

National News

State Department jockeys on U.S.S.R. proposals

Deputy Secretary of State Warren Christopher met in Bonn this week with West German Foreign Minister Hans-Dietrich Genscher, after a briefing in Washington by Soviet Ambassador Anatoli Dobrynin on Soviet overtures toward new arms talks. After his discussion with Genscher, Christopher held a press conference, stating that the U.S. "forward-based systems," which Moscow wants to include in the talks, cannot include air- or sea-launched missiles.

Christopher pointedly added that the West must "harmonize its views" on the Soviet offer, indicating that he and Bonn had not exactly seen eye to eye on the subject; Genscher also indicated that "harmonization was lacking." Klaus Bölling, official spokesman for the Chancellor, next issued a statement expressing concern about misinterpretations of the Soviet offers, since "there are new elements in Moscow's proposal, and the chance should be exploited now, not lost. The French President and the Chancellor agree that this offer represents a great opportunity to be pursued now, without delay."

Following Christopher's statement, *Pravda* issued a clarification July 15 of the Soviet offers; according to Radio Moscow, the party newspaper stated that some Westerners are distorting the essence of the proposal, claiming that the U.S.S.R. is "resigned to" the December 1979 NATO decision to deploy Cruise missiles and Pershing missiles in Europe. This is not true, writes *Pravda*; the Soviets have made an offer to discuss these weapons along with the forward-based systems, including bombers, submarines, and U.S. bases close to the Soviet border.

In Belgium July 15, Christopher told government ministers that the NATO decision must go through, despite Belgian reluctance. Meanwhile, after Christopher's departure from West Germany, Klaus Bölling stated that his government is confident that East-West talks on the missiles can begin soon, "even if Mr.

Christopher said here in Bonn that the American point of view is that only land-based forward-based systems can be included in such talks." The Soviet offer, made during Schmidt's recent visit to Moscow, was to open talks on all nuclear weapons systems stationed in Europe. in Europe.

Kennedy camp split on delegate challenge

The Democratic National Convention Credentials Committee meets at Washington's Capitol Hilton on July 19, and may find itself facing challenges to all the Carter delegates. According to inside sources, a legal opinion has been written for Senator Ted Kennedy that challenges Carter's delegates on the basis that the entire delegate selection process of caucuses and primaries was "fraudulent." The Kennedy campaign's challenge argues that the rules under which the delegates were elected were written in 1978 by a Carter-dominated Democratic National Committee and were biased in favor of the President.

A "firestorm of challenges" in states across the South could create enough anti-Carter sentiment at the credentials hearings to "open the entire Democratic National Convention" to the nomination of Kennedy or some third candidate, Kennedy sources in Florida say.

But the Kennedy Delegate Selection Division under Rick Stearns, which "footdragged" all the Kennedy campaign's challenges to Carter, including the belated challenge of Rule 11-H, the rule binding delegates irrevocably to Carter, has also put a hold on this delegate challenge, an irate Kennedy family source reports. Stearns' division contains "incompetents and worse . . . Carter submarines," said the source, who vowed to push forward the full credentials challenge.

Florida Democrats say Kennedy delegates are preparing a challenge of the Carter delegation in Virginia. Kennedy State Co-Chairman Richard S. Reynolds III of Richmond is challenging the Carter delegates from the 3rd and 5th dis-

tricts and the Carter slate of at-large delegates across the state. Starting at the local precinct caucuses, the Kennedy delegation charges, Carter-controlled caucus chairmen forced all delegates to sign "loyalty oaths." There were no secret ballots. Once pledged to Carter at the local level in January, delegates were illegally forbidden by Carter officials to shift their votes to Kennedy or go uncommitted.

Heat wave, drought threaten food supply

According to reports the heat wave is now moving into the Corn Belt states of Iowa and Illinois. Meteorologists predict that the high pressure zone carrying the heat wave will sit there for two weeks, a development which could destroy the nation's corn crop. The Agriculture Department has set up a multi-agency team to monitor the crisis, insisting that it was "too early to tell" the extent of the damage. In the words of an FMHA spokesman, it is a situation to be viewed with "very serious concern—but at this moment we cannot say that we have a national disaster."

In areas of northern Texas crops have already been lost. In areas of northeastern Oklahoma the grain crop has been so badly damaged by the prolonged heat that rain will no longer help. Reports from Florida indicate that producers have already turned their cows in on the corn crop. In the poultry belt of Texas, Arkansas and Mississippi, up to 800,000 breeder hens and 3 million market broilers have perished, according to National Broiler Council estimates. Overall, producers say they are looking at 50-70 percent losses of corn, cotton, soybeans, sorghum and other crops now in the ground.

The Carter administration has been slow to respond, preferring to remind people that the winter wheat crop came in a bumper—before the heat hit. Producers fear that the administration will keep up the charade to hold prices down, forcing farmers to take insupportable losses, and then, when truth of extensive

damage can no longer be suppressed, prices will shoot through the stratosphere. The grain companies will make a killing. Farm producers and consumers will get the short, costly end of the stick.

Reagan China hand worked for Vesco

Republican Presidential nominee Ronald Reagan's pro-Peking foreign policy director, Richard Allen, has been implicated in a scandalous business link with alleged swindler Robert Vesco. An exposé about to appear in the September-October issue of *Mother Jones* magazine reports that, while serving as chief political aide to National Security Advisor Henry Kissinger in the Nixon administration, Allen was on a \$10,000-per-month retainer from Howard Cerny, Vesco's lawyer and business partner, beginning Aug. 1, 1972.

Allen has admitted to the *Wall Street Journal* that he was hired by Cerny to establish an "offshore" or unregulated financial center on the Azores Islands. By the time Allen hooked up with Vesco, Vesco had taken over the since-bankrupted international fund, Investors Overseas Services, and was allegedly looting it of hundreds of millions of dollars.

Allen has already admitted working during this period for John King, president of the Denver Resources Company, who at the time was trying to gain control of IOS. King was convicted on a \$100 million securities fraud charge in 1976 for activities related to the IOS takeover bid.

Perhaps most damaging to the Reagan campaign and to Allen is *Mother Jones'* charge that Allen arranged a meeting for Vesco lawyer Cerny with then Securities and Exchange Commissioner William Casey—now chairman of Reagan's presidential effort. Cerny's objective was to persuade Casey not to prosecute Vesco, which the SEC at the time had already begun to do. The SEC later charged Vesco with "misappropriating" \$224 million from IOS. Vesco has been indicted five times in U.S. courts

for these charges, but never convicted. Allen denies that he knew the purpose of Cerny's wish to meet with Mr. Casey.

Who runs Billy Carter?

The West German newspaper *Bild-Zeitung* has characterized as a scandal "bigger than Watergate" the facts surrounding Billy Carter's ties to the Libyan government. Carter registered on Monday July 15 with the Justice Department as a foreign agent for the government of Libya.

Carter declared Monday that he has received \$220,000 from the Libyan government as a "loan," although no notes were executed for the loan and Carter did not indicate he intended to pay the money back. Justice Department lawyers characterized the payments as compensation for Carter's promotional work for the Libyan government. Justice Department officials are reported to be planning a check into the details of a proposed deal which Carter presented to the Charter Oil Company, claiming that he could use his influence to get them a larger share of Libyan oil. On the suggestion of White House counsel Lloyd Cutler, Carter has retained former Watergate prosecutor Henry S. Ruth and Stephen Pollak on this issue.

Billy Carter is close to one Richard Shadyac, a Washington, D.C. lawyer who said that he has been appointed by the Carter-Mondale campaign to round up Arab-American votes for Carter. Shadyac is the chairman of the Arab-American Dialogue Committee, a lobbying organization for the Libyan government.

Republican Senator William Roth of Delaware said from the Republican convention in Detroit that he intends to ask the Senate to begin an immediate investigation of the matter as soon as he returned to Washington. "It's absolutely outrageous. As soon as I return to Washington next week I'm going to ask that the Senate look fully into the facts of the matter and whether as an undisclosed foreign agent Billy Carter has had any improper influence on government policy."

Briefly

● **ROBERT NEUMANN**, who works with Reagan advisors at Georgetown University, said privately this week: "The conservatives thought they had won when Reagan became a sure bet. Now they know they've lost. We're running the show and that's that."

● **A DILIGENT REPORTER** made several attempts this week to locate the Washington office of Reagan's campaign. He finally discovered it at an Alexandria, Virginia address. When he drove out to pick up material for his story, he was a bit surprised to find that the address is the building of the China Trading Company. According to *EIR's* intelligence community sources, the company is well known as an outlet for Red Chinese intelligence in the U.S. Did Richard Allen use his "good offices"?

● **WILLIAM CASEY**, Ronald Reagan's campaign chief, announced this week that the Republican Party is forming an "Incumbency Watch" on President Carter, fearing that the highly unpopular Carter might try some international crisis to force Americans to rally behind him," according to Casey.

● **JIMMY CARTER** recently rode home from a speech before an AFL-CIO convention with Attorney General Benjamin Civiletti. The President noticed that he was missing his briefcase, turned to Civiletti and ordered: "Civi, go back and arrest all those men! One of them stole my briefcase!" Civiletti went back and placed the entire AFL-CIO convention under arrest. Meanwhile Carter arrived at the White House to find Rosalynn using his briefcase to work out some new Social Security cuts. He picked up the phone: "I found the briefcase, Civi. You might as well let those people go." A pause. "Sorry, it's too late. They've already confessed."