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America tries to prepare for war
The Venice summit splits on Camp David
Carter's renomination: the gathering storm

**Aztec fundamentalism
and the ayatollahs of Mexico**



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EIR

From the Editor

Time is short but there is plenty of ammunition to prevent Mexico from going the way of Iran. This is the conclusion of our special Mexico report, which provides a dossier on the destabilizers and their mode of operation. We present in their own words the Council on Foreign Relations strategists' plans for "revolution" in the stronghold of Latin American republicanism; the on-the-ground operatives coordinated by the Society of Jesus who have already begun to sow chaos; and the members of the national government who are working against Mexico's national interest from within.

Our report also addresses the question of why these insurgents and saboteurs have been allowed to fester in the Church, the press, and López Portillo's own PRI party. The "Achilles heel" of Mexican leaders, otherwise devoted to industrial progress, writes contributing editor Lyndon LaRouche, is their acceptance of the false idea that "primordial Indian roots" are Mexico's core cultural heritage. Practiced in manipulating such "belief structures," the Jesuits want to create an "Aztec fundamentalism" on the Khomeini model.

While the U.S. National Security Council collaborates in creating a "hot spot" below the U.S. border, the American branch of NATO—including thinktanks like Hudson and the Hoover Institute—have been trying to figure out how to make the U.S. militarily capable of intervening in "hot spots." Richard Freeman leads our Economics section reporting that some of these planners have actually figured out that for helicopters to work, a functional U.S. industrial base is needed—but they can't figure out how to build enough machine tools to sustain both military and civilian production.

How Jimmy Carter is bringing this buildup delusion to Venice II, the summit of Western leaders, and how European allies are lining up on the political and economic decisions, is the subject of our International report. Mideast editor Robert Dreyfuss examines the results of Venice I, the European Community summit, and what they mean for the Mideast and Venice II.



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economic decline now want to
divert what industry is left toward
military production. The way they
want to do it will terminally
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Aztec priests prepare "to avenge their insulted deities." Photo: NYPL

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With its strong, nation-building tradition and republican elite, Mexico might seem impervious to the destabilization that is now being thrown against it by the same forces that toppled Iran's shah. But Mexico's leading republicans have one vulnerability—and not long to overcome it.

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The United States tries to prepare for war

Richard Freeman uncovers the planners who think a wrecked economy can be a military machine

In the past three months a faction has consolidated within the United States to push this country toward the largest war buildup ever attempted. The main track of their program is identical with the 1937-38 factional program of Nazi leader Hermann Goering.

EIR has discovered that at top-level rearmament conferences this month, NATO-linked thinktank and government planners debated policies to 1) retool and divert U.S. industry to military output; 2) achieve Western hemispheric energy autarky, possibly based on seizure of Mexican oilfields; 3) intimidate Europe and Japan with threatened or actual cutoffs of Persian Gulf oil supplies.

Headed by the Hudson Institute, the Georgetown University Center for Strategic and International Studies (CSIS), the Rand Corporation, and the Hoover Institute on War and Peace, these are the same planners largely responsible for weakening U.S. strategic capabilities over the past 20 years.

Their policy was laid out at a closed session during the first week of June at Lawrence Livermore Laboratories, which discussed "The Macro-Economic Effects of a U.S.-U.S.S.R. Confrontation," and a June 16-18 conference sponsored by the Hoover Institute on War and Peace, ostensibly on energy questions, but in fact on problems of war preparedness.

The faction led by Paul Nitze of the Committee on the Present Danger and Herman Kahn, director of the military and energy planning thinktank, the Hudson Institute, remains oblivious to the actual state of the U.S. economy, and is spinning scenarios that would involve,

according to one Kahn aide, "up to one-quarter or more of the GNP for war production." Though it may be hard for some to take this figure seriously, Kahn told the Livermore meeting of scientists and military planners three weeks ago, "The defense budget can be \$500 to \$750 billion by 1983-84," a 300 to 500 percent expansion above the present level.

Such an attempt at military buildup on a decrepit industrial base has its historic precedent. In 1937-38, a huge faction fight broke out in Nazi Germany as to how to prepare for war when the economy, after 1936, had collapsed. The faction around Hermann Goering demanded that resources be immediately mobilized for war, without strengthening the base on which military production would proceed. Despite all its looted capital, raw materials and labor, once the blitzkrieg strategy broke down, the Reich could not sustain in-depth war-fighting, and as the opponents of the "total war" advocates recognized, shutting down all civilian production would only have hastened the collapse.

Under the Kahn approach, it is the U.S. economy that will be destroyed by an attempt to transfer resources for a military buildup from a gravely deteriorated industrial base. This February, *EIR* conducted several variant projections of such a scenario, using the LaRouche-Riemann econometric model that correctly anticipated the economic effects of the Federal Reserve's post-September 1979 policies. The results of the projections were a hyperinflationary collapse. Since defense spending contributes nothing to the physical reproduction of the economy but only consumes resources from it, the U.S.

economy in its present state could not withstand a large-scale military buildup (see graphs).

Others, notably a group of defense planners that includes prominent members of the International Institute for Strategic Studies, have also warned that "a quick fix" for the U.S. defense sector would "repeat the errors of the blitzkrieg economy" of Nazi Germany. What has not publicly come to the fore is the fact that vast military outlays will not only be inadequate, but will terminally weaken the U.S. industrial capability—unless they are focused on crash funding of the most advanced R&D and engineering in the fields in which the U.S. is now number two, starting with plasma physics and laser technology. A "nuclear, coal, synfuels and tanks" approach, pushed at the June rearmament conferences, is a dangerous joke by comparison.

Kahn at Livermore

This month's conference at Livermore, one of the top two or three American science laboratories, was attended by representatives of the U.S. military planning elite, including Paul Nitze, cochairman of the Committee on the Present Danger; Ambassador Robert Ellsworth, a leading member of the London-based International Institute for Strategic Studies; Brent Scowcroft, former number-two at the National Security Council under Henry Kissinger; and General Kelly Burke, director of U.S. Air Force Research, Development and Engineering. Livermore's top personnel were also present.

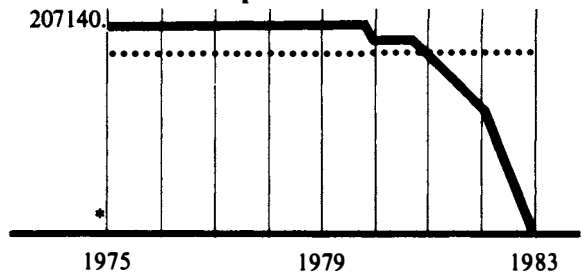
Hudson Institute director Herman Kahn told the closed meeting, according to his top aide, Neal Pickett, that "the U.S. is behind the U.S.S.R., and we cannot expect that our allies will think us capable of helping them out unless we launch an all-out buildup." He proposed a \$500-750 billion U.S. defense budget by 1983-84.

Kahn made two basic assumptions shared by the Nazi German economy: 1) the U.S. might have to operate like an autarchy, especially if the City of London blew up Arab oil fields; and 2) that productive sections of the U.S. economy could be 50 percent or more shut down and diverted to military production with few harmful effects.

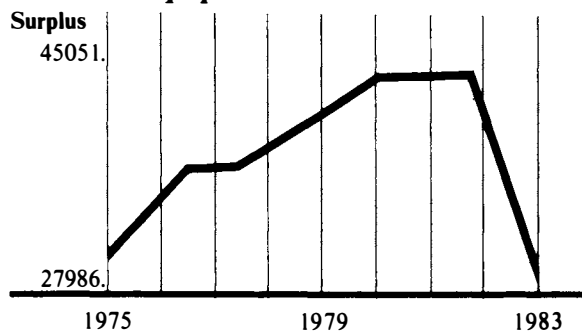
Stated Kahn's assistant Pickett in a June 18 interview: "If we had to, we could live without Arab oil and much of our trade. The U.S. could throw up a wall around itself, and operate within this wall. Of course this would mean accepting doing things inside in a different way and also a lower standard of living." When asked if the U.S. needed Mexican oil to partially make up for the projected lack of Arab oil, but Mexico were unwilling to grant it to the U.S., Pickett answered, "We'd take Mexico. We'd go in there and take it . . . but don't quote me on that."

Kahn's concern with a cutoff of Mideast oil is not

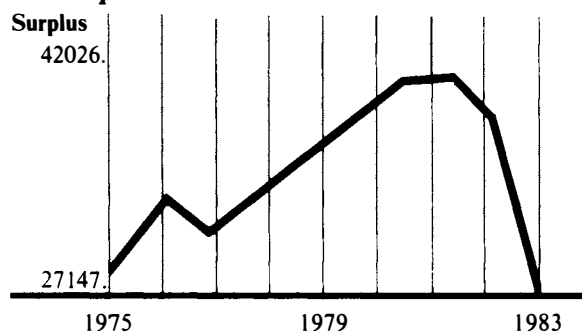
Net investible surplus



Electrical equipment



Metal products



In these computer simulations, the diversion of physical resources to military production in an already unhealthy U.S. economy inflicts a dramatic collapse in that economy's ability to reproduce its tangible assets. Net investible surplus is the output of a given production period remaining over and above the goods consumed in the categories of wages, fixed capital, and circulating capital. A negative surplus means that the economy is not even able to replace facilities and labor power, but has entered a phase of self-cannibalization. The computer-generated results are shown for the U.S. economy as a whole, and for two militarily essential sectors, electrical equipment and metal products. A full report on this study appeared in the Feb. 5, 1980 issue of *EIR*.

* Indeterminate

entirely an uninvolved one. Factions in and around British intelligence continue to work on the scenario that brought the Ayatollah Khomeini to power, the next step being to blow up or sabotage the Gulf oilfields, and bring Western Europe and Japan to their knees economically.

Kahn has his eyes on reconverting specific sectors of the U.S. economy. First, he would take over the construction industry. "To build fallout shelters, 50 percent or more of all construction output would be needed for two or three years. Homebuilding would have to be curtailed," Pickett said. Kahn would also convert the auto industry to military production, which explains one of the prime causes behind the rigged bankruptcy of Chrysler Corporation and a parallel attempt, fostered by credit rationing and recalls, to weaken Ford Motor Company. "We are asking ourselves," stated Pickett, "whether if we didn't produce a single car, could we squeeze by with enough military production?"

The Hoover conference

Under the direction of Ronald Reagan's energy adviser Edward Teller, the three-day Hoover Institute conference June 16-18 discussed whether the United States could survive without outside energy sources, and whether the present U.S. economy could achieve a World War II mobilization level today.

The conference was cosponsored by Scientists and Engineers for Secure Energy, whose president is Frederick Seitz of Rockefeller University. It followed a Hoover conference two months ago on how to finance a war buildup, featuring Frank Ikle of the Arms Control and Disarmament Agency and former Rand Corporation planner Albert Wohlstetter, currently at the Los Angeles-based Panheuristics organization. This week's sessions (see box) centered on energy and industrial synthetics, and auto conversion to war production. The context was established by U.S. NATO ambassador Robert Strausz-Hupe's address on "Military Problems of the Middle East," the June 17 keynote speech. Frederick Seitz is also a NATO adviser.

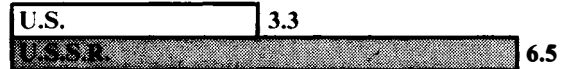
Presentations included "Institutional Structures of Wartime" (Robert Nathan), "Synthetic Rubber" (DuPont), "User-Fuel Substitution" (EPRI), "Expansion of Coal" (Bechtel), "Reallocation of Oil Supplies Within the U.S." (Harvard), and "Possibilities for Mitigating the Crisis" (CSIS). Other speakers came from GM, Socal, Oak Ridge, Westinghouse, GE, Commonwealth Edison, Stanford and Purdue Universities, and the San Diego Energy Center.

These discussions intersect a joint effort between CSIS and House Banking Committee chairman Henry Reuss (D-Wisc.) on implementation plans for Reuss's March 1980 proposal to give the U.S. Federal Reserve

Machine tool inventory

(1978, million units)

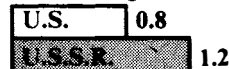
Total



Metalcutting



Metalforming



Source: Dr. James Grant, "Soviet Machine Tools: Logging Technology and Rising Imports," in *Soviet Economy in a Time of Change*, Vol. 1, Joint Economic Committee of the U.S. Congress, 1979.

Board the power to reorganize American industry, starting with the auto, shipbuilding, electronics and banking sectors. Within this Mussolini-modeled structure, priority credit extension would go to military output; a few weeks ago, CSIS began a study with the Federal Emergency Management Agency "on converting the auto industry to war production." Through Richard Allen and other advisers, CSIS has largely shaped candidate Ronald Reagan's policy proposals, as reflected in Reagan's announcement this week to the *Washington Post* editorial board that when elected, he will embark on a mammoth arms race to damage the Soviet economy.

The machine tool crunch

However, one faction of military buildup strategists is assessing not only reconversion, but expansion. Currently, at the U.S. Department of Commerce, under General Industry Division chief Robert Hungsbergter, and at Lawrence Livermore Laboratories, under the direction of George Sutton, as well as at the Departments of Defense and Air Force, a 120-man task force has been constituted considering the best way to overhaul and increase productivity of the machine tool industry so that a sufficient supply of machine tools would exist in time of war emergency. The two-year study now involves the top 150 of the 500 to 600 U.S. machine tool companies—which produce 90 percent of all machine tool output—to determine what their material, power supply, plant and manpower requirements are and how fast their capacity could be expanded. "One study," reported Hungsbergter June 13, "shows that a new machine tool plant could be built for \$5 million over 5 years time. But without much change in the cost, we know that the plant and equipment

if it had to be, could be up and operating within one and a half to two years." Hungsbergter reports that the project is considering putting as much as 50 percent of its expanded output into military use.

At the same time, reports Lawrence Livermore machine tool project head George Sutton, "we've been looking into the types of technology required. We have a high-turning machine out here at Livermore that has a tolerance of 1 millionth of an inch as opposed to the normal range of 1 thousandth." Livermore, which conducts some of the most advanced nuclear fission and fusion research in the nation, has in addition 1200 machine tools on its huge premises with which it experiments.

The overall work of the machine tool task force is operating under something called the "Machine Tool Trigger Program" at the Dept. of Commerce, which was last used during the Korean War. This program for rapid order build-up, has already sent out the paper work for billing new machine tools. "Everything has been done in advance except the transfer of money. This will save us 6 to 12 months when the demand for machine tools is finally put through," reported the DOC's Hungsbergter.

However, key in the machine tool area is the question of the shortage of skilled manpower. This is the most severe restraint that the industry has, enabling it to only staff a thin second shift of operations. The average age of most skilled machinists is 55 years old and apprentices are not coming along as fast as they're needed.

Some strategists in the industry are talking about moving toward robots—industrial machines—to replace the skilled manpower. But as others recognize, while robots represent a useful addition to the industrial process, and will displace some job categories while creating others, they cannot operate without skilled manpower of some kind.

From reality into fantasy

However, it is precisely the most important questions that have to be raised in terms of the real constraints on U.S. economic growth by labor skill and capital shortages which the crew around Herman Kahn refuse to address. For that reason, they have attempted to take all the work that is going on concerning a U.S. military buildup into the realm of utter fantasy, assuming that economic constraints don't exist and that simply willing a military buildup is sufficient to make the U.S. economy respond.

To examine the effects of the proposed Kahn military buildup, it is necessary to look at an economy from the standpoint of a productive machine. Military production is non-productive and thus constitutes a deduction from productive economic life and must be considered strictly

as an overhead cost (or tax) on the economy. There are security justifications for incurring such a tax. Yet, by piling non-productive overhead costs onto the economy, while simultaneously subtracting from the productive U.S. industrial base, as Kahn recommends, will lawfully produce a hyperinflationary depression.

The *EIR* has simulated the effects of such a defense buildup in early February, when the push toward militarizing the U.S. economy surfaced. Using the LaRouche-Riemann computer econometric model, for purposes of projection we assumed a \$30 billion per year rise in the defense budget during the next four years. This was a figure that represented a middle range of the proposals for defense budget increase then circulating. By 1984, this assumed a defense budget of roughly \$270 billion, far below the Kahn figure.

For the purposes of simulation, it was assumed that the \$30 billion per annum defense spending increment would be assigned to the sectors with the highest proportion of defense shipments (by Standard Industrial Classification): metals, metal products, transportation equipment, electrical equipment, non-electrical machinery, and instruments. The \$30 billion assigned to these sectors reflected steel plate, copper wire, specialty steels, forging facilities, bearings, silicon chips, machining capacity and so forth which would then be unavailable to other sectors, proportionally according to their capital intensity. This study assumed no new major breakthrough in the types of technology applied and few structural changes in U.S. armaments production.

For the total economy, this reads out as a \$30 billion per year transfer among sectors, and a cumulative \$30 billion per year reduction of surplus tangible product available for reinvestment.

The results are startling. The demands of the defense sector will so disrupt other sectors that defense production itself will begin to fall. In late 1982, the economy will enter the kind of crisis that Germany experienced in 1938-39, with well-known consequences. During 1983, even those industries which benefited earlier will begin to contract sharply and begin to fall below their 1980 production levels by 1984.

The extreme importance of the Kahn policy option is that he is not working in isolation, but with a policy matrix of people in both the Carter and Reagan campaigns as well as U.S. industry and the science community. Kahn spent this week at NATO meetings. Above all, while many people smugly deride his conclusions, it is his erroneous methodological approach on economics that they all share. In considering whether Kahn's viewpoint can be contained before his policy options become the law of the land, it is important to consider how and with what counterpolicies this group and its representatives in the Carter and Reagan camps can be neutralized.

Washington's figures recalculated: the real unemployment rate

by Lydia Schulman

The government's official unemployment rate is a hoax. Real unemployment is at least 60 percent higher than the officially reported figure. Using the most conservative of measures, the *EIR* econometricians have determined that real unemployment was minimally 12.4 percent in April, not the 7 percent reported by the Bureau of Labor Statistics, and that the combined measure of unemployment and misemployment was nearly 25 percent.

Sen. Edward Kennedy and others have been thumping on the leap in unemployment under the Carter administration, hoping to corral support for Chinese-model coolie "full employment" policies. There is nothing productive about full employment as such. Those Egyptian pharaohs who threw their entire populations into pyramid-building and other useless slave-labor projects supported "full employment." The goal of sound political economy is instead to foster advanced technology-based growth, which necessarily involves expanded employment as new fields and markets open up. The actual problem then becomes constantly upgrading the skill levels of the employed quickly enough.

The nation's current unemployment crisis is not the result of "labor-saving" technology, "cheap imports," or any of the other convenient scapegoats that Sen. Kennedy and his ilk inveigh against, but of the scientific and technological stagnation of the U.S. economy. Advancing technology creates new industries and the demand for more, higher-skilled labor.

How BLS fakes it

The full dimensions of the unemployment crisis today are deliberately hidden by the Bureau of Labor Statistics, using a methodology developed by the National Bureau of Economic Research—the institution which just discovered that the economy is in recession. The NBER is also responsible for the prevailing "business cycle" theory, which insists on the inevitability of cycles of expansion and contraction in economic output and employment—denying the possibility of extended economic growth based on technological innovation.

In computing their measure of unemployment, the

BLS takes the number of officially unemployed workers—those reporting regularly to an unemployment center—as a percentage of the "labor force." From that labor force the growing number of "discouraged workers" who have given up actively looking for work after four weeks of unsuccessful jobhunting, and of working-age youth who have never held a job. As of April, there were 6.4 million Americans aged 16 to 64 in these two categories, on top of the 6.7 million officially unemployed in that age group.

The actual labor force

The starting point for any competent analysis of the unemployment situation is the entire working age population. In the following breakdown we have selected the age group 16-64, which corresponds to current employment patterns. However, there is considerable flexibility at both ends. A significant percentage of "senior citizens" would be full or part-time participants in the labor force, under conditions in which experienced men and women were not forced into premature retirement by a declining job market and did not forfeit Social Security benefits by choosing to work. In a technologically advancing economy, many more youth and adults will be in school part-time to learn the latest technologies.

On the other hand, fewer young people will be shunted into endless and aimless graduate studies because there were no jobs for them to fill.

Hidden unemployment

Starting with the working age population, we except from our measure of the labor force certain categories of individuals who are not immediately available for civilian employment. This includes members of the armed forces, the disabled, and women whose primary responsibility is raising children and maintaining a household.

We have been very generous to the BLS in our exclusions; for example, the "unable to work category" includes welfare recipients who have been relegated to the "not in the labor force" category by chronic unemployment and, properly speaking, are unemployed.

Having made these exclusions, we arrive at a labor force magnitude more accurate than that used by the BLS. All of those individuals in the labor force who are not employed are unemployed.

The chief difference between officially reported unemployment rates and our own is the growing category of "not in the labor force for other reasons." Who is the BLS hiding here? For one thing, out-of-school youth who have never held jobs and never entered the BLS's calculations. Real unemployment in the 16 to 21 age group, using the above methods, is over 20 percent. Among black male youth 16-21 years of age, real unemployment is nearly 40 percent. The economy has not been generating productive jobs quickly enough to absorb the youth population; at the same time, a growing proportion of youth are unemployable because of the collapse of public education and the spread of drug use.

Secondly, there are those individuals who have stopped actively looking for work or been forced into early retirement. The BLS calls this group the "voluntarily idle," which they say includes many workers in the declining "mature industries"—steel, auto, etc.—who have decided to remain at home and let their working wives support them.

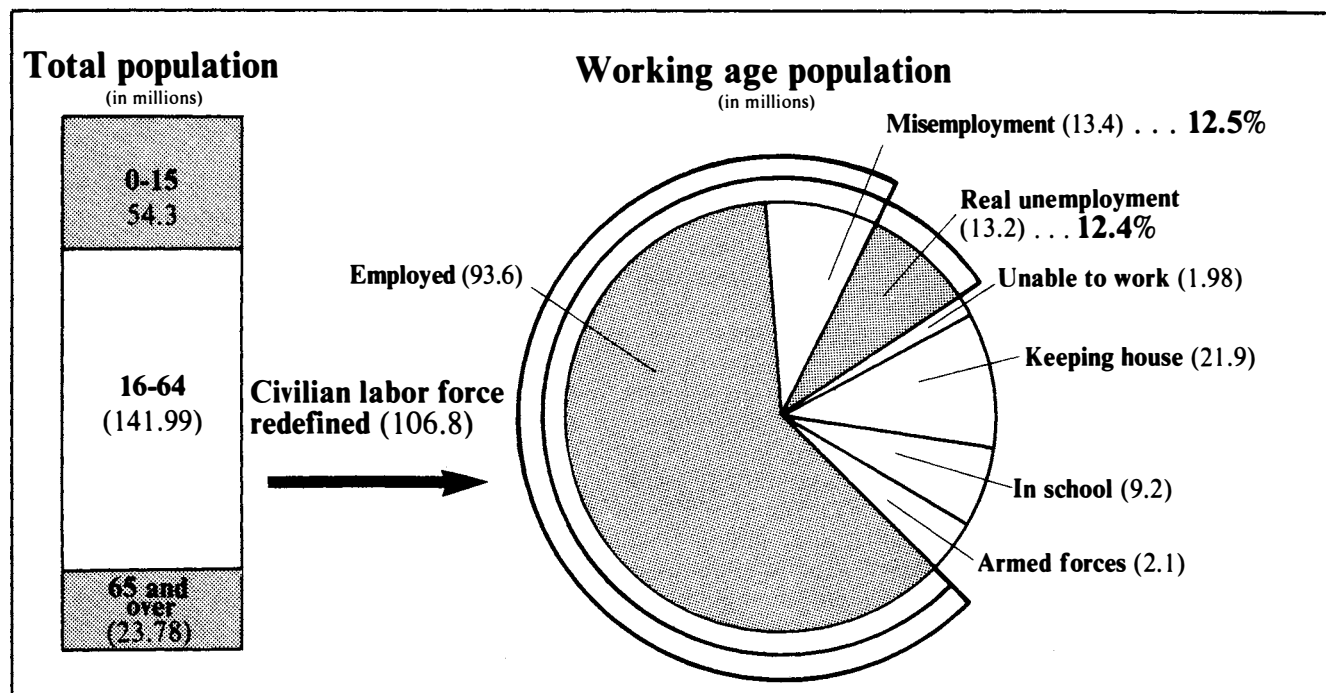
Shift toward female employment

The unemployment figures would look a lot worse were it not for the fact that a growing proportion of women have entered the job market and are holding down jobs (see graph). The *New York Times* recently

commented that this trend is the result of women's liberation. In actuality, the main factor behind the large-scale entry of women into the labor force is that it now takes at least two incomes to support a family. Women have been forced to enter the labor force not because their brains and skills were needed, but to alleviate the economic distress at home—and without adequate day-care and affordable home conveniences available.

The issue of rising female employment points to another significant economic and employment trend. Since 1975 especially, there has been a pronounced tendency in the economy for skilled male employment to be replaced by less-skilled, lower-wage female employment. This tendency correlates with post 1973 "oil hoax" efforts to "conserve energy" through shifting from energy and capital-intensive production modes to labor-intensiveness.

In 1956, the ratio of goods-producing jobs to the more-labor intensive, service sector jobs was approximately 40:60. In April 1980, the ratio stood at 28.5:71.5. From the standpoint of pre-1957 recession standards, then, another 10 million workers are currently misemployed—stuck in dead-end paper-shuffling jobs because of the evaporation of productive industrial jobs. If we add to this number the 3 million who reported that they were working part-time involuntarily—because they couldn't find a full-time job in their profession or trade or were put on a "four-day work week" by their employers—we arrive at a measure of the misemployed: 13 million. Thus the real scope of our nation's unemployment and misemployment crisis is 25 percent.



Carter's tax cut balloon

The goal may be capital formation to reverse the administration's economic wreckage, but it won't work.

After months of tough talk on fiscal and monetary policy, the Carter administration is suddenly talking about reducing taxes in 1981—as if this display of political opportunism could miraculously return President Carter to a second term in office. There is a broader motive for the sudden policy shift than U.S. electoral politics, however. Leading U.S. policymaking circles such as the Trilateral Commission, which put Carter in office in 1976, are now going public with the semblance of a capital formation policy for the U.S., in the hope of reasserting America's battered prestige as a world industrial leader. The problem is, they're a bunch of incompetents.

The specific terms in which the 1981 tax cut are being talked about indicate the sort of game that these circles and the Carter administration are now up to. Cabinet-level officials told the *New York Times* last week that the tax cut “would be presented not as a nasty, pump-priming, antirecession action but as an element in a long-term strategy to revitalize the American economy and stimulate investment.”

Carter's unveiling of a tax-cut package, probably on the eve of the August Democratic convention in New York, is expected to come in the context of a public endorsement of the concept of “industrial policy.” This new catchphrase refers to the government taking a

role in maintaining basic industry, presumably through a combination of tax breaks and military and related contracts. The specific type of tax cut that Carter will favor will include faster depreciation writeoffs for equipment and possibly buildings.

While improved depreciation schedules are indeed necessary, the fraud of the tax cut as an economy-reviving measure in itself is indicated by an analysis in the latest issue of *Business America*, the Commerce Department's monthly publication, by the department's chief economist, Courtney Slater. She writes that it would take an \$18 billion tax cut just to offset the scheduled increase in Social Security taxes in 1981 and the tax increases that occur when inflation pushes wage earners into higher tax brackets. It would take a full \$36 billion reduction in taxes to reduce the ratio of total personal taxes to personal income back to the 21 percent level that prevailed in 1978 from a projected 22.7 percent in 1981.

Even without a tax cut, the Carter administration's earlier campaign promise of a balanced budget by fiscal 1981 is now widely recognized to be an impossibility. The combination of recession-induced falling revenues and rising expenditures on welfare, unemployment compensation, and other transfer payments will sink the '81 budget deeply in the hole.

Just how deeply is suggested by the government's estimate that real GNP slumped at a 8.5 percent annual rate in the second quarter, not as a result of the liquidation of business inventories as in the 1974-75 recession but as a result of the collapse in final demand by consumers.

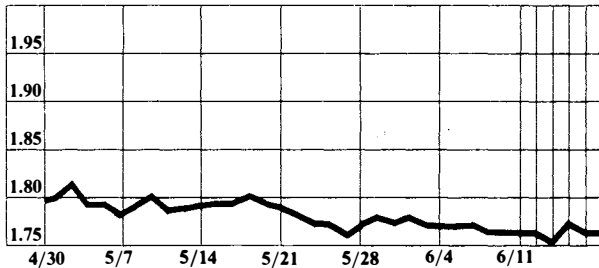
Personal income rose a mere 0.1 percent in May—a more than 10 percent cut in real terms. Unemployed Americans who are buying fewer consumer items now will be paying lower taxes to the government later in the year.

On the expenditure side, the White House is reportedly prepared to authorize a \$2 billion program of local public works that will be activated when the unemployment rate hits 8 percent—probably early next fall. Various state governments in hard hit industrial states are reporting a sharp increase in their welfare and unemployment costs. Michigan reports that its projected welfare costs have risen by \$100 million since January 1, as a result of the massive auto layoffs in the state.

In the face of this economic situation, the recent congressional repeal of the Credit Control Act of 1969 prompted nervous criticism from the *New York Times* in a lead editorial on June 16. “Some form of credit control is a weapon that any administration needs, if only for emergencies such as war, and periods of runaway inflation and speculative excess, such as occurred earlier this year.” The *Times* seems bent on retaining the U.S. President's sweeping powers to allocate credit to carry out a defense buildup, or to use the new terminology, to implement “industrial policy.”

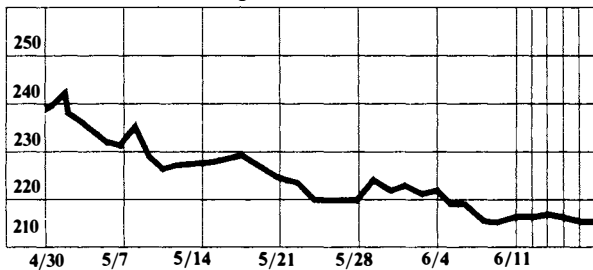
The dollar in deutschemarks

New York late afternoon fixing



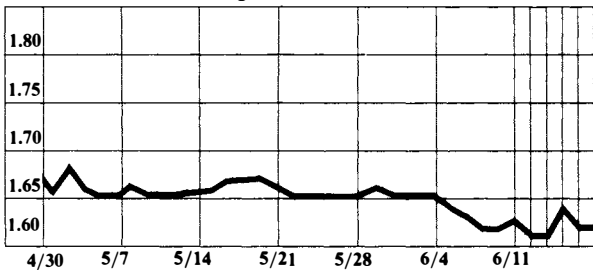
The dollar in yen

New York late afternoon fixing



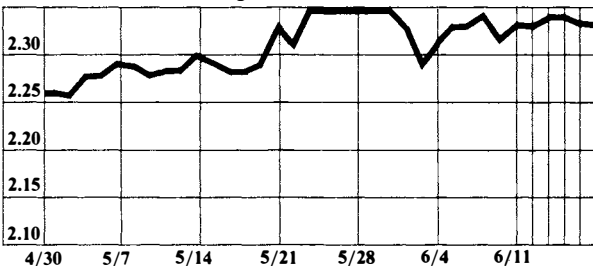
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



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France links bullion and petrodollars

Pending new institutional channels, gold trade multiplies— including Mideast-Soviet deals.

French President Valéry Giscard d'Estaing intends to link the issue of gold remonetization to the broader problem of how to recycle OPEC's burgeoning petrodollar surplus to cash-strapped Third World countries, a French government source told the *New York Journal of Commerce* this week. Giscard will present his program for international monetary reform at the summit of Western heads of state in Venice on June 22.

The original French idea, the official stated, was that there should be "greater cooperation among the central banks for the stabilization of exchange rates, perhaps with a progressive reintroduction of gold." However, in the context of the present Eurodollar recycling crisis, it is necessary that monetary reform take a "double direction," the second being recycling. France doubts that "the present recycling mechanisms, which are essentially based on the international banking system, will be able to recycle this new wave of petrodollars."

The *Journal of Commerce* interview confirms what I first reported several months ago; namely, that Giscard would attempt to use gold to establish a new "triangular" financial network among the advanced sector, OPEC, and the non-oil producing developing countries. Under this plan, the European Monetary Fund or some other newly founded international institution would issue gold-backed

(and perhaps ECU-denominated) bonds to OPEC governments, absorb the petrodollar surplus, and relend it long-term for Third World industrial development.

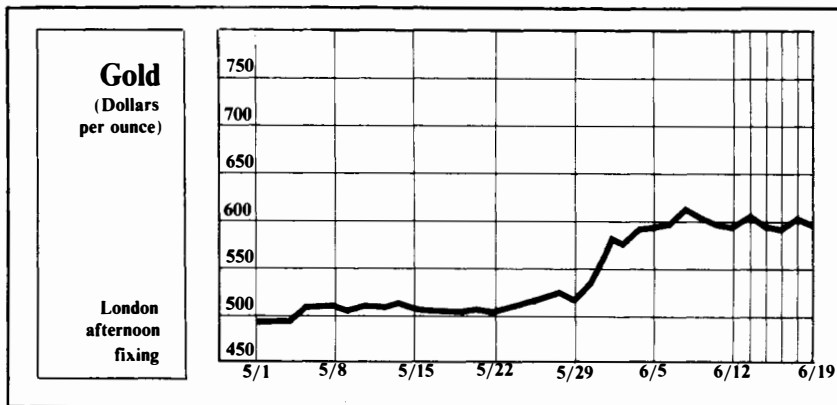
Unfortunately, there are also indications that the French President may decide not to wage a public de Gaulle-style fight over the recycling issue because of the reluctance of France's Western European partners, most notably the Federal Republic of Germany, to make such a radical break with present U.S. policy. "We've had to face up to the fact that our partners are divided on this problem," continued the French source quoted by the *Journal*.

As a result, Giscard is likely to opt for a series of fallback options, including an amelioration of the most objectionable features of IMF "conditionality." The French will also seek to develop existing European Community institutions,

such as the European Investment Bank, as alternative recycling vehicles to the IMF/World Bank.

Meanwhile, the French perspective is that gold will play an increasingly important role as a result of a growing number of secret quasi-official trade agreements involving wealthy Arabs, the Soviets, and Western European banks. Recently, it was rumored in the gold market that Saudi Arabia had contracted to purchase 200 tons of gold from the Soviet Union, about two-thirds of that country's annual output. According to a source at the New York office of a major West German bank, there have been major gold deals between the Soviets and Mideast governments, although the figure cited above may be a bit exaggerated.

Middle Eastern buyers, who came into the market at around \$500 to \$530 an ounce, have not been selling during the recent wave of profit-taking but are in for the long haul, the German source added. Although he expects no dramatic action during the next one to three months, this banker believes that gold will surpass \$700 by year-end.



Trade Review

| NEW DEALS | | | | |
|-------------|--|--|---|--|
| Cost | Principals | Project/Nature of Deal | Financing | Comment |
| 3 bn | Syria from Soviet Union | According to the Kuwaiti newspaper <i>Al Watan</i> , citing a "reliable source" in Damascus, the Soviet Union will supply Syria with modern heavy weapons | Weapons supplied gratis, according to report; Syrian outstanding debt reorganized on long-term basis with remission of interest | |
| 500 mn | Iraq from France | Iraq will place orders for French industrial equipment; talks held in Paris in early June with Iraqi Foreign Minister Saadoun Hammadi | | |
| 365 mn | Mexico from U.S. | Ford Motor Company will build a plant to produce four-cylinder engines | | Follows Chrysler decision a year ago to build a four-cylinder engine plant there |
| 253 mn | Indonesia from World Bank | A ninth power project | 253 mn World Bank loan | |
| Over 108 mn | Hong Kong from U.K. | Henry Boot of the U.K. will supply and install steel railway track on the Tseun Wan extension of Hong Kong's railroad | Lazard Bros. of London (guaranteed by ECGD) and Wardley and Hang Seng Bank of Hong Kong | |
| 75 mn | Thailand from World Bank | Rural electrification project designed to bring electricity to 1 mn households in 8,000 villages | World Bank loan | |
| 30 mn | Tanzania from World Bank | Petroleum exploration in Songo Songo Island area in India Ocean | IDA credit | |
| 10 mn | Ireland from U.S. | Bausch & Lomb Inc. of Rochester, N.Y. will build a soft contact lens manufacturing facility in Waterford Ireland. The plant will produce lenses for the European market. | | Agreement reached with Industrial Authority of Ireland |
| | Iran/India | India will ship to Iran (1) food (rice, wheat, and other cereals); (2) industrial equipment. Iran will supply India with oil on long-term basis | | |
| | S. Korea from United Kingdom | British Steel Corporation will supply 60,000 tons of steel to South Korea for the third and fourth extensions of the Seoul subway | Lloyds Bank, with guarantee from the ECGD (Britain's Exibank) | |
| | Bahrein and Qatar, the UAE, and Oman from U.S. | Lockheed-California Co. will deliver a third L1011-200 TriStar jet to Gulf Air, flag carrier for the Persian Gulf states. | | |

The American System for exports

An emergency resolution argues that the U.S. can expand farm markets abroad—through negotiating, not dumping.

The following is an excerpt from a comprehensive draft "National Emergency Agricultural Resolution" to be placed before the June 20-21 Texas state convention of Democratic National Convention delegates. The resolution was issued June 18 by Democratic presidential candidate Lyndon H. LaRouche, Jr., four days after he elaborated his program during a private meeting with 50 national farm leaders in Chicago. A full report on that meeting will be featured in next week's issue of EIR. The section of the resolution we reprint here concerns long-term agricultural export policy.

... The threat to world markets for U.S. agricultural exports is chiefly the result of a collapse of the world monetary order. Nations which suffer food shortages, nations which are also markets for productive investments through which they could pay for increased food supplies, are being prevented from importing productive capital by the presently continuing collapse of the world monetary order.

Be it also known, to this same purpose, that allies of the United States, especially Western European member-nations of the European Monetary System, are working to implement solutions to the world monetary disorder, and that

it is the combined actions of Henry A. Kissinger's two preceding administrations, plus the opposition to European monetary initiatives from the present administration, which have prevented this from being already a solution to an unnecessary, presently deepening world depression.

Be it known therefore, to this same purpose, that this administration must enter into partnership with those allies [and] negotiate treaty agreements with those and other nations, providing for a continuing expansion of U.S. agricultural products to a hungry world at agreed parity values for world-market agricultural products. . . .

The American System of political economy, as exemplified by the Washington administration's policies concerning credit, banking, and manufactures, is designed to protect orderly markets for the products of competitive standards of individual initiative and capital-intensive improvements, such that this nation shall never become enslaved to the mercies of the farms and industries of foreign powers. Orderly markets at parity values in world prices, combined with tax incentives and credit policies, are the principal means by which the federal government acts to promote private initiative in techno-

logically advanced qualities of production and investment.

Such protectionist features of the American System of fostering private initiative are not served by lunatic sorts of high-tariff policies, such as the notorious Smoot-Hawley legislation which worsened the great depression collapse of the 1930s. "Trade war" and "tariff war" against our allies is counter-productive and unnecessary. We must reach *world-market parity agreements with our allies on all categories of the international division of labor* in agricultural and industrial commodities, while shaping our tax and credit policies to lower our effective costs of production. . . .

The leading nations of the European Common Market and Japan support or tend to support the kinds of protectionist policies which they have developed largely through well-advised admiration of the American System of Hamilton, the Careys and Friedrich List. If the next administration collaborates in creating the new monetary order those allies desire, the industrialized capitalist and most of the developing nations of the world will find it to the common, fundamental self-interest of all to promote high-technology capital goods exports from industrialized nations into profitable investment projects in developing nations. . . .

Be it also known, to this purpose, that past U.S. policies of exporting U.S. agricultural produce at "dumping prices," instead of world-market parity prices, not only loots the incomes of American agricultural producers, but also ruins the potential for developing viable agricultural industries in hungry developing nations. . . .

**Four men
who did not
subscribe to**

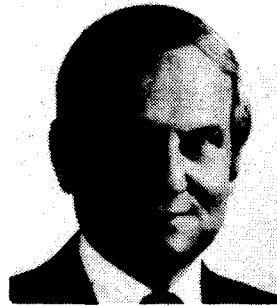
EIR
Executive Intelligence Review

**and missed out
on what EIR
readers knew—**

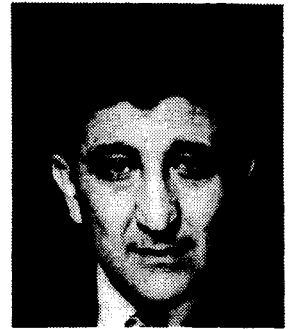
- **Volcker's October credit policy** would lift inflation to 20% and push major banks toward the brink of bankruptcy.
- **Volcker's policy** would also strangle the industrial sector, starting with auto and steel.

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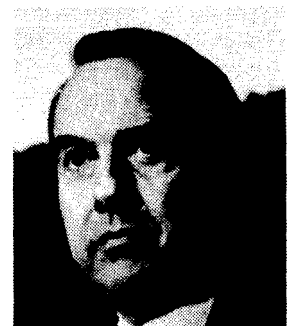
Lee Iacocca, Chairman of the near-bankrupt Chrysler Corporation



Robert Abboud, ousted Chairman of the First National Bank of Chicago



Frank Fitzsimmons, beleaguered President of the Teamsters union



Robert Dole, unsuccessful Republican candidate for President

- **the deregulation of trucking** would be rammed through the Senate— its passage will cost the U.S. economy more than the Vietnam war, not to mention thousands of Teamster jobs.
- **the Trilateral Commission** would rig the Presidential primary process to eliminate any candidates it couldn't control.

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Business Briefs

Transportation

Deregulation clears House of Representatives

Legislation to deregulate the nation's trucking industry overwhelmingly passed the House two days ago, giving President Carter what amounts to his first legislative victory in several weeks. While the media tries to portray the bill as softer than an earlier Senate version, trucking industry and Teamster sources report that it will destroy the industry.

Each potentially crippling amendment to the bill was defeated. A Teamster-sponsored amendment, which would have guaranteed 80 percent of Teamster jobs and wages, was shouted down.

The Carter White House is laughing aloud about their successful blackmail operation directed against Senator Howard Cannon (D-Nev.) the Senate sponsor of the bill. A White House aide to Stuart Eizenstat, the President's chief domestic policy advisor, celebrated the victory at a Washington bar last night and revealed that it couldn't have taken place without help from the FBI.

The aide gloated that Cannon, an erstwhile opponent of deregulation, changed his mind last year about the same time the FBI began investigating him for allegedly taking a soft loan from the Teamsters in exchange for his anti-dereg stance.

"We were surprised, ha, ha, ha, when Cannon changed his mind," said the aide. "Really, the only thing we didn't know was the day he would do it."

Cannon has yet to be indicted for his Brilab involvement, but people close to him say that he had to support deregulation to make it look like the charges against him weren't true.

A similar operation was pulled on the House sponsor of deregulation, Rep. James Howard of New Jersey. Howard, who was originally opposed to deregulation, was named in the press as being under investigation in Abscam. When he "changed his mind" on deregulation, he was suddenly dropped from the probe.

Cannon, as part of a deal with the

White House, has promised to sponsor the House version of the bill in the Senate. If it is passed there will be no conference committee and Carter could sign this abomination into law when he returns from Europe.

Monetary Policy

Triffin pushes European federal reserve

Robert Triffin and other members of the so-called Siena Group plan to meet in Rome on June 21 to discuss the formation of the European Monetary Fund (EMF), according to the Italian daily *Il Fiorino*. The reported agenda of the meeting reflects the extent to which Europe's aristocratic and financial elites have been forced to adapt to French President Valéry Giscard d'Estaing's monetary initiatives.

Triffin, a longtime associate of the Belgian royal family and the inventor of the Special Drawing Right, is currently advocating the development of the European Monetary Fund as a European "Federal Reserve Bank."

According to *Il Fiorino*, the Siena Group will also discuss how to go about making the European Currency Unit (ECU) into a fullfledged liquid international currency which can be used to conduct trade with the OPEC nations and make payments for oil. A "European Oil Agency" may be set up as an offshoot of the European fund specifically for this purpose.

Although Triffin's program has nominal similarities with Giscard's, the important differences are primary. One example: West German investment banker Alvin Munchmeyer said in an interview this week that Giscard d'Estaing is resisting the European Federal Reserve idea because he sees it as an attempt to create an IMF-like supranational bureaucracy which would undermine French sovereignty. Munchmeyer works closely with Baron von Schröder of Schroeders Bank, which has not yet lived down its 1930s bankrolling of

Adolf Hitler as a "crisis manager."

Triffin himself told an *EIR* reporter June 18 that unlike Giscard, he opposes full remonetization of gold because it would "be too inflationary." Instead, Triffin advocated strict limits on the volume of new European Currency Unit issues in any given year. Triffin also downplayed the role a European Monetary Fund could play in extending credits to less-developed countries.

Mergers and Acquisitions

French bank's aggressiveness wraps up "mega-takeover"

Warburg-Paribas, the fascinating Paris-based international investment bank, stunned Wall Street and the City of London last week by aggressively pulling off a major North American merger deal. The deal was in behalf of the Pennsylvania-based Sun Oil Company.

This recent headline-making move by Warburg-Paribas follows by two weeks another aggressive deal arranged by its Paris shareholding parent, the Paribas commercial bank. Paribas took Eurotraders by surprise by "stealing" lead management of a dollar-denominated Eurobond for the World Bank, by slashing interest rates on the coupon. Since then, the Paribas-World Bank deal has become the pace-setter for "prime customer" Eurobond terms.

In the North American merger, Warburg-Paribas acquired Canadian Seagrams' holdings in the Texas-Pacific Oil Company for Sun by designing a package Seagrams' Bronfman family apparently could not refuse: \$2 billion plus continuing partial shareholding in Texas-Pacific's fixed assets. The June 17 London *Financial Times* characterized the deal as one of the most important "mega-takeovers" in North America, adding that the standard Wall Street investment houses have not shown Warburg-Paribas' skill and determination in clinching big merger deals.

Briefly

Merchant banking

Storms in British bank hierarchies

For many years, Sir Kenneth Keith, chairman of the British merchant bank Hill Samuel, tried to make his bank a greater influence on the international markets through mergers and acquisitions. Not only did his attempt in this direction fail, but last week, when Keith's latest effort, to merge with Merrill Lynch International, completely broke down, Keith resigned from his chairmanship. "The Hill Samuel thing is the biggest thing in British merchant banking in a long time," a New York based British banker readily volunteered.

Other British merchant banks look at Hill Samuel as an "outsider," and appear pleased that its expansionary course has been put to rest. Strictly speaking, Hill Samuel is not British at all, but controlled exclusively out of South Africa. New York and London analysts have been quick to point out that since January, Hill Samuel has virtually disappeared from the Eurobond market.

Agriculture

Net farm income plunges

Net U.S. farm income plunged 40 percent to an annual rate of \$20.2 billion from the year-earlier \$34.1 billion, the U.S. Department of Agriculture reported June 13. Inflated production costs and low crop and livestock prices pinched net farm income to a \$27.6 billion annual rate during the first quarter of the year.

The U.S.D.A. predicts 1980 income will come out at \$21-26 billion, down from \$33.3 billion in 1979.

But a private consultant, among many others, foresees far worse. Economist Robert L. Marks of Siff, Oakley & Marks told the *Wall Street Journal* that

a 45 percent drop in net income was more likely. Even if farm prices recover their losses of the past year—about 8 percent—they'd still average 2 percent below the 1979 level. And production costs have averaged 12 percent above last year. That combination alone could push net income down to \$18 billion, a 45 percent drop from last year—the biggest single decline since the 55 percent drop in net farm income in 1921.

Loan demand has dropped significantly in many areas; rural banks are bracing for a sharp decline in loan repayments.

Energy

Coal study group stomps Europe for "post-oil" age

The World Coal Study project group put together by Massachusetts Institute of Technology researcher Carroll Wilson took off for Western Europe June 17 to garner support for a "new coal age." The group is committed to introducing a new economic "commonwealth" around using coal as the chief source of fuel to replace oil. They went to Europe to push for coal technologies to be a major subject of discussion at this week's Venice summit of western heads of state.

Other U.S. industry influentials working with MIT's Wilson on the project include Thornton Bradshaw of ARCO oil; Gordon Corry of Commonwealth Edison; W. Kenneth Davis of Bechtel; Robert Siemens of MIT; Pierre Gusselland of AMAX minerals; and Russell Train of the World Wildlife Fund.

Bechtel's Davis meanwhile presented the results of the group's investigation on June 18 before a conference of the Hoover Institute on "Contingency Planning for an Energy Emergency." Wilson recommends that the following countries be pulled into the push for primary use of coal: Australia, Canada, Denmark, France, Germany, Britain, and the U.S.

● **CYRUS VANCE** is now rumored to be in line for the presidency of the World Bank when Robert F. McNamara retires. McNamara has spent his 12 years at the bank enforcing a "ruralist" strategy for his clients in the underdeveloped sector, at the expense of project funding for industrial infrastructure. Under his successor, the bank intends to include in this "basic needs" approach more emphasis on non-OPEC energy resource exploitation.

● **MAURICE VALENTE**, the president of RCA, "was fired for the same reason that the president of CBS was let go. There is an intense fight between the environmentalists and anti-environmentalists at the networks," reported one source close to U.S. Defense Intelligence June 20.

● **THE NEW YORK DAILY NEWS** the largest-circulation U.S. daily, editorialized June 21 that the age of Social Security retirement ought to be raised so that "workers would contribute money for more years and draw benefits for fewer."

● **FORD MOTORS** permanently closed its assembly plant in Mahwah, New Jersey June 20, adding 4,500 to the unemployment list. It was the ninth major U.S. auto factory to close in the past 12 months.

● **THE INTERNATIONAL MONETARY FUND** has begun to ask for loans from private commercial banks. However, the banks are reluctant to lend to the fund, because they are uncertain how to analyze its balance sheet for risks. The fund's only real asset, they say, is its remaining stockpile of gold.

Aztec fundamentalism: Mexico's Jesuit ayatollahs

by Dennis Small

IN THIS SECTION

Research and intelligence for this report were conducted under the direction of Criton Zoakos by an EIR team including Tim Rush, Cynthia Rush, Dolia Pettingell, Elsa Ennis, and Latin American bureau chiefs Dennis Small and Josefina Menendez.

The report features:

- I. **Aztec fundamentalism: Mexico's Jesuit ayatollahs**
by Dennis Small
- II. **How the destabilization is supposed to work**
by Criton Zoakos
- III. **The current role of the Jesuits in Mexico**
by Cynthia Rush
- IV. **Aspen Institute 'reviews' the policies of Mexico**
by Tim Rush
- V. **The Achilles heel of the Mexican Republic**
by Lyndon H. LaRouche

Mexico a new Iran?

The very thought is enough to send chills up the spine of executives in corporate boardrooms across America. Yet developments over the past few weeks in our oil-rich neighbor to the south leave no doubt that that country is targeted for the same kind of destabilization which toppled the Shah.

And as in the case of Iran, the forces at work in Mexico are not "blind historical processes," but rather very specific political networks that have been activated internationally for the purpose of introducing a New Dark Age of chaos and zero growth. As documented in the pages that follow, these networks are controlled from the top by the New York Council on Foreign Relations, and include a cast of characters stretching from the Aspen Institute to the Society of Jesus to the Rand Corporation.

One of their number, Constantine Menges, revealed their intention most clearly in an interview this week: "In 1982 the destabilization begins in Mexico. It's possible that there will be a major revolution in Mexico in 1982-83." Menges, formerly with the Rand Corporation, now works for the Hudson Institute and is an official advisor to the Reagan campaign. He is an insider on policy planning for Mexico.

But the destabilization of Mexico is *already* well underway. In the broadest terms, has two features: 1) the manipulation of Mexico's ideological vulnerability to "Aztec fundamentalism" and other forms of moral backwardness, in order to trigger Jacobin uprisings against the López Portillo government; and 2) the subjection of Mexico to economic warfare and massive political pressures from the outside, designed to create the intended conditions of poverty and tension that can be successfully manipulated. On both these counts, the CFR has launched its offensive: Mexico is slated to be their next Iran.

Two years ago, Trilateral Commission members and CFR intimates C. Fred Bergsten and Anthony Solomon, speaking as Carter administration



Aztec priests, in a modern representation, inciting the population to human sacrifice with cries that the insulted deities must be appeased with blood.

representatives, told a conference of Brazilian businessmen that certain Third World countries have engaged in unacceptable protectionism of their domestic industries. They went on to denounce three nations in particular for daring to try to achieve “Japan-style industrialization”: South Korea, Brazil, and Mexico. The Trilateral duo threatened their business audience, advising them that the U.S. would not tolerate “any more Japans south of the border.”

In all of these cases, the warnings of two years ago are now being followed up with more destabilization.

The López Portillo administration represents the kind of commitment to humanist nation-building which is anathema to the CFR. The CFR had, however, held off from initiating the active phase of destabilization, pending Mexico’s long-awaited decision on whether or not to enter GATT—the supranational General Agreement on Tariffs and Trade which imposes the British policy of free trade on an international scale in order to undermine nascent industrial projects in the Third World.

But on March 18, 1980, President López Portillo surprised every Washington Mexico-watcher by saying “no” to GATT. Mexico, he said, is committed to industrial growth at all costs.

After a period of stunned disorientation, the CFR crowd in Washington and London evolved their response. In the intervening three months they have:

- triggered a violent peasant uprising in Mexico’s

strategic oil-producing state of Chiapas;

- organized a 50,000 strong antigovernment march of Mexican teachers;
- sabotaged a virtually concluded major oil-for-technology accord between Mexico and Japan;
- used Mexico’s leading banker, Enrique Espinoza Yglesias, to deliver the ultimatum that the only way to control inflation in Mexico is by drastically cutting back production; and
- in all likelihood engaged in weather modification to create severe drought conditions in the north of Mexico, conditions which are threatening to reduce domestic food production in 1980 by 30 percent.

On top of this economic and political warfare, various CFR conduits have also launched psychological warfare, issuing loud alarmist warnings that Mexico is about to go down the tubes, and all smart money should leave the country right away. Such “warnings” are in fact an integral part of the destabilization process they claim to be alerting the public to.

Contrary to the panicmongers, the *Executive Intelligence Review’s* evaluation of Mexico is that it remains one of the best investments—politically as well as economically—for American and other foreign businessmen. The Iranization process there *is* well advanced; yet the networks involved have thoroughly exposed themselves and can be dismantled. And active foreign participation in Mexico’s industrialization programs can only help stabilize our southern neighbor.

How the destabilization is supposed to work

by Criton Zoakos, Contributing Editor



Two significant responses were produced last week within the Mexican leading circles as a result of the now notorious Chiapas destabilization incident triggered by the Society of Jesus during the last week of May. First, certain well-known business circles associated with the antirepublican Monterrey group launched a massive nationwide propaganda campaign charging that “left-wing forces” are attempting to destabilize the Mexican government for the purpose of rupturing the presumably harmonious relations between the public and the private sectors of the Mexican economy. Second, the Interior Minister and the Defense Minister of the Mexican government issued statements announcing that according to their considered professional opinion, there exists no danger of destabilization of the Mexican government.

Both these responses to the little Jacobin affair in Chiapas are false. The first, the Monterrey-inspired analysis of the destabilization threat, is an outright fraud—primarily because the pathetic Mexican “left-wing forces” are under the total financial, ideological and tactical control of the “right wing” financial oligarchy of Monterrey. The second, the assurance from Interior Minister Olivares Santana, is false, because it represents a dangerous self-delusion and a failure to accurately appreciate exactly how the destabilization scenario for Mexico has been worked out, who are the masterminds of the scenario, and which are the agent networks and forces that are supposed to carry it out.

The purpose of this report is to provide the general framework within which Mexico’s competent law-enforcement authorities can carry out their investigations.

General background for the scenario

The current scenario for the destabilization of Mexico has been in existence for at least 15 to 18 years or, according to at least one hypothesis, for over 22 years. In short, the gradual and guarded pattern of destabilization emerging at this time is the product of a very methodical and long-term planning process. The reader will be

reminded that the case of the destabilization of the Shah of Iran was similarly the product of long-term planning: already designed during the administration of President John F. Kennedy, the first warning signals were issued by the British Foreign Office during 1968, and the final details of “gaming” and deployment were put in place during 1975. During 1976 and 1977, Amnesty International, the International Association of Democratic Jurists, the P.E.N. Club and others started running the international propaganda cover on behalf of the operations of the Muslim Brotherhood within Iran. During 1978, the Shah’s regime was virtually collapsed. In 1979, the New Dark Age of the ayatollahs had begun.

Similarly, the public signals for the eventual destabilization of Mexico were first issued by the Aspen Institute and the Rockefeller Foundation around 1973. During that year, Rockefeller-sponsored William Paddock, a close associate of George Ball, made a statement calling for the reduction of the Mexican population by 50 percent by the year 2000. During 1979 and 1980, Amnesty International, the International Association of Democratic Jurists and the P.E.N. Club started the international “human rights” propaganda cover on behalf of the Jesuit-run destabilization networks inside Mexico. The Society of Jesus is to Mexico what the Muslim Brotherhood is to Iran. The coordination between the two pseudo-religious orders is overt, widespread and scandalous.

A further superficial similarity between the Iranian and the Mexican cases is the matter of “anthropology” networks in the overall scheme of the destabilization scenario. In Iran, virtually the entirety of urban and rural youth who participated in the destabilization were deployed under orders from an extensive network of anthropologists patiently built over the years by the two most notorious British intelligence agents in the annals of anthropology, Dame Margaret Mead and her husband Gregory Bateson. These Mead-Bateson networks, in cooperation with Bani-Sadr’s Sorbonne group, created the notorious Shariati cult which was instrumental in controlling youth who were otherwise not susceptible to the religious appeal of the ayatollahs.

The enemy within

Fernando Solana, Education Minister, is active in the Antiqui Societatis Iesu Alumni (A.S.I.A.), an organization founded in 1956 to "unite" all Jesuit students and Jesuit-trained professionals like Solana. In 1977, A.S.I.A. gave him the "most distinguished former Jesuit student" award, when he was named Commerce Secretary in the Mexican government.

Solana has been responsible for withholding teachers' salaries, creating conditions which sparked a teacher demonstration against the López Portillo government. About 40,000 public school teachers marched in Mexico City June 9 protesting not having been paid for almost 24 months by the Education Ministry. As a result, leftist groups were able to "capture" the

teacher unrest and turn it into an anti-government operation.

Carlos Hank Gonzalez, Mayor of Mexico City, owes his political career—which he has parlayed into one of the greatest personal fortunes in Mexico—to former President Miguel Aleman and the Mexican Zionist lobby.

Belying his image of the "tough administrator" and "civic-minded businessman" is his record of personal promotion of the degenerate U.S. counterculture into Mexico. This was a public orgy known as "Avandaro" where thousands of youth were immersed in three days of drugs, rock, and sex while he was governor of the State of Mexico (1969-1975).

Augusto Barrios Gomez, intimate of Hank and Aleman, ambassador to Canada, and Permindex agent, recently praised Hank's "extraordinary staff of collaborators" as only comparable to California governor Jerry Brown's "Novus" group—the gurus of what is now known as the Aquarian Conspiracy.

Pedro Ramírez Vázquez, Minister of Housing and Public Works, is a prominent figure among old-line, reactionary Cristero Jesuit fanatics. He is a member of the infamous Knights of Columbus. In Mexico, unlike most other countries, the Knights of Columbus represent the most rabid reactionary layers of the Catholic Church.

As an architect, Ramírez Vázquez takes credit for having built the new Shrine for the Virgin of Guadalupe, Mexico's pagan Isis cult. As head of Public Works, he has proposed to adopt the World Bank policy of turning Mexico into a country of "small rural villages" and stop the growth of the cities. He has called for the Mexican government to stop "scientific research," since it "dehumanizes" the people. Most recently, he has become a conduit for funds to the environmentalist movement in Mexico.

Rámirez Vázquez is a close friend of Jacques Soustelle. The two are currently involved in a joint project on "Mexico's anthropological roots."

In Mexico, a personality more pernicious than the Mead-Bateson team is at work with the "anthropological" weapon: Monsieur Jacques Soustelle of the Israeli Mossad, a covert director of the international assassination bureau known as Permindex, a man notorious for his assassination attempts against General de Gaulle, and a self-proclaimed world authority on pre-Colombian Central American Indian cultures.

The decision to destabilize Mexico, as the one to destabilize the Iranian state, was a mere secondary plan of a much larger strategic decision that was finalized as standard policy by the major aristocratic-financial interests behind NATO intelligence during the 1963-1967 period. For reasons we have explained elsewhere, NATO decided to carry out a long-term strategic shift in the direction of the "post-industrial society," wind down the NASA space program in the U.S., offer convergence to the U.S.S.R., launch the drug-and-rock counterculture in the industrialized sector, and gradually remove the science and technology contents from educational curricula in the United States.

The NATO plan for the developing sector of the

world called for the gradual destruction of the concept of the sovereign nation-state. Mexico was singled out because, uniquely among developing-sector nations, it carries within its "Mexican System" the richest traditions of republicanism and the greatest commitments to industrial progress to be found anywhere in the world outside the United States. Iran was singled out because its Shah, under the towering influence of his exceptional father, Reza Shah, had developed an obsessive, uncontrollable commitment to industrialize and modernize his nation.

Beyond this point, the similarities between Mexico and Iran end. The Mexican political system, with its rich traditions and experience, is far more resilient and resistant to destabilization from outside. Unlike the thin and questionable administrative elite of the Shah's regime, the Mexican system produces and reproduces adequate layers of national leadership-in-depth, ordinarily an adequate guarantee against any destabilization. Well-informed and well-meaning responsible persons, such as Interior Minister Olivares Santana, base themselves on this important observation to assert today that Mexico is faced with no serious destabilization threat.

What these well-meaning people must consider is that the masterminds of the destabilization scenario are also aware of this special strength of the Mexican system, and moreover, that they have prediscouted it because they have identified a special vulnerability, a special Achilles heel, *inside the minds of the nationalist Mexican elite*. That special vulnerability is the Mexican leaders' irrational cultural reverence for Mexico's pre-Colombian Indian past as expressed in contemporary Mexican art and literature. This vulnerability is being exploited by Jacques Soustelle, Miguel Aleman's television and newspaper networks, Octavio Paz, Carlos Fuentes, Gabriel Garcia Marquez, and the degenerate milieu of existentialist left-terrorist-linked "intellectual" circles in Mexico subsidized by the major publishing houses, Harvard University, Oxford, Stanford Research Institute, and anti-republican centers within the Mexican government.

How the scenario is working

The destabilization scenario of Mexico is not based on a simplistic utilization of "left-wing forces" against the Federal government, nor on an equally simplistic "right-wing" Monterrey Group assault against the citadels of Mexican republicanism. It is based on an interplay of left-versus-right battles occurring under conditions of national economic strangulation from the outside.

At a certain point of heightened pressure and temperature, a pressure cooker is scheduled to be installed around Mexico on the question of illegal immigrants and border disputes with the United States, at which point the combined Jesuit-anthropologist networks in the northern Mexican states neighboring the U.S. will begin producing Indian liberation and Aztlan-nation cultural movements. These movements and others like that in Chiapas will mesh with the left-terrorist-existentialist networks in the major cities, producing an explosive mix, the witch's brew that the Jesuits have been preparing for a long time: Liberation Theology in the urban ghettos overlapping radical Indian cultural relativism and the cult of Guadalupe in the countryside. The Mexican Republic is supposed to be buried under a Jacobin wave of combined Cristero Movement, Marxism, Zapata-style jacqueries and Soustelle's version of Mexican culture!

The networks running the destabilization

The destabilization scenario is run by five parallel and overlapping integrated networks within Mexico. Above these five layers, the coordination and strategic decision control is in the hands of a hideous organization which over the years has become known to political intelligence and counterintelligence agencies as Perminindex. For general identification purposes, Perminindex was charged by French intelligence with having masterminded at least half a dozen assassination attempts against General Charles de Gaulle; members of its board of

directors were indicted by Attorney General Jim Garrison for complicity in the Kennedy assassination; secret investigations have uncovered that Perminindex, through Texas and New Orleans, ran the Mexico aspects of the Kennedy assassination conspiracy through numerous individuals including one de Morenschild.

As a legal entity, Perminindex was incorporated by Canadian British Intelligence's Major Louis Mortimer Bloomfield, the legal counsel of the Bronfman family. It included among its founders leading members of the international Zionist movement, a member of the royal House of Savoy, associates of Otto von Skorzeny, and agents of the notorious Pallavicini family of Italy. Perminindex was created as the political assassination agency, the "Murder, Inc." of the combined, integrated political-financial networks of the Knights of Malta, the Society of Jesus, and the Austro-Hungarian (Hapsburg) wing of the international Zionist movement. Investigators familiar with this broad-ranging and well-entrenched financial-political network place primary emphasis on the impressive historical continuity of the network.

The leading families within the network, e.g., the Pallavicini, place their political origins with the *gens Julia* of ancient Rome, and beyond that with Troy's ruling family of Aeneas. In more recent history, the Pallavicini family organized Gregory VII's great church reforms, the papacy's alliance with the Normans in the 11th century (the enemies of El Cid Campeador) and the subsequent Crusade movement from which the Order of Malta emerged. Still later, the Pallavicini, Grimaldi, Spinola and other Genoese bankers and their Order of Malta created the Society of Jesus, by means of which they took control of the Hapsburg dynasty away from the Fugger bankers. During the Thirty Years War, and later with the 1688 events in England, they shaped at the top the grand imperial/colonial strategies which have lasted to our day. Their inner core today includes major financial interests in the Netherlands and Belgium, and a major portion of the British oligarchy clustered around the Cecil family.

This combined financial-political-ideological power is the controlling programmatic force behind the NATO bureaucracy in Brussels and Canada, and controls the national security and intelligence agencies of numerous nations. In the United States, the National Security Agency from its inception, to this day, is totally under the ultimate control of the owning interests of Perminindex. Most of the FBI and the State Department are also controlled by this entity, as the majority of their professional ranks are filled from two major Jesuit universities in the U.S.: Fordham University, which supplies over 60 percent of FBI agents, and the Pontifical Georgetown University, which supplies most U.S. career diplomats.

Within Mexico, Perminindex at the top controls two major **first-level** power centers: the financial and business

group clustered around the notorious Miguel Aleman, and a treasonous faction within the present Mexican government around three ministers: Foreign Minister Jorge Castañeda, Minister of Housing and Public Works Ramírez Vásquez, and Minister of Education Fernando Solana. Also part of this faction is Hank Gonzalez, the mayor of Mexico City—a virtual cabinet-level position in Mexico. Jorge Castañeda is controlled through his East European-Canadian Zionist wife and his chief legal counsel, Alberto Szekely, a personal agent of Permin-dex's co-founder, Major Louis Bloomfield. The ministers of Housing and Education are products of the Jesuit-Soustelle anthropology networks and their policies are designed to systematically introduce long-term Jesuit methods of anti-republican indoctrination. The Minister of Housing in particular is perhaps the single most generous funder of the environmentalist-terrorist orga-

nizations and movements in Mexico.

Next to this first level of destabilization agents within the government, we have the **second level** of destabiliza-tion networks associated with Miguel Aleman. His busi-ness empire controls most of Mexico's television, movie, and publishing industry and a large part of banking. One of Aleman's principal power bases is the Monterrey Group of businessmen. Two of his principal associations demonstrate his complete control by Permin-dex.

One is his prized steel company, one of Mexico's largest, TAMSA. Its board of directors includes two well identified officials of Permin-dex, the Italians Gaetano Zocchi of Olivetti and Ferro Pagliai, the brother of Bruno Pagliai, the financier and relative of Princess Beatrice of Savoy. Second is Miguel Aleman's special relationship with one Colonel Frank Brandstetter, the Inspector General of Seagram's International for Latin



The Jesuit news media

The biggest and most overt cheerleaders for the Iranization of Mexico in the Mexican press are the notorious leftist daily *Uno Mas Uno*, and the weekly magazine *Proceso*.

Created just three years ago out of "left" Christian Democratic layers associated with the former editor of the Mexico City daily *Excelsior*, Julio Scherer Garcia. *Proceso* earned its spurs with a vitriolic campaign against President López Portillo's decision to massively expand Mexican oil exports and thus derive the resources

for industrialization. It almost singlehandedly made Heberto Castillo, the kooky leader of Mexico's leading proterrorist environmentalist sect, the Partido Mexicano de los Trabajadores, into an Ayatollah figure among the left at large. *Proceso's* chief personnel are either Jesuits or close to Jesuit circles in the Christian Democracy. Its foremost columnist is Pablo Latapi, "ex"-Jesuit, founder and director of the Jesuit Center for Educational Studies who has been brought into Mexico's Free Text-book program at the Education Ministry by Enrique Gonzalez Pedrero.

Enrique Maza, who only recently dropped the "S.J." after his name in his signed articles, heads *Proceso's* international department. In the current issue of the magazine, Maza, writing from Teheran, drools praise for Khomeini and Ramsey Clark.

Uno Mas Uno is just as seamy. On June 5, it published a full defense of the Italian Red Brigade terrorists, in the form of a letter from supporters of the imprisoned masterminds of that terror, Negri, Scalzone and Piperno. Asked about the paper's connections to Italian terrorist networks, Jorge Hernandez Campos, an editorial

board member, stated that he knew "lots of people from Padua, Bologna, and Florence Universities, where this comes from."

Regular *Uno Mas Uno* columnists include Mauricio Schoijet, antinuclear propagandist working with the Ministry of Housing and Public Works under Pedro Ramirez Vazquez and *Proceso's* prize asset, Heberto Castillo.

But the most important figure is chief editorialist José Maria Al-ponte, who also writes under the pen names Hernando Pacheco and Ruiz Garcia, and possibly several others as well. The abundance of names is thought to reflect Al-ponte's sudden conversion from Spanish Falangist activity to "left" allegiance a number of years ago. Mexico needs its own "cultural revolution" like Iran's, he has told interviewers. In early June, he put *Uno Mas Uno* on record supporting the closing of the Iranian universities for two years in order to cleanse their "Western" bias. Al-ponte pronounces: Mexico must cease its industrialization program if it is to avoid the "social explosion" that modernization such as Korea's or the Shah's brings.

Alponte, the great "leftist," had just cribbed Henry Kissinger's copyrighted 1978 lines.

America and employer of two of Aleman's sons. Frank Brandstetter is a senior private intelligence hatchet man for Major Louis Bloomfield of Permindex. Otherwise, the immediate intimate social circle of Aleman includes the top layers of the ancient Italian/Genoese financial-nobility networks: Prince Vittorio Emanuele of Savoy, Princess Beatrice of Savoy, Prince Colonna, Marquis Landolfo Colonna di Stigliano, Marquis de Portanova, Countess d'Aquarone, Countess Ghirardi (Bruno Pagliai's wife) and others.

The **third level** of the destabilization networks is the Jesuits. The considerable resources of the Society of Jesus in Mexico function as the central force which provides the instruction and long-term programmatic orientation of the above two levels. In addition, the Jesuits maintain virtually complete ideological dominance over the Church in Mexico to the point where there exists no authentic Catholic Church in Mexico in the Paulist-Augustinian sense, but only a Jesuit cult.

Moreover, the Jesuits have extensive and determining influence over the entire Mexican "left," the environmentalist movement, and the country's cultural climate via their Universidad Iberoamericana and associated institutions of higher learning. Finally, they maintain tactical control over ethnic-Indian radical organizing throughout the countryside, such as that in Chiapas.

The Mexican Communist Party is under the programmatic control of two known Jesuit brothers. The terrorist Liga 23 September was founded by two Jesuits, Javier Obeso, S.J. and Herman von Bertrab, S.J. They also run such other proletarian parties as the PMT (Partido Mexicano de los Trabajadores), a direct descendant of the Jesuit Cristero Rebellion of the 1920s, and the Frente Autentico del Trabajo, which is advised by the Archbishop of Cuernavaca, Mendez Arceo. The Society of Jesus ran a mini-guerrilla war in the south of Mexico in 1974 with the notorious peasant Maoist "Guero Medrano"; it is known to maintain guerrilla safehouses in Amecameca, Mexico and various slums in the Federal District. Monsignor Mendez Arceo is one of Latin America's most outspoken prelates advocating "Marxism as the modern evangelism." Twenty years earlier, he was Mexico's most ferocious anticommunist. In both instances, his fixed objective was the destruction of the Mexican republican. He is currently in charge of Christian-Marxist Dialogue with the foolish Fidel Castro.

The Jesuits also launched the deschooling doctrine through Ivan Illich, and they have determined the national textbook policy of the country through their Centro de Estudios Educativos, founded by Jesuit Pablo Latapi, an associate of Gonzales Pedrero, the government official in charge of textbook policy. The Centro is run jointly by the Jesuit Universidad Iberoamericana and the greatest brainwashing center within the U.S., Stanford University. The Jesuit father who authored from beginning to end the Chiapas destabilization, Eu-

genio Maurer, S.J., is a director of the Centro and a major theoretician of the anthropological technique in peasant insurgency. He studied in the Sorbonne under Jacques Soustelle at approximately the same time as Iran's Bani-Sadr!

The **fourth level** of destabilization networks need not be described here in detail. It is the so-called "left" groups, which from the standpoint of tactical and deployment controls, are absolutely indistinguishable from the Jesuit organization proper—and this holds true for the Communist Party and the Castroite groups. The identification of the belief structures of Liberation Theology and Marxism was worked out by the leading Jesuits in the United States at Georgetown University in Washington, D.C. and at the Jesuit University of Detroit, under the general supervision of Father Avery Dulles, S.J., the son of John Foster Dulles, former U.S. Secretary of State. From there, the gameplan was filtered down to Latin America through the Jesuit conduit.

The **fifth level** is the environmentalist/appropriate technologies crowd, organized by the Club of Rome, a division of NATO intelligence, and its associated agencies in Mexico, namely CEESTEM and the Colegio de Mexico. The funding for the environmentalists comes from Minister Pedro Ramírez Vázquez, from the wine and liquor industry associated with Aleman-Bronfman and others. The intellectual leadership, under the umbrella of the Asociación de Tecnología Apropiada, is again provided by senior Jesuits, including professors from Universidad Iberoamericana and Ivan Illich himself. The Jesuits and their national publications, such as *Christus*, were the first to launch the war against the Mexican petroleum industry, PEMEX, long before Zbigniew Brzezinski got the idea.

In short, the major financial-political historical networks which are behind the deindustrialization policy in the United States, Europe, and elsewhere, the political faction behind the policies of the IMF and the World Bank, the advocates of genocide and zero growth in the developing sector, the controllers of the Carter administration and those who are now trying to push the world toward thermonuclear war, have maintained over a long period of time a tremendous subversive capability within Mexico. The Mexican authorities should be warned about their method of operation. They know how to implant their ideas inside the heads of their victims. They then proceed with a destabilization scenario which is culturally and ideologically appropriate to the particular victim. Before the Shah was destabilized, half his mind was taken over by his opponents, to the point that most of his close advisers and collaborators were working for the cause of Khomeini. The Shah's downfall was the destruction of his faculty of judgment. It worked similarly, in terms of internal mental features, to the process which today allows Jorge Castañeda and Pedro Ramírez Vázquez to be ministers of Mexico.

The current role of the Jesuits in Mexico

by Cynthia Rush



In recent months loud complaints about the Carter administration's incompetent policy toward Mexico, Central America and the Caribbean have come from a group of strategists centered at the Jesuit Order's Georgetown University Center for Strategic and International Studies (CSIS), and the allied Center for Inter-American Security (CIS) in Washington, D.C. They blame Carter for opening the entire region to "communist subversion," which they say immediately threatens to convert Mexico into "the Iran next door."

What Georgetown's "right-wing" Jesuits don't talk about in public is that an explosion of Central America, and an Iranian-style destabilization of Mexico, would suit them just fine. Moreover, they are covertly coordinating activities with their "leftist" Jesuit brothers who are now wreaking havoc in Central America and have Mexico in their sights.

Former Secretary of State Henry Kissinger, now working out of Georgetown, stated the underlying strategy most bluntly a few months back. An Iran-style upheaval in Mexico, he insisted, would force Mexico's government to turn to the United States for aid in "fighting communism," thus situating the U.S. to be able to blackmail Mexico into abandoning its aggressive industrialization program and hand over its oil to the U.S. "strategic reserve."

In an interview this week, Georgetown University's current director of Latin American studies, Professor Harvey Summ echoed Kissinger. Summ asserted that under conditions of great social unrest, an "embattled Mexican government" would turn to the U.S. for help. "It would be an excruciating decision for the U.S. to make, but I think we would help."

The Central American Fuse

Another Georgetown source readily admitted to *EIR* the nature of the operation's objective: "Mexico's oil is the strategic prize of the Caribbean Basin; it would be quite the prize to capture if you could do it."

Every scenario pushed by the Georgetown crowd has as a leading feature the spread of peasant uprisings and other instability from Central America into Mexico. L. Francis Bouchee, a top member of the Council for Inter-American Security, states bluntly that "once Guatemala goes, then the destabilization of Mexico can proceed apace." Bouchee also predicts that once Mexico erupts, terrorism will spread into the U.S. itself via the Mexican-American population living in the border states. A 1979 CIS brochure warns: "A new Mexican Revolution would spill over into the United States."

The Georgetown crowd is also boasting that their predictions and evaluations will form the basis for inter-American policy under a Reagan presidency. "You can be sure that Governor Reagan is receiving very good advice on these questions," Bouchee bragged recently, explaining that a special task force called the Committee of Santa Fe is circulating its policy recommendations among the Reagan staff. The Committee of Santa Fe, headed by the former director of the Inter-American Defense Board, Lt. Gen. Gordon A. Sumner (Ret.), was formed out of a 1979 "Mexico 2000" conference in Washington, D.C. The conference was one of the first to float the Iran scenario for Mexico and point to the strategic importance of Mexican oil for the United States.

Constantine Menges, a former employee of the Rand Corporation and one of the most vocal prophets of Mexican Iranization, is also officially listed as an adviser to Reagan.

To prepare the American population for the predicted Central American and Mexican explosions—and a possible U.S. military response—the American Security Council has announced a major propaganda effort over the next several months. With the support and encouragement of Reagan himself, the ASC is preparing a film tentatively entitled "The Soft Underbelly," which will allegedly demonstrate how the Carter administration "lost" Central America for the U.S. Ten showings of the film, billed as part of an "Operation Survival," are intended, according to retired Gen. John Singlaub, to have "some impact on the November election."

'Possible revolution in 1983' says Reagan advisor

In a recent wide-ranging interview on Mexican and Central American policy, made available to EIR, Constantine Menges made the following points. Menges, formerly with Rand, is now based at the Washington office of the Hudson Institute and appears on the list of official advisors to the Reagan campaign.

On Mexico and Central America. López Portillo has opted to give support to the radical left groups in Central America. There's lots of evidence of that. The PRI is attempting to coopt the extreme left groups.

López Portillo is committing what I call the "Cambodia mistake." What I mean by this Cambodia image is that it is like Sihanouk with the North Vietnamese. He looked the other way as North Vietnamese troops went through Cambodia to South Vietnam. But then look what happened. López Portillo wants to buy off the movements in Central America, but it won't work.

On destabilization and revolution. López Portillo, in the spring of 1979, gave encouragement to the left's ideological posturing by working with Castro to break ties with Nicaragua. He probably saw this as clever bargaining. But it will backfire enormously in 1982, when the destabilization begins in Mexico. . . . It's possible that there will be a major revolution in Mexico in 1982-83. . . . The recent Chiapas incident represents the beginning stages of this.

On the timing of future escalation. Mexico will break relations with El Salvador when a final offensive from the left is underway, maybe two weeks into it. This final offensive could materialize any time in the next month. And then it will

take four to five weeks to win. The left is very well armed. They will win, I believe, if we remain passive, and there's no reason to think we won't continue to be passive.

On combatting the left press. One of the most important things for U.S. businessmen to do is confront the endless stream of accusations against the U.S. from the extreme left in Mexico. It's a mistake for U.S. multinationals to take this. Silence is not golden. . . . I've been saying this at seminars I've been giving with multinationals, at the invitation of a management consultant group.

On manipulating the radical church. We must search for ways to debate, to talk. You have to take a matrix of the groups you want to reach. You need to identify a corpus of thinking. Look at the diagnosis offered and then at the prescriptions. Perhaps accept some of each group's prognosis, but counter the prescriptions. You do this with each of the groups you want to reach, formulate a program to reach opinion-making elites. . . .

Now the radical Catholic group is exactly the kind of group I'm talking about. I'm a Catholic, I've been very close to these questions, starting from that 1968 book by the Peruvian priest, Gutierrez, which begins the whole thing.

L. Francis Bouchev is the Executive Vice-President of the Council for Inter-American Security. The following are excerpts of his comments to a reporter on the developments in Central America and Mexico.

Q: What kind of a threat does the Central American situation pose to

Mexico, and especially to Mexico's oil?

A: . . . Guatemala is the last defense line—if it falls, then the destabilization of Mexico can proceed apace. . . . And this is the whole problem, you see, if you have a communist Guatemala, the fact that they have the potential of stirring up problems in the oil fields, in Chiapas . . . this represents a Finlandizing influence, if you will, on Mexico. Suppose the United States is cut off from Middle Eastern oil and makes a deal, under the best of conditions, to buy Mexican oil. What happens when López Portillo or his successor gets a signal, an unambiguous signal that "Look, if you increase exports to the United States then those damn oil fields will go up in flames." What do you do? The fact that they have the capacity to do this will be greatly enhanced if Guatemala falls.

. . . You have to realize, of course, that the oil fields are the strategic prize of the Caribbean Basin. . . . The Communists don't want Nicaragua, they don't want El Salvador, they are interested in Guatemala. Guatemala does have quite a lot of oil. Guatemala is strategic vis-à-vis the Mexican oil fields.

Q: So you do think the Communists—the Cubans/Soviets—are after Mexico's oil.

A: Well, the thing that does surprise me is the extent of the eruption of violence in Mexico right now [referring to the Chiapas incident—ed.]. At a time when there are strong indications that the Mexican government has decided that it is going to seek an accommodation with the leftist elements and the communists. . . . So it does not seem likely that the communists at this point are going to provoke problems with Mexico, prior to them succeeding in consolidating control in El Salvador, and then knocking off Guatemala. It seems to me to be premature. This does not seem to fit in with what is happening in Central America, or with what Castro is doing in the Caribbean. I don't seem to find the hand of the Cubans or the Soviets involved with this.

Primary target: the oil region



A major peasant clash occurred in Chiapas, Mexico's southernmost state on May 31. The incident, which left one dead and several wounded, sent shockwaves throughout the country for two main reasons: first, it occurred less than 100 miles from Mexico's biggest oil fields; and second, there is striking evidence of foreign subversive involvement in the case, particularly by the notorious Society of Jesus.

What follows below are excerpts from one section of a recently released *EIR* Special Consulting Report entitled "Chiapas and the Destabilization of Mexico," a 6,000-word study which provides a detailed picture of the strategic significance and networks involved in the Chiapas case.

Who Was Involved

The Church: Sources both inside and outside the country confirm that the controlling force of the events at Bolonchan, Chiapas were priests from the leftist "Theology of Liberation" movement in the Catholic Church. . . . In the late 1960s, two brothers, Nacho and Mardonio Morales, both Jesuits, translated Mexico's federal agrarian reform legal codes into Tzeltal (the language of the Chiapas Indians), and launched major "social projects" around claims for land redistribution. With the encouragement and protection of the (Chiapas) Liberationist bishop, Samuel Ruiz, the Jesuit mission grew to 35 priests operating in four zones. Ruiz arranged for radical North American anthropologists from Harvard to teach additional facets of "sociology" and agrarian reform law to the Jesuits' "doctrinal groups"

An investigation of the incident by the local official of the Agrarian Reform Ministry . . . named four leftist priests as having particularly encouraged Indian groups "to struggle for their social rights"—among them Mardonio Morales, S.J. The next day, declarations from Morales appeared in the press admitting 16 years' involvement as a "mediator" between peasants and the government. He further stated he had served as the translator for a group of peasants who did not speak Spanish, in negotiations with the state governor. . . .

Radical U.S. anthropologists: Chiapas has been the target of one of the most intensive anthropological investigations of any region on the globe. Though other individuals and universities have had periodic involvement in this profiling, the vast bulk of work has been done through a monumental program set up by Harvard in 1957, known as the Harvard Chiapas Project. By 1977, the point of last count, the project had 138 field workers in Chiapas for varying lengths of time, who in turn had produced 27 books, 21 Ph.D. dissertations, 33 undergraduate university theses, two novels, and a film. It is the largest project of its kind in the history of anthropology.

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A petition to expel Jesuits

The following is excerpted from a June 9th declaration of the Mexican Labor Party (PLM), which sharply contrasted the progress which took place in Mexico during the periods in which the Jesuits were banned with the slaughter and degradation they spawned when they were permitted to function freely.

The Mexican Labor Party demands the immediate expulsion of all foreign Jesuits and the dismissal of all Mexican-born Jesuits from all educational institutions, from all public offices and from any role in advising or influencing the government. The PLM also demands the Attorney General immediately investigate Jesuit and Jesuitical institutions as instruments of subversion against the Mexican Republic, its institutions, legitimate leaders, youth, and society in general. . . .

The Jesuit deployment against Mexico is merely a part of an international Jesuit offensive. It is the Trojan horse for the genocidal programs of the United Nations Institute for Training and Research, the Club of Rome and the Brandt Commission—the oligarchy's institutions which coincide in their public advocacy of what distinguishes them as Jesuits: the destruction of the nation state. . . .

For this reason, Mexico and all other nations which value their sovereignty have to expel again, for once and for all, these shock troops of the oligarchy which wants to impose a New Dark Ages. The evidence is overwhelming. . . .

The Society of Jesus knows that the sovereignty of a nation is best subverted from within. In 1534, the international oligarchy, then based in Venice and Genoa, created the Society for precisely this purpose. World history, and that of Mexico shows . . . that the Society of Jesus is little more than a political apparatus to destroy true Apostolic Christianity and the secular order based on the sovereign nation-state. . . .

As one of the world's leading republics, Mexico

has always been an important Jesuit target. The Society of Jesus destroyed our leading creative intellect of colonial times, Sister Juana Ines de la Cruz. . . . The internal life of our country from the struggles of Hidalgo and Morelos for republican independence up to today has been one long battle to clear out the obstacles the Jesuits have placed in the path of our development. They attacked Hidalgo; Jesuits and pro-Jesuits of the Inquisition "tried" and "legally" assassinated the patriot Morelos. Jesuits fought Juárez, organized the Cristero Rebellion and assassinated President Obregón. The Jesuits and their supporters who wrote most of our history texts have hidden our real history, which will now emerge.

The Jesuits were expelled from the Spanish Empire in 1767 for subversion of Bourbon republicanism. Re-established in 1815 under Britain's Holy Alliance, they were booted out again on the eve of Mexican Independence in 1820. In the 1850s, they crept back in under "Mexico's greatest traitor, General Santa Anna."

[Lincoln's ally, President Benito] Juárez confronted them with his Reform Laws, and after his death, President Sebastian Lerdo had to expel the foreign Jesuits and enforce the Reform Laws on Mexican-born Jesuits.

On effecting their expulsion in 1873, the Governor of Mexico City declared that they:

must be expelled because although they call themselves a religious community, they are really a political association, because they seek to change the purpose of the country, because they profess the doctrine of regicide . . . because all over the world they have been proven harmful and dangerous, as a group, as businessmen, as politicians and as religious men, because they are citizens of no country and can barely be thought of as men. . . .

With the triumph of the Mexican Revolution and the promulgation of the 1917 Constitution, the Jesuits launched the Cristero Rebellion, and directed the assassination of nation-building President Alvaro Obregón in 1928. His successor, General Calles wrote . . . that Jesuit priest Miguel Agustín Pro was the intellectual author of Obregón's murder. . . .

Nor it it an accident that the hero of the Americas, Juárez, ordered that his sons "not be taught by any Jesuit." The Mexican government and the entire population also must know it and act forcefully to defend the fatherland.

Aspen Institute 'reviews' the policies of Mexico

by Tim Rush



The *Executive Intelligence Review* has learned that the Anglo-American "Establishment," centered in the New York Council on Foreign Relations, has undertaken a top-to-bottom review of policy toward Mexico and Latin America. These studies will result in a fundamental reformulation of strategy, of the kind which occurs only once in a decade.

The estimation of the planners at the top is that the time has come to lock Latin America into the kind of "backyard" strategic preserve that it represented for the United States during World War II. For this, a new generation of supranational control mechanisms will be necessary, and their design and imposition on Latin America requires a whole new set of policy initiatives.

To achieve this, the CFR understands, Mexico will have to be destabilized and broken. Mexico today represents, as it has historically, the backbone of Latin American defense of the concept of full national sovereignty. And with its oil, its determination to industrialize, and its "nation-builder" republican traditions, Mexico poses a major strategic threat to Anglo-American interests—especially if it links up politically and economically with the European and Japanese "European Monetary System" faction.

The two mechanisms established for this policy overhaul are as yet little known to the average American, but are of the highest significance. One, channeled through the Colorado-based Aspen Institute, is a study on "Governance in the Western Hemisphere." The other, entrusted by the CFR and the Rockefeller Foundation to their joint subsidiary, the Overseas Development Council (ODC), is a far-reaching new program of "U.S.-Mexican Bilateral Task Forces."

The Aspen group has been charged with nothing less than convening a "constitutional convention" for supranational regional government, according to Ronald Scheman, a principal mover of the project and right-hand man to Alejandro Orfila, the Secretary General of the Organization of American States. Scheman told an interviewer that *no* existing policies or institutions are to

be seen as sacrosanct: "Where the governance functions approved by the Aspen group match existing institutions, they should be strengthened. Where they don't, they should be scrapped."

The membership assembled for the Aspen study represents the highest level of policy planners on both the American and the Latin American side (see listing below). It would be unusual for individuals of this stature, each of whom brings with him a network of top-level former or present associations and outside institutional commitments, to gather even once. Yet Aspen's project will bring them together for *two years* of in-depth, ongoing consultation. The four-day inaugural session took place early last week at Aspen's Wyatt Plantation on Maryland's Eastern shore. The mandate, in chairman Viron Vaky's words, "is a sweeping one: we will be looking at everything from economic, energy, and trade issues, to military and strategic questions."

The role of the Aspen Institute itself is of particular significance. Aspen, a sister institution to the Club of Rome, is wholly committed to imposing a zero-growth, anti-technology "new age" on the advanced sector and developing sector alike, and played a key inside role in setting up the Shah of Iran for his overthrow. Aspen will now bring that expertise to bear on the Mexican case.

Both Aspen and the Club of Rome are creations of NATO intelligence. They have at their disposal, routinely or "on-call," the full financial resources and political assets of the aristocratic-financier oligarchy of Britain and the European continent, the controllers of NATO intelligence, and the masters of the *Societas Jesu* internationally. Hence, there will be no difficulty whatsoever for the Aspen and allied ODC "task force" initiatives to achieve synchronization with Jesuit destabilization activity inside Mexico proper.

Additionally, Aspen's chairman and primary bankroller, Atlantic Richfield chief Robert O. Anderson, coordinates a number of U.S. multinationals whose Latin American enterprises are essentially intelligence operations disguised within massive business bureaucracies. These include, in addition to his own ARCO, Sears Roebuck (Sears' international vice president, John Gal-

The Aspen eleven

The following is the membership of the Committee on Governance in the Western Hemisphere:

Viron P. Vaky, Chairman; Associate Dean, Georgetown University School of Foreign Service; Assistant Secretary of State for Latin American Affairs, 1975-79; former U.S. Ambassador to Colombia and Venezuela; National Security Council staff-Latin America; Council on Foreign Relations

Nicholas Ardito Barletta, Vice President, Latin America and Caribbean, World Bank; former finance minister, Panama; OAS Group of 15 "Wise Men"

Gonzalo Facio, former foreign minister, Costa Rica; member, international directorate, Socialist International

John Gallagher, Vice President, International Operations, Sears, Roebuck

Mario Garnero, President, Brazilinvest; founder, Foro de las Americas; member, OAS Group of 15 "Wise Men"

Felipe Herrera, Club of Rome; chairman, United Nations Institute for Training and Research (UNITAR); former president, InterAmerican Development Bank; OAS Group of 15 "Wise Men"

Joseph John Jova, U.S. Ambassador to Mexico, 1973-77; president, Meridian House International

Rodrigo Botero Montoya, member, Brandt Commission; former finance minister, Colombia

Richard Rubottom, Professor of Diplomacy, Southern Methodist University; Assistant Secretary of State for Interamerican Affairs, 1957-60; president, University of the Americas, Puebla, Mexico, 1971-73; border adviser, Texas Governor Clements

Sidney Weintraub, Professor of History, University of Texas; Assistant Secretary of State for Economic Affairs, 1969-73; Brookings Institution

William Moody, Rockefeller Brothers Fund

Four Aspen officers are ex-officio members: **Joseph E. Slater**, President; **Harlan Cleveland**, International Affairs Director; **Judith Himes**, Assistant International Affairs Director; and **Stephen P. Strickland**, Vice President

lagher, serves on the Governance task force) and W.R. Grace and Co.

The Overseas Development Council's Mexico project, which is also conceived as the highest-level full review of policy, shares the same strategic perspective—and much of the same networks—with the Aspen project.

The ODC is a Washington-based "global issues" front organization for the CFR, whose chairman of the board, Father Theodore Hesburgh, is simultaneously chairman of the board of the Rockefeller Foundation and a director of the CFR. The Rockefeller Foundation is providing the bulk of the funding for the ODC's Mexico project; the CFR provides oversight and certain key personnel. In 1979 CFR Fellow Susan Purcell, for instance, was assigned to the ODC for the fall months of 1980 to supervise the group's preliminary work, together with project director Robert Ayres.

What the ODC project is designed to do, in Ayres' words, is "institutionalize a process of policy dialogue between a group of Mexican and American elite publics" in a much more intensive way than ever before.

Individuals from such top-level policy institutions in Mexico as the Colegio de Mexico regularly and closely interact with fellow thinktankers at the CFR, the Woodrow Wilson Center in Washington, the Brookings Institution, the Mexico Center at the University of Texas at Austin, and so forth. There are even occasional conferences jointly sponsored by institutions on both sides of the border.

During precisely the years programmed for the intensifying destabilization outlined elsewhere in this Special Report, the ODC will be running "task forces" in such areas as trade, migration, agriculture and energy whose primary characteristics will be that they are *multi-year* (Ayres speaks of 2-3 years as the minimum mandate) and will have *unchanging membership*.

In addition, the program will break out of a purely "thinktanker" mode to embrace "very prominent" businessmen and a few, but influential, government figures.

In Mexico, the bases already established include, in addition to Colegio de Mexico, the Center for Research and Teaching in Economics (CIDE), and the Technological Institute of Monterrey. The "prominent businessmen" are "not only from Mexico City but from Monterrey," says Ayres, and in the government "we have good ties with some of the higher figures in the Foreign Ministry and the Finance Ministry."

The ties with Foreign Minister Jorge Castañeda and his top "global issues" lieutenants are particularly close: Castañeda heads the lobbying group in Mexico for the Brandt Commission Report, which represents the same kind of assault on principles of sovereignty as Aspen's "constitutional convention" project, while the ODC is the official distributor and propagandist for the Brandt Commission within the United States.

The Achilles heel of the Mexican republic

by Lyndon H. LaRouche, Jr., Contributing Editor



During a period of approximately a half-century, a combination of Spanish Hapsburg and Jesuit operatives reduced the 16th-century population of Mexico from over twenty million to less than two million persons. Today, forces allied to the Carter administration are in an advanced stage of deployment of an "Iran Model"

destabilization of Mexico, a project whose objectives include William Paddock's proposal to approximately halve the population of Mexico by the end of this present century—20 years hence.

The psychological "Achilles heel" of the best forces of the Mexican government is that government's misguided toleration of the variety of "Aztec fundamentalism" associated with French fascist Jacques Soustelle, and with such "left-wing" accomplices of Soustelle as the notorious Carlos Fuentes and Octavio de la Paz—the Garcia Marquezes of Mexico. Today, as during the Hapsburg genocide of the 16th century, it is Mexican Catholic Bishops' agents of the Jesuit order who are in the forefront of promoting the pagan cult of "Aztecism" in Mexico. As long as the López Portillo government fails to confront Jesuit-orchestrated "Aztec fundamentalism," the government remains intrinsically more vulnerable to the operations around Ayatollah Mendez Arceo, Ayatollah Carlos Fuentes, et al. than was the Shah of Iran to the allies of Club of Rome genocidalist Bani-Sadr of Iran.

The weak flank of present-day Mexican nationalism



generally is the growth of a "Third World" variety of nationalism in which the precivilized ethnic "roots" of the majority of the present population are made the biological-ethical replacement for morality.

From the standpoint of the most elementary morality, the Aztec culture, featuring the excision of living hearts of masses of sacrificial victims, was a culture most deserving of urgent destruction. In fact the majority of the population of Mexico at that time supported the handful around Cortez precisely because of their need to free the peoples of Mexico from the degraded bestiality of Aztec culture. If Aztec culture is judged from any moral standpoint, the obligation to hate the Aztec ways, and to cheer at the liberation of Mexico from such beasts is overwhelmingly clear.

When the bestial doctrine of "ethnicity" is substituted for elementary morality, a different view of the Aztecs may be promoted, as the immoral Jesuits of Mexico do presently. When the bestial doctrine of "ethnic nationalism" is used in place of simple morality, the conse-

quence is a tendency to defend whatever one's biological ancestors did, and to regard any disruption of even the most hideous of those ancestor's social orders by "outsiders" as an affront to the bestial misinterpretation of the principles of "nationalism."

Such was standard practice of the evil Jesuit order over the period of the 16th into 18th century—until the order's long-overdue and proper outlawry by the Papacy. That is the tactic employed by the pseudo-Christian Jesuit cult internationally today.

The policy of the original Spanish colonists of Mexico was the development of the indigenous Mexican population as the basis for a moral, republican order. With the accession of the Hapsburgs to the throne of Spain, the Jesuits were deployed to aid in the genocide of the Mexican population by promoting "nativist" antiscientific cultism, fomenting the instabilities which aided the genocidal slave-labor programs of the Hapsburgs and the usurious bankers holding the Hapsburg debt.

This "Indian tactic" of the Jesuits was characteristic

Who is Soustelle?

French anthropologist Jacques Soustelle is best known to the world for two evil operations. He is considered the highest authority of the school of anthropology which glorifies the bestiality of the Aztec culture, and he was also the founder and leader of the French OAS, a Permindex-run fascist paramilitary organization created in the 1950s which launched both random and targeted terrorist attacks in France and Algeria. The OAS was accused of running more than 30 assassination attempts against French President Charles de Gaulle.

Soustelle first became known to Mexicans when he spent the pre-war years in Mexico conducting anthropological research and surveys on Aztec culture. His famous book, *The Daily Life of the Aztecs*, is considered the bible of British and U.S. profilers of Mexican Indian cultures.

In it, Soustelle justifies point-blank the barbaric Aztec ceremony where priests of the Hitchilopostli cult would offer the gods the still-palpating heart of a live sacrificial victim. Says Soustelle: "Obviously, it is difficult for us to understand what human sacrifice meant to an Aztec of the 16th century. We emphasize in any case that each culture has its own particular notion of what is cruel and what is not . . . Human sacrifice by the Mexicans was not inspired by cruelty or hate. It was their response—the only one they could conceive of—to the instability of a constantly threatened world.

'To save the world and humanity, blood was necessary ...'

But Soustelle does more than glorify Aztec barbarism. He proposes that the Republic of Mexico identify itself with that pagan Aztec culture. "The Mexicans . . . react to fundamental aspects of life, such as death, love and fear, in the same way the Aztecs used to," Soustelle is on record as saying.

Soustelle violently opposes the city-building traditions of industrial development for the Third



Carlos Fuentes

World to which Mexican President López Portillo is committed. During a visit to Mexico in March 1980, Soustelle told the Mexican newspaper *Novedades* that "cities and modern life destroy the ties between men. Modern inventions separate men, whether we like it or not."

In his hatred for the Mexican republic, the "right wing" French anthropologist is a close collaborator of Mexico's "leftist" intellectuals, writers Octavio Paz and Carlos Fuentes—both promoters of irrationalism and opponents of Mexico's industrialization.

of their operations through both of the American continents. It was the Jesuits who destroyed the early pattern of collaboration between American Indians and both English and French settlements—beginning in New England with “King Philip’s War,” a Jesuit creation. It was Jesuits who promoted the scalping and related bounty practices among indigenous populations of both North and South America, as well as Jesuit Sitting Bull, promoting the warfare which aided in the virtual extermination of the incited Indian populations.

The Jesuits of today are back in the same business. Pol Pot of Cambodia—who murdered approximately half of the population of his nation, under Peking direction, was a product of Jesuit training. The same Jesuit educators who developed Pol Pot also educated and control Iran’s Bani-Sadr—a Bani-Sadr dedicated openly to the same genocidal deurbanization program of Pol Pot for Iran. In addition, many of the most prominent leading figures of the Muslim Brotherhood internationally—Jesuit-trained Zbigniew Brzezinski’s “Islamic fundamentalism”—were, according to their personal dossiers in our possession, not only Jesuit-educated, not only Jesuit-sponsored prior to the establishment of the Khomeini dictatorship, but have continued to be “advised” by Jesuit operatives down to the present week.

That is not “interpretation”; it is a simple cut-and-dried fact of the *curriculae vitae* of such key Muslim Brotherhood personalities.

The principal root of the problem of relationships between the republican state and the Catholic Church in Mexico is simply the fact that the Papacy has never succeeded in freeing the Mexican Church from Jesuit control.

The republican faction in Mexico—as in most former Spanish colonies—was in fact created by the Catholic Church’s Augustinian forces—the actually Christian tradition of Apostolic Christianity. Any study of source materials bearing on the Mexican republicanos of the early 19th century, through Benito Juarez’s time, shows the powerful connections to the faction of Cardinal Richelieu (e.g., The Oratorians of the “French” faction of Greater Spain of the 18th century), and during the early 19th century to the Catholic freemasonic organizations directly tied to the Marquis de Lafayette. Despite the secularist character of the modern Mexican constitution of the great Obregón, the variety of “humanism” one encounters most frequently otherwise among the Augustinian currents of Apostolic Christianity is the dominant moral quality of modern Mexican *republicanos*.

The hostility between the Mexican state and nominal Catholic Church in Mexico arises because, at the top, there is in reality no Catholic Church in Mexico. There is only—at the top, at least—a pseudo-Catholic Church run top-down by the gnostic Jesuit order. Thus, although leading republican circles of Mexico are distinctively



Drawn by Aztecs for Father Sahagón’s *History of Mexico* about 1560.

Augustinian Catholic in their moral heritage, as distinct from Protestant, the Jesuits have effectively prevented the development of any viable Christian Church in Mexico through their virtual monopoly over the principal institutions of organized religion. We repeat: *in effect, there is no organized Catholic Church in Mexico.*

If that fact could be more generally understood, the often irrational hostility to the Catholic Church in general among Mexican republicanos could be neutralized.

One of the prominent consequences of this current circumstance is the powerful, wrong-headed prejudices among secularist Mexican republicanos which prevent them from giving any proper acknowledgement to the Catholic roots of the Mexican republicano movement. This comprehensible, but irrational and wrong-headed anti-Catholicism renders those republicanos susceptible to John Locke, Jeremy Bentham and related British-style varieties of empiricist “materialism.” In Mexico, as in most of the Catholic cultures of Latin America and Spain, the endemic consequence of this arrangement is the typically Latin American form of existentialism. This is most commonly associated in Mexico with the “macho” self-image of the infantile male, and the complementary, often savage psychological sadism of the similarly-diso-

riented, female, driven to infantile manipulative forms of behavior-controlling self-image.

The Latin American of better moral-political qualities is thus imprisoned within a state of mind and judgment aptly described by Dante Alighieri in the "Purgatory" canticle of his *Commedia*. In their public-policy conscience, such republicans are often among the best policy-thinkers in the world—the heritage of Obregón is a noble one. Since, however, their irrational (if comprehensible) anti-Catholicism cuts these people (at least, most of them) off from their moral roots in Augustinian, Apostolic Catholicism, their rejection of such matters as the doctrine of consubstantiality cripples the higher powers of judgment of most of even the best republicans. By rejecting inquiry into their Augustinian Catholic heritage, by adopting personal hostility to all that "smacks of" that Augustinian Catholic heritage of Mexican republicanism, they compensate by seeking out secularist doctrines to fill up the empty place in themselves so defined. Hence, they become at best, Kantians. Adapting this Kantian self-image, and also attempting to make "practical political" adaptations to the rampant "macho" varieties of existentialism within influential factions of the general population, they become susceptible to "materialist" interpretation of Mexican nationalism provided by the Jesuits.

Thus, out of justified hatred of the Jesuit enemies, they tend to become the lawful political-psychological prey of the Jesuits.

The lawful consequence of the summarily described disorientation of their moral-philosophical outlook as a whole is a susceptibility to replacement of morality by the Jesuit doctrine of "bioethics," the cult of Aztec-worship.

The Diego Rivera phenomenon

The nadir of the Mexican variety of political "bioethics" is the muralist Diego "Iago" Rivera, one time Trotsky enthusiast and subsequently a principal suspect in the assassination of Trotsky.

A page from Rivera's own writings speaks for itself (see box).

In respect to incidentals, one gains from this an insight into Rivera's cannibalistic consumption of the body of his one time adopted "father" Trotsky. In respect to broader questions of relevance for today, Rivera reveals the inner character of the tendency toward "nationalistic" admiration of the bestial Aztecs among parts of even the relatively best circles of leadership in Mexico today.

The occasional softness of even President López Portillo toward the cult of the evil Aztecs is an expression of the toleration of such modern accomplices of the Jesuit Jacques "Iago" Soustelle as the lower-case "riveristas" Carlos Fuentes and Octavio Paz. This softness prevents

the Mexican leadership from effectively assessing and combatting the present-day, Jesuit-controlled Ayatollahs of the ongoing "Iranian destabilization" of Mexico.

The truth about American Indians

Contrary to the present-day versions of the Columbus and Pilgrim Fathers mythologies, there was a steady traffic between Western Europe and North America over thousands of years—an occasionally interrupted traffic, especially after the Norman Conquest, but one which had been revived by the Portuguese fishermen long before the first English settler arrived at the New England coast. Indeed, the Pilgrims passed by Portuguese settlements on Cape Cod and were greeted by "white Indians" who lent them considerable assistance, and other cooperation after the touch-down at Plymouth Rock. Similarly, the Scandinavian colonies in Newfoundland, dating from about the 11th century A.D. were part of a considerable colonization and intermarriage with native Indians by Scandinavian and Irish settlers, extending southward and into the water system centered upon the Great Lakes.

The notion that the indigenous peoples encountered by the Spanish and English settlements were in some respect a "natural" primitive culture, corresponding to some natural upward direction of selective evolution of cultures, is utter nonsense.

Apart from such commerce between Europe and America during the pre-1500 and pre-1600 Christian era periods, the testament of accredited American anthropology is in totality fraud compounded by fraud. On this point, the Mormon doctrine is the relative truth of the matter, and the official anthropologists are predominantly miseducated quacks.

Plato's version of transatlantic commerce, supplemented by the golden historiographical plates turned up by the great Humboldt concerning trans-Pacific commerce, are massively verified by the available archeological and related evidence. On this subject, and on the related issue of Helgoland copper culture, British official anthropology occupies itself in hysterical, obsessive fits. From some point buried within the pre-Christian era into the period of 16th through 17th century discovery, the history of the Americas is one of a long spiral of ebbs and flows toward degeneration of a once great civilization, into a vastly reduced population degenerated into pitiable forms of savagery.

For example, at about the same time that the hideous Confucian obscenity known as Chinese culture was developing out of the second century B.C. vast book-burning in China, a similar book-burning occurred in the area involving modern Peru. The indigenous Americans had had the use of the four-wheeled cart, but during some part of the Christian era, the existence of such carts was restricted by some ancient James R. Schlesingers and

Who was Rivera?

In 1904, wishing to extend my knowledge of anatomy, a basic requisite of painting, I took a course in that subject in the Medical School in Mexico City. At that time, I read of an experiment which greatly interested me.

A French fur dealer in a Paris suburb tried to improve the pelts of animals by the use of a peculiar diet. He fed his animals, which happened to be cats, the meat of cats. On that diet, his cats grew bigger, and their fur became firmer and glossier. . . .

At first the story of the enterprising furrier merely amused me, but I couldn't get it out of my mind. I discussed the experiment with my fellow students in the anatomy class, and we decided to repeat it and see if we got the same results. We did—and this encouraged us to extend the experiment and see if it



involved a general principle for other animals, specifically human beings, by ourselves living on a diet of human meat.

Those of us who undertook the experiment pooled our money to purchase cadavers from the city morgue, choosing the bodies of freshly killed which were not diseased or senile. We lived on this cannibal diet for two months, and everyone's health improved.

During the time of our experiment, I discovered that I liked the legs and breasts of women, for as in

other animals, these parts are delicacies. I also savored young women's breaded ribs. Best of all, however, I relished women's brains in vinaigrette.

I have never returned to the eating of human flesh, not out of squeamishness, but because of the hostility with which society looks upon the practice. Yet is this hostility entirely rational? We know it is not. Cannibalism does not necessarily involve murder. And human flesh is probably the most assimilable food available to man. Psychologically its consumption might do much to liberate him from deep-rooted complexes—complexes which can explode with the first accidental spark.

I believe that when man evolves a civilization higher than the mechanized but still primitive one he has now, the eating of human flesh will be sanctioned. For then man will have thrown off all of his superstitions and irrational taboos.

—Diego Rivera,
My Life, My Art

Ralph Naders (or "Ralph Nadirs") to children's toys!

All this is correlated with the existence of the transatlantic *atlan* language, as proven by philological studies of language groups on both sides of the Atlantic. The evidence of the trans-Pacific links to cultures which used to exist in ancient China is also indisputable.

The degenerate state of native American cultures at the time of the arrival of the European colonists is, as Plato warns us, a proof of the combined moral and material disaster which befalls even a great civilization if it permits itself to be plunged into a downward spiral of technological and moral devolution of the sort exemplified today by the UNO's Club of Rome and the "Brandt Commission."

The native American cultures degenerated into the Indian savageries admired by the anthropologists because those peoples lost the moral fitness to survive.

The great cultures seen in relics of the distant past of the Americas were not introductions from extraterrestrial visitors, but the relics of the achievements of ancient cultures which abandoned the moral fitness to survive. The evidence proves not that extraterrestrial visitors must have introduced such relics, but that, contrary to the British, and in agreement with Plato's reports in his

Timaeus and *Critias*, the struggle of civilized man is more ancient than the lying British anthropologists are willing to have admitted.

It was Christian culture imported from Europe which restored civilization to the American continents. It was also, of course, the gnostic cultists, the Jesuits, who did more than any others to cause the contact with European culture to be as much genocidal to the indigenous peoples, as it has become otherwise predominantly beneficial to the state of civilization on these continents.

There, in a nutshell so to speak, we have a warning of the consequences for Mexico if its leading republican forces tolerate the Aztec cult-worship associated with the collaborators of the Jesuit fascist Jacques "Iago" Soustelle. To tolerate the embrace of an evil culture, the Aztec culture, a culture which expresses the moral and technological devolution of humanity, is to embrace so the Jesuit ayatollahs presently using the "Indian card" as spearhead of Zbigniew Brzezinski's effort to impose the "Iran model" of Paddock's proposed genocide upon the nation of Mexico.

A Mexico which tolerates admiration of Aztec culture is a Mexico which will be destroyed because it has lost connections to the moral fitness to survive.

The Venice summit splits over Camp David

by Robert Dreyfuss

A badly divided European Economic Community, split between a Franco-German bloc and a London-centered grouping that included the troubled Italian government of Prime Minister Francesco Cossiga, met in Venice June 12-13 to hammer out a resolution billed as the EEC's inaugural effort to intervene into Middle East diplomacy. The result, as evidenced by the communiqué issued June 13, was a bit anticlimactic, for it sought to bridge an almost unbridgeable gap between the two factions of the EEC. After months of publicity that the EEC was preparing to state that the Camp David accords—the prized accomplishment of the Carter administration—were bankrupt and ought to be replaced, the EEC did no such thing.

Instead the EEC declared that it supports “self-determination” for the Palestinians and called for a “comprehensive settlement in a system of concrete and binding international guarantees.” In the crucial section of the statement, the EEC declared that the “Palestine Liberation Organization . . . will have to be associated with the negotiations.” But, contrary to some predictions, the EEC did not directly challenge the Carter administration by calling for a new peace conference nor by proposing that the United Nations Security Council consider inviting the PLO to become involved in the talks. In fact, in the weeks before the EEC summit the Carter administration had issued what amounted to a series of ultimatums to Europe that Washington would not tolerate European “interference” in the Camp David accords, which President Carter called “sacred.”

What actually occurred in Venice, and the reactions

to that declaration from the EEC, provide interesting insights into the confrontation that is expected when President Carter and the leaders of Japan and Canada travel to Venice on June 22 for an expanded summit of the leading industrial countries.

Going into the meeting last week in Venice, two distinct policy perspectives were evident.

On one hand, Chancellor Schmidt of West Germany and President Giscard d'Estaing of France viewed the crisis in the Middle East as the gravest threat to world peace and security, and they considered a comprehensive peace settlement a necessary part of an overall war-avoidance policy vis-à-vis the Soviet Union. For Giscard—who held a surprise meeting with U.S.S.R. President Brezhnev last month—as for Schmidt, who travels to Moscow on June 30, the Middle East settlement is part of a package that ought to include, in their view, the neutralization of Afghanistan and the eventual withdrawal of Soviet forces from that country, the establishment of a European arms accord that could see the reversal of the December 1979 NATO decision to station cruise missiles and Pershing missiles in Western Europe, and the reviving of a climate of overall detente.

In this context, the French and the West Germans are already far advanced in working out a triangular series of economic and trade agreements involving the EEC, the Arab world—especially Saudi Arabia and Iraq—and the socialist countries. Privately, both Giscard and Schmidt are known to consider the Egyptian-Israeli pact as a dead end and even an obstacle to the realization of closer ties with the Arab world and a stable oil supply, as



West German Chancellor Helmut Schmidt and British Prime Minister Margaret Thatcher arrive June 12 at the Venice summit meeting of European Community government leaders.

well as creating a strategic threat to vital Soviet interests in the Middle East.

On the other hand, the British and their allies in Europe, though they favor Palestinian "self-determination," view the idea primarily as a tool for rallying the Arab world and the Islamic countries in a loose alliance with Israel and China, using Afghanistan as a rallying point for a strategic alliance against the Soviet Union. In addition, the British are determined to block the advancement of the Paris-Bonn axis' ties with Saudi Arabia and the other Arab oil-producing countries.

According to European sources in Venice, the conference split down the middle along these lines. Reportedly, the French, with the quiet support of the West Germans, wanted to confront Carter and the Camp David partners with the *fait accompli* of a European initiative, in which the PLO would be recognized officially by the EEC as representative of the Palestinian people. Privately, the French delegates said that if they could not get a strong statement reflecting this view, then they would prefer to have no statement at all. In a Venice press conference, an official spokesman for the French delegation declared just before the vote, "The French will do their best to achieve a common position as the EEC, and we will manage. But if this position does not satisfy France, France is prepared to adopt independent positions."

On the British side, Prime Minister Thatcher and aristocratic Foreign Secretary Lord Carrington were very careful not to divulge the actual British position. It was learned, however, that behind closed doors the British argued against any mention of the PLO as a govern-

ment. Instead, the British advocated a general declaration, vague as to specifics of how a comprehensive settlement would be achieved.

During the conference itself, among the many bilateral talks that took place over the three days that the European leaders were in Venice, two patterns emerged. On both Thursday and Friday, Giscard and Schmidt help private consultations over lunch, while Thatcher and Cossiga did the same. In the end, a bad compromise was reached, as stated above. Nevertheless, the EEC statement can be said to represent a significant step beyond previous positions adopted by Europe, putting the EEC on record that the PLO is a necessary partner in any settlement and that "self-determination" — widely recognized to mean the establishment of a state — must be recognized as a "legitimate right of the Palestinian people."

Aftermath

As soon as the communiqué was released, both Thatcher and Cossiga rushed out to the press in a desperate attempt to soften the impact of the statement. At a hastily convened news conference, Thatcher declared, "What we're doing here is supplementing the U.S. efforts," and she described the EEC communiqué as not contradictory to the Camp David accords. Echoing Thatcher, Italy's Cossiga said bluntly, "We don't want to compete with Carter." Across the ocean, Secretary of State Edmund Muskie measured his words carefully. The EEC showed a "sense of restraint" in its Middle East statement, he noted, and added condescendingly that "as

a European effort to be helpful in the Middle East situation . . . I don't see anything on the face that challenged the Camp David process or seeks to divert the parties to the Camp David process from their work."

Added Muskie, "The EEC doesn't have to be as concerned with [policy toward the PLO] as we have to be, because we are involved in the negotiations and they [the EEC] are not." Several hours later, a self-satisfied President Carter declared that "we've made good progress in staying the European allies" from interference with Camp David.

But the Thatcher-Cossiga account of the EEC statement and the surprisingly mild Carter-Muskie response did not hide the obvious fact that the French and the Germans had succeeded in at least getting the ball rolling toward a real peace initiative. French columnist Paul Marie de la Gorce, writing in *Le Figaro*, was explicit. Said de la Gorce—who often reflects official French thinking—"the EEC statement is a rather timid formula in appearance, but it will set into motion a momentum that will be difficult to stop." The next step, he implied, would be a diplomatic effort at the United Nations General Assembly, where the U.S. has no veto power.

By the same token, the EEC also decided to send a fact-finding team to the Middle East and to other interested parties to sound them out on the possibility of an entirely new initiative. Among those parties, it is said, will be the Soviet Union, and the visit to Moscow by Chancellor Schmidt on June 30 looms large in that respect.

For that reason, the reaction among unofficial Anglo-American circles—and, of course, from the hysterical Israelis—was far from statesmanlike.

Anglo-Zionist freakout

The *New York Times*, typically, led the way. In an editorial entitled "A Minor-League Mideast Game," the *Times* declared: "As a declaration of independence from American diplomacy in the Middle East, the European allies' pronouncement in Venice Friday was merely pathetic," and it complained that the EEC used "code language for a denunciation of Camp David." It continued: "As a declaration of strategic purpose, their doctrine was absurd," reducing European diplomacy to an allegedly base greed-motivated design, or, as the *Times* put it: "We need oil and Arab trade so badly that we cannot wait any longer for America, Egypt, and Israel."

From Israel, the regime of Prime Minister Menachem Begin broke all bounds of diplomatic protocol and compared Western Europe to the pro-Hitler appeasement faction of pre-World War II diplomacy. "Nothing will remain from the Venice resolution but its bitter memory," read an official communiqué of the Israeli Cabinet. "The resolution calls upon us to include in the peace process the SS called the Palestine Liberation Organization." Calling the PLO an "organization of murder-

ers," the Israeli statement compared the position of the EEC to the policy that handed the Sudetenland to Nazi Germany at Munich in 1938.

According to the Israeli press, Begin had sought to include in the communiqué a specific reference attacking France and West Germany for the reference to the PLO, but he was dissuaded at the last moment from doing so by Foreign Minister Yitzhak Shamir. The Israeli Cabinet did decide, however, that it would not receive the EEC fact-finding delegation when it arrived in Israel, a motion that was introduced by Agriculture Minister Ariel Sharon, Israel's leading extremist general. In a private statement, Shamir stated that "the French delegation gained the upper hand during the EEC summit."

In the two weeks before the Venice meeting, Shamir visited England, Italy, Holland, Denmark, and Belgium to demand that the EEC not endorse the PLO, while studiously avoiding France, West Germany, and Italy. Dozens of Israelis had criss-crossed Europe to pressure against the declaration, often colluding with Zionist and Anglo-American political factions inside West European countries, such as West Germany's Franz Josef Strauss and French Socialist leader Francois Mitterrand.

Soviets, Arabs warn Europe

If the Israelis and the Anglo-Americans sought to pressure the Europeans to abandon their initiative, the Soviet Union and most of the Arabs—taking due note of the American pressure on Europe—took the opportunity to warn the Europeans that the overriding strategic issues would not wait for France and West Germany to overcome British-led resistance to a peace initiative.

The message from Moscow and various Arab capitals to Europe is that, at the EEC Venice summit, they had a chance to voice their opinion that the Camp David agreement must be scrapped—and they did not.

Pravda, the Soviet daily, entitled its commentary "The Mountain Gave Birth to a Mouse." It noted "sharp threats by Carter and the internal contradictions among the members of the EEC," but passed judgment that "once again, the session of the European Council confirmed the truth that the attempts of the West European countries to show 'autonomy' in approaching important problems . . . suffered a failure under the dictate of Washington." On June 17, a *Pravda* commentary rounded up opinion in the Middle East concerning the EEC statement, noting that only the Egyptians received it "positively," while the rest of the Arabs were either cool or attacked it for its vague formulations.

Exemplary is a comment in the Jordanian press, as recorded by *Foreign Broadcast Information Service*. "It has become clear that at the current stage at least the Europeans will not call for an international conference to tackle the crisis of the Israeli occupation. . ." wrote *Al-Akhbar*. "All this indicates is that the Washington-London line has triumphed over the Paris-Bonn axis."

The Arab response

'Mideast is focus of a great war danger'

Syrian Foreign Minister Abdulhalim Khaddam, in a June 15 speech before the Peoples' Assembly in Damascus, stated that the Middle East has become the focus of an international war danger that requires stronger action from Europe if it is to be avoided. Khaddam's sophisticated perception of the world situation coincides with reported Soviet intelligence estimates. He lists four causes of the threat of world war:

1. The international imbalance caused by the Camp David accords. . . . The United States has moved from being a supporter of Israel to being a partner and principal party to the conflict in the area. It participates in the decision-making and has a military presence, represented in the military bases in Egypt and Oman. . . .
2. The NATO decision to modernize arms in Europe and to put the Soviet Union under the NATO nuclear umbrella. This greatly upset the strategic equilibrium created after the signing of SALT II.
3. Western cooperation with China and the attempt to deepen the conflict between the Soviet Union and China, so that the latter will be the Soviet Union's main problem, thus exhausting the Soviet Union's resources and upsetting the balance in favor of the West.
4. The international economic crisis and its impact on the Western economic order. . . .

'It is consistent with Camp David'

The following are excerpts from a statement by a Syrian Foreign Ministry official on the EEC Mideast statement:

The statement speaks about the legitimate rights of the Palestinian people. . . . While the same paragraph gives Israel the right to existence and security, it denies this right to the Palestinian people by the general terms it uses, just as the Camp David accords do. . . .

It does not provide for the PLO's complete participation in the negotiation for a solution. It just links the PLO to the negotiation. There is a big difference of course between linkage and participation. Linkage means the following: 1) The non-recognition of the PLO as the sole legitimate representative of the Palestinian

Arab people; 2) The PLO's role would be indirect; and 3) The PLO is not the only Palestinian party. . . .

Last but not least, the statement's reference to the Camp David accords means that these accords were taken into consideration. Therefore, the general sense of the statement does not conflict with the accords.

The most ebullient praise for the EEC statement came from the government of Egypt. The following account is from Cairo Domestic Service, June 13.

Minister of State for Foreign Affairs Dr. Butros Ghali has said that the EEC statement issued this afternoon has affirmed the principles and goals which were recorded in the Camp David accords, which Egyptian diplomacy is seeking to achieve. Hence, it is certain that there is no contradiction between the Egyptian and EEC moves. He added that the European initiative was in line with Egyptian efforts for bringing about a just and lasting peace in the Middle East.

'The Europeans must be more independent'

Following the Venice summit, the PLO Executive Committee issued a formal rejection of the EEC Middle East statement. While welcoming the EEC stand, the PLO criticized the Europeans for succumbing to U.S. "pressures and blackmail" and not going far enough.

The PLO statement begins with a detailed preamble mentioning point by point the positive aspects of the EEC statement. Following this comes the PLO's critique. Excerpts appear below.

The statement ignores the fundamental factors for the establishment of a just peace in the area and the essence of the Arab-Israeli conflict. Furthermore, the statement includes a great deal of contradictions and it is vague.

1. The statement ignores the fact that the core of the conflict in the Middle East is the Palestine issue and the need to enable the Palestinian people to exercise their national inalienable rights of returning and of self-determination, without external intervention, and to establish their independent state. . . .

2. The statement fails to recognize that the PLO is the sole legitimate representative of the Palestinian people and that the PLO is a basic factor in the Middle East crisis. . . . The reference in the statement to the PLO and its role has not reflected these matters.

3. The statement affirmed that the EEC states adhere to the UN Security Council Resolution 242, which was rejected by the Palestinian people. . . .

4. The statement made the exercise of the Palestinian people's right to self-determination conditional on the

direct means specified by the framework of a comprehensive settlement, whereas the Palestinian people's right to self-determination, to return to their homeland and to exercise sovereignty are inalienable rights. . . .

5. The statement ignored the need for Israel's total and unconditional withdrawal from all the occupied Palestinian and Arab territories, including Jerusalem. . . .

6. The statement adopts the course and concept of the Camp David agreements and the Egyptian-Israeli treaty, particularly in regard to the normalization of relations, with all that this entails in impairment of Arab sovereignty. . . .

7. The statement did not reject the autonomy conspiracy, which is provided for in the Camp David accords. . . .

8. In its sum total, the statement is largely a clear response to the U.S. will and pressures, which are based on an attempt to impose U.S. hegemony upon the Arab area and to liquidate the Palestinian issue. . . .

Since the beginning, the PLO has entertained no illusions about the size of the European role in view of the fact that this role has so far been associated with the U.S. strategy. . . .

The PLO greets the EEC stand. However, it calls on the European states to take more independent stances and to free themselves of the pressures and blackmail of U.S. policy.

During the EEC summit in Venice, PLO chairman Yasser Arafat made the following statement:

The EEC leaders are now meeting in Venice in order to throw a bone to us, hoping to preoccupy us. By God, then they claim that there are divergent French, British, Danish and Finnish views. I tell them outright: The Palestinian people are absolutely not waiting for a political paper, a political statement or a political initiative emanating from Venice to determine the Palestinian people's fate.

'Giscard will see that de Gaulle was right'

The following interview with Fatah Central Committee member Hani al-Hasan appeared in the Beirut weekly Monday Morning just prior to the Venice summit. Excerpts appear below.

Q: What was your reaction to President Carter's warning to Western Europe not to launch a Middle East peace initiative and his threat to use the U.S. veto to block any attempt to amend or supplement Resolution 242?

A: This didn't come as a surprise, of course, because it is well-known that American foreign policy is now governed by two major considerations.

The first is President Carter's election interests. . . . The second major consideration governing American foreign policy is Washington's hostility toward the Palestinian revolution and the Palestinian people in general. This hostility has increased with the defeat of the Cyrus Vance line and the rise of Zbigniew Brzezinski, the man who once said, "Bye-bye, PLO."

So we in the PLO and Fatah are not at all surprised by Carter's position. It can be said, however, that we have begun to achieve a major political victory by precipitating an American-European rift on the Palestinian question. . . .

At any rate, who can show me one constant in American foreign policy over which there are no differences in Washington? America is in a mess today.

Q: . . . To what extent do you think Europe can be independent of the United States?

A: I believe that Giscard d'Estaing will now begin to understand what Charles de Gaulle wanted 15 years ago. Giscard d'Estaing came to change the direction of de Gaulle's France and return to the alliance with the United States. Now he will realize that de Gaulle was right in adopting the position he adopted.

'The triumph of London and Washington'

The following is an excerpt from a commentary on the European Mideast initiative by the Jordanian daily Al-Akhbar:

It has become clear that at the current stage at least, the European group will not call for an international conference to tackle the crisis of the Israeli occupation, as was previously reiterated. It has also become clear that the European group has put aside the project to amend UN Security Council Resolution 242 and the subject of the PLO's recognition. All of this demonstrates that the Washington-London line has triumphed over the Paris-Bonn axis. In other words, U.S. policy in Europe has triumphed. . . .

The British act of yielding to U.S. and Zionist pressures might have been somewhat justified had it come from another European state, one that does not have such a black history of involvement in the Palestinian people's issue and tragedy. However, for it to come from Britain, the formulator of the Balfour Declaration and the first supporter of the Zionist invasion of Palestine, is something that cannot be understood by any mind or conscience that believes in justice in the world.

What Carter will find in Venice

by Dana Sloan

President Carter is expected to go into the Venice summit of leading Western industrial powers with guns blazing, demanding that the European allies get tough with the Soviet Union over the Afghanistan question, and trying to force the cancellation of the important trade deals that form the basis of detente between Western Europe and the Soviet Union. He will also demand the militarization of the NATO countries and their allies to meet what he has described as a grave Soviet threat.

While the Franco-German axis has been working on creating the basis for the reestablishment of detente after the cold war provocations of the Carter administration, Carter is now bent on escalating into heavy confrontation with the Soviet Union, and he has made public the fact that he intends to use the Venice summit to strong-arm anyone in the way of his brinkmanship policy.

Message from Carter

Carter flaunted his intentions when he dispatched a letter to Schmidt warning the Chancellor not to discuss with Brezhnev Schmidt's proposal for a freeze on the deployment of nuclear missiles in Europe. According to West German television reports, the Schmidt government was "surprised at the deep mistrust and threatening tone" conveyed by the letter, which appears to have been leaked to the press by the Carter administration.

The summit was scheduled to discuss the economic crisis facing both the United States and the Southern hemisphere. France and West Germany have plans to deal with the crisis by instituting a new international monetary system with gold backing, and encouraging the transfer of OPEC petrodollars through Europe into economic development projects in the Third World.

Carter's National Security chief Zbigniew Brzezinski, however, does not intend to allow such issues to be discussed. The tone was already set for confrontation at the summit when a senior White House official gave a background briefing to the press on June 16. He insisted that the topics for discussion at the summit will include the Middle East, "the problem of the West's relationship

with Iran as a whole, Afghanistan, and specifically the nature of strategic challenge which the Soviet invasion imposes, and then finally East-West relations and particularly the degree to which these relations are affected by the Soviet invasion of Afghanistan." He also stated that "forthcoming discussions between Chancellor Schmidt and the Soviets" and "a further debriefing on President Giscard's meeting with Brezhnev" will be on the agenda.

The pressure on Schmidt to cancel his upcoming visit to Moscow or to arrive with a Brzezinski script thus goes far beyond the threatening letter. The widely read West German weekly *Der Stern* reported that the Brzezinski hard-line will consist of demands that Schmidt cancel his planned meeting with East German leader Erich Honecker, that West Germany drop its plans for the construction of steel plants in Siberia, and that Europe, particularly Germany, enforce a complete embargo on Iran, including exports of food and medicines. *Der Stern* also reported that before the letter of warning was received in Bonn, Brzezinski had told some leading European politicians that present Bonn policies would have to be reversed.

Die Welt reports that the letter was actually written by Brzezinski himself, who inserted the maximum number of raw insults and undisguised threats. After reading it, the West German daily reports, Foreign Minister Hans-Dietrich Genscher immediately telephoned Secretary of State Muskie to inform him that the letter represents a most serious "threat to U.S.-German relations." Later, Genscher is said to have warned that, "The Pole in the NSC is more dangerous than the Polish communists." First reports from an Italian state banquet are that Carter continued the insults June 20 with a John Foster Dulles-like sermon violating all protocol.

Such public and private threats epitomize what Theo Sommer, pro-American foreign policy analyst for the German weekly *Die Zeit*, has termed the "epileptic" actions of the Carter administration. While Schmidt goes out of his way to smooth over the conflict with Washington, leading American circles are expressing their concern that Carter will go too far in Venice, and cost the U.S. West Germany's loyalty, according to *Der Stern*.

Building toward conflict

Deep rifts had already appeared in the alliance by the end of last year, when the Carter administration rammed down the throats of reluctant European allies an agreement to deploy medium-range NATO missiles. Schmidt then called in April for a "freeze" on the "Euromissile" deployment, hoping to negotiate with the Soviets, who had made it clear that they would regard the move, which puts Soviet cities within a six-minute target range, as the first act of World War III.

The rift widened last month when Giscard, determined to break the containment of East-West relations since the NATO decision and the invasion of Afghanistan that followed, arranged an emergency summit with Leonid Brezhnev in Warsaw. Sharp exchanges took place across the Atlantic when the administration accused Giscard of dealing a severe blow to the alliance, and the French foreign minister retorted that as an independent power, France's president needs no one's "permission" to hold talks with the head of another independent power. Weeks later, Carter personally threatened the Europeans with a veto of any Middle East resolution they might introduce into the United Nations that went against the Camp David process.

Against this background, the news that Washington is readying its new Rapid Deployment Force for a mid-July test run in the Persian Gulf is bound to bring the Europeans one step closer to bolting.

The three leaders the Carter-Brzezinski faction could most hope to count on at the Venice summit are now down to two, the prime ministers of Italy and Britain, following the death of Japan's Ohira last week. And neither of those two countries represents a strong asset at this point. Italian Premier Francesco Cossiga, now publicly accused of aiding and abetting Red Brigade terrorists, narrowly missed being forced to resign before the summit. Prime Minister Thatcher in England is opposed by important groupings within her government around Lord Carrington and from without, in the Labour Party.

Revamping the Western alliance

With different ideas in mind, everybody is now talking about the need to "restructure" the Atlantic alliance. Not the least of those calling for a change is President Giscard himself. In a June 18 interview with James Reston of the *New York Times*, Giscard held up the example of his meeting with Brezhnev in Warsaw as the kind of "private bilateral conversations" that members of the Alliance should be engaging in.

Charles de Gaulle's 1958 proposal to President Eisenhower of a "directorship" overseeing the Alliance was recently resurrected by representatives of the Anglo-American elite, anxious to prevent the Carter administration from going too far. While not identical with de Gaulle's original proposal—which included a call for veto powers over the use of nuclear weapons by France, Britain and the U.S.—the argument made by the more rational members of the elite is that decisionmaking powers can no longer be left in the hands of the dangerous Carter administration, and even less so, according to Harvard's Stanley Hoffman (see box), in the hands of a Reagan White House. Europe must therefore begin to shape the institutions through which to assume equal responsibility in policymaking and compensate for the lack of political leadership by American administrations.

Views on the summit

'We must reestablish a structure for peace'

From an interview with Stanley Hoffman, Professor of Government, Harvard University.

Q: Could you clarify the *directoire* idea you mentioned in your recent *Boston Globe* article?

A: This time, of course, such an institution would have to be expanded from three countries to four or five; it would have to include Germany at this point, and Japan. With all the economic summits taking place, the situation is coming to the point where such an idea is not only workable but necessary. NATO as an institution cannot deal with the problems of Asia, Africa, et cetera. The OECD is relegated mostly to economic matters. So this kind of "diplomatic" institution is needed. . . . The cold war, the Persian Gulf, Southeast Asia and so on are likely to be the critical hot areas in the coming decade, and you have to have an institutional framework that will be able to deal with such issues. . . .

Q: Who right now is thinking along the *directoire* lines?

A: Right now Europeans are defending their own common line and waiting to see how the dust settles in the U.S. After the elections is when things are going to start moving more openly in this direction. . . . My own guess is that an informal attempt using the Venice summit will be made toward a discussion of common strategy outside economic matters. The Venice summit is really not the ideal place for this to occur because you have the lesser countries like Italy. So this will be followed up [after Venice] with the key countries in other meetings.

Q: For this to work, who would be the most likely candidate to go with it as President? Reagan?

A: I hope not. He'd be worse than Carter.

Q: Jackson?

A: I don't think so, he's too hawkish for the Europeans.

Q: Anderson?

A: Nobody in Europe knows anything about him, and there's not enough time.

Q: Then who?

A: Those are the surprises awaiting us. We have to wait and see.

Q: It's been rumored that Giscard will make a proposal at the Venice summit for Phase II of the European Monetary System. . . .

A: Unlikely with a group of four or five. What he will do is deliver a watered-down kind of version of what was originally planned—a less tight one in currency relationships. . . . Nothing is really going to come out of that. What will come out is tighter economic policies, more coordination of economic programs, especially in the economic area.

Q: Are the French the key force behind coordinating policy in Europe?

A: It's the British who have played the key role for Venice, the Middle East policy . . . they're the ones who proposed the Afghan neutralization plan, not the French. As for the EMS, it's too early for that, the British are not in it yet. Giscard's proposal is likely to be around an international monetary system, and not a European one. It will be a looser structure that will be presentable to the Americans. . . .

The institution [*directoire*] proposal will have to come out formally from the U.S. Europeans aren't likely to put themselves in a situation like 1958 when they were rebuffed by the U.S. Allied policy has to be long-range and built around such an institutional framework, and it will have to come from here.

'Allied policy must be more long-range'

Thierry de Montbrial, director of the French Institute for International Relations, published an article in Le Monde June 12 calling for the U.S. to reestablish dollar convertibility into gold and for the resurrection of de Gaulle's 1958 proposal for a Western tridirectorate." De Montbrial was responsible for long-term planning in Michel Jobert's Foreign Ministry under President Pompidou and wrote the book Energy Countdown for the Club of Rome in 1979, Excerpts follow:

I dream of a President of the United States who would announce, in one of those theatrical coups of which Roosevelt's actions in 1934 and Nixon's in 1971 are memorable examples, the following three measures:

- The reestablishment of gold convertibility of dollars held in central banks;
- A commitment to take into the greatest account the international economic situation in the conduct of American economic policy;
- The establishment of an energy war plan" to achieve energy independence within five years

Dollar parity with gold should be calculated in such a manner that U.S. gold reserves cover a significant portion of dollar assets held by foreign central banks, which should be easy at the past few months' market price of gold. . . .

As for the energy question, it should be clear to all Americans that it is the inability to deal with this question that carries the germ of the greatest threat of a third world war. To change this, America must find the resources which permitted it to arm during World War II or to send men to the moon. . . .

The Europeans must not consider the effort to reestablish a "peace structure" as resting entirely on the Americans. . . . A more coherent role of the Nine [European Community member countries] is not incompatible with the idea of a directorate, introduced by General de Gaulle in his memorandum to Eisenhower in 1958, with one modification: in 1980 its members should include West Germany and, under certain conditions, Japan [de Gaulle's original "tridirectorate" was to include the U.S., Great Britain and France].

'Give Brandt more than lip-service'

The following is excerpted from an article in the June 8 London Economist titled "Brandt is not for burning":

In Venice . . . the report of Mr. Willy Brandt's commission on international development issues is due to get a dutiful mention. The heads of government and their advisers should be working now to see that one particular Brandt proposal gets more than that.

This is Mr. Brandt's proposal for a tripartite deal involving the industrial countries, the oil producers and the poor developing nations. Very simply, the industrial countries would promise to increase their development aid, the oil producers would agree to seek more stable levels of oil price and supply, and the poor would then spend their aid money on purchases from the industrial powers. Note that actual agreement on this bargain would have to be reached only between the Venice participants and OPEC. It would not mean printing new money, but would put to use funds that are already looking for an investment home, to be spent on real goods and services from underemployed economies. . . .

Chancellor Kreisky of Austria and President López Portillo of Mexico are trying to get together the representative "world summit" that Mr. Brandt adumbrated . . . If the rich folk's summit at Venice does not take the Kreisky-López initiative seriously, it will die.

The battle for OPEC funds

by Judith Wyer

West German Chancellor Helmut Schmidt this week issued a strong denunciation of the latest round of oil price rises by the oil cartel, OPEC, following the European Community heads of state summit in Venice. Schmidt declared that the OPEC price spiral, which has raised the average price of crude by \$4 a barrel over the past month, would place an inhuman burden on the impoverished nations of the developing sector. He added that the increased oil bill would negate the impact of the \$20 billion a year in development aid the industrial nations presently contribute to the developing sector.

Schmidt's statement occurred a matter of days before Saudi Arabian King Khaled arrived in Bonn with a high-powered financial and industrial delegation. Paralleling King Khaled's West German visit, Saudi Crown Prince Fahd is currently in Paris consulting with government and private political and financial interests. Saudi Arabia, OPEC's largest exporter and holder of petrodollars, has embraced a strong alliance with West Germany and France aimed at monetary cooperation to resolve the pressing problem of developing the Third World through a combination of advanced sector technology and OPEC petrodollars. More than any other country within OPEC, Saudi Arabia has attempted to moderate the anarchic upward climb of oil prices and is charging the least for its crude exports.

Ultimately, Bonn and Paris hope to utilize the European Monetary System and the European Monetary Fund as the chief vehicle for recycling petrodollars into Third World development. However, before the Saudis will commit their wealth to such a plan, the Arab-Israeli conflict must be resolved. The EC declaration from Venice, for the first time, recognizes the Palestine Liberation Organization as a legitimate party to Mideast peace negotiations. The Arab gulf oil producers immediately praised it as a significant step forward in replacing the defunct Egypt-Israel Camp David pact; Saudi Arabia's close ally Kuwait was the first to do so. Now,

according to reliable sources, King Khaled, who is accompanied by his finance and industry ministers and other monetary advisors, will discuss with Schmidt the sensitive matter of petrodollar recycling.

Foundation of monetary cooperation

Before the May-June round of OPEC price hikes, bankers estimated that OPEC would earn about \$120 billion in surplus this year alone. The May-June price hikes are slated to bring OPEC an additional \$35 billion. As a result of these price hikes alone, it is calculated that the developing states will pay out another \$60 billion a year for oil as the brunt of the increases hits in the next six months. Both the major surplus OPEC nations and the Europeans recognize that without substantial immediate aid, such countries as Brazil, Turkey, Zaire and Peru could collapse financially under this weight, possibly bringing the entire monetary system down with them.

As a result, certain measures are already being taken by continental Europe in conjunction with Saudi Arabia and Kuwait to build a foundation for long-term monetary cooperation with respect to the Third World. Saudi Arabia and Kuwait have already maintained a limited amount of direct lending to certain "worst case" developing nations. More important, they have begun to funnel unprecedented amounts of liquidity into the economies of West Germany, France and Japan, liquidity which serves as capital for increased lending to the developing nations. Saudi-German cooperation in bailing out Turkey is a major case in point.

Earlier this year Saudi Arabia bought \$2.5 billion worth of West German debt, and promised more transactions between the two countries. Then Germany announced an aid package to Turkey. Similarly, just before Japan announced that it would renew its Third World lending effort, Saudi Arabia bought \$1.5 billion in Japanese bonds. These are only the publicized transactions, but more are occurring than ever before.

New York banking sources admit that the Saudis and other Arab oil producers have begun to orient away from the U.S. multinational banking institutions as the vehicle for recycling and towards European institutions. In particular, France's Parisbas Bank has taken a greater role in placing petrodollars in the international markets. And according to the French financial daily *Les Echos*, in recent months the most rapidly expanding part of Parisbas' portfolio has been in the sphere of oil development and marketing.

French Finance Minister Jacques Monory last week publicly suggested that the European Investment Bank might serve as a major vehicle for recycling OPEC petrodollars. A European Community institution, the EIB has become a lender to African developing nations with an emphasis on North Africa. During the Venice

summit French Trade Minister Jean-François Deniau visited Tunisia, the seat of the Arab League, where he proposed the creation of a "Banque Mixte d'Investissement" which would work in conjunction with other Arab financial institutions to facilitate transfer of technology from Europe to the Arab world and Africa.

Battle for control of OPEC

The problem both Saudi Arabia and its European allies have is to fully neutralize the faction of oil-pricing renegades who have been responsible for driving OPEC prices to as high as \$37 a barrel. Since the Khomeini takeover, Iran has been the ringleader of the so-called pricing militants. As a result of the Iranian revolution, world oil prices have nearly trebled over the last 18 months although Saudi Arabia in alliance with Iraq has exerted every effort to moderate OPEC's pricing behavior.

At the June 9 OPEC price-setting meeting, the Saudis refused to budge one penny from their current \$28 a barrel level. Late in the first day of the meeting Saudi Oil Minister Zaki Yamani mysteriously disappeared from his Algiers hotel. According to inside sources, he flew to Morocco to consult with Crown Prince Fahd.

Yamani's sudden departure from the site of the OPEC meeting was prompted by the belligerent actions of Iran's Oil Minister Ali Moinfar, who refused to accept a compromise proposal put forth by Iraqi Oil Minister Karim. According to the plan, the Saudis would have raised their price to \$32 a barrel and in return Iran and other price hawks would have lowered their prices. It was Moinfar, in alliance with Libya and Algeria, who finally pushed through a \$2 a barrel price hike for most of the cartel.

Crude oil surplus

Curiously, while Iran was militantly campaigning for higher prices and lower oil production, reports from oil industry sources indicated that Iran is covertly lowering its prices to about \$32 a barrel to scrape up sales from customers who refused to pay inflated prices. There are also signs of other OPEC countries in the upper price categories secretly underselling other producers.

Part of the reason is the estimated 2 million barrels a day (mbd) of surplus crude on world markets. Iran and its allies have insisted that Saudi Arabia lower its production in order to cut into the massive oversupply. Compared with mid-1979, OPEC is already producing over 1 (mbd) less. But Saudi Arabia flatly refused such a proposal at the June 9 meeting. Yamani's only comment on Moinfar's obsessive assertion to the press that a production agreement had been reached to drop output by 1 mbd: "For me there was no such agreement at the OPEC

meeting." Moinfar lashed out at both Iraq and Saudi Arabia for their increased oil output, accusing them of "serving U.S. imperialism. . . ."

New York oil analysts agree that barring another "upheaval" in the oil-producing nations, "OPEC has probably pushed up prices as far as it can for the time being, and now we may even see some quiet underselling."

Price hawks under pressure

Added to this, are indications that the governments of Iran, Libya and Algeria are currently facing political challenges. Most important in this respect is the current factional shift taking place in Algeria. Reports from the ongoing ruling FLN party congress show that former industry minister Abdasalam may be making a comeback with the party. He was a chief architect of the late President Boumedienne's heavy-industry orientation, and with former Foreign Minister Bouteflika is considered to be a very strong ally of Europe in economic policies. Since Boumedienne's death, the Algerian government has reversed course toward a "small is beautiful," back-to-agriculture perspective. Like Iran and Libya, Algeria has been overrun by the reactionary Muslim Brotherhood, which repudiates technological cooperation with the West and promotes a confrontationist oil pricing policy. Yet Saudi Arabia has had a strong influence in Algeria, along with the French. Just before the FLN conference Prince Fahd visited Algiers.

Algeria's neighbor Libya has been experiencing political turbulence as a result of the growing unrest against the mercurial Qadaffi regime. Since his accession to power in 1969 Qadaffi has been the key instigator of using oil prices as a weapon against the West. Iraq is known to be supporting anti-Qadaffi groupings inside and outside Libya.

Iranian exile sources confirm that Iraq, Saudi Arabia and a number of Persian Gulf oil producers are clandestinely funding the growing and powerful resistance movement to the regime of Ayatollah Khomeini. It has become a foregone conclusion in both American and European intelligence circles that if Khomeini's regime is forced out and a secular government installed by leaders of the former Iranian military, then Iran would increase its production to allow up to 2 million barrels a day in exports. This, observed an informed source recently, "would put an end to the pricing madness in OPEC and serve as the greatest support for the efforts of Saudi Arabia to reunify prices." Such a development would also represent a major opening for the efforts of continental Europe and the oil producing states of the Persian Gulf to put the billions of surplus petrodollars to productive use in developing the underdeveloped sector.

China drives south

Peter Ennis reports: India, Afghanistan and Cambodia are the targets, slaughter is the result, and the U.S. is the supplier.

Sharp increases in fighting and other political unrest in Afghanistan, northeast India, and Kampuchea this week confirm charges by the Soviet Union and other countries that massive arms shipments are flowing from the outside to subvert the governments of those countries. The influx of weaponry and other logistical support for the subversive movements is directed primarily through China, with the active cooperation and backing of the United States, Egypt and other countries.

The military buildup is allowing Peking to expand its political influence throughout Asia, as part of the so-called China Card policy of the Carter administration, which seeks to create a military bloc in Asia against the Soviet Union. This China-centered military bloc policy was consolidated two weeks ago when Chinese Defense Minister Geng Biao visited Washington and negotiated the purchase of American military equipment.

The same China Card policy supported the Peking-created holocaust of the Pol Pot regime in Kampuchea and directly led to the Chinese invasion of Vietnam last year. Now China is trying to apply this policy in Afghanistan, India and once more in Kampuchea, which is now allied with Vietnam.

The American and British architects of this "Long March" south by China are pleased by the increase in fighting, convinced they have the Soviets "pinned down" and "overcommitted" in several Vietnam-style conflicts. The Soviets, however, continue to make clear that they view the Washington-Peking axis as the root of the numerous conflicts in Asia. Consolidation of the axis could provoke Moscow to launch a nuclear strike against China, especially against the Chinese nuclear facilities in the remote Sinkiang province. High-level strategic analysts in Europe and the United States believe Moscow would take this drastic action as a warning to the NATO powers to break off military ties with the leaders of Peking. If Moscow is forced to strike Sinkiang, the Carter administration will have to renounce its alliance with China or risk World War III.

Offensive in Afghanistan

In recent weeks the extensive cooperation in arms shipments to opponents of the Soviet-backed government in Kabul has become more open as the fighting intensifies. The arms shipments, especially to the Afghan rebels, involve Israel, Egypt, Iran, Pakistan, China and the United States. It is also in Afghanistan where the Soviets are reported to be most immediately angered by the activities of the China Card axis nations, and considering taking strong action to counter Washington and Peking.

Highly informed sources in India revealed to *EIR* this week that the Indian government estimates the Soviet Union has suffered 3,000-5,000 soldiers killed and upwards of 10,000 wounded since Soviet troops moved into Afghanistan last year. Many of these casualties have been inflicted through the rebel use of sophisticated weapons, including antitank weapons and possibly including surface-to-air missiles capable of knocking out helicopters. The existence of these sophisticated weapons, in addition to a massive amount of small arms, is proof in itself of the steady flow of arms from outside Afghanistan.

The sources in India, who are well informed on the Soviet view of the crisis, stated clearly that while the Soviets are well aware of the role of the United States and China in shipping these arms, Moscow is most immediately angered by the role of Pakistan in this affair.

Pakistani and Iranian role

The government of dictator Zia ul-Haq, which is openly allied with the Khomeini regime in Iran, is currently allowing thousands of Afghan "refugees" to operate from sanctuaries just inside the Pakistani border, from which regular raids are being launched into Afghanistan. Pakistan is known to be arming the rebels, and the Soviets have charged that arms are being shipped by helicopter from U.S. aircraft carriers in the Indian

Ocean to the Pakistani port of Karachi, from where they are then distributed. Zia himself, who has been very dependent on China, visited Peking several weeks ago and discussed the Afghan rebel insurgency.

The sources in India say that Moscow is determined to stem the flow of rebels from Pakistan, especially because the Soviets have committed a large force of troops into Afghanistan to maintain stability and order. They say that Moscow is seriously considering striking areas inside Pakistan if necessary. Soviet press commentaries on Pakistan are getting increasingly tough.

Iran, which also borders Afghanistan, is also providing tremendous support to the rebels, in cooperation with Peking. Aside from propaganda and diplomatic backup, the Khomeini government is helping the rebels obtain arms and money. Iran Foreign Minister Ghotbzadeh is scheduled to meet a delegation of Afghan rebels in Paris on June 19 for this purpose. While in Europe last week, Ghotbzadeh met Chinese Foreign Minister Huang Hua to discuss the Afghan situation.

The arms flow

Concerning the actual flow of arms, one source has reported that Israeli-manufactured Uzi machine guns are being widely used by the Afghan rebels, adding that the rebels are believed to have Soviet-produced SAM-7 missiles. It is likely that the latter were obtained from both Egypt—one of the few Arab countries willing to make its supply available—and Israel, which captured some of the missiles from Egypt in the 1973 war.

Well-established networks involving China, Israel and Pakistan are believed to make this shipment of arms possible. Notorious Israeli arms merchant and gangster Samuel Flatto-Sharon is known to have worked with circles in Pakistan last year to deliver arms in Latin America. Another Israeli gunrunner, Shoul Eisenberg, has been reported to use his companies to ship Israeli technology to Peking.

On the higher level, the atomic weapons programs of Israel and Pakistan are known to have at least indirect interconnections. The father of the Israeli atomic bomb, Yuval Neeman, was trained by a leading Pakistani physicist, Abdul Salaam. Salaam, a member of the zero-growth Club of Rome, is based in London.

Pol Pot backers

The bloody hands of Peking were also evident all over Kampuchea this week when a band of Pol Pot rebels shelled a passenger train packed with 1,000 people traveling outside the capital city of Phnom Penh. At least 150 people were killed and 300 wounded in the attack and butchery that followed. The rebels mutilated many of the passengers with bayonets and other weapons, leaving a

scene of horror recalling those inflicted by Pol Pot several years ago.

Many western press accounts of this latest episode of Chinese-backed atrocities in Kampuchea could only be described as enthusiastic. The *Christian Science Monitor* quoted “experts” in neighboring Thailand “predicting” that the fighting will escalate, according to forecasts prepared months ago.

Unnamed American officials have stated that the Carter administration is supporting the Pol Pot forces in the hope that Vietnam will get “bogged down” in the fighting and forced out of Kampuchea, leaving the country to Pol Pot once again.

The same *Christian Science Monitor* account reported that there are now 50,000 Pol Pot troops under arms inside Kampuchea, up from 20,000 earlier this year. While this report is ridiculous in factual terms, it is clear that this is the situation the China Card nations want to create. It is not out of the question that Peking has sent regular Chinese forces into Kampuchea to fight, in the way it deployed thousands of troops there while Pol Pot was in power to bolster his regime.

The “predictions” of stepped-up fighting in Kampuchea also raises the question of possible American supply of the Pol Pot forces. All arms and logistical support for the Kampuchean rebels flows through Thailand, which is now firmly in the Washington-Peking camp, and the rebels use Thailand as a base of operations. In recent months, the U.S. has granted increased military assistance to Thailand to bolster the country against the “threat” from Vietnam. How much of this equipment has wound up in the hands of the rebels is not known.

Kampuchea brought to India

The same Chinese-style atrocities were also evident last week in the northeast Indian state of Tripura, where China is backing a tribal-based rebellion against the central government in New Delhi. In a two-day period last week, upwards of 700 people died in rioting in the state, many of them hacked to death. The chief minister of Tripura called the massacre nothing short of “genocide.”

The insurgency is based on claims by tribal elements in the northeast of India that “foreigners” (Muslims and others born outside the area) are eroding tribal strength in the region. The rebels are demanding immediate expulsion of the “foreigners” and possible secession from India.

Broadcasts from Radio Peking now regularly back the rebels, according to Indian government officials, and Chinese money and arms are flowing into the area. A top and raise the issue of Chinese involvement in the northeast rebellion.

Washington behind the drought?

The worst drought in 20 years has struck Mexico's Northern states, and Mexican government officials are saying that U.S. weather modification is responsible.

The Director of Meteorology at Mexico's Ministry of Agriculture and Hydraulic Resources (SARH) told the local press this week that Mexico had officially asked the United States to suspend its weather modification experiments over Mexican territorial waters. The official, Silvino Aguilar, added that these experiments had altered the routes of hurricanes forming both in the Pacific Ocean and the Gulf of Mexico, such that *not one* of these storms had actually entered inland to drop rain on Mexico's arid north.

Aguilar's unprecedented accusations came as Mexico is suffering its worst drought in almost 20 years, which threatens to cut national agriculture by 30 percent this year and may mean the death of 4.5 million head of cattle. In the state of Sinaloa in Northern Mexico rain has not been seen in 24 months. Most Northern states have been dry for the better part of the last year.

A top SARH official contacted by *EIR* explained the thinking behind Mexico's concern. "The U.S. conducts highly sophisticated reconnaissance flights into the eye of a hurricane. They get useful information this way, but it can also have, shall we say, non-beneficial effects. We asked the U.S. to stop these flights, not because we sus-

pect some foul play, but because we don't want to suspect anything."

The SARH is not alone in Mexico in expressing alarm at the gravity of the current crisis. The Federal Electrical Commission warned that, due to the lack of rain and the heat wave now sweeping the country (temperatures are reaching 120° Fahrenheit), the country's hydroelectric dams are functioning at levels as low as 10 percent of capacity. Hydroelectric plants provide 30 percent of Mexico's energy needs. Already government officials have asked private water users to reduce consumption by 8 percent, and industries to cut electricity use by 20 percent for the duration of the crisis. There are two aspects to the current crisis which have high level Mexican officials particularly worried. First, they foresee serious political unrest in the Mexican countryside if food shortages become severe. This would play right into the hands of those foreign and national interests that are already trying to destabilize the López Portillo government by triggering peasant violence—such as the recent incident in Chiapas (see this week's Special Report). In fact, Monterrey-linked business interests that are factionally opposed to the current government have already begun to take

advantage of the situation by issuing alarmist statements to the press designed to worsen the already volatile situation. The directors of the business association CONCAMIN told the press this week that, "due to the drought, the country is experiencing a national emergency affecting both agriculture and industry, and which could lead to a labor crisis."

The second aspect involves energy policy. President López Portillo has often reiterated that Mexico will not "eat its oil"—that is, oil revenues will not be channeled into food imports but rather into heavy industrial development. But the unexpected agricultural crisis means Mexico will now face a trade-off between using a significant part of its oil revenues to purchase food abroad, or suffering a serious food deficit which will create social problems throughout the country. There are already reports that Mexico will have to purchase 2 million tons of grain more than the 7.5 million already scheduled for 1980, and that this may cost close to \$2 billion.

The U.S., Mexico's biggest supplier of food, is the likely source of the increased imports. In fact, the American ambassador in Mexico City, Julian Nava, was quick to tell the press that Washington stands prepared to increase food shipments to Mexico. But one high level Mexican official told *EIR* that he shuddered when he read Nava's remark. "The U.S. is happy to now have us over a barrel on the food question. Next they will try to act on the Kissinger doctrine of using food as a weapon, and propose bartering their food for increased shipments of our oil."

Is Ayatollah Khomeini a British agent?

A clandestine radio station operating from Iran unmasked Khomeini and revealed the "secret" of the Iranian revolution.

According to the Free Voice of Iran, Ayatollah Khomeini has been on the payroll of British intelligence since World War II.

And Khomeini is not the only one. Sharing Khomeini's illustrious pedigree is none other than Foreign Minister Sadegh Ghotbzadeh, who was recruited to British intelligence in 1963 by Richard Cottam of the CIA.

And then there is Ramsey Clark—the same Ramsey Clark who introduced former Foreign Minister Ibrahim Yazdi, then working for the CIA, to Ayatollah Khomeini. Since the revolution, Clark has received millions of dollars from the Iranian regime to support terrorist and communist organizations in the United States.

Many of these items have been reported, along with others, in *Executive Intelligence Review*. But now they are also the repeated subject of an unusual radio station.

For the past several weeks, a clandestine radio transmitter in Iraq, identifying itself as the Free Voice of Iran, has been broadcasting extremely accurate and high-quality information concerning the "secret" of the Iranian revolution into Iran in Persian-language programs that have become the talk of Iran. Put together by the exiled opposition to Khomeini, these programs have excited the country by broadcasting the truth about the Khomeini revolution.

One of the more revealing broadcasts was aired on June 5, the anniversary of the June 5, 1963 anti-Shah riots that catapulted the little-known Khomeini into prominence. The broadcast provides a detailed account of the assets and operations of British intelligence in Iran since World War II—and the links to Khomeini.

"With the nationalization of [Iran's] oil industry . . . Britain was actually ousted from the Iranian political scene and was replaced by the United States," the broadcast recounts. "But the British never accepted this development . . . and were always waiting for an opportunity to regain the former positions of the empire with the cooperation of their agents."

Who were the British agents in Iran? The broadcast classifies them into four groups: certain paid politicians and journalists, who had been bought off by Britain to fight against the nationalization of the oil industry; the Freemasons; the khans, feudalists, and landlords, well-known for their backwardness and pro-British sympathies; and "the pseudoclergy—the fourth arm of Britain's force in Iran."

"With the implementation of land reform," the broadcast reports, "the power enjoyed by the khans and feudalists would be destroyed. Thus one of Britain's arms would stop functioning. The British tried, with the help of the other

arm—the clergy—to save the khans and to regain their previous position in Iran."

Khomeini was one of the "holy men" chosen.

But why Khomeini?

According to the broadcast, Khomeini "was among the clergy who, since the days he was a religious student, received rations from the British, and under the label of 'monthly tuition from the proceeds of the Indian awqaf,' received monthly payments from British agents and was in constant contact with his masters."

But this was not the only reason. "The second reason was that Khomeini owned more than 400,000 hectares of farmland in Khomein, and like all other feudalists exploited his fiefs. . . . He started opposition to the [Shah's] land reform program and declared that it was contrary to the Shariah [Islamic law]. . . . Yes, the British Embassy financed the 5 June disturbances and the naive people were instigated by the clergy, who fooled them by exploiting their pure religious feelings."

Two days earlier, on June 3, the Free Voice of Iran presented a detailed account of the background of Foreign Minister Ghotbzadeh, drawing in part from material first published in the *EIR*. The broadcast recounts how Ghotbzadeh became the point man for Richard Cottam, an agent of the CIA operating out of the U.S. embassy in Teheran. Cottam later brought Ghotbzadeh to the U.S. "By paying money and promising him protection, Cottam induced Ghotbzadeh to implement the plan for establishing the Muslim Student Association," the U.S. branch of the Muslim Brotherhood.

International Intelligence

Agnelli press pulls switch, praises Gaullist Europe

The Turin daily *La Stampa*, property of FIAT magnate Gianni Agnelli, on June 19 published an editorial on the Franco-German alliance as the revival of the Gaullist conception of Europe. The editorial, highly unusual for the Turin paper, reflects the political reorientation of its owner who days earlier had emphasized the keen importance of maintaining close detente and industrial-trade cooperation with Moscow.

The editorial said that "De Gaulle is still present in Europe." It is in his spirit that the Franco-German alliance has been formed, and it is in his spirit that this alliance's relationship with the Soviet Union and Eastern Europe must be viewed.

Strategic tensions build in Middle East

Almost unnoticed, a permanent U.S. military base has been installed in Egypt in the southern center of Qena, where highly sophisticated AWACS communications planes are stationed. AWACS coordinates regional theatre military forces which can be activated for action against Iran and the Persian Gulf, deploying the U.S. naval task force in the Indian Ocean. Four hundred U.S. troops and a squadron of F-4s will be based at an Egyptian airfield in Cairo West, along with many intelligence and military personnel. The buildup coincides with the July test run of the U.S. Rapid Deployment Force in the Persian Gulf, for which Egypt and Israel are scheduled to provide logistical backup.

Signs have emerged that Egypt, with Israeli support, is preparing an attack on Libya. The Libyan government called an emergency meeting of the foreign ministers of Algeria, Syria, South Yemen, and the Palestine Liberation Organization for June 22 after Egypt declared a state of alert along its western border with Libya. The Soviet news agency Tass accused Egypt of "playing with fire"; from Paris, *Le Figaro* reported that Libya has mobi-

lized its enormous Soviet-made arsenal of 2700 tanks and 400 jet fighters.

Overall, Israel is preparing for a role in a military conflict whereby it would take responsibility for knocking out Soviet positions in the Arab East and seizing oil fields in the Gulf. Meanwhile Israel June 20 again sent forces into Lebanon in a terrorist police action. Top Israeli military officials warn about the possibility of war with Syria and "the Jordan-Iraq-Saudi axis."

Syria, which now has close military relations with the U.S.S.R., announced this week that it has officially launched an effort to change the strategic balance in the Middle East by upgrading its military position. Foreign Minister Khaddam warned that there may soon be some "basic changes" in Syria's position toward Israel, signaling a tougher stance in response to Israeli provocations. Another signal was Syrian President Assad's publicly announced meeting with PLO chairman Arafat.

Mapam warns of "Israeli fascism"

A leader of Israel's Mapam Party, one of the parties opposing the ruling Kikud coalition, warned this week that "the conditions are right for the rise of fascism in Israel." The Mapam leader warned that the Begin government's persistent support for the Gush Emunim religious fanatics and condoning of terrorism by Zionist extremists could rapidly bring democracy to an end in Israel.

Israeli sources affirm that the Mapam leader's warning is more than justified by the following development in Israel over the past days:

- The call by Haim Druckman, a member of the Israeli Knesset who is close to Begin, for "collective punishment" against Arabs in the West Bank and for "retaliatory" acts of Jewish terrorism against Arabs.

- The issuance of a statement by eight retired Israeli military leaders for Israel to refuse any territorial concessions to the Arabs and to renounce the "Palestinian

autonomy" plan. The leader of this group, Yuval Neeman, the "father of the Israeli atomic bomb," called for Israel to "transform itself into a military fortress" to confront the Soviet Union.

- The funding by mobster Samuel Flatto-Sharon of a new illegal settlement outside Jerusalem to be inhabited by poor slum dwellers. Israeli sources compare this to the use of poor elements as stormtroopers by Mussolini and Hitler.

- The issuance of a visa to organized crime linchpin Meyer Lansky. This indicates that "the Begin government is actively colluding with criminal networks." One week ago, sources point out, Begin's government appointed a suspected head of organized crime, retired general Rehavam Ze'vi, to head a task force to coordinate relations between the police and the interior ministry.

- Increasing discussion in the Israeli press of race-science concepts that were last popular among the fascists in the 1930s. This is coupled with an increasing interest in "genetic engineering."

- The economy's alarming collapse. Inflation is fast pushing the 150 percent annual rate, and as one source noted, "No democracy has ever survived that kind of inflation figure."

"Detente is not a basic concept," says Kissinger

To an interviewer of the West German *Rheinische Merkur* in West Berlin June 15, Henry Kissinger said, "Detente is not a basic concept. It is only the description of a certain level of state-to-state relations. Everything going beyond that interpretation belongs to the realm of illusions." Kissinger was referring to the July trip to Moscow by West German Chancellor Helmut Schmidt, which has already occasioned sharp rebuke from President Carter in a personal letter to the Chancellor. He added, "There can be no bilateral talks with the Soviets for either Western power unless there is a unified western stand against the Soviets."

To aid in this anti-Soviet "unified stand," Kissinger proposed that "like

Briefly

Churchill in 1941, we have to choose the lesser evil as our partner, to contain the greater evil, the Soviet Union." He explained that the lesser evil is China.

Asked to comment on whether the U.S. might ever be impelled to invade Cuba as relations with Moscow worsen, Kissinger refused to deny the possibility: "I don't want to say anything about that. It is too hot an issue. No comment."

IMF gives it to the Turks

The largest credit ever granted to a country by the International Monetary Fund was approved last week for Turkey—\$1.6 billion. But Turkey, virtually bankrupt, must pay a price—and a pretty hefty one at that.

The price is Turkey's acceptance of further stringent economic austerity measures that spell death for once-vigorous state sector enterprises. In its letter of intent to the Fund, Turkey agreed to slash subsidies for state industries, long under attack by the IMF for their "inefficiency." State enterprises produce half of Turkey's national output. In addition, the Turks agreed to cut public spending, to restrict bank lending to the private sector, to lift ceilings on interest rates, to impose limits on foreign borrowing, and to devalue an additional 22 percent this year. Since January, the Turkish lira has already been devalued 66 percent.

Directly impinging on Turkey's national sovereignty, the IMF has also demanded that Turkey curtail its trade with the Comecon bloc countries by doing away with all incentives to Turkish businessmen to facilitate that trade. Commenting on the "economic insanity" of this particular measure, the Turkish press reports that Turkey will lose hundreds of millions of dollars as a result.

Another of the IMF's less publicized "conditions" is its agreement with Ankara to encourage black marketeering. From now on, those who make profits on the black market—which is flourishing from illegal drug and arms trafficking—will be able to deposit their "earnings" legally into Turkish banks without being questioned.

Turkish industrialists and businessmen charge that the IMF's measures will not only worsen inflation and hurt investment, but will lead to a sharp rise in unemployment, political instability, and terrorism.

Coup in the works for Iran

Iranian intelligence sources have told *EIR* that West German Chancellor Helmut Schmidt is pressuring President Carter to throw U.S. support behind an operation to dump Ayatollah Khomeini and his hapless government from power.

It is not yet clear whether the Carter administration will abandon its policy of "placating" and otherwise aiding and abetting the Khomeini regime. But one thing is for sure: a coup is in the works. Last week former Iranian Prime Minister Shahpour Bakhtiar and former Iranian generals Oveissi and Palizban met in Baghdad with Iraqi President Saddam Hussein. Hussein reportedly agreed to the establishment of military bases in Iraq for use against Khomeini. Former officers and soldiers who fled Iran following Khomeini's takeover are being recruited into a 25,000-strong Iranian Liberation Army to carry out the operation.

"Time is very short," stated an Iranian exile living in Dallas who is one of the organizers of the Army. "We need to strike within four weeks."

The timing of the operation is geared to the rapidly deteriorating situation inside Iran, now on the edge of all-out civil war. The country is polarized between the extremist mullah-dominated Islamic Republican Party and the leftist Mujaheddin, who are for the time being associated with President Bani-Sadr. Increasingly isolated by a rash of resignations from top positions by his own people, Bani-Sadr is striking back. In defiance of efforts by the clergy to seize control over the military, Bani-Sadr has tried to completely reorganize the armed forces. In addition, Bani-Sadr has unleashed a scandal in Iran by releasing taped conversations of the number-two man in the Islamic Republican Party plotting Bani-Sadr's overthrow.

● **ISRAELI INTELLIGENCE** has come under suspicion for the mysterious death in Paris last week of an Egyptian nuclear scientist who had come to France as an official representative of the Iraqi government to inspect the quality of French nuclear material that is to be supplied to Iraq. French newspapers report that Israeli Prime Minister Begin is furious over French nuclear cooperation with Iraq, while the *New York Jewish Journal* says French nuclear technicians are reluctant to take assignments in Iraq because of rumors that Israel's Mossad intelligence service has sabotaged Iraqi nuclear facilities to make them unsafe for workers. The Mossad has admitted blowing up two French-made Iraqi reactors in 1979.

● **THE VIOLENT** death of radical opposition leader Walter Rodney June 13 has set off a political destabilization of Guyana which could blow up into a major strategic crisis in the Caribbean. Rodney, a self-styled Marxist intellectual and leader of the opposition Working People's Alliance, was a product of the British Intelligence-run Institute for Race Relations. Now his old patrons are using his death to play him up as a martyr and trigger mass riots and destabilizations. In a London *Guardian* article June 16, British MP Sam Silkin described Guyana as "a powder-keg verging upon a police state."

● **COLOMBIAN** Defense Minister Luis Carlos Camacho Leyva's brother was arrested today with a large quantity of cocaine in his possession. The arrest of Alfonso Camacho Leyva led to discovery of a store of cocaine valued \$8 million, according to Mexican press reports. Defense Minister Camacho Leyva is a close ally of Conservative Party leader Alvaro Gómez Hurtado, also suspected of high-level involvement in the Colombian drug trade. Gomez and Camacho have spearheaded the effort to legalize marijuana production in the country.

Carter's renomination: the gathering storm

by Barbara Dreyfuss

"If things go the way they're going now, chances are good that Carter won't get the nomination," declared a well-placed Capitol Hill source this week, "Don't underestimate Carter. He'll do anything to secure the nomination. He will take us to the brink of war."

Recent polls have singled out the fact that 78 percent of Americans think Jimmy Carter has done a very bad job on foreign policy, declaring that this in particular portends serious political trouble for the hapless incumbent. It was only the Iran crisis last autumn that induced American voters to rally temporarily around Carter—that is, around the institution of the Presidency. And before significant primaries like the April 1 Wisconsin balloting, Carter deliberately contrived the impression that heartening breakthroughs were imminent in the Iranian hostage deadlock, soliciting voter backup for himself at a supposedly critical turning point.

Beyond Carter's predicament

Washington insiders fear that Carter will "pull off another military adventure before the convention" to clinch Democratic support. There is a deeper dimension. While the policy planners for the elites that run Zbigniew Brzezinski, along with other Carter controllers, have developed diverse scenarios on the question of the Carter renomination, their design for Carter foreign policy is to set up an atmosphere, step by step, in which a mood of foreign policy crisis can shock the U.S. population into accepting—even demanding—a war economy. "Another military adventure" is pondered by these planners, not as a way to get the pathetic Carter renominated, but as an escalation in the battle against the Europeans and the

American people.

One flash point for such an escalation is obviously the Middle East, where Brzezinski's "Rapid Deployment Force," as it is known in Washington, is in a manner of speaking ready for action. In a June 18 press conference, Lieutenant General Paul X. Kelley, the commander of the RDF, announced that he is now "ready to move troops into the Middle East or the Persian Gulf" should President Carter order him to do so. "Exercises" involving 12 support ships are planned in the Indian Ocean before August.

Kelley reported that the Carter administration is submitting legislation to authorize the President to call up 100,000 reservists for 90 days without seeking Congressional approval. Currently the ceiling is 50,000.

Most indicatively, Kelley described the Carter administration as deploying the Rapid Deployment Force according to "preemptive strategy." This formula, backed by the Chairman of the Joint Chiefs of Staff, General David Jones, and Defense Secretary Harold Brown, prescribes that American armed forces attempt to seize areas *before* the U.S.S.R. acts—i.e., the RDF can be deployed at any time against whatever the administration defines as "a Soviet threat." The new strategy, Kelley said, "will change the whole calculus of these [hot spot] situations."

Meanwhile, a high administration official, in a background briefing this week, spelled out the fact that Carter's trip to Europe next week will be devoted to heightening tensions with the Soviet Union.

Carter will be traveling to Rome, the Vatican, Yugoslavia, Spain and Portugal in addition to the Venice



heads of state meeting. At each stop, according to this senior official, Carter will emphasize the need to shore up an anti-Soviet alliance. In an open provocation, Carter will visit Yugoslavia to emphasize its independence from the East Bloc and the role it can play in breaking apart the Warsaw Pact alliance. Yugoslavia "remains a source of attraction to East European countries and we're anxious to do what we can to express our support for Yugoslav independence."

At the Venice summit itself the White House has made clear that it will not tolerate expanded European relations with Moscow, but instead will demand a new cold war. "I think it is no exaggeration to say that this decade confronts us with the most pressing security agenda that we have had to face probably since sometime back in the mid-fifties," declared a top White House official about the administration's intents at Venice.

"In the past the Soviet challenge hit directly allied interests," he declared, warning that Afghanistan, though remote from Europe and the U.S., was indeed a direct threat to the alliance.

Carter armtwists delegates

Carter himself is well aware that his support, even among his own convention delegates, is rapidly eroding. A *Newsweek* poll showed that 56 percent of the Democrats want the Democratic convention to be opened up. In Oklahoma, a poll typical of many showed that two thirds of the Carter delegation wanted an open convention.

Now a scandal larger than Watergate has been uncovered by the LaRouche presidential campaign which

threatens to blow the entire Carter re-election effort sky-high. LaRouche's investigators have found that a Carter-Mondale campaign plumbers unit fixed the entire California Democratic primary June 3, illegally "winning" most of their delegates.

An elaborate delegate tracking system is in place at Carter-Mondale headquarters, with complete profiles of all the delegates on computer tapes. Every vulnerable point is noted. A special unit has been set up to continually monitor the delegates, looking for any signs of softness, at which point the bribes and threats start. "A small clique is terrorizing the party," declared a leading Midwest Democrat who is working to open up the convention.

Carter himself has invited all his delegates to the White House next month, for chats with his chief political and policy aides. "They will be given a little spine," laughed a top Kennedy campaign aide who has been talking with many Carter and Kennedy delegates. At a number of the state Democratic Party conventions held over the past two weeks, especially New Jersey's, the Carter campaign's armtwisting has been in open evidence.

At the same time the Justice Department has heightened their attacks against those Democratic political machines and labor union networks who could represent substantial opposition to Carter and his policies. On June 13 Congressman Jenrette (D-S.C.) was indicted by a federal grand jury on charges stemming from the Justice Department's Abscam set-up. In Texas, House Speaker Clayton was also indicted as part of the Brilab case.

Carter official admits theft of 10,000 votes

by Kathy Burdman

The top Carter-Mondale official in California, state Democratic chairman Richard O'Neill, admitted to a reporter June 11 that he personally had ordered vote fraud in the state's June 3 primary against a Carter competitor for the Democratic nomination, Lyndon LaRouche. According to O'Neill's testimony, upon learning that LaRouche had been awarded 25 percent of the vote in Orange County (Anaheim), he consulted with Carter-Mondale supporters in Washington, D.C., and then approached the registrar of the county and ordered LaRouche's total reduced by 10,000 votes.

The connection to Washington has revealed what appears to be a "plumbers unit" for the Carter campaign, working out of the Democratic National Committee under Les Francis.

The figure first awarded to LaRouche, some 12,000 votes, was officially recorded by the state and announced to be adequate to earn him a delegate. After the recount, he lost the delegate.

The missing 10,000 votes, which the Carter-Mondale official claims were awarded LaRouche "by computer error," were not awarded to Carter or any other candidate. They have simply disappeared. The alleged "computer error" cannot be checked, since the computer's program was not filed with state officials as law requires. State officials say "it has probably been destroyed."

LaRouche spokesmen say that they have amassed evidence that the entire California Democratic primary was rigged. LaRouche was credited with 2 percent of the vote statewide. Highly improbable, he was credited with the same 2 percent in every county—and virtually every district—suggesting "a 2 percent formula for fraud." Moreover, in 12 counties where LaRouche had expected significant support, computer programs for vote counting were not filed with state officials—the same violation of law recorded in the Orange County case.

If LaRouche actually received a vote total in each of those counties proportional to the 10,000 O'Neill admits taking from him in Anaheim, the Democratic dark horse would have at present 15 delegates—and considering anomalies in other counties around the state, LaRouche suggests he won 150,000 votes, good enough for 35-40 delegates.

As of midnight June 3, LaRouche had 12,000 votes and one delegate from the 38th Congressional District. The California Secretary of State's report awarded him 25 percent of the vote, and one of the district's four delegates. Apparently, Carter-Mondale representative O'Neill took action 24 hours later.

O'Neill reports that he "mentioned" a delegate awarded to LaRouche which the Carter campaign would not be able to control. Peter Kelley of the Carter plumbers unit advised him to take care of it. He returned to California and contacted registrar Alvin Olson of Orange County, whom O'Neill refers to as "our guy." He was very confident that the Secretary of State would uphold the fraud. He was also very confident that "every judge in the state" will uphold the fraud, and be willing to do whatever registrar Olson indicates to them. They are "personal friends" of his.

By Friday, June 6, before news of LaRouche's misfortune had spread, a Democratic National Committee spokesman in Washington already knew. He told a LaRouche official: "You don't have a delegate."

O'Neill admits to coordinating his action with Washington. He told the inquiring reporter that he flew to the nation's capital June 4 to discuss LaRouche's delegate. He met with Les Francis and Peter Kelly of the "Campaign Support Services" unit of the Democratic National Committee. Together, they agreed to "recount" the LaRouche vote. O'Neill contacted the Orange County registrar to order the recount-subtraction of 10,000 LaRouche votes only after his return.

The "Campaign Support Services" unit has ill-defined responsibilities at the party's headquarters. LaRouche officials point to its role in giving O'Neill "clearance" for vote fraud, and charge that it is nothing but a Carter-Mondale "plumbers unit."

The California State Department's Office of Elections says that Orange County violated the state election code in not filing both computer programs used in the election. They filed only the "corrected" program that eliminated LaRouche votes. Moreover, even that filing occurred eight days late on June 11. The original "may have been destroyed," according to State Elections Assistant Ed Arnold. He also mentioned 12 other counties where things "just as funny" occurred.

One is San Luis Obispo County, where local and state officials have accused each other. County registrar Mibeth Wollman "refused to count the vote by congressional district altogether," state officials say, explaining why the vote totals came out in anomalous fashion—LaRouche showing poorly. But Wollman's office says that officials at the Secretary of State's office had called her election night at 7:30 p.m.—after the voting—and demanded a sudden change in the computer program for the Democratic primary only. She refused.

'I told him to fix it, and he did'

The following is excerpted from a reporter's June 11 interview with Richard J. O'Neill, California state chairman of the Democratic Party and also chairman of the Carter-Mondale campaign there.

Q: The incident in Orange County, I don't know the details, I was hoping you could fill me in on that.

A: The computer went on the glitch here in Orange County, it malfunctioned and it came up with a vote of something like 12 or 14,000 votes for LaRouche in the 38th Congressional District, which I challenged. I said, "That's ridiculous," you see, this would entitle him to a delegate in California.

Q: You challenged it?

A: Yeah, and it was recounted and he came up with 2,000 votes. So he didn't get a delegate. . . . I went down to the Registrar of Voters and said, "What are you guys doing, this is crazy, he's averaging one to two percent of the vote and now he's come up with 20 percent. That doesn't seem right." . . . I went down there, I know the Registrar of Voters [Alvin E. Olson], and I said, "This doesn't look right. I'm going to want a recount." And he said, "Well, let me run it through again, we've been having trouble with the computer." And then he comes back and says, "Yeah, you're right, the vote was wrong that I put in the newspaper, it's 2,100 and something, instead of 12,200 and something." And that's the way it is now, he's working on it and when the figure comes out it'll be just 2,000 votes. When the official count comes out, it will show 2,000, which does not entitle him to a delegate. . . .

Q: Apparently the LaRouche people are discussing with the Kennedy people a joint effort for an open convention?

A: Let 'em. They don't have any delegates. They can't, I mean, I think the thing [Democratic nomination] is over with. I'm taking a stand here in California that it's a foregone conclusion that Carter will win . . .

Q: . . . You discussed this with Mr. [Peter G.] Kelly [Democratic National Committee Compliance Review Commissioner in Washington] when you were there the week before?

A: Oh, yes, I mentioned it to him. . . . I got there

[Washington] on Wednesday, [June 4] the day after the election and I said: "We might have a problem dealing with one vote," and I says, "I'll see to it when I get back," and I did. . . . I just went down there and talked to the Registrar, with our guy, and he said, "There was a mistake." So don't worry about it. I'd have absolutely no worry at all. *That's why the Carter-Mondale campaign isn't worried about it.*

Q: What will the Secretary of State do?

A: I'm absolutely sure the Secretary of State will throw it out. Because of past experience; they'd [LaRouche] have to demand a total recount and the Secretary of State has never authorized anything like that before.

Q: How do you know she won't this time?

A: They won't get any recount right here in my county, that's why. . . . He'd [LaRouche] have to come in here and challenge in the County Clerk's office here in Orange County and I don't think they'd give him the time of day. . . . They've got to go into court here in Orange County and the court wouldn't pay any attention . . . I know the judges and the people here, they wouldn't give LaRouche the time of day! . . . He'd have to go to court after we'd hand counted it—

Q: You mean these are personal friends of yours?

A: Oh, I don't say they're *all* personal friends of mine, but I know pretty well how they are; they'd go along with whatever the County Clerk said.

Q: But then when they demand a recount?

A: Let 'em, that'll cost 'em \$300 a day . . . I do not see any problem. I am not a bit worried.

Q: Twelve to 14,000 in that one congressional district was an error in the computer program? . . . It attributed votes due to the President . . .

A: [interrupts] It didn't take any votes away from the President or Kennedy; it just malfunctioned.

Q: It invented votes that did not exist?

A: Right.

Q: And gave them—

A: —to him, and to Governor Brown.

Q: And so when the program was fixed there were fewer votes?

A: Yes, yes.

Q: Net votes, altogether, total?

A: Yes, right, yes it dropped votes; the total vote was that much less . . .



John Anderson: Aquarian candidate

by Kathleen Murphy

The mass gatherings we have seen in recent years, especially those organized by young people, impress me. . . . Some 400,000 young people gathered at Woodstock, New York, in August 1969, not so much to express dissent as to draw some human strength and personal meaning from each other. Some observers even said that Moratorium Day marches that same year in cities from Washington to San Francisco were more communal than political. . . .

—John Anderson in his 1970 autobiography, *Between Two Worlds: A Congressman's Choice*

John Anderson could be the lightning rod to attract all the energies of the Aquarian Conspiracy.

—William Whitsun, founder, Novus ("New Age"),

Last week, as Carter's political fortunes continued to plummet and factional strife beset the Reagan camp, the U.S. mass media launched a major campaign to sell John Anderson as the "alternative presidential candidate."

From the *New York Times* through the *Los Angeles Times* the line has been uniform: Anderson is "different" from Carter and Reagan. He's a brainy, politically courageous loner who's not afraid to "tell it like it is," or to demand the "necessary sacrifices" from the American people.

The media are now informing the electorate that Anderson is not simply a serious candidate, but, as the *Washington Post* put it on June 18 could actually win in November.

At the same time that Anderson is being boosted in the press, his operation is undergoing a major overhaul befitting his newly-acquired stature. The kookier elements of his campaign are being toned down—as this week's expulsion from the campaign of asparagus-growing, proterrorist philanthropist Stewart Mott indicates.

Anderson is personally making direct overtures to leading Democrats, including New York Governor Hugh Carey, as a way of seeming "above party politics."

While Anderson makes much of his campaign slogan, "Try the Anderson Difference," the facts of his candidacy make it clear that he is simply a worse variety of the Carter and Reagan disease. As both his program and his profile suggest, Anderson could aptly be described as the candidate of the so-called Aquarian Conspiracy, the movement launched by the Club of Rome and the Tavistock Institute to erase traditional American values of progress, and replace them with a "One World" feudal technocratic dictatorship dedicated to an era of permanent scarcity.

If Anderson were actually to occupy the White House, Americans might be spared the sight of "Woodstock Nation" reassembling on the White House lawn, but they would certainly witness a drastic increase in illegal drug use: Anderson is on record as saying that he is of "two minds on the question of marijuana . . . and may endorse changes in the existing antimarijuana statutes." NORML, the most influential prodrug lobby in the country, says Anderson is their current choice for the Oval Office.

The Anderson record

Some Washington pundits have dubbed Anderson "Carter without the smile." Like Carter, Anderson is a member of the Trilateral Commission. Both were recruited to this self-appointed policymaking elite founded by David Rockefeller, Henry Kissinger and Zbigniew Brzezinski. Anderson was also invited to enter the inner sanctums of the New York Council on Foreign Relations and the super-secret Bilderberg Society. Every significant legislative initiative he's undertaken has been a direct result of his participation in these organizations, and commitment to their strategy for a "post-industrial" society."

Those organizations' decision to run Anderson for president was taken with a view to the possibility that the elections could be thrown into the House of Representatives, precipitating a Constitutional crisis. A significant Anderson vote could lead to an "emergency government" above the Constitution, for what the Trilateral Commission's creators term "crisis management."

'Overhaul Congress'

In his 1970 autobiography, Anderson called for a complete change in American political institutions. "Ultimately," he wrote, "the only thing that will allow our political, social, economic and cultural institutions to survive in anything like their present form, will be far-reaching changes in their structure and operations. . . . We need to reform the institutions of our society, in both the governmental and non-governmental sectors. Let us lower the voting age to eighteen and bring participatory democracy to millions of young people. Let us overhaul the archaic machinery of Congress and make it more responsive to the wishes of the people."

Anderson has consistently sought to undermine the checks and balances system mandated by the Founding Fathers, to weaken the Office of the Presidency. Anderson advocates introducing Britain's parliamentary system in the United States, and permitting Congressional intrusion into the President's cabinet, claiming that this "could be a very useful experiment, even though we do not have a parliamentary system and even though [cabinet] people serve at the pleasure of the President, not of Congress."

Finally, Anderson can be held culpable for the existence of the Federal Election Commission. It was his legislation in 1974 that led to the creation of this monstrous bureaucracy, which helped the Trilateral Commission fix Jimmy Carter's election in 1976.

In the zero-growth vanguard

Lawfully, Anderson has been in the front lines of the movement for zero-growth and "small is beautiful." Anderson's insider position in the CFR allowed him to begin talking up the Club of Rome program even before it first publicly appeared in 1971.

As he wrote in his autobiography:

Only now are we beginning to realize that we have paid a very heavy price for what we call progress. We assumed that increased production was itself a desirable achievement. . . .

Perhaps more than anything else, we as a people need a new appreciation of our own relationship to the world of nature. . . . Now, in our times ecologists are discovering that far from dominating nature, man depends on a subtle natural balance of forces for his very survival. He cannot put himself

outside nature and continue to live.

We must be willing to admit that we are all polluters. We are despoiling our land and befouling our air and water. . . . If we are going to make any real progress to save our environment we will have to take steps both to limit our own numbers and to change our attitudes about man in nature and society. . . ."

'Born again'

Anderson's economic program, with its demands for massive energy cutbacks, a wage freeze, total deregulation of industry, a national Big MAC financial dictatorship in the form of a resurrected Reconstruction Finance Corporation, wage-reduction through indexing and other fascist measures, is entirely consistent with his "Born Again" fundamentalist outlook—which is defined by its rejection of the Bible's apostolic endorsement of science and technology as a matter of "Man's rightful dominion over nature." In short, Anderson's "Christianity" is not true religion, but an aspect of the Club of Rome's project for rewriting the Book of Genesis so that the injunction for man to have dominion over nature is reinterpreted as meaning that man should be a steward, or conservator, of nature. In other words, he should stop trying to improve the existing environment. Arguing for Christians to take the lead in the limits-to-growth ecology movement, Anderson is in fact a supporter of the anti-Christian cults and "counterculture" mysticism the Club of Rome has devoted much of its resources to promote. Anderson comments in his autobiography:

"I see no reason to deny the validity of the supernatural as the price that must be paid to take a sincere interest in the natural phenomena that operate in the sphere of our earthly existence," he writes in his autobiography. "Indeed we are currently witnessing a tremendous upsurge of interest in the occult, and even obscure forms of Oriental mysticism by many who are simultaneously very active in political causes which relate wholly to the material side of man's existence."

It is entirely possible that the CFR will ultimately decide to withdraw Anderson as a major contender or, alternately, use Anderson's candidacy to throw the election into the House leading possibly to the emergence of Walter Mondale as the new acting president. Nevertheless, his campaign will clearly have served as the focal point to organize a political movement, possibly even a third party, around the Aquarian Conspiracy program of zero growth and anti-science. As the *New York Times* editorialized last March 5 when it endorsed Anderson in the New York primary:

"America does need discipline; America does need to make sacrifices to protect vital national interests. By saying so, John Anderson may not be able to win the nomination but he can nonetheless win his point."

Exclusive report

Gen. Jones OK'd, but not Mr. Carter

by Konstantin George

I had the privilege of attending the hearings conducted June 16 by the Senate Armed Services Committee on the renomination of General David Jones, Chairman of the Joint Chiefs of Staff. Jones's answers during certain portions of the questioning undertaken by members of the Committee—interchanges which received no coverage in any of the major press the following day—could bloom into a fatal scandal. Should some of the lines of attack on the Carter administration that emerged there be pursued in future hearings involving Jones's civilian superiors—Defense Secretary Harold Brown, National Security Adviser Zbigniew Brzezinski, and Carter—Carter's political demise would not be far off.

Jones was reconfirmed by a vote of 16-1, but that is only all the more indication that the committee's investigation is going to be "kicked upstairs." The same Senate Armed Services Committee is continuing to conduct the probe of the "rescue caper" it began last April. Just 10 days ago, a report commissioned by the committee and classified "top secret" was suddenly leaked to the press, charging the administration with massive bungling. And if anything, the question-and-answer period that preceded General Jones's confirmation provided plenty of ammunition for any future attempt to topple the Carter government.

The following interchange occurred between Sen. Harry Byrd (Ind-Va.) and General Jones on the subject of the aborted April 24 Iranian rescue mission:

Byrd: Were there Soviet reconnaissance aircraft over Iranian airspace, immediately before, during, or immediately after the mission?

Jones: No [after some hesitation].

Byrd: Were there Soviet aircraft of any type over Iranian airspace . . . ?

Jones: No [again, after some hesitation].

Byrd: Was the hot line activated before, during, or after the aborted mission?

Jones: It was not, to my knowledge, activated during or

before the mission. . . . But I do not have access to all the information concerning the mission.

A hush descended on the audience in the hearing chamber after this assertion: The Joint Chiefs have been kept in the dark by their civilian superiors.

What emerged during the Committee proceedings is that the administration has consciously constructed a two-level cover up of the real events before, during and after the aborted Iran caper. The first level is reflected in the Jones statement cited above. The second level emerged in an interchange between Georgia Senator Sam Nunn, and General Jones: The administration thus far refuses to make available to members of the Committee even the half truths and cover-story "facts" ostensibly known to the Joint Chiefs.

Nunn, a Democrat from Carter's home state who has refused to endorse the president for renomination to date, questioned Jones as to whether he would make available to the Committee, or to selected Committee members, the same material under review by an independent panel of six active and retired military officers.

Nunn: "Will this Committee be denied access to the same material available to the independent review panel? [The question was repeated several times] General Jones, is the answer 'yes' [meaning a denial]?"

Jones: "Yes."

Nunn: "The Committee will not be granted access?"

Jones: "Yes."

Nunn: "How could active duty officers conduct an independent review . . . without jeopardizing their careers?"

Jones was finally compelled to indicate that he would not exclude the possibility of a select oversight group drawn from the Senate Armed Services Committee being granted access to the same material.

The remaining portions of the Jones testimony constituted a low-keyed yet stark indictment of Carter defense policies. This emerged in the course of questions fired by Texas Sen. John Tower, the ranking minority member of the committee.

Tower: "In your present view, do you believe that we are better or worse off today with the administration's cancellation of the B-1 program and the slowdown of the MX and Trident submarine program?"

Jones: "We are worse off today than if we had developed those systems or kept them on their original schedule."

The indictment of Carter, Brown et. al., ended on the pointed comment by Jones, "The United States has moved [under Carter] to the verge of inferiority with the Soviet Union in strategic nuclear weapons."

Campaign 1980 by Kathleen Murphy



Reagan cancels tour of Europe

Republican presidential candidate Ronald Reagan has suddenly called off a scheduled trip to Europe this month, which was supposed to convince allied leaders that, contrary to rumor, he is a qualified world statesman.

According to campaign sources, Reagan cancelled the tour when top advisors told him "it would take too long" to brief him on what he would need to know to suitably convince European leaders of his competency.

Since his much-publicized gaffe last fall, when he was unable to name the President of France, Reagan's ability to grasp the intricacies of foreign affairs has been widely doubted in European circles.

Some people close to the Reagan campaign report that the real reason behind the cancellation is the bitter fight over foreign policy

now being waged among factions in the Reagan camp.

In fact, in deciding not to go to Europe, Reagan overruled the advice of his main adviser, Richard Allen, who had been deep in preparations for the trip. Allen has become the focus of attacks from Reagan supporters who fear that his views—including support for a military alliance between the U.S. and China—will mean a continuation of Zbigniew Brzezinski's insanity, should Reagan be elected.

These sources tell us that Allen, on a just-concluded trip to Europe, so alienated highly placed officials by condemning Europe's recent Mideast peace initiative that a major effort to retool Reagan along more acceptable lines—including possibly dumping Allen—is now in the works. One group of Reagan advisors is urging him to endorse the European initiative, call for a Palestinian state, and disown the present Israeli government led by Begin. One member of this group recently confided: "Look, there are some real nuts telling Reagan what to do about the Mideast. Edward Teller, for example. He thinks Israel should simply own the Mideast—even if that means goodbye Arab oil."

Anderson: Queen for a day?

Though John Anderson may ultimately fail in his quixotic quest for the presidency, he sure looks like a leading contender for the "Honorary Gay of the Year" award. The Illinois Congressman, who claims to rely on God's advice for his political policy, wooed gay activists in San Francisco recently while soliciting support for his campaign. Leonard Matlovich, the for-

mer Air Force sergeant discharged from the service for homosexuality, introduced Anderson to the crowd of thousands as a man of "courage in the face of antigay prejudice."

"Never before in United States history has a major candidate for President had the courage to stand up for gay rights," said Matlovich.

Keeping up his image, Anderson told the gays, "Equality extends not only to the question of sex, but it extends to affectional preferences as well."

Conyers calls for open convention

Michigan Congressman John Conyers, a prominent black Democrat, has added his name to the long list of party members who want to see an open convention this August. Appearing on Atlanta television June 15, Conyers said he "was going to the convention uncommitted for the first time ever, whatever that means, and I support an open convention, whatever that means."

Stating that Carter hasn't lived up to his promises to the black community, Conyers said he will not support Ted Kennedy either. "An open convention would give the Democratic Party a tremendous opportunity" to elect an alternative candidate, Conyers said, with his preference being Fritz Mondale. Asked what he would tell his friends to do in the event of a Carter-Reagan race, Conyers said he'd advise them to back the Citizens Party candidate Barry Commoner. "The party is a new force," he said. "They support economic democracy . . . they're a non-Marxist alternative."

Senators force Joint Chief split from Carter

Using the renomination hearing of Gen. David C. Jones as chairman of the Joint Chiefs of Staff as a forum June 16, members of the Senate Armed Services Committee elicited statements from Jones which put him at variance with the Carter administration. Sen. Henry Jackson drilled Jones on whether the current 1980 fiscal budget is adequate to meet U.S. defense needs in the wake of the Soviet invasion of Afghanistan. Jones replied that he was not satisfied with the budget and that he and the Joint Chiefs had requested that a supplemental appropriation be put before the Congress, a request that was turned down by Defense Secretary Harold Brown. Ranking Republican John Tower of Texas asked Jones if the administration's decision to cancel the B-1 bomber and slow down production of the MX missile and the Trident missile had left the U.S. strategically worse off today. Jones replied, "Yes, we are worse off today."

Senators attack Israel settlements policy

Sen. Adlai Stevenson (D-Ill.) moved to cut \$150 million out of \$2.1 billion in foreign aid earmarked for Israel, as an expression of U.S. disapproval of Israeli West Bank settlements policy. While the Stevenson amendment was swamped by a vote of 85 to 7, the floor debate June 18 drew out strong criticisms of Israel and the amendment by one unusual, and powerful, ally—Senate Majority leader Robert Byrd.

Last year Stevenson offered a similar amendment tied to contin-

ued Israeli bombing of Lebanon, and last week's amendment reiterated and expanded his criticisms of the Begin government's refusal to settle the Palestinian issue and the status of the West Bank except on its own terms of annexation . . . is an obstacle to peace and a cause of continued, if not accelerated Middle East instability and violence." Stevenson stated that his amendment was offered in part in an attempt to bolster the anti-Begin movement in Israel, "[the amendment] joins the United States with the opinion of most Israelis. . . ."

Conferees agree to synfuels bill

The House-Senate conferees reviewing the mammoth synthetic fuels bill, agreed June 16 to a final version of the legislation. The bill creates a U.S. Synthetic Fuels Corporation that would provide financial assistance to private companies producing synthetic fuels such as coal, gas and biomass. The congressional conferees approved \$20 billion for initial funding for this corporation, in order to meet a goal of 500,000 barrels a day of synthetic fuels produced by 1987. The legislation makes clear that the money is to be used for development of these expensive, inefficient energy programs such as the coal gasification programs developed in Nazi Germany, and not for nuclear energy production. In addition, for the first two years, the synthetic fuels programs will not be run by the corporation, but by the Department of Defense.

The conferees added a section to the bill that ordered President Carter to resume filling the strateg-

ic oil reserves, at a rate of 100,000 barrels a day beginning Oct. 1. The aim is a 750 million barrel reserve. At last week's OPEC meeting, Saudi Oil Minister Sheik Yamani hinted that further filling of the reserve could lead to cuts in his country's production.

The bill is expected to be formally passed by both houses by the end of the month.

Reps attack volunteer army

"This Gawdawful volunteer force is not working. We have more equal opportunity officers, quality of life officers, psychiatrists and retention NCO's than we have officers teaching our men how to drive a tank. We've got to have an army that can move and shoot and we don't have it!"

Mississippi Democrat Sonny Montgomery was joined by a dozen other Democratic and Republican congressmen in an angry attack on the volunteer army in House Armed Services Committee hearings on June 11, convened to examine the manpower crisis in the U.S. military. While the principal witness, Secretary of the Army Clifford Alexander repeated, "We do not have an army of incompetents and misfits," data relased by committee members revealed otherwise.

Members charged that 45 percent of incoming recruits currently test in the lowest mental categories, that 37 percent read at a fifth grade level or less, and that less than 50 percent have high school diplomas. As a result, the Army training manuals have recently been downgraded to a simpler writing style. Acute shortages of manpower also exist at the other end of the scale. Manpower Subcommittee Chairman Rich-

ard White (D-Tex.) reported that out of 340,000 first-term enlisted troops, only 276 are college graduates.

The Senate joined the House in an incompetent response to this debacle with passage of President Carter's Draft Registration Proposal on the same day as the House hearings. The Senate Armed Services Committee also passed an amendment to the military procurement bill which would reduce the army by 25,000 soldiers in recognition of the fact that, in reality, at least two full divisions are undermanned or mismanned. Sponsored by Georgia Democrat Senator Sam Nunn, the army could increase its forces only if it increases its percentage of high school graduate recruits.

Byrd did not offer a statement on his vote in favor of Stevenson. The previous day, one of Israel's staunchest supporters, Henry Jackson (D-Wa.) attacked Begin's settlement policy as undercutting American support for Israel. But Jackson also strongly condemned the European Mideast initiative. Jackson voted against the Stevenson amendment.

Senate passes nuclear plant regulations

By a voice vote Monday, June 16, the Senate passed a measure that requires new licenses for nuclear plants to be conditional upon the existence of evacuation and emergency plans. The bill directs the Nuclear Regulatory Commission to improve state safety standards and to review emergency plans in states with existing plants under construction.

The legislation also requires the NRC to site plants farther away from population centers than now required, and raises to \$100,000 the fines for violators of the NRC rules. The bill also speeds up placing full-time inspectors at plants, provides training programs for plant operators and orders the NRC to undertake a systematic safety evaluation of all plants. The floor manager for the bill was Sen. Gary Hart (D-Colo.) who has opposed nuclear energy plant construction without stringent rules. The bill now goes to President Carter for signing, as the House has already passed the bill.

High-energy labs face cutbacks

The current round of congressional budget cuts threaten to seriously damage basic science in this country, according to spokesmen for several of the nation's high energy research labs who met June 18 at the Fermi National Accelerator Laboratory in Batavia, Illinois. The cuts of some \$28 million were suggested by the Department of Energy and approved by the Water Resources and Energy Subcommittee of the House Appropriations Committee. If passed by the full House and Senate, which now appears likely, the cuts will destroy the nation's high-energy research capability and force the laying off of 650 highly skilled workers. The cuts will mean the curtailment of research at some of the nation's leading research centers, including the complete shutdown of major accelerators which accelerate nuclear particles to high energies, the "atom smashers," for several months of the year.

The cuts will be so devastating to U.S. science that, despite the administration's role in engineering the cuts, President Carter's science advisor Dr. Frank Press was forced to comment: "The notion that these accelerators, which have made American science so famous at the cost of huge capital investments, should have to be turned off for lack of operating money is astounding to me."

Armed Services Cttee to probe computer goofs

The Senate Armed Services Committee will investigate false warnings that the NORAD computer issued three separate occasions recently, the last on June 6, indicating that the United States was under missile attack by the Soviet Union, according to a June 20 announcement by Mississippi Democrat John Stennis, committee chairman.

Earlier, John Tower of Texas in a television interview had indicated that he and other committee members wanted to investigate the incidents, which saw all U.S. forces placed on high alert, and afterwards produced strong denunciations from the Soviet Union.

Even as the announcement of investigation came, rumors continued to circulate on Capitol Hill that the false alarms had not been a mistake at all, but simulations, or part of Carter foreign policy—"calculated insanity. General David Jones, Joint Chiefs of Staff chairman, said that the "mistakes" in the computer had served a "useful function," by showing the Soviet Union that the United States was prepared to mobilize on a moment's notice.

National News

Reagan calls for arms buildup?

GOP frontrunner Ronald Reagan has spent the past week in the East, where he met with top Trilateral Commission media operatives from *Time*, *Newsweek*, the *New York Times*, and the Hearst media chain. Reagan called June 18 for a rapid U.S. arms buildup in order to strain the Soviet economy and force the Soviets to the arms control bargaining table. "The very fact that we would start would serve a notice on the Soviet Union," Reagan said in an interview with the *Washington Post*. "I think there's every reason to believe that the Soviet Union cannot increase its production of arms. . . . They've diverted so much to military that they can't provide for the consumer needs. . . ."

Reagan also told the *Post* he favors a constitutional amendment to limit government spending to 19 percent of GNP. But he added that if he were forced to choose between a balanced budget and one that was unbalanced because of necessary military expenditures, he would choose the latter.

Brilab victim issues defense

The Carter administration's Brilab/Abscam witchhunt against labor-based Democrats expanded substantially this week with indictments issued against targets in Louisiana, Texas, New York, and New Jersey.

One of those indicted was International Union of Operating Engineers regional director L. G. Moore of Deer Park, Texas. Unlike most of the other targets, Moore publicly insisted on the nature of the case. In the pages of the *Houston Chronicle*, he was quoted as stating this week: "I'm guilty of being a political person. That's my only crime in this case. . . . This is really scary. Do you realize what happened to me can

happen to you and anyone else? They can tap your phones, record all your conversations. How safe is anyone today from such tactics by the government?"

Moore's lawyer Mike Ramsey was even more explicit: "The heart and soul of the matter is that Joe Hauser [the FBI setup man], a twice convicted criminal, worked as a government agent to get credit and stay out of the federal slammer. Once the tape recordings are played, it will become evident that all this was caused by Hauser, and all evidence will point to the intent of the government in causing what it now calls a crime.

"When the federal government donates money to Billy Clayton [Texas House Speaker, indicted along with Moore and two others] and calls it a crime, then something is wrong with the U.S. government."

Senator Jackson attacks administration Middle East policy

In Senate Armed Services Committee hearings this week, Senator Henry Jackson (D-Wash.) lambasted the Carter administration's Mideast maneuvers as "an adventurist policy." "Any undue action could bring the Soviets into Iran," Jackson said.

In an interview with the *Washington Star*, Jackson also said: "Clearly Mr. Begin, as far as his standing with the U.S. is concerned, had been hurt by coming on the tube and taking an intransigent position on the settlements. I've told Begin this. Although juridically he's right, it is not politically sound, and people in this country resent it. . . . He is not discussing the right issue, which is pinpointed to the question of defensible borders. . . . There's no way the state of Israel can survive unless there's an agreement by which they can defend the West Bank. . . . That means that the West Bank can be turned over into an autonomous state, except for foreign policy and national security.

"It is regrettable that the issue has been clouded over by the issue of the settlements."

Kennedy spokesman calls for open convention

Minnesota Congressman Richard M. Nolan addressed the agricultural caucus of the Texas State Democratic Party Convention in San Antonio, Texas on June 20. Speaking on behalf of Presidential aspirant Ted Kennedy, Congressman Nolan said, "I'm for 100 percent parity and an open convention."

The Minnesota representative was referring to Carter's refusal to guarantee U.S. farmers fair market prices to ensure continued production. Nolan's call for an open convention was the first explicit endorsement from the Kennedy camp for an open democratic party national convention in New York City next month. Nolan was well received by the agricultural caucus on both issues.

Between 400 and 500 members of the agricultural caucus listened to Nolan go after Carter's farm policy. "Farmers are caught in the worst possible crisis," Nolan said. "The reasons for these problems are not Carter's fault. Carter's fault now is that he refuses to do anything about it."

Nolan was also critical of Carter's interest rate policy. "Raising interest rates to cool inflation is deliberate," Nolan said. "It's Republican policy. If you raise prices with interest rates and inflation rising, then you put people out of work and out of jobs."

Congressman Nolan, who is a member of the House Agricultural Committee, said he supports Senator Kennedy because he has a proagricultural record on every issue.

Sentiment for an open convention was very strong at the agricultural caucus. The caucus voted, almost unanimously, for an open convention and mandated their delegation to go to the August National Convention and uncommitted. The rural caucus later endorsed a similar resolution.

Dave Samuelson, national spokes-

man for the American Agricultural Movement (AAM), also stated at a press conference June 20 that the AAM will go uncommitted to New York in August, and until then work for an open National Democratic Party Convention. The press conference was held jointly at the Alamo in San Antonio with Democratic presidential candidate Lyndon LaRouche and Marvin Meeks, national president of the AAM.

CFL calls for impeachment of Civiletti

Citizens for LaRouche this week issued a resolution calling for the impeachment of Attorney General Benjamin Civiletti. Widely circulated among trade-union and Democratic Party leaders, it reads in part: "Attorney General Benjamin Civiletti's administration of the U.S. Department of Justice has been characterized by 'judicial tyranny' . . . laying the foundation for a dictatorship. This new 'code of law' protects the 'rights' of the drug pusher, the terrorist, and the gangster, while the legitimate trade-union official, the businessman, or the police officer is being framed and indicted. . . ."

The resolution lists the grounds for Civiletti's impeachment, including his refusal to prosecute the treasonous activities of Ramsey Clark and Lenox Hines in their recent Iran trip, his freeing of terrorists from jail, his incitement of race riots under the guise of "human rights" probes of local police forces, his rejection of any kind of war on drugs, and his advocacy of marijuana decriminalization, and his conducting of partisan witchhunts through his Brilab/Abscam operation.

The resolution concludes: "We, the undersigned, being patriotic Americans committed to the idea of progress, the right to life, liberty and the pursuit of happiness as set forth in the U.S. Constitution, call on the Congress of the United States to initiate immediate and vigorous action to investigate and impeach U.S. Attorney General Benjamin Civiletti and reorganize the corrupted agencies of the Department of Justice."

Reagan submarine in the Carter campaign?

Tim Smith, the General Counsel for the Carter-Mondale campaign, may well be working too close for comfort with the Republican campaign of Ronald Reagan, according to sources close to the Carter-Mondale campaign. Smith has been, and is, a partner in the Washington, D.C. branch of New York's prestigious Republican Rogers & Wells law firm. Founding partner William Rogers was Secretary of State in the Nixon administration. The other leading partner is *William Casey*, the new campaign director of the Ronald Reagan Presidential Committee.

A manic obsession?

The following is excerpted from the transcript of the regular White House background press briefing June 16.

Q: I'm quite struck with your whole presentation.

A: Thank you very much. (Laughter.)

Q: You've got quite a manic obsession with the Soviet Union.

A: Do you have a question or do you plan to make a speech?

Q: My question is the following: Given the fact that your administration has undercut the strength of the U.S. economy, in particular in the whole high-technology and scientific area, how do you expect the rest of the world to respect the United States when you yourself are putting forward such a completely defensive posture and didn't indicate any role for world leadership that the U.S. could play—

A: I assume when you are describing the administration as my administration that you are using a shortcut in terminology. I consider myself part of it. I don't feel that possessive about it or in control of it. . . .

Briefly

● **DAN RATHER**, Walter Cronkite's heir apparent as CBS's news anchorman, has tried shooting heroin, according to a recent interview with the *Ladies Home Journal*. But that's not all; "as a reporter—and I don't want to say that's the only context—I've tried everything. I can say to you with confidence, I know a fair amount about LSD," Rather said. He added that he has smoked pot as well, and said he told his son and daughter that if they wanted to smoke pot, they should do so at home, "in the company of people who care about them."

● **JERUSALEM** should be the capital of Israel, and the United States should move its embassy there, according to official spokesmen for the Ted Kennedy campaign. They tried to have this statement inserted in the Democratic Party platform, but failed. Kennedy also proposed that the platform commit the party to eventual reunification of Ireland; they did not indicate whether Ireland was to become part of Israel.

● **URBAN LEAGUE** leaders who have assumed that some shameless "red neck" racist shot Vernon Jordan, the organization's leader who remains in critical condition, are beginning to have second thoughts about who the culprit might be and what the objective of the near-assassination was. One leader stated: "The national press has painted us as being apathetic because we didn't riot when Vernon was shot."

● **THE SOUTH BRONX** may be rebuilt by the Soviet Union, in the absence of Carter administration action on the devastated area of New York City. A 9-member delegation from the Soviet Peace Committee was guided through the area to the spot where Jimmy Carter pledged federal support three years ago that never came. Said the councilman, "I am asking the Soviet government for \$5 billion in foreign aid."

'Reindustrialization': the bottom line

"Industrial policy" and "reindustrialization" are the catchwords of the hour in the United States. American elites, blinking as they reassess U.S. warfighting capability, have been forced to acknowledge the decrepitude their policies have inflicted on industry and labor power, while Europe and Japan—not to mention the Soviet Union—maintain high-technology growth.

To the factions behind Carter and Kennedy, "reindustrialization" means a return to the top-down Mussolini-style shakeout imposed, behind populist rhetoric, during the early New Deal. Salvaging and modernizing a portion of basic industry is the idea, and devoting most of that salvage to military production. Federal Reserve chairman Paul Volcker's credit squeeze was designed to set up key corporations, like Chrysler, for this rationalization and reconversion.

To the overlapping Georgetown-Hoover Institute group, which at present makes Ronald Reagan's economic policies, "industrial policy" boils down to the same thing, with a wrapper playing up tax depreciation and private enterprise. Again, the bottom line is a fantasized military buildup.

In either case the real president will be "Teddy Roosevelt on LSD," as we put it when this policy first began to emerge in January. The think tankers who most pride themselves on their "realism" do acknowledge that nuclear power, manpower upgrading, and capital goods beefups have some definite relevance to industrial and military matters. But they have yet to take on the real science of technological growth and war-winning capability embodied in the American System from the Civil War through World War II and the NASA space program.

Contributing editor Lyndon LaRouche has for-

mulated that tradition in terms of "parity." The special usefulness of the concept is that it comprehends both the financial and physical investment sides of a productive sector's expansion, and it specifies the roles of government and private enterprise in the terms that have actually worked in past periods of expansion.

A farmer—or any other producer—needs a profit that will not only cover his costs but enable him to invest in expanded capacity and technological innovations. Government must not only create the tax and credit policy fostering such investment, but ensure that the economy as a whole has the physical resources to accomplish it.

The economy must be able to generate enough net reinvestible wealth to meet the needs of both military preparedness—which deducts assets permanently from redeployable resources—and wealth-creating civilian industry.

The U.S. needs tanks, for example. But every tank is a subtraction from the total of tractors, and modern tractors are essential to the four percent of Americans who feed the nation and much of the world with such initiative and mechanical prowess. Tractors for export are also essential to stabilization of the foreign "hot spots" U.S. military potential cannot presently deal with in any case. And a nation without food self-sufficiency (or cars for its work force) lacks in-depth national security. In the 1980s the United States cannot produce guns without producing butter.

Currently this is impossible. The role of government must be to make it possible, through crash programs introducing economy-wide high-technology applications in industry, energy and education. America has exhausted its heritage of capital and manpower. There are no corners left to cut.