but naive Muslim students in the United States. The recruits are brainwashed into accepting the MSA-Muslim Brotherhood worldview that the nation state and nationalism must be done away with as concepts and creations of the “decadent West,” and as obstacles to the re-creation of the mystical “oneness” of the Muslim people.

Convened on May 23, the four-day MSA conference was marked by religious fanaticism that frequently crossed the thin line into frenzy. Speech after speech, document upon document, identified the MSA as the U.S. branch of the Ikhwan al-Muslimun and the Jamaati Islami, the Arab and Asian stems of the Brotherhood, respectively. Profuse praise was expressed for Hassan al-Banna, the founder of the Ikhwan; Maulana Maududi, the founder of the Jamaati Islami; the Ayatollah Khomeini, and other Islamic revivalists whose aim is the deliberate perversion of the humanist content of Islam. Speech after speech called for the destruction of nationalism and the nation state, for the restoration of the Caliphate, for the establishment of “Islamic governments,” for jihad. Frenzied cries of “Allahu Akhbar”



Photo: NSIPS

("God is Great") and Khomeini chants punctuated each speech. Clapping was banned at the outset of the conference as "a custom of the West."

The highly charged atmosphere was heightened by the participation of a host of international guests and speakers who were flown in for the convention from Saudi Arabia, Jordan, Iran, the United Arab Emirates, Kuwait, India, Great Britain, Trinidad and Tobago, and even Japan. Among them was the head of the Jamaati Islami in India.

Also among them were two representatives from Iran, both high officials of the Iranian government and both admitted to the United States by the State Department despite the ban on visas to Iranian nationals. The two officials were Jamshed Hakko, the governor of the province of Azerbaijan, and Mozaffar Partowmah, an adviser to President Abolhassan Bani-Sadr. Both Hakko and Partowmah were active for many years in the MSA and, together with Foreign Minister Sadegh Ghotbzadeh and his predecessor, Ibrahim Yazdi, founded the MSA's militant Iranian wing, the MSA-Persian Speaking Group, or MSA-PSG. Until November 1979, Partowmah was director of information and public relations for the MSA.

In rabble-rousing speeches interrupted repeatedly by roars of "Allahu Akhbar" and pro-Khomeini slogans, Hakko and Partowmah stressed again and again that the "revolution in Iran is only the beginning."

"The revolution in Iran is guided by Allah," declared Hakko. "It is not limited to Iran. It has opened the way

for all Muslims in the world, to all oppressed people, to show them that they can do whatever they want to do. It is the will of Allah that we fight, and win—or die as martyrs in jihad."

Partowmah echoed Hakko, stating at one point that "the goal of the revolution in Iran is to establish Muslim rule on this earth." He concluded by reading a statement from Bani-Sadr to the MSA conference that exhorted "Muslim youth all over the world, including North America," to rally behind Khomeini and the cause of the Islamic revolution.

Terrorists on display

The Iranian call to arms was made even more dramatic by a large display area, complete with oversized portraits of the Ayatollah Khomeini, dozens of photos of Iranian martyrs, and reams of revolutionary literature. One booth was manned by a contingent of zealots belonging to the Iranian mujahidin and loyal to that brand of "Islamic socialism" pushed by Dr. Ali Shariati, the leading ideologue of the Iranian revolution.

Although the most elaborate, the Khomeini display was not the only one of its type. The MSA convention hall harbored a plethora of terrorists and insurgents, all demanding jihad against one country or another. At one display booth, a group of underground Syrian Freedom Fighters, or mujahidin, were calling for the overthrow and assassination of "the dictator, lackey, butcher and infidel" Syrian President Hafez Assad, and the assassination of Iraq's Saddam Hussein. In conversation, they

proudly identified themselves as the Syrian arm of the Ikhwan and boasted of the degree to which they have destabilized the Assad regime.

Another table featured a motley crew of Afghan rebels calling, in the name of Allah, for jihad against the Soviets in Afghanistan and, for good measure, in Soviet Turkestan. The ringleader of the group was Muhammed Afzal, the head of the MSA Relief Fund, one of the many funding conduits of the Brotherhood in this country. In the past year, the MSA has doubled its official income, largely as a result of donations into such operations as the "Afghan Relief Fund" and the "Syrian Relief Fund"—the "corporate" names of the Afghan and Syrian rebels.

During the convention, Ahmed Shah, a representative of the Afghan rebels, read a message from Professor Saiyaf, the president of the Islamic Alliance for the Liberation of Palestine. "The Afghan mujahidin have chosen to liberate Afghanistan and install an Islamic government based on Islamic law, or Sharia—or failing that, to end their lives," the message read.

Another corner of the convention hall was manned by a crew of fundamentalist adherents of the Said Nursi movement in Turkey. They called for the destruction of Turkey as a modern republic and its transformation into an Iran-style "Islamic" state. The MSA leadership is working closely with the Nursi fanatics.

In March, the secretary general of the MSA, Mahmoud Rashdan, traveled to Turkey to meet with top Nursi leaders in an effort to bring about a rapprochement between the Nursis and the National Salvation Party, which is the political party of the Muslim Brotherhood in Turkey. Rashdan's on-site agent for this operation is Oguzhan Asilturk, the secretary general of the National Salvation Party and a Nursi as well. According to Rashdan, Asilturk is working overtime to bring together such fundamentalist groups in Turkey as the Nursi and the Salvationists "so that Turkey's future could be built on her Islamic heritage."

Repeatedly throughout the conference, the audience was exhorted to abandon all hope of political solutions and to make jihad against all the "isms" in the world—capitalism, communism, modernism, imperialism, Westernism, and nationalism.

One of the most fervent presentations was given by MSA Secretary General Mahmoud Rashdan. Like a number of speakers before him, Rashdan attacked Kemal Atatürk, the nationalist founder of the modern Turkish republic who has become the model for those Third World leaders committed to the development of their nations.

Rashdan bitterly denounced Atatürk for his "cynical" and "satanic" efforts during the 1920s and 1930s to develop Turkey into a modern, industrialized republic.

He charged Atatürk with "stifling Islamic aspirations in Turkey"—an allusion to Atatürk's ruthless campaign to eliminate the Muslim Brotherhood and all forms of religious fanaticism in Turkey as the prerequisite for economic development. Rashdan then attacked "all the Atatürks of today"—Hafez Assad in Syria, Saddam Hussein in Iraq, and others. He denounced the recent increasing closeness of relations between Iraq and Saudi Arabia, and concluded by declaring the Palestinian question to be an "Islamic cause" that cannot be resolved through diplomacy or political means. "May Allah liberate Palestine through the blood and through the jihad of true Muslims from all over the world," said Rashdan.

Target: the Nation of Islam

In addition to spawning reaction and revolution throughout the Muslim world, the MSA is running several domestic operations, including the infiltration and subversion of Wallace Deen Muhammad's World Community of al-Islam in the West.

A concerted effort has been launched by the MSA to win over whole sections of the Black Muslim movement. One of the vehicles for this recruitment effort is the MSA's Islamic Teaching Center, located in Indianapolis. According to the Center's director of the Department of Correctional Facilities, Brother John Sullivan, the MSA is running a big prison recruitment drive and is coordinating its activities closely with the Federal Bureau of Prisons, which looks to the MSA "as its prime connection into the American Muslim community." "If the Bureau of Prisons has any problems, any questions about anything to do with Muslims or Islam, the first thing they do is call us at the MSA," Sullivan reported.

Law enforcement officials are beginning to investigate the possibilities that the MSA, through its chain of command, was involved in deploying professionally trained killers into the recent Miami riots. According to reliable sources, MSA activist Bahram Nahidian, a Washington, D.C. rug dealer from Iran, was involved in the Miami riots. Nahidian, who is known for his terrorist connections, allegedly conduits guns, drugs, and dirty money through his Washington, D.C. business and other outlets. Recently, according to sources, he set up a secret shooting range in Maryland for terrorist training purposes. He is reportedly working with Stokely Carmichael and several sects of the Black Muslim community, including the radical Hanafis and the Sunnis. Investigations are now underway to determine the accuracy of reports that his protégés had surfaced in Miami as professional rooftop snipers.

Additionally, the MSA is reported to be expanding its networks into the Cuban exile community, recently swelled by the influx of refugees from Cuba.

II. What is the Muslim Student Association

In a lonely field outside Indianapolis, Indiana, on a 123-acre abandoned farm, a swarm of terrorists, drug-runners, assassins, and brainwashed fanatics is building an empire headquarters from which, its insane organizers hope, they can command an army that will subvert and destroy the governments of the Muslim world from Morocco to Indonesia.

The organization is the Muslim Students Association, the U.S. branch of the Muslim Brotherhood.

Driven out of the Middle East and the Arab world by responsible statesmen, including the late President Gamal Abdel Nasser of Egypt, for being witting agents of British and Israeli intelligence, the leadership of the Muslim Brotherhood—in the 1950s—relocated first to London, Geneva, and several British satrapies in the Persian Gulf. Since the late 1960s, the Muslim Brotherhood—or the Ikhwan al-Muslimun, as it is known in Arabic—has gradually infiltrated key portions of its leadership into the United States. Now, the Ikhwan, with conspiratorial stealth, has begun to establish an operational headquarters in Indiana for its worldwide cult.

To expose the Muslim Brotherhood is, in a very real sense, to expose one of the chief covert arms behind the worldwide problem of spiraling oil prices. In nearly every instance in which a government of a member state of the Organization of Petroleum Exporting Countries is embroiled in a factional controversy over whether or not to raise prices of oil or raise production, London's Muslim Brotherhood is there demanding high prices and cuts in production. The crisis in Iran—and the inhuman policies of the Khomeini regime—are directly the work of the Muslim Brotherhood, which, with the full cooperation of British intelligence and the Royal Institute of International Affairs, worked to put Khomeini in power.

As this report will show, the Brotherhood is a mere tool—an army of mindless zombies—that is ready to die on behalf of the City of London. In its Indianapolis and Plainfield, Indiana, nerve center, the Brotherhood has established an operation that, in the words of one of its chief organizers, “we want to replicate in Germany and elsewhere in Europe.” The Muslim Brotherhood USA is presently coordinating these functions in Indiana:

- the creation of a computer-run terrorist and paramilitary training center and safehouse for international assassins;
- the recruiting of religious but naive Muslim students in the United States, through the Muslim Students

Association, for antigovernment subversion in the Middle East and other Muslim countries;

- the infiltration and subversion of the Nation of Islam of Imam Wallace Deen Muhammad by secret Muslim Brotherhood agents;
- the maintenance of a command center for coordinating “Muslim revolutions” with Zbigniew Brzezinski's National Security Council and the world Zionist apparatus in the Muslim world, especially in Turkey, Iraq, Saudi Arabia, Afghanistan, and Indonesia;
- the conduiting of huge international cash transactions, involving millions in illegal drug money, to finance their operation.

What is the Muslim Brotherhood?

As thoroughly documented in *Executive Intelligence Review* (“Muslim Brotherhood: London's Shocktroops for the New Dark Ages,” Vol. 6, No. 1, May 8-14, 1979), the Muslim Brotherhood has been since its foundation in 1929 in Egypt a synthetic cult creation of the British Secret Intelligence Service.

The movement that is now the Ikhwan is a direct outgrowth of Islamic mysticism and secret societies fostered by Oxford and Cambridge Universities and the Scottish Rite of Freemasonry in the early part of the 19th century. Its origins lie among the same circles that sponsored the formation of certain mystical Sufi societies, the Bahai cult, Zionism, and the freemasonry in the Middle East. The political godfather of the Ikhwan was Jamal ad-Din al-Afghani and his disciples, the “reformers” of Islam and the founders of “pan-Islamism.”

During its entire history, first in Egypt and then spreading like a cancer throughout the rest of the Arab world, Iran and Pakistan, the Brotherhood served as terrorists and assassins for the British and the Zionists. Tragically, hundreds of thousands of Muslim students, manipulated by their hatred for the British colonial administration and Zionism, were lured into joining the.

As they did, their minds were destroyed. The chief function of the Muslim Brotherhood is to destroy the most precious asset of the Muslim world, namely, the capacity of its youth to develop their creative mental ability. To look into the horrifyingly empty eyes of the zombie-like followers of Ayatollah Khomeini, reminiscent of the insane cultists of the Reverend Jim Jones's Peoples Temple, is to see a mindless “Islamic revolutionary” who has lost his human soul.

The Muslim Brotherhood, in producing cultists, enormously helped to keep the Muslim nations in a state of backwardness.

The followers of the Brotherhood are disciples, whether they realize it or not, of the antirational movement of Islam called Asharism and its spokesman al-Ghazali. Al-Ghazali, the enemy of science and rational philosophic inquiry, was the bitter lifelong foe of the influence of the great Muslim genius Ibn Sina. Al-Ghazali's work has been carefully studied and catalogued by British orientalist over the years, and has been tapped by British intelligence as the epistemological weapon for the subversion of Muslim cultural institutions.

To the extent that al-Ghazali becomes the chief ideological force hegemonic, as it is, in Muslim education the Muslim world cannot produce either great statesmen or creative, innovative scientists.

The rise of the Muslim Brotherhood in Egypt is a case in point. Founded in 1929 by Hasan al-Banna, mystical Sufi trained in al-Ghazali's method, the Muslim Brotherhood got early financial support from the Suez Canal Company and the Egyptian royal palace. Establishing a paramilitary branch modeled on Mussolini's squadristi, the Ikhwan gradually became a critical part of a nexus that included the palace, the Egyptian aristocracy, some elements in the Army—including Anwar Sadat—and the al-Azhar network of mullahs.

After World War II, the Muslim Brotherhood acted to destabilize a series of Egyptian governments by assassinations, including the Egyptian prime minister in December 1948, to prevent the consolidation of any nationalist regime in Cairo. When in 1952 Nasser's Free Officers seized power, the Brotherhood had managed to infiltrate Nasser's organization, and forced the Nasser regime early in its career to act to suppress the Brotherhood. In 1954, with the direct participation of Israeli intelligence, the crisis came to a head. The Ikhwan attempted to kill Nasser while he was making a public speech, and Nasser responded by crushing their organization. Mass arrests and executions followed, and the official Egyptian press named British and Israeli intelligence as the sponsors of the Brotherhood.

But, the leadership of the Brotherhood escaped from Egypt largely intact, taking up residence in Jordan, Iraq, Pakistan,—and then setting up headquarters in London and Switzerland.

The 'American connection'

Although based in London and Geneva, the Brotherhood was unable to function effectively because it was illegal and suppressed in every Arab state. After the 1950s, however, when the governments of Muslim countries began sending thousands of students to the United States for higher education, the Muslim Brotherhood saw its opportunity to organize a fifth column for the

subversion of the Muslim world.

From the early 1960s onward, leaders were infiltrated into the United States. Their status as leaders of the Ikhwan was kept secret, and they took up residence as respected professionals, doctors, teachers, and so forth—all the while maintaining their covert ties to the London-Geneva axis. They established, with the help of British intelligence and the CIA, the Muslim Students Association (MSA), which by the late 1960s had come under total domination by the Muslim Brotherhood.

The effectiveness of the Ikhwan-MSA apparatus is shown by the fact that the destabilization of Iran and the installation of Ayatollah Khomeini was largely run out of the United States and France by such individuals as Ibrahim Yazdi and Said Ghotbzadeh, both of whom active in the MSA while in the United States.

The Indiana complex of the Muslim Students Association is the center of the U.S. arm of the Ikhwan. In Indianapolis and in nearby Plainfield, an interlocked network of fronts includes: the MSA, the North American Islamic Trust, the Research Center, the Islamic Teaching Center, a network of Brotherhood-owned businesses including the Salam Agricultural Corporation in Missouri, American Trust Publications, the Islamic Book Service, an amorphous "cultural society" comprised of the top power brokers of the Muslim Brotherhood, and the mysterious Documentation Center.

The Documentation Center revolves around a \$2 million computer with a 100-telephone-line computer linkup. Although few people are willing to discuss the purpose of this Center, ostensibly meant to catalogue Muslim history, it reportedly serves as an intelligence center for the worldwide Ikhwan. According to European sources, the Center is connected to the International Documentation Center in Madrid, Spain, run by Otto von Hapsburg and his fascist Pan-European Union.

In addition, the Ikhwan has purchased a large, abandoned farm outside the Indiana capital, in a remote and inaccessible area. "You could train an army there," said a source formerly associated with the MSA. For the last two years, an Indiana group calling itself the Concerned Citizens has been seeking to block the entry of the MSA.

"At first we didn't care," said a spokesman for Concerned Citizens. "But then a reporter for the *Indianapolis News* told us that they were trying to establish a shooting range there! We made some phone calls to investigate, and we found that some of the people who set up the center had been involved in violence in Missouri."

Another operation established by the MSA nexus is what is euphemistically called the Professional Placement Service. Said a source, "What they do is place Muslims from anywhere in the world into highly placed positions around the world." The agency serves as a conduit for both brainwashed MSA students and highly skilled intelligence personnel.

Virtually all of the businesses and fronts that have been set up by the Brotherhood in the United States serve, in part, as conduits for enormous flows of cash—some of it illegal—into their U.S. activities. Last year, according to a source, the Association received \$48 million from the state of Qatar in the Persian Gulf!

Most of the financing for the MSA apparatus now comes from Kuwait, Qatar, United Arab Emirates, Saudi Arabia, and Bahrain through former British colonial networks. Additional funding comes from the Muslim Brotherhood apparatus in London and Geneva, through secret foundations and Swiss bank accounts. According to several sources, the Saudis, although they disapprove of the MSA's activities, give money to provide themselves with leverage over the organization.

Because of its conspiratorial nature, the Muslim Brotherhood rarely surfaces publicly and usually operates through front organizations. In the United States, according to informed sources, the leadership of the mafia that, in the late 1960s, took over the Muslim Students Association was composed of the following individuals: Ahmed Elkadi, Mahmoud Abu Saud, Mahmoud Rashdan, Jamal Barzanji, Hisham al-Taleb, Mohammed Shamma, Altijani Abu Jederi, Anis Ahmed, and some others.

Most of these men are refugees from Egypt, Iraq, and Jordan, some of them involved in or implicated in acts of terrorism and political assassination in those countries.

"Their takeover of the MSA was very subtle, very deliberate. It was not clear to the majority of the student members what was happening," said one source. "They insinuated themselves into the ranks, into the leadership. Their mafia made several trips to the Middle East for money. First, they floated a company in Cincinnati, and Mohammed Shamma went to Saudi Arabia to get cash. He would discuss their intended political and 'cultural' activities, and then he would say something like, 'and, you know, we also have a private company.'"

The private companies would then launder the funds.

In recent years, the financing for the Ikhwan-MSA operations has come from the smaller Gulf states, and not from Saudi Arabia. The Saudis, at first drawn into supporting their activities because of the "Muslim" cover, suddenly dropped them when they learned of their terrorist inclinations, reports a highly informed source.

The *rais*, or No. 1 leader, of the secret top executive of the Muslim Brotherhood USA is reputed to be Dr. Ahmed Elkadi of Pensacola, Florida.

"He is the closest thing to a Nazi that you can imagine," said someone who knows him. "He has nerves of steel and is very cold-blooded. He would destroy anyone or anything to get what he wants."

Trained as a surgeon, Elkadi is wealthy and travels frequently around the country and to Europe.

In an interview, Elkadi was blunt. "The future is Iran. Muslims are going to be much more militant now. What happened there will be everyday fare," he said. "Youth are thirsty for this kind of religion." "We have a bad name because of what happened in Egypt," he said. "But now the movement is spreading beyond Iran, into Pakistan, Turkey, Indonesia, Egypt."

In 1968-69, Elkadi was in Texas, where, he admits, he collaborated with Ibrahim Yazdi, Iran's former foreign minister. Together they assisted in the takeover of the MSA by the Ikhwan, and Yazdi founded the MSA-Persian Speaking Group and then the allied Young Muslims Organization. That became the leading vehicle for the Khomeini network in the United States.

The existence of the Ikhwan-MSA network in the United States could not be explained without the witting complicity of high-level U.S. intelligence and law-enforcement personnel. "We tried a federal suit to stop them," said a member of Indiana's Concerned Citizens, "but everything we do tends to get squelched. Somebody, somewhere at high levels of our government doesn't want this exposed. They are stopping us."

A closer look at Mahmoud Rashdan

Mahmoud Rashdan, the secretary general of the Muslim Students Association, is one of the key powerbrokers in the MSA. A Jordanian, Rashdan was expelled from that country because of his Ikhwan activities. Although he has lived in the United States for many years, Rashdan has neither a U.S. citizenship nor a permanent resident status nor a valid visa. Despite this, and despite his activities, the Bureau of Immigration has refrained from taking action against him. Rashdan has been able to enter and leave the United States at will.

This situation reminds one of that of Sadegh Ghotbzadeh, the foreign minister of Iran. During the 1970s, Ghotbzadeh, operating from his base in France, repeatedly entered the United States to meet with Ibrahim Yazdi and such types as University of Pittsburgh Professor Richard Cottam, a Khomeini sympathizer. Ghotbzadeh's entrances were illegal for he had no visa. "The State Department turned a blind eye to Ghotbzadeh's illegal entries," said Cottam in an interview last year. "They knew he was coming in and we were meeting, but they just let it happen. Later on, they began issuing him visas, so there was nothing illegal

about it.”

Both Ghotbzadeh and Yazdi were well-known MSA activists.

As secretary general of the MSA, Rashdan is deeply involved in the dirty money operations of the Association, working closely with Mahmoud Abu Saud, dubbed by insiders as a “financial genius.” A member of the Egyptian Ikhwan, Abu Saud is a professor of economics at the University of Missouri. Abu Saud has set up a foolproof system of interlocking corporations whose sole purpose is to channel funds into the MSA and its subversive activities. The MSA’s top brass appear again and again as the shareholders of each of the corporate entities. According to one source, profits from the MSA’s North American Islamic Trust are periodically skimmed off and funneled into special clandestine Brotherhood projects. Despite the MSA’s dubious financial practices, the Internal Revenue Service has yet to conduct a serious investigation into the MSA.

On the last day of the convention, Rashdan launched an attack on Kemal Atatürk, the founder of modern Turkey, and on all forms of nationalism. According to the MSA-Muslim Brotherhood, the integrity of the nation state (a concept of the “decadent West”) must be destroyed in the name of recreating the mystical “oneness” of the Islamic peoples. This worldview is but a spinoff of the view propagated by the Club of Rome and others that nationalism is the number one obstacle to imposing a one-world, “post-industrial,” system in which scientific progress as mediated in today’s world by the nation state is no longer valued and pursued.

“We know the story of Kemal Atatürk, the hero of modern Turkey,” Rashdan began. “And what is modern Turkey? From 1924 until now, more than 56 years, do we find Turkey more independent or more dependent? Do we find it weaker or stronger?”

“There are many Atatürks today. There is an Atatürk in Libya. There is an Atatürk in Baghdad. There is an Atatürk in Syria. And until these Atatürks are removed and destroyed, conspiracies will continue. And they will be destroyed, inshallah!”

From the audience came shouts of “Inshallah!” and “Allahu Akhbar!”

“These Atatürks who speak our language and who think in the Western mind do not belong to this Muslim land,” Rashdan continued. “The Atatürks of the 20th century have made much more damage than the tyrants of the old days. As the Arabic poet says, in the old days there used to be one pharaoh, one tyrant, and there used to be a Moses who challenged that tyrant. Today, we have a thousand pharaohs, and we don’t have a single Moses. But inshallah among you there will be thousands and thousands of Moses who will destroy these thousands of smaller, mini-pharaohs!”

Again the audience chants “Allahu Akhbar!”

“Look at Saddam Hussein, a butcher in Iraq, a butcher of Muslims. And with whom does he shake hands? The progressive government of Iraq shakes hands with the reactionary government of Saudi Arabia. Saddam Hussein was yesterday talking about the Saudi Arabians as being reactionaries, as being agents of the Americans, of the British, of everything. Suddenly they become friends. Suddenly they have a treaty, an agreement, a security agreement. Suddenly they are in the same camp.

“And add to that Hafez Assad, a butcher in Syria. Both these people butcher Muslims in their own countries, and yet they go get donations and put on a label that they are a rejectionist front. And so they lull the Muslim masses into hibernation. They think everybody is sleeping. Because they are sleeping, they think everybody is sleeping. The Muslim masses are not sleeping; they are awake. The Muslim masses do not believe these slogans and they know these conspiracies—you know them. And they know that the White House in Washington and the Red House in Moscow are behind them.”

Rashdan then declared Palestine to be “an Islamic land and an Islamic cause” that cannot be resolved through diplomacy or political means, but only through jihad.

“I want to make it clear that to us Muslims, Palestine is a part of our ideology. The conflict in Palestine is an ideological conflict where the masses of Muslims under the Islamic tenets have to be marshaled or mobilized. We support every action or every liberation movement which indeed seeks to liberate *all* of Palestine—Haifa and Jerusalem—not only raise ambiguous slogans where we say the legitimate rights of the Palestinians and the Western Bank and the Gaza Strip.

“Kings used to be assassinated because they accepted the partition of 1947,” said Rashdan. “Now they are made heroes because they accept the 1967 borders, and without any shame they are claiming that if they can retain or bring back even the West Bank and Gaza, I am sure that they will be carried on the shoulders to be announced as heroes.

“So my brothers and sisters in Islam, let us define and know that Palestine is a Muslim land by the definition of the holy Quran. It is part of our faith. Its liberation is not up to our rulers because they will not liberate it because they have surrendered it. We should stop seeking hope or insight from these present governments, with no exception. They are the cause of the disease; they cannot be the cure for the disease. May Allah make from us true mujahidin. May Allah liberate Palestine through the blood and through the jihad of true Muslims from all over the world.”

The Audience cheered with wild chants of “Allahu Akhbar.”

Jesuits hit the oil region

Strategically key Chiapas is going through a wave of peasant violence, and all evidence points to an old, familiar source of evil.

Mexico, another Iran?

You've seen it in press speculation over the last year, and shuddered as you imagined the consequences. But you reviewed the differences between the two situations and felt somewhat reassured.

Start worrying again.

There are indeed enormous differences in the histories and immediate prospects of the two countries. But there is a powerful motive for outside destabilization in terms of Mexico's oil wealth and a network dedicated to Iran-style destabilization from the inside: the Jesuit-controlled "Theology of Liberation" network.

These two factors came together in an incident in Chiapas state this past weekend which has the policy- and intelligence-circles of Mexico buzzing and must be closely scrutinized by those outside the country concerned with preserving Mexico's political stability and development prospects.

On May 31, an armed conflict involving two antagonistic peasant groups vying for control of a hacienda and gunmen hired by the landowners left at least one dead and two injured. The shootings took place in the remote Tzeltal-speaking Mayan Indian area of Citala, northeast of the state capital of Tuxtla Gutierrez.

The reason political antennas shot up all over the country is that Chiapas is one of the most strategic areas in Mexico. The northern

fringe of the state dips down from the Indian highlands to the premier oil belt of the country, the Reforma fields. The state's boundary to the south forms the border with Guatemala—one of the Central American nations increasingly drawn into polarization and armed conflict in the wake of the 1979 Nicaraguan Revolution.

Insiders here have paid the greatest attention to recent pronouncements from Henry Kissinger and his coterie at the Jesuit Georgetown University complex in Washington to the effect that the wave of instability in Central America constitutes an "Arc of Crisis" aimed at Mexico and terminating in Mexican oil fields. They have a healthy suspicion that Kissinger's circles are behind such a "southern flank" destabilization scenario.

Combined with such an outside motive is a startling concentration of Jesuit "Liberation Theology" in the region, precisely the force capable of channeling one of the most backward populations of the nation into Jacobin, antidevelopment riots.

In an ongoing investigation, the *EIR* is assembling devastating documentation of the Jesuit role from sources here and in the United States. Here are a few of the key facts uncovered so far:

*The nearest town to the site of the shootings is Bachajon, the Jesuits' command center for the May-

an Indian region and one of just two "field stations" set up by the Jesuits in a 1950s strategy of "going to the countryside."

*Two Jesuit priests, Nacho and Mardonio Morales, translated the agrarian reform legal codes into the Tzeltal language and shed any "evangelizing" role entirely in order to undertake their "social mission" in the area, following the launching of the Theology of Liberation in 1968.

*Theory for the "social work" was provided by Jesuit Eugenio Maurer, scion of an old oligarchical family, who journeyed to the Sorbonne to write a book on *The Tzeltals: Pagans Superficially Christianized or Indians Fundamentally Christian?* Other products of the Sorbonne unit where he studied are Cambodia's Pol Pot and Iran's Bani-Sadr.

*Most important, the bishop of Chiapas, Samuel Ruiz, has given his protection and support to the spreading of the Theology of Liberation throughout the diocese. Jesuit circles compare him to the "red bishop" of Cuernavaca, Mendez Arceo, but note a difference: "Mendez Arceo is just prophetic, something like an ambassador; but Samuel Ruiz is a true pastor to the masses." Radical American anthropologists from a Harvard University field station, invited by Ruiz to "advise the doctrinal groups" set up by the Jesuits throughout the Mayan highlands on agrarian agitation, admiringly compare Ruiz to the martyred archbishop of El Salvador, Oscar Arnulfo Romero.

It is this deeply embedded operation which poked its way to the surface in the events at the Bolonchon hacienda.

International Intelligence

Middle East

Iraq, Saudi Arabia move against METO

Following British Foreign Minister Lord Carrington's public call for a NATO-linked military alliance in the Middle East, both Iraq and Saudi Arabia have moved into diplomatic high gear to counter the plan.

Reports from Bonn indicate that Riyadh has submitted an arms "shopping list" to West Germany worth over \$3 billion, nearly \$1 billion more than the total value of West Germany's oil imports from Saudi Arabia last year. This follows a military agreement with France signed last month, worth nearly \$2 billion. These deals signify Riyadh's determination to solidify intelligence and security arrangements with France and Germany at the expense of the U.S. and Great Britain. Both King Khaled and Crown Prince Fahd are expected to arrive in Bonn soon.

Iraq, meanwhile, has undertaken a round of diplomacy with those countries targeted by the Anglo-Americans as potential players in a Middle East Treaty Organization (METO). Last week, much to the surprise of the entire Arab world, the Foreign Minister of Oman turned up in Baghdad for talks with the Iraqi leadership. Oman has been rivaling Iraq in the Persian Gulf around the security question, and has been seen in London as the key asset pushing a METO plan. East Germany's *Neues Deutschland* reports that Oman has assured Baghdad that it will not allow foreign—that is, U.S.—bases on its soil. Similarly, Iraq, through its generous extension of petrodollars, is thought to have dissuaded both Somalia and Kenya from their leanings toward a METO alliance with Egypt.

In addition, Iraq has announced that it will not send its foreign minister to London as planned, but will dispatch him to Bulgaria for talks with Bulgarian head of state Zhivkov. In recent weeks, the Bulgarians have sent delegations to

both Baghdad and Damascus, possibly representing the U.S.S.R. in mediating the simmering Iraq-Syria feud.

Controversy erupts over Ottoman Bank

A highly unusual confrontation has erupted between the directors of a curious institution known as the Ottoman Bank and a group of disaffected shareholders, the London *Times* reported June 1. The shareholders, who are expected to present a list of demands at the 113th annual meeting of the bank, have charged that the directors, over a period of years, have systematically understated the Ottoman Bank's assets.

It is even rumored among these dissident shareholders that the bank is sitting on 15 tons of gold, or about one ounce per share. If the rumor proves accurate, the real value per share could go as high as £600 as compared to a recent market price of £55.

The dissidents are particularly concerned that the Banque de Paris et des Pays Bas, a leading French merchant bank, has since 1974 rapidly built up its stake in the Ottoman to over 45 percent. This could indicate that the French bank has access to information on the true state of Ottoman's accounts which is not available to all shareholders.

A curious remnant of nineteenth century finance, the Ottoman was founded in 1863 in Istanbul by British and French interests, on special order of the Sultan, as the central bank of Turkey. The bank's importance in Turkey declined during the 1930s after Atatürk established a national banking system, but it built up business abroad, especially in the Middle East, Africa, London and Paris. In 1969, the Ottoman sold virtually all its non-Turkish banking business to Grindlays Bank, but, the *Times* reports, it has retained to this day offices in London and Paris from which the bank's "mysterious non-Turkish assets" are administered.

The Ottoman's chairman of the board is the former Bank of England director Michael Babington Smith. Its

other British directors sit on the boards of "such august financial institutions as Prudential Assurance, Hill Samuel, Warburgs, Coutts, Grindlays and Union Discount."

British agent Swann ends his career

Robert Swann, a leading British intelligence agent, has lost his job. Swann, the head of London's Secret Intelligence Service Middle East operations in continental Europe, with a special responsibility for the Muslim Brotherhood, has been recalled from his post in Paris. Swann was recalled when exposés by this magazine so weakened his "pro-Arab" cover that he became useless as an agent.

The mother organization for Swann's activities is the Council for the Advancement of Arab-British Understanding (CAABU). Swann currently is operating as the liaison between CAABU and the notorious Club of Rome, which later this month is holding a conference in Athens to promote a Euro-Arab dialogue. Swann has been acting as a coordinator of the conference, whose aim is to undercut and disrupt the Franco-German initiatives to mold a viable Middle East peace settlement.

Europe

Donat Cattin resigns: Cossiga next?

Senator Carlo Donat Cattin, vice president of the ruling Italian Christian Democratic Party (DC), was forced to resign his party position this past week after charges against him were reviewed by the parliament's Commission of Inquiry. Donat Cattin was accused of having warned his terrorist son to flee the country because he was about to be arrested by the police in connection to the Aldo Moro kidnap-murder. The in-

dividual through whom Donat Cattin had communicated with his son was subsequently arrested and revealed the information.

But the scandal did not end there. Prime Minister Francesco Cossiga, a close ally of Donat Cattin, is himself under accusation as the individual who tipped off the senator about the impending arrest of his son. Although charges against Cossiga were dropped by the Parliamentary Commission, his resignation is being strenuously demanded by the leaders of the major political parties, including the Communists, Liberals, Social Democrats, and even some Socialists, who share in his coalition government. Thus far, the Prime Minister has refused to tender his resignation, arguing that his presence at the upcoming Venice summit is too important.

However, most press and Italian political sources expect that Cossiga will not be able to hold out too long against the immense pressure being brought to bear against him.

Pope backs Giscard diplomacy

Pope John Paul II, recently making his first trip to France, announced his support for President Giscard's diplomatic initiatives in the Middle East and his recent extraordinary meeting with Brezhnev. One particularly acerbic source connected with the French Socialist Party, the weekly *Le Nouvel Observateur*, accuses the Pope of having arranged the emergency Giscard-Brezhnev meeting that took place in Poland, the Pope's home country.

The same source reports that on Oct. 22 of last year, when NATO was nearing its decision to deploy the Pershing missiles in Western Europe, the Vatican's "foreign policy" expert Cardinal Casaroli called in all the Pontifical diplomats in Western Europe and gave them a warning from the Pope: "take heed of the consequences for world peace of the installation of American missiles on your territory."

Latin America

Mexican political group asks Castañeda's resignation

The Mexican Labor Party (PLM), a nationwide political group that promotes industrialization, called last week for the immediate resignation of Mexican Foreign Minister Jorge Castañeda.

The PLM distributed to all the press and official institutions a statement by the Party's National Executive Committee denouncing Castañeda's collaboration with the "One World" international networks which would like to see the rule by supranational U.N.-type institutions. The release states Castañeda is a long time collaborator of Ervin Laszlo, the head of UNITAR and one of the most prominent "philosophers" for the Club of Rome's zero-growth international economic program.

The PLM's campaign against Castañeda was immediately picked up by *Ovaciones*, a major Mexico City newspaper. "A very critical situation is closing in on Foreign Minister Castañeda forged by a political faction which works in Mexico," Abraham Mohamed wrote June 3. The columnist added that the "political faction" has targeted "the next meeting of the New York Council on Foreign Relations June 6 as a 'seminar to update the aggressions and the destabilization campaigns against our country'—a seminar where our Foreign Minister will be the main speaker."

He ends by warning Castañeda to "take the appropriate measures in order to turn around the plans drawn against him whose aim is to force his resignation."

The columnist fails to mention the name of the "political faction." His warning that there is a "plan" to force Castañeda's resignation is believed indicative of the PLM's spreading influence against the vulnerable foreign minister.

Briefly

● **RAMSEY CLARK** is a "vile American agent," according to Iranian radio broadcasts at the close of a conference in Teheran on "U.S. intervention in Iran." Clark attended the conference with Episcopalian priests and others invited by the Iranian government. President Bani-Sadr and foreign minister Gotbzadeh defended the American against the charge—the radio is controlled by Bani-Sadr's factional opponents in the clergy, who implied that they, too, are "vile American agents."

● **WHAT A CHOICE!** So reads the headline over a long editorial in this week's edition of *The Spectator*, a British Tory weekly. The editorial concerns the prospects of an American presidential race between Jimmy Carter and Ronald Reagan. "By no stretch of anybody's intelligent and informed imagination can the choice the American electoral system has ended up offering the American electorate be regarded as inspired, generous, broad or satisfactory," the piece reads. *Spectator* editors are most vitriolic in attacking the American electoral system itself, calling it "insanely complex." FEMA for President, anyone?

● **THE GOLD PRICE** rose past the \$600 an ounce level June 7—bringing it close to the price at which it is believed an impending French initiative for a gold-backed monetary system will propose to peg it. Part of the purpose in the initiative for monetary reform would be the capacity of the system to offer gold-guarantees to OPEC nations like Saudi Arabia for petrodollar deposits. Notably, one of the "rumors" cited as a cause of the price's surge over \$600 was that the Saudis had contracted to buy 200 tons a year of Soviet-produced gold at \$600 an ounce.

'Human rights,' one-world law, and terrorism

by Stuart Pettingell

On May 7, 1980 U.S. Attorney General Benjamin Civiletti told a conference of the Inter-American Lawyers Federation in Mexico: "We must provide greater political channels for the liberty of dissidents . . . only in this way will it be possible to achieve the end of violence to embassies." Civiletti meant "supranational" channels, outside the purview of nation-states.

Only one month earlier in Chicago, Illinois, members of the Puerto Rican FALN terrorist organization, under arrest for illegal weapons possession, announced to presiding Judge William Kelly that they refused to recognize the jurisdiction of his court and demanded a United Nations tribunal to intervene and protect them as "prisoners of war under the Geneva Convention."

In mid April of this year the Colombian terrorist M-19 organization released 16 diplomatic hostages after a two-month siege, when the government was persuaded to surrender its sovereignty on the issue of prosecution. The final agreement opens the Colombian judicial system to international intervention by "monitors" from the Organization of American States, and International Red Cross to prevent possible "violation of human rights."

These incidents are features of a concerted international campaign whose objective is not "human rights," but the subordination of nation-states to world-government "mechanisms." The vehicle to impose this supranational control is terrorism and allied forms of violent political destabilization.

In 1966 the United Nations adopted two covenants based on the 1948 U.N. Universal Declaration of Human Rights: Civil and Political Rights, and Economic, Social



and Cultural Rights. The covenants were and are intended by the U.N. to become a "world code of human rights law" which is supposed to become legally binding at the time a nation agrees to ratify them; at that point the nation loses its sovereignty, falling under the dictatorship of U.N. tribunals and commissions. The question is: how can nations possibly be induced to accept this very debridement of their stature?

'Human rights' vs. science

In a special report prepared for the New York Council on Foreign Relations' "1980s Project," Richard Falk explains the need for terrorism. Entitled *Enhancing Global Human Rights*, the Falk report states:

. . . the general inability to deal with severe violations of human rights is one of the principal weaknesses of the prevailing system of world order. This weakness is structurally linked to the distribution of power and autonomy among sovereign states and cannot be overcome without the emergence of a new system of world order . . .

Those who seek change must necessarily employ coercive strategies. Somehow the regime violating human rights must be toppled or its leaders induced to make fundamental changes. This can be done either through domestic struggle, outside intervention, or a mixture of the two.

Falk then sweeps out a broad definition of violations of "human rights" as virtually any imposition by govern-

ment upon the individual, especially cultural impositions—which he links to introduction of modern science and technology. If new technologies, such as nuclear power, erode the cultural identity of a small sector of a country, Falk insists it is “inflicting genocidal damage” on that minority. In sum, Falk declares human development a violation of human rights, and thus acknowledges that the principle objective of terrorism, inclusive of “One World” institutions, is to prevent economic and cultural development by nation-states.

Not surprisingly Falk is a leading organizer of the antinuclear movement in the United States.

The command structure of the international law apparatus, which Falk is part of, operates on multiple levels. At the center of all aspects of the operation is the United Nations, whose Human Rights Commission, UNESCO, UNITAR, Environment Programme, etc., are the critical elements.

The ILA and Permindex

The oldest and most prestigious institution in the command structure is the International Law Association (ILA) which was founded at the end of the 19th century in London, under the auspices of the European nobility. From its inception the ILA has served as an instrument of the leading oligarchical families.

The chairman of the Canadian branch of the ILA, Major Louis Mortimer Bloomfield, is typical of the ILA operative. Major Bloomfield not only controls a large portion of the international drug traffic through his law firm’s responsibility for maintaining the Bronfman family holdings. He is also the head of the Permindex (“Murder, Incorporated”) apparatus. Brought up through the ranks of British intelligence’s Special Operations Executive (SOE), Bloomfield became the head of the Permindex organization when it was founded in the early 1960s.

Permindex was documented by French authorities to have conducted between 30 and 40 assassination attempts against Charles de Gaulle. Permindex carried out the assassination of Italian Oil Minister Enrico Mattei in 1962, and was the target of New Orleans District Attorney Jim Garrison’s investigations into the 1963 assassination of President Kennedy.

A specialist in various forms of “international law,” Bloomfield is now attempting to have an international commando “strike force” created, to operate freely against terrorists around the world. Reached for comment last month, Bloomfield explained, “. . . Countries are not bound to international law . . . Now, take the Entebbe raid [Israel’s incursion into Uganda in 1976 to free hostages]. Unfortunately a few lives were lost, but afterwards terrorism died down. We have to take a firm stand . . .” This proposed capability, if implemented, would be identical to Permindex.

Bloomfield’s close associate, Louis Rabcewicz-Zubkowski Kos, head of the Canadian ILA’s International Criminal Law Committee, recently elaborated how the terrorist side of the deployment is used:

At present states are too resistant to an international criminal court. Consequently they must be placed in a learning experience where they will understand the necessity of delegating their authority to an international court. . . . States will increasingly find themselves in a no-win situation with regard to terrorism. If they proceed to prosecute they will be accused of persecution and human rights violations. If they release the apprehended terrorists they will be subject to more terrorism. . . . As states learn of this dilemma they will increasingly turn to an international commission of inquiry and an international criminal court which we are working to establish.

The head of the U.S. branch of the ILA, C. Clyde Ferguson, is similarly a special operations officer. Beginning his career as the civil rights adviser to New York Governor Nelson Rockefeller, Ferguson became a founding trustee of the Institute for Policy Studies, the Washington D.C.-based command center for virtually every “new left” terrorist group and terrorist support organization. In 1964, Ferguson became the U.S. Expert to the United Nations Sub-Committee on Discrimination and a dean of Harvard Law School. Ferguson’s present activities include working with Richard Falk at his Institute for World Order.

On the level below the ILA are an array of specialty organizations which are responsible for meshing terrorist operations with human rights campaigns against target nations. Involved on this level are the following:

International Commission of Jurists. The ICJ is the in-depth legal profiling operation. Composed of former judges, lawyers and law professors “above suspicion,” the ICJ works closely with the United Nations human rights organizations to prepare nations for destabilization. For example, in 1975, the ICJ launched a comprehensive investigation into violations of human rights by the Shah of Iran. Working under the advisement of Muslim Brotherhood controllers Marvin Zonis, Richard Cottam and James Bill, the ICJ report, titled *Human Rights and the Legal System in Iran*, was the basis for the activation of every aspect of the revolution in Iran. To this day the ICJ report is used by President Bani-Sadr and the “student militants” as justification for holding 50 American citizens hostage.

The key figures in the ICJ include Sean MacBride, a former terrorist leader of the IRA, now with Amnesty International; Lord Gardiner, former Lord Chancellor

to the Queen of England; and Eli Whitney Debevoise, former deputy to U.S. High Commissioner for Germany, John J. McCloy. Debevoise heads the American Association of the ICJ from his elite Wall Street law firm, Debevoise, Plimpton, Lyons and Gates, the representatives of the Ford and the Russell Sage foundations.

Also board members of the American branch of ICJ are Whitney North Seymour, a Knight of the Order of St. John of Jerusalem, a director of the Carnegie Endowment, and a director of the Natural Resources Defense Council; and Jerome Shestack, the U.S. Representative to the United Nations Human Rights Commission.

Institute for World Order. The IWO is a policy planning center for human rights operations, featuring Richard Falk, who was directly involved in the Iranian Revolution, traveling to Iran and the Mideast several times during 1978 to monitor progress. With case officer Professor Norman Forer, Falk prepared the seizure of 50 American hostages by "student militants," many trained by Forer at the University of Kansas. Falk also works closely with the controllers of the American Indian Movement and the environmentalist movement.

While Falk is responsible for the terrorist deployment aspects of the IWO operation, Saul Mendlovitz, IWO president takes care of related legal manipulations. In a recent interview, Mendlovitz explained the IWO program for "human rights":

Falk and I are involved in trying to resuscitate what we call the Nuremburg responsibility, although we have not gone public on that . . . *you have to cut through the notion of sovereignty* to provide redress for the grievances that these people have . . . it's a way of getting off the hook if you can find a forum where the grievances can be aired rather than having to deal with them on the hostage negotiating level. (Emphasis added)

Sherle Schwinger, IWO "terrorism expert," was even more explicit. "Governments have already surrendered their sovereignty by virtue of human rights legislation. Our whole thrust in that direction has made it hard for states to justify that argument any more."

One of the IWO's most extensive operations is the World Order Models Project. Here some of the top genocide specialists have been brought together with the leaders of the "human rights" movement, including Robert S. McNamara, former U.S. defense secretary and the initiator of the Operation Phoenix genocide program in Vietnam; George W. Ball, author of the "Paddock plan" which calls for the immediate reduction of the Mexican population by 50 percent; Paul T.K. Lin, the Canadian controller of FLQ terrorism and drug traffic

via Hong Kong, and a close collaborator of the Chinese government. Also on the World Order Models Project board are C. Clyde Ferguson and Harvey Cox, the head of Amnesty International's U.S. branch.

International League for Human Rights. Formerly the International League for the Rights of Man, the ILHR brings together specialists from the International Commission of Jurists and the IWO. Five members of the ICJ are on the board: Sean MacBride; John P. Humphrey; Jerome Shestack; Haim H. Cohn (former Israeli justice minister) and Per Federspiel (ICJ vice president); also, Richard Falk, Theodore Hesburgh, the "liberation theologian," and others from the Institute for World Order.

Founded in 1942 by Roger Baldwin, founder of the American Civil Liberties Union, the ILHR was responsible for drafting the Human Rights Standards which were incorporated into the U.N. Charter and Declaration of Human Rights of 1948. Since that time, the ILHR and its 20 international affiliates have dominated the U.N. Human Rights Commission. One example of ILHR's control over the lower levels of the terrorist command structure is ILHR board member David Carliner, the attorney for the Iranian Student Association, the Persian speaking branch of the Muslim Brotherhood terrorist networks in the United States. Carliner is a close associate of Abolhassan Nahidian, the U.S. station chief of Ayatollah Khomeini's secret policy, the SAVAMA.

Another example is Morris B. Abram. Abram, a partner in the Paul, Weiss, Rifkind, Wharton and Garrison law firm, which formerly included Ramsey Clark, began his career as a counsel on the American Prosecuting staff of the Nuremberg Trials. Then from the Peace Corps, Abram went to the U.N. Sub-Commission on Discrimination, to the U.N. Human Rights Commission (1965-68), and then became president of the Field Foundation, one of the largest funders of terrorist organizations in the United States.

Amnesty International: Amnesty International encompasses nearly all of the personnel from the other organizations in the human rights command structure. It serves as cover for international espionage operations, capable of penetrating any country in the West or East Bloc using its "humanitarian cover."

Based in London, Amnesty International's membership ranges into the thousands. It was founded in 1961 out of a propaganda campaign in the London *Observer* run by Peter Benenson. The original purpose of the organization was to bring world opinion into support of "those unknown persons who are being imprisoned, tortured, or executed because their opinions or religion are unacceptable." The ultimate aim, Benenson declared,

was "to succeed in making a government relent."

Included among the U.S. advisors and directors of Amnesty International are Ramsey Clark, Clyde Ferguson, David Carliner, Richard Falk, Telford Taylor, the former Nuremberg prosecutor and specialist in East Bloc penetration, Rev. Paul Moore, the Episcopal priest caught harboring FALN terrorists in 1977, and William F. Buckley, Jr.

Foundation for the Establishment of an International Criminal Court: The Foundation was established in 1971 by international law expert Robert K. Woetzel, under the sponsorship of the Rockefeller Foundation, Samuel Rubin Foundation, and the Johnson Foundation, at the latter's center in Racine, Wisconsin. The Foundation's role is to codify international criminal laws, and advise the United Nations on all such matters.

Robert Woetzel began his career as a correspondent for the *Manchester Guardian* at the Nuremberg trials. He then graduated to a post at Oxford University teaching international law. Presently, Woetzel is the Senior Professor of International Law at the Jesuit Boston College.

In an interview last February, Woetzel described the Foundation's whole-hearted support for terrorism:

What is involved essentially is demands by guerrilla forces or partisan groups. And these demands have to be met with certain expectation from the governments, or the incumbents, so to speak, because today's terrorism is tomorrow's heroism . . . If you are going to treat the other side, that is, so-called freedom fighters or guerrillas, as ordinary criminals . . . then you can expect embassy takeovers. . . . I don't think there is any way except the strategy of leverage to convince governments that they will have to respect the rights of guerrillas according to the protocols of the Geneva convention . . .

These situations like Colombia and Iran occur because guerrilla movements, and insurgents and belligerents, as they're called in international law, are not treated properly. So they are trying to gain leverage, and one way or the other they know they will win . . . This will continue until the U.N. code of offenses is ratified and a commission of inquiry is institutionalized, and tribunals are instituted for the trials of, not just guerrillas, but also officials.

In June, there is a test, when it (the code of offenses) is going on the agenda at the U.N. If the Americans object to it being made a high priority item, you can get two more embassies taken; at least . . . this is an international mood. It is an international strategy of these movements, some are more effective than others; like the American

underground is terribly ineffective . . . but eventually it will come here, too.

International Association of Democratic Lawyers: The IADL has been associated with virtually every terrorist defense case in the United States and Western Europe. Exemplary is a private meeting of IADL operatives, held in New York City in 1975 to discuss the handling of the defense of Baader Meinhof terrorists in Germany. Present at the meeting were Kurt Gruenwald and Klaus Croissant, the Baader Meinhof attorneys, Ramsey Clark, William Kunstler, William Schaap and Peter Weiss, the U.S. experts in terrorist support. At the meeting the decision was taken to model the Baader Meinhof trial on Kunstler's "Chicago 8" show trial to "highlight the injustice of the judicial system." However, Gruenwald and Croissant, not allowed to do this, were thrown out of court. Clark, Kunstler, and Weiss went to Germany to take over the defense but were also refused. Following this, a new wave of terrorist bombings began in Germany. In 1977 Croissant went underground after police discovered evidence directly linking him to Baader Meinhof terrorist actions; he was later arrested in Paris.

Italian members of the IADL include Horberto Bobbio and Lelio Basso (deceased), both directly tied to the Red Brigade terrorist networks.

In the U.S., the IADL works primarily through the National Lawyers Guild and Center for Constitutional Rights, the defense apparatus for terrorists from the Weather Underground, American Indian Movement, Black Liberation Army, SLA, the FALN, etc.

Among the most notable members of IADL is Ramsey Clark. A partner of Morris Abram's law firm, Paul, Weiss, Rifkind, Wharton and Garrison, and a member of Amnesty International, Clark is a top level case officer for numerous terrorist projects. During the Iranian revolution, Clark traveled to Iran with Richard Falk on several occasions. As former U.S. Attorney General (1967-69), he was instrumental in Justice Department reforms which effectively protect terrorist organizations from investigation.

IADL figure Peter Weiss was a founding member of the Institute for Policy Studies and a director of the Samuel Rubin Foundation, sponsor of IPS as well as the Foundation for the Establishment of an International Criminal Court. IADL's Lenox Hines is a member of the Center for Constitutional Rights and a special advisor to the legal team currently defending 11 FALN terrorists in Chicago. Hines submitted an 800-page legal brief to the United Nations Human Rights Commission last year documenting "human rights violations against every minority group in the country." His petition is still pending.

Oil import fee wiped out

A major revolt in Congress to repeal the oil import fee imposed by President Carter several weeks ago has led to a resounding vote against the measure by the House, with plenty of votes to override a promised Carter veto. The 10 cent a gallon fee on gasoline prices was expected to take \$10 billion yearly out of the economy, and was vehemently opposed by congressmen. "It's pretty tough to pass a new tax in an election year," declared Senator Bob Dole (R-Kan.) a leader of the Senate opponents to the tax. "After all, every House member and 24 Senate Democrats will face the voters this year."

Congressional leaders had tried to prevent the opponents of the measure from putting it before Congress, but they were not successful in their efforts to keep it bottled up in committee. "It's very emotional right now," declared one aide. "There's a lack of party discipline and party control and the Republicans are making mince-meat out of them."

President Carter had vowed to veto any measure repealing the fee, but as Senate majority leader Robert Byrd (D-W.Va.) declared even before the vote proved him right, tax opponents had the votes to override the veto.

Senate repeals Credit Control Act

On June 1 the Senate voted to repeal the Credit Control Act of

1969, a measure that gives the president enormous powers to control all allocation of credit in the nation. The measure, passed by a vote of 44 to 30 in the Senate, would terminate the Credit Control Act as of July 1, 1981.

It was this legislation that Carter invoked last March as the basis for the Federal Reserve Board's imposition of major curbs on credit in the U.S. Senator William Proxmire, (D-Wisc.) chairman of the Senate Banking Committee agreed with the action, claiming the Fed's tight money policies had been among "the most serious elements in deepening the recession."

However, Proxmire only agreed to back the measure when the sponsors of the bill, led by Sen. William Armstrong (R-Colo.) agreed to make it effective in July 1981, and not sooner as they originally had planned. Thus the repeal of the bill, which still has to pass the House, will not stop the Federal Reserve's austerity policies anytime soon.

Fight erupts over Joint Chiefs chairman

Jimmy Carter's renomination of Joint Chiefs of Staff chairman, General David Jones has drawn fire from a bi-partisan coalition of Senators, who say they are concerned about the state of the U.S. military. Key Senate Democrats such as Armed Services Committee members "Scoop" Jackson (D-Wash.) and Sam Nunn (D-Ga.) are reportedly still undecided whether to oppose Jones or not, who they per-

ceive as a rubber stamp for President Carter's military posture. They charge that Jones is bowing to Carter's political expediency rather than presenting an objective, professional, military view.

However, Jones seems to have come to an unusual accommodation with Reagan supporters in the U.S. Senate. Jones has privately agreed to resign if Ronald Reagan becomes president, giving Reagan an unprecedented chance to choose his own Joint Chiefs chairman at the outset of his term. Traditionally presidents maintain the sitting Joint Chiefs chairman until his term expires.

The leader of the dump-Jones movement, Sen. Jesse Helms (R-N.C.) said, "General Jones has agreed to tender his resignation in January if Gov. Reagan is elected. With that I am not going to raise any ruckus about the nomination." The Pentagon issued a statement in which Jones denied any such arrangement.

Small business subcommittee blasts credit crunch

Rep. Henry Nowak (D-N.Y.) chairman of the subcommittee on equal access to equity capital of the House Small Business Subcommittee charged in a May 29 hearing that loans to small business have dried up in the months since the Federal Reserve Board's tight monetary policies. Loans to large businesses have shown a substantial increase, he added.

Another group of cosponsors include Senators Birch Bayh (D-Ind.), John Danforth (R-Mo.) and John Heinz (R-Pa.), all of whom have put forth various protectionist measures in reaction to perceived foreign import injury to their states.

Analysts noted however that despite the talk about the need for industrial and technological innovation, the legislation may actually be used as the foot in the door for developing a "national industrial strategy." This is a phrase that has been used by various "futurologists" for phasing out heavy-industry in the U.S. and moving the nation toward a "post-industrial society." Sen. Stevenson, in particular, urged that the way to intervene in the U.S. economy was not to bail out companies like Chrysler, but to develop "the industries of the future" such as electronics.

Filibuster begins in Senate on draft issue

The Senate began debate June 4 on a bill to allocate \$13.3 million to finance President Carter's decision to register 19 and 20 year old males for a possible military draft. The debate may become a long one, as Senator Mark Hatfield, an opponent of the draft plan, began a filibuster on the draft issue. According to Hatfield, he has the support of 35 senators in his efforts, and the senator's staff members say that 22 senators are actively backing Hatfield. Five senators including Democrat William Proxmire (Wisc.) and

Republicans Leahy (Vt.) and Mathias (Md.) have spoken on the Senate floor against the draft bill.

As of yet the Senate leadership has not attempted to stop the filibuster by filing cloture petitions. Sixty votes are needed to limit debate in the Senate and bring the measure to a vote. If cloture is not invoked the bill will be tabled. Other activity in the Senate is now awaiting the outcome of the draft issue.

Nowak made this assertion to Comptroller of the Currency John Heiman who insisted that, to the contrary, small business was not being hurt by administration policies. The exchange came during the sixth and final hearing of a series initiated by Nowak to examine in detail the plight of small business.

According to data released by the subcommittee, small commercial loans given by 48 of the nation's largest banks, dropped by 40 percent between November and February, while larger loans (usually obtained by big corporations) increased by 13 percent. Further data has shown that bankruptcies have risen 48 percent nationally from October to March. Nowak, however, has not indicated he has any legislative remedies for the crisis.

National export policy bill introduced

A group of senators under the influence of Georgetown University, many from states seriously affected by foreign imports, in the

last week in May introduced a "National Export Policy Act," in an effort to build up U.S. "export competitiveness." Drafted by the Senate Export Caucus comprised of 65 Senators, the bill is an amalgamation of various export initiatives proposed by the Jesuit think-tank. The bill calls for enhanced export financing, an export related tax policy and relaxation of anti-trust and regulatory barriers to exports.

One of the prime sponsors, Sen. William Roth (R-Del.) declared May 29: "The National Export Policy Act of 1980 has pulled together all of our concerns and recommendations regarding exports into one place so that, for the first time, we may see the whole picture at one time, identify potential conflicts in our policies and practices, and arrive at a comprehensive package that successfully works to improve our export performance."

Besides Roth, the bill's other leading sponsors include Adlai Stevenson (D-Ill.) and Jacob Javits (R-N.Y.) all of whom have worked closely with Georgetown University's Center for Strategic and International Studies (CSIS), which has launched a major project on export competitiveness. The chief purpose of CSIS and the senators under its influence has been to launch a trade war against Western Europe, not through "protectionism," but through an export offensive. The particular targets of the CSIS offensive have been France and West Germany, the co-founders of the European Monetary System.

National News

Jackson Dems move to open up convention

A move is underway by Democratic Party circles favoring the nomination of Senator "Scoop" Jackson (D-Wa.) for the presidency to open up the August convention to allow for a Jackson candidacy. On June 3, William Lemieux, who worked for Senator Jackson in 1976 and coordinated the McCarthy campaign in 1968, announced in Milwaukee that he was the spokesman for a national group of Democrats determined to open up the convention. "We recognize that the President's support is titular," Lemieux declared in an interview. "The President's support is only from elected party officials, it's not people who are committed to him, so we will attempt to align with people who want to open up the convention." Once they get the convention opened up, Lemieux and his associates plan to put forth Senator Jackson's name in nomination.

According to Lemieux, 150 people are already organizing with him for an open convention in eight states including Wisconsin, California, Nevada, Florida, Illinois, Missouri, New York, and New Jersey. They are using Wisconsin as a test case to show the mood of the country. Already there are 35 people there working on this, contacting delegates and discussing with them the open convention. In the first day after the announcement of their activity, Lemieux's group got calls from six delegates in Illinois who stated that they agreed with the perspective of opening up the convention.

Although Jackson himself is declaring that he has not been in touch with the group and is not urging them on, he is clearly looking at the possibility of being a dark horse Democratic Party candidate. Two weeks ago he addressed the Cook County Democrats, declaring that the voters are frustrated and would not accept either Carter or Kennedy as a nominee.

Jackson himself is associated with that layer of the Democratic Party cen-

tered around the Coalition for a Democratic Majority, an organization that has focused particularly on the outrageous state of U.S. military capabilities. Precisely because he is aware of the lack of a U.S. military capability, Jackson recently denounced Carter as a "born again hawk" and attacked Carter's brinkmanship policies.

Falk controversy at Princeton

An Ad Hoc committee of Princeton Alumni to Investigate Falk, established in December, 1979 to look into the pro-Ayatollah Khomeini activities of Princeton University International Law Professor Richard Falk, has now become a central subject of controversy at Princeton.

The May 19, 1980 edition of the Princeton Alumni Weekly ran no less than five letters defending Falk against the charges of "treason" and "support for genocide" raised by the Ad Hoc Committee in an open letter earlier this year. One, by former Attorney-General Nicholas de B. Katzenbach, Chairman of the Trustee Committee on the Curriculum, expresses concern that Falk may "erode alumni support" for Princeton. Another, more hysterical in tone, calls for the formation of an Ad Hoc Committee to Investigate the Ad Hoc Committee.

The repercussions of the anti-Falk initiative are rapidly spreading beyond Princeton. In its weekly "Press Clips" column, the ultra-liberal *Village Voice* ran a piece entitled "Witch Hunt at Princeton," which claims that the anti-Falk drive at Princeton has been written "in the idiom of the U.S. Labor Party" and wonders whether the *Alumni Weekly*—which has published scores of anti-Falk letters in the past months—"has become an outhouse publication of the USLP. Some suggest," the *Voice* continues, "that the USLP may have established a beachhead within the trustees of the university, who monitor the *Weekly* in the interest of campus security and

good taste All alumni should write to the president of the University and those trustees not yet pawns of the USLP and demand instant explanation," the *Voice* concludes.

The basis for the entire controversy is Prof. Falk's heavy involvement in "human rights" activities which, in some writings, he has admitted are directly connected to sponsorship of terrorist activities. He was directly involved in the overthrow of the Shah of Iran—the alumni committee saying he acted on behalf of the New York Council on Foreign Relations, of which he is a member. Falk is also a leader of anti-nuclear activists in the United States, and justified his aid to Ayatollah Khomeini on the argument that the Shah was introducing nuclear power to Iran. Falk says that any science and technology is "oppressive."

Washington Star prints the truth

In an amazing, though brief, moment of sanity, the editors of the *Washington Star* allowed an op-ed to be printed in their newspaper which candidly stated the fundamental dilemma facing America's ruling families today. The author of the article, one Carl Strass, described as "an attorney working in the field of natural resources," states that no matter how much the American "Olympians" may wish to lower U.S. living standards, they are faced with the dilemma that if they do so, they will be ensuring the rapid emergence of Soviet superiority in economic and military affairs globally. Strass explains it thus:

"There is a real constituency in the United States which is opposed to economic growth and is in favor of reducing the general American standard of living. This constituency consists of several diverse groups.

"First there are those people who for essentially religious reasons believe that a person is better off without large quantities of material possessions. ...Gov. Edmund G. Brown, Jr. is often thought of as a member of this group....

"Another group interested in lowering living standards are environmental elitists. These people have the time, money and equipment to spend weeks each year exploring woods, mountains, ... etc. They are opposed to any economic development which will reduce the size of their playground.

"They are also in favor of reducing the general national standard of living because there are too many people who use our woods and rivers

"A third group interested in a lower general standard of living ... [complains] that there was little benefit to being rich because you could not escape from ordinary people

"These groups are politically powerful and are well represented in the Carter administration. Their policies argue for a reduced industrial and economic base. We will produce less and consume less."

Here Strass introduces the kicker.

"The trouble with this view is that it leads to national weakness. History teaches that large industrial bases produce economic power, and economic power translates to military and political power ...

"We really have only two choices. We can pursue technological and industrial power, or we must accept both economic and political weakness

"If we reduce our economic base—for whatever reason—and allow others to be the economic powers of the future, we will also cease to be a power politically or militarily. New technology will mean new weapons, too.

"There is no reason to believe that we will be safe in a world where we are a full generation behind in any arm of technology."

Will Europe buy Ronald Reagan?

GOP presidential candidate Ronald Reagan has sent his top foreign policy adviser, Richard Allen, to Europe in an attempt to convince allied leaders that he won't launch a third world war if elected President.

The Jesuit-trained Allen, who has

been zealously boosting Christian Social Union leader Franz Josef Strauss's campaign to unseat West German Chancellor Helmut Schmidt in the upcoming general elections, is hardly helping to modify Reagan's hard-line image. According to confidential sources, Allen stunned an audience of West German foreign policy experts in a private speech to the Konrad Adenauer Stiftung. Allen not only demanded that Europe immediately embark upon a major arms buildup—so it can "bargain with the Soviets from a position of strength," but also called on Europe to join the United States in fully exploiting the China card.

Both of these positions are viewed with great dismay in Europe. They could easily provoke the Soviets into a major military action.

Allen concluded his speech by blasting France's Mideast peace initiative, bluntly stating that Europe should meekly support any and all U.S. efforts in the Mideast.

Even before his arrival, Allen's mission was being greeted with great skepticism by most Europeans. As the June 9 edition of *Time* magazine reported: "A senior West German diplomat says that his government, while nearly fed up with the Carter administration's blunders and mixed signals, is 'apprehensive, to put it mildly' about the GOP leader."

Opposition to Mr. Reagan runs deep in West Germany. Although Helmut Schmidt has privately made many contemptuous remarks about James Earl Carter, he and most other politicians in Bonn, according to one source, "prefer the devil they know to the one they don't"—Mr. Reagan.

Allen's reception elsewhere is not expected to be much better. *Le Canard Enchaîné*, the French satirical newspaper, recently carried a cartoon consisting of a cutaway drawing of Mr. Reagan's and Mr. Carter's heads. Mr. Carter's head contains a peanut; Mr. Reagan's head is empty.

One indication of how Europe is reacting to Allen's tour: French state radio is giving big play to Reagan's latest blooper—a call for France to re-join NATO.

Briefly

● **THE COMMITTEE** on the Present Danger, at its next meeting in Washington, will reportedly discuss the strategic implications of recent U.S. breakthroughs in research in thermonuclear fusion power. According to CPD sources, the group will also analyze how the U.S. should respond to the evidence of overwhelming Soviet superiority in mathematics and science education laid out in a just-released study by University of Chicago mathematician Isaac Wirszup. It should be an interesting debate. The group is largely restricted to persons who are Malthusian in outlook—opposing science and technology on principle—but equally arduous in seeking military superiority over the Soviet Union ... somehow.

● **MARY CRISP** the Republican National Committee co-chairman, has bolted the Republican Party and is throwing her weight behind the campaign of John Anderson. Crisp charged that "ideologues" were running the Reagan campaign. She stated that an Anderson victory in November is not "so far-fetched" because "this year is so volatile, so fluid, you can't predict."

● **REP. JOHN W. JENRETTE** (D-S.D.) is suing the Justice Department for \$11 million, charging the Department with "conspiring" to ruin his career with investigations including the so-called "Abscam" undercover probe. The Jenrette suit also accuses the Federal Bureau of Investigation of "malice and recklessness" in its undercover activities. Sources on Capital Hill have evaluated that Jenrette was hit by the Abscam scandal because of his pro-labor voting record and his staunch opposition to severe "energy conservation" legislation. His is the first real sign of fight against the Abscam/Brilab witch-hunt that entrapped Congressional leaders opposing administration policies.

Oil import drop: has conservation won?

U.S. oil imports have dropped to their lowest level since before 1976; Carter claims a victory for conservation, while, the American economy is crumbling.

The Carter White House is reporting with some glee the latest official figures on the decline in U.S. oil imports as evidence that the President's "moral equivalent of war" is finally being taken seriously by Americans. I think the situation warrants closer examination. Most Americans are still much too rational to believe with the President that the solution to a "shortage" of oil supplies is to cut off our oil supplies.

It is a fact that U.S. crude oil imports hit their lowest level since before Jimmy Carter darkened the White House door. Total U.S. oil imports for the week ending May 16 fell to just over 4.7 million barrels per day. Only a year ago the level was 6.3 million—an incredible near 25 percent fall in import volume. Meanwhile, domestic crude oil inventories are at record high levels.

Imports of refined products, largely from Caribbean refineries, also dropped dramatically to 1.2 million barrels per day, or more than a 33 percent drop from last year. Even a week ago, it was 1.8 million barrels. Most of the plunge here can be accounted for by the sharp drop in so-called residual fuel imports. Residual, the bulk of refined imports, is used primarily by electric utilities and manufacturing industries. In short, Jimmy Carter's election-year glee at the

"success" of his "conservation" program is a pyrric victory: it comes at the expense of collapsing the industrial economy in a deep recession. The import figures, when combined with the inventory stocks, confirm that major oil company economists are in fact betting that the bottom is not yet in sight for this downward spiral.

The government's inflation and interest rate policy has ensured that no recovery is possible. A victim is the nation's electric power grid. For example, the Nuclear Regulatory Commission, that bastion of "participatory democracy," has voted unanimously in favor of a 1979 petition brought by the Union of Concerned Scientists that could result in the shutdown of many of the nation's 70 operating nuclear power stations. The end result would be rolling power brownouts or even blackouts.

The Union of Concerned Scientists were the "technical" advisers for Jane Fonda's "China Syndrome" movie. Their spokesman, Robert Pollard, who said he was "gratified" by the latest NRC ruling, is a documented kook who made his dramatic conversion several years ago after he attended sensitivity sessions at a quasi-religious consciousness-raising retreat in California.

The Union of Concerned Scientists had demanded that Indian

Point and other reactors within a 30-mile radius of urban areas be immediately shut down while the "effects" of a nuclear accident, a core-meltdown, are weighed. The "China Syndrome" made this impossibility popularly credible last year, with an assist from the Federal Emergency Management Agency that turned a documented act of sabotage at the Three Mile Island nuclear plant in Pennsylvania into a core-meltdown scare.

Starting with the Indian Point nuclear plant north of New York City, reactors may now be shut down because of the psychological effect of a population's fear that a statistical impossibility might occur.

Meanwhile, the Department of Energy has been busy unveiling a new solar heating system in its Forrestal headquarters. The installation, whose cost is likely to exceed a million dollars, will be sufficient to "provide *some* of the space heat, hot water and process heat . . ." *for the cafeteria!* Orange and white flags are being unfurled across the 50 states on federal buildings that are switching to the solar source. The largest user? The Defense Department.

Some officials at the Dallas, Texas Fire Department are reported to be considering suing the Department of Energy and the White House for consumer fraud. A solar device they installed on a new fire station has sent electric costs soaring by 150 percent. The government even admits its new program is media hype to promote the grossly inefficient and prohibitively expensive technology that is supposed to replace our nuclear industry, oil imports and production.