

(see article page 61), the U.S. and relevant news media are suppressing the evidence of the nature of the P.R.C. regime, in deference to the "important relationship" the United States believes it has with China.

According to intelligence sources, that special relationship involves Chinese assistance to U.S. intelligence operations, including the Chinese arming of the Afghan mujahideen; the Chinese selling of arms to Khomeini's Iran; the Chinese arming of the Contras in Central America; and Chinese intelligence operations in Africa, particularly in Zaire.

Stampede on the Hill

However, the American population is evidently not satisfied with the equivocation coming from the Bush administration.

On June 20, 15 congressmen from Capitol Hill visited the P.R.C. embassy to protest the Tiananmen massacre. House Majority Leader Richard Gephardt (D-Mo.), who led the contingent, reported that any attacks on students in the P.R.C. were purely an "internal affair." The congressmen demanded the enactment of H.R. 2613 against the mainland regime, which would deny China most-favored nation treatment for its trade, and withdraw the benefits of the Overseas Private Investment Corporation.

The increasing pressure on the Bush administration to take stronger action against the Communist leadership, resulted in a stampede against Secretary of State James Baker on June 20. Under questioning from insistent senators, Baker, in testimony before the Senate Foreign Relations Committee, did an about-face and claimed that he had urged the White House to suspend all political contact with the P.R.C., at the level of assistant secretary and above. This includes cancelling a planned trip to Beijing by Commerce Secretary Robert Mosbacher on July 10. Baker also said that the U.S. would do "what we can to postpone consideration of loan applications in international financial institutions, at least for the time being."

However, a day later, and Baker had dropped such "militant demeanor." Baker urged congressmen to mute their criticism of U.S. policy toward China. He defended the Bush policy and the "special relationship" with the Chinese leaders Bush admits he can't even reach on the telephone. "We've seen examples in the past where we have not spoken with one voice in foreign policy," intoned Baker.

The source of this appeasement policy, however, is not the White House, but Henry Kissinger. Appraising U.S. policy, the *Financial Times* June 23, that "There is a desire to express moral outrage and stand up for democratic values. . . . On the other, there is a careful calculation of America's strategic interests—the *realpolitik* school of Mr. Henry Kissinger and his many disciples. . . . Bush and his advisers, especially Secretary of State James Baker, a chip off the old Kissinger *realpolitik* block, do not want to sacrifice the gains of the 1970s and 1980s."

Soviet master stroke in the Persian Gulf

by Thierry Lalevée

Iranian Speaker of the Parliament Hashemi Rafsanjani's visit to Moscow on June 20 comes at a critical time for both the Soviet and Iranian leaders. Though the trip had been planned for months, it has the same impact as when Soviet Foreign Minister Eduard Shevardnadze landed in Teheran last February and pulled off an unscheduled meeting with Ruhollah Khomeini: It confirms the worst fears about Iran's striking a decisive relationship with the Soviet Union, which will dramatically change the balance of power in the entire Fertile Crescent region.

Right off the bat, it gives Moscow a close to unchallengeable position in a region extending from the Mediterranean Sea to the Indian Ocean, consolidating its southern flank and marshalling to its advantage the so-called "Green Belt" of Islamic fundamentalism advocated by the Carter and Reagan administrations. With Syria as a reliable and totally dependent ally, Afghanistan as a tightly controlled satrapy, Iraq as a state still bound to a mutual defense treaty, and India maintaining an ambiguous foreign policy, the new Soviet relationship with Iran highlights the danger looming over both Turkey and Pakistan.

Iran and the Soviet Union each have their own imperial visions, religious and political for the first, political and military for the second, so the newly established relationship is needed for both. For Hashemi Rafsanjani, the aim is a spectacular consolidation of his personal ambitions at home. His arrival was timed with the announcement that the Aug. 18 presidential elections in Iran will actually be held on July 18, ensuring that no other candidate could successfully challenge his planned election. The very fact that he could travel to Moscow in the midst of the official mourning period for Ruhollah Khomeini underscores his power. In other times, this would have been heralded as a "very positive indication" by those fools in the West, starting in Washington, who considered him as the most "pragmatic" and "pro-Western" of the mad mullahs. The fact that this was underlined by a trip to *Moscow*, has provoked dismay and deflated illusions.

What Rafsanjani gets

As far as Rafsanjani is concerned, the deal is good. He can expect the Soviets to influence their own friends within Iran not to challenge his position, and why should they, if indeed, Rafsanjani, the "pragmatist," the "moderate," just joined their radical ranks? He proved it while in Moscow by repeating the death sentence against novelist Salman Rush-

die, pronounced by the late Khomeini in revenge against a book allegedly offensive to Islam. Responding to journalists on June 22, he declared that "only God could repeal" Khomeini's death edict.

Rafsanjani may himself have the illusion that this shift toward the Soviet Union will influence the West into bowing even lower to his demands, and will increase his own personal value. Yet the very nature of the deals being ratified ensure a Soviet presence in the country that will not go away so easily. For example, the trade list of the protocol of cooperation "until the year 2000" includes the following items: oil, petrochemicals, chemical, natural gas, metal, geology, housing and construction, heavy industries, fisheries, agriculture, technical training, transportation, trade, science and technology and cooperation in peaceful use of nuclear energy. This trade agreement is to be financed by a Soviet credit of 1.2 billion rubles.

Topping the list of the hundreds of deals prepared by Soviet delegations to Teheran in the last three months are:

- 2-3 billion cubic meters of Iranian gas to the Soviet Union beginning spring 1990;
- Iranian oil deliveries to meet the needs of the Soviet Transcaucasus region, and joint offshore oil drilling in the Caspian Sea;

- building of several 8,000 megawatt power plants and cooperation in the field of nuclear energy;
- rebuilding the Isfahan steel plant and the Ahwaz power plant;
- railroad and transportation agreements.

As indicated by the reception of Rafsanjani as the "acting commander in chief of the Iranian armed forces," and the presence of Pasdaran Commander Mohsen Rezai in the delegation, military cooperation was high on the agenda. This was confirmed by Gen. Mikhail Moiseyev during a press conference June 21 when he announced that a "comprehensive package" to be decided by the "political leadership not the army" was being elaborated. Preliminary reports indicate that this will include at the very least the deliveries of SCUD missiles, tanks—T-72 and T-54/55 as well as armored personnel carriers, artillery pieces, and military vehicles. Moscow is unlikely for the time being to deliver more important items like MiG-27s or MiG-29s. On June 16, State Department official Dennis Ross reportedly warned Vladimir Polyakov of the Soviet Foreign Ministry that any high-technology type of military hardware being delivered to Iran would have "consequences for the American-Soviet relationship." Still, the Soviet-Iran arms deals are part of a larger package where others Soviet satellites are brought in, such as Czechoslovakia, Romania, North Korea, and China. Also Rafsanjani is expected to ratify several major deals with Bulgaria during an upcoming visit. This will include the Bulgarian modernization of the Iranian defense forces.

What Moscow gets

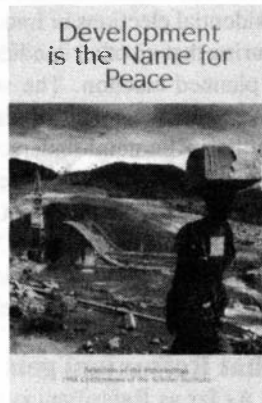
In the economic field, Moscow will gain access to the kind of product, like Iranian oil and gas, it can immediately sell on the international market for badly needed hard currency. There is more than a suspicion that it is Iranian gas that will allow Moscow to pay for the technologies Gorbachov just bought in West Germany. Hence, it would not be wrong to speak of a tripartite Bonn-Moscow-Teheran economic deal.

Politically, major gains have already been obvious on the Afghanistan front. Iran broke the solidarity of the Muslim countries which were waging proxy war against the Soviet puppet regime in Kabul. Afghan Shi'ites living in Iran are being encouraged to go back to Afghanistan and to cooperate with the Soviet-installed Najibullah regime. Likewise, the alliance with Iran comes just in time to play a role in Moscow's Central Asian Muslim republics. It is a bit awkward for Moscow to denounce an Islamic fundamentalist plot in Central Asia while rolling out the red carpet to Rafsanjani. Yet, Soviet officials have been cautious not to blame Iran in their propaganda ploy aimed at covering up the economic crisis in these regions (see article, page 4). Instead they blamed the Saudis when the Soviet military daily *Krasnaya Zvezda* attacked "pro-Wahabite elements" on June 18—a denunciation which was music to the ears of Iranian leaders who have advocated the "liberation of Mecca."

The old monetary system is dead. Put it in the closet, and open the closet to horrify children on Halloween. The question is, how do we build the new monetary system?

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